Adopted by 10th session of provisional World Parliament, convened in Kara, Togo, West Africa, June 2007

World Legislative Act #40

Earth Federation Indemnity Bonds

Short title: Indemnity Bonds

In view of the necessity to promptly retire all illegal financial securities, for preventing violating companies from access to fiscal resources that the transgressors could and would use unjustly for making illegal weapons systems, for legal or illegal defense or other illegal activity within or outside the Earth Federation judicial system;

To protect innocent heirs, executors and probate courts from automatically incurring criminal liability through testament;

To protect stock investors from illegal decisions of corporate boards;

To quickly generate and circulate hundreds of billions of units of live Earth credit and currency within the Earth Federation;

This 10th session of the provisional World Parliament hereby creates Earth Federation Indemnity Bonds.

1. General provisions for issuance of Earth Federation Indemnity Bonds:

1.1. The Prosecution Department of the Enforcement System, in coordination with the World Disarmament Agency, the Investigation Department, and the World Ombudsmus, may engage in plea-bargaining with persons for retirement of illegal securities. Plea bargaining may include provisions for conditional amnesties.

1.2. This plea-bargaining may include issuance of indemnity bonds from the World Financial Administration through the Earth Federation Funding Corporation.

1.3. Indemnity bonds offered in plea bargaining might be considerably less than the face value of the illegal instruments retired, or the indemnity bonds may be up to twice the value of the illegal instruments retired, depending on the bargain of the Prosecution Department.

1.4. The Prosecution Department must disclose proposed plea bargains to the World Ombudsmus. Within thirty days of receipt, the World Ombudsmus may challenge any plea bargain issue of indemnity bonds by filing objection to the World Bench for Criminal Cases. During any challenge, the World Financial Administration (EFFC office) must not issue any indemnity bond for the particular case.

1.5. During any prosecution, the Prosecution Department may deny any issuance of indemnity bonds for retirement of illegal instruments. Prosecution Department must promptly report denials of indemnity bonds to the World Ombudsmus. Within thirty days of receipt of denial report, the World Ombudsmus may challenge any plea bargain denial of indemnity bonds by filing objection to the World Bench for Criminal Cases. The World Financial Administration (Earth Federation Funding Corporation office) must not issue any indemnity bond in cases of Prosecution Department denial, unless so ordered by the World Bench for Criminal Cases after hearing has been processed.

1.6. The World Court may hold preliminary hearing, and issue a decision from the preliminary hearing, if there seems, from the preliminary hearing itself, a just determination is possible. Otherwise, the World Court can hold that the amount in question is not worthy further consideration of the Court, and can make judgment during preliminary hearing. Or the Court may accept a complete hearing process.

1.7. In cases where the matter of indemnity bonds is decided in Court hearing, the Court decides the value of the indemnity bonds to be issued rather than the Prosecution Department.

1.8. Individuals on conviction of violation of world legislation class 3 or above, or second conviction or any world class felony, lose privilege to any Indemnity Bonds or amnesty.

1.9. In cases of amnesty, or ongoing plea-bargaining, the Investigations Department may order new personal financial disclosure from brokers and from financial officers. The Enforcement System may initiate charges and warrants against brokers or financial officers or any person for whom the Enforcement System discovers reinvestment, resale or new issue of illegal financial instruments.

2. Amnesties: Broker and financial officer cooperations with investigations of the Enforcement System.

2.1. Brokers retiring illegal securities must report the retirement to the World

Disarmament Agency. Brokers must report fees and commissions earned by the retirement. Brokers may submit any fee and commission earned in exchange for Indemnity Bonds worth up to twice the value of the fees and commission. Alternatively, brokers may submit half of the fee and commission earned in exchange for Indemnity Bonds worth the value of the whole fees and whole commission.

2.2. The Prosecution Department may negotiate with brokers and financial officers of corporations in charge of retirement of securities for plea-bargaining and for amnesties. In the case of brokers and financial officers who take steps to bring about rapid retirement of illegal securities without otherwise trading illegal securities. Full amnesty or partial amnesty may be designated by the Prosecution Department.

2.3. Brokers and financial officers participating in the retirement of the illegal securities shall make full disclosure of their own personal stock portfolios to assure that they are not otherwise in violation of world law. Knowingly and intentionally making false disclosure is unlawful (class 3 felony). As portfolios might contain an assortment of illegal securities from multiple sources that might require some time for retirement, persons may file an Initial Report of Disclosure with Intention to Retire Securities provided all illegal securities are retired within thirty (30) days. If the time frame is difficult because of location of holdings (for instance, safety deposit boxes in three separate continents), the person may file Request for Collection Assistance from the World Disarmament Agency at the time of filing the initial report. Persons filing disclosure of portfolios shall final Clear Portfolio Report within sixty (60) days of the Report of Disclosure with Intention to Retire Securities, unless the person is receiving collection assistance from the World Disarmament Agency, in which case the World Disarmament Agency may grant a temporary extension conditional on cooperation. If a person evades compliance, the Enforcement System may initiate any respective legal enforcement procedure. Extension costs a fee as a proportion of the value against any indemnity bond. The Earth Federation Funding Corporation may determine the fee schedule.

2.4.1. Brokers and financial officers of corporations in charge of retirement of illegal securities may at disclosure immediately begin to retire any illegal securities from their personal portfolios, and pay the value to the World Disarmament Agency Earth Federation Funding Corporation office in exchange for indemnity bonds from the World Financial Administration (EFFC office) worth up to twice the market-assessed value of the illegal financial instruments.

2.4.2. Alternatively, brokers and financial officers working with the Prosecution Department may keep half of the value of the retired illegal security from own portfolio in original cash form and deliver the other half to the World Disarmament Agency's Earth Federation Funding Corporation office in exchange for indemnity bonds worth up to the current market-assessed value of the illegal financial instrument.

2.5. Brokers or financial officers who are not in a position to issue the retirement payments, or issue the fees and commissions may cooperate with the Investigation Department and may negotiate with the Prosecution Department to enlist the cooperation of a financial officer who is in a position to issue the respective payments to the World Disarmament Agency. Cooperating financial officers issuing payments against retired instruments may be eligible for amnesty, or for plea-bargaining.

3. Bank stock liens against illegal financial instruments are included in these provisions for Earth Federation Indemnity Bonds. The same rules as apply for brokers and financial officers apply to bank officers and personnel. As per provisions of World Legislative Act provision #13.2.15, regarding borrowing and lending for violation of world legislation, either the bank or the illegal financial instruments' registered owner may initiate the process for the retirement of the security. Banks shall deal with all illegal holdings simultaneously, rather than piecemeal. Illegal holdings are illegal based on whether or not they are violations of the world law, not on whether or not a particular securities issuer has been yet convicted of violation. If the retirement of the sum of illegal bank stock liens exceeds the banks ability to liquidate the liens within the terms of World Legislative Act provision #13.2.15. , the Earth Financial Credit Corporation of the World Financial Administration may charge the bank with insolvency.

4. Resolution of illegal financial instruments acquired by testament to allow survivors who are assigned illegal financial instruments by the will of another to indemnity.
By prompt report, survivors who are assigned financial instruments that are illegal under WLA#13, are entitled to report the instruments, follow procedure and receive world federal indemnity bonds worth twice the value of the instruments. The executor of testaments with illegal financial instruments is also required to report and is entitled to a reasonable executor fee or commission payment from the estate, which can be a portion of the indemnity bond amount, if adequate other sources are not available from the estate.
The broker in cases of testament shall report the existence of the legacy immediately upon being informed by the executor. On report to the World Disarmament Agency, the Attorneys General office must not initiate or process

warrants against the executor, trustee, the survivor or broker for the processing or disposal of the illegal financial instruments through redemption against corporations violating world legislation, provided:
4.1. No evidence of separate case of world legislative violation is on file in the Investigations Department, or record of related conviction in the Corrections Department;
4.2. In the case of a broker, the broker immediately reports redemption to the World Disarmament Agency, and the normal fee and commission on the illegal financial instruments is transfered to the World Disarmament Agency in exchange for indemnity bond worth up to twice the value of the normal fee or commission.
Alternatively, the broker may transfer half of the normal fee or commission in exchange for indemnity bonds worth up to the whole normal fee or commission.
4.3. In the case of an executor, if after death of the testator, the executor immediately reports the illegal financial instruments on knowledge of the existence of the illegal financial instruments. Executors are not required to seek indemnity bonds for executor service payment, but are required to seek indemnity bonds if the executor is additionally a beneficiary of the illegal financial instruments of the testament.
4.4. In the case of a surviving beneficiary, if the assignment of the illegal financial instrument is reported to the World Disarmament (Armament) Agency after death of the testator, and immediately on learning of the existence of the testamentary power of sale and learning of the details of the illegal instruments. The proceeds of the redemption to the surviving beneficiary must then be transferred to the World Disarmament Agency. The World Disarmament Agency must in turn report to the World Financial Administration for the issuance of the indemnity bonds.

5. Illegal financial instruments in probate or trust.
5.1. Because illegal financial instruments remaining in probate or in trust constitute an investment and fiscal power of corporations violating world legislation, no probate court, probate agency, executor or trustee may retain stewardship of illegal financial instruments. Simple destruction of the financial instruments by the probate court, probate agency, executor or trustee locks the fiscal power into the violating corporations because the value is then wholly irredeemable against the corporation and will be assumed as invested by the market in the violating corporation. Also, simple destruction by the probate court or probate agency becomes a destruction of evidence against the violating corporation.

5.2. In the case of probate, the respective court or probate agency has immediate accountability and testamentary power of sale. In these cases, the respective court

or probate agency must report the existence of the illegal financial instruments to the World Disarmament Agency, redeem the value of the instruments, then remit the value of the instruments to the World Disarmament Agency Earth Funding Corporation office of the World Financial Administration. The WFA then must issue the indemnity bonds to the respective court or probate agency, as indemnity bonds in probate. The WFA may issue the indemnity bonds through the Earth Federation Funding Corporation. The respective probate court or agency earns an administrative payment of indemnity bonds not to exceed 2% of the value of the retired illegal securities.

5.3. Surviving beneficiaries of indemnity bonds in probate lose entitlement to the indemnity bonds in probate, if convicted of violation of world legislation felony class 3 or above, or upon second conviction of any world class felony.

5.4. World Indemnity Bonds are redeemable from the Treasury of the Earth Federation upon declaration of the second operative stage of Earth Federation. The World Financial Administration shall draw up redemption schedules, with installments in the case of large values. The World Financial Administration shall not redeem the value of indemnity bonds to an individual at a rate to exceed the maximum allowable income.

5.5. Indemnity Bonds survive and are transferable.

6. Testamentary illegal financial instruments are a form of evidence that can be neither retained nor impounded in original form without further empowering the violating issuer. Therefore, if held, brokers, executors, trustees or beneficiary heirs shall make photocopies or facsimiles of some shares or holding certificates for their own records. The respective broker, executor, trustee or beneficiary heir shall make and retain copy only of the transaction papers and any holding papers. The respective broker, executor, trustee or beneficiary heir shall transfer, send or deliver the original retirement transaction papers to the Investigations Department of the Enforcement system and proceeds to the World Disarmament Agency's Earth Federation Funding Corporation office for eligibility to obtain the indemnity bonds.

7. For the safety of the persons involved in the transactions, the Enforcement System, World Court System and World Ombudsmus shall keep the names of the participants in the indemnity bond program confidential with Earth Federation Agencies unless the World Court requires disclosure for due process. On release of this information, any participant may report alleged intimidation or retaliation to the Enforcement System and the World Ombudsmus.

8. Failure to report or failure to make payments regarding the redemption of illegal financial instruments is unlawful (Unlawful brokerage of illegal financial instruments—class 4 felony. Unlawful sale of illegal financial instruments – class 5 felony)

9. Amnesties, plea-bargains and indemnity bonds are intended as catalytic precipitators of the worldwide disinvestment from illegal industrial activities. The practice of amnesties, plea bargains and indemnity bonds in the early stages of Earth Federation does not imply or confer right to remuneration for illegal activities or illegal values purported. Persons would be wise to get out of illegal markets before disinvestment momentum allows amnesty windows to close, and before indemnity bonds cease to issue.

10. The World Financial Administration may reduce the value or amount of indemnity bonds issued after the declaration of the first operational stage of Earth Federation. The World Financial Administration may further reduce the value or amount of indemnity bonds issued after the declaration of the second operational stage of Earth Federation .

11. The World Financial Administration must not issue indemnity bonds for indemnities against illegal financial stock in violation of world legislative act #13 after the second operative stage of Earth Federation is complete.

12. Current Earth Federation Indemnity Bond initial issue limit to the World Treasury is &1,000.000.000.000.ooo (&1 trillion, that is, one million million &), effective immediately . [Where "&" is legal alternate symbol for the Earth Hour unit of credit and currency.] The provisional World Parliament may adjust this figure in subsequent sessions.

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Earth Federation Indemnity Bonds was adopted as world legislative Act #40 by 10th session of provisional World Parliament, meeting in Kara, Togo, West Africa, June 2007, convened in conformance with Article 19 of the *Earth Constitution*.

Attested: Eugenia Almand, Secretary

Provisional World Parliament