INTERNATIONAL COURT OF ARBITRATION INTERNATIONAL CHAMBER OF COMMERCE

INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS,

Claimant,

Case No.: 25074/MK

v.

ATGRON, INC.,

Respondent.

DECLARATION OF ADRIENNE MCADORY IN SUPPORT OF

RESPONDENT'S ARBITRATION BRIEF

I, Adrienne McAdory, declare as follows:

1. I am the President & CEO of Atgron, Inc. (Atgron) the Respondent in an arbitration proceeding entitled *Internet Corporation for Assigned Names and Numbers v. Atgron, Inc.*, International Court of Arbitration, International Chamber of Commerce, Case No. 25074/MK. I submit this declaration in support of Atgron's defenses to the Internet Corporation for Assigned Names and Numbers' (ICANN) claims and Atgron's counterclaims in this proceeding. The facts stated in this declaration are within my personal knowledge, unless otherwise indicated. If called as a witness, I would testify as set forth herein.

A. <u>My Background and the Incorporation of Atgron</u>

2. Atgron is a corporation incorporated on or about May 23, 2011 for the purposes of entering into a Registry Agreement (Agreement) with ICANN and providing "registry services" (as defined in the Agreement) related to the top level domain ".WED." (Ex. 1, ¶¶ 1.1 and 2.1, pp. 23-24.)¹. I am the sole shareholder of Atgron. I am also the one full-time employee. Atgron has several 1099 subcontractors and three paid board members. Most of Atgron's functions are outsourced, due to the technical expertise required to ensure the security and stability of the internet.

3. Before the Agreement was entered into on or about October 1, 2013, I had worked my way from

for a decade, before running my own information technology consulting firm from 2004-2015. I led 80-plus member teams at Fortune 500 companies, the and large counties in the implementation of multi-million dollar enterprise resource planning systems. I entered this field upon graduation from and the

¹ The exhibits referenced herein are contained in *Respondent's Exhibits* filed on March 31, 2020. References to page numbers within the exhibits are to the Bates numbers at the bottom right corner of each page (there are a total of 874 pages of exhibits). References to "¶" in *Respondent's Answer and Affirmative Defenses* (Answer) filed on March 31. 2020, are actually references to the Bates number of a particular exhibit. For example, in ¶4 of the Answer, the reference to "Ex. 3, ATGRON Terms at ¶¶114-115", is actually a reference to Bates numbers 114-115 of Ex. 3.

4. I had been thinking about transitioning into another field. In 2011, I became aware from a newspaper article that the internet generic top level domain (gTLD) space was going to expand exponentially. This seemed a perfect opportunity to obtain a business that would leverage my information technology background.

5. In researching the opportunity, I called numerous TLD providers, and found that beyond the \$185,000 application fee and \$25,000 annual registry level fees, most third-party back-end providers charged a base \$100,000 annual fee, in addition to a per domain fee. It took months to find a back-end provider,

based in which only charged per year.

6. At that point, the math worked and I began to winnow down a list of possible gTLD submissions. I finally settled upon .WED, because it spoke to my desire to work in a positive and beautiful industry. I had read that the expense of weddings often caused marital problems for couples. This gTLD offered the opportunity to lower the price point of weddings, especially for those celebrating around the globe.

7. In 2011, I incorporated Atgron and began the process of applying for the .WED gTLD. The application process was challenging and consisted of working grueling hours for months on comprehensive three-year projections for the "financial evaluation" questions, coordinating, reviewing and revising the verbiage of the "technical evaluation" questions, working with a consultant who assisted with the final submission and answering numerous subsequent "clarifying questions" for the financial and technical questions after submission. It was also expensive. From the commencement of the application process until Atgron entered into the Agreement on or about October 1, 2013, I estimate I spent in connection with the application. This amount consisted of \$185,000 for the application, for the initial "continued operations instrument" (COI), for a consultant and for an accountant.

8. In October 2013, the application process was complete and I was elated to be the

owner of a company that would act as the registry operator of the .WED gTLD.

9. Atgron's business model is to allow couples to have the .WED domain name of their choice, by limiting domain name speculation and cyber-squatting. Many companies provide wedding websites, but couples cannot obtain a niche "address" for their wedding through these companies. Most applicants for gTLDs were not interested in the consumer experience, and had no problem with domain investors charging much higher prices to couples who desire popular domain names. I wanted to remove any possible friction for couples getting married who wanted a .WED domain name. There are plenty of other stressful aspects of getting married. I wanted getting their desired .WED domain name, hopefully on their first attempt and without a huge price tag, to bring a big smile to every couple's faces. Life is hard enough. Weddings should be joyous occasions and I want to help give people a little joy.

B. Atgron's Plans in 2017 to Move its "Back-End Registry Functions" In-House

As it relates to this arbitration, events between signing the Agreement in October
 and early February 2017 are not entirely relevant to this dispute. However, events from
 February 2017 forward are directly relevant.

11. Prior to Atgron entering into the Agreement with ICANN, Atgron entered into a separate agreement with **separate** to allow **to** act as the "back-end registry operator" (also known as a "registry service provider") providing one or more of the "critical functions" for the .WED gTLD. (*See* Atgron's Answer, ¶8). As relevant to this arbitration, Atgron's then-

12. As of 2017, **Constant** is annual fee for providing these services was **constant**. In early 2017, Atgron determined that it could stand up its own registry service provider function and perform these services in-house at a cost considerably less than the annual fee Atgron was paying to **constant**.

13. Under the Agreement, the process for changing registry service providers (whether from to another third-party provider, or from to an in-house option) is

called a "master subcontracting arrangement" (MSA). (*See* Atgron's Answer, ¶11; *see also* Ex. 8, pp. 200-214).

14. In February 2017, I contacted ICANN and advised them Atgron would be switching to an in-house registry service provider option when Atgron's contract with expired in November 2017.

15. The purpose of my contact with ICANN at that time was to obtain a better understanding of the MSA, the associated costs, and the various steps outlined in ICANN's "Master Subcontracting Arrangement Guide". (Ex. 8). Those steps include a "technical panel review", a "transition plan" and finally, "technical testing". All of this is a process that ICANN admits is "complex". (Ex. 8, p. 203).

16. In September 2017, I realized Atgron would not finish the complex MSA process before its contract with september 2017. Consequently, I contacted on or about September 16, 2017 and asked them to extend their contract with Atgron for another year, to allow the Atgron to finish its MSA tasks. CoCCA advised me that to extend the agreement, it would require a sequence annual fee in advance, rather than the quarterly payments allowed in the previous five-year contract between Atgron and

17. I immediately contacted ICANN to explore Atgron's options, as I was weighing the costs associated with the payment, as well as the cost of the MSA process. On September 20, 2017, for the of ICANN was the first to mention the "emergency back-end registry operator" (EBERO) process to me (see, e.g., Ex. 9, p. 215) and proposed a call to discuss Atgron's options. I fully expected to understand all of the consequences and costs associated with the various courses of action available to me after that call. In my call with ICANN on September 29, 2017, ICANN and I discussed various options available to Atgron, including allowing ICANN to appoint an EBERO. As discussed below, no EBERO-related costs were mentioned.

C. ICANN Failed to Advise Atgron of the Financial Impact of Entering EBERO

 ICANN has a "roster" of at least three EBEROs. If the EBERO process is
 invoked, ICANN selects the EBERO, not the registry operator (e.g., Atgron). (Ex. 6, pp. 140-141).

19. During my September 29, 2017 call with ICANN, I asked detailed questions about the advisability of the EBERO process, including the consequences and costs associated with invoking the EBERO option. One of my specific questions related to the fees associated with entering and exiting the EBERO process. ICANN promised they would "look into" the EBERO-related fees. (Ex. 9, p. 273).

20. Regarding "entering" the EBERO process, I knew the fees would be no more than and very likely much less. When Atgron entered into the Agreement with ICANN in 2013, Atgron had to fund a COI. As discussed earlier, the initial COI requirement was but it was reduced to in 2016. The purpose of the COI was to provide funds for ICANN to pay an EBERO to perform the five "critical registry functions" for a period of 3 years. (Ex. 7, p. 188; Ex. 1, p. 97). When I was discussing the EBERO option with ICANN on September 29, 2017, ICANN knew that Atgron intended to transition the registry functions in-house (I had communicated this to ICANN in February 2017.) Even if the EBERO option was chosen, Atgron had already started the MSA tasks. I did not envision that process would take more than a year, and likely less, to finish. Thus, I understood that Atgron would be able to transition from an EBERO to Atgron's in-house registry provider in less than a year. Given that the COI funds were intended to cover a 3 year EBERO period, I understood the COI "burn rate" was year. Since I was confident the MSA tasks would be completed, at most, within a year of the EBERO's appointment by ICANN, I assumed the COI would be depleted, at most, by As discussed below, ICANN advised me that as soon as the EBERO was invoked, the entire

was withdrawn from the escrow account which ICANN controlled.

21. As discussed in my Answer, I sent notes of my September 29, 2017 meeting to

ICANN to ensure they were accurate. ICANN later returned them with some comments, but ICANN never did provide any additional costs associated with invoking the EBERO option that ICANN had promised to "look into".

22. After my September 29 meeting, **and a** indicated they were willing to allow Atgron to pay the **annual** fee in quarterly installments, which resolved the issue and mooted the option of entering EBERO. I expected Atgron to ultimately pay **and annual**, regardless of when Atgron completed the MSA process and there would have been no break in the back-end service. However, soon after that offer was extended, **and a** provided the same annual lump sum payment terms in the new contract it presented to Atgron.

23. On about December 7, 2017, ICANN, and ICANN's chosen EBERO, collaborated to create a "voluntary breach" of one of the five critical registry functions. Atgron was not involved in this process and was not consulted on the appointment of as the EBERO, despite ICANN being aware that I specifically requested that ICANN have no contact with without Atgron's participation (Ex. 9, p. 260). After all, ICANN only had a contractual relationship with Atgron, not

24. By December 7, 2017, ICANN still had not provided me with the costs associated with entering and exiting EBERO. ICANN eventually provided me with a list of EBERO-related costs on January 12, 2018. (See Ex. 9, p. 312). Those fees totaled This was the first time ICANN advised me of those fees. Additionally, a call between Atgron and ICANN on January 10, 2018 was the first time ICANN advised me the entire COI balance was forfeited immediately upon Atgron entering EBERO.

25. When I got this list of fees, I was shocked. I asked ICANN why they had not provided me the EBERO-related fees <u>before</u> entering EBERO. ICANN responded on January 17, 2018, that on September 29, 2017, they had promised to provide me with the EBERO fees "at a later date" but that "[o]ur focus in late November [2017] was to ensure the transition into EBERO was smooth to minimize disruption to registrants", implying ICANN was too busy

to provide me the EBERO fees earlier. (Ex. 9, p. 313). ICANN further stated that "ICANN did indicate on the call that you should review the .WED contract (section 2.13 and Specification 10)" Not only did ICANN <u>not</u> provide this guidance (this "guidance" was not in the meeting minutes ICANN edited from the September 29 call), the only guidance ICANN provided at that time was a link to other back-end providers, not links to critical information such as EBERO information or the financial evaluation requirement, which was provided after the damage was done.

26. On September 29, when ICANN promised me they would provide the fees "at a later date", I certainly expected that "later date" would be <u>before</u> EBERO was triggered. Having this information would have allowed me to make an informed decision to enter EBERO or come up with the **sector fee**. Advising me on January 12, 2018, almost a month after EBERO was triggered, deprived me of that choice. Had ICANN properly advised me of the financial consequences of entering EBERO, I would have chosen the **sector fee** option, which was at least \$35,000 cheaper than entering EBERO.

27. To add insult to injury, when I objected to the previously undisclosed fees, ICANN "waived" a number of those fees on March 2, 2018, but added a new previously undisclosed "financial evaluation" fee. This financial evaluation is the exact same onerous, lengthy financial evaluation Atgron provided to ICANN during the application process described above before the Agreement was entered into. It makes no sense to have Atgron submit to another "financial evaluation" to address a situation caused by ICANN and **Section**. This entire matter could have been avoided if ICANN had done what any reasonable organization would have done in this situation, and what ICANN promised to do, namely provide me with the EBERO-related costs and fees in a timely manner.

D. ICANN Impeded Atgron's Ability to Exit EBERO

28. As discussed in Atgron's Answer (¶121-29 and ¶132-39), besides not counseling Atgron on the financial consequences of entering and exiting EBERO before invoking EBERO,

ICANN has also frustrated Atgron's ability to complete the tasks necessary to exit EBERO. I will not repeat those facts here, except to emphasize that:

(a) ICANN insisting that Atgron is both the "transferring" and "receiving" back-end provider, and should be able to produce the "transition plan" (that could not provide without collaboration with **and the set of t** 2020, two and a half years after entering EBERO, ICANN still insists that "if in the course of completing the transition plan, Atgron has specific questions or areas where input is needed from please set forth any such applicable specific questions and ICANN will pass them along to "2 (See Ex. 19). This is a recipe for more delays. When ICANN triggered EBERO, ICANN, and collaborated to produce an appropriate transition plan. Now, ICANN will not allow Atgron to communicate directly with and insists that any questions for be funneled through ICANN. Atgron has no knowledge of systems and processes, and thus requires the ability to communicate directly with Atgron needs a three-party collaboration (Atgron, ICANN and), the same structure set up (between ICANN, and when EBERO was triggered. ICANN afforded an organization ICANN has no agreement with, benefits it refuses to provide to Atgron. (b)

(b) ICANN insists on a "financial evaluation", when Atgron has no financial difficulties and has always paid ICANN's fees within the timeframe allowed by ICANN's payment process. Being a prudent steward of Atgron's resources does not equate to financial difficulty.

(c) ICANN has not provided the .WED TLD data necessary for Atgron to test its database solution sufficiently. This provides an opportunity for Atgron to repeatedly fail "technical testing". ICANN noted "retesting" is a frequent source of multiple payments of a \$4,000 "technical testing" fee for the MSA process. (Ex. 9, p. 348). After repeated requests, ICANN on June 12, 2020 finally agreed to provide a data set mirroring the .WED TLD for

² ICANN's June 12, 2020 email and MSA timeline is attached hereto as Ex. 19.

Atgron's testing purposes. (See Ex. 19).

30. As a result of ICANN's delaying tactics, Atgron decided on October 16, 2018 not to continue paying ICANN's registry operator fees. (Ex. 11, p. 530).

31. In its latest email on June 12, 2020, ICANN provided a modified timeline and table to replace the table sent in its February 18, 2020 letter (Ex. 9, pp. 346-350). The original letter states "[i]f tasks 1 through 3 are not completed by this date [June 30, 2020, but presumably now July 31, 2020] ICANN.org will pursue termination of the .WED RA for failure to cure a fundamental and material breach of the RA" (Ex. 9, p. 346). The note in the email sent from ICANN sounds benevolent and cooperative: "[g]iven Atgron's recent efforts toward completing these steps, including the decision to engage to handle certain of Atgron's critical registry functions, ICANN is willing to extend the current deadline to 31 July 2020." ICANN has known was one of Atgron's partners since Atgron's Technical Panel Evaluation concluded successfully in August 2018. This is not new information to ICANN.

32. Given that the procedural timetable for the current arbitration envisions a possible decision by the arbitrator on July 29, 2020, ICANN's letter is yet another offer not made in good faith since ICANN will reimpose the previously waived "transition" fee (Ex. 19, see #5 in table) if the deadline is not met, making moot any award with regard to the financial evaluation fee or the COI from the arbitrator. In addition, ICANN goes beyond the requirements of the MSA process for a registry operator to transition services to another back-end provider, by adding a two-week "due diligence" period. (See Ex. 19, # 3 in table) which has no criteria and will not be conducted until after the Financial Evaluation is paid for or the COI is replenished. There is no reason Atgron should not be able to get back on-line immediately after satisfying all of the standard steps required for the MSA process. (Ex. 8, p. 207; Ex. 19, #1a-1e and #5, without the fee).

E. Atgron is Committed to Continuing its Business

33. Notwithstanding ICANN's attempt to portray Atgron as financially impaired,

suggesting that Atgron's demise is inevitable, I am determined to see by business succeed. On multiple occasions, ICANN suggested that I could end this stressful situation by voluntarily terminating the Agreement. On another occasion, ICANN offered terms encouraging Atgron to waive its right to mediation and arbitration. (See, e.g., Ex. 13, p. 556; Ex. 2, p. 112). Atgron has refused these "offers". By willingly participating in the mediation and arbitration process initiated by ICANN, Atgron has spent in mediation fees, and in arbitration fees. This financial commitment is inconsistent with ICANN's attempt to portray Atgron as essentially insolvent.

34. I am incredibly proud of the minority and woman-owned business I am building, and am committed to seeing it succeed and flourish despite ICANN's conduct.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was signed by me on June 14, 2020 at

ADRIENNE McADORY

EXHIBIT 19

Table 1: Emergency Transition Exit Requirements and Tasks for .WED Updated 11 June 2020 to show status and deadline to exit EBERO

Task	Contractual Requirement	Status	Pass Through Cost	Notes
The Registry	Operator may conduct tas	The Registry Operator may conduct task 2 in parallel to the Technical Evaluation (MSA process) tasks 1(a) through 1(e	al Evaluation (MSA pro	cess) tasks 1(a) through 1(e)
1(a) Material Subcontracting Arrangement (MSA) - Technical Panel Evaluation 3-9 weeks	RA Section 2.13 and Registry Transition Processes (RTP) <u>RTP Matrix 1</u> - Full Technical Evaluation	Completed: Passed 8 August 2018	\$ 12,420.00	Completed
1(b) MSA - Transition Plan Review (once submitted to ICANN) <i>1-2 weeks</i>	RA Section 2.13 and RTP	Pending action by Atgron to submit the Transition Plan for review by ICANN	()	Follows the standard MSA process for Transition Plan Review. ICANN provided information via the MSA How to Guide for Atgron to draft the Transition Plan. ICANN org to provide necessary transition details from Nominet once Atgron submits the draft. Atgron, as the proposed Registry Service Provider, is responsible for developing the transition plan.
 1(c) MSA - Technical Testing (Registry Service Provider (RSP) Change Testing) 5-7 weeks, which includes: ~2 weeks to schedule, ~2 weeks for testing, ~1 week for test results, and ~1-2 weeks for additional testing and results, if required by the test vendor 	RA Section 2.13 and RTP	Pending action by Atgron to provide requested details and complete Technical Testing, including payment of testing fee Start immediately; conduct in parallel to 1(b)	 \$ 4,000.00 (for one round of Technical Testing; each additional technical test needed costs \$4,000) 	ICANN to provide Atgron with information regarding scheduling and conducting the testing. Atgron must then respond with requested contact information for testing (RST contact) and scheduling information. ICANN's third-party vendor will work directly with Atgron to coordinate and conduct testing. More information about the tests and process will be provided in the case and can be found <u>here</u> . Scheduling: Please note, the test provider is typically able to schedule testing within 2 weeks of the requested test start date. All scheduled tests commence on a Monday, but need to be requested by Tuesday of the prior week. The RST contact will be responsible for providing the required data to the RST System no later than 11.59 UTC on the Friday before the scheduled test date. We suggest that you review all materials found here prior to scheduling testing. Retesting: For Atgron's planning purposes, note that in ICANN's experience, many ROs fail testing initially and

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2. Financial Evaluation 4-15 weeks depending on number of CQ rounds	1(e) MSA - Formal MSA Notice and ICANN Consent <i>10 days</i>	1(d) MSA - Registry Simulation (First-time RSP Testing) 2 weeks	
RA Section 2.13 and Registry Transition Processes <u>RTP Matrix 1</u> - Full Financial Evaluation (modified to remove COI obligation)	RA Section 2.13 and Registry Transition Processes	RA Section 2.13 and Registry Transition Processes	
Pending action by Atgron to initiate and complete Financial Evaluation, including payment of evaluation fee Start immediately unless the alternative option is chosen. If alternative option is chosen, Atgron must notify ICANN immediately and provide COI to progress to task 3	To be initiated after 1(a, b, & c) are complete	Not Required	
\$ 13,050.00	6 9	69 1	
Upon receiving notice from Atgron that the RO is ready to initiate financial evaluation, ICANN will provide the RO with the questions, steps, and timeline for submission through the Naming Services portal and will coordinate the evaluation by ICANN's third-party vendor. Per Specification 8 of the RA, Atgron is no longer required to maintain the Continued Operations Instrument (COI). Therefore, there is no longer a requirement to fund the COI as part of financial evaluation and scoring has been updated accordingly. The RO will be given at most 2 rounds of clarifying questions (CQs), but only so long as there is sufficient time to complete tasks 1-3 by 31 July 2020. If Atgron is unable to pass evaluation after a 2nd round of CQs, evaluation will be deemed unsuccessful. Note: Cost of financial evaluation is \$13,050.00 and must be paid by Atgron regardless of the test result. This	Upon successful completion of tasks 1(a) - 1(d), Atgron must submit a cover letter with proposed RSP information and estimated transition timing to formalize the MSA request. Upon receipt, ICANN will review and provide its decision of the MSA request. This is the last task to complete the MSA process and cannot occur until all other tasks associated with MSA are complete, including payment of all MSA pass through costs.	[Updated 11 June 2020] Atgron identified PCH as its DNS/DNSSEC registry service provider. PCH is a well-known DNS/DNSSEC provider for gTLDs and is not a first-time RSP. This step is therefore not required since it specifically tests DNS/DNSSEC capabilities of first time RSPs. If Atgron changes the DNS/DNSSEC provider from PCH to a different organization, this step may be added back to the Emergency Transition Exit Requirements.	therefore attempt multiple tests. Atgron may attempt multiple tests so long as Atgron completes tasks 1-3 by 31 July 2020. Each test costs \$4,000.00 and must be paid by Atgron regardless of the test result.

5. Transition TLD from EBERO to RO		4. Pay all Data Escrow fees incurred during EBERO	3. Pass Limited Due Diligence 2 weeks	
	RA Section 2.13 and Section 5.4 of the EBERO Master Services Agreement	RA Section 2.13 and EBERO Master Services Agreement	RA Section 2.13 and Registry Transition Processes	
	Pending action by Atgron to transition . WED from EBERO provider Must be completed no later than 31 July 2020	Requirement waived by ICANN	Pending action by Atgron to provide documentation necessary to complete due diligence after completing tasks 1 and 2	
\$56,970.00 \$29,470.00	ICANN has waived the (\$20,000.00) fee for Atgron; however, in the event the .WED RA is terminated or assigned, the successor RO may be responsible for this cost.	ICANN has waived the (~\$7,500) fees associated with the cost of Data Escrow for this EBERO event.	Ω	
Total cost to exit EBERO before removing waived items (with Financial Evaluation and one round of Technical Testing; if more than one round of Technical Testing is needed, total cost will increase by \$4,000 per additional technical test) Total cost to exit EBERO after removing waived items (with Financial Evaluation and one round of Technical Testing; if more than one round of Testing is needed, total cost will increase by \$4,000 per additional technical test)	Per the RA 2.13 the RO is required to pay all costs incurred by ICANN resulting from an EBERO event. The Master Services Agreement with the EBERO provider calls for a \$20,000.00 fee for Transitioning the TLD back to a registry operator. The transition portion of the requirement remains in place. However, if Atgron successfully completes tasks 1-3 by 31 July 2020 and is able to exit the EBERO temporary transition period, ICANN will waive the associated pass through cost for Atgron.	Per the RA 2.13 the RO is required to pay all costs incurred by ICANN resulting from an EBERO event. This requirement and cost have been waived by ICANN.	The RO and all affiliates must be in good standing with ICANN from a financial and compliance standpoint. ICANN will inform Atgron of required documentation for this task after successful completion of tasks 1 and 2.	cost increased from \$12,420.00 as of the last renewal with the vendor for this service. Atgron will be invoiced for the pass through cost once the evaluation is scheduled with ICANN's third party vendor. Note: In the alternative, Atgron may forego the financial evaluation entirely, provided that Atgron funds a new COI for .WED by 31 July 2020 (as explained in detail in the above letter).