

## US judge freezes Argentina assets

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By Jude Webber in Buenos Aires

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A US judge has frozen \$2.43bn of Argentine assets in the US at the behest of class-action plaintiffs, dealing a blow to Argentina as it hopes to win over creditors holding some \$18bn in unpaid debt since its 2001 default.

The embargo comes less than a week after Amado Boudou, the economy minister, revealed that the take-up for the early tender period of the swap – in which institutions could sign up without incurring penalties – was \$8.5bn, lower than \$10bn expected before.

Economy ministry officials could not be reached for comment on the embargo ruling.

Michael Díaz, a lawyer for the plaintiffs, told the Financial Times that the order in no way interfered with Argentina's swap, which runs until June 7 and which the government hopes will close the chapter on its painful default and allow it to return to raising money on global markets.

But it is another blow to the government as it seeks to win over creditors for an offer that has already slumped in value because of the collapse in the euro in the wake of Greece's turmoil.

Some of the defaulted bonds are tendered in euros and the overall amount outstanding, in dollar terms, is now believed to be less than the \$18bn announced by Argentina at the start of the swap although no exact figures are available.

A source close to the deal told the FT last week that some class action litigants had wanted to enter the swap before a deadline for institutions to sign up without incurring penalties, but had not been able to complete the technicalities in time. Mr Díaz, however, said he believed "less than a third" of such litigants were interested in tendering their bonds.

Judge Griesa's ruling means that Argentine funds held by the state-run Banco de la Nación can be seized to pay creditors on the basis that the bank is effectively an "alter ego" of the Argentine state. The judge had been hailed as a hero in Argentine media before the swap after he ruled not to impede the offer.

Argentina restructured its defaulted debt in 2005, with a tough offer to creditors that some 75 per cent accepted. The remaining creditors have been fighting on to recover their investment. Argentine officials have been seeking to woo over retail investors – including people owed some \$5bn in Italy – before the end of the swap, but another lawyer said there was "a lot of anger" among small creditors at the way the exchange had been handled.

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