

*Statement by Washington Legal Foundation Chief Counsel Richard A. Samp  
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Two newsworthy events occurred today in the aftermath of the Supreme Court's denial of review in the Argentina debt litigation. First, Judge Griesa, the U.S. District Court judge who issued injunctions against Argentina, appointed a Special Master to oversee negotiations between Argentina and holdout bondholders. Second, Axel Kicillof, Argentina's Economy Minister, announced that Argentina will request that Judge Griesa stay his injunction while negotiations are ongoing.

It is important to recognize that these two events are totally independent of one another. Judge Griesa has appointed a Special Master because each side has expressed a willingness to engage in negotiations. The existence of a Special Master may facilitate those negotiations. But the appointment should not be viewed as an indication that Judge Griesa is pressing the parties to negotiate or that he is likely to modify his injunctions in order to improve the likelihood that negotiations will prove successful. He has not granted the Special Master powers to issue any orders; the sole role of the Special Master is to assist the parties in arriving at a mutually agreeable settlement.

Judge Griesa first issued his injunctions more than two years ago. Their effective date has been stayed during the course of Argentina's appeals to higher courts. But now that those appeals have been exhausted, there is no reason to believe that he will grant further delays to Argentina. My understanding is that Argentina can avoid default on its Exchange Bonds if it makes required interest payments any time before July 30. If there is any prospect that the parties can arrive at a settlement, there is no reason to conclude that the settlement process cannot be completed by July 30.

It is not surprising that a judgment debtor such as Argentina would like to delay its day of reckoning as long as possible. But the issues raised by Argentina have now been decided against it by the American courts, and the judicial process is over. All that remains to be negotiated is the terms of payment. It is possible that as part of a good-faith negotiating process, the parties would agree to a stay of the injunction for a few days if necessary to facilitate completion of negotiations; however, there is no possibility that the holdouts, having won in court, would agree to the lengthy sort of delay that Argentina appears to be contemplating. And in the absence of consent from the holdouts, it is highly unlikely that Judge Griesa will contemplate any further delays.

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