



Congressman Pedro R. Pierluisi
Opening Statement as Prepared for Delivery
Hearing on H.R. 870, the *Puerto Rico Chapter 9 Uniformity Act of 2015*
Subcommittee on Regulatory Reform, Commercial and Antitrust Law
House Judiciary Committee
2237 Rayburn House Office Building
February 26, 2015

Thank you for yielding, Mr. Johnson. Chairman Marino and Chairman Goodlatte: thank you for scheduling this hearing.

I want to use my limited time not to explain this simple bill or to itemize the many reasons why it is good policy, but rather to underscore the broad support it has attained.

Among law professors and attorneys that specialize in bankruptcy law, support for the legislation is virtually unanimous. The bill has been endorsed by the National Bankruptcy Conference, which is composed of about 60 top scholars and practitioners—including Mr. Mayer, one of today’s witnesses.

In addition, some of the most respected subject-matter experts in the country have written to this Committee in their individual capacity to urge enactment of the bill. This includes professors Ken Klee of UCLA, Melissa Jacoby of UNC, Stephen Lubben of Seton Hall, and Douglas Baird, the former dean of the University of Chicago Law School. It also includes James Spiotto, a

highly experienced attorney who has represented bondholders in Chapter 9 proceedings, and who has written a *tour-de-force* letter in favor of the bill.

In Puerto Rico, where unity is rare, H.R. 870 has virtually unanimous support as well. The current administration will testify for the bill, Senate President Eduardo Bhatia is here today to demonstrate his support for the bill, former Governor Luis Fortuño has written a letter in support of the bill, the Legislative Assembly has adopted a concurrent resolution urging enactment of the bill, and nine former presidents of the Puerto Rico Government Development Bank have sent a letter in support of the bill. In addition, 13 private-sector trade associations on the island have signed a memorandum of agreement endorsing the bill. The bill is also supported by Banco Popular, Puerto Rico's largest bank.

Finally, it is critical to emphasize that the bill is supported by the vast majority of Puerto Rico's creditors and other stakeholders within the investment community. For example, a letter in support of the bill has been sent to the Committee on behalf of 32 funds who own billions of dollars in Puerto Rico bonds. Last week, the head of the municipal bond group at the world's largest asset manager stated in a television interview that he supported the bill. A respected investment firm surveyed approximately two dozen financial institutions, mutual funds, hedge funds and others market participants, and found that "there is nearly unanimous agreement that application of the Chapter 9 regime to Puerto Rico's agencies, instrumentalities and political subdivisions is a reasonable approach and would not impair the normal functioning of the marketplace." Fitch Ratings issued a comment stating that enactment of this bill "would be a

positive and important development for Puerto Rico and holders of debt of its public utilities and public instrumentalities.”

So far as I can tell, the opposition to this bill comes from a very small number of investment firms. Respectfully, I believe the arguments they have put forward cannot withstand meaningful scrutiny, and I hope that the Committee will not allow these objections to frustrate forward movement on this sensible and broadly-supported bill.

I yield back the balance of my time.