

United States Senate
WASHINGTON, DC 20510

September 30, 2015

Dear Chairman Grassley,

Puerto Rico is in the midst of a severe financial crisis, which has the potential to become a humanitarian disaster. We respectfully request that the Senate Judiciary Committee swiftly hold a hearing on S. 1774, the Puerto Rico Chapter 9 Uniformity Act, which would allow Puerto Rico to authorize its municipal and public corporate debt to be restructured under Chapter 9 of the bankruptcy code, the same authority provided to every state.

On June 29, 2015, the governor of Puerto Rico announced that the island faces debts it is unable to pay. Not only does this unpaid debt burden threaten to stifle economic growth and fiscal stability in Puerto Rico, but the ramifications of further uncertainty and potential default could also lead to a humanitarian crisis that threatens citizens' ability to access basic human resources like electricity, water, and sanitation services, among others. It is important to remember that not only does this crisis threaten the welfare of the 3.5 million U.S. citizens of Puerto Rico, but it also threatens the U.S. economy at large.

The U.S. government must do more to ensure that residents of Puerto Rico, our fellow American citizens, have a chance at economic rehabilitation through a process that offers fairness to creditors and debtors alike. The issues facing communities and public corporations in Puerto Rico have an enormous impact on the livelihood of Puerto Rican families across the nation—issues we believe warrant the attention of the Senate Judiciary Committee and are well within its jurisdiction. We urge the full Committee to consider these issues.

Chapter 9 of the U.S. bankruptcy code allows municipalities of states to restructure their debts under the supervision of a federal judge. A 1984 amendment to the U.S. bankruptcy laws arbitrarily defined Puerto Rico as a state for every purpose except filing for Chapter 9, severely limiting the tools to which Puerto Rico has access when seeking to restructure its debts in the midst of economic trouble. Puerto Rico is treated like a state in every chapter of the Bankruptcy Code except for Chapter 9. There is a general consensus that, between 1938-1984, Puerto Rico had the power to authorize its municipalities to adjust their debts. However, in 1984, in the Bankruptcy Amendments and Federal Judgeship Act, Congress expressly excluded Puerto Rico from the ability to file for chapter 9. The Puerto Rico Chapter 9 Uniformity Act, introduced by Senators Blumenthal and Schumer, would empower the government of Puerto Rico to restructure a significant portion of its outstanding debt obligations in a fair and equitable manner. We strongly believe that allowing Puerto Rico access to the protections of Chapter 9 now will offer a much more stable and speedy path to recovery and could ultimately save American taxpayers in the end.

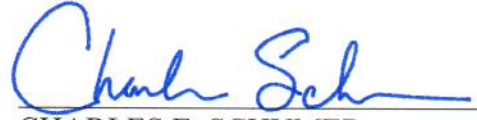
Bankruptcy issues are squarely within the jurisdiction of the Senate Judiciary Committee. While other committees may consider different aspects of the financial crisis in Puerto Rico, we hope that you will protect the Senate Judiciary Committee's jurisdiction and

provide a forum for a hearing about the bankruptcy implications of the Puerto Rican debt crisis, and in particular S.1774. Thank you for your consideration of this important matter.

Sincerely,



RICHARD BLUMENTHAL
United States Senator



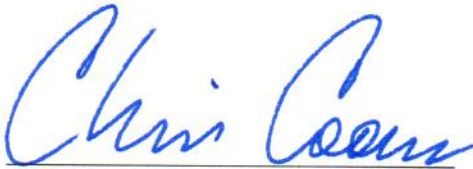
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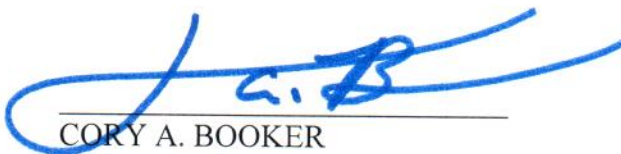
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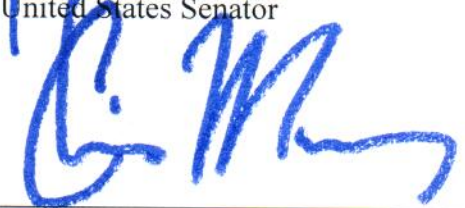
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