

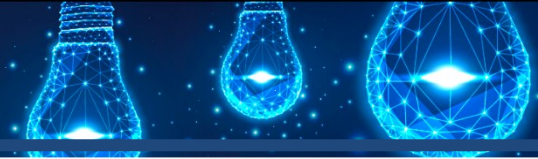
Managing “for-Profit” Financial Flows by Establishing a Delaware Subsidiary

Business Case

October 2023

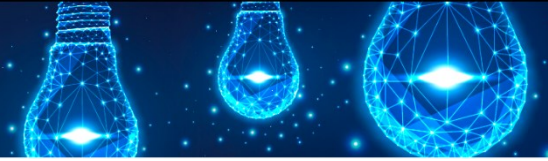


Agenda



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Introduction



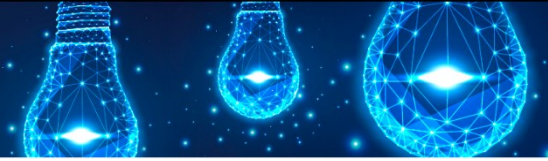
- Objective:

To present a business case for establishing a Delaware company focused on managing ICMCI's small-payment streams worldwide.

The company has a sole shareholder: ICMCI, which is an association registered according to Swiss law

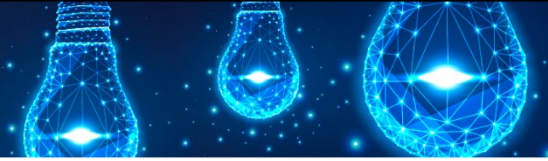
- Company Name: ICMCI Services Inc.
- Presenter: Ruggero Huesler, CFA CMC
- Date: October 12, 2023

Problem Overview (Part 1: Micro Payment)



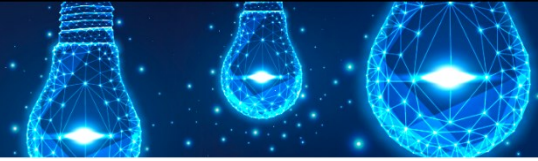
- Small payments are a growing trend globally due to the rise of e-commerce, digital services, and the gig economy.
- Small payments typically involve transactions of low-value amounts, such as micropayments, small subscription fees, in-app purchases, and online donations.
- The current ICMCI set-up in Switzerland lacks a dedicated solution that covers the management of small payments efficiently (low transaction costs) and securely on a global scale:
 - Alternatives:
 - To set up an 'e-shop-like' operation in Switzerland that would allow for direct credit card payments, either via a separate Swiss Verein (association) or via a GmbH (LLC)
=> discarded because of its high set-up costs
(estimated at 17.25 kUSD, in case of an additional association, and at 34.5 kUSD, in case of a LLC)
 - To set up a 100%-ICMCI-owned corporation in another, 'low-cost', 'little-red-tape' jurisdiction to handle this kind of payments
=> the "Delaware" solution presented here

Problem Overview (Part 2: Business Entity)



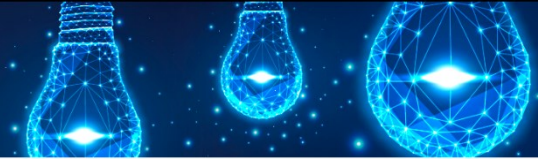
- The growing business activities of ICMCI need a strong governance to manage risks and resources as well as full transparency
- These activities raise issues in terms of liability of the board and ED on a personal level
- A separate entity provides an appropriate structure to distinguish them from regular ICMCI activities
 - Alternatives:
 - To set up an “informal” structure within the ICMCI governance like a committee and / or advisory board.
=> ***in the long run, this is not sufficient to cover the risks***
 - To set up a business entity in Switzerland
=> ***High set-up and recurring operating costs***

Opportunity



- ICMCI Services Inc. aims to fill the gap in the set-up by offering a comprehensive platform for managing small payments worldwide that allows for efficient 'project' accounting. Typical projects include:
 - ICMCI – Global Institute
 - ICMCI Programmes - CMC Register & CMC Firms
 - ICMCI Projects (e.g. UNIDO)
 - Trainings
 - Conferences
 - Books
- Key Features:
 - Streamlined payment processing: Simplify the payment experience for IMC, IMC members and other stakeholders in the ICMCI ecosystem, reducing friction and increasing conversion rates.
 - Multi-currency support: Enable payments in various currencies, catering to a diverse stakeholder base.
 - Robust security measures & scalable infrastructure, through the use of an established and credible financial services provider.

Advantage



- ICMCI Services Inc. offers the following advantages:
 - Global reach (*): through the use of top credit card payments processors.
 - Regulatory compliance: Ensure adherence to global regulations and compliance standards, giving ICMCI stakeholders peace of mind.
 - Cost-effectiveness: Offer competitive pricing structures that cater to the needs of ICMCI stakeholders.

(* **Note:** countries / institutions / individuals part of a US DPL (Denied Parties List), such as Iran, Syria, North Korea, Russia, Zimbabwe, etc. are excluded.

Business Model

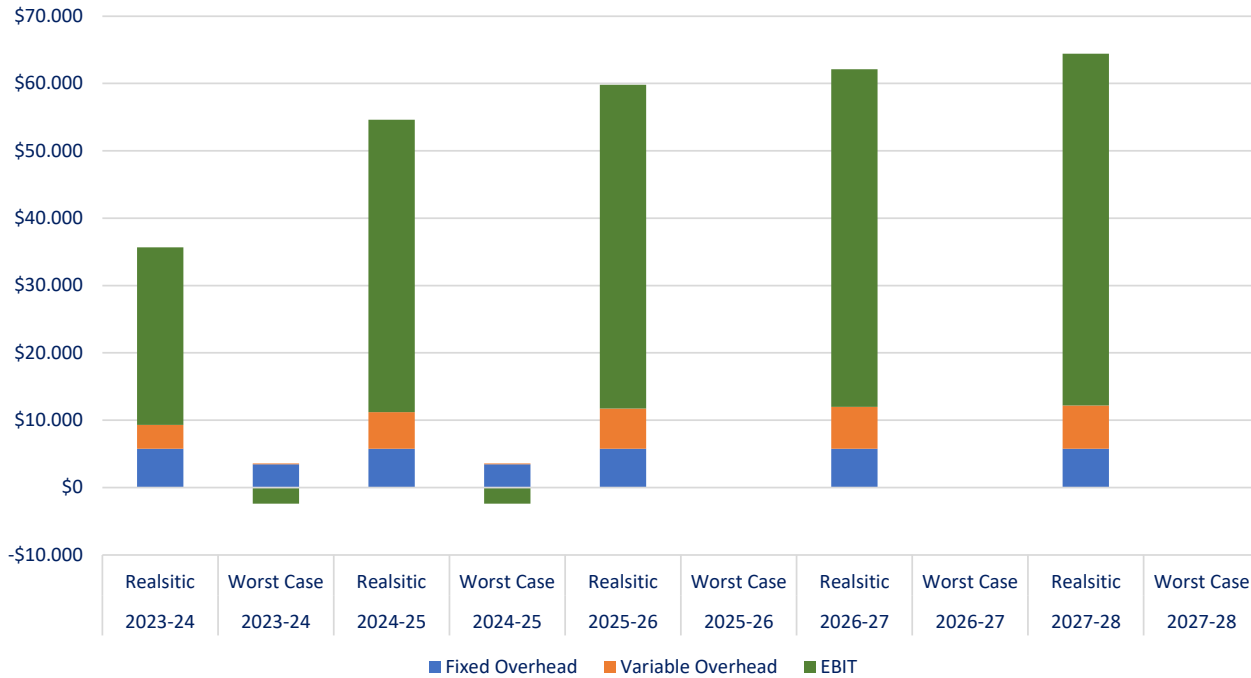


- Net (fee-based) Revenue Streams:
 1. CMC Directory & CMC Firm
 - Minus Share of CMC Directory & CMC Firms Granted to IMCs
 2. Global Institute
 - Minus Direct Costs of GI
 3. Trainings (e.g. ISO 20700, code of ethics, etc.)
 - Minus direct costs of trainers
 4. ICMCI projects (e.g. UNIDO)
 - Minus direct costs of projects (consultants)
 5. Conferences and events
 - Minus direct costs of conferences and events
 6. Books
 - Minus direct publishing costs
- 'Overhead' Cost Structure:
 - Set up costs (one time) ~ \$2,000-5,000
 - Legal fees: \$0
lawyer is working pro bono for ICMCI
 - Authenticated ICMCI registration certificate: \$ 60
 - Registration fee: \$ 800
 - Expedited EIN: \$ 250
 - Paid-up capital: \$ 20
 - Initial Loan from ICMCI ~ \$ 800
 - Potential costs for a short trip to the US (related to account opening): \$3,000
 - Recurring costs: ~\$ 4,000 + var. costs
 - Franchise Tax: \$ 800
 - Tax Returns (by CPA): \$ 2,500
 - Registered Agent Fees: \$ 200
 - Addl. Quickbooks License: \$ 500
 - Administrative support: from ICMCI back office as a % of revenues

Financial Projections



**ICMCI Services Inc.
Realistic / Worst Case Scenarios 2023-2028**



- In case of „worst case“ the company will be shut down after 2 years
- Even in worst case ROI will be positive after 2 years
- “Realistic scenario” reflects to variable income if ICMCI budget / actual 2021-22
- The actual revenue stream will be higher as direct, variable cost (like trainer cost) will be included

	2023-24	2023-24	2024-25	2024-25	2025-26	2025-26	2026-27	2026-27	2027-28	2027-28
	Realistic	Worst Case	Realistic	Worst Case	Realistic	Worst Case	Realistic	Worst Case	Realistic	Worst Case
Gross Revenues (excl. Direct Co:	\$35.650	\$1.150	\$54.625	\$1.150	\$59.800	\$0	\$62.100	\$0	\$64.400	\$0
Fixed Overhead	\$5.750	\$3.450	\$5.750	\$3.450	\$5.750	\$0	\$5.750	\$0	\$5.750	\$0
Variable Overhead	\$3.565	\$115	\$5.463	\$115	\$5.980	\$0	\$6.210	\$0	\$6.440	\$0
EBIT	\$26.335	-\$2.415	\$43.413	-\$2.415	\$48.070	\$0	\$50.140	\$0	\$52.210	\$0

Note: for the entire document: 1 CHF = 1 EUR = 1.15 USD

Planned structure (1st Phase)



- **Management: ICMCI Executive Director + assigned person from the board (no additional cost) (*)**
- **Advisory board (*) to control and manage business activities**

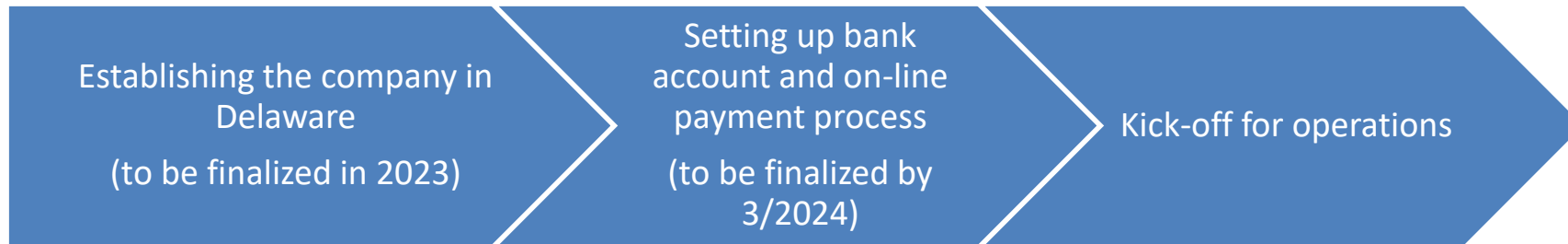
(*) Important Note: as long as the persons designated here are non-US citizens and non-US residents, whether paid or non-paid by the company, there are **neither US-tax consequences** for them, **nor** requirements for them to **file any US-tax returns**

IMC's Benefits



- **ICMCI can widen its activities to grow and gain funding other than membership fees**
- **IMCs can collaborate with ICMCI to promote and administrate activities like training or conferences (for a small fee)**
- **Managing concerns about GI activities with transparency**

Next Steps

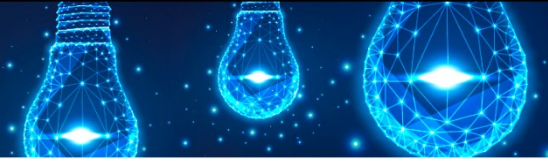


Conclusion



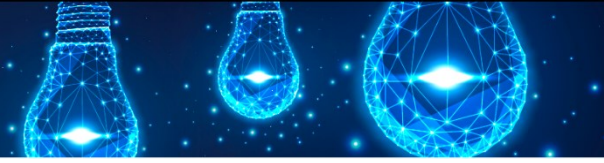
- ICMCI Services Inc. is poised to capitalize on the growing demand of ICMCI for managing small payments worldwide.
- By establishing a Delaware company, ICMCI can benefit from the state's business-friendly environment, tax advantages, and established legal framework.
- By working with a local commercial banking of repute, ICMCI can benefit from a large breadth of payment service offerings

Request to the Assembly



In view of what was presented, we request the Assembly to approve:

- a) **The proposal to establish a ‘for-profit’ subsidiary in Delaware according to the plan outlined in these pages**
- b) **The budget of \$ 5,000 to set-up the said ‘for-profit’ subsidiary according to the plan outlined in these pages**



Any Questions?

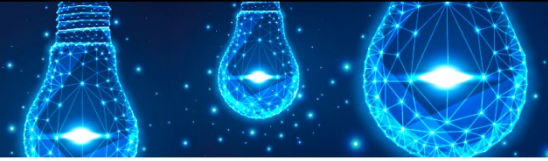


Thank you!

ruggero.huesler@cmc-global.org

www.cmc-global.org

Appendix - Why Delaware (1/2)





Incorporating a 'for profit' company (Inc.) in the US state of Delaware offers the following advantages:

- Very rapid set-up
(2 weeks is the norm for a non-financial, non tax-exempt company)
- Low incorporation costs, given the size of the 'incorporation industry'
(all the more so if the lawyer, based in Amman and admitted to bar in DC, waives some of its fees, which is our case)
- Low paid-up capital
(as little as \$ 1, but we plan for \$ 20)
- Limited 'filings' or other 'red tape', in particular: no 'local directors', no formal filing of annual accounts or statutory audits
(we will file for regular taxes, of course)
- Limited 'substance' requirements, i.e. no local employees or physical office requirement
- Ease of 'remote operations', including book-keeping
(allows us to operate the company from Amman)

Appendix - Why Delaware (2/2)



List of jurisdictions examined and subsequently discarded, with key reason:

 Not Meeting Selection Criteria	Switzerland:	<ul style="list-style-type: none">▪ High set-up costs▪ Possible severe banking restrictions for an entity without any relationship to Switzerland
	UAE (Dubai, Ras Al Kaimah & Ajman):	<ul style="list-style-type: none">▪ High incorporation costs and high paid-up capital
	Singapore:	<ul style="list-style-type: none">▪ Annual account filings and resident director
	Hong Kong:	<ul style="list-style-type: none">▪ Annual account filings and statutory audit
	Jersey (UK), Guernsey (UK), BVI, Belize:	<ul style="list-style-type: none">▪ Substance requirements (staff and physical office)
	Isle of Man (UK):	<ul style="list-style-type: none">▪ Unclear whether substance requirements apply
	Dominica, Cayman Islands:	<ul style="list-style-type: none">▪ Restrictions in day-to-day operation
	Other US States w. favourable incorporation laws (Nevada, Wyoming)	<ul style="list-style-type: none">▪ Lower maturity stage of 'incorporation industry'
 Suboptimal Alternatives		



Thank you!

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cmc-global@cmc-global.org

www.cmc-global.org



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