



2023 CPR International Mediation Competition

The Wolf of Meta Street¹ **Clarification Questions**

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THE PROBLEM

1. In page 6, paragraph 4, it is mentioned that *“In the midst of the discussion, updates at WeSell platform in Q2 2022 through Q4 2022 reflected decreased sales within the platform (...)”*. Were the updates made by BeGlam on WeSell the sole reason for the revenue decrease in 2022?

No clarification needed.

2. In page 6, paragraph 6, it is mentioned that BeGlam received *“several complaints from users that their data was being collected inappropriately by AliSell-a”*. By which means did the users realize that their data was being collected?

No clarification needed.

3. How financially significant is the resulting profit from the Shipping Fee allocated to AliSell-a? And the Ads Fee destined to BeGlam?

They are relevant, but this is not an issue for the partnership.

4. How long has the payment from AliSell-a to BeGlam been made later than agreed? Has BeGlam formally complained or expressed any kind of disagreement about this situation to AliSell-a? Is there any pending invoice?

BeGlam formally complained, sending a Notification. There are no pending invoices.

5. Since one of the accusations against AliSell-a is based on the “late payment” complaint, how does the profit from the Partnership be collected and shared? That is, does AliSell-a collect all of the profits and then transfers the BeGlam slice (7% of the referral fee, and advertisement revenue)?

Only the referral fee. The advertisement revenue goes directly to BeGlam.

6. Can WeSell be considered an individual company, apart from BeGlam and AliSell-a? Or is it a constituent in the companies shared capital?

No clarification needed.

7. What is the foundation of the allegations about the code used by AliSell-a being generic? Does the code fulfill the complexity and originality criteria for it to be considered proof against these allegations?

No clarification needed.

8. Is the Board of Directors influential in the negotiator's decision-making?

No clarification needed.

9. How would the social media platform help in the development of emerging countries?

No clarification needed.

10. Is the ad fee and the shipping fee revenue included in the numbers reflected in columns 3 and 4 (revenue (from referral fee) and revenue for each) of the charts on page 5 and 6?

No.

11. How does Beglam know that AliSell-a is siphoning user data, how do the customers complain of such a thing?

No clarification needed.

12. Who is running We-Sell, who makes up the board?

No clarification needed.

13. What are the profits from shipping fees for AliSell-a and advertising for BeGlam?

No clarification needed.

14. What is the total revenue generated by both companies?

No clarification needed.

15. Did the influencers already use BeGlam to recommend products that would be sold on other platforms before WeSell was created or they started using the platform because of AliSell-a and the creation of WeSell? We would like to understand if the influencers are using BeGlam just because of AliSell-a or if they were already using this social media.

Influencers were already using BeGlam.

16. Did AliSell-a's mid-sized brands ever have their own websites? Are they starting off on e-commerce? We would like to understand if WeSell is the only online platform that those mid-sized brands use to sell their products.

Some brands have their own websites.

17. Was the friendship relation between K. Karmash and J. Ma existent before the dinner in which WeSell was idealized? We would like to understand if this commercial relationship started just because of this previous relationship between K. Karmash and J. Ma.

Yes.

18. Has AliSell-a ever had any previous market opportunity with add-on channels through social media specifically? We would like to understand if AliSell-a could possibly find another social media company to add a new sales platform.

Not before 2021.

19. What are the current amounts being received quartely by AliSell-a and BeGlam, from the shipping fee and the advertisement revenue, respectively?

No clarification needed.

20. Does the payment due by AliSell-a that is being made one week late to BeGlam, refer only to the intermediary fee and, by consequence, the advertisement revenue goes directly to BeGlam? Or is the advertisement revenue made by AliSell-a to BeGlam?

Only the intermediary fee. The advertisement goes directly to BeGlam.

21. What were the main points of discussion in the first negotiation?

Confidential information will be provided.

22. What are the procedural bureaucracies that were used as justification for the delay in payment?

No clarification needed.

23. What is the financial situation of the companies?

No clarification needed.

24. What is the purpose and relevance of the updates that BeGlam has initiated and continues to carry out on its platform?

No clarification needed.

25. How important are the profits from advertising Wesell's products in BeGlam's total revenue?

No clarification needed.

CONTRACT (APPENDIX 1)

26. In page 3, paragraph 6, it is mentioned that *“In 2020 the company [BeGlam] partnered up with AliSell-a to develop a sales channel add-on through the platform (...)”*. Further, the e-mails dated July 6, 2020, September 12, 2020, and September 25, 2020 (Appendix 2, pages 16-18) indicate that the negotiation and execution of the Business Partnership Agreement happened during the year of 2020. However, Appendix I indicates that the Business Partnership Agreement was signed on October 20th, 2018 (page 15). Due to the date discrepancy, we kindly request the Organizing Committee to confirm the exact date of execution of the Business Partnership Agreement

The actual date of the contract is October, 20th, 2020.

27. Has BeGlam appointed any partner as Managing Partner (Clause 7.1, “Business Partnership Agreement”)? If so, under what interests of the Partnership (aka, “WeSell”)?

No.

28. Who did BeGlam appoint as the Managing Partner?

Nobody.

29. In case of dissolution of the Partnership, how does the intellectual property formed for the Partnership and as its result shall be divided between the Parties?

No clarification needed.

30. The negotiators (K. Karmash and J. Ma) have full autonomy to make agreements in the mediation session considering articles 7.1, 7.2, and 7.3 of the partnership contract?

Yes.

31. Under the law applicable for this contract, how is the CISG properly governing the contract between the two parties if there is no actual sale of goods between them?

No clarification needed.

32. How much capital did each business put into We-Sell?

Minimal amount of capital.

33. How much has each partner contributed to their capital account?

50%.

34. According to clause 4.2 of the contract appendix 1, it is provided that by mutual agreement the parties could change the percentage of the sale price. Does this suggested change to the clause require prior notice? Also, is there a minimum time frame from the start of the contract for requesting this change? We would like to understand if BeGlam/AliSell-a need prior communication to change the percentage or if there is a minimum time of contract before any change.

No clarification needed.

35. Considering that Section 4.1. of the Business Partnership Agreement establishes that “the percentage interest of each Partner will be determined by dividing the balance of such Partner’s capital account by the total of all of the capital accounts of all Partners”, what are the current balances of each Partner’s capital account and, consequently, the ownership percentages of each Partner?

50% each.

36. Is it reasonable to assume that the terms and conditions of Article 6 and 10 are similar to the usual terms and conditions of contracts of the nature of the Business Partnership Agreement? Specifically related to Article 6, since the start of the relationship, how much, if any, Distributable Cash has been distributed to each Partner?

No clarification needed.

37. What are the factual practices adopted by AliSell-a regarding the treatment of personal data of WeSell users? Are there any specific activities that triggered users to claim their data was being inappropriately used?

No clarification needed.

E-MAILS (APPENDIX 2)

38. The three subsequent e-mails dated April 1, 2021 (Appendix 2, pages 19-20) have conflicting times: the first was sent at 1:57pm; the second was sent at 11:10 am; the third was sent at 1:57pm. Therefore, we kindly request the Organizing Committee to confirm the exact date and time of such e-mails.

The first e-mail from April 1, 2021 should read as Monday, April 1, 2021 1:57 AM.

39. The e-mails dated May 25, 2021, and May 30, 2021 (Appendix 2, pages 20-21) make reference to the parties' discussions regarding the profit split proportion. It seems that the subsequent e-mail is directly linked to the same conversation, however, it is dated May 15, 2022 (page 21), nearly a whole year later than the previous communication. Therefore, we kindly request the Organizing Committee to confirm whether there was indeed a year-long gap between such e-mails.

No clarification needed.

40. Are there typos in the dates/times of the emails?

Yes.

41. During the document, the Intermediary Fee (cl. 4.2.) is referred to as "referral fee". However, one of the e-mails mentions (pg 18) another referral fee that is different from the aforementioned one (from our understanding). We would like to clear out that the referral fee from pg 18 is different from the referral fee mentioned along the document.

It did not go ahead.