

From: kahudes@aol.com
To: jenningsmd@state.gov; kisselme@state.gov; lael.brainard@do.treas.gov; scott.morris@do.treas.gov
Cc: MDorfman@foley.com; SWiner@foley.com; dmessina@kpmg.com; schleckp@pcaobus.org; arevaloa@sec.gov; melitot@gao.gov
Sent: Wed, Dec 29, 2010 6:09 am
Subject: Re: KPMG's Defective Audit of IBRD's Internal Controls is before the SEC, US Congress, IBRD's Board of Governors, the European Parliament, and the IMF

Exhibit 2

Please let me know if the Secretaries of State and Treasury do not agree with the statements in my Memoranda of May 27, 2010 and September 1, 2010 that the employee protection provisions of Title VIII of the Sarbanes-Oxley Act of 2002, Section 806, repealed in part IBRD's temporary exemption from the US securities laws and that KPMG's failure to comply with Public Company Accounting Oversight Board's Auditing Standard No. 5 in conducting an audit of the IBRD's internal control over financial reporting constitutes a violation of Section 11 of the Securities Act, 15 U.S.C. §77(k)(a)(4).

-----Original Message-----

From: kahudes@aol.com
To: lael.brainard@do.treas.gov; scott.morris@do.treas.gov
Sent: Mon, Dec 27, 2010 7:44 am
Subject: Re: Governance at the Bretton Woods Institutions

Levon and Heidi,

Ries Baeten is on Marta Andriessen's staff in the European Parliament. Marta Andriessen represents the UK in the European Parliament, and is on the budget committee. Ries is working on the EU's whistleblower policy, and has offered to assist me with governance issues at the World Bank. I am forwarding you our exchange of emails over the week-end. The matter is currently before the World Bank's Board of Governors.

Best,
Karen
Law Offices of Karen Hudes
202 316 0684

-----Original Message-----

From: kahudes@aol.com
To: barry@ibrd.org
Sent: Thu, Dec 23, 2010 8:49 am
Subject: Re: Governance

Dear Barry,

Jules Muis was the former Controller of the World Bank, and Ries Baeten is on Marta Andriessen's staff in the European Parliament. Ms. Andriessen is one of the UK's representatives in the European Parliament. Yesterday Ries asked me to assist in Price Waterhouse Coopers' study for the EU on whistleblower protections. Pieter Stek was Dutch Executive Director at the World Bank, and also chaired the Audit Committee.

During my meeting of February 27, 2009 with the Chair of the Bank's Audit Committee, Mr. Almofadhi informed me that the French ED, Mr. Fayolle, had cleared Ms. Leroy's appointment with Mr. Kvasov, Dean of IBRD's Board.

Ms. Leroy is perpetuating the cover-up to IBRD's Board of Executive Directors and Board of Governors on the Philippines Banking Sector Reform Loan.

Karen

-----Original Message-----

From: ries baeten <riesbaeten@zimbra.com>
To: Karen Hudes <khudes@geaol.com>
Sent: Tue, Dec 28, 2010 8:14 am
Subject: RE: Governance at the Bretton Woods Institutions

Dank je wel, Karen!

Als je vergelijkbare of andere interessante gevallen kent bij de WereldBank, het IMF of zo, laat het me weten!

Ries

translation: If you know of similar or other interesting cases at the World Bank, the IMF, or elsewhere, please let me know.

To: riesbaeten@zimbra.com
Subject: Re: Governance at the Bretton Woods Institutions
Date: Sun, 26 Dec 2010 16:05:11 -0500
From: khudes@geaol.com

Ries,

Ik heb geprobeerd om je opmerkingen te beantwoorden. Ik heb uiteindelijk 2 december de ambassadeuren verzocht hun leden aan de Board of Governors te informeren. Ik twijfel dat de ambassadeuren nog steeds denken dat de Board of Executive Directors is bevoegd het governance probleem van de wereldbank op te lossen. Tien jaar is lang genoeg om er mee te knoeien met het enige resultaat het dreiging van een valuta-oorlog.

Beste,
Karen
202 316 0684

translation: I have tried to answer your comments. On December 2 I finally asked the ambassadors to inform their members on the Board of Governors. I doubt that the ambassadors still expect that the Board of Executive Directors has the authority to resolve the World Bank's governance problem. Ten years of fiddling around is long enough when the only result has been the risk of an exchange rate war.

-----Original Message-----

From: ries baeten <riesbaeten@zimbra.com>
To: khudes@geaol.com
Sent: Sun, Dec 26, 2010 1:55 pm
Subject: RE: Governance at the Bretton Woods Institutions

Hello and thanks to you, too.

I'm afraid this was only the beginning of my request for changes and clarification :-)
but I do think it'll be helpful in the end for unacquainted outsiders to grasp anything.

Ries