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October 11, 2005

Mr. Walter Stachnik, Inspector General
Office of the Inspector General
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1107

Re: Failure by the U.S. Securities and Exchange Commission to Enforce the Federal Securities Laws in the Following Matter:

On Behalf of Defaulted Creditors of the Government of China:

COMPLAINT

Misleading Sovereign Credit Ratings and Inadequate Disclosure Pertaining to the Offer, Sale and Trading of Debt Securities of the People's Republic of China: Deceptive Practices and Violations of International Law.

Dear Mr. Stachnik:

We write on behalf of the American Bondholders Foundation (the "ABF") and the affiliated U.S. bondholders holding defaulted full faith and credit sovereign obligations of the Chinese Government. The ABF is the incorporated organization representing over five thousand U.S. citizens who are holders of full faith and credit sovereign obligations of the Government of China, on which that government has defaulted and continues to evade payment in violation of accepted conventions of international law.[1] The bondholders have suffered both selective default and discriminatory settlement by the actions of the Chinese Government, and continue to suffer economic injury in their attempt to recover payment on the defaulted obligations of the Chinese Government as a result of the willful and tortious actions of the three major international credit rating agencies (i.e., the Standard and Poor's Division of the McGraw Hill Companies, Inc., Moody's Investors Service, and Fitch, Inc.), designated by the U.S. Securities and Exchange Commission (the "Commission") as nationally recognized statistical rating organizations (referred to collectively herein as the "three major NRSROs"), which have acted in blatant disregard of the extant facts and have assigned and continue to maintain investment-grade credit ratings for the sovereign debt of the Government of China in a manner which constitutes fraudulent, deceitful, and manipulative business practices, and which rating classifications do not conform to the respective agencies' established criteria for developing a rating.

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[1] See the complete set of memorandums prepared by the law firm of Stites & Harbison PLLC, describing the legal authority for defaulted U.S. creditors' claims and affirming U.S. creditors' claims under established conventions of international law (copies attached).

Recently, members of the United States Congress have requested the Commission to investigate a complaint[2] filed by our firm on behalf of the ABF against the three major NRSROs regarding their misleading, deceptive, manipulative and deceitful practice of maintaining investment-grade sovereign credit ratings for the Government of China in the face of the existence of outstanding defaulted sovereign debt of the Chinese Government.[3] The U.S. Congress has become involved in the resolution of this matter as a result of testimony presented at hearings conducted by both the House International Relations Committee and the World Bank.[4] In responding to the Congress, the Commission has adopted the position that the three major NRSROs are not subject to regulation under the federal securities laws, and that the Commission has no express statutory authority to impose sanctions on the agencies.[5]

When we first became aware of the existence of defaulted sovereign debt of the Chinese Government, we were astonished to discover that the Government of China enjoys an investment-grade foreign currency credit rating assigned by the three major NRSROs, despite the fact that U.S. creditors continue to be victims of both **selective default** and **discriminatory settlement** even though U.S. creditors are ranked pari passu with U.K. creditors who were offered settlement of their defaulted claims in 1987.

We subsequently undertook extensive research to determine the complete fact pattern involving the existence of the defaulted sovereign debt of the Chinese Government. We shared our findings with the ABF president, who subsequently apprised the chief executive officers of the three major NRSROs of the existence of defaulted sovereign debt of the Government of China in a letter dated November 27, 2002. No response or acknowledgement to this letter has yet been received by the ABF from the three major NRSROs. We subsequently discovered that each of the three major NRSROs is registered with the Commission as a "Registered Investment Adviser" pursuant

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[2] See complaint dated March 31, 2005 filed with the Division of Market Regulation of the United States Securities and Exchange Commission on behalf of defaulted creditors of the Government of China (copy attached), and subsequently amended and enlarged through incorporation by reference to include the additional specifications described in the letter dated June 21, 2005 addressed to Mr. David M. Walker, Comptroller General of the United States (copy attached), and the additional specifications, including undisclosed conflicts of interest described in the letter dated September 21, 2005 addressed to the Honorable Christopher Cox, Chairman, the Honorable Annette Nazareth, Commissioner, and Mr. Michael Macchiaroli, Associate Director, Division of Market Regulation, United States Securities and Exchange Commission (copy attached), and the additional specifications described in this letter, collectively referred to herein as "the complaint" or "the complaint (as amended)".

[3] See various letters addressed to the former Chairman of the Commission by members of the 109th United States Congress including the Honorable Jim Saxton, Chairman of the Joint Economic Committee and the Honorable Jerry Lewis, Chairman of the House Appropriations Committee, requesting the Commission to conduct an investigation into the matter described in the complaint (copies attached).

[4] See transcript of testimony presented to the World Bank on September 23, 2005 (copy attached). A transcript of testimony presented to the House International Relations Committee on October 21, 2003 is accessible on the world wide web at the following URL:
http://www.globalsecuritieswatch.org

[5] See memorandum dated July 29, 2005 which sets forth the Commission's position on the matter (copy attached).

to the Investment Advisers Act of 1940 (the "Advisers Act"), and each of the three major NRSROs is therefore subject to compliance with, and regulation under, the provisions of the Advisers Act.[6] We also discovered that the three major NRSROs have engaged in wrongful actions and deceptive business practices evidencing a reckless standard of care, which has caused injury to defaulted U.S. creditors of the Government of China.

Upon completion of the discovery process, we drafted a complaint on behalf of defaulted creditors of the Government of China, describing the wrongful actions and deceptive business practices engaged in by the three major NRSROs, and filed the complaint with the Securities and Exchange Commission on March 31, 2005. After a period of almost ninety days from the date that the complaint was filed and having received no response from the Commission, and acting in accordance with a sense of the Congress, we notified Mr. David M. Walker, Comptroller General of the United States, informing the Government Accountability Office of the complaint filed with the Commission and the nature of the facts and circumstances described therein.[7] A copy of the letter addressed to Mr. Walker was also sent to persons at the Commission. The letter to Mr. Walker describes in detail the issue of violations of the Advisers Act in the immediate instance.

We also assert that the three major NRSROs have received, or agreed to receive or solicit money because of, or with an intent to be influenced with respect to, their actions, decisions, or other duties or obligations, and have engaged, and continue to engage in an enterprise which affects interstate commerce and includes the use of the U.S. Mail system and the telephone system to falsely inform their clients and the investing public. By their actions as described in the complaint and summarized herein, the three major NRSROs have knowingly and willingly executed and continue to execute a scheme or artifice to obtain money by means of false representations, and have engaged in a "racketeering" activity as defined pursuant to the Racketeer Influenced Corrupt Organizations ("RICO") Act.[8]

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[6] Investment Advisers Act of 1940 as amended. August 22, 1940. 54 Stat. 847, 15 U.S. Code §80b-1 – 80b-21, as amended. For application of the Investment Advisers Act of 1940 in the immediate instance, see specifically Rule 102(a)(4)-1 "Unethical Business Practices of Investment Advisers" (esp. subsection 20), and Section 206 "Prohibited Transactions by Investment Advisers". See also Section 209 "Enforcement of Title" (esp. subsection (a) and subsection (e)(2)(C)(II)).

[7] See letter dated June 21, 2005 addressed to Mr. David M. Walker, Comptroller General of the United States (copy attached).

[8] 18 U.S.C. §1961-68. Section 1964(c) of the Racketeer Influenced and Corrupt Organizations ("RICO") Act allows civil claims to be brought by any person injured in their business or property by reason of a RICO violation. The dissemination of misleading, fraudulent or deceptive rating classifications derived through the misapplication of internal procedures, the application of a reckless standard of care resulting in injury, and multiple transgressions of specific provisions the Advisers Act may constitute violations of the federal mail and wire fraud statutes, thereby creating civil liability pursuant to the RICO Act. With respect to establishing a pattern of fraudulent, deceitful and manipulative practices, see applicable provisions of the Advisers Act which prohibit fraudulent, deceitful and manipulative practices. Defaulted U.S. creditors as a class have suffered, and continue to suffer serious economic harm from the actions of the three major NRSROs including the application of a reckless standard of care and violations of the Advisers Act. With

Summary of Complaint (as Amended)

In this section, we present a summary of the complaint (as amended) filed with the Commission on behalf of the defaulted creditors of the Government of China affiliated with the American Bondholders Foundation. The primary specifications of complaint which we assert against the three major nationally recognized statistical rating organizations, namely the Standard and Poor's Division of the McGraw Hill Companies, Inc., Moody's Investors Service Inc., and Fitch, Inc. include the following:

- That the three major NRSROs have acted, and continue to act willfully and with foreknowledge of the existence of defaulted sovereign debt of the Chinese Government under established conventions of international law in developing and maintaining credit rating classifications;

- That the three major NRSROs did intentionally develop and subsequently assign credit rating classifications to the long-term foreign currency sovereign debt of the Government of China which are provably false by the application of the agencies' own criteria and definitions to the extant facts (e.g., selective default and discriminatory settlement);

- That the actions of the three major NRSROs constitute fraudulent, deceptive, and manipulative business practices in violation of the Advisers Act, under which the three major NRSROs are registered;

- That the actions of the three major NRSROs may be explained as a result of certain conflicts of interest which are endemic to the business practices of the three major NRSROs and which predict the present situation;

- That an examination of the extant facts in comparison with the criteria published by the respective agencies which describes the subject rating classifications evidences the application of a reckless standard of care in the development of the subject rating classifications;

- That the actions of the three major NRSROs have caused, and continue to cause economic injury to defaulted creditors of the Government of China in their attempt to enforce the sovereign debt contract;

- That the actions of the three major NRSROs have created a tort claim on the part of defaulted creditors of the Government of China;

- That repetitive upgrades and continued maintenance of provably false credit rating classifications assigned to the Chinese Govement by the three major NRSROs constitute a pattern of deceitful and harmful actions and, in conjunction with the use of the mails and other means of interstate commerce by the three major NRSROs to disseminate their ratings, constitute violation(s) of the Racketeer Influenced Corrupt Organizations Act;

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respect to establishing a pattern of fraudulent, deceitful and manipulative practices, see the letter dated June 21, 2005 addressed to Mr. David M. Walker, Comptroller General of the United States.

- That the actions of the three major NRSROs (e.g., application of a reckless standard of care, foreknowledge of contrary facts, intentional deviation from established procedures, infliction of injury on defaulted creditors, and violations of the Advisers Act under which the three major NRSROs are registrants) deprive the three major NRSROs of the protection otherwise afforded by the First Amendment; and

- That an examination of the extant facts demonstrates that immediate enforcement action is appropriate and mandated by the United States Securities and Exchange Commission.

In the following sections, we include an expanded discussion of certain aspects of the complaint.

Application of a Reckless Standard of Care

Under established conventions of international law, full faith and credit sovereign debt of the Government of China exists in a state of both selective default and discriminatory settlement. The three major NRSROs received explicit notification of this fact in a letter dated November 27, 2002, and despite having explicit foreknowledge of the extant facts comprising the immediate instance which contradict an investment-grade credit rating pursuant to the agencies' own rating classification definitions[9], and in developing their respective sovereign credit ratings for the Chinese Government, the three major NRSROs willfully ignored and continue to willfully ignore both the existence of defaulted full faith and credit sovereign debt of the Chinese Government and established conventions of international law governing the payment obligation of this debt. The resultant rating classifications do not conform to the respective agencies' own criteria for the definition of the respective rating classification.[10] Such egregious conduct evidences the application of a reckless standard of care in developing their respective sovereign credit rating classifications for the long-term foreign currency debt of the Government of China.

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[9] For a discussion of the definitions of the relevant debt rating classifications in the immediate instance, see "Exhibit 3.01 People's Republic of China Long-Term Foreign Currency Sovereign Debt Rating". On Behalf of Defaulted Creditors of the Government of China: COMPLAINT Misleading Sovereign Credit Ratings and Inadequate Disclosure Pertaining to the Offer, Sale and Trading of Debt Securities of the People's Republic of China: Deceptive Practices and Violations of International Law. Complaint dated March 31, 2005 filed with the Division of Market Regulation of the United States Securities and Exchange Commission. The sovereign credit ratings presently assigned to the long-term foreign currency debt of the Government of China do not conform to the criteria and definitions promulgated by each of the three major NRSROs when confronted by the extant facts in the immediate instance, and are provably false by a comparison of the extant facts with the respective agencies' rating classification definitions and criteria.

[10] See, e.g., the statement by Mr. Raymond McDaniel, President and Chief Operating Officer, Moody's Investors Service: "We have a codification of all of our methodologies which are available publicly and there is a requirement that those methodologies be followed and we avoid concentration of fees from issuers." Source: "The Credit Rating Agencies' Conflict of Interest". *Nightly Business Report* (produced by NBR Enterprises, a division of WPBT Television and distributed by the Public Broadcast Service ("PBS"). February 8, 2005. Transcript of broadcast is accessible on the world wide web at the following URL: *http://www.nbr.com/transcript/2005/transcript020805.html#story3*

Wrongful Actions and Deceptive Practices Inflict Tort Injury on Defaulted Creditors

Defaulted U.S. creditors have suffered and continue to suffer economic injury by the willful and intentional actions of the three major NRSROs, which have acted and continue to act with the foreknowledge of the falsity of their publications, and with the reasonable expectation that such wrongful actions and deceptive practices may reasonably be expected to cause harm to defaulted U.S. creditors in their attempt to enforce the sovereign debt contract, and which actions did cause and continue to cause injury to in excess of five thousand affiliated persons, whom have sustained and continue to sustain serious tort injury as a class by the wrongful and deceptive actions of the three major NRSROs, whose wrongful and deceptive actions have served to weaken, and continue to weaken, the ability of defaulted U.S. creditors to enforce the sovereign debt contract under established conventions of international law. The Chinese Government has relied on the investment-grade sovereign credit rating assigned by the three major NRSROs to issue sovereign bonds in the global capital markets, most recently in 2003, and again in 2004. In both instances, the Chinese Government was empowered to raise substantial sums of capital while continuing to escape the payment obligation on its defaulted sovereign debt. This was aided and abetted to a significant degree by the wrongful assignment of a provably false, misleading and deceptive investment-grade sovereign credit rating by the three major NRSROs to the long-term foreign currency debt of the Government of China. By their actions, the three major NRSROs may be shown to have caused serious injury to defaulted U.S. creditors.

Conflicted Business Practices in Violation of the Advisers Act

The three major NRSROs each derive revenue directly from, and are compensated by, the Government of China and its numerous related entities, which seek to avoid payment of defaulted sovereign debt and are able to a significant degree to escape such obligation by the willful acts of the three major NRSROs in ignoring the existence of such defaulted debt in circumvention, disregard, variance, and departure from their own published criteria for developing a rating classification. The actions of the three major NRSROs in the immediate instance may be reasonably interpreted to have been calculated to enable the Chinese Government to evade payment on its defaulted sovereign debt at the expense of defaulted U.S. creditors, and at the profit of the three major NRSROs. As a result of the business practices employed by the three major NRSROs, each derives or may reasonably be expected to derive significant revenue directly from the Chinese Government and its state-owned enterprises ("SOEs"), which revenue is directly influenced by the ability of the Chinese Government and its SOEs to issue debt in the international credit markets. The ability of the Chinese Government and its SOEs to issue such debt, and thus the ability of the three major NRSROs to acquire incremental revenue growth, is directly linked to the sovereign rating classification assigned by the three major NRSROs. Each of the three major NRSROs may reasonably be expected to derive significantly greater future revenue as a result of an increase in issuance of debt by Chinese corporations, which ability is directly linked to the sovereign credit rating assigned to debt issued by the Chinese Government (the "sovereign benchmark"). It may be reasonably demonstrated that it is in the interest of the three major NRSROs to maintain a sovereign credit rating classification for the Chinese Government which facilitates (a) evasion of payment of its defaulted sovereign debt, and (b) the

increased issuance by Chinese corporations of debt in the international credit markets, thereby maximizing revenue for the three major NRSROs. Such business practices act to create an incentive for maintaining an artificial rating classification which is contradicted by the extant facts in the immediate instance, and when confronted by such facts, fails to conform to the definitions promulgated by each of the three major NRSROs. As a result, the present rating classifications significantly deviate from, and remain at variance with, the agencies' own definitions, internal procedures, as well as established conventions of international law.

The Advisers Act, under which the three major NRSROs are registered, prohibits unethical business practices, including engaging in any act, practice or course of business which is fraudulent, deceptive, or manipulative.

The language of Rule 102(a)(4)-1 Unethical Business Practices of Investment Advisers states:

> "A person who is an investment adviser or a federal covered adviser is a fiduciary and has a duty to act primarily for the benefit of its clients. The provisions of this subsection apply to federal covered advisers to the extent that the conduct alleged is fraudulent, deceptive, or as otherwise permitted by the National Securities Markets Improvement Act of 1996 (Pub. L. No. 104-290). While the extent and nature of this duty varies according to the nature of the relationship between an investment adviser and its clients and the circumstances of each case, an investment adviser or a federal covered adviser shall not engage in unethical business practices, including the following:
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> ... 20. Engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative in contrary to the provisions of section 206 (4) of the Investment Advisers Act of 1940, notwithstanding the fact that such investment adviser is not registered or required to be registered under section 203 of the Investment Advisers Act of 1940".[11]

The language of Section 206 Prohibited Transactions by Investment Advisers states:

> "Section 206. It shall be unlawful for any investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:
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> (1) To employ any device, scheme, or artifice to defraud any client or prospective client;
> (2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client;
> ... (4) To engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative. The Commission shall, for the purposes of this paragraph (4) by rules and regulations define, and prescribe means reasonably designed to prevent, such acts, practices, and courses of business as are fraudulent, deceptive, or manipulative".[12]

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[11] Adopted April 27, 1997; amended April 18, 2004.

[12] Investment Advisers Act of 1940. Section 206.

The language of Section 209 Enforcement of Title states:

> "Section 209. (a) Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this title or of any rule or regulation prescribed under the authority thereof, have been or are about to be violated by any person, it may in its discretion require, and in any event shall permit, such person to file with it a statement in writing, under oath or otherwise, as to all the facts and circumstances relevant to such violation, and may otherwise investigate all such facts and circumstances.
> ... (e) (2) (C) (II) Such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons".[13]

The willful exclusion and omission from consideration of the existence of a defaulted series of full faith and credit sovereign obligations and the attendant effect of such defaulted obligations on the "willingness to pay" metric implicit in the presently assigned sovereign credit ratings of the People's Republic of China is also inconsistent with the Commission's proposed definition of the term "NRSRO" as an entity that, *inter alia*, "uses systematic procedures designed to ensure credible and reliable ratings ...". The willful disregard or exclusion of material fact(s) in determining a rating classification for an issuer who is in default (and which fact is evident from an examination of information widely disseminated and available in the public domain) may reasonably be construed to constitute a reckless standard of care and a breach of fiduciary duty to clients, as well as a deliberate attempt to deceive and manipulate the public-at-large. This is particularly the case given consideration of the fact that the three major NRSROs referenced herein were specifically notified in writing of the existence of the defaulted full faith and credit sovereign obligations of the government of China in 2002, and have avoided any inclusion of this fact into their present rating classifications assigned to the Government of China.[14] By the willful exclusion and omission of pertinent and material facts and circumstances, including the intentional disregard of the "willingness to pay" metric, the three NRSROs named above have improperly applied their own procedure for developing a rating, and in so doing have perpetrated a false, manipulative, deceptive, misleading and fraudulent action on the public including

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[13] Investment Advisers Act of 1940. Section 209.

[14] See letter dated November 27, 2002 addressed to Mr. Clifford L. Alexander, Chairman and Mr. John Rutherfund Jr., President and Chief Executive Officer, Moody's Corporation, describing the existence of a defaulted series of full faith and credit sovereign obligations of the Chinese government. Copy of letter enclosed with this correspondence. See also, the previously referenced statement by Mr. Raymond McDaniel, President and Chief Operating Officer, Moody's Investors Service: "We have a codification of all of our methodologies which are available publicly and there is a requirement that those methodologies be followed and we avoid concentration of fees from issuers." See also, the statement: "All ratings agencies agree that a debtor is in default when it either misses a payment beyond a grace period or seeks to renegotiate the loan – ***anything, says S&P's Marie Cavanaugh, that is not "timely service of debt according to the terms of issue***" (emphasis added). Source: "The Ratings Game". Martin Mayer. *The International Economy* (July 1999). Thus, from an examination of the facts in the immediate instance, it would appear that Standard and Poor's is engaged in altering adherence to its own internal procedures on a selective basis in order to accommodate the attainment of a predefined outcome and thereby avoid an inconvenient fact (e.g., the willful omission of the existence of a defaulted series of full faith and credit sovereign obligations of the government of China in its sovereign ratings classification assigned to China).

concealment of material risk factors. Failure to take into account the extant facts and circumstances in properly developing the appropriate rating classifications which accurately describe the extant facts and circumstances represents violations of both the rating agencies' internal policies and procedures as well as the Advisers Act, under which each of the three major NRSROs is registered as a "Registered Investment Adviser".

Tortious Actions Not Protected by First Amendment

We note firstly that as registrants pursuant to the Advisers Act, such registration modifies the freedom of expression which may be otherwise available under the First Amendment to the three major NRSROs, to a manner and standard which is fully compliant with the provisions of the Advisers Act. As described in our June 21, 2005 letter to Mr. Walker, the Advisers Act explicitly prohibits certain expressions which are knowingly deceptive and misleading. It is provable by the extant facts in the immediate instance to demonstrate beyond dispute that the three major NRSROs are, by their actions in the immediate instance, in violation of certain provisions of the Advisers Act, including prohibitions against such actions.

Second and even more importantly, the wrongful actions of the three major NRSROs in the immediate instance, which evidence the application of a reckless standard of care and which are calculated to,[15] and do cause injury to an entire class of defaulted creditors, are not afforded protection pursuant to the first amendment. The rating classifications developed by the three major NRSROs for the sovereign debt of the Chinese Government are, by the application of the agencies' own respective criteria, provably false when confronted by the extant facts and can be shown to have caused injury. Such actions deprive the three major NRSROs of protection of freedom of expression otherwise afforded by the First Amendment.

Deceptive Business Practices and Tortious Actions Subject to Civil RICO Proceedings

We assert that the intentional, wrongful and tortious actions perpetrated by the three major NRSROs, including their conflicted and deceptive business practices, constitute a recurring theme or pattern, and in conjunction with their use of the U.S. Mail system and other means of interstate commerce, acts to create civil liability pursuant to the RICO Act, as described previously.

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[15] See preceding section entitled, "Conflicted Business Practices in Violation of the Advisers Act" for a description of the conflicts of interest which may reasonably be expected to motivate the three major NRSROs to conspire to acquire revenue growth and to enable the Chinese Government to evade payment on defaulted sovereign debt, through the relationship between the revenue models employed by the three major NRSRO's and the Chinese Government's sovereign benchmark.

Regulatory Enforcement Necessary and Mandated

For the reasons stated herein and articulated further in the enclosed materials, including the complaint dated March 31, 2005, we respectfully request that the Office of the Inspector General conduct a formal investigation to determine whether the response we received from the Commission with respect to the complaint (as amended, including the incorporation of additional specifications as referenced herein) filed with the Division of Market Regulation represents a failure by the Commission to enforce the federal securities laws in the immediate instance.

Sincerely,

Kevin O'Brien

Kevin O'Brien
President

KO:jwc

Attachments in Sequence:

1. Copy of complaint dated March 31, 2005 filed with the United States Securities and Exchange Commission on behalf of defaulted creditors of the Government of China affiliated with the American Bondholders Foundation.

2. Copies of various letters sent by members of the United States Congress to the former Chairman of the United States Securities and Exchange Commission, requesting an investigation into the matter described in the complaint.

3. Copy of letter dated June 21, 2005 addressed to Mr. David M. Walker, Comptroller General of the United States, United States Government Accountability Office.

4. Copy of letter dated August 4, 2005 addressed to the Honorable Christopher Cox, Chairman, United States Securities and Exchange Commission.

5. Copy of letter from the Commission dated July 29, 2005 addressed to the Honorable Robert Beauprez, Member of Congress, and copy of memorandum dated July 29, 2005 addressed to the Honorable Cynthia Glassman, Acting Chairman, received from the United States Securities and Exchange Commission in response to complaint dated March 31, 2005 filed with the Commission.

6. Copy of letter dated September 21, 2005 addressed to the Honorable Christopher Cox, Chairman, the Honorable Annette Nazareth, Commissioner, and Mr. Michael Macchiaroli, Associate Director, Division of Market Regulation, United States Securities and Exchange Commission.

7. Copy of letter dated November 27, 2002 addressed to Mr. Clifford L. Alexander, Chairman and Mr. John Rutherfund, Jr., President and Chief Executive Officer, Moody's Corporation.

8. Copies of legal memorandums prepared by the law firm of Stites & Harbison PLLC, describing the legal authority for defaulted U.S. creditors' claims and affirming U.S. creditors' claims under established conventions of international law.

9. Transcript of testimony presented to the World Bank by Ms. Jonna Bianco, President of the American Bondholders Foundation (September 23, 2005).

10. Copy of article published in the Foreign Policy News section of *The Hill – The Newspaper for and about the U.S. Congress* entitled, "China's Unfair Advantage: How China's Artificial Credit Rating Hurts U.S. Manufacturers – Improper Sovereign Benchmark Gives Chinese Companies Cheap Access to Foreign Capital" (July 25, 2005).

11. Copy of article published in the *Financial Times* entitled, "Rush of Chinese IPOs Poses Threat to U.S. Investors" (August 12, 2005).

12. Copy of companion articles published in the *Financial Times* under the subject heading, "Sovereign Credit Ratings" entitled, "China's Pre-War Bond Default Stirs U.S. Anger" and, "People's Republic Called to Account" (June 7, 2005).

cc: Members of the 109th United States Congress

United States – China Economic and Security Review Commission

United States Department of Justice

United States Government Accountability Office

Honorable Christopher Cox, Chairman, United States Securities and Exchange Commission

Honorable Eliot Spitzer, Attorney General for the State of New York (Internal Reference No. 05/001211)