

June 21, 2009

Congressman Adrian Smith
House of Representatives
503 Cannon Office Bldg.
Washington, D.C. 20515-2703

Dear Congressman Smith:

Our taxpayer group urges you to *support and vote* for **HR 2493**, which would deny foreign countries that do business with, issue securities, or borrow money in the U.S., particularly Argentina, and that have defaulted on U.S. court judgments exceeding \$100 million for more than 2 years, access to our national capital markets. The bill would deny domestic corporations of such judgment-evading foreign states that remain in default for over 3 years access to our capital markets. **HR 2493** would require the federal government to examine the default status of nations before granting them foreign aid and require the Treasury Secretary to issue yearly reports naming such states and analyzing the impact of their defaulting behavior on our economy.

Foreign nations that conduct business, issue securities, and borrow money in the U.S. and subsequently refuse to pay off judgments of U.S. courts regarding disputes resulting from these or other commercial activities, inflict billions in damage to our economy and undermine the credibility of our court system. Whenever the lax ethical standards that permit government officials from these nations to flout lawful U.S. judgments corrupt the behavior of the management of their state-owned companies, U.S. taxpayers suffer additionally.

The Republic of Argentina is an egregious example of a foreign nation that has incurred huge debts here, defaulted, then refused to honor legal judgments of U.S. and other courts ordering payment. In 2001, Argentina defaulted on more than \$81 billion in sovereign debt, one of the largest defaults in history. In 2005, after refusing all efforts by creditors to negotiate payment, this nation offered lenders about 27c on the dollar in a unilateral restructuring deal, far lower than the international norm for such debt restructurings. Argentina repudiated the debts owed to the majority of bondholders who rightly rejected its offer. Taxpayers around the nation, including Nebraska, suffered financially from this chicanery.

We urge you to support and vote for **HR 2493**.

Sincerely,

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