



## **2023 CPR International Mediation Competition Problem**

### **The Wolf of Meta Street<sup>1</sup>**

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## 2023 CPR International Mediation Competition Problem

### The Wolf of Meta Street<sup>2</sup>

#### 1. BEGLAM INC. (“BeGlam”)

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**BEGLAM INC.** is a privately held company from Kingaslanding. The company, founded in 2012, is a large tech company with a fast-growth strategy and a close-to-an-amusement-park headquarters. It has been working great so far: the company has reached the status of a decacorn – its market value surpassed the D\$<sup>3</sup> 10 billion mark.

The company's core business is social media: BeGlam focuses on providing a platform, also called BeGlam, for users to share photos, videos, and recommendations (restaurants, bars, hotels).

BeGlam’s CEO, K. Karmash, is a natural-born leader and a bright young mind in the field of social media. Since K. Karmash became CEO, the company has prolifically boosted its operations, expanding the platform to emerging countries. This geographic expansion of BeGlam’s operations happened just in time, as social media has become a fever in all countries, and everyone has joined the social media movement.

Besides the profitable opportunities such markets can offer, K. Karmash believes social media companies can and should play an essential role assisting regional development in emerging countries. Karmash believes they allow modernization of emerging economies by promoting technological development through local partnerships.

For instance, the BeGlam platform holds an annual event to promote donations from users to NGOs. In 2019, D\$ 220 million was raised to aid youngsters with food, water, education, and apprentice jobs in technology. From 2020 onwards, the focus was on assisting public hospitals during the COVID pandemic.

In 2020 the company partnered up with AliSell-a to develop a sales channel add-on through the platform, with the purpose of engaging mostly mid-sized brands in the sale of their products by influencers on e-commerce, aiming to increase the BeGlam platform’s portfolio.

This sales channel add-on, which operates “inside” BeGlam, was named WeSell. WeSell was brainstormed at a friendly dinner between K. Karmash and J. Ma, AliSell-a’s CEO. Later, this idea was formalized by a contract (**APPENDIX 1 - BUSINESS PARTNERSHIP AGREEMENT**), in which BeGlam was responsible for providing the code of

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<sup>3</sup> Dragon Dollars, a common currency of Kingaslanding and Summerfell.

the platform and user data authorized by the users (Kingsland is one of the most rigorous cybersecurity countries), and AliSell-a was responsible for creating the add-on and plugging it into the platform.

## 2. ALISELL-A CO. (“AliSell-a”)

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**ALISELL-A CO.** is a company from Summerfell focused on bridging sellers and buyers. AliSell-a is run by its CEO, J. Ma, an experienced businessperson, and tireless worker who is very well known in the market for toughness, stability, and determination. AliSell-a’s core business is the design of sales channels within the internet, providing focused (or “targeted”) ads, payment platforms, and delivery options for customers.

AliSell-a was founded in 1999, but its most substantial expansion happened in 2014 when AliSell-a had its IPO. The key idea that made AliSell-a catapult in revenue was to provide channels for a company to sell their products, a B2C (business-to-consumer) transaction without the need to have AliSell-a’s own products. AliSell-a’s flagship business plan consists, in its essence, in being an intermediary to companies and customers: AliSell-a helps the companies ship and receive payment for their products, and also gives customers the support needed if their purchases are faulty.

Using this model, AliSell-a was able to keep expanding its revenue exponentially, considering its business does not require any physical expenses. By remaining a true intermediary, AliSell-a does not have to worry about product stock, unions, or inflation. As this business model grew, AliSell-a saw its profits skyrocket, making its shareholders very happy.

Looking for new opportunities to ascend even higher, the company started to work with social media influencers in 2020. One night, at a brainstorming session, J. Ma, AliSell-a’s CEO had a grand idea: partner up with BeGlam to sell products through the BeGlam platform, enabling these influencers to have a platform in their biggest stage: social media.

AliSell-a had the expertise to bridge sellers and buyers through a platform, and had on its side Amidda, one of the most influential singers in Summerfell.

In a fast negotiation between the two excited parties, which lasted only 2 months, AliSell-a had partnered with BeGlam, creating WeSell, a sales channel add-on that was available to all BeGlam users. This, on paper, was a stroke of genius of J. Ma: It expanded AliSell-a organically to all the users of the BeGlam app, only having to give up a small percentage of its sales that occurred on the WeSell app.

The strategy was simple. AliSell-a would continue serving as an intermediary to WeSell customers, handling shipping and payment. WeSell would charge the seller a referral fee of 14% of the sale price of each item sold. Additionally, there would be a shipping tax to ensure profitability. As an “add-on,” sellers could pay to promote their products through ads on the WeSell platform. The referral fee would be split evenly between BeGlam and AliSell-a, the shipping fee would go only to AliSell-a, and any advertising revenue would be paid solely to BeGlam.

Additionally, AliSell-a signed up for the responsibility to act as an intermediary to aid users in paying for the items to sellers and aid sellers in shipping the items to the users. The digital platform was attractive to sellers and buyers in the digital market and in a very short time became a reference in e-commerce.

### 3. THE DISPUTE

The pilot for WeSell started in Summerfell, a developing country with a vast population that follows BeGlam enthusiastically. As predicted by J. Ma and K. Karmasha, WeSell was a hit. Influencers all over Summerfell started to sell their products (and sponsored products from other brands) on BeGlam.

The partnership was fruitful, and both parties felt that WeSell would be the game changer in online commerce. During 2021, WeSell was already one of the largest online sales platforms through social media in Summerfell, enjoying BeGlam’s size of about 700 thousand commercial profiles and 60 million active users per month.

Sales within BeGlam using WeSell were skyrocketing in Summerfell. K. Karmasha and J. Ma celebrated their first year of partnership with a trip to Mawaii for all senior personnel. The buzz of the business trip only increased the sales platform publicity and reception in Summerfell. Thus, K. Karmasha and J. Ma decided to expand the platform globally.

As a result of the global expansion, sales increased even more. In Q1 of 2022, sales surpassed an astonishing 1.4 billion, which generated more than 100 million in revenue for each company, per the Sales and Revenues chart below (all in Dragon Dollars):

Quarter/Year	Sales	Revenue (from Referral Fee)	Revenue for Each	Change QoQ
Q1 2021	4,500,000.00	630,000.00	315,000.00	-
Q2 2021	29,800,000.00	4,172,000.00	2,086,000.00	562.22%
Q3 2021	123,900,000.00	17,346,000.00	8,673,000.00	315.77%
Q4 2021	485,300,000.00	67,942,000.00	33,971,000.00	291.69%
Q1 2022	1,435,090,000.00	200,912,600.00	100,456,300.00	195.71%

Despite all the growth of WeSell, the BeGlam board was dissatisfied with, in their board's definition, “wasted revenue” that was being passed on to AliSell-a. In their opinion, AliSell-a was receiving D\$ 100 million in revenue for adding a mere add-on to their already existing and highly profitable social media app.

At a minimum, there was a brewing feeling among BeGlam executives and leadership that AliSell-a was receiving a more significant share than they should with the WeSell partnership. This information was leaked to the public, with rumors that some unnamed BeGlam executives said “All AliSell-a executive did was go to Stack Overflow<sup>4</sup>, search for

<sup>4</sup> [Stack Overflow](#) is a question and answer website for professional and enthusiast programmers. It features questions and answers on a wide range of topics in computer programming.

*a simple copy and paste code and receive more than 100 million in revenue for it in this quarter alone!*". AliSell-a replied with a public statement refuting the claims, describing the know-how and effort of e-commerce at scale that was put in by their employees to the WeSell partnership. BeGlam executives, despite the rumors, declined to comment on the declaration publicly. Adding to the increasing friction between the parties, K. Karmasha was instructed by the BeGlam board of directors to look for a more *"cost-effective alternative"*. Thus, K. Karmasha was forced to find an alternative solution for a sales platform that might replace AliSell-a.

AliSell-a executives, in the aftermath of the news leak, concluded that BeGlam was planning to renegotiate the WeSell partnership to lower AliSell-a's stake in the revenue. Also, there were rumors about a new BeGlam platform, cast in the same mold as WeSell. AliSell-a was not going to sit and wait for BeGlam to strengthen their negotiating position; to gain leverage, AliSell-a decided to collect the WeSell users' data with the possibility of creating a new partnership with a BeGlam competitor.

The challenge for AliSell-a is that this strategy—while clever—might not be legal. It appears that by improperly collecting the users' data without the prior authorization of all parties involved in the development of WeSell, as well as generating a new update of the platform, in which users can agree to such data collection, a breach of contract arguably has occurred.

Complicating matters, all payments from AliSell-a to BeGlam are consistently made at least one week late. On such occasions, AliSell-a's personnel always referred to "procedural bureaucracies" that would delay the payment process. There was an increasing concern on BeGlam's part about AliSell-a's liquidity – or simply uncommitted to the partnership – health, which caused the partnership to further stray apart.

In the midst of the discussion, updates at WeSell platform in Q2 2022 through Q4 2022 reflected decreased sales within the platform (all in Dragon Dollars):

Quarter/Year	Sales	Revenue (From Referral Fee)	Revenue for Each	Change QoQ
Q2 2022	1,105,045,000.00	154,706,300.00	77,353,150.00	-23.00%
Q3 2022	1,000,045,000.00	140,006,300.00	70,003,150.00	-9.50%
Q4 2022	700,450,000.00	98,063,000.00	49,031,500.00	-29.96%

BeGlam says the competition has grown, while AliSell-a claims that application updates (which happened in May and October of 2022) on the BeGlam platform making it less user friendly and minimizing the prominence of WeSell are directly affecting sales on WeSell. Despite the initial history of good communications between the companies, BeGlam and AliSell-a have reached a point where emails and phone calls are not sufficient to solve the growing animosity between the parties (**APPENDIX 2 - E-MAILS BETWEEN K. KARMASH AND J. MA**).

After BeGlam received several complaints from users that their data was being collected inappropriately by AliSell-a, BeGlam, without any previous communication, sent a cease and desist notification to AliSell-a requesting that it stop misappropriating the data it collected from the WeSell add-on.

AliSell-a sent a counternotification, warning BeGlam that it was deliberately impairing the WeSell sales by its ill-intended updates on the BeGlam platform.

Concurrently, there was another corporate news leak (that, at this point, was receiving a lot of media attention), regarding former WeSell employees being invited by AliSell-a to be a part of a new sales application. Upon hearing this information, BeGlam responded to the news by publicly announcing that this would be a major breach of the contract, considering the requirement of unanimous consent foreseen in Clause 7.2 of the Business Partnership Agreement. AliSell-a, on the other hand, did not confirm or deny the allegations, simply stating that *“All exceptional employees are welcome at AliSell-a, as we view coding as a serious job”*.

A meeting was held at WeSell HQ and a disastrous presentation was made for both companies with the prediction of a challenging 2023 (**APPENDIX 3 - WESELL SALES AND 2023 FORECAST**). Relations between BeGlam and AliSell-a leadership were at a boiling point, and both companies decided that the negotiations were over. Privately, both knew that the partnership, in the way that it currently exists, would not last.

In addition, both K. Karmash and J. Ma were being pressured to solve this dispute by their Boards, considering that they were the ones that envisioned the WeSell partnership. There were allegations on both sides that their friendship blinded them to the serious lack of synergy and corporate culture between AliSell-a and BeGlam to undertake such a significant partnership.

K. Karmash, J. Ma, and their attorneys have spoken several times via videoconference to try to find a solution. As no settlement could be reached directly by the parties, AliSell-a was advised by its counsel to request mediation according to the MED-ARB clause (clause 12) of the contract, which provides the following:

**“12.7 Dispute Resolution.** Any conflict arising out of or relating to this Agreement shall first be resolved by negotiation between the Parties and if they fail or do not reach a solution within fifteen (15) days, then:

12.8 The Parties shall endeavor to settle the dispute by mediation under the CPR International Mediation Procedure currently in effect. The Parties agree that they will select a Mediator from the CPR Panels of Distinguished Neutrals.

12.9 Any dispute arising out of or relating to this Agreement, including the breach, termination or validity thereof, which has not been resolved by mediation as provided herein within 45 days after initiation of the mediation procedure, shall be finally resolved by arbitration in accordance with the International Institute for Conflict Prevention and Resolution (“CPR”) Rules for Administered Arbitration of International Disputes currently in effect; provided, however, that if one party fails to participate in either the negotiation or mediation as agreed herein, the other party can commence arbitration prior to the expiration of the time periods set forth above. Judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof.

12.10 The seat of the Mediation and/or the Arbitration shall be São Paulo, Brazil, and the language of the mediation and/or arbitration shall be English.”

Thus, AliSell-a requested the commencement of a mediation to be conducted in English under the CPR International Mediation Procedure, in São Paulo, Brazil. As BeGlam was still interested in an amicable solution, the invitation for the First Session was accepted. The mediation conference is scheduled to take place on March 30 to April 1, 2023.



The parties selected T. Swift as their mediator from the CPR Panel of Distinguished Neutrals. T. Swift is well known, has an excellent reputation, and possesses superb mediation skills, as evidenced by the recent resolution of a multi-party, cross-border international business dispute.

At the mediation conferences, AliSell-a will be represented by J. Ma, as the CEO of AliSell-a, and its attorney, Dr. K. South, and BeGlam will be represented by K. Karmash, as the CEO of BeGlam, and its General Counsel, Dr. M. Kenberg.

The Parties have agreed not to commence any judicial or arbitral proceedings during the mediation, as well as to suspend any pending lawsuits relating to matters being mediated, except for emergency measures.

#### **4. WRITTEN STATEMENT INSTRUCTIONS**

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Pursuant to Section 5 of the CPR International Mediation Procedure, the parties are invited to submit a Written Statement to the Mediator in preparation for the mediation: “At least 10 business days before the first joint mediation meeting, unless otherwise agreed, each party will submit to the mediator a written statement summarizing the background and present status of the dispute, including any settlement efforts that have occurred, and such other material and information as the mediator requests or the party deems helpful to familiarize the mediator with the dispute. It is desirable for the submission to include an analysis of the party's real interests and needs and of its litigation risks.”

For purposes of writing the Written Statement, you represent AliSell-a and, therefore, need to send via email your written statement in Word format to Knar Nahikian at [knahikian@cpradr.org](mailto:knahikian@cpradr.org) **no later than 11:59 pm ET on February 28, 2023**. Written statements should not contain any reference to Team Members and should not exceed 3,000 words.



## **BUSINESS PARTNERSHIP AGREEMENT**

This PARTNERSHIP AGREEMENT (hereinafter referred to as “Agreement”) made and entered into the 20th day of October, 2018, Made between **AliSell-a**, and **BeGlam**.

Individually the “Partner” and collectively the “Partners” or “Parties”.

### **RECITALS**

**WHEREAS** BeGlam is a tech company of social media focused on technological development through partnerships.

**WHEREAS**, AliSell-a is a designer of a sales platform within the internet, providing focused ads, payment methods and delivery options for customers as an intermediary to companies and customers.

**WHEREAS**, the Parties intend to develop a sales channel add-on through the platform.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the parties hereto agree as follows:

### **DEFINITIONS**

**Additional Capital Contribution** shall have that amount of money or other property, if any, that the Partners may contribute to the Partnership for additional capital, if any, to be used for operating capital.

**Transferee** shall mean a Person who acquired all or a portion of an interest in the Partnership by assignment or Transfer as of the date the assignment of Transfer of such interest becomes effective.

**Capital Contribution** means the total contribution to the capital of the Partnership which a Partner is legally bound and obligates to make, which amount is designated as Capital Contribution for such Partner pursuant to Article III of this Agreement.

**Contribution Agreement** means, with respect to each of the Partners, the agreement respecting the original Capital Contribution to be made by, or on behalf of, each such Partner pursuant to section 3.2 hereof, as described more fully in section 4.3 hereof.

**Dragon Dollars** means the national currency from Kingasland and Summerfell.

**Data Protection Laws** means all applicable worldwide legislation or regulations relating to data protection and privacy under this Agreement, including without limitation European Data Protection Laws, the CCPA and the data protection and privacy laws of Australia and Singapore; in each case as amended, repealed, consolidated or replaced



from time to time. “Europe” means the European Union, the European Economic Area and/or their member states, Switzerland and the United Kingdom.

**Distributable Cash** shall mean, at the time of determination for any period (on cash receipts and disbursements method of accounting), all Partnership cash derived from the conduct of Partnership’s business, including distributions from entities owned by the Partnership property.

**Majority-in-interest** shall mean as to all of or a specified group of Partners, Partners more than 50 (fifty) percent of the current interest in the profits of the Partnership owned by all of the Partners.

**Partnership Property** shall mean that property, real, personal, or mixed, tangible or intangible, or an interest in that property, which is contributed to or acquired by the Partnership.

**Profits or Losses** means, for each fiscal year or other period, profits and losses as determined by generally accepted accounting principles.

## FORMATION

### ARTICLE 1. FORMATION, NAME, PRINCIPAL OFFICE, TERM, RECORDS

1.1 **Formation of Partnership.** The Parties hereby form, pursuant to the Washington Business Organizations Code (hereinafter, as from to time amended, referred to as the “Code”), a General Partnership. The rights duties, status and liabilities of the Partners shall, except as hereinafter expressly started to the contrary be as provided for in the Code.

1.2 **Partnership Name.** The business of the Partnership shall be conducted under the name WeSell.

1.3 **Principal Office.** The principal place of business of the Partnership shall be at Kingasland, but substitute or additional places of business may be established at such other locations as may, be determined by the Partners.

1.4 **Term of Partnership.** The Partnership shall become effective upon the execution of this Agreement and shall remain effective until the Partnership is dissolved.

1.5 **Records.** The Partnership shall keep complete and accurate records of Partnership transactions. All records of the Partnership will be maintained at the principal office. Any Partner shall have the right at any time to inspect and copy the records of the Partnership.

### ARTICLE 2. PURPOSE

2.1 **Purposes of the Partnership.** This Partnership intends to develop a sales channel add-on through the platform, with the purpose of engaging mostly mid-sized brands in the sale of their products by influencers on e-commerce, aiming to increase its portfolio.

2.2 **Business Activities.** The Business Activities consist of the creation and execution of a sales channel add-on, operating “inside” the BeGlam app, and correlated activities, such as the payment and shipping of items sold.

2.3 **Powers.** The Partners may make, enter into, deliver and perform all contracts, agreements or undertakings, pay all costs and expenses and perform all acts deemed appropriate by the Partners to carry out the Partnership purposes, subject to the limitations of this Agreement.

### **ARTICLE 3. PARTIES’ RESPONSIBILITIES**

3.1 **BeGlam.** BeGlam is responsible for providing the code of the platform and user data authorized by the users.

3.2 **AliSell-a.** AliSell-a responsible for creating the add-on, and plugging into the platform, handling payment and shipping.

### **ARTICLE 4. CAPITAL CONTRIBUTIONS AND SHARES OF PROFITS AND LOSSES**

4.1 **Ownership Percentages.** 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. A Partner’s percentage interest will be determinative of: (i) a Partner’s ownership interest in the Partnership as an entity; (ii) a Partner’s interest in the distribution of Distributable Cash; (iii) a Partner’s allocable share of the items of Profits and Losses; and (iv) a Partner’s distributive share of cash and other property upon dissolution of the Partnership.

4.2 **Intermediary Fee.** AliSell-a will serve as an intermediary to WeSell customers, handling shipping and payment. WeSell will charge the seller a referral fee of each item sold of 14% of the sale price, which may be amended by mutual agreement of the Parties.

4.3 **Shipping Tax and Ads Fee.** There will be a shipping tax for products, which may include a reasonable profit margin, and sellers may pay to promote their products through ads on the WeSell platform at reasonable advertising prices. The Intermediary Fee must be shared 50% for each company, whereas the shipping fee would be allocated only to AliSell-a, and the ads fee would be destined solely to BeGlam.

4.2 **Contribution Agreements.** The Capital Contributions made by each of the Partners pursuant to section 3.2 hereof shall be subject to the terms and provisions of the Contribution Agreement of each Partner. The Partners, on behalf of the Partnership, shall enter into the Contribution Agreements, and any agreement referred to therein, without requirement of any further act, approval, or vote of any other Person, and such agreements shall be deemed to satisfy all requirements of this Agreement.

4.3 **Additional Capital Contributions.** The Partner shall not be permitted to make Additional Capital Contributions to the Partnership without the consent of all the Partners.

4.4 **Return of Capital.** No Partner shall have the right to withdraw, demand a return or reduce its Capital Contribution to the Partnership. In the event a return of or reduction in the capital account of a Partner is made, any amounts

paid to such Partner shall be reduced by all costs, fees and other expenses incurred by the Partnership in facilitating such return of or reduction in capital.

4.5 **Use of Contributions.** The cash and property contributed by the Partners, will be utilized by the Partnership for the purposes of the Partnership set forth in Article 2.

4.6 **Nature of Interests.** All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity. No Partner shall have any direct ownership of the Partnership property.

## **ARTICLE 5. ACCOUNTING**

5.1 **Profits and Losses.** Profits and Losses for any fiscal year shall be allocated among the Partners in proportion to their ownership interests in the Partnership, unless a different allocation is agreed to in writing by all of the Partners.

5.2 **Fiscal Year and Annual Accounting.** The Partnership fiscal year shall be the calendar year. The Partnership books shall be kept on the cash receipts and disbursements method of accounting or in accordance with generally accepted accounting principles, at the discretion of the Partners. The Partnership shall furnish to the Partners, on a quarterly basis, accounting reports reflecting Partnership income and expenses. In addition, the Partnership shall provide the Partners with the full annual Partnership tax return for the preceding year.

## **ARTICLE 6. DISTRIBUTIONS**

(...)

## **ARTICLE 7. POWERS, RIGHTS AND DUTIES OF PARTNERS**

7.1 **Management.** At the beginning of the business Partnership, BeGlam may appoint a Partner as Managing Partner. The Managing Partner shall serve until the designation is revoked, until such Managing Partner is removed by vote of 51% (fifty one percent) of the then outstanding ownership interest of the Partners, or until the Managing Partner ceases to serve for any other reason. The Managing Partner is authorized and directed to manage and control the assets and the business of the Partnership. The Managing Partner may exercise all of the powers which could be exercised by majority-in-interest of the Partners, subject to the limitations described in sections 6.2 and 6.3 of this Agreement.

7.2 **Requirement of Unanimous Consent.** The Partners shall not have the authority to enter into any of the following transactions without the unanimous consent of all the Partners:

- a. Terminate, liquidate and wind up the Partnership, except as otherwise provided in this Agreement;
- b. Admit additional or substitute Partners, except as otherwise provided in this Agreement;
- c. Do any act that would make it impossible to carry on the purposes of the Partnership and business of the Partnership;

- d. Hire any former employees of other Partners; and
- e. Engage in any business activity other than that which is consistent with the purposes of the Partnership.

**7.3 Restrictions on Partners.** The Partners will not have the authority to enter into any of the following transactions without the consent of 75% (seventy five percent) of the outstanding ownership interest of the Partners:

- a. Prior to the actual termination of the Partnership, sell substantially all of the Partnership Property in liquidation or cessation of business;
- b. Sell, assign, lease, exchange, convert or otherwise transfer or dispose of all or part of the Partnership Property; and
- c. Do any act in violation of this Agreement.

## **ARTICLE 8. PRIVACY POLICY**

**8.1 Privacy Policy.** As highlighted in the Definitions section above, this Agreement follows the worldwide data protection law, including without limitation European Data Protection Laws, the CCPA and the data protection and privacy laws of Australia and Singapore.

8.1.1 The Partners must ensure that the Privacy Policy covers all user information that is collected from WeSell users so that all user data is protected from unauthorized use, unless expressly consented to. The Privacy Policy, incorporating the data protection legislation enumerated in 8.1., prevents unauthorized collection and disclosure of WeSell user data including: the content of the information collected; how the information is used; how credit or

8.1.2 WeSell's users shall be informed of their rights, and must give consent before data is used for any purpose other than participating in a WeSell transaction that is facilitated by these Partners, including all platform updates.

**8.2 Data Collaboration.** If AliSell-a uses WeSell users' data in a collaboration with a third party, unless previously authorized, it will be in explicit breach of this Agreement.

## **ARTICLE 9. MANAGEMENT FEES AND OTHER EXPENSES**

**9.1 Salary, Fees and Draws.** Except as provided in this Article or by unanimous agreement of the Partners, no Partner shall receive any salary, fee, or draw for services rendered to or on behalf of the Partnership.

**9.2 Expenses.** In connection with the operation of the Partnership, the Partners shall be reimbursed for any direct expenses reasonably incurred in connection with the Partnership's business; provided, however, that no such expense shall be incurred other than at a price which reflects a competitive market rate for such expense;

## **ARTICLE 10. TRANSFER OF PARTNERSHIP INTERESTS**

(...)

## **ARTICLE 11. TERMINATION AND WINDING UP PARTNERSHIP BUSINESS**

11.1 **Winding Up and Termination of Partnership.** The Partnership shall continue after the occurrence of an event requiring winding up until the winding up of its business is completed, at which time the Partnership shall be terminated.

## **ARTICLE 12. MISCELLANEOUS**

(...)

12.3 **Amendment.** This Agreement may be amended or modified at any time only if all Partners agree to such amendment or modification in writing.

12.4 **Non-Compete.** The Partners, direct and indirect, assume the obligation not to carry out activities, which compete or imply a conflict of interest with the projects performed by the Company, or assist third parties to carry out such activities, directly or indirectly, during their stay and for a period of 05 (five) years counted from the date on which they leave the Company directly or indirectly, unless expressly authorized in writing by all other Members of the Company, for a period of 05 (five) years after the direct or indirect termination of the Company, subject to the conditions specified below.

12.4.1 The Partners further undertake not to use the Company's database and customer information for purposes other than the Company's interest.

12.4.2 The non-compliance with the Non-Compete Obligation, stated above, will subject the offending party to the non-compensatory criminal application of 25% (twenty-five percent) of the last 12 months of revenue, without prejudice to the compensation of losses and damages suffered by the Company and the other Partners.

12.5 **Confidentiality.** During the term of this Agreement and for an additional period of 05 (five) years after its termination, the Parties, on their behalf and on behalf of each of their Affiliates and their agents (any advisers, board members, employees, consultants, auditors, lawyers and/or contractors in any way) shall keep strictly confidential any and all information regarding the content of this Agreement or the Company's business and operations.

12.6 **Meetings of the Partners.** Meetings of the Partners may be called upon the written request of 51% (fifty one percent) of the then outstanding ownership interests of the Partners. Notice of any such meeting shall be given to all Partners not less than seven (7) business days nor more than thirty (30) business days prior to the date of such meeting and shall state the nature of any business to be transacted thereof. Partners may vote in person or by proxy at such meetings.

12.7 **Dispute Resolution.** Any conflict arising out of or relating to this Agreement shall first be resolved by negotiation between the Parties and if they fail or do not reach a solution within fifteen (15) days, then:



12.8 The Parties shall endeavor to settle the dispute by mediation under the CPR International Mediation Procedure currently in effect. The Parties agree that they will select a Mediator from the CPR Panels of Distinguished Neutrals.

12.9 Any dispute arising out of or relating to this Agreement, including the breach, termination or validity thereof, which has not been resolved by mediation as provided herein within 45 days after initiation of the mediation procedure, shall be finally resolved by arbitration in accordance with the International Institute for Conflict Prevention and Resolution (“CPR”) Rules for Administered Arbitration of International Disputes currently in effect; provided, however, that if one party fails to participate in either the negotiation or mediation as agreed herein, the other party can commence arbitration prior to the expiration of the time periods set forth above. Judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof.

12.10 The seat of the Mediation and/or the Arbitration shall be São Paulo, Brazil, and the language of the mediation and/or arbitration shall be English.

**12.11 Law Applicable.** This agreement shall be construed, interpreted, governed by the international trade usage, mainly and where applicable by the United Nations Convention on Contracts for the International Sale of Goods (“CISG”; also known as the “Vienna Convention”) as both Kingasland and Summerfell already ratified it.

In witness thereof, the PARTIES execute this Agreement in two (2) counterparts in the presence of undersigned witnesses.

October, 20<sup>th</sup>, 2018.

*K. Karmash*

BeGlam

K. Karmash

*J. Ma*

AliSell-a

J. Ma

## APPENDIX 2

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**From:** K. Karmash <kKarmash@BeGlam.com.kg>

**Sent:** Monday, July 6, 2020 5:27 PM

**To:** J. Ma <jma@AliSell-a-a.com.ea>

**Subject:** WeSell?

Hey J,

Hope you're doing well. I had a great time last night drinking wine and discussing business ideas. Remember that idea we had about creating an add-on sales channel for BeGlam called WeSell? I've been thinking about it more and I really think it has potential.

What do you think about partnering up and bringing WeSell to life?

Best,

**K. Karmash**



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**From:** J. Ma <jma@AliSell-a.com.sm>

**Sent:** Monday, July 6, 2020 7:24 PM

**To:** K. Karmash <kKarmash@BeGlam-e.com.we>

**Subject:** Re: WeSell?

Hi K,

I'm doing well, thanks for asking. I also had a great time last night and I'm definitely on board with the WeSell idea.

Let's start by outlining the details of our partnership. How do you envision this working?

Best,

**J. Ma**





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**From:** K. Karmash <kKarmash@BeGlam.com.kg>  
**Sent:** Monday, September 12, 2020 2:10 PM  
**To:** J. Ma <jma@AliSell-a-a.com.ea>  
**Subject:** Re: Re: WeSell?

Hey J,

I'm glad to hear you're on board with WeSell. Here are my resumed thoughts on the partnership:

- WeSell would be an add-on sales channel for BeGlam users.
- AliSell-a would handle the logistics of the sales (fulfillment, customer service, etc.)
- We would split the profits 50/50

I am sending the supporting documents (business contract - it is the template we use here at BeGlam) in this email.

What do you think?

Best,

**K. Karmash**



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**From:** J. Ma <jma@AliSell-a.com.sm>  
**Sent:** Monday, September 25, 2020 4:20 PM  
**To:** K. Karmash <kKarmash@BeGlam-e.com.we>  
**Subject:** Re: Re: Re: WeSell?

Hi K,



I think the partnership outline sounds fair. 50/50 profit split seems reasonable and I'm confident that AliSell-a can handle the logistics of the sales efficiently.

I have one suggestion though - how about we also consider a referral fee for BeGlam users who sign up as sellers on WeSell? This could incentivize more users to join and increase the overall profitability of the partnership.

We can discuss this further - for the moment, AliSell-a is ok with the contract (despite the use of mediation to resolve any conflict arising from the contract... shouldn't we use wine instead??)

Best,

J. Ma



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**From:** K. Karmash <kKarmash@BeGlam.com.kg>  
**Sent:** Monday, Dec 23, 2020 11:10 AM  
**To:** J. Ma <jma@AliSell-a-a.com.ea>  
**Subject:** WeSell is working!! All systems go!

Hey J,

WeSell is working!!! Thank you for all the effort put into the platform. I heard you had some all nighters with the team for us to launch this christmas.

The platform is looking great, with no major bugs.

Best,

K. Karmash



**From:** J. Ma <jma@AliSell-a.com.sm>  
**Sent:** Monday, April 1, 2021 1:57 PM  
**To:** K. Karmash <kKarmash@BeGlam-e.com.we>  
**Subject:** Re: WeSell is working!! All systems go!

Hi K,

We have finished this quarter with D\$ 4.5 million in revenue. I am sending you some ideas to increase revenues. A for our brainstorming session last friday, how about the idea of targeted ads for users using a data tracking system?

I really feel we have a billion dollar idea!!!

Best,

**J. Ma**



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**From:** K. Karmash <kKarmash@BeGlam.com.kg>  
**Sent:** Monday, April 1, 2021 11:10 AM  
**To:** J. Ma <jma@AliSell-a-a.com.ea>  
**Subject:** Re: Re: WeSell is working!! All systems go!

Hey J,

We have a NO GO to track user data outside the privacy terms of BeGlam. We have strict terms and conditions to adhere to - and, of course, Kingasland legal rules.

However, we should celebrate!!! WE'VE HIT the 1 BILLION MARK! We should celebrate with all the senior crew at Mawaii!

Best,

**K. Karmash**



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**From:** J. Ma <jma@AliSell-a.com.sm>  
**Sent:** Monday, April 1, 2021 1:57 PM  
**To:** K. Karmash <kKarmash@BeGlam-e.com.we>  
**Subject:** Re: Re: Re: WeSell is working!! All systems go!

Hi K,

I'm glad to hear that business has been going well with WeSell. The D\$ 1 billion in revenue is a great milestone and I'm confident we can continue to grow and be successful together.

We must celebrate! I've just reserved a boutique hotel at Mawaii for all the crew.

We can discuss privacy and user data issues there. :)

Best,

J. Ma



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**From:** K. Karmash <kKarmash@BeGlam.com.kg>  
**Sent:** Monday, May 25, 2021 7:06 AM  
**To:** J. Ma <jma@AliSell-a-a.com.ea>  
**Subject:** [URGENT] Revenue sharing.

Hey J,

I'm starting to have some concerns about the partnership. Specifically, I think the 50/50 profit split is too much to pay to AliSell-a. WeSell wouldn't exist without BeGlam and I think it's only fair that we receive a larger share of the profits.



After all, the coding was the hardest part - and has already been paid for.

What do you think about revisiting the profit split and considering a 70/30 split in favor of BeGlam?

Best,

**K. Karmash**



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**From:** J. Ma <jma@AliSell-a.com.sm>  
**Sent:** Monday, May 30, 2021 1:57 PM  
**To:** K. Karmash <kKarmash@BeGlam-e.com.we>  
**Subject:** Re: [URGENT] Revenue sharing.

Hi K,

I understand your concerns, but I think the 50/50 profit split is fair given the value that both BeGlam and AliSell-a are bringing to the partnership. We agreed to this split when we started the partnership and I think it's important to honor our commitment.

Best,

**J. Ma**



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**From:** K. Karmash <kKarmash@BeGlam.com.kg>  
**Sent:** Monday, May 15, 2022 7:25 AM  
**To:** J. Ma <jma@AliSell-a-a.com.ea>  
**Subject:** Re: Re: [URGENT] Revenue sharing.

Hello J,

I understand your position, but I still think the 50/50 profit split is too much to pay to AliSell-a. In addition to my concerns about the profit split, my tech team also noticed that AliSell-a seems to be using data from BeGlam users without our permission. This is a serious breach of our partnership agreement and it's not something I can ignore.

I expect you to stop using this data immediately and to come up with a plan to compensate BeGlam for its use.

Best,

**K. Karmash**



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**From:** J. Ma <jma@AliSell-a.com.sm>  
**Sent:** Monday, May 25, 2022 1:12 PM  
**To:** K. Karmash <kKarmash@BeGlam-e.com.we>  
**Subject:** Re: Re: Re: [URGENT] Revenue sharing.

Hello K,

I'm surprised and disappointed to hear your accusations about AliSell-a using data from BeGlam users without permission. This is not true and I take these allegations very seriously.

However, I also have concerns about BeGlam's actions. It has come to our attention that BeGlam has been updating the app in a way that puts the WeSell add-on aside and makes it less visible to users. This is not in line with the spirit of our partnership and it's not something that AliSell-a can ignore.

I expect you to address this issue immediately and to come up with a plan to rectify the situation.

Best,

**J. Ma**



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**From:** K. Karmash <kKarmash@BeGlam.com.kg>  
**Sent:** Monday, October 22, 2022 7:19 AM  
**To:** J. Ma <jma@AliSell-a-a.com.ea>  
**Subject:** Re: Fw: Re: Re: Re: [URGENT] Revenue sharing.

Hello J,

I'm sorry you feel this way, but I stand by my accusations about AliSell-a using data from BeGlam users without permission. If you don't take steps to address this issue, I will have no choice but to commence legal proceedings against AliSell-a.

Additionally, some personnel from WeSell are now WORKING at AliSell-a... Curious, isn't it???????

As for the concerns you raised about BeGlam's actions, I will investigate this further and take the necessary steps to rectify the situation.

Best,

**K. Karmash**



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**From:** J. Ma <jma@AliSell-a.com.sm>  
**Sent:** Monday, November 16, 2022 1:46 PM  
**To:** K. Karmash <kKarmash@BeGlam-e.com.we>  
**Subject:** Re: Re: Fw: Re: Re: Re:[URGENT] Revenue sharing.

Hello K,



I'm disappointed that you've chosen to threaten legal action instead of working together to resolve this issue. If you do pursue legal proceedings against AliSell-a, we will have no choice but to do the same.

Once again WeSell is UNDERPERFORMING because of a minor update at the BeGlam platform... Curious, isn't it?

I hope we can find a way to resolve this issue and move forward with our partnership in a constructive and mutually beneficial way.

Best,

**J. Ma**





## WeSell: Sales and 2023 Forecast



### WeSell: Sales and Future Forecast (x1.000)

- WeSell achieved **D\$ 3.3b** in sales in 2022; and,
- Due to an increase in competition, sales are forecasted to decrease in 2023 (projected D\$ 2.6b).

