

Argentina Revokes Bank of New York-Mellon's Permission to Operate



Buenos Aires, August 27 (RHC) -- President Cristina Fernandez's administration said Tuesday it has revoked the Bank of New York-Mellon's authorization for operating in Argentina, a move that follows the financial institution's decision to block an interest payment Buenos Aires tried to make to its bondholders.

Cabinet chief Jorge Capitanich said the decision was due to the failure of BoNY representatives Mariel Veronica Garcia Sturzenegger and Maria de la Cruz Solares to comply with the law and pay the holders of restructured Argentine government bonds.

Under the terms of the 2005 and 2010 debt restructurings that followed Argentina's record-setting 2001 default, the Bank of New York-Mellon was the trustee responsible for processing payments to those so-called "exchange bondholders."

But it blocked Argentina's most recent payment, due on June 30, in compliance with a ruling by a New York judge who decided in favor of a small group of holdout hedge funds that had sued Buenos Aires for full payment on bonds they bought at large discounts in 2002.

Argentina's appeal of Griesa's ruling reached the U.S. Supreme Court in June of this year, but the justices declined to hear the challenge.

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