

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

<b>GLORIA BOLANOS PONS AND AITOR RODRIGUEZ SORIA.,</b>  <b>Plaintiffs,</b>  <b>-against-</b>  <b>THE PEOPLE’S REPUBLIC OF CHINA,</b>  <b>Defendant.</b>	<b>Index No. 06CIV13221</b>  <b>COMPLAINT</b>
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Plaintiffs, by their attorneys, Moss and Associates, P.C., for their Complaint aver, upon personal knowledge as to their own status and acts and otherwise upon information and belief, as follows:

**JURISDICTION AND VENUE**

1. Jurisdiction exists pursuant to 28 U.S.C. § 1605(a)(2) and (3). The matter in controversy concerns the commercial activity of the Defendant in the United States, and the amount in controversy, exclusive of interest and costs, exceeds \$75,000.00.
2. (a) Venue is proper in this District because Defendants are doing business in this District and are subject to the jurisdiction of this District; and  
(b) Assignment of this action to the White Plains Division is appropriate because Defendants are doing business in Westchester County and Plaintiff’s attorneys are located in Westchester County.



THE  
CHINESE GOVERNMENT

FIVE PER CENT REORGANISATION GOLD LOAN OF 1913  
FOR £25,000,000 STERLING.

£25,000,000 STERLING: OR MARKS 511,250,000: OR FRANCS 631,250,000: OR ROUBLES  
236,750,000: OR YEN 244,900,000.

ODER £100 STERLING, ODER 2525 FRANCS ODER, 947 RUBLE, ODER 979.60 YEN

THE CHINESE GOVERNMENT 5% REORGANISATION GOLD LOAN OF 1913 FOR

£25,000,000 STERLING

OR MARKS 511,250,000  
OR FRANCS 631,250,000  
OR ROUBLES 236,750,000  
OR YEN 244,900,000.

IN FIVE PERCENT BONDS: PRINCIPAL AND INTEREST PAY-ABLE IN LONDON  
IN STERLING, IN GERMANY IN MARKS, IN FRANCE IN FRANCS, IN RUSSIA IN  
ROUBLES, AND IN JAPAN IN YEN

AUTHORISED BY PRESIDENTIAL ORDER OF 22<sup>nd</sup> APRIL, 1913 OFFICIALLY  
COMMUNICATED BY THE WAI CHIAO PU TO THE MINISTERS IN PEKING OF  
GREAT BRITAIN, GERMANY, FRANCE, RUSSIAN AND JAPAN

THE LOAN AGREEMENT MENTIONED IN THE CONDITIONS ENDORSED  
HEREON HAS BEEN RECOGNISED BY THE GOVERNMENTS OF GREAT BRITAIN,  
GERMANY, FRANCE, RUSSIA AND JAPAN, AS A BINDING ENGAGEMENT UPON THE  
GOVERNMENT OF THE REPUBLIC OF CHINA, AND ITS SUCCESSORS

BOND FOR £100.

1. The Government of the Republic of China (hereinafter and in the Conditions  
endorsed hereon called the Chinese Government), hereby directly undertakes and engages to pay  
to the Bearer of this Bond the principal sum of £100, or Marks 2045, or Francs 2525, or Rbls.  
947 or Yen 979.60 on the 1<sup>st</sup> day of July 1960, with interest thereon until repayment at the rate of  
5% per annum payable half yearly on the 1<sup>st</sup> day of January and the 1<sup>st</sup> day of July in each year,

in accordance with the Coupons attached hereto, and further declares that this Bond and its Coupons and all payments made and received in connection therewith are and shall be during the currency of this loan exempt from all Chinese taxes and imports, and further pledges its good faith and credit for the punctual payment of the said principal and interest and for the performance of all the undertakings on its part assumed herein and in the said Conditions which are to be deemed part of this Bond for all purposes.

2. In pursuance of the Loan Agreement above referred to this Bond bears the facsimile of the signature of the Minister of Finance and of the Seal of the Chinese Government and also the Seal and facsimile of the signature of the Chinese Minister in London as a proof that the Chinese Government has authorised and is bound by this Bond.

3. This Bond shall not become negotiable until it has been countersigned for identification as mentioned in the said Conditions endorsed hereon.

Dated: this 21<sup>st</sup> day of May 1913

In witness whereof, the Chinese Minister in London has caused his Seal and an engraved fac-simile of his signature to be affixed.



1. General

2. Specific

3. Other

4. Remarks

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7. Initials

8. Address

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1. The first part of the document is a list of names, including "John", "Mary", "James", "Elizabeth", "Thomas", "Margaret", "Richard", "Anne", "George", "Sarah", "Michael", "David", "Catherine", "Robert", "Helen", "William", "Alice", "Charles", "Evelyn", "Frank", "Grace", "Henry", "Irene", "Louis", "Julia", "Philip", "Katherine", "Albert", "Betty", "Edward", "Dorothy", "Frederick", "Eugene", "Gerald", "Hilda", "Isaac", "Joan", "Joseph", "Lillian", "Maurice", "Nancy", "Oscar", "Pauline", "Samuel", "Teresa", "Victor", "Walter", "Yvonne", "Zoe", "Aaron", "Bella", "Cecil", "Doris", "Eugene", "Fanny", "Gordon", "Harold", "Ida", "Jacob", "Katherine", "Leo", "Mabel", "Norman", "Olivia", "Peter", "Rebecca", "Samuel", "Tina", "Ulysses", "Verna", "Walter", "Xenia", "Yvonne", "Zoe", "Aaron", "Bella", "Cecil", "Doris", "Eugene", "Fanny", "Gordon", "Harold", "Ida", "Jacob", "Katherine", "Leo", "Mabel", "Norman", "Olivia", "Peter", "Rebecca", "Samuel", "Tina", "Ulysses", "Verna", "Walter", "Xenia", "Yvonne", "Zoe".

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ANDETSATION TABLE			CHINESE GOVERNMENT			REORGANISATION GOLD LOAN OF 1912			AMORTISATION TABLE		
Year	Interest	Principal	Year	Interest	Principal	Year	Interest	Principal	Year	Interest	Principal
1912	1,000	1,000	1912	1,000	1,000	1912	1,000	1,000	1912	1,000	1,000
1913	1,000	1,000	1913	1,000	1,000	1913	1,000	1,000	1913	1,000	1,000
1914	1,000	1,000	1914	1,000	1,000	1914	1,000	1,000	1914	1,000	1,000
1915	1,000	1,000	1915	1,000	1,000	1915	1,000	1,000	1915	1,000	1,000
1916	1,000	1,000	1916	1,000	1,000	1916	1,000	1,000	1916	1,000	1,000
1917	1,000	1,000	1917	1,000	1,000	1917	1,000	1,000	1917	1,000	1,000
1918	1,000	1,000	1918	1,000	1,000	1918	1,000	1,000	1918	1,000	1,000
1919	1,000	1,000	1919	1,000	1,000	1919	1,000	1,000	1919	1,000	1,000
1920	1,000	1,000	1920	1,000	1,000	1920	1,000	1,000	1920	1,000	1,000
1921	1,000	1,000	1921	1,000	1,000	1921	1,000	1,000	1921	1,000	1,000
1922	1,000	1,000	1922	1,000	1,000	1922	1,000	1,000	1922	1,000	1,000
1923	1,000	1,000	1923	1,000	1,000	1923	1,000	1,000	1923	1,000	1,000
1924	1,000	1,000	1924	1,000	1,000	1924	1,000	1,000	1924	1,000	1,000
1925	1,000	1,000	1925	1,000	1,000	1925	1,000	1,000	1925	1,000	1,000
1926	1,000	1,000	1926	1,000	1,000	1926	1,000	1,000	1926	1,000	1,000
1927	1,000	1,000	1927	1,000	1,000	1927	1,000	1,000	1927	1,000	1,000
1928	1,000	1,000	1928	1,000	1,000	1928	1,000	1,000	1928	1,000	1,000
1929	1,000	1,000	1929	1,000	1,000	1929	1,000	1,000	1929	1,000	1,000
1930	1,000	1,000	1930	1,000	1,000	1930	1,000	1,000	1930	1,000	1,000
1931	1,000	1,000	1931	1,000	1,000	1931	1,000	1,000	1931	1,000	1,000
1932	1,000	1,000	1932	1,000	1,000	1932	1,000	1,000	1932	1,000	1,000
1933	1,000	1,000	1933	1,000	1,000	1933	1,000	1,000	1933	1,000	1,000
1934	1,000	1,000	1934	1,000	1,000	1934	1,000	1,000	1934	1,000	1,000
1935	1,000	1,000	1935	1,000	1,000	1935	1,000	1,000	1935	1,000	1,000
1936	1,000	1,000	1936	1,000	1,000	1936	1,000	1,000	1936	1,000	1,000
1937	1,000	1,000	1937	1,000	1,000	1937	1,000	1,000	1937	1,000	1,000
1938	1,000	1,000	1938	1,000	1,000	1938	1,000	1,000	1938	1,000	1,000
1939	1,000	1,000	1939	1,000	1,000	1939	1,000	1,000	1939	1,000	1,000
1940	1,000	1,000	1940	1,000	1,000	1940	1,000	1,000	1940	1,000	1,000

### CONDITIONS OF THIS BOND.

1. The Bonds of this Loan will bear the same date and are similar in form, and are for the respective amounts and numbered and countersigned respectively as follows:—

NUMBERS OF THE BONDS (INCLUSIVE)	AMOUNT OF EACH BOND	COUNTERSIGNED BY OR ON BEHALF OF
1 TO 95,834	£ 20	THE HONGKONG & SHANGHAI BANKING CORPORATION
795,001 TO 850,000	£ 100	THE SAME
95,835 TO 215,834	M. 409	THE DEUTSCH-ASIATISCHE BANK
850,001 TO 886,000	M. 2045	THE SAME
215,835 TO 586,667	FR. 505	THE BANQUE DE L'INDO-CHINE
586,668 TO 795,000	FRANCS 189.40	THE RUSSO-ASIATIC BANK
	FRENCH FR. 505	

2. This Bond is issued subject to and with the benefit of the Chinese Government Reorganisation Loan Agreement (hereinafter called "the Loan Agreement") dated the 26<sup>th</sup> day of April 1913 and made between the Chinese Government, acting through its Premier, its Minister of Foreign Affairs and its Minister of Finance, of the one part, and the Hongkong and Shanghai Banking Corporation, the Deutsch Asiatische Bank, the Banque de l'Indo-Chine, the Russo Asiatic Bank and the Yokohama Specie Bank Limited (hereinafter called "the said Banks") of the other part; and the Chinese Government is to adhere to all the provisions of the Loan Agreement and to perform all its obligations thereunder.

3. In particular and without prejudice to the generality of the last preceding clause hereof, the Bearer of this Bond shall have the full benefit of those provisions of the Loan Agreement the effect whereof is shortly stated as follows:—

- (a) The whole net proceeds of the said Loan after payment thereof of the interest payable on the 1<sup>st</sup> day of January 1914 are to be used solely for the purposes of payment of liabilities, re-organisation, administration and otherwise set forth in the Loan Agreement and subject to and in accordance with all the restrictions and provisions of the Loan Agreement.
- (b) The said Loan is on both principal and interest charged upon the



(b) The said Loan is as to both principal and interest charged upon the entire revenues of the said Administration of China, subject only to the previous charges mentioned in the Loan Agreement, and no loan, charge or mortgage is to be raised or created which shall take precedence of or be on an equality with the said Loan or which shall in any manner lessen or impair its security over the said Salt revenues.

(c) The Chinese Government is to take immediate steps for the re-organisation with the assistance of foreigners of the system of collection and administration of the said Salt revenues in manner provided by the Loan Agreement.

(d) If interest and/or principal of the said Loan be in default, then after a reasonable period of grace the said Salt revenues are to be administered by the Maritime Customs Administration for the account and in the interest of the Bondholders.

(e) Pending the re-organisation of the said Salt revenues mentioned in sub-clause (c) of this Condition the Provinces of Chihli, Shanung, Honan and Szechuan are to provide monthly the amounts necessary for the service of the said Loan as mentioned in the Loan Agreement and the payments of these amounts is made a first charge upon certain Central Government taxes of the said respective Provinces. The said Provincial contributions are to be suspended or finally released in the events mentioned in the Loan Agreement, and not otherwise.

(f) Any future surplus of the Maritime Customs Revenues after providing for existing obligations charged or chargeable thereon is to be applied in the first instance to the service of the said Loan.

(g) The Chinese Government will at once put into effective operation an Account and Audit Department under the Provisional Regulations promulgated by Presidential Order of the 15<sup>th</sup> day of November 1912 and published in the Official Gazette of the following day. These Regulations a copy of which is annexed to the Loan Agreement are to be applicable to all offices of or under the direction of Government, whether central or local, and any modifications of these Regulations are not to impair their effect in regard to the said Loan.

4. This Bond is liable to be redeemed before its due date as follows viz: (a) the Bonds of the said Loan will be redeemed by yearly drawings which are to take place in the month of March of 1924 and of every subsequent year for redemption on the following 1<sup>st</sup> day of July in accordance with the Amortisation Table subjoined to these Conditions. (b) The Chinese Government is to have the right to redeem any of the Bonds in advance of the provisions of the Amortisation Table on the 1<sup>st</sup> day of July 1930 or on the same day in any subsequent year on giving six calendar months previous notice in writing to the said Banks and such redemption is to be effected by additional drawings to take place on the date of an Ordinary drawing as above provided. Any

Bonds so redeemed in advance, if redeemed on or before the 1<sup>st</sup> day of July 1915, are to be redeemed at a premium of 2½%, but if redeemed after that date, may be redeemed at par.

5. The interest on this Bond will be payable on the surrender of the proper coupons hereto annexed. If this Bond be drawn for redemption, in accordance with the provisions of the preceding Condition, the principal with premium (if any) will be payable at or after the redemption date, on the surrender of this Bond together with all coupons maturing subsequently to the redemption date. In the event of one or more of the unmaturing coupons being missing the amount will be deducted from the principal of the Bond. If not so redeemed the principal will be payable at or after the due date on surrender of this Bond. All interest will cease on the principal becoming payable and provision having been made for its payment, whether the Bond shall be presented for payment or not. All payments of principal and interest on this Bond will be made according to the amounts printed on the Bond and coupons respectively (and together with premium if any in case of redemption) in London in sterling money of Great Britain at the office of the Hongkong and Shanghai Banking Corporation, or in Paris in France at the office of the Deutsch-Asiatische Bank, or in New York in the United States at the office of the Bank of New York, or in St. Petersburg in Russia at the office of the Russo-Asiatic Bank, or in Yokohama in Japan at the office of the Yokohama Specie Bank, Limited, or at such other offices in London, Germany, France, Russia and Japan respectively as shall be notified by advertisement by the said Banks respectively, or in French francs at such offices in Belgium as shall be notified by advertisement by the Russo-Asiatic Bank.

6. Copies of the Loan Agreement can be inspected at the respective offices of the said Banks in London, Berlin, Paris, St. Petersburg and Yokohama during business hours, and Bondholders will be deemed to have full notice of its terms and to be bound thereby.

## AMORTISATION

DATE OF PAYMENT 1 <sup>ST</sup> JULY.	NUMBER OF BONDS DRAWN.		TOTAL AMOUNT DRAWN.	BALANCE OF LOAN OUTSTANDING.	DATE OF PAYMENT 1 <sup>ST</sup> JULY.		NUMBER £20
	£20 BONDS.	£100 BONDS.					
1924	7,822	895	£245,940.	£24,754,060	1932		11,
1925	8,214	940	" 258,280	" 24,495,780	1933		12,
1926	8,624	987	" 271,180	" 24,224,600	1934		12,
1927	9,056	1,037	" 284,820	" 23,939,780	1935		13,
1928	9,509	1,088	" 298,980	" 23,640,800	1936		14,
1929	9,983	1,143	" 313,960	" 23,326,840	1937		14,
1930	10,483	1,200	" 329,660	" 22,997,180			



### Conditions of This Bond

1. The Bonds of this Loan all bear the same date and are similar in form, and are for the respective amounts and numbered and countersigned respectively as follows: –

NUMBERS OF THE BONDS (INCLUSIVE)	AMOUNT OF EACH BOND	COUNTERSIGNED BY OR ON BEHALF OF
1 TO 95,834	£ 20	THE HONGKONG & SHANGHAI BANKING CORPORATION
795,001 TO 850,000	£ 100	THE SAME
95,835 TO 215,834	M. 409	THE DEUTSCH-ASIATISCHE BANK
850,001 TO 886,000	M. 2045	THE SAME
215,835 TO 586,667	FR. 505	THE BANQUE DE L'INDO-CHINE
586,668 TO 795,000	RBLs. 189.40 FRENCH FR. 505	THE RUSSO-ASIATIC BANK

2. This Bond is issued subject to and with the benefit of the Chinese Government Reorganisation Loan Agreement (hereinafter called "the Loan Agreement") dated the 26<sup>th</sup> day of April 1913 and made between the Chinese Government, acting through its Premier, its Minister of Foreign Affairs, and its Minister of Finance, of the one part, and the Hongkong and Shanghai Banking Corporation, the Deutsche-Asiatische Bank, the Banque de l'Indo-Chine, the Russo Asiatic Bank and the Yokohama Specie Bank Limited (hereinafter called "the said Banks") of the other part: and the Chinese Government is to adhere to all the provisions of the Loan Agreement and to perform all its obligations thereunder.

3. In particular and without prejudice to the generality of the last preceding clause hereof, the Bearer of this Bond shall have the full benefit of those provisions of the Loan Agreement the effect whereof is shortly stated as follows: –

(a) The whole net proceeds of the said Loan after payment thereof of the interest payable on the 1<sup>st</sup> day of January 1914 are to be used solely for the purposes of payment of liabilities, re-organisation, administration and otherwise set forth in the Loan Agreement and subject to and in accordance with all the restrictions and provisions of the Loan Agreement.

(b) The said Loan is as to both principal and interest charged upon the entire revenues of the Salt Administration of China, subject only to the previous charges mentioned in the Loan Agreement, and no loan, charge or mortgage is to be raised or created which shall take precedence of or be on an equality with the said Loan or which shall in any manner lessen or impair its security over the said Salt revenues.

(c) The Chinese Government is to take immediate steps for the re-organisation with the assistance of foreigners of the system of collection and administration of the said Salt revenues in manner provided by the Loan Agreement.

(d) If interest and/or principal of the said Loan be in default, then after a reasonable period of grace the said Salt revenues are to be administered by the Maritime Customs Administration for the account and in the interest of the Bondholders.

(e) Pending the re-organisation of the said Salt revenues mentioned in sub-clause (c) of this Condition the Provinces of Chihli, Shantung, Honan and Kiangsu are to

provide monthly the amounts necessary for the service of the said Loan as mentioned in the Loan Agreement and the payment of these amounts is made a first charge upon certain Central Government taxes of the said respective Provinces. The said Provincial contributions are to be suspended or finally released in the events mentioned in the Loan Agreement, and not otherwise.

(f) Any future surplus of the Maritime Customs Revenues after providing for existing obligations charged or chargeable thereon is to be applied in the first instance to the service of the said Loan.

(g) The Chinese Government will at once put into effective operation an Accounts and Audit Department under the Provisional Regulations promulgated by Presidential Order of the 15<sup>th</sup> day of November 1912 and published in the Official Gazette of the following day. These Regulations a copy of which is annexed to the Loan Agreement are to be applicable to all offices of or under the direction of Government, whether central or local: and any modifications of these Regulations are not to impair their effect in regard to the said Loan.

4. This Bond is liable to be redeemed before its due date as follows, viz.:

(a) the Bonds of the said Loan will be redeemed by yearly drawings which are to take place in the month of March of 1924 and of every subsequent year for redemption on the following 1<sup>st</sup> day of July in accordance with the Amortisation Table subjoined to these Conditions. (b) The Chinese Government is to have the right to redeem any of the Bonds in advance of the provisions of the Amortisation Table on the 1<sup>st</sup> day of July 1930 or on the same day in any subsequent year on giving six calendar months' previous notice in writing to the said Banks, and such redemption is to be effected by additional drawings to take place on the date of an Ordinary drawing as above provided. Any Bonds so redeemed in advance, if redeemed on or before the 1<sup>st</sup> day of July 1945, are to be redeemed at a premium of 2 1/2%, but if redeemed after that date, may be redeemed at par.

5. The interest on this Bond will be payable on the surrender of the proper coupons hereto annexed. If this Bond be drawn for redemption, in accordance with the provisions of the preceding Condition, the principal with premium (if any) will be payable at or after the redemption date, on the surrender of this Bond together with all coupons maturing subsequently, to the redemption date. In the event of one or more of the unmatured coupons being missing the amount will be deducted from the principal of the Bond. If not so redeemed the principal will be payable at or after the due date on surrender of this Bond. All interest will cease on the principal becoming payable and provision having been made for its payment, whether the Bond shall be presented for payment or not. All payments of principal and interest on this Bond will be made according to the amounts printed on the Bond and coupons respectively (and together with premium if any in case of redemption) in London in sterling money of Great Britain at the office of the Hongkong and Shanghai Banking Corporation, or in Berlin in Marks at the office of the Deutsche-Asiatische Bank, or in Paris in Francs at the office of the Banque de l'Indo-Chine, or in St. Petersburg in Roubles at the office of the Russo-Asiatic Bank, or in Yokohama in Yen at the office of the Yokohama Specie Bank Limited, or at such other offices in London, Germany, France, Russia and Japan respectively as shall be notified by advertisement by the said Banks respectively, or in French Francs at such offices in Belgium as shall be notified by advertisement by the Russo-Asiatic Bank.

6. Copies of the Loan Agreement can be inspected at the respective offices of the said Banks in London, Berlin, Paris, St. Petersburg and Yokohama during business hours, and Bondholders will be deemed to have full notice of its terms and to be bound thereby.



TREATIES AND AGREEMENTS

WITH AND CONCERNING

CHINA

1894-1919

B-12087-2006

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alteration in the designs or in the types of the vessels contracted for by which a difference in price (be it a diminution of or an addition to the contract price), might occur,—it is mutually agreed that the two contracting parties appoint each one deputy—who in mutual consultation shall settle the difference in price so occurred. Should the two deputies fail to come to an understanding both parties will then appoint an impartial third party whose decision will be final.

10.—This contract has been made out in duplicate in English text and stamped and signed by both parties, each party holding one copy.

Peking the 10th April, 1913.

Arnhold, Karberg & Co.  
In the presence of:

(sgd.)  
(sgd.)

K. S. Liu.  
Y. L. Woo.]

## NUMBER 1913/5.

FRANCE (Banque de l'Indo-Chine), GERMANY (Deutsch-Asiatische Bank),  
GREAT BRITAIN (Hongkong & Shanghai Banking Corporation), JAPAN  
(Yokohama Specie Bank), RUSSIA (Russo-Asiatic Bank) AND CHINA.

*Chinese Government five per cent Reorganization Gold Loan Agreement (with Agreement for advances, and annexes)\*—April 26, 1913.*

THIS AGREEMENT, made at Peking on the 26th day of April 1913 between  
THE GOVERNMENT OF THE REPUBLIC OF CHINA (hereinafter called  
"THE CHINESE GOVERNMENT"), acting through its Premier, its Minister  
of Foreign Affairs, and its Minister of Finance, of the one part,

and

THE HONGKONG & SHANGHAI BANKING CORPORATION,  
THE DEUTSCH-ASIATISCHE BANK,  
THE BANQUE DE L'INDO-CHINE,  
THE RUSSO-ASIATIC BANK, and  
THE YOKOHAMA SPECIE BANK, Limited,  
(hereinafter collectively called "THE BANKS"), of the other part,

## WITNESSETH:

WHEREAS the Chinese Government desires to borrow the sum of twenty-five million pounds sterling (£25,000,000.) equal to 511,250,000 marks, 631,250,000 francs, 236,750,000 roubles, 244,900,000 yen, for general reorganization and administrative purposes (hereinafter to be specified) and proposes to evidence the above loan by the issue of its gold bonds for the principal amount above-named, and

WHEREAS the Banks are prepared to issue to the public on behalf of the Chinese Government the bonds of the above-named loan;

\* Text as printed in *Isviestia*, 1913, vol. 4, p. 58. Printed also in *China Year Book*, 1914, p. 387. See Note 1 to this document, *post*, p. 1021.

In connection with the Reorganization Loan, see also the Agreement of August 28, 1917, between the Chinese Government and the Yokohama Specie Bank (No. 1917/9, *post*) for an Advance of yen 10,000,000 upon a proposed Second Reorganization Loan, and that of January 6, 1918 for a second advance of yen 10,000,000 (No. 1918/1, *post*).

## THEREFORE IT IS AGREED AS FOLLOWS:

ARTICLE I.—The Chinese Government hereby authorizes the Banks to issue either in one amount or in series, at their option, five per cent. (5%) gold bonds, to an aggregate amount of £25,000,000 equal to 511,250,000 marks, 631,250,000 francs, 236,750,000 roubles, 244,900,000 yen.

The Banks have the option to pay the whole or any portion of the proceeds of the loan to the Chinese Government in pounds sterling or the equivalent at the above parities in the currencies of the various countries in which the subscriptions have been made. The coupons attached to the preliminary certificates and to the definitive bonds shall be payable in the various countries at the above parities. The definitive bonds shall be subject to the same conditions when drawn, redeemed, or paid.

The loan shall be of the date of the first issue of bonds and shall be entitled "THE CHINESE GOVERNMENT FIVE PER CENT REORGANIZATION GOLD LOAN."

ARTICLE II.—Subject to the provisions in Article XIII hereinafter for the payment of the first coupon, the net proceeds of the loan shall be used solely for the following purposes:

- (a) Payment of liabilities due by the Chinese Government as detailed in Annex A to this Agreement.
- (b) Redemption in full of outstanding provincial loans as detailed in Annex B to this Agreement.
- (c) Provisions for payment at due date of liabilities of the Chinese Government shortly maturing as shown in Annex C to this Agreement, including provision for foreign claims for damage and losses arising out of the Revolution.
- (d) Disbandment of troops as detailed in Annex D to this Agreement.
- (e) Current expenses of administration as estimated in Annex E to this Agreement.
- (f) Reorganization of the Salt Administration as set forth in Annex F to this Agreement.
- (g) Such other administrative purposes as may be mutually agreed upon between the Chinese Government and the Banks.

The aforesaid Annexes form part of this present Agreement.

ARTICLE III.—This entire loan and all advances which may be made in connection therewith are hereby constituted a direct liability and obligation of the Chinese Government, which hereby pledges its good faith and credit for the punctual payment of the principal and interest of the loan and/or advances and for the performance of all the undertakings on its part herein assumed.

ARTICLE IV.—The entire loan together with any advances which may be made in connection therewith, is hereby secured in respect to both principal and interest by a charge upon the entire revenues of the Salt Administration of China, subject to previous loans and obligations already charged on the security thereof and not yet redeemed, as detailed in the statement attached to this Agreement,\* and it shall have priority both as regards principal and interest over all future loans, charges and mortgages charged upon the above-mentioned revenues so long as this loan or any part thereof shall be unredeemed. No loan, charge or

\* See statement printed on pp. 1030-31, *post*.



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mortgage shall be raised or created which shall take precedence of or be on an equality with this loan, or which shall in any manner lessen or impair its security over the said revenues of the Salt Administration of China, so far as required for the annual service of this loan, and any future loan, charge or mortgage charged on the said revenues of the Salt Administration shall be made subject to this loan, and it shall be so expressed in every agreement for any such loan, charge or mortgage.

If at a future time the annual collection of the Maritime Customs revenues should exceed the amount necessary to provide for all existing obligations charged thereon or which may have become chargeable thereon under existing agreements by reason of the abolition of likin consequent upon tariff revision, it is understood and agreed that such surplus shall be applied in the first instance to the security and service of this loan, the surplus of the salt revenues being thereby *pro tanto* increased and made available for the general purposes of the Chinese Government.

ARTICLE V.—The Chinese Government engages to take immediate steps for the reorganization with the assistance of foreigners of the system of collection of the salt revenues of China assigned as security for this loan, in the manner which has been determined upon by the Ministry of Finance and which is as follows: †

The Chinese Government will establish a Central Salt Administration (*Yen wu shu*) at Peking under the control of the Minister of Finance. This Central Salt Administration will comprise the Chief Inspectorate of Salt Revenues (*Chi ho Tsung So*) under a Chinese Chief Inspector (*Tsung pan*) and a foreign Associate Chief Inspector (*Hui pan*), who will constitute the chief authority for the superintendence of the issue of licenses and the compilation of reports and returns of revenues. In each salt-producing district there will be a branch office of the Chief Inspectorate (*Chi ho Fen So*), under one Chinese and one foreign District Inspector (*So Chang*) who shall be jointly responsible for the collection and the deposit of the salt revenues. The engagement and dismissal of these Chinese and foreign District Inspectors, and of the necessary Chinese and foreign staff at the Chief and Branch Inspectorates will be decided jointly by the Chinese and foreign Chief Inspectors, with the approval of the Minister of Finance. It will be the duty of the District Inspectors jointly to superintend the issue of licenses and to collect all fees and salt dues; and to report all receipts and disbursements in full detail to the local Salt Commissioner (*Yen yün ssu*) and the Chief Inspectorate in Peking, which will publish periodical reports of the same after submission to the Minister of Finance.

Release of salt against payment of dues in any District will be made only under joint signature of the Chinese and foreign District Inspectors, the revenues so collected to be lodged by them in a "Chinese Government Salt Revenue Account" with the Banks or with depositories approved by the Banks, and reported to the chief Inspectorate for comparison with their returns. This Salt Revenue Account shall be drawn upon only under the joint signatures of the Chief Inspectors, whose duty it will be to protect the priority of the several obligations secured upon the salt revenues.

† See Note 2 to this document, *post*, p. 1026.

So long as the interest and principal of this loan are regularly paid there shall be no interference with the Salt Administration as herein provided, but if interest and/or principal be in default at due date then after a reasonable period of grace the said organization shall forthwith be incorporated with the Maritime Customs and the revenues above pledged shall be administered for the account and in the interest of the bondholders.

ARTICLE VI.—Pending the reorganization of the Salt Administration and commencing with the first month from the date of this loan, the Provinces of Chihli, Shantung, Honan and Kiangsu shall pay monthly into the Banks the funds necessary to meet the service of this loan in accordance with the amounts stated in the Schedule to be attached to this Agreement and fourteen days before the due date of each such amount. The payment of these amounts by the Provinces named is hereby secured by a first charge upon Central Government taxes of the respective provinces to be assigned, and the Chinese Government engages to supply the Banks with evidence that the obligations under this Agreement of the Provinces named are officially recognized by the proper authorities of the said Provinces.

So soon as the revenue collection of the Salt Administration over a period of one year shall be sufficient to cover the service of all loans and obligations now secured thereon, including that of this present loan, together with a margin sufficient to cover a further half yearly interest coupon of the latter, the said monthly contributions from the Provinces shall be suspended, and the service of this loan shall then be paid from the revenues of the Salt Administration. So soon as the revenues of the Salt Administration shall have been maintained for three successive years at the figure above determined, the aforesaid provincial liability shall be finally released.

ARTICLE VII.—The Banks are hereby authorized to issue to subscribers to the loan gold bonds for the total amount of the loan in such denominations and for such amounts as shall be determined by the Banks. The form and language of the bonds shall be settled by the Banks in consultation with the Ministry of Finance or with the Chinese Ministers in London, Berlin, Paris, St. Petersburg and Tokio.

The bonds shall be printed and/or engraved by the Banks at the expense of the Chinese Government and shall bear the facsimile of the signature of the Minister of Finance, in order to dispense with the necessity of his signing them all in person, and of the seal of the Chinese Government. The Chinese Minister in London and/or Berlin and/or Paris and/or St. Petersburg and/or Tokio at the option of the Banks shall previous to the issue of the bonds authenticate them with a facsimile of his signature and of his seal as a proof that the issue and sale of the bonds are duly authorized by and binding upon the Chinese Government. Representatives of the Banks in London, Berlin, Paris, St. Petersburg or Yokohama, as the case may be, may countersign the bonds as agents for the issue of the loan.

ARTICLE VIII.—The rate of interest for the loan shall be five per cent. (5%) per annum on the nominal principal and shall be paid by the Chinese Government to the bondholders half yearly, through the Banks or their designated agents,

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upon presentation of the proper coupons. Coupons shall be payable in pounds sterling or the equivalent in marks, francs, roubles and yen as provided in Article 1. The said interest shall be calculated from the date on which the bonds are issued.

ARTICLE IX.—The term of the loan shall be forty-seven (47) years. Repayments of principal shall commence with the eleventh year and shall be made by yearly sinking fund of .98397945 per cent. equal to £245,994-17s-3d equivalent to 5,030,594.94 marks, 6,211,370.28 francs, 2,329,571.35 roubles, 2,409,765.67 yen, which shall be paid by the Chinese Government to the Banks in monthly instalments in accordance with the amounts stated in the schedule to be attached to this Agreement, and 14 days before the due date of each such amount.

If at any time after the lapse of seventeen years from the date of the loan the Chinese Government should desire to redeem the whole outstanding amount of the loan or any part of it not yet due for repayment, in accordance with the schedule to be attached hereto, it may do so up to the end of the thirty-second year by a payment of a premium of two and one half per cent. (2½%) on the face value of the bonds, that is to say, by the payment of £102-10s for each £100 bond, and after the end of the thirty-second year it may make such extra redemption without premium, but in each and every case of such extra redemption the Chinese Government shall give six months' previous notice in writing to the Banks, and such extra redemption shall be effected by additional drawings of bonds to take place on the date of an ordinary drawing as provided for in the prospectus of the loan.

When the loan has been fully repaid this Agreement will immediately become null and void.

ARTICLE X.—Payments by the Chinese Government for interest and amortization shall be made monthly in accordance with the amounts stated in the schedule to be attached to this Agreement, and fourteen days before the due date of each such amount in equal shares to the Banks by the Ministry of Finance which shall hand to the Banks in Shanghai, funds in Shanghai sycee and/or coin of the national currency, so soon as the said currency shall have been effectively established, sufficient to meet each such payment in gold in Europe, and/or in Japan, exchange for which shall be settled with the Banks on the same day. These payments may, however, be made in gold in Europe, and/or in Japan, fourteen days before their due dates, if the Chinese Government should happen to have gold funds *bona fide* at its disposal in Europe, and/or in Japan, not remitted from China for the purpose, and should desire so to use them. Interest upon the said monthly instalments until required for the service of the loan to the bondholders shall be allowed by the Banks to the Chinese Government at the rate of 2% per annum.

In reimbursement of expenses connected with the payment of interest and with the repayment of principal of the loan the Banks are hereby granted by the Chinese Government a commission of one-fourth per cent (¼%) on the annual loan service, the said commission to be paid half yearly to the banks as provided in the schedule to be attached to this Agreement.

ARTICLE XI.—All details necessary for the prospectus of the loan, and in con-



nection with the payment of interest and the repayment of principal of the loan and with the withdrawing of bonds for redemption, not herein explicitly provided for, shall be left for arrangement by the Banks in consultation with the Chinese Minister in London, Berlin, Paris, St. Petersburg and/or Tokio.

The Banks are hereby authorized to issue the prospectus of the loan as soon as possible after the signing of this Agreement, and the Chinese Government will instruct the Chinese Ministers in the various capitals named above to cooperate with the Banks in any matters requiring conjoint action and to sign when requested the prospectus of the loan.

ARTICLE XII.—All bonds, coupons and payments made and received in connection with the service of this loan shall be exempt from all Chinese taxes and imposts during the currency of this loan.

ARTICLE XIII.—The price of this present loan or of any series thereof to the Chinese Government shall be the price of its issue to the public on the London market less a deduction by the Banks of six per cent. (6%) of the nominal value of the bonds. The issue price in London to be not less than ninety per cent. (90%) securing to China a net price of not less than eighty-four per cent. (84%) for the entire loan. The Banks shall be responsible for all expenses connected with the issue of the loan except the printing and/or engraving of the bonds.

It shall be left to the Banks to determine the most favorable moment for issue, and the Minister of Finance shall be notified in advance in order that the necessary instructions may be given to the Chinese Ministers abroad.

The Banks shall retain on deposit in Europe and/or Japan from the first proceeds of the loan a sufficient amount to meet the first half-year's interest and the Banks' commission of  $\frac{1}{4}$  per cent. thereon, and the Chinese Government hereby authorizes the Banks to pay the said half-year's interest coupon and commission from the funds so retained. At the same time the funds to be paid by the Provinces into the Banks in China for service of the loan as provided in Article VI of this Agreement shall accumulate during the six months covered by the first half-year's interest so retained, and shall be held as a reserve fund to provide against any possible interruption of such payments by the Provinces, until the suspension of the latter takes place under the provisions of the said article.

After deduction from the proceeds of the loan of an amount sufficient for the payment of the first coupon and for the repayment with accrued interest of any advances made by the Banks on account of this loan, and after provision has been made for items *a*, *b*, and *c* in terms of Article II of this Agreement, the balance of the net proceeds of the loan shall be placed to the credit of a "Chinese Government Reorganization Loan Account" with the Honkong & Shanghai Banking Corporation, the Deutsch-Asiatische Bank, the Banque de l'Indo-Chine, the Russo-Asiatic Bank and the Yokohama Specie Bank, Limited, in London, Berlin, Paris, St. Petersburg or Yokohama, as the case may be, in instalments and on dates conforming to the conditions allowed by the prospectus to the subscribers to the loan.

Transfers of loan funds to China from the Banks in Europe and Japan shall be made through the Banks in China as nearly as possible in equal amounts

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from each of the Banks, the rates of exchange for each transfer from Europe or Japan being settled simultaneously with the transferring Banks on the same day. In the event of equal transfers being found to be impracticable a mutually satisfactory procedure of making the transfers above referred to shall be arranged between the Minister of Finance and/or the Banks.

Interest at the rate of three (3) per cent. per annum shall be granted on the balance of loan funds held in London, Berlin, Paris, St. Petersburg or Yokohama: interest on the credit portion of the loan funds kept in China by the transferring Banks will be allowed at the Banks' rate for current accounts to be arranged.

Withdrawals of that portion of the loan proceeds held in the aforesaid Chinese Government Reorganization Loan Account in Europe or Japan shall be at the order of the Ministry of Finance subject to the provisions of Article XIV hereinafter. Transfers of loan funds to China shall be made in amounts to be arranged from time to time with the Banks but shall not exceed £500,000 in any one week, and funds so transferred shall be held by the transferring Banks in China until required for the purposes for which the loan is made, and withdrawn as hereinafter provided in Article XIV.

ARTICLE XIV.—The Chinese Government engages at once to put into effective operation an Accounts and Audit Department, under the Provisional Regulations Promulgated by a Presidential Order dated the 15th of November, 1912, and published in the Official Gazette of November 16, 1912, copy and translation of which are hereto attached in Annex H of this Agreement,\* subject to the understanding that any modification which may be found necessary shall not impair their effect in regard to this loan.

The Chinese and foreign Directors of the Bureau of National Loans shall witness their approval of all requisitions for loan funds by their joint signatures thereon. Withdrawals of loan funds from the Banks shall be for amounts corresponding to the actual requirements of disbursements.

Cheques and/or orders upon the Banks for the withdrawal of loan funds shall be signed by a duly authorized representative of the Minister of Finance and shall be sent, together with the supporting requisitions duly signed as above, and the relative "orders to pay" (*fa k'uan ming-ling*), to a representative of the Banks to be designated. The said representative of the Banks, after satisfying himself that the expenditure is in accordance with Article II of this Agreement and the Annexes therein referred to, shall forthwith countersign the cheque and return it to the Ministry of Finance for presentation to and payment by the Banks.

Should the said representative of the Banks be in doubt in respect to disbursements of loan funds which have been made, he shall be entitled to make inquiries of the foreign Director of the Bureau of National Loans and to call upon him for the production of receipts and vouchers for inspection.

ARTICLE XV.—In the event of any bond or bonds issued for this loan being lost, stolen or destroyed, the Bank or Banks concerned may notify the Ministry of Finance and the Chinese Ministers in London, Berlin, Paris, St. Petersburg

\* No Annex H is printed with the text as given in *Isviestia*. See, however, the Provisional Rules of Audit, and the Provisional Regulations for the Audit of Expenditure from the Public Loan Fund, both promulgated by Presidential Order of November 15, 1912, printed at pp. 1032 and 1033, *post*, respectively.

or Tokio, as the case may be, who shall authorize the Bank or Banks concerned to insert an advertisement in the public newspapers stating that payment of such bond or bonds has been stopped; and to take such other steps as may appear advisable or necessary according to the laws or customs of the country concerned. Should any bond or bonds be destroyed, or should such lost or stolen bond or bonds not be recovered after a lapse of time to be fixed by the Banks, the Chinese Ministers in London, Berlin, Paris, St. Petersburg or Tokio, as the case may be, shall execute a duplicate bond or duplicate bonds for a like amount and deliver the same to the Bank or Banks representing the owner or owners of such lost, stolen or destroyed bond or bonds, which Bank or Banks shall pay all expenses in connection with such delivery and execution of such duplicate bond or bonds for the account of the owner or owners of such bond or bonds.

ARTICLE XVI.—If before the publication of the prospectus for the issue of this loan any political or financial crisis should occur affecting the money markets or the prices of Chinese Government securities in such manner or to such degree as in the opinion of the Banks will render impossible the successful flotation and issue of this loan on the terms herein named, the Banks shall be granted a period of six months from the date on which this Agreement shall be signed within which to issue the loan to the Public. If on the expiration of this period the markets are still unfavorable then the Banks shall be entitled to ask the Chinese Government for extension of time. If the Chinese Government should refuse to grant the extension of time requested, this contract shall become null and void, subject always to the repayment to the Banks with accrued interest of any advances which may have been made by them on account of this loan. If this loan shall be issued in series under Article I hereof, the provisions of this clause shall, *mutatis mutandis*, apply to the issue of each series of the loan.

ARTICLE XVII.—In the event of the Chinese Government desiring to issue further loans secured upon the revenues of the Salt Administration or to issue supplementary loans for purposes of the nature of those specified in Article II of this Agreement, the Chinese Government will give to the Banks the option of undertaking such loans on a commission basis of six per cent. (6%) of the nominal value of the bonds as provided in Article XIII of this Agreement.

The Chinese Government further undertakes that for a period of six months after the complete issue of this present loan and payment of the last instalment thereof in terms of the prospectus it will not proceed to the issue of any other Government loan or loan having a Government guarantee concluded later than April 10, 1913, without the previous agreement of the Banks.

ARTICLE XVIII.—The Hongkong & Shanghai Banking Corporation, the Deutsch-Asiatische Bank, the Banque de l'Indo Chine, the Russo-Asiatic Bank and the Yokohama Specie Bank, Limited, shall take the loan in equal shares and without responsibility for each other.

ARTICLE XIX.—The Hongkong & Shanghai Banking Corporation, the Deutsch-Asiatische Bank, the Banque de l'Indo-Chine, the Russo-Asiatic Bank and the Yokohama Specie Bank, Limited, may, subject to all their obligations under this Agreement, transfer or delegate all or any of their rights, powers and discretions thereunder to any British, German, French, Russian or Japanese Company, Directors or Agents with power of further transfer and subdelegation;



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such transfer, subtransfer, delegation or subdelegation to be subject, however, to the approval of the Chinese Government.

ARTICLE XX.—This Agreement is signed on behalf of the Chinese Government by the Premier, the Minister of Foreign Affairs, and the Minister of Finance under authority of a Presidential Order dated the twenty-second day of April 1913, which has been officially communicated to the Ministers in Peking of Great Britain, Germany, France, Russia and Japan, by the Wai Chiao Pu.

ARTICLE XXI.—Eight sets of this Agreement are executed in English and Chinese, three sets to be retained by the Chinese Government and five sets by the Banks. In the event of any doubt arising regarding the interpretation of this Agreement the English text shall rule.

Signed at Peking this twenty-sixth day of April 1913.

(Signed by)

CHAO PING-CHUN. (Seal of Premier)  
 LU CHENG-HSIANG. (Seal of Minister of  
 Foreign Affairs)  
 CHOU HSUEH-HSI. (Seal of Minister of  
 Finance)

For the

HONGKONG & SHANGHAI BANKING CORPORATION,  
 E. G. HILLIER.

For the

DEUTSCH-ASIATISCHE BANK,  
 H. CORDES.

For the

BANQUE DE L'INDO-CHINE,  
 HENRY MAZOT. R. SAINT-PIERRE.

For the

RUSSO-ASIATIC BANK,  
 L. DE HOYER.

For the

YOKOHAMA SPECIE BANK, Limited,  
 M. ODAGIRI.

*Agreement for advances.*

THIS AGREEMENT, for advances on account of the "Chinese Government Five Per Cent. Reorganization Gold Loan" of £25,000,000 is made between THE GOVERNMENT OF THE REPUBLIC OF CHINA (hereinafter called "The Chinese Government"), acting through its Premier, its Minister of Foreign Affairs, and its Minister of Finance, of the one part

and

THE HONGKONG & SHANGHAI BANKING CORPORATION,  
 THE DEUTSCH-ASIATISCHE BANK,  
 THE BANQUE DE L'INDO-CHINE,  
 THE RUSSO-ASIATIC BANK, and  
 THE YOKOHAMA SPECIE BANK, Limited,  
 (hereinafter collectively called "The BANKS"), of the other part.

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## CHINA TREATIES AND AGREEMENTS

WHEREAS the above contracting parties have this day entered into an Agreement for a "CHINESE GOVERNMENT FIVE PER CENT. REORGANIZATION GOLD LOAN" of £25,000,000 and it has been agreed that the said loan shall be issued to the public as soon as possible at a price in London of not less than ninety (90) per cent. of the nominal value of the bonds, and

WHEREAS the Chinese Government is in urgent need of funds pending the issue of the said loan to the public, IT IS HEREBY AGREED AS FOLLOWS:

ARTICLE I.—The Banks hereby agree to advance immediately upon the signature of this agreement the equivalent of £2,000,000 sterling as follows: £400,000., marks 8, 180,000., francs 10,100,000., roubles 3,788,000., yen 3,918,400., to be held at the disposal of the Minister of Finance in London, Berlin, Paris, St. Petersburg and Yokohama respectively. The Chinese Government undertakes, if and when requested by the Banks, to evidence the said advances by the issue of Treasury Bills in the respective Currencies to be handed to the Banks.

ARTICLE II.—Interest on the said advances of the aggregate equivalent of £2,000,000 shall be at the rate of seven (7) per cent. per annum calculated from the date of this agreement and payable half yearly, and the principal with accrued interest shall be repaid from the first proceeds of the said "Chinese Government Five Per Cent. Reorganization Gold Loan" of £25,000,000 when issued, or in any case shall be repaid to the Banks by the Chinese Government within twelve months from the date of this agreement.

ARTICLE III.—The present advances for the aggregate equivalent of £2,000,000 constitute a direct liability and obligation of the Chinese Government and are secured in respect to both principal and interest by the charge upon the entire revenues of the Salt Administration of China, in terms of Articles III and IV of the said Reorganization Loan Agreement.

ARTICLE IV.—The said advances shall be used solely for the purposes specified in, and shall be treated as for account of, the Annexes D and E to the said Reorganization Loan Agreement; their disbursement shall be carried out in accordance with the provisions of Article XIV of that Agreement.

Arrangements will be made between the Minister of Finance and the Banks for the transfer of the said advances to China and the payment of the silver equivalent at the places where required.

ARTICLE V.—The terms of this Agreement shall be officially communicated by the Wai Chiao Pu to the Ministers of Great Britain, Germany, France, Russia and Japan in Peking.

ARTICLE VI.—Eight sets of this Agreement are executed in English and Chinese, three sets to be retained by the Chinese Government and five sets by the Banks. In the event of any doubt regarding the interpretation of this agreement the English text shall rule.

Signed at Peking by the contracting Parties this twenty-sixth day of April, 1913.

Signed by:

CHAO PING-CHUN. (Seal of Premier)  
 LU CHENG-HSIANG. (Seal of Minister of  
 Foreign Affairs)  
 CHOU HSUEH-HSI. (Seal of Minister of  
 Finance)

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For the  
HONGKONG & SHANGHAI BANKING CORPORATION,  
E. G. HILLIER, *Agent*.

For the  
DEUTSCH-ASIATISCHE BANK,  
H. CORDES.

For the  
BANQUE DE L'INDO-CHINE,  
HENRY MAZOT. R. SAINT-PIERRE.

For the  
RUSSO-ASIATIC BANK,  
L. DE HOYER.

For the  
YOKOHAMA SPECIE BANK,  
M. ODAGIRI.

## ANNEXES.†

CHINESE GOVERNMENT FIVE PER CENT. REORGANIZATION  
GOLD LOAN.

## Summary

Annex A. Liabilities due by Chinese Government.  
Annex B. Provincial Loans.  
Annex C. Liabilities of the Chinese Government shortly maturing.  
Annex D. Disbandment of Troops.  
Annex E. Current Expenses of Administration.  
Annex F. Reorganization of the Salt Administration.

## ANNEX A.—LIABILITIES DUE BY THE CHINESE GOVERNMENT

(1) Arrears of Boxer Indemnity to December 31, 1912, estimated at about .....	£2,000,000
(2) Repayment to Group Banks, with accrued interest, of sundry advances already due, as per detailed statement filed with the Ministry of Finance; estimated at about 1913.	50,000
February 28. Chinese Government Treasury Bills, under Letter of Agreement dated February 29, 1912, Shanghai Tails 2,000,000 at 2/8½ and 92½ .....	292,792-15- 6
Together with interest at 7½% per annum from Feb- ruary 28, 1913, to date of payment (say) .....	3,200
March 9. Chinese Government Treasury Bills, under Let- ter of Agreement dated March 9, 1912, Shanghai Tails 1,100,000 at 2/8 and 92½ .....	158,558-11- 6
Together with interest at 7½% per annum from March 9, 1913, to date of payment (say) .....	1,500
March 14. Belgian Loan of March 14, 1912 .....	1,000,000

†In addition to these Annexes which (by Article II) are made a part of the Agree-  
ment, there are printed in *Izvestia*, 1913, vol. IV, pp. 76 *et seq.*, a number of documents con-  
nected with the Agreement, which are reproduced (with the numbers under which they  
are there printed) in Note 3 to this document, *post*, pp. 1030 *et seq.*

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## CHINA TREATIES AND AGREEMENTS

Together with interest thereon from March 14 to date of payment (say) .....	13,000
April 6. Belgian Loan of April 6, 1912 .....	250,000
Together with interest thereon from April 6 to date of payment (say) .....	1,600
April 14. Advance made by the American, British, German and French Groups, against the Currency Reform Loan under agreement dated April 15, 1911 .....	£400,000
To interest at 6% on above advance from May 30, 1911, to October 15, 1912 .....	33,139-14- 9
To interest on above sum from October 15, 1912, to April 14, 1913, at 6% .....	12,887- 7-10
	446,027- 2- 7
Together with interest at 6% from April 14, to date of payment (say), .....	1,100
	£4,317,778- 9- 7

## ANNEX B.—PROVINCIAL LOANS

Principal and interest in default and/or principal outstanding due, plus accrued interest, as per detailed statements filed with the Ministry of Finance, to:

	Taels
(1) The nine foreign banks in Shanghai .....	3,500,000.00
(2) The Hongkong and Shanghai Banking Corporation, The Deutsch-Asiatische Bank, The Banque de l'Indo-Chine and The International Banking Corporation for the American Group. About .....	2,217,804.00
(3) The Hongkong and Shanghai Banking Corporation, The Deutsch-Asiatische Bank and the Banque de l'Indo-Chine .....	5,882,620.00
(4) The Hongkong and Shanghai Banking Corporation .....	1,630,052.00
(5) The Yokohama Specie Bank, Ltd. ....	5,106,940.00
(6) The Banque de l'Indo-Chine .....	122,700.00
(7) The Deutsch-Asiatische Bank .....	661,550.00
(8) The Russo-Asiatic Bank .....	680,000.00
	Taels .... 20,138,864.00
equal to, say, £2,870,000.	

## ANNEX C.—STATEMENT OF LIABILITIES OF THE CHINESE GOVERNMENT SHORTLY MATURING.

Due Date 1913	
May 17 To Chinese Government Treasury Bills under Letter of Agreement dated May 17, 1912, Shanghai taels 3,000,000 at 2/9 11/16 and 92½ .....	£ 455,236- 9- 9
June 12 Chinese Government Treasury Bills, under Letter of Agreement dated June 12, 1912, Shanghai taels 3,000,000 at 2/9-1/4 and 92½ .....	449,324- 6- 6
June 18 Chinese Government Treasury Bills under Letter of Agreement dated June 18, 1912, Shanghai taels 3,000,000 at 2/9½ and 92½ .....	452,702-14- 0
Allowance for foreign claims arising out of the Revolution .....	2,000,000
	£3,357,263-10- 3
May 10. Loan to the Chinese Minister at Tokio, Japan, for yen 350,000 @ 7% per annum dated November 10, 1911, by the Yokohama Specie Bank, Ltd., under the authorisation of the Premier and the Minister of Foreign Affairs, Ta Ching Government and was confirmed by Tsai Cheng Pu and Wai Wu Pu .....	yen 290,935.00
together with interest @ 7% per annum from November 25, 1912, to date of payment, say .....	10,000.00
Sept. 15. Loan to the Ministry of Communications for G.yen 2,000,000 @ 7% per annum dated September 15, 1911, by the Yokohama Specie Bank, Ltd. and renewed on March 15, 1913, under the condition to be payable out of the first proceeds of any foreign loan .....	2,000,000.00
plus interest on the above @ 7% per annum from March 15, 1913, to the date of payment, say .....	24,000.00
	G.yen 2,324,935.00
equal to, say, £3,592,263-10-3	



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## ANNEX D.—DISBANDMENT OF TROOPS.

	Taels		Taels
Shantung .....	800,000	Kueichow .....	600,000
Shansi .....	500,000	Shensi .....	1,400,000
Honan .....	600,000	Mukden .....	600,000
Anhui .....	1,000,000	Kirin .....	400,000
Hupeh .....	4,000,000	Kansuh .....	1,000,000
Kiangsu .....	1,500,000	Sin-kiang .....	600,000
Fuhkien .....	1,400,000	Jehol .....	600,000
Kwangsi .....	1,200,000	Kwangtung .....	1,050,000
Szechuan .....	2,000,000	Chekiang .....	560,000
Yunnan .....	1,000,000	Kiangsi .....	60,000

The total of the above is taels 20,870,000, which is equal to about £3,000,000.

Details of the troops to be disbanded are contained in confidential statement handed to the Banks.

## ANNEX E.—CURRENT EXPENSES OF ADMINISTRATION. ESTIMATED FOR THE FIRST HALF YEAR OF 1913.

## The Board of Foreign Affairs:

1. The expenses of the Board proper.....	\$ 381,532.00	
2. Expenses for the Legations abroad.....	1,224,756.00	
3. Expenses for the schools belonging to the Board.....	169,924.00	
		\$1,776,212.00

## The Board of Home Affairs:

1. Expenses for the Board proper.....	274,200.00	
2. Expenses for constables of inside and outside of Peking City.....	1,223,836.00	
3. Expenses for hospitals and schools belonging to the Board.....	80,011.00	
4. Expenses of the Yamen of Infantry General.....	614,573.00	
		2,192,620.00

## The Board of Finance:

1. Expenses of the Board proper.....	250,000.00	
2. Expenses for the Bureaus and factories belonging to the Board.....	196,770.00	
3. Expenses for the President's Yamen.....	300,000.00	
4. Expenses for the Cabinet, including the Bureau of Legislation, of Civil Appointments, of Printing, of Mongolian and Tibetan Affairs, of Audit and the Provisional Bureau of Merits.....	475,814.00	
5. Expenses for the Parliament.....	1,000,000.00	
6. Expenses for the Imperial Pensions.....	2,777,777.00	
7. Expenses for the Tax Department and Schools belonging to the Board.....	103,456.00	
8. Expenses for various Taxation Yamen.....	221,800.00	
9. Allowances to various Bannermen and their Rice Commutation.....	6,666,666.00	
10. Allowances to the Bannerman of the Provinces of Jehol, Tsarhar, Miyuan, etc.....	625,000.00	
11. Allowance to those in Charge of Ching Tombs.....	404,525.00	
		\$13,021,808.00

## Board of Army:

1. Expenses of the Board proper.....	\$ 540,000.00	
2. Salaries and allowances to the various Bureaus of the various Divisions under the Board.....	8,400,000.00	
3. General Staff and their expenses for their Camps and Bureaus.....	1,761,675.00	
4. Allowances to Ching Guards (or to Imperial Guards).....	1,243,196.00	
5. Allowances to Kung Guards (now the President's Guards).....	1,532,844.00	
6. Allowance to the Wu Guards-Left.....	1,286,352.00	
7. Allowance to Wu Guards-Van.....	974,274.00	
8. Allowance and expenses for Military Executive Department in Peking.....	87,980.00	
		\$15,826,321.00

## Board of Navy:

1. Expenses for the Board proper.....	\$ 182,348.00	
2. Expenses for the various Commanders in Chief, Men of War, and Schools belonging to the Board.....	1,200,000.00	
		\$ 1,382,348.00

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## The Board of Law:

1. Expenses for the Board proper .....	\$ 346,640.00	
2. Expenses for Courts and Jails .....	279,394.00	
		\$ 626,034.00

## The Board of Education:

1. Expenses for the Board proper .....	\$ 537,984.00	
2. Expenses for Schools, Bureaus and Offices belonging to the Board .....	799,620.00	
		\$ 1,337,604.00

## The Board of Agriculture and Forestry:

1. Expenses for the Board proper .....	\$ 309,242.00	
2. Expenses for Grounds and Bureaus belonging to the Board .....	42,156.00	
		\$ 351,398.00

## The Board of Communications:

1. Expenses of the Board proper .....	\$ 302,806.00	
2. Expenses for the training purposes within its sphere .....	236,691.00	
		\$ 539,497.00

Note: Expenses for Railways, Navigation, Post and Telegraph undertakings by the Board will be included under the item of extraordinary estimates, and it may be assumed that their expenditures and incomes will balance. The newly established railway lines are not included here.

## The Board of Works and Commerce:

1. Expenses of the Board proper .....	\$ 208,656.00	
2. Expenses of the various Bureaus belonging to the Board ..	60,000.00	
		\$ 268,656.00
		\$37,322,498.00

## Extraordinary Expenses:

1. Bureau of Engraving and Printing, Engineering Works, machinery and plant .....	\$ 750,000.00	
2. Paper Mill, Engineering works and machinery and plant .....	1,400,000.00	
3. The Mint (Head). Engineering work, machinery and plant .....	500,000.00	
4. The University. Building Expenses .....	500,000.00	
5. Tsing Tombs. Engineering Works .....	4,611,537.00	
6. The Parliament. Engineering Works .....	1,500,000.00	
7. Payments of Debts of various Boards in the year 1912. Administrative Expenses .....	3,845,000.00	
8. Imperial Pensions. Due and unpaid in the year 1912 .....	3,017,333.00	
9. Rice Commutation of 8 Banners .....	1,807,750.00	
		\$17,931,620.00

Total of ordinary expenditure .....	\$37,322,498.00
Total of extraordinary expenditure .....	17,931,620.00

\$55,254,118.00

equal to say, £5,500,000.

The representative designated by the Banks will be furnished with monthly detailed estimates of expenditure under above headings.

## ANNEX F.—REORGANIZATION OF THE SALT ADMINISTRATION.

## General Estimate of Expenses for the reorganization of Salt Administration:

(1) Capital for purchase and transportation of salt .....	\$ 7,000,000.00
(2) Expenses for the establishment of salt-making factories with machines .....	3,000,000.00
(3) Reorganization of salt lands .....	5,000,000.00
(4) Capital for advances to salt merchants under a banking scheme to be approved by the Banks .....	5,000,000.00
	\$20,000,000.00

equivalent to, say, £2,000,000.

Note: In the event of the total net proceeds of the loan being insufficient to cover all the estimated expenditure under Annexes A to F, any deficiency shall be met by a corresponding reduction in the amount of item No. 4 of Annex F.

Exhibit A  
Schedule of Bonds

<u>Serial Number</u>	<u>Denomination</u>	<u>Owner</u>
559386	20£	Rodriguez
583114	20£	Rodriguez
435478	20£	Rodriguez
583104	20£	Rodriguez
434734	20£	Rodriguez
449438	20£	Rodriguez
573999	20£	Rodriguez
444874	20£	Rodriguez
445012	20£	Rodriguez
451407	20£	Rodriguez
450313	20£	Rodriguez
792634	20£	Rodriguez
452184	20£	Rodriguez
780460	20£	Rodriguez
574129	20£	Rodriguez
777360	20£	Rodriguez
759539	20£	Rodriguez
215091	20£	Rodriguez
434840	20£	Rodriguez
435470	20£	Rodriguez
562175	20£	Rodriguez
560475	20£	Rodriguez
438300	20£	Rodriguez
453936	20£	Rodriguez
456032	20£	Rodriguez
880950	100£	Rodriguez
873993	100£	Rodriguez
855292	100£	Rodriguez
859279	100£	Rodriguez
856906	100£	Rodriguez
856905	100£	Rodriguez
856904	100£	Rodriguez
853934	100£	Rodriguez
880569	100£	Rodriguez
680934	100£	Rodriguez
880933	100£	Rodriguez
687400	100£	Rodriguez
867401	100£	Rodriguez
867652	100£	Rodriguez
867349	100£	Rodriguez
867343	100£	Rodriguez

857069	100£	Rodriguez
867067	100£	Rodriguez
867063	100£	Rodriguez
867053	100£	Rodriguez
867052	100£	Rodriguez
666633	100£	Rodriguez
865106	100£	Rodriguez
880612	100£	Rodriguez
865192	100£	Rodriguez
871103	100£	Rodriguez
871856	100£	Rodriguez
573219	100£	Rodriguez
869349	100£	Rodriguez
869762	100£	Rodriguez
867056	100£	Rodriguez
882249	100£	Rodriguez
885080	100£	Rodriguez
885079	100£	Rodriguez
869842	100£	Rodriguez
869841	100£	Rodriguez
880680	100£	Rodriguez
837341	100£	Rodriguez
329162	20£	Bolanos
237558	20£	Bolanos
237559	20£	Bolanos
241974	20£	Bolanos
242391	20£	Bolanos
39751	20£	Bolanos
39752	20£	Bolanos
39753	20£	Bolanos
39754	20£	Bolanos
39755	20£	Bolanos
39756	20£	Bolanos
39757	20£	Bolanos
39758	20£	Bolanos
39759	20£	Bolanos
39760	20£	Bolanos
39761	20£	Bolanos
42907	20£	Bolanos
49979	20£	Bolanos
54333	20£	Bolanos
73777	20£	Bolanos
80501	20£	Bolanos
60504	20£	Bolanos
80506	20£	Bolanos
87172	20£	Bolanos



95128	20£	Bolanos
93343	20£	Bolanos
27013	20£	Bolanos
27014	20£	Bolanos
27015	20£	Bolanos
27018	20£	Bolanos
27019	20£	Bolanos
27020	20£	Bolanos
27021	20£	Bolanos
27022	20£	Bolanos
27542	20£	Bolanos
35006	20£	Bolanos
39747	20£	Bolanos
39748	20£	Bolanos
39749	20£	Bolanos
39750	20£	Bolanos

Exhibit D  
Valuation Letter

**THE LAW OFFICES  
OF  
JIM K. CHOATE  
ATTORNEY  
206 RAINBOW CIRCLE  
ROCKWALL, TEXAS 75032  
USA**

DALLAS METRO AREA  
TELEPHONE: 972-771-2623

FAX: 972-771-7204  
jimchoate@aol.com

May 29, 2006

Ms. Zoila Gloria Bolanos Pons  
19364 Stonebrook Street  
Weston, FL 33332

VIA E-MAIL (Hard copy to follow)

**Re: BONDS ISSUED PURSUANT TO THE CHINESE GOVERNMENT  
FIVE PERCENT (5%) REORGANISATION GOLD LOAN OF 1913 FOR  
£25,000,000 STERLING**

Dear Ms. Bolanos

This is in response to your request for a calculated valuation of the £20 Sterling and £100 Sterling instruments as referred to above. I have calculated the present value of the above bonds in USD to reflect the present price of gold and the intervening compound periods. I have therefore taken the price of gold on the London exchange as of Friday, May 26th 2006. At that time the closing price of gold as fixed on the London Exchange was US \$645.90 per troy ounce.

In my opinion the stated calculated gold value, on May 26, 2006 in present day US dollars would be, for the £20 Sterling bonds, for each bond:  
**NINE MILLION SEVEN HUNDRED FIFTY FIVE THOUSAND, ONE  
HUNDRED FIFTY FIVE DOLLARS AND SIXTY SIX CENTS.  
(\$US 9,755,155.66).**

I likewise have calculated the value of the £100 Bond to be:  
**FORTY EIGHT MILLION TWO HUNDRED NINETY FOUR THOUSAND  
FOUR HUNDRED TWENTY EIGHT DOLLARS AND 98 CENTS.  
(\$US 48,294,428.98).**

These calculations are intended to represent the calculated gold value as determined by the provisions on the bonds, those set forth in the trust indenture and the commercial laws applicable thereto. Expressed in present day US dollars.

I understand that you intend to use this opinion as an exhibit in pending meetings. You have my specific permission to do so. However it is intended for your use only. No other person or entity may copy, distribute, rely on, or use it in any other transaction without my written permission.

OPINED AND SIGNED ON THIS THE 29<sup>th</sup> DAY OF MAY 2006.  
XXXXXXXXXXXXXXXXXXXXX END OF MESSAGE XXXXXXXXXXXXXXXXXXXXX

A handwritten signature in black ink, consisting of a large, stylized loop followed by several sharp, intersecting strokes.

Jim K. Choate  
BBA, LLB, JD, CM

END OF DOCUMENT XX



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## ANNEX D.—DISBANDMENT OF TROOPS.

	Taels		Taels
Shantung .....	800,000	Kueichow .....	600,000
Shansi .....	500,000	Shensi .....	1,400,000
Honan .....	600,000	Mukden .....	600,000
Anhui .....	1,000,000	Kirin .....	400,000
Hupeh .....	4,000,000	Kansuh .....	1,000,000
Kiangsu .....	1,500,000	Sin-kiang .....	600,000
Fuhkien .....	1,400,000	Jehol .....	600,000
Kwangsi .....	1,200,000	Kwangtung .....	1,050,000
Szechuan .....	2,000,000	Chekiang .....	560,000
Yunnan .....	1,000,000	Kiangsi .....	60,000

The total of the above is taels 20,870,000, which is equal to about £3,000,000.

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3. Expenses for the schools belonging to the Board.....	169,924.00	
		\$1,776,212.00

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1. Expenses of the Board proper.....	\$ 540,000.00	
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3. General Staff and their expenses for their Camps and Bureaus.....	1,761,675.00	
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6. Allowance to the Wu Guards-Left.....	1,286,352.00	
7. Allowance to Wu Guards-Van.....	974,274.00	
8. Allowance and expenses for Military Executive Department in Peking.....	87,980.00	
		\$15,826,321.00

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1. Expenses for the Board proper .....	\$ 537,984.00	
2. Expenses for Schools, Bureaus and Offices belonging to the Board .....	799,620.00	
		\$ 1,337,604.00

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2. Expenses for the training purposes within its sphere .....	236,691.00	
		\$ 539,497.00

Note: Expenses for Railways, Navigation, Post and Telegraph undertakings by the Board will be included under the item of extraordinary estimates, and it may be assumed that their expenditures and incomes will balance. The newly established railway lines are not included here.

## The Board of Works and Commerce:

1. Expenses of the Board proper .....	\$ 208,656.00	
2. Expenses of the various Bureaus belonging to the Board ..	60,000.00	
		\$ 268,656.00
		\$37,322,498.00

## Extraordinary Expenses:

1. Bureau of Engraving and Printing, Engineering Works, machinery and plant .....	\$ 750,000.00	
2. Paper Mill, Engineering works and machinery and plant .....	1,400,000.00	
3. The Mint (Head). Engineering work, machinery and plant .....	500,000.00	
4. The University. Building Expenses .....	500,000.00	
5. Tsing Tombs. Engineering Works .....	4,611,537.00	
6. The Parliament. Engineering Works .....	1,500,000.00	
7. Payments of Debts of various Boards in the year 1912. Administrative Expenses .....	3,845,000.00	
8. Imperial Pensions. Due and unpaid in the year 1912 .....	3,017,333.00	
9. Rice Commutation of 8 Banners .....	1,807,750.00	
		\$17,931,620.00

Total of ordinary expenditure .....	\$37,322,498.00
Total of extraordinary expenditure .....	17,931,620.00

\$55,254,118.00

equal to say, £5,500,000.

The representative designated by the Banks will be furnished with monthly detailed estimates of expenditure under above headings.

## ANNEX F.—REORGANIZATION OF THE SALT ADMINISTRATION.

## General Estimate of Expenses for the reorganization of Salt Administration:

(1) Capital for purchase and transportation of salt .....	\$ 7,000,000.00
(2) Expenses for the establishment of salt-making factories with machines .....	3,000,000.00
(3) Reorganization of salt lands .....	5,000,000.00
(4) Capital for advances to salt merchants under a banking scheme to be approved by the Banks .....	5,000,000.00
	\$20,000,000.00

equivalent to, say, £2,000,000.

Note: In the event of the total net proceeds of the loan being insufficient to cover all the estimated expenditure under Annexes A to F, any deficiency shall be met by a corresponding reduction in the amount of item No. 4 of Annex F.

Exhibit C  
Form of Bond





THE  
CHINESE GOVERNMENT

FIVE PER CENT REORGANISATION GOLD LOAN OF 1913  
FOR £25,000,000 STERLING.

£25,000,000 STERLING: OR MARKS 511,250,000: OR FRANCS 631,250,000: OR ROUBLES  
236,750,000: OR YEN 244,900,000.

ODER £100 STERLING, ODER 2525 FRANCS ODER, 947 RUBLE, ODER 979.60 YEN

THE CHINESE GOVERNMENT 5% REORGANISATION GOLD LOAN OF 1913 FOR

£25,000,000 STERLING

OR MARKS 511,250,000  
OR FRANCS 631,250,000  
OR ROUBLES 236,750,000  
OR YEN 244,900,000.

IN FIVE PERCENT BONDS: PRINCIPAL AND INTEREST PAY-ABLE IN LONDON  
IN STERLING, IN GERMANY IN MARKS, IN FRANCE IN FRANCS, IN RUSSIA IN  
ROUBLES, AND IN JAPAN IN YEN

AUTHORISED BY PRESIDENTIAL ORDER OF 22<sup>nd</sup> APRIL, 1913 OFFICIALLY  
COMMUNICATED BY THE WAI CHIAO PU TO THE MINISTERS IN PEKING OF  
GREAT BRITAIN, GERMANY, FRANCE, RUSSIAN AND JAPAN

THE LOAN AGREEMENT MENTIONED IN THE CONDITIONS ENDORSED  
HEREON HAS BEEN RECOGNISED BY THE GOVERNMENTS OF GREAT BRITAIN,  
GERMANY, FRANCE, RUSSIA AND JAPAN, AS A BINDING ENGAGEMENT UPON THE  
GOVERNMENT OF THE REPUBLIC OF CHINA, AND ITS SUCCESSORS

BOND FOR £100.

1. The Government of the Republic of China (hereinafter and in the Conditions  
endorsed hereon called the Chinese Government), hereby directly undertakes and engages to pay  
to the Bearer of this Bond the principal sum of £100, or Marks 2045, or Francs 2525, or Rbls.  
947 or Yen 979.60 on the 1<sup>st</sup> day of July 1960, with interest thereon until repayment at the rate of  
5% per annum payable half yearly on the 1<sup>st</sup> day of January and the 1<sup>st</sup> day of July in each year,

in accordance with the Coupons attached hereto, and further declares that this Bond and its Coupons and all payments made and received in connection therewith are and shall be during the currency of this loan exempt from all Chinese taxes and imports, and further pledges its good faith and credit for the punctual payment of the said principal and interest and for the performance of all the undertakings on its part assumed herein and in the said Conditions which are to be deemed part of this Bond for all purposes.

2. In pursuance of the Loan Agreement above referred to this Bond bears the facsimile of the signature of the Minister of Finance and of the Seal of the Chinese Government and also the Seal and facsimile of the signature of the Chinese Minister in London as a proof that the Chinese Government has authorised and is bound by this Bond.

3. This Bond shall not become negotiable until it has been countersigned for identification as mentioned in the said Conditions endorsed hereon.

Dated: this 21<sup>st</sup> day of May 1913

In witness whereof, the Chinese Minister in London has caused his Seal and an engraved fac-simile of his signature to be affixed.



# CONDITIONS OF THIS BOND.

1. The Bonds of this Loan will bear the same date and are similar in form, and are for the respective amounts and numbered and countersigned respectively as follows:—

NUMBERS OF THE BONDS (INCLUSIVE)	AMOUNT OF EACH BOND	COUNTERSIGNED BY OR ON BEHALF OF
1 TO 95,834	£ 20	THE HONGKONG & SHANGHAI BANKING CORPORATION
795,001 TO 850,000	£ 100	THE SAME
95,835 TO 215,834	M. 409	THE DEUTSCH-ASIATISCHE BANK
850,001 TO 886,000	M. 2045	THE SAME
215,835 TO 586,667	FR. 505	THE BANQUE DE L'INDO-CHINE
586,668 TO 795,000	FRANCS. 189.40	THE RUSSO-ASIATIC BANK
	FRENCH FR. 505	

2. This Bond is issued subject to and with the benefit of the Chinese Government Reorganisation Loan Agreement (hereinafter called "the Loan Agreement") dated the 26<sup>th</sup> day of April 1913 and made between the Chinese Government, acting through its Premier, its Minister of Foreign Affairs and its Minister of Finance, of the one part, and the Hongkong and Shanghai Banking Corporation, the Deutsch Asiatische Bank, the Banque de l'Indo-Chine, the Russo Asiatic Bank and the Yokohama Specie Bank Limited (hereinafter called "the said Banks") of the other part; and the Chinese Government is to adhere to all the provisions of the Loan Agreement and to perform all its obligations thereunder.

3. In particular and without prejudice to the generality of the last preceding clause hereof, the Bearer of this Bond shall have the full benefit of those provisions of the Loan Agreement the effect whereof is shortly stated as follows:—

(a) The whole net proceeds of the said Loan after payment thereof of the interest payable on the 1<sup>st</sup> day of January 1914 are to be used solely for the purposes of payment of liabilities, re-organisation, administration and otherwise set forth in the Loan Agreement and subject to and in accordance with all the restrictions and provisions of the Loan Agreement.

(b) The said Loan is on both principal and interest charged upon the

Exhibit B  
Loan Agreement



TREATIES AND AGREEMENTS

WITH AND CONCERNING

CHINA

1894-1919

B-12087-2006

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alteration in the designs or in the types of the vessels contracted for by which a difference in price (be it a diminution of or an addition to the contract price), might occur,—it is mutually agreed that the two contracting parties appoint each one deputy—who in mutual consultation shall settle the difference in price so occurred. Should the two deputies fail to come to an understanding both parties will then appoint an impartial third party whose decision will be final.

10.—This contract has been made out in duplicate in English text and stamped and signed by both parties, each party holding one copy.

Peking the 10th April, 1913.

Arnhold, Karberg & Co.  
In the presence of:

(sgd.)  
(sgd.)

K. S. Liu.

Y. L. Woo.]

## NUMBER 1913/5.

FRANCE (Banque de l'Indo-Chine), GERMANY (Deutsch-Asiatische Bank),  
GREAT BRITAIN (Hongkong & Shanghai Banking Corporation), JAPAN  
(Yokohama Specie Bank), RUSSIA (Russo-Asiatic Bank) AND CHINA.

*Chinese Government five per cent Reorganization Gold Loan Agreement (with Agreement for advances, and annexes)\*—April 26, 1913.*

THIS AGREEMENT, made at Peking on the 26th day of April 1913 between  
THE GOVERNMENT OF THE REPUBLIC OF CHINA (hereinafter called  
"THE CHINESE GOVERNMENT"), acting through its Premier, its Minister  
of Foreign Affairs, and its Minister of Finance, of the one part,

and

THE HONGKONG & SHANGHAI BANKING CORPORATION,  
THE DEUTSCH-ASIATISCHE BANK,  
THE BANQUE DE L'INDO-CHINE,  
THE RUSSO-ASIATIC BANK, and  
THE YOKOHAMA SPECIE BANK, Limited,  
(hereinafter collectively called "THE BANKS"), of the other part,

## WITNESSETH:

WHEREAS the Chinese Government desires to borrow the sum of twenty-five million pounds sterling (£25,000,000.) equal to 511,250,000 marks, 631,250,000 francs, 236,750,000 roubles, 244,900,000 yen, for general reorganization and administrative purposes (hereinafter to be specified) and proposes to evidence the above loan by the issue of its gold bonds for the principal amount above-named, and

WHEREAS the Banks are prepared to issue to the public on behalf of the Chinese Government the bonds of the above-named loan;

\* Text as printed in *Isviestia*, 1913, vol. 4, p. 58. Printed also in *China Year Book*, 1914, p. 387. See Note 1 to this document, *post*, p. 1021.

In connection with the Reorganization Loan, see also the Agreement of August 28, 1917, between the Chinese Government and the Yokohama Specie Bank (No. 1917/9, *post*) for an Advance of yen 10,000,000 upon a proposed Second Reorganization Loan, and that of January 6, 1918 for a second advance of yen 10,000,000 (No. 1918/1, *post*).

## THEREFORE IT IS AGREED AS FOLLOWS:

ARTICLE I.—The Chinese Government hereby authorizes the Banks to issue either in one amount or in series, at their option, five per cent. (5%) gold bonds, to an aggregate amount of £25,000,000 equal to 511,250,000 marks, 631,250,000 francs, 236,750,000 roubles, 244,900,000 yen.

The Banks have the option to pay the whole or any portion of the proceeds of the loan to the Chinese Government in pounds sterling or the equivalent at the above parities in the currencies of the various countries in which the subscriptions have been made. The coupons attached to the preliminary certificates and to the definitive bonds shall be payable in the various countries at the above parities. The definitive bonds shall be subject to the same conditions when drawn, redeemed, or paid.

The loan shall be of the date of the first issue of bonds and shall be entitled "THE CHINESE GOVERNMENT FIVE PER CENT REORGANIZATION GOLD LOAN."

ARTICLE II.—Subject to the provisions in Article XIII hereinafter for the payment of the first coupon, the net proceeds of the loan shall be used solely for the following purposes:

- (a) Payment of liabilities due by the Chinese Government as detailed in Annex A to this Agreement.
- (b) Redemption in full of outstanding provincial loans as detailed in Annex B to this Agreement.
- (c) Provisions for payment at due date of liabilities of the Chinese Government shortly maturing as shown in Annex C to this Agreement, including provision for foreign claims for damage and losses arising out of the Revolution.
- (d) Disbandment of troops as detailed in Annex D to this Agreement.
- (e) Current expenses of administration as estimated in Annex E to this Agreement.
- (f) Reorganization of the Salt Administration as set forth in Annex F to this Agreement.
- (g) Such other administrative purposes as may be mutually agreed upon between the Chinese Government and the Banks.

The aforesaid Annexes form part of this present Agreement.

ARTICLE III.—This entire loan and all advances which may be made in connection therewith are hereby constituted a direct liability and obligation of the Chinese Government, which hereby pledges its good faith and credit for the punctual payment of the principal and interest of the loan and/or advances and for the performance of all the undertakings on its part herein assumed.

ARTICLE IV.—The entire loan together with any advances which may be made in connection therewith, is hereby secured in respect to both principal and interest by a charge upon the entire revenues of the Salt Administration of China, subject to previous loans and obligations already charged on the security thereof and not yet redeemed, as detailed in the statement attached to this Agreement,\* and it shall have priority both as regards principal and interest over all future loans, charges and mortgages charged upon the above-mentioned revenues so long as this loan or any part thereof shall be unredeemed. No loan, charge or

\* See statement printed on pp. 1030-31, *post*.

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mortgage shall be raised or created which shall take precedence of or be on an equality with this loan, or which shall in any manner lessen or impair its security over the said revenues of the Salt Administration of China, so far as required for the annual service of this loan, and any future loan, charge or mortgage charged on the said revenues of the Salt Administration shall be made subject to this loan, and it shall be so expressed in every agreement for any such loan, charge or mortgage.

If at a future time the annual collection of the Maritime Customs revenues should exceed the amount necessary to provide for all existing obligations charged thereon or which may have become chargeable thereon under existing agreements by reason of the abolition of likin consequent upon tariff revision, it is understood and agreed that such surplus shall be applied in the first instance to the security and service of this loan, the surplus of the salt revenues being thereby *pro tanto* increased and made available for the general purposes of the Chinese Government.

ARTICLE V.—The Chinese Government engages to take immediate steps for the reorganization with the assistance of foreigners of the system of collection of the salt revenues of China assigned as security for this loan, in the manner which has been determined upon by the Ministry of Finance and which is as follows: †

The Chinese Government will establish a Central Salt Administration (*Yen wu shu*) at Peking under the control of the Minister of Finance. This Central Salt Administration will comprise the Chief Inspectorate of Salt Revenues (*Chi ho Tsung So*) under a Chinese Chief Inspector (*Tsung pan*) and a foreign Associate Chief Inspector (*Hui pan*), who will constitute the chief authority for the superintendence of the issue of licenses and the compilation of reports and returns of revenues. In each salt-producing district there will be a branch office of the Chief Inspectorate (*Chi ho Fen So*), under one Chinese and one foreign District Inspector (*So Chang*) who shall be jointly responsible for the collection and the deposit of the salt revenues. The engagement and dismissal of these Chinese and foreign District Inspectors, and of the necessary Chinese and foreign staff at the Chief and Branch Inspectorates will be decided jointly by the Chinese and foreign Chief Inspectors, with the approval of the Minister of Finance. It will be the duty of the District Inspectors jointly to superintend the issue of licenses and to collect all fees and salt dues; and to report all receipts and disbursements in full detail to the local Salt Commissioner (*Yen yün ssu*) and the Chief Inspectorate in Peking, which will publish periodical reports of the same after submission to the Minister of Finance.

Release of salt against payment of dues in any District will be made only under joint signature of the Chinese and foreign District Inspectors, the revenues so collected to be lodged by them in a "Chinese Government Salt Revenue Account" with the Banks or with depositories approved by the Banks, and reported to the chief Inspectorate for comparison with their returns. This Salt Revenue Account shall be drawn upon only under the joint signatures of the Chief Inspectors, whose duty it will be to protect the priority of the several obligations secured upon the salt revenues.

† See Note 2 to this document, *post*, p. 1026.

So long as the interest and principal of this loan are regularly paid there shall be no interference with the Salt Administration as herein provided, but if interest and/or principal be in default at due date then after a reasonable period of grace the said organization shall forthwith be incorporated with the Maritime Customs and the revenues above pledged shall be administered for the account and in the interest of the bondholders.

ARTICLE VI.—Pending the reorganization of the Salt Administration and commencing with the first month from the date of this loan, the Provinces of Chihli, Shantung, Honan and Kiangsu shall pay monthly into the Banks the funds necessary to meet the service of this loan in accordance with the amounts stated in the Schedule to be attached to this Agreement and fourteen days before the due date of each such amount. The payment of these amounts by the Provinces named is hereby secured by a first charge upon Central Government taxes of the respective provinces to be assigned, and the Chinese Government engages to supply the Banks with evidence that the obligations under this Agreement of the Provinces named are officially recognized by the proper authorities of the said Provinces.

So soon as the revenue collection of the Salt Administration over a period of one year shall be sufficient to cover the service of all loans and obligations now secured thereon, including that of this present loan, together with a margin sufficient to cover a further half yearly interest coupon of the latter, the said monthly contributions from the Provinces shall be suspended, and the service of this loan shall then be paid from the revenues of the Salt Administration. So soon as the revenues of the Salt Administration shall have been maintained for three successive years at the figure above determined, the aforesaid provincial liability shall be finally released.

ARTICLE VII.—The Banks are hereby authorized to issue to subscribers to the loan gold bonds for the total amount of the loan in such denominations and for such amounts as shall be determined by the Banks. The form and language of the bonds shall be settled by the Banks in consultation with the Ministry of Finance or with the Chinese Ministers in London, Berlin, Paris, St. Petersburg and Tokio.

The bonds shall be printed and/or engraved by the Banks at the expense of the Chinese Government and shall bear the facsimile of the signature of the Minister of Finance, in order to dispense with the necessity of his signing them all in person, and of the seal of the Chinese Government. The Chinese Minister in London and/or Berlin and/or Paris and/or St. Petersburg and/or Tokio at the option of the Banks shall previous to the issue of the bonds authenticate them with a facsimile of his signature and of his seal as a proof that the issue and sale of the bonds are duly authorized by and binding upon the Chinese Government. Representatives of the Banks in London, Berlin, Paris, St. Petersburg or Yokohama, as the case may be, may countersign the bonds as agents for the issue of the loan.

ARTICLE VIII.—The rate of interest for the loan shall be five per cent. (5%) per annum on the nominal principal and shall be paid by the Chinese Government to the bondholders half yearly, through the Banks or their designated agents,



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upon presentation of the proper coupons. Coupons shall be payable in pounds sterling or the equivalent in marks, francs, roubles and yen as provided in Article 1. The said interest shall be calculated from the date on which the bonds are issued.

ARTICLE IX.—The term of the loan shall be forty-seven (47) years. Repayments of principal shall commence with the eleventh year and shall be made by yearly sinking fund of .98397945 per cent. equal to £245,994-17s-3d equivalent to 5,030,594.94 marks, 6,211,370.28 francs, 2,329,571.35 roubles, 2,409,765.67 yen, which shall be paid by the Chinese Government to the Banks in monthly instalments in accordance with the amounts stated in the schedule to be attached to this Agreement, and 14 days before the due date of each such amount.

If at any time after the lapse of seventeen years from the date of the loan the Chinese Government should desire to redeem the whole outstanding amount of the loan or any part of it not yet due for repayment, in accordance with the schedule to be attached hereto, it may do so up to the end of the thirty-second year by a payment of a premium of two and one half per cent. (2½%) on the face value of the bonds, that is to say, by the payment of £102-10s for each £100 bond, and after the end of the thirty-second year it may make such extra redemption without premium, but in each and every case of such extra redemption the Chinese Government shall give six months' previous notice in writing to the Banks, and such extra redemption shall be effected by additional drawings of bonds to take place on the date of an ordinary drawing as provided for in the prospectus of the loan.

When the loan has been fully repaid this Agreement will immediately become null and void.

ARTICLE X.—Payments by the Chinese Government for interest and amortization shall be made monthly in accordance with the amounts stated in the schedule to be attached to this Agreement, and fourteen days before the due date of each such amount in equal shares to the Banks by the Ministry of Finance which shall hand to the Banks in Shanghai, funds in Shanghai sycee and/or coin of the national currency, so soon as the said currency shall have been effectively established, sufficient to meet each such payment in gold in Europe, and/or in Japan, exchange for which shall be settled with the Banks on the same day. These payments may, however, be made in gold in Europe, and/or in Japan, fourteen days before their due dates, if the Chinese Government should happen to have gold funds *bona fide* at its disposal in Europe, and/or in Japan, not remitted from China for the purpose, and should desire so to use them. Interest upon the said monthly instalments until required for the service of the loan to the bondholders shall be allowed by the Banks to the Chinese Government at the rate of 2% per annum.

In reimbursement of expenses connected with the payment of interest and with the repayment of principal of the loan the Banks are hereby granted by the Chinese Government a commission of one-fourth per cent (¼%) on the annual loan service, the said commission to be paid half yearly to the banks as provided in the schedule to be attached to this Agreement.

ARTICLE XI.—All details necessary for the prospectus of the loan, and in con-

nection with the payment of interest and the repayment of principal of the loan and with the withdrawing of bonds for redemption, not herein explicitly provided for, shall be left for arrangement by the Banks in consultation with the Chinese Minister in London, Berlin, Paris, St. Petersburg and/or Tokio.

The Banks are hereby authorized to issue the prospectus of the loan as soon as possible after the signing of this Agreement, and the Chinese Government will instruct the Chinese Ministers in the various capitals named above to cooperate with the Banks in any matters requiring conjoint action and to sign when requested the prospectus of the loan.

ARTICLE XII.—All bonds, coupons and payments made and received in connection with the service of this loan shall be exempt from all Chinese taxes and imposts during the currency of this loan.

ARTICLE XIII.—The price of this present loan or of any series thereof to the Chinese Government shall be the price of its issue to the public on the London market less a deduction by the Banks of six per cent. (6%) of the nominal value of the bonds. The issue price in London to be not less than ninety per cent. (90%) securing to China a net price of not less than eighty-four per cent. (84%) for the entire loan. The Banks shall be responsible for all expenses connected with the issue of the loan except the printing and/or engraving of the bonds.

It shall be left to the Banks to determine the most favorable moment for issue, and the Minister of Finance shall be notified in advance in order that the necessary instructions may be given to the Chinese Ministers abroad.

The Banks shall retain on deposit in Europe and/or Japan from the first proceeds of the loan a sufficient amount to meet the first half-year's interest and the Banks' commission of  $\frac{1}{4}$  per cent. thereon, and the Chinese Government hereby authorizes the Banks to pay the said half-year's interest coupon and commission from the funds so retained. At the same time the funds to be paid by the Provinces into the Banks in China for service of the loan as provided in Article VI of this Agreement shall accumulate during the six months covered by the first half-year's interest so retained, and shall be held as a reserve fund to provide against any possible interruption of such payments by the Provinces, until the suspension of the latter takes place under the provisions of the said article.

After deduction from the proceeds of the loan of an amount sufficient for the payment of the first coupon and for the repayment with accrued interest of any advances made by the Banks on account of this loan, and after provision has been made for items *a*, *b*, and *c* in terms of Article II of this Agreement, the balance of the net proceeds of the loan shall be placed to the credit of a "Chinese Government Reorganization Loan Account" with the Honkong & Shanghai Banking Corporation, the Deutsch-Asiatische Bank, the Banque de l'Indo-Chine, the Russo-Asiatic Bank and the Yokohama Specie Bank, Limited, in London, Berlin, Paris, St. Petersburg or Yokohama, as the case may be, in instalments and on dates conforming to the conditions allowed by the prospectus to the subscribers to the loan.

Transfers of loan funds to China from the Banks in Europe and Japan shall be made through the Banks in China as nearly as possible in equal amounts

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from each of the Banks, the rates of exchange for each transfer from Europe or Japan being settled simultaneously with the transferring Banks on the same day. In the event of equal transfers being found to be impracticable a mutually satisfactory procedure of making the transfers above referred to shall be arranged between the Minister of Finance and/or the Banks.

Interest at the rate of three (3) per cent. per annum shall be granted on the balance of loan funds held in London, Berlin, Paris, St. Petersburg or Yokohama: interest on the credit portion of the loan funds kept in China by the transferring Banks will be allowed at the Banks' rate for current accounts to be arranged.

Withdrawals of that portion of the loan proceeds held in the aforesaid Chinese Government Reorganization Loan Account in Europe or Japan shall be at the order of the Ministry of Finance subject to the provisions of Article XIV hereinafter. Transfers of loan funds to China shall be made in amounts to be arranged from time to time with the Banks but shall not exceed £500,000 in any one week, and funds so transferred shall be held by the transferring Banks in China until required for the purposes for which the loan is made, and withdrawn as hereinafter provided in Article XIV.

ARTICLE XIV.—The Chinese Government engages at once to put into effective operation an Accounts and Audit Department, under the Provisional Regulations Promulgated by a Presidential Order dated the 15th of November, 1912, and published in the Official Gazette of November 16, 1912, copy and translation of which are hereto attached in Annex H of this Agreement,\* subject to the understanding that any modification which may be found necessary shall not impair their effect in regard to this loan.

The Chinese and foreign Directors of the Bureau of National Loans shall witness their approval of all requisitions for loan funds by their joint signatures thereon. Withdrawals of loan funds from the Banks shall be for amounts corresponding to the actual requirements of disbursements.

Cheques and/or orders upon the Banks for the withdrawal of loan funds shall be signed by a duly authorized representative of the Minister of Finance and shall be sent, together with the supporting requisitions duly signed as above, and the relative "orders to pay" (*fa k'uan ming-ling*), to a representative of the Banks to be designated. The said representative of the Banks, after satisfying himself that the expenditure is in accordance with Article II of this Agreement and the Annexes therein referred to, shall forthwith countersign the cheque and return it to the Ministry of Finance for presentation to and payment by the Banks.

Should the said representative of the Banks be in doubt in respect to disbursements of loan funds which have been made, he shall be entitled to make inquiries of the foreign Director of the Bureau of National Loans and to call upon him for the production of receipts and vouchers for inspection.

ARTICLE XV.—In the event of any bond or bonds issued for this loan being lost, stolen or destroyed, the Bank or Banks concerned may notify the Ministry of Finance and the Chinese Ministers in London, Berlin, Paris, St. Petersburg

\* No Annex H is printed with the text as given in *Isivistia*. See, however, the Provisional Rules of Audit, and the Provisional Regulations for the Audit of Expenditure from the Public Loan Fund, both promulgated by Presidential Order of November 15, 1912, printed at pp. 1032 and 1033, *post*, respectively.

## **PARTIES**

3. Plaintiff, Gloria Bolanos Pons (Pons) is an individual citizen of the United States of America, and Plaintiff, Aitor Rodriguez Soria (Soria, and together with Pons, “Plaintiffs”), is an individual citizen of the Kingdom of Spain.
4. Defendant, The People’s Republic of China (“PRC”), is the successor government to the Imperial Chinese Government and the Chinese Republic.

### STATEMENT OF FACTS

5. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1 through 4 above as though set forth fully and at length herein.
6. Plaintiffs are the owners of an aggregate of One Hundred and Three (103) of the bonds issued by Defendant, as listed on Exhibit A hereto (the "Bonds"). Plaintiffs purchased the Bonds in good faith, for value and without actual notice that they were overdue, had been dishonored or of any defense or claim against them on the part of any third person.
7. The Loan Agreement authorizing the Bonds was signed by Defendant on April 26, 1913. The Bonds were issued in £100 and £20 denominations. See Loan Agreement attached hereto as Exhibit B and form of Bond attached hereto as Exhibit C. Each of Defendants' Bonds is in the form of Exhibit C.
8. The Bonds explicitly state: "These obligations are intended to be binding upon the Government of China and any Successor Government."
9. The Bonds also state that payment thereon was to be secured by salt revenue received by Defendant (the "Salt Revenue"). Said Salt Revenue is being held in constructive trust by Defendant for the benefit of Plaintiffs.
10. In addition, the Bonds prohibit Defendant from paying any of its other creditors unless Plaintiffs are paid pro rata on the Bonds along with such other creditors.
11. Several of the Bonds were sold to citizens of the United States.
12. Several of the Bonds were sold in the United States, and several interest payments on the Bonds were made in the United States.
13. In 1939, Defendant ceased making interest payments on the Bonds.



14. Several demands to resume payments on the Bonds were made on the government of China in the following years. However, it was not possible to sue Defendant in any court of the United States until 2004.
15. In 1986, the PRC acknowledged its liability on the Bonds and made payment to British holders of the Bonds.
16. Plaintiffs have obtained a valuation of the Bonds from an expert in the field (the "Valuation Letter").
17. The Valuation states that as of May 26, 2006, the £20 Bonds should each be valued at approximately Nine Million Seven Hundred and Fifty-five Thousand One Hundred Fifty-five United States Dollars and Sixty-six cents (US\$9,755,155.66), and the £100 Bonds should each be valued at approximately Forty-eight Million Two Hundred and Ninety-four Thousand Four Hundred Twenty-eight United States Dollars and Ninety-eight cents (US\$48,294,428.98). See Valuation Letter attached hereto as Exhibit D.
18. Based on the Valuation, and given the additional passage of time, the aggregate value of the Bonds is approximately Two Billion Three Hundred Ninety-two Million One Hundred Ninety-four Thousand Eight Hundred Seventy-three United States Dollars (US\$2,392,194,873.00).
19. Upon their purchase of the Bonds, Plaintiffs immediately began sending demands to Defendant for payment.
20. Defendant has refused Plaintiffs' demands.

**AS AND FOR A FIRST CAUSE OF ACTION**

21. Plaintiffs repeat and reallege each and every allegation contained in Paragraphs 1 through 20 as if set forth herein at length.
22. In accordance with the terms of the Bonds, Defendant is liable to Plaintiffs for the full value of the Bonds.

**AS AND FOR A SECOND CAUSE OF ACTION**

23. Plaintiffs repeat and reallege each and every allegation contained in Paragraphs 1 through 22 as if set forth herein at length.
24. By refusing to make payment on Plaintiffs' Bonds, Defendant has, in violation of international law and in connection with commercial activity carried on in the United States, taken Plaintiffs' rights to property (the Bonds), which property is in the United States, and Defendant is therefore liable to Plaintiffs for the full value of the Bonds.

**AS AND FOR A THIRD CAUSE OF ACTION**

25. Plaintiffs repeat and reallege each and every allegation contained in Paragraphs 1 through 24 as if set forth herein at length.
26. Defendant is holding the Salt Revenue in constructive trust for Plaintiff.
27. By refusing to pay Plaintiffs what they are owed on the Bonds, Defendant has violated the terms of that trust.

**WHEREFORE**, Plaintiffs demand judgment:

1. On the First Cause of Action: against Defendant awarding Plaintiffs the sum of Two Billion Three Hundred Ninety-two Million One Hundred Ninety-four Thousand Eight Hundred Seventy-three United States Dollars (US\$2,392,194,873.00) and the issuance of an injunction prohibiting Defendant from paying any of its other creditors unless Plaintiffs are paid pro rata along with such other creditors what they are owed on the Bonds.
2. On the Second Cause of Action: against Defendant awarding Plaintiffs the sum of Two Billion Three Hundred Ninety-two Million One Hundred Ninety-four Thousand Eight Hundred Seventy-three United States Dollars (US\$2,392,194,873.00) and the issuance of an injunction prohibiting Defendant from paying any of its other creditors unless Plaintiffs are paid pro rata along with such other creditors what they are owed on the Bonds.
3. On the Third Cause of Action: against Defendant awarding Plaintiffs the sum of Two Billion Three Hundred Ninety-two Million One Hundred Ninety-four Thousand Eight Hundred Seventy-three United States Dollars (US\$2,392,194,873.00) and the issuance of an injunction prohibiting Defendant from paying any of its other creditors unless Plaintiffs are paid pro rata along with such other creditors what they are owed on the Bonds, and ordering Defendant to give an accounting of the Salt Revenue.
4. For such other and further relief as to this Court may seem just and proper, including the costs and disbursements of this action.

Dated: Hastings-on-Hudson, New York  
November 16, 2006

Moss and Associates, P.C.  
Attorneys for the Plaintiffs  
93 Cochrane Avenue, Suite One West  
Hastings-on-Hudson, New York 10706  
914-478-7100

By: \_\_\_\_\_  
Ron Moss, Esq. RM9591

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

<b>GLORIA BOLANOS PONS AND AITOR RODRIGUEZ SORIA.,  Plaintiffs,  -against-  THE PEOPLE'S REPUBLIC OF CHINA,  Defendant.</b>	<b>Index No.   VERIFICATION</b>
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**PLAINTIFF'S VERIFICATION**

The undersigned, being duly sworn, deposes and says that I am one of the Plaintiffs herein, and have read the foregoing pleading filed on my behalf, and the facts stated therein are true.

November 16, 2006

\_\_\_\_\_  
Gloria Bolanos Pons

Subscribed and sworn to before me, this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

\_\_\_\_\_  
Notary Public



**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

<b>GLORIA BOLANOS PONS AND AITOR RODRIGUEZ SORIA.,</b>  <b>Plaintiffs,</b>  <b>-against-</b>  <b>THE PEOPLE'S REPUBLIC OF CHINA,</b>  <b>Defendant.</b>	<b>Index No.</b>  <b>VERIFICATION</b>
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**PLAINTIFF'S VERIFICATION**

The undersigned, being duly sworn, deposes and says that I am one of the Plaintiffs herein, and have read the foregoing pleading filed on my behalf, and the facts stated therein are true.

November 16, 2006

Aitor Rodriguez Soria

By: \_\_\_\_\_  
Gloria Bolanos Pons, authorized representative

Subscribed and sworn to before me, this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

\_\_\_\_\_  
Notary Public