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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

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The Honorable Rob Bishop
Chairman
House Committee on Natural Resources
1324 Longworth House Office Building
Washington, DC 20515

Dear Chairman Bishop:

I urge you to hold a full Natural Resources Committee oversight hearing about the role hedge funds are playing in the ongoing Puerto Rico debt crisis. As a report my staff recently released demonstrates, a small group of aggressive hedge funds is unnecessarily preventing Puerto Rico's recovery efforts.

Puerto Rico suffers from a 12% unemployment rate. Roughly 64,000 citizens left the island in 2014, an increase from 49,000 in 2013. They owe \$72 billion in debt which Governor Padilla has called "unpayable." Its cash reserve is expected to be exhausted in November after months of taking "extraordinary measures." A major payment on general obligation bonds is due in January.

Our report – a copy of which is attached—explains how certain hedge funds are attempting to rewrite recent financial and political history in order to capitalize on the island's financial difficulties at the expense of the residents of Puerto Rico, who are American citizens. Hedge funds bought up Puerto Rican debt when it was high risk thinking it was a good investment, despite experts warnings to the contrary. Rather than absorbing the occasional investment losses that are expected as a matter of course when assessments are wrong, even by the most successful investing firms, these hedge funds are now working to pad their profits by cutting off relief options for families in the territory.

This behavior, while profitable, is reprehensible. A hearing that casts the spotlight on this gross inequity could help Puerto Rico on the path to recovery.

Sincerely,



Raúl M. Grijalva
Ranking Member
House Natural Resources Committee