

November 5, 2002

VIA FEDERAL EXPRESS

Mr. David Bradley, Chief Counsel  
Foreign Claims Settlement Commission  
Room 6002  
600 E Street, N.W.  
Department of Justice  
Washington, D.C. 20579-0001

RE: Obligation of People's Republic of China to Pay Defaulted  
Chinese Government Bonds

Dear Mr. Bradley:

Our law firm is counsel to the American Bondholders' Foundation, an organization formed to collectively act for the benefit of hundreds of American owners of defaulted Chinese Government bonds issued between 1912 and 1949. (Please see its web site at [Americanbondholdersfoundation.com](http://Americanbondholdersfoundation.com).) We and the American Bondholders' Foundation strongly believe that norms of international law clearly obligate the People's Republic of China to satisfy the full faith and credit debts issued by the Republic of China -- the established and internationally recognized predecessor government of China between 1912 and 1949.

You were recently quoted in the October 24, 2002 CQ Monitor News as stating, in reference to the claim against the PRC of American holders of American holders of 1912- 1949 Chinese full faith and credit bonds, that "There's no basis for holding the current government responsible," Bradley said. "Those bonds were already in default, and they had been for a while."

In addition to general principles of international law, I would like to point out several recent precedents that are applicable to the Chinese debt owed to American bondholders which, indeed, indicate that there is a well founded basis for holding the current Chinese Government accountable for the full faith and credit obligations of its established and recognized predecessor government.

1. In 1987 pursuant to a treaty between the United Kingdom and the People's Republic of China (copy enclosed), the PRC paid the United Kingdom £23,468,008 to settle the claim of British owners of pre-1949 Chinese Government bonds. Significantly, a contemporaneous account by the New York Times (copy enclosed) indicated that Britain was refusing to grant China access to British financial markets unless a settlement was made. These are the SAME series and type of bonds that are the basis of the American Bondholders' claims against the PRC.

2. In 1996 Russia reached an agreement with France to pay France £272,000,000 to settle the claims of French owners of pre-1917 Russian government bonds. See “Debt Repudiation and Default Following a Change of Regime” by Jakub Kaluzny and Lyndon Moore, page 24. The last payment by Russia was completed in November 2000. Prior to Russia’s agreement, France had refused to allow Russia to sell new Russian sovereign debt in France.

3. In 1986, the Soviet Union settled the claims of British holders of pre-1917 Russian government bonds with a payment of £82,000,000 for distribution to British bondholders. See “Debt Repudiation and Default Following a Change of Regime” by Jakub Kaluzny and Lyndon Moore, page 24.

In all three instances it was governmental resolve to limit access of the debtor nation to the capital markets of the nation of the unpaid bondholders that resulted in the successor government of the debtor nation meeting its obligation to bondholders, who, individually, were quite helpless to obtain a remedy from the recalcitrant debtor nation.

The Americans who own full faith and credit bonds issued by the immediate predecessor government of China respectfully request the same assistance from its government in advancing their bona fide claims against the successor Chinese government as the British and French governments provided to their citizens in bringing about a fair settlement of bondholders’ claims against the successor governments of Russia and China.

Thank you.

Very truly yours,

B. Riney Green

BRG: cah

cc: Mr. James G. Hergen – Special Counsel, U.S. Dept. of State  
Mr. John Petty – President, Foreign Bondholders Protective Council  
Ms. Jonna Bianco – President, American Bondholders Foundation