

**EXPLANTORY MEMORANDUM
to and forming part of
NOTICE OF ANNUAL GENERAL MEETING
of
.au DOMAIN ADMINISTRATION LTD (auDA)
to be held on 27 November 2003 at 10.30am
at Hotel Intercontinental, Sydney**

Agenda Item 4: TERMINATION OF GUY & ASSOCIATES' MEMBERSHIP OF auDA

Proposed Resolution:

RESOLVED as a Special Resolution that the membership of Guy & Associates be terminated under clause 13.3 of the Constitution.

BACKGROUND AND EXPLANATORY MEMORANDUM

Clause 13.3 of auDA's constitution permits auDA, in a general meeting by special resolution, to terminate the membership of a member if, amongst other things, the Directors of auDA resolves that a member may have been guilty of conduct detrimental to the interest of auDA or to the objects of auDA.

Guy & Associates is a Melbourne-based law firm, the principal of which is a Mr James Guy. Guy & Associates became a member of auDA on 8 August 2003, and Mr James Guy is its nominee.

On 10 October 2003, a member on the DNS list forwarded to auDA's executives, a copy of an email transmitted by Mr James Guy to that member, containing the following text:

I am standing for the Board of the Australian Domain Authority [sic] and need your vote. But to vote you need to be a member of the demand class.

I would love it if you or any other of your maters [sic] would register as a member with auDA at

<http://www.ada.org.au/about/membership-form.html>

I am happy to pay the invoice for the \$22 fee if you provide me with a proxy vote in my favour. The membership will be confirmed on around 10 October 2003.

According to the header information of that email, the email was transmitted at 19:00:08 hours on Wednesday 8 October 2003. Around this time, and over the next four days, approximately 50 applications for demand class members were received through auDA's web site. auDA presently has 61 demand class members.

According to auDA's computer logs, 40 of these applications were submitted from the same IP address. auDA has, through its solicitors Maddocks, written to all these applicants seeking further clarification about their application for auDA's membership. Of these applicants:

- One has confirmed that he received a similar email and a telephone call from Mr James Guy, and permitted Mr James Guy to use his name for the purpose of applying for membership. He did not submit his application himself, and assumes that Mr James Guy must have done so. He has since withdrawn his application.
- Another applicant has not previously heard of auDA, and was not aware that an application for membership of auDA has been submitted on her behalf.

auDA has, through its solicitors Maddocks, written to Guy & Associates to seek an explanation from them about Mr James Guy's apparent conduct. Mr James Guy (for Guy & Associates) states that he has 'no recollection' of the email transmission, but has not formally denied transmitting the email.

The Board of auDA considers Mr James Guy's (and through Mr James Guy, Guy & Associates') conduct is detrimental to the interests of auDA and to the objects of auDA, and believe that such conduct ought not to be tolerated. For this reason, the Directors of auDA have formally resolved, under clause 13.3 of auDA's constitution, that in their opinion, Guy & Associates has been guilty of conduct detrimental to the interests of auDA and to the objects of auDA.

However, it is up to auDA's members to decide whether the conduct of Mr James Guy and Guy & Associates is acceptable. Accordingly, this special resolution has been proposed.