

**INSTRUCTIONS:** A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in triplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

**Privacy Act Statement.** Every registration statement, short form registration statement, supplemental statement, exhibit, amendment, dissemination report, copy of political propaganda or other document or information filed with the Attorney General under this act is a public record open to public examination, inspection and copying during the posted business hours of the Registration Unit in Washington, D.C. One copy is automatically provided to the Secretary of State pursuant to Section 6(b) of the Act, and copies of such documents are routinely made available to other agencies, departments and Congress pursuant to Section 6(c) of the Act. Finally, the Attorney General transmits an annual report to the Congress on the Administration of the Act which lists the names of all agents and the nature, sources and content of the political propaganda disseminated or distributed by them. This report is available to the public.

**Public Reporting Burden.** Public reporting burden for this collection of information is estimated to average .33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Chief, Registration Unit, Criminal Division, U.S. Department of Justice, Washington, D.C. 20530; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

Name of Registrant	Name of Foreign Principal
Capitoline International Group, Ltd.	Republic of Azerbaijan

Check Appropriate Boxes:

1.  The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach three copies of the contract to this exhibit.
2.  There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach three copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3.  The agreement or understanding between the registrant and the foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

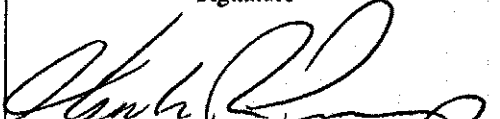
4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

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5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?<sup>1</sup>  
Yes  No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Date of Exhibit B	Name and Title	Signature
May 27, 1993	Charles R. Pucie, Jr. Managing Director	

<sup>1</sup>Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.



# CAPITOLINE

INTERNATIONAL GROUP, LTD.

## ENGAGEMENT AGREEMENT

This Agreement, effective as of February 3, 1993, sets forth the terms and conditions pursuant to which the Republic of Azerbaijan (ROA) hereby engages Capitoline International Group, Ltd. ("Capitoline") to provide public affairs and public relations services (the "Services") to ROA.

### 1. Term of Engagement.

Commencing on February 3, 1993, Capitoline shall provide the Services to ROA for an initial period of 90 days. Unless terminated by either party by written notice to the other on or before April 30, 1993, thereafter, Capitoline shall continue to provide the Services to ROA unless terminated by either party by advance written notice to the other party no later than 90 calendar days prior to the intended effective day of the termination. In that event, this Agreement shall terminate as of the close of business on the 90th calendar day following the day on which notice was given.

### 2. Compensation.

ROA will commit to a quarterly professional service fee of \$90,000 (\$30,000.00 per month).

Routine out-of-pocket expenditures (telephone charges, local travel, incidental entertainment, etc.) will be borne by Capitoline. Significant expenditures for third-party suppliers (for example, photography, typography, design, production of printed and audio/visual materials) will be reimbursed by ROA at net cost plus a 17.65 percent handling and administrative charge. Any single anticipated out-of-pocket expenditure in excess of \$1,000 requires the approval in advance of ROA.

### 3. Billing and Payments.

ROA will remit \$90,000 to Capitoline quarterly in advance of the beginning of each quarter ("advance minimum service payment").

Separate invoices for the above-mentioned out-of-pocket obligations, purchased materials, services and rights, will be submitted each calendar month for the month to which they relate and will be payable on receipt.

Should implementation of ROA's communications programs require a substantial out-of-pocket disbursement by Capitoline (approved by ROA and in excess of \$1,000 in each instance), Capitoline may seek, and ROA will provide, advance payment to cover the obligations Capitoline will incur on ROA's behalf.

Any amounts that are payable pursuant to Section 3, but that are unpaid within sixty days of the date of the invoice referred to above, shall bear interest at a rate equal to 2 percent per month from the date of such invoice until paid in full. Capitoline may waive the interest charge for any month in its sole discretion, provided that no such waiver shall constitute a waiver by Capitoline of the interest charge for any other month.

4. Services.

Capitoline shall, under this Agreement, provide the Services to ROA upon ROA's request, which Services shall include customary public affairs and public relations services.

5. Indemnification.

A. ROA shall indemnify and hold harmless Capitoline and any director, officer, employee and shareholder of Capitoline (individually, an "Indemnified Party") for any losses, claims, damages or liabilities arising out of or related to the provision by Capitoline of the Services pursuant to the Agreement. ROA shall also reimburse any Indemnified Party for any legal or other expenses incurred in connection with any pending or threatened investigation or litigation arising out of or related to the provision by Capitoline of the Services pursuant to this Agreement. ROA shall not, however, be liable to any Indemnified Party for any indemnification or reimbursement to the extent that the Indemnified Party caused the loss or incurred the expense as a result of the Indemnified Party's gross negligence or willful misconduct.

B. Neither Capitoline nor any director, officer, employee or shareholder of Capitoline shall have any liability to ROA or any shareholder, director, officer or employee of ROA arising out of or related to the provision of the Services pursuant to this Agreement, except to the

extent that such liability results from the gross negligence or willful misconduct of a director, officer or employee of Capitoline.

The indemnification provisions of this paragraph 5 shall survive the termination of the Agreement for as long as they operate by virtue of Law.

6. Governing Law.

This Agreement shall be construed in accordance with, and governed by, the laws of the District of Columbia applicable to agreements executed and performed in the District of Columbia.

7. Severability and Waiver.

A. In the event that any part of this Agreement shall be determined to be in violation of any law, decree of a court of competent jurisdiction, or unenforceable for any reasons, such part shall be deemed severed from this Agreement, but the remainder of this Agreement shall continue in full force and effect. The Parties further agree that if any part of this Agreement is severed, they will immediately enter into good faith discussions or replace the severed part with an enforceable and legally binding provision that serves the purposes of the part unless it is mutually agreed that the purposes were immaterial to the rights and obligations of the Agreement.

B. The failure of either party to exercise any right or to demand the performance by the other Party of duties required by this Agreement shall not constitute a waiver of any rights or obligations provided in this Agreement. The rights granted to each Party by this Agreement and any rights available to each Party at law or in equity shall be cumulative and may be exercised in whole or in part from time to time.

8. Amendment or Modification.

This Agreement cannot be amended or modified except by written consent of both parties.

9. Complete Agreement.

This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated, and may be amended or modified only by a written instrument executed by Capitoline and ROA.

10. Arbitration. The parties shall strive to settle amicably any dispute interpreting or arising out of this Agreement. In the event that no settlement is reached within thirty (30) calendar days after the aggrieved party notifies the other party of his grievance in writing, then the dispute shall be finally resolved by arbitration in accordance with the then current rules of the American Arbitration Association. The decision of any arbitral panel shall be enforceable in any court of competent jurisdiction.

11. Violation of Laws. Each party warrants and represents that he has not and will not willfully, violate, cause others to violate, or in any way contravene the laws or regulations of any government while performing its duties under this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year set forth below.

CAPITOLINE INTERNATIONAL GROUP, LTD.

By: Charles R. Pucie, Jr.  
Charles R. Pucie, Jr.  
Managing Director and Senior Principal

Date: February 3, 1993

REPUBLIC OF AZERBAIJAN

By: Hafiz Pachaev  
Hafiz Pachaev  
Ambassador

Date: 10 February, 93