



April 9, 2003

Dr. Paul Alexander Haslam  
Senior Analyst  
FOCAL  
1 Nicholas Street  
Suite 720  
Ottawa, ON  
K1N 7B7

Dear Dr. Haslam,

I recently read "Argentina: Governance in Crisis" in the March FOCAL policy paper. I appreciated your treatment of a complex and very difficult situation.

I must take issue, however, with your comments related to Scotiabank's activities prior to the cessation of Scotiabank Quilmes operations. You state as fact that "the decision of the Bank of Nova Scotia to not re-capitalize its Argentine subsidiary Banco Quilmes and withdraw from the Argentine market, leaving its employees unpaid and account holders in risk of losing their deposits..." Not only is this assertion completely inaccurate, but as you go on to draw further conclusions from this statement, I find it necessary to correct the record.

The first point that I would make is that staff were paid at all times during the Argentine crisis.

Further, as you will note in the attached press release, dated September 4, 2002 and available at [www.scotiabank.com](http://www.scotiabank.com), "All of the 91 branches of Scotiabank Quilmes are being reopened by [Banco] Comafi and [Banco] Bansud and these banks have also assumed the deposit obligations of Scotiabank Quilmes. Comafi and Bansud will initially retain 1,200 former employees of Scotiabank Quilmes." Further, please note that, "All 1,700 former employees of Scotiabank Quilmes have received a full severance package. While local regulations restricted Scotiabank Quilmes from making full severance payments to employees, Scotiabank matched the amount paid by Scotiabank Quilmes to ensure all employees received a fair and full severance package." Employees' wages were fully paid, and the Bank made additional provisions to ensure that *all* employees received full severance, including those employees who would be retained by the local banks. For those employees who were not further employed by Banco Comafi or Banco Bansud, medical benefits were extended for a period of one year following the transaction, and an employee assistance program was implemented to assist them in dealing with the economic crisis for a period of one year.

---

Scotiabank Quilmes was not the first bank to cease operations under what your paper outlines as extremely difficult and unprecedented conditions. Scotiabank and Scotiabank Quilmes worked very hard for months to find the best possible solution, devoting significant time, resources and talent to explore all options in order to maximize jobs for employees and returns for depositors and creditors. In the end, the transaction with Banco Comafi and Banco Bansud was the best solution as it provided continuity for depositors and employment for the maximum number of employees – all of whom received severance as well.

Given the facts, I would greatly appreciate you correcting the inaccuracies.

Should you require any additional information, please do not hesitate to contact me at 416-866-7238.

Thank you for your consideration.



Pamela Agnew  
Director  
Public Affairs