



GOLDEN GATE YACHT CLUB

#1 Yacht Road, San Francisco, California USA 94123

Frequently Asked Questions

September 26, 2007

1. Q: On September 20 the Defender publicized amendments to the Protocol; were these changes enough for GGYC to drop its court action?

A: Some new points were welcome. But the proposed changes were largely cosmetic and did not address the central issues. Even as amended, the protocol still presents the following serious and continuing concerns:

- The defender can still further amend the protocol at any time so long as CNEV agrees
- There is still no input from the challengers to the appointment of neutral officials
- The defender and ACM are under no obligation to act in a manner that complies with fair dealing, good sportsmanship or fair play
- The defender can still disqualify any competitor just for disputing the binding nature of a single provision of the protocol. There is an opportunity to take the matter to the arbitration panel, but the panel does not have the power to reinstate a competitor who is disqualified for disputing a provision of the protocol
- The defender and CNEV retain the right to amend, without approval from the arbitration panel, most of the important facets of the panel's powers, including its jurisdiction, standing, appeal processes, binding effect of its decisions, time limits and penalties
- The defender has still not issued its commercial regulations or the competitor's regulations and so challenging teams have no idea whether those future rules will be fair
- The defender's event organizer, ACM, is still not subject to the "fair play" requirement of the latest amendment
- The defender, through its management company, ACM, retains the right to define the entry criteria at its sole discretion and therefore to effectively reject any challenger
- The unfair advantage to the defender of being able to develop the rule for the new boat ahead of other competitors has not been addressed.
- The defender also retains the ability to unilaterally set the dates, venue, format of the challengers' series, and regulations for the event.

2. Q: What changes in the latest version of the protocol were of value?

A: It appears that the defender has now accepted that it should limit its previous wide-ranging rights to dismiss arbitration panel members. This is a good change.

3. Q: So what happens next?

A: This should be resolved by sitting down together and negotiating face to face. To this end we have tried to both negotiate directly and to organize an agreed mediator.

Ends