

Federal Court Rules in Favor John K. Baldwin and Bridge Capital against the Government of Laos

April 8, 2016. Yesterday the Federal District Court of the Northern Mariana Islands ruled in favor of John K. Baldwin and Bridge Capital, and against the Government of the Lao People's Democratic Republic (the "Lao Government") in a strongly worded opinion that questioned the Lao Government's intent, noting that its claims were based on "little more than unsupported allegations of wrongdoing" and finding that it was "essentially motivated by bad faith."

Mariana Island resident John K. Baldwin said, "I am pleased by the ruling issued yesterday in which the Court characterized the actions of the Lao Government as "harassment" and "a fishing expedition." The Court's ruling firmly rejected the Lao Government's request on all grounds and this shows the world that this frivolous case against me and my company are without merit."

The Court questioned the Lao Government's intent, noting that its claims were based on "little more than unsupported allegations of wrongdoing" and finding that it was "essentially motivated by bad faith."

Among the favorable decisions for Bridge and Baldwin, the Court questioned whether the Lao Government genuinely believed any of the claims it was raising, stating that, "It appears that Lao Government's true intent is not to . . . support criminal . . . prosecution, but rather to use the [purported] criminal investigation to obtain discovery for the [civil dispute] proceedings" further noting that the request was "more of a fishing expedition than a legitimate use of [the law]."

Further questioning the Lao Government's motives, the Court noted that the Lao Government already "gave up its criminal investigation" and that it failed to initiate any prosecutorial action for years only applying "for discovery in aid of its [purported] criminal investigation *after* initiating the [civil dispute] . . ." According to the Court, that delay further undermined the Lao Government's credibility and, "raise[d] doubts about

the independence and good faith of that investigation”—a suspicion shared by a previous international arbitration tribunal.

Characterizing the Lao Government’s allegations against Bridge Capital and John K. Baldwin as flimsy pretexts, the Court ultimately found that the Lao Government’s stated intent was merely a ruse.

Baldwin added: “Unfortunately, these types of unscrupulous tactics are nothing new for the Lao Government.”

The Lao Government (a totalitarian communist regime where, according to Freedom House, one of the preeminent authorities on democracy and freedom, says “the rule of law. . . is highly compromised”) was represented by Eric H. Cottrell of the North Carolina law firm Parker Poe, John D. Branson formerly of Parker Poe, and now of Womble Carlyle Sandridge & Rice, LLP, and William Fitzgerald, Lao’s local counsel. According to the United States Department of State, Laos employs “[o]fficials [who] often engage in corrupt practices with impunity.” Threatening criminal prosecution without evidence of wrongdoing is just another tool employed by a repressive state renowned for “crush[ing] anything deemed to be a threat to its monopoly on power” and regulating “virtually every facet of life.”

“Scholars such as Martin Stuart-Fox have written articles demonstrating that the Lao Government wields allegations of criminal behavior as an effective device to intimidate or silence detractors”, said Deborah Deitsch-Perez, counsel for Bridge and Baldwin in this matter.

As Bridge Capital’s briefing to the Court shows, “it is precisely because the businesses that Mr. Baldwin ran in Laos would *not* pay bribes that [the Lao government] trumped up false charges and abused U.S. law in an attempt to coerce Mr. Baldwin into abandoning efforts to require [the Lao government] to live up to its commitments.”

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