

Ministry Commerce and Industry – Division of Business and Trade

Record number: IND 001/13

Subject: Letters to Business Owners 18 March 2013 re Registration Transition

1. HRM King August Charles II

YRM,

This is an official communique from the Vice-Ministry of Commerce and Industry, fulfilling duties under the Business and Corporations Registration Act (ST24/003). Private Messaging is being used to protect business confidentiality.

The commencement of the Business and Corporations Registration Act necessitates certain transitional actions. Article 2 section C of the Act gives the necessary power to the designated authority which, in the absence of any other delegation, is the Vice Minister.

I write concerning a number of businesses which are registered – and some which are not – under your sole ownership. As far as can be seen from available records, these are –

Kⁿiglich Schwerindustrie AG
Union Locomotive Works AG
Royal Reichlau Shipyards
Sander Motor & Carriage Company
National Arms & Industrial Works
Royal Armaments Corporation
Dominion Aircraft Company
Victor-Vanguard Limited
Courland Red Heart Breweries

All but the last were pre-existing Royal Charter corporations or subsidiaries before the establishment of the (former) Business Venture Application Process last December. Courland Red Heart Breweries was registered as a Sole Proprietorship in the ownership of Your Majesty's Royal House following an application dated February 16th.

I must make you aware of the effects of the new law upon ownership, structure and registration of businesses and corporations.

Article 12 of the Act defines Royal Charter corporations and makes them equivalent in structure and governance to a Gesellschaft mit beschränkter Haftung corporation, with the exception that the

provisions for a GmbH regarding shareholding do not apply to a Royal Charter. To establish a Royal Charter corporation, YRM would create the corporation by a decree which specified the ownership structure, which could not be changed except by further decree.

Royal Charter corporations cannot be Aktiengesellschaft corporations, because the tradeability of shares in an AG is contrary to the fixed ownership of a corporation created by decree. AG corporations, moreover, must have at least three shareholders.

Accordingly, to be in compliance with the new law, Your Majesty must either (a) register the opening issue of share capital in Kⁿiglich Schwerindustrie AG and Union Locomotive Works AG and either enlist three shareholders (corporations can own shares in other corporations) or invite investment by a public share offering. Or (b) by a Royal Decree change the name of these two corporations to remove "AG".

Regarding the other business names in the list (except Courland). Provisions of the new law including article 7 section B and article 5 section E show that for a business name to be used, it must be registered. The business type "Sole Proprietorship" is a business name registration tool, enabling a person to trade under the registered name or a corporation to use a second trading name – it appears that all of these business names in the list are subsidiaries of Kⁿiglich Schwerindustrie. All that is required for compliance with the law is for all these business names to be registered as Sole Proprietorships owned by Kⁿiglich Schwerindustrie.

A final note. The currency system envisages that any user of money must have their own account on the exchange – the Forum Shop in this case. This means a forum username for every trading business; however it is possible for a top-level corporation to act as the "money handler" for its subsidiaries, as for example Kendal Sport will do for the Gotzborg Baseball League. Nevertheless, for YRM's businesses to act in the monetary economy, they will need forum user accounts.

Please don't hesitate if you have any questions on the above. We'll fix all the registrations "off board" – no point posting a big pile of registration forms out in the public eye.

2. Lord Montin

Lord Montin,

This is an official communique from the Vice-Ministry of Commerce and Industry, fulfilling duties under the Business and Corporations Registration Act (ST24/003). Private Messaging is being used to protect business confidentiality.

The commencement of the Business and Corporations Registration Act necessitates certain transitional actions. Article 2 section C of the Act gives the necessary power to the designated authority which, in the absence of any other delegation, is the Vice Minister.

I write concerning two businesses which are registered under your sole ownership. As far as can be seen from available records, these are -

Sinclair Publications
Montin Constructors GmbH

I must make you aware of the effects of the new law upon ownership, structure and registration of businesses and corporations. As both of these corporations are GmbH corporations, their ownership is in share capital which cannot be sold on the open market and may only be divested with the agreement of a majority of shareholder owners, and all of the shareholders (a maximum of five) are the Directors of the corporation. If you are the sole owner, then your present structure is satisfactory. If you share ownership with any one, two, three or four other persons or entities, you are all obligated to (a) agree on the number of shares owned by each, and (b) register this information with the VMC&I.

A small note, Sinclair Publications must be registered as Sinclair Publications GmbH.

A final note. The currency system envisages that any user of money must have their own account on the exchange - the Forum Shop in this case. This means a forum username for every trading business; however it is possible for a top-level corporation to act as the "money handler" for its subsidiaries, as for example Kendal Sport will do for the Gotzborg Baseball League. Nevertheless, for your businesses to act in the monetary economy, they will need forum user accounts.

Please don't hesitate if you have any questions on the above. We'll fix all the registrations "off board" - no point posting a big pile of registration forms out in the public eye.

3. Sir Ross Kilder

Sir Ross,

This is an official communique from the Vice-Ministry of Commerce and Industry, fulfilling duties under the Business and Corporations Registration Act (ST24/003). This letter is prepared as an official record.

The commencement of the Business and Corporations Registration Act necessitates certain transitional actions. Article 2 section C of the Act gives the necessary power to the designated authority which, in the absence of any other delegation, is the Vice Minister.

I write concerning one business which is registered under your sole ownership. As far as can be seen from available records, this one business is Kendal Sports GmbH.

I must make you aware of the effects of the new law upon ownership, structure and registration of businesses and corporations. As this corporation is a GmbH corporation, its ownership is in share capital which cannot be sold on the open market and may only be divested with the agreement of a majority of shareholder owners, and all of the shareholders (a maximum of five) are the Directors of the corporation. If you are the sole owner, then your present structure is satisfactory. If you share ownership with any one, two, three or four other persons or entities, you are all obligated to (a) agree on the number of shares owned by each, and (b) register this information with the VMC&I.

A final note. The currency system envisages that any user of money must have their own account on the exchange – the Forum Shop in this case. This means a forum username for every trading business; however it is possible for a top-level corporation to act as the "money handler" for its subsidiaries. For your business to act in the monetary economy, they will need forum user accounts. From the public domain record, it appears this has been done.

Please don't hesitate if you have any questions on the above. We'll fix all the registrations "off board" – no point posting a big pile of registration forms out in the public eye.

4. Kendal Sports GmbH

To the Director(s),

This is an official communique from the Vice-Ministry of Commerce and Industry, fulfilling duties under the Business and Corporations Registration Act (ST24/003). This letter is prepared as an official record.

The commencement of the Business and Corporations Registration Act necessitates certain transitional actions. Article 2 section C of the Act gives the necessary power to the designated authority which, in the absence of any other delegation, is the Vice Minister.

I write concerning one corporation which is registered partly owned by

Kendal Sports. This is Gotzborg Baseball League AG.

I must make you aware of the effects of the new law upon ownership, structure and registration of businesses and corporations. As this corporation is an AG corporation, its ownership is in share capital which may be sold on the open market without the consent of other shareholders. There must be at least three shareholders, and the shareholders are required to appoint Directors for the corporation. The corporation must be registered with a declared amount of share capital, whether issued or otherwise, and a par value for each share. The corporation must maintain a Share Register showing the ownership of all issued shares. All of this information must be either contained in the registration of the corporation or else be available to VMC&I.

A final note. The currency system envisages that any user of money must have their own account on the exchange – the Forum Shop in this case. This means a forum username for every trading business; however it is possible for a top-level corporation to act as the "money handler" for its subsidiaries. Kendal Sports GmbH can act as the money holder for Gotzborg Baseball League AG (provided that the Directors of GBL approve that arrangement).

Please don't hesitate if you have any questions on the above. We'll fix all the registrations "off board" – no point posting a big pile of registration forms out in the public eye.

5. Franz Caprivi

Re: Church of Gotzborg

My Lord Archbishop,

This is an official communique from the Vice-Ministry of Commerce and Industry, fulfilling duties under the Business and Corporations Registration Act (ST24/003). Communications are being sent by Private Message to respect confidentiality.

The commencement of the Business and Corporations Registration Act necessitates certain transitional actions. Article 2 section C of the Act gives the necessary power to the designated authority which, in the absence of any other delegation, is the Vice Minister.

I write concerning the Church of Gotzborg which, although not envisaged as a commercial business, will nonetheless be subject to the Business and Corporations Registration Act by reason of article 5 of that Act. Article 5 states, inter alia, that activity does not need to be designed or intended for profit to be classified as business

activity, and further that engagement in business activity outside a registered business entity is a breach of the law.

The Church of Gotzburg must be registered before it can engage in business activity, which would include acceptance of donations, or paying of a salary to its employees (including clergy).

It is my recommendation that the Church of Gotzburg should be registered by Royal Charter, rather than by any of the other business entity types under the law. It is not a Sole Proprietorship, it is not a Partnership, and it is certainly not a corporation with shareholder ownership. Royal Charter – which is at the discretion of HRM – does not imply that the Church would be a state institution. Of course, it would be possible to register a "holding company", say, "Church of Gotzburg Holdings GmbH" which would be a small shareholder corporation (no more than five shareholders who are personally the Directors) and which could then itself hold the Sole Proprietorship business name "Church of Gotzburg".

A final note. The currency system envisages that any user of money must have their own account on the exchange – the Forum Shop in this case. This means a forum username for every trading business; however it is possible for a top-level corporation to act as the "money handler" for its subsidiaries.

Please don't hesitate if you have any questions on the above. We'll fix all the registrations "off board" – no point posting a big pile of registration forms out in the public eye.