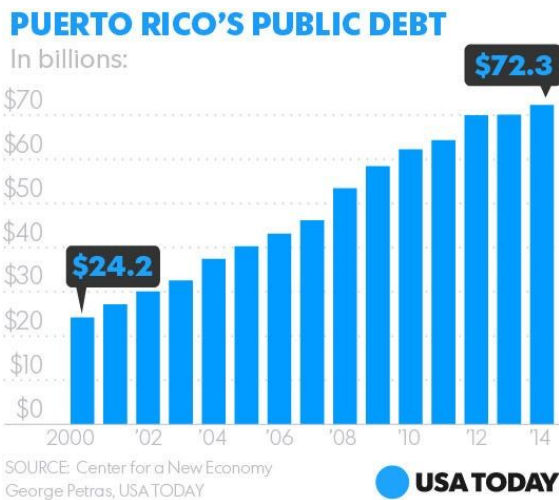


History of Puerto Rico

- The history of Puerto Rico began with the settlement of the chain of islands of Puerto Rico by the Ortoiroid people between 3,000 and 2,000 BC. (first human settlers of the Caribbean). - Ortoiroid - afro Native Americans
- Other tribes, such as the Saladoid and Arawak Native Puerto Ricans, populated the island between 430 BC and 1000 AD. (Connection to ancestry)

The debt of Puerto Rico

- The island's own government borrowed billions of dollars to pay its bills, a practice that Puerto Rico's current governor, Ricardo Rosselló, now calls "a big Ponzi scheme."



- Reasons for the increase in debt consistently
 - a. More than a decade of economic decline and ballooning deficits, amplified by an exodus of the territory's best and brightest, including doctors, to the U.S. has dealt a heavy blow to the Puerto Rican economy.
 - b. Its population is 3.4 million as of July 1, 2016, representing a decline of more than 8% since 2010.
 - c. The island's debt load represents \$12,000 per capita, with its debt representing more than three-quarters of its annual gross national product, which would make it one of the most indebted countries in the world.
 - d. Wall Street kept pushing the Puerto Rican government's loans even as the island teetered on default, with a zeal that bank insiders are now describing with words like "unethical" and "immoral."
 - e. Then in 1996 Congress started phasing out the tax break, and a decade later the island spun into recession. Rather than cut spending to make up for declining tax revenue, the Puerto Rican government went the other way. It borrowed money.
- When America's eyes turned to Puerto Rico after the island was devastated by Hurricane Maria last month, President Donald Trump was quick to condemn the "massive debt" the island was dealing with, even while the US territory was still in the throes of the storm's aftermath.

Ownership of Debt

- "For the most part, Main Street America owns this debt," Long said. "It's not as though these are vultures circling around the island."
- Hedge funds that few Americans have ever heard of are also on the hook for billions in Puerto Rican debt.
- The island would take an investor's money and essentially give him an IOU — a promise to pay the money back with interest. Investors liked the deal because they could earn that interest tax-free.
- Banks pushed brokers to sell more bonds even with Puerto Rico overflowing in debt.
- Federal regulators fined UBS \$34 million for the loan scheme and other problems. They also fined UBS and four other banks for putting clients at risk in the special Puerto Rican funds.
- In 2014, Puerto Rico and a group of banks teamed up for another bond deal. At \$3.5 billion, it was the largest municipal junk bond offering in U.S. history.
- Almost \$900 million raised from the bond issue didn't go to Puerto Ricans — or even to keep the government afloat — but instead went to pay back loans, pay fees or eliminate risk of banks directly involved in putting the deal together.
- Puerto Rico was broke

Interesting:

- "The laws of Puerto Rico limit government borrowing authority for a reason: to prevent the government and its financiers from hitching the Commonwealth and its instrumentalities, as well as taxpayers and legitimate creditors, to a level of debt that cannot be repaid without sacrificing services necessary to maintain the health, safety and welfare of Puerto Rico and its people,"
- Overthrowing of governor Rossello / Rosselló was a corrupt, inept leader leveraging their misery for personal gain, and at the expense of 4,645 dead Puerto Ricans.

***Hedge fund** - A hedge fund is an investment fund that pools capital from approved investors or institutional investors and invests in a variety of assets, often with complicated portfolio-construction and risk management techniques

***Tax Break** - A tax break means the government is offering you a reduction in your taxes.

***Bonds** - Bonds are issued by governments and corporations when they want to raise money. By buying a bond, you're giving the issuer a loan, and they agree to pay you back the face value of the loan on a specific date,