



November 22, 2010

Mr. Diego Devos, General Counsel
Mr. Liam Flynn, Deputy General Counsel
Bank of International Settlements
Centralbahnplatz 2
Basel
Switzerland
CH-4002 Basel

“Sent by email and mail”

Gentlemen:

We received your letter, dated November 12, 2010, which effectively declares that the Bank for International Settlements (“BIS”) has no intention of investigating the claim of Tropos Capital Corporation of America, Inc. (“Tropos”) that the United States Federal Reserve failed to credit USD\$700 billion, which was transferred to Tropos under a valid ACATS from the Bank of Taiwan. We have attached a copy of your letter to this correspondence, so that others reading this letter may understand the context in which we write to you.

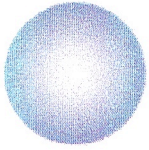
We find the representations in your letter completely incredulous: tantamount to admitting that the BIS is simply a “Paper Tiger” having no relevancy with regard to investigating or enforcing international settlements in which Banks and Central Banks act as a “Transfer Trustee.” Further, it is clear that given your present board members and certain executive members, the BIS is conflicted. It appears that you are representing the “inside” directors and shareholder interests rather than safeguarding ALL central bank clearing, payment and settlement systems and maintaining public confidence in the banking system.

Our earlier correspondence informed you of the facts that the Federal Reserve, either knowingly through its senior officials or through rogue actions of some of its members, has failed to clear, pay, and settle the delivery of the \$700 billion which was transferred from the Bank of Taiwan to Tropos under a valid ACATS. Does not a transfer of funds by way of a valid ACATS, where the money was not duly credited to the transferee’s account, amount to a theft of those funds?

Given this simple fact, we ask you: how is it that any personal or corporate or government money is safe from potential theft by the Federal Reserve or by any other Central Bank who chooses to act in a similar fashion even when money is being transferred pursuant to a valid ACATS or some other “supposedly secure” international transfer method? If Fedwire and SWIFT transfers are misappropriated are you saying the BIS has no power to bring a truculent member to heel? If the

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Federal Reserve can divert this money from the Bank of Taiwan and Tropos under an ACATS, then it can steal any money from any person or company or government at any time, by any means, and do so with impunity. Do you expect the world to think this is a one time, isolated event?

If you truly have no authority to compel a member party to complete an international transfer and settlement then why do you claim to be a “Bank for International Settlements?” If as you say, “the BIS is not” the final regulator of “the Bank’s members – the Bank has no such power and no such role is envisaged for it under its various constituent acts” then you really are nothing more than a mere consultant.

Not to belabor the point, but you argue that the BIS has no knowledge or involvement in the ACATS transfer matter. As part of the supporting documentation, we provided you with a copy of the ACATS transfer document, which is *prima facie* evidence of such a transfer. We did not ask you to “take coercive action,” but to investigate to see if what we said about the activity of the Federal Reserve was true, and to abide by your own rules, of which the Federal Reserve is a signatory. If our allegations are true then the BIS must have some fiduciary duty to see that member banks comply with international covenants on a money transfer initiated under **your** banking systems and *must complete the transfer*. To whom else would one go with an issue of this magnitude? Contrary to our reasonable requests, you have taken the position that the BIS has “no supervisory role whatsoever to play in reviewing or assessing this matter.”

We acknowledge your position, to wit:

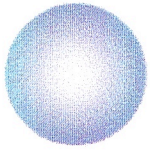
“Article 3 of the Statutes of the BIS focuses on the promotion of co-operative activities, in particular in the field of monetary and financial stability, and the extension of financial services to central banks or as part of international settlement arrangements. Neither Article 3, nor any other provision of BIS statutes, contemplates any power of compulsion or sanction on the part of the BIS against central bank members.”

But, when you write that “it is indeed for national banks to supervise or oversee payment and settlement systems, as well as their compliance with international standards, and not for the BIS to sanction national banks for any alleged failure in this regard...” you are denying the very essence of the BIS’s responsibility to uphold equally between members the standards to which member banks have already agreed, and to investigate the non-compliant or illegal acts of these members, including the United States Federal Reserve, when transfers are *international*.

One questions the purpose of your existence as an authority over banking when by your own admission you claim no authority vests in you. Would not your guidelines on Basel capital requirements become mere expressions of wishful thinking with the illusion of a norm as opposed to a real requirement? A fiction so to speak? Many developing nations will be shocked, or perhaps relieved, by your admission that you have no enforcement authority.

Tropos and its legal advisors will continue to pursue its legal rights to recover the \$700 billion taken unlawfully by the United States Federal Reserve after its transfer by a valid ACATS, as well as to recover the yield thereon, accrued and accumulated from the date of transfer. In the pursuit of its interests, Tropos may disseminate to the public the facts in this matter, as well as report on the BIS’s refusal to enforce its own standards of banking practices by not compelling the Federal Reserve to complete a transfer that it has every obligation to fulfill. This shameful activity and your refusal to assist Tropos and the Bank of Taiwan make the BIS complicit in the deed.





Your failure to act, to inform and invoke the relevant policing authority is an appalling abdication of your institution's 'reason for being'. Why have you not contacted Interpol or the Swiss authorities about this apparent international financial crime, which includes mail and wire fraud? It would seem that the assurance of the fidelity and credibility of the international financial system would be the primary interest of the BIS, but this is apparently not true. Your letter and stark admissions of impotence have elevated international financial risk for all parties immensely and exacerbated the existing crises in global banking stability.

You should know that everyone to whom we have shown your letter has been absolutely dumbfounded by its admissions. You have done more to destroy BIS credibility in that one letter than you can possibly imagine. Should the BIS board wish to reverse your position and rise to the occasion of a truly international authority over banking settlements and rectify this wrongdoing committed upon Tropos and the Bank of Taiwan, you would no doubt regain the respect and esteem you had enjoyed before.

Sincerely,

Robert G. Hryniak
 President
 416.820.9325

Sincerely,

Dwayne Heppner, MBA JD
 Counsel
 Ohio State Bar Attorney Reg. 0064313
 416.821.9090





By mail and by email

Mr Robert Hryniak
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Canada

12 November 2010

**Tropos Capital Corporation of America, Inc. ("Tropos") - Letters dated
2 November 2010 and 31 October 2010**

Dear Sir,

Two recent letters on behalf of Tropos have been received at the Bank for International Settlements (the "BIS" or the "Bank"). The first, dated 2 November 2010 (the "Hryniak Letter") is addressed to Mr Caruana, the General Manager of the BIS and the second, dated 31 October 2010 (the "Heppner Letter") is addressed to Mr Flynn, the Deputy General Counsel of the BIS. This letter is the BIS response to both letters.

The Hryniak Letter and the Heppner Letter both allege that the United States Federal Reserve failed to credit substantial sums to Tropos' account pursuant to an automated transfer. Both letters call on the BIS to take steps to sanction the Federal Reserve for this alleged failure. To support this call, the letters refer in particular to two reports published by the Committee on Payment and Settlement Systems (CPSS).

This letter responds only to Tropos' calls for the BIS to take coercive action against or to impose sanctions upon the Federal Reserve. We express no view as to the factual allegations made on behalf of Tropos. We remind you indeed that, as indicated in our e-mail of 2 September 2010 addressed to Mr Heppner, we have no knowledge of, or involvement in, this matter.

Contrary to the allegations made in the Hryniak Letter and the Heppner Letter, the BIS has no "supervisory" role whatsoever to play in reviewing or assessing this matter.

Article 3 of the Statutes of the BIS provides that the Bank's objects are:

to promote the co-operation of central banks and to provide additional facilities for international financial operations; and to act as trustee or agent in regard to international financial settlements entrusted to it under agreements with the parties concerned.

Article 3 focuses on the promotion of co-operative activities, in particular in the field of monetary and financial stability, and the extension of financial services to central banks or as part of international settlement arrangements. Neither Article 3, nor any other provision of BIS Statutes, contemplates any powers of compulsion

or sanction on the part of the BIS against central bank members. Thus, the BIS is not, as the third paragraph of the Hryniak Letter wrongly claims, "the final regulator of" the Bank's members – the Bank has no such power and no such role is envisaged for it under its various constituent acts.

Tropos' reference to the CPSS reports is misconceived. It is indeed for national central banks to supervise or oversee payment and settlement systems, as well as their compliance with international standards, and not for the BIS to sanction national central banks for any alleged failures in this regard, consistently with the objects and functions of the BIS under its Charter and Statutes referred to above.

Again, for the avoidance of doubt, we do not comment on, nor confirm any of, the various allegations made in the Hryniak Letter and the Heppner Letter in relation to the Federal Reserve, including but not limited to the allegations made regarding settlement failures or regarding the institutional involvement by the Federal Reserve in BIS activities.

Finally, the Hryniak Letter claims that the BIS has "the tools and authority to settle on behalf of a member" under Article 21 of the BIS Statutes. We understand this to be a reference to the provision of Article 21 that states that the BIS may act "as agent or correspondent of a central bank". Again, contrary to the assertions made in the Hryniak Letter and as previously explained to Mr Hryniak by Mr Flynn by telephone, this provision does not give the BIS the legal authority to take any action on behalf of a member central bank.

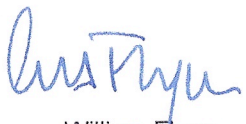
The BIS therefore has no legal power to take any form of coercive action of the nature requested or to intervene in any manner suggested by Tropos, even it were to be assumed that the facts alleged by Tropos could be demonstrated.

There are no justifications for contacting the BIS in this matter. As a result, the BIS will not engage in further correspondence, either written or oral, with Tropos or with its representatives in this matter.

Yours sincerely,

BANK FOR INTERNATIONAL SETTLEMENTS


Diego Devos
General Counsel


William Flynn
Deputy General Counsel