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Congress of the United States
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COMMITTEE ON THE JUDICIARY
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CRIME, TERRORISM, AND HOMELAND SECURITY
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WATER, OCEANS, AND WILDLIFE
RANKING MEMBER
SUBCOMMITTEE ON
NATIONAL PARKS, FORESTS, AND PUBLIC LANDS

January 30, 2020

The Financial Oversight and Management Board for Puerto Rico
P.O Box 192018
San Juan, Puerto Rico 00919-2018

Dear Members of the Financial Oversight and Management Board,

I write to express my concern with the condition of three Puerto Rico pension funds (the Employees' Retirement System, Teachers' Retirement System, and the Judicial Retirement System). I am not satisfied that either the Commonwealth of Puerto Rico or the Oversight Board has provided sufficient information regarding the Commonwealth's pension obligations, much less the kind of robust analysis that is required to finalize a contentious debt restructuring process that is necessary to restore market access at affordable rates to Puerto Rico in the future.

These funds – which total \$55 billion according to the Oversight Board's most recent estimates – do not appear to have been properly verified as to either amount or validity. Given that pension obligations are larger than all the Commonwealth's remaining unresolved debt obligations combined, I request that there be a complete and irreproachable audit of the Puerto Rico pension systems before proceedings relating to the Commonwealth's currently proposed Plan of Adjustment moves forward.

The failure to conduct an audit is in violation of Section 211 of The Puerto Rico Oversight, Management, and Economic Stability Act of 2016 (PROMESA). That provision provides that "the Oversight Board shall conduct an analysis prepared by an independent actuary of such pension system to assist the Oversight Board in evaluating the fiscal and economic impact of the pension cash flows." It further provides that such analysis shall include "an actuarial study of the pension liabilities" and "a review of the existing benefits."

It is for these reasons I request the Oversight Board to conduct a third-party, full and complete audit of the three Puerto Rico pension systems.

It has been more than three years since PROMESA was passed into law and, as I predicted at the time, there has been little progress to help the people of Puerto Rico move out from under the Island's substantial liabilities, some of which appear to be the result of corruption and financial malfeasance. Before the Commonwealth and creditors can credibly move forward with the

Island's bankruptcy plan, the American people and the Congress have a right to a full accounting of the largest claimed liability reflected in the current Plan of Adjustment.

I look forward to your prompt response to my request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom McClintock". The signature is fluid and cursive, with the first name "Tom" being particularly prominent.

Tom McClintock