

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

**IN THE MATTER OF** )  
 )  
**Banco de Galicia y Buenos Aires, S.A.** )  
**New York, New York,** )  
 )  
**a Federal branch of** )  
 )  
**Banco de Galicia y Buenos Aires, S.A.** )  
**Buenos Aires, Argentina** )

**CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller"), through his duly authorized representative, has noted certain circumstances applicable to Banco de Galicia y Buenos Aires, S.A., New York, New York ("Branch"), a Federal branch of Banco de Galicia y Buenos Aires, S.A., Buenos Aires, Argentina ("Bank");

WHEREAS, the Bank, through its authorized signatory, and the Branch, through its general manager, have executed a "Stipulation and Consent to the Issuance of a Consent Order" ("Stipulation"), dated March 11th, 2002, which is accepted by the Comptroller. By this Stipulation, which is incorporated herein by reference the same as if fully set forth, the Bank and the Branch have consented to the issuance of this Consent Order ("Order"), pursuant to 12 U.S.C. §§ 1818(b)(1) and 3101 *et seq.*, by the Comptroller;

NOW THEREFORE, pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, and the International Banking Act 12 U.S.C. § 3101 *et seq.*, the Comptroller hereby orders that:

## **ARTICLE I - DUE TO HEAD OFFICE AND AFFILIATES**

The Branch shall at all times remain in a net due to position with the Bank and Affiliates, as defined herein.

## **ARTICLE II -MATURED OBLIGATIONS**

By no later than March 18, 2002, and at all times thereafter, the Branch shall (1) pay any matured third-party obligations, which will eliminate the delinquent status of any such liabilities on the books of the Branch; or (2) provide the Comptroller's designated representative ("Comptroller's Designated Representative") with documentation evidencing the ongoing discussions with the holders of such liabilities and promptly notify the Comptroller's Designated Representative of any refusal by any of such holders to extend or otherwise renegotiate the obligations.

## **ARTICLE III - ASSET RESTRICTIONS**

Effective immediately, the Branch shall not sell or move any assets off the Branch's books without the prior approval of the Comptroller's Designated Representative. These restrictions shall not preclude transactions in the amount of less than \$25,000.

## **ARTICLE IV - LIQUIDITY**

(1) By no later than April 30, 2002, the Branch shall obtain \$ 29 million in Liquid Assets to be pledged to the Capital Equivalency Deposit ("CED") account, pursuant to the requirements set forth in 12 C.F.R. § 28.15. Any non-U.S. dollar denominated funds received by the Branch pursuant to this paragraph shall be converted immediately to U.S. dollars.

(2) Effective immediately, on a daily basis, the Branch shall calculate the ratio of its Liquid Assets to Aggregate Amount of Third Party Liabilities, as defined herein (hereinafter referred to as the "Liquidity Ratio"), and shall submit this calculation to the Comptroller's Designated Representative.

(3) By no later than May 31, 2002, the Branch shall achieve and thereafter maintain a Liquidity Ratio of one hundred per cent (100%).

## **ARTICLE V - ASSET MAINTENANCE**

(1) By no later than May 31, 2002, the Branch shall achieve and thereafter maintain Eligible Assets, as defined herein, at no less than one hundred and twenty-five per cent (125%) of its Aggregate Amount of Third Party Liabilities, as defined herein (hereinafter referred to as the "Asset Maintenance Ratio").

(2) Effective immediately, on a daily basis, the Branch shall calculate its Asset Maintenance Ratio and shall submit this calculation to the Comptroller's Designated Representative.

## **ARTICLE VI - CONTINGENCY PLAN**

(1) By no later than March 22, 2002, the Branch shall submit to the Comptroller's Designated Representative for review and approval, a Contingency Plan to wind down its affairs, sell its assets, repay third party liabilities, and surrender its license in an orderly manner, as may be directed in paragraphs (2) and (3). This Contingency Plan shall contain, but not be limited to, the following items:

(i) a complete listing of all Branch assets available for liquidation, as defined in the Reports of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks, in order of most likely sale, including identified purchasers, and any actions necessary to prepare such assets for sale;

(ii) all other available sources for funding the needs of the Branch, including set plans for the Bank to provide ongoing funding support in addition to other loans, repurchase agreements or otherwise; and

(iii) triggering events that ensure that assets are liquidated on a timely basis to meet liquidity needs, up to a complete liquidation of the Branch. Such triggering events shall include the discounting of assets from book value in meeting the requirements of this Order.

Failure to submit a timely, acceptable Contingency Plan may be deemed a violation of this Order.

(2) In the event the Branch has not obtained \$ 29 million in Liquid Assets by April 30, 2002, or in the event the Liquidity Ratio or Asset Management Ratio is not met and maintained by May 31, 2002, the Comptroller's Designated Representative may direct the Branch to immediately implement, and thereafter ensure adherence to, the terms of the Contingency Plan.

(3) In the event that (i) the Branch has not obtained \$ 29 million in Liquid Assets by April 30, 2002, (ii) the Branch, on any date has not met or maintained the Liquidity Ratio or Asset Maintenance Ratio in accordance with Article IV or Article V, respectively, (iii) the Comptroller determines that the Branch has failed to comply with the Contingency Plan, or (iv) the events in Argentina necessitate increasing liquidity to meet liquidity needs, the Branch shall liquidate any and all assets, upon the order of the Comptroller, within timeframes specified by the Comptroller.

#### **ARTICLE VII - RESTRUCTURING PLANS AND REPORTING REQUIREMENTS**

(1) By no later than March 22, 2002, the Branch shall submit to the Comptroller's Designated Representative for review and approval, and thereafter adhere to, a plan detailing the steps it intends to take to comply with the requirements of Article II, regarding Matured Obligations; Article IV, regarding Liquidity; and Article V, regarding Asset Maintenance.

Such plans shall include the following:

(i) the timing and manner in which the Branch will obtain the additional \$ 29 million in Liquid Assets;

(ii) identify which assets it proposes to sell to raise Liquid Assets if necessary and the proposed timing of such sales;

(iii) identify which Third-Party Liabilities it proposes to reduce to achieve compliance and:

(a) describe how the Branch intends to discharge or renegotiate the obligation, or otherwise remove it from its books;

(b) provide the identities of significant liability holders, the identity of a contact person for each such holder, and a copy of the agreements evidencing the obligations; and

(c) to the extent the Branch intends to renegotiate such obligations, a written confirmation from each holder or principal holder that the holder or principal holder is amenable to discussing the renegotiation of the obligations and that such discussions are presently underway.

(2) From the effective date of this Order, on a weekly basis, the Branch shall submit to the Comptroller's Designated Representative a report on the progress of the Bank's efforts to renegotiate obligations that mature on or before September 1, 2002.

(3) Within thirty (30) days from the end of each calendar quarter, beginning with the quarter ending on March 31, 2002, the Branch shall submit to the Comptroller's Designated Representative the consolidated financial statement of the Bank. The statement shall include a listing of all U.S. dollar denominated liabilities of the Branch, and shall set forth whether such liabilities are payable to a subsidiary, Affiliate, Related Party, or Institution-Affiliated Party of the Branch or Bank.

#### **ARTICLE VIII - DEFINED TERMS**

(1) The term "Affiliate" shall be defined as set forth in 12 U.S.C. § 371c(b)(1).

(2) The term "Aggregate Amount of Third Party Liabilities" of the Branch shall be defined as any liabilities agreed to by the Branch with persons that are neither subsidiaries, Related Parties, Affiliates nor Institution-Affiliated Parties of the Branch or Bank, including, checks or other obligations issued by the Bank or any of its subsidiaries, Affiliates, Related Parties, or Institution-Affiliated Parties, which have been issued outside of the United States and may be presented to the Branch for payment. This term shall also include bankers' acceptances, standby or commercial letters of credit and any other legally binding contingent liabilities, but exclude accrued expenses and amounts due and other liabilities to the Bank and any other branch, office, agency, subsidiary or Affiliate of the Bank or the Branch.

(3) The term "Eligible Assets," shall consist of currency, bonds, notes, debentures, drafts, bills of exchange or other evidence of indebtedness, including loan participation agreements or certificates, and other obligations payable in the United States in United States funds, or, with the written approval of the Comptroller, funds freely convertible into United States funds in an amount prescribed by the Comptroller. Eligible Assets include any funds in the CED in excess of the regulatory requirements under 12 C.F.R. § 28.15. Eligible Assets shall exclude (a) all amounts due from the head office of the Bank or any branch, office, agency, subsidiary or Affiliate of the Bank or the Branch; (b) 100% of any asset classified substandard, doubtful, loss or value impaired by a regulatory agency or by the Bank or the Branch in its audit or loan review system; (c) any asset that the Comptroller determines is not sufficiently supported by credit information; (d) any asset pledged to meet the CED requirement at 12 C.F.R. § 28.15 to the extent needed to meet the minimum CED requirement; (e) any other asset pledged as security in any financial transaction with the Branch, Bank, or any branch, office, agency, subsidiary, Affiliate, or Institution-Affiliated Party of the Bank or Branch; and (f) any other asset or class of assets based on a case-by-case assessment of the risks associated with the asset or assets deemed inappropriate by the Comptroller.

(4) The term "Institution-Affiliated Party" shall be defined as set forth in 12 U.S.C. §§ 1813(u) and 1818(b).

(5) The term "Liquid Assets" shall include only (a) cash and due from banks that are not subsidiaries, Affiliates, Related Parties and Institution-Affiliated Parties and are not subject to exchange restrictions; (b) U.S. Treasury, U.S. agency securities, and other bonds, notes and debentures, payable in the United States in U.S. dollars, at market value; (c) securities rated by Standard and Poor's or Moody's rating services and payable in the U.S. in U.S. dollars, which are available for sale (at market value) or, with the written approval of the Comptroller, payable in funds freely convertible into United States funds; (d) any funds in the CED account in excess of the regulatory requirements under 12 C.F.R. § 28.15; and (e) federal funds sold, provided that these assets also meet the definition of Eligible Assets. Liquid Assets shall not

include any assets pledged as security in any financial transaction with the Branch, the Bank or any subsidiary, Affiliate, Related Party, or Institution-Affiliated Party of the Branch or Bank.

(6) The term "Related Party" shall be defined as (a) any person holding a one percent (1%) or more ownership interest in the Bank and all of the Bank's known subsidiaries and associated companies operating in Argentina and in other countries; and (b) any person, or group of persons acting in concert, that controls, is controlled by, or is under common control with Bank.

### **ARTICLE IX - GENERAL PROVISIONS**

(1) Although the Branch is, by this Order, required to submit certain proposed actions and programs for the review or approval of the Comptroller, the Bank's authorized signatory, and the general manager have the ultimate responsibility for proper and sound management of the Branch.

(2) The provisions of this Order shall become effective upon execution of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated by the Comptroller.

(3) Any time limitations imposed by this Order shall commence on the effective date of this Order. Such time limitations may be extended by the Comptroller for good cause upon written application by the Branch.

(4) It is expressly and clearly understood that if at any time the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Branch, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from doing so. Failure to comply with the provisions of this Order may be considered by the Comptroller to constitute grounds for involuntary revocation of authority to operate the Branch under 12 U.S.C. § 3102(i) and

subsequent appointment of a receiver or conservator under the provisions of 12 U.S.C.

§ 3102(j).

(5) All correspondence related to this Order, and any information or documentation required hereunder to be submitted to the Comptroller or the Comptroller's Designated Representative, shall be addressed to:

William P. Reinhardt  
Assistant Deputy Comptroller  
Office of the Comptroller of the Currency  
1114 Avenue of the Americas, Suite 3900  
New York, New York 10036  
Facsimile Number: (212) 790-4083

**IT IS SO ORDERED**, this 11th day of March 2002.

/s/ Fred D. Finke

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**Fred D. Finke**  
**Deputy Comptroller**  
**Northeastern District**



**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

**IN THE MATTER OF** )  
 )  
**Banco de Galicia y Buenos Aires, S.A.** )  
**New York, New York,** )  
 )  
**a Federal branch of** )  
 )  
**Banco de Galicia y Buenos Aires, S.A.** )  
**Buenos Aires, Argentina** )

**STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller") has initiated consent order proceedings with Banco de Galicia y Buenos Aires, S.A., New York, New York ("Branch"), a Federal branch of Banco de Galicia y Buenos Aires, S.A., Buenos Aires, Argentina ("Bank") pursuant to 12 U.S.C. § 1818(b) and 12 U.S.C. § 3101 *et seq.*

WHEREAS, the Bank, through its authorized signatory, and the Branch, through its general manager, in the interest of compliance and cooperation, consent to the issuance of a Consent Order, dated March 11th, 2002 ("Order") and appended hereto;

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its authorized signatory, and the Branch, through its general manager, hereby stipulate and agree to the following:

## **ARTICLE I**

(1) The Branch is a Federal Branch licensed and examined by the Comptroller pursuant to the International Bank Act, as amended, 12 U.S.C. § 3101 *et seq.*

(2) The Comptroller is "the appropriate Federal banking agency" with regulatory and supervisory responsibility for the Branch pursuant to 12 U.S.C. §§ 1813(q), 1818(b) and 3108(b), and the Comptroller has other regulatory and supervisory responsibility for the Branch pursuant to 12 U.S.C. §§ 3102 and 3108(a).

(3) The Branch is an "insured depository institution" within the meaning of 12 U.S.C. §§ 1813(c)(3) and 1818(b)(1).

## **ARTICLE II**

The Bank and the Branch, without admitting or denying any wrongdoing, hereby consent and agree to the issuance of the Order by the Comptroller. The Bank and the Branch further agree that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and that said Order is also an order issued under 12 U.S.C. §§ 3102 and 3108 for purposes of 12 U.S.C. § 3102, and consent and agree that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. §§ 1818(i) and 3101 *et seq.*

## **ARTICLE III**

The Bank and the Branch, by signing this Stipulation and Consent, hereby:

- (i) Admit the jurisdiction of the Comptroller with respect to the matters set forth in the Notice;
- (ii) Stipulate that the record basis for this proceeding consists of the Notice and this Stipulation;
- (iii) Acknowledge service of the Notice; and
- (iv) Waive:

- (a) any and all procedural rights available in connection with the issuance of the Order including the right to an administrative hearing and all post-hearing procedures;
- (b) entry of findings of fact and conclusions of law;
- (c) all rights to seek any type of judicial review of the Order, including any such rights provided by 12 U.S.C. § 1818(h); and
- (d) any and all rights to challenge or contest the validity of the Order.

**ARTICLE IV**

The Bank and the Branch agree that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Branch if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

**IN TESTIMONY WHEREOF**, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/ Fred D. Finke

3/11/02

\_\_\_\_\_  
Fred D. Finke  
Deputy Comptroller  
Northeastern District Office

\_\_\_\_\_  
Date

**IN TESTIMONY WHEREOF**, the undersigned, Bank's authorized signatory and the general manager of the Branch, have hereunto set their hands, on behalf of the Bank and the Branch, respectively:

**Bank's Authorized Signatory:**

Signed

03/11/02

\_\_\_\_\_  
Banco de Galicia y Buenos Aires, S.A.  
Buenos Aires, Argentina

\_\_\_\_\_  
Date

**General Manager:**

Signed

03/11/02

\_\_\_\_\_  
Banco de Galicia y Buenos Aires, S.A.  
New York, New York

\_\_\_\_\_  
Date