

PATRICK T. McHENRY
MEMBER OF CONGRESS
10TH DISTRICT, NORTH CAROLINA

224 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2576
FAX (202) 225-0316
www.house.gov/mchenry

COMMITTEES:
FINANCIAL SERVICES
GOVERNMENT REFORM
BUDGET

Congress of the United States
House of Representatives
Washington, DC 20515-3310

May 17, 2005

Mr. William H. Donaldson
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Complaint filed on behalf of default creditors of the Government of China, alleging misleading sovereign credit ratings and inadequate disclosure pertaining to the offer, sale, and trading of debt securities of the People's Republic of China including violations of international law.

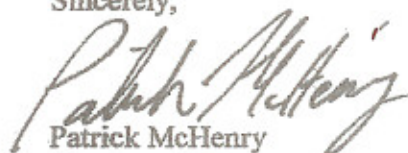
Dear Chairman Donaldson:

I am writing to you in reference to the Complaint, dated March 31, 2005, filed with the Division of Market Regulation. This complaint describes allegations of inappropriate and misleading sovereign credit ratings assigned to the long-term foreign currency debt of the People's Republic of China (PRC) by the Nationally Recognized Statistical Rating Organizations (NRSROs). I received a copy of the complaint and based upon the substance of the allegations, it appears that a reclassification of the sovereign credit rating for the PRC is mandated.

Since the NRSROs are regulated by the Securities and Exchange Commission Division of Market Regulation, I am certain that you will agree with me that the serious nature of the matter which comprises the subject of this Complaint merits a formal investigation. I request your assurance that this matter will receive all proper consideration and review. I further request to be promptly apprised of the findings of any investigation.

I look forward to your reply and of the findings of your office. Please contact Jon Causey in my office with any questions or concerns.

Sincerely,


Patrick McHenry
Member of Congress

cc: Mr. Michael Macchiaroli, Associate Director
SEC Division of Market Regulation

DISTRICT OFFICES:
67 FOURTH STREET, NW
SUITE A
P.O. Box 1830
HICKORY, NC 28603
(828) 327-6100
FAX (828) 327-9311

167 LOCUST STREET
P.O. Box 367
SPRUCE PINE, NC 28777
(828) 765-2701
FAX (828) 765-2729

311 MARION STREET
P.O. Box 732
SHELBY, NC 28161
(704) 481-0678
FAX (704) 481-0757

TOLL FREE IN NC
(800) 477-2576