

To the National Advisory Council on International Monetary and Financial Policies and the
Securities and Exchange Commission

The Memorandum of May 27, 2010 from Karen Hudes informed the NAC and SEC that the International Bank for Reconstruction and Development ("IBRD") retaliated against persons who assisted in investigations of IBRD that had been authorized by the rules of the Senate and the House of Representatives and conducted for a proper legislative purpose. The employee protection provisions in the Sarbanes-Oxley Act of 2002, Section 806, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Section 922, apply to prevent IBRD from retaliating against such persons.

In response to ongoing internal control deficiencies at the IBRD¹, on February 27, 2009 the Chairman of IBRD's Audit Committee informed Karen Hudes that the Audit Committee would require an external audit of IBRD's internal control over financial reporting. The Audit Committee duly appointed KPMG to carry out such audit. KPMG's failure to comply with Public Company Accounting Oversight Board's Auditing Standards Nos. 2 and 5 in conducting such audit constitutes a violation of Section 11 of the Securities Act, 15 U.S.C. §77(k)(a)(4).

The SEC acting in consultation with the NAC is authorized to suspend the provisions of section 15(a) of the Bretton Woods Agreements Act providing that securities issued or guaranteed by IBRD are deemed to be exempt securities under the Securities Acts as to any or all securities issued or guaranteed by the IBRD during the period of such suspension.²

The foregoing document was sent to the following this 1st day of September, 2010:

The Honorable Timothy F. Geithner
Chairman of the NAC
1500 Pennsylvania Avenue, NW
Washington, DC 20220

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The Honorable Hillary R. Clinton
Secretary of State
2201 C Street, NW
Washington, DC 20520

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The Honorable Ben S. Bernanke
Chairman of the Board of Governors

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¹ Identified by the Joint Economic Committee in a letter dated April 8, 2005 to Mr. James E. Wolfensohn, and addressed in the Lugar Leahy Amendment [Foreign Operations, Export Financing, and Related Programs Appropriations Act Pub. Law No. 109-102, 119 Stat. 2172 (2005)].

² 15 U.S.C. 78f and 78o(d). See letter dated April 25, 1949 from the Secretary of the Treasury to the President of the Senate and Speaker of the House, available at:
http://c0403731.cdn.cloudfiles.rackspacecloud.com/collection/papers/1940/1949_0425_LouchheimLegislative.pdf

of the Federal Reserve System
20th Street & Constitution Avenue
Washington, DC 20551

The Honorable Gary Locke
Secretary of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

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The Honorable Fred P. Hochberg
Chairman and President
US Export Import Bank
811 Vermont Avenue, NW
Washington, DC 20511

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The Honorable Rajiv Shah
Administrator, Agency for
International Development
1300 Pennsylvania Avenue, NW
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The Honorable Ron Kirk
US Trade Representative
600 17th Street, NW
Washington, DC 20508

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The Honorable Mary Schapiro
Chairman, Securities and Exchange Commission
100 F Street, NE
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