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January 11, 2016

Senator Charles Grassley
Chairman, United States Senate Judiciary Committee
224 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Grassley,

Colleagues of mine have brought to my attention a letter to you from Ken Boehm of the "National Legal and Policy Center". The logic of the letter is difficult to follow, but its general thrust is that "interests" that I have somehow undercut my "independence". The contrived innuendo and false logic of the Letter is that I am not independent and that my involvement in the pursuit of a remedy to the financial trauma of Puerto Rico is motivated by pecuniary interest. That is an utterly baseless, disingenuous assertion.

Much of my career has been devoted to public service, particularly to fiscal policy, practices and stress. In the mid-1970's I was privileged to have a significant involvement in the solution to the dramatic events known as the New York City Fiscal Crisis. Not unlike Puerto Rico, New York City had become addicted to debt that it could neither sustain nor explain. Despite its insolvency, New York City avoided default and bankruptcy by achieving remarkable political consensus among every relevant level of government and its business and labor communities. With brilliant guidance and leadership and well-designed incentives, the City restored its financial credibility and completely reformed its fiscal practices. That is what is being attempted in Puerto Rico.

In my non-salaried 2009-2010 service as Lieutenant Governor of New York, when New York was the epicenter of the near collapse of the nation's financial system and during the so-called Great Recession, I focused on reforming the state's budgeting, accounting and debt policies. In 2011-2014, along with former Federal Reserve Chairman Paul Volcker, I chaired the Task Force on the State Fiscal Crisis. The Task Force published two national and six state reports on the major financial issues confronting the states. The Task Force also conducted a series of "Dialogues" wherein it assembled national experts to discuss these issues. Several former cabinet officers from both Republican and Democratic national administrations

constituted the board of the Commission, for which Mr. Volcker and I raised funding, including our own. I am a board member and contributor of the Volcker Alliance which comprehensively continues the work of the Commission.

More recently, and also without compensation, I served as the advisor to Judge Steven Rhodes, who presided over the bankruptcy proceedings of the City of Detroit. Immediately thereafter, I was asked by Rick Snyder, Governor of Michigan, to advise the Detroit Financial Review Commission.

These efforts, along with my (uncompensated) adjunct professorships at Columbia and Yale Universities, and my writing and speaking engagements, reflect my abiding interest in difficult governmental financial issues. It explains also my considerable attention to Puerto Rico where only a cohesive effort of the Congress, the Administration, and Puerto Rican political/business/labor interests can avoid a regrettable human tragedy and construct sustainable reforms.

It is certainly true that I have an interest in the future of Puerto Rico. What we are watching unfold is nothing less than a financial debacle and a human tragedy, and my interest is in seeing that Puerto Rico emerges from its current trauma with the same hope for the future that New York had in the 1970's when its debt was successful restructured, or Detroit had in 2014 when its bankruptcy proceedings concluded. But the rest of the Boehm letter is little more than innuendo and smoke:

- The letter opens by noting federal indictments of 10 Puerto Rican businessman and government officials. This of course has nothing to do with me, and the letter does not suggest that it does: the information is included solely to create an aura of misconduct. This is contemptible.
- The letter is quite correct in saying that there is no indication that I have been paid by Puerto Rico for the time that I have spent on these issues. I have been invited by Puerto Rican officials to discuss my views, as I have been invited by the Treasury Department, the White House and of course your Judiciary Committee. Not only have I never been paid for my time, I have paid travel and other expenses out of my own pocket. My ties to Puerto Rico, such as they are, are the same as my ties to Treasury, the White House and your Committee.
- It is true that I am a board member for Build American Mutual Assurance Company. My service with Build America began in 2012, has been well publicized and is a point of pride for me. Build America guarantees debt issued by cities, school districts and other state and local entities; it has emerged in just three years as a valuable source of financing for infrastructure and other important government projects. Importantly, and uniquely in its industry, Build America is a *mutual* insurance company – it has *no* stockholders and is operated for the benefit of its policyholders, the public sector bodies whose debt it insures.
- I know nothing about White Mountains Insurance Group's involvement in Puerto Rico.

It is worth pointing out in conclusion that nowhere in the letter is any attempt made to address the ideas about a resolution for Puerto Rico that I raised with your Committee. If you can identify those parties who are responsible for the Boehm letter, I would welcome the opportunity for a joint appearance with them before your Committee and an honest and open debate about the way forward for Puerto Rico.

Senator, thank you for hearing me out. I appreciated the invitation to testify before your Committee back in December, and I am readily available to you or your Committee's staff to follow up on any issues raised during that testimony or here in this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Ravitch', with a long horizontal line extending to the right.

Richard Ravitch