August 8, 2016

Internet Corporation for Assigned Names and Numbers ("ICANN")
Attn: Board of Directors
12025 Waterfront Drive, Suite 300
Los Angeles, CA 900942536 USA

Re: IRP Declaration in Dot Registry LLC. V. ICANN (ICDR CASE NO. 01140015004)

Dear Members of the Board:

As Delaware’s Secretary of State, I administer the State’s company registry and am responsible for protecting the integrity of Delaware’s legal entity registration system. Nearly 1.2 million legal entities such as corporations and limited liability companies (LLC) are organized in the United States under the laws of the State of Delaware.

The State of Delaware is the legal domicile of 66% of Fortune 500 companies, 55% of the firms listed on the two major U.S. stock exchanges, and 85% of new initial public offerings in the United States. Delaware is also the legal home to many of America’s largest privately-held and non-profit companies and hundreds of thousands of subsidiaries and affiliates of major companies in North America and around the world.

Over the past four years, I have been part of a chorus of federal and state officials in the United States urging ICANN to proceed cautiously and deliberately in any approvals of new “company ending” generic Top Level Domain (gTLD) name extensions defined under the laws and regulations of state and provincial registries as “company endings”. Such company endings include, but are not limited to, “.INC”, “.CORP”, “.LLP”, “.LTD”, “.GMBH”, “.COMPANY” and “LLC”.

I have repeatedly expressed the view of Delaware and the National Association of Secretaries of State that the granting of such name extensions creates a number of public policy issues and concerns – not the least of which is increasing the potential for fraud and abuse. This is occurring at the same time that global policymakers are calling for improved transparency of registered legal entities. I have urged ICANN not to award these extensions and stated that if ICANN intended to proceed, it should do so in ways that safeguard consumers, legitimate legally registered entities, state regulators and the Internet itself from fraudulent and misleading activities.
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I completed the laborious process of submitting public comments of a similar nature on every application for such gTLDs. As early as 2012, I expressed my concerns that ICANN was systematically ignoring critical policy concerns while demonstrating a singular focus on process over substance. I pointed out that ICANN’s unwillingness to consider substantive issues validated my view that these gTLDs should not be awarded and certainly not without appropriate controls.

Regrettably, not once through four years of correspondence, comments, appeals and witness statements have the concerns of Delaware and other corporate registries throughout the U.S. been acknowledged as having validity. Rather, these legitimate policy concerns have been systematically brushed to the curb by ICANN staffers well-skilled at manufacturing bureaucratic processes to disguise pre-determined decisions.

The recent majority decision of the ICDR seems to back up this conclusion. As you know, the ICDR decision is critical of the entire process from beginning to end. The decision determined that the “independent” evaluator was not independent at all and shows that research said to have been conducted by the evaluator never actually occurred. It points out the failures of the Governance Committee to perform its duties. The ICDR decision validates all of the concerns I’ve raised about a lack of transparency and the cavalier way that substantive comments have literally been ignored. In short, the ICANN staff administered a fatally flawed process designed by bureaucrats to achieve a certain end – the unrestricted auctioning of these gTLDs.

ICANN’s Board now has an opportunity and indeed a fiduciary duty to address and correct the many concerns raised in the ICDR decision. I am not so presumptuous as to suggest exactly how the Board should correct these problems. However, I do believe that ignoring these fatally flawed process failures would dramatically undercut the credibility of the Board itself and bring into question the Board’s independence.

I continue to stand by all of my previous statements to ICANN. And I reiterate my view that if ICANN is intent on awarding such gTLDs that it be done in a way that provides recourse through a community applicant that has made the efforts to understand the concerns of corporate registrars and has put in place protections for the community of interest of validly registered U.S. legal entities. If you have any questions, please contact me or Richard J. Geisenberger, Chief Deputy Secretary of State, at 302-739-4111.

Thank you for your consideration.

Sincerely,

Jeffrey W. Bullock
Secretary of State

cc: Richard J. Geisenberger, Chief Deputy Secretary of State
Leslie Reynolds, Executive Director, NASS