



Why we audit?

Puerto Rico is in the midst of one of the most severe economic and political crises in its history. This includes the US-imposed Fiscal Control Board and harsh austerity measures to ensure payment for a legally dubious public debt.

Why we audit:

- To find out the truth
- To not repeat the same mistakes
- So that those responsible for the crisis pay
- To not pay illegal and usurious debt
- To avoid abusive fiscal plans
- No more schools will be closed
- Pensions are not cut
- Water and electricity bills are not raised
- No more university tuition hikes or campus closures
- Essential services are not taken away
- Christmas bonus and vacation time are not taken away
- Labor rights are defended
- Public services are not privatized



Frente Ciudadano
por la Auditoría
de la Deuda



COMISIÓN CIUDADANA
PARA LA AUDITORÍA INTEGRAL DEL
CRÉDITO PÚBLICO

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1 Irregularities and illegalities Reports show that:

- At least 50% of Puerto Rico's public debt may violate the Constitution of Puerto Rico.
- There are significant findings about the legitimacy of a large portion of the debt because of improper influence, conflict of interest and excessive profiting by the banking and finance sector.
- A large part of the debt is only interest payments, estimated as high as 785% for some loans at the end of their maturity. **(GRAPHIC 1)**
- False representations and omission of risk factors in financial statements with other legal violations have been identified.
- There is debt that was issued without legal authorization; for example, the Retirement System bonds.
- Many questions about the responsibility of financial institutions in our debt crisis go unanswered.
- Many PR creditors are hedge funds and US financial speculators, who bought bonds for as little as five cents on the dollar but insist on 100% repayment, a return as high as 1,900%. And these profits will be at the expense of essential public services.
- This debt should be canceled and not be paid!

2 Better practices:

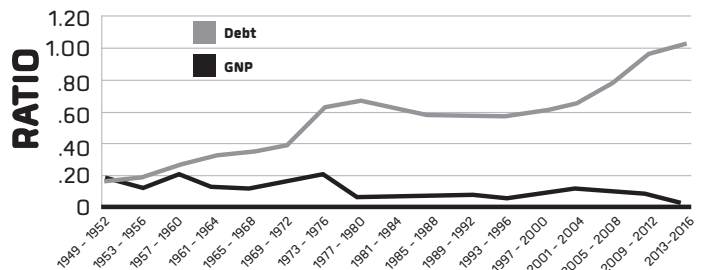
- Sovereign countries and U.S. states in similar situations have completed debt audits that identify how such indebtedness was produced and evaluate the legality of the process. Any debt declared illegal relieved millions of dollars of public funds and has resulted in better conditions for debt restructuring.
- Auditing the debt improves transparency and results in accountability, the cornerstone of proper fiscal management.
- A comprehensive, public and independent audit of the Puerto Rico's debt is a human rights issue and the more important tool to overcome our fiscal crisis. Even before Hurricane Maria hit the island, we knew that Puerto Rico could not pay back all of its debt and that a comprehensive and public audit is the only fair process to identify which debt should be paid and which not.

3 Stop our recovery:

It's an Unsustainable Debt: Puerto Rico's public debt exceeds 100% of our GNP. A debt relief is essential to our recovery.

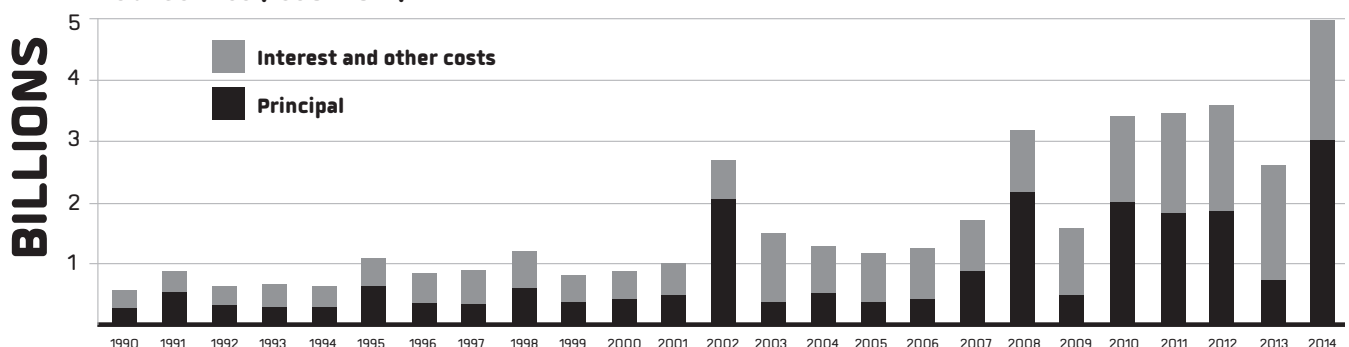
GRAPHIC 2: This debt is clearly unsustainable!

Debt-to-GNP ratio



GRAPHIC 1:

Debt Service (1990-2014)



Source: Financial Statements of the Commonwealth of Puerto Rico.

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