

DotAsia Board Finance Committee (BFC) Meeting Minutes

Date(s) & Time:	December 20, 2022 (Tue) 14:00 PM – 15:14 PM (HK Time)
Location:	DotAsia Zoom Meeting Room: http://aji.asia/zoomboardfinance
Attendees:	<p>Santanu ACHARYA^{*a} Kashif ADEEL Satish BABU Andi BUDIMANSYAH^{*b} Edmon CHUNG Murad IBRAGIMOV Leonid TODOROV</p> <p>Bryan CHAN (SPB legal counsel) Rebecca CHAN (DotAsia Team) Phyo Thiri LWIN (DotAsia Team)</p> <p>Absent: Arthur CHANG Joel DISINI</p> <p>^{*a} Joined during discussion item 2.3 ^{*b} Left during discussion item 4.7</p>

No.	Action Items:	Owner	Remarks
F2021.01.A04	Search other bank options for opening new Namesphere bank account.	Rebecca CHAN	Suggested to be suspended until after mediation.
F2021.08.A01	Propose procedures of conducting random verification on the Reports provided by Afilias.	Rebecca CHAN	Reports circulated to BFC. Discussion deferred to next BFC meeting.
F2022.12.A02	Circulate previous Namesphere Transactions audit draft report and materials to Board Members.	Edmon CHUNG	To be circulated before next BFC meeting.

Discussions:

1. Roll Call

- 1.1. Mr. Kashif ADEEL chaired the BFC meeting on December 20, 2022.
- 1.2. Roll call. Those present for all or part of the meeting are included in the Attendees section.

2. Adoption of Minutes of Last BFC Meeting on November 11, 2022

- 2.1. Draft 1.1 of BFC meeting minutes on 2022.11.11 and action items were discussed.
- 2.2. A comment was added that the Secretariat is in a difficult situation as they are awaiting BFC committee members' comments, which causes unnecessary delays in addition to the technical delays that were observed recently. So, everyone was encouraged to be much more practical in that regard.
- 2.3. It was explained that as mentioned previously, when there are intervening events and meetings such as IGF, ICANN, etc., it is reasonable to expect some delays because the staff team is small and DotAsia's external commitments and community contributions are important for the purpose of the organization.
- 2.4. It was suggested that the staff can use automatic transcripts in preparation of the minutes. It was noted that automatic transcripts are already in use, however, the accuracy of the text is not very high.
- 2.5. BFC meeting minutes 2022.11.11 were approved unanimously.

3. Monthly Financial Reporting – Report from Fusion

- 3.1. Rebecca presented the financial report prepared by Fusion for the period from Oct 2021 to August 2022.
- 3.2. A question was raised about a 8% decline in revenues and with a contrast with the 3% target increase in registrations. It was explained that the total comprehensive income actually turns positive even when the legal costs are still high. As for the target growth, the changes were put in place earlier in the year and the financial report covers the period before such adjustments.
- 3.3. The profit and loss statement for August 2022 was also presented on a YoY basis.
- 3.4. A question was raised about why depreciation amount is not included. It was explained that depreciation is typically calculated by the auditor at the end of the year and not included in monthly statements. It was also added that staff will talk to Fusion about considering such additional provisions for the monthly reports.
- 3.5. A question about the DotAsia Foundation and Namesphere's budgets was raised. It was explained that DotAsia's anticipated allocations to DotAsia Foundation and Namesphere are presented on an annual basis. It was further noted that such allocation of costs have been formalized since 2015 upon confirmation from all stakeholders.
- 3.6. There was a general comment that Namesphere should run its own budget and the Namesphere group should be accountable to both its board and shareholders.
- 3.7. A comment was made regarding putting legal expenses under the Board's control and on the ban for the staff to seek legal advice without the Board's consent. It was clarified that the staff generally does not seek legal advice unless it is related to governance issues and in response to litigation. A further comment suggested that in such situations staff should first seek Board Director's consent.
- 3.8. A question was raised about why corporate maintenance and insurance costs have gone down. It was explained that the difference is caused by billing cycles and extension of policies. It was noted the staff will further double check the numbers. It was suggested that the insurance policy document should be shared

with Board Members.

3.9. Rebecca also presented the balance sheet as of August 2022.

4. Discussion on special forensic audit

- 4.1. The draft request for quotation (RFQ) for forensic accounting investigation/audit document was presented. Based on preliminary discussions, it was suggested to include the following parts:
- Brief Background of DotAsia Organisation
 - Additional Background and the Ongoing Allegations
 - Scope of Work
- 4.2. A shortlisted set of potential providers presented was as follows:
- KPMG
 - FTI Consultation
 - Alvarez & Marsal (A&M)
 - Grant Thornton
 - Annie Chan & Associates
- 4.3. It was commented that given DotAsia's size, it might be an overkill to hire KPMG and it may be better to consider hiring a forensic auditor rather than a financial auditor.
- 4.4. A question was raised regarding the cost of hiring a forensic auditor. It was explained that the cost depends largely on the scope of work and the number of transactions investigated. Based on preliminary feedback, the cost could range between US\$30-50K and up to US\$100K.
- 4.5. There was a discussion regarding whether the scope of work should contain specific allegations or a more general timeframe. It was highlighted that rather than the timeframe-based approach, the scope should comprise specific transactions or projects.
- 4.6. An additional comment was noted that back in 2019, when the dispute with Joel/DotPH first emerged, a dedicated firm identified by Joel/DotPH audited all the Namesphere transactions under an agreed upon scope of work. Unfortunately, at the final stage of the drafting of the report, Joel/DotPH threatened to sue the audit firm, and the auditors eventually resigned so no final report was completed, but the latest draft thereof was circulated among the Board Members at that time and can be circulated again.
- 4.7. A concern was raised that even if a forensic audit is completed, the litigant against DotAsia may not withdraw from the dispute. It was commented that it may be important for all Board Members to agree that the audit findings should be binding thereon or else it could be a waste of the organization's resources. A further question was raised about whether it is possible to have Board Members commit to accepting the report and agree not to enter into legal proceedings thereafter.
- 4.8. A question was raised about taking the final forensic report to the court. The legal counsel in presence commented that information provided by an expert is something that the court permission is obtained. The legal counsel in presence also remarked that generally a claimant in a proceeding can submit evidence as a claim to the court but there will be financial consequences for them if the claim is successful. Ultimately, it will be the court that will have discretion to determine whether such evidence is sufficient.
- 4.9. A clarification was added that claims in the Hong Kong lawsuits are very specific and do not include a number of the allegations raised.

- 4.10. It was commented that it is uncertain whether a forensic audit is worthwhile given the situation. It was suggested that the previous draft report (section 4.6) and relevant materials should be circulated among the Board Members so that they could get a sense of what happened before. (F2022.12.A01)

5. Update on banking documents and audits

- 5.1. Rebecca shared updates regarding banking documents.
- 5.2. Kashif and Arthur have been added as signers at HSBC and it was noted that Rebecca is working with the bank to set up their Internet banking user account.
- 5.3. For ICBC documents, all signed documents have been submitted and are processed by the bank.
- 5.4. Regarding the audit for DotAsia, Mazars is awaiting the legal counsels' opinion in anticipation of potential adjustments to provisional legal costs. Once the documents are available, Mazars can produce a final draft of the report. It is noted that all other audit procedures have been completed.
- 5.5. As for the audit of Namesphere, the latest update is that KSHK started working with the 2020 audit in anticipation of figures of the 2021 legal provisions. So, the audit is underway.

6. AOB

Discussions deferred to the next meeting.