Indemnity Agreement

(Kenya - Electricity Modernization Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 13 June, 2016
INDEMNITY AGREEMENT

INDEMNITY AGREEMENT, dated 12 June, 2016, between the REPUBLIC OF KENYA ("Kenya") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("IDA").

(A) WHEREAS pursuant to a loan agreement dated on or about the date hereof, among, inter alia, Kenya Power and Lighting Company Limited ("KPLC" or the "Company"), Standard Chartered Bank as agent (the "Agent") and the financial institutions named therein as lenders (the "IDA-Guaranteed Lenders") and IDA (the "IDA-Guaranteed Loan Agreement"), the IDA-Guaranteed Lenders have agreed to make available to KPLC a loan (the "IDA-Guaranteed Loan") for the purpose of prepaying and refinancing a certain amount of the Company’s existing commercial loans;

(B) WHEREAS at the request, and with the agreement, of Kenya on November 7, 2014, IDA agreed to guarantee (the "IDA Guarantee") to the Agent, on behalf of the IDA Guaranteed Lenders, the repayment of certain amounts payable by KPLC under the IDA-Guaranteed Loan Agreement, but only on the condition that Kenya agrees to reimburse to IDA all amounts paid by IDA in relation to or arising from the IDA Guarantee and to undertake such other obligations to IDA as are set forth in this Indemnity Agreement; and

(E) WHEREAS, in consideration of IDA providing the IDA Guarantee, Kenya undertakes the obligations to IDA set forth in this Indemnity Agreement,

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Incorporation of General Conditions and Modifications

Section 1.01. (a) The following provisions of the “General Conditions for Credits and Grants” of IDA, dated July 31, 2010 (hereinafter the “General Conditions”), with the modifications set forth in paragraph (b) of this Section 1.01 or as otherwise modified by this Indemnity Agreement, constitute an integral part of this Indemnity Agreement:

(i) Article 1 (Introductory Provisions);

(ii) Section 3.04 (Financing Terms, Prepayment), Section 3.05 (Financing Terms, Partial Payment), Section 3.06 (Financing Terms, Place of Payment), Section 3.07 (Financing Terms, Currency of Payment), Section 3.08 (Financing Terms, Amount of Repayment), Section 3.09 (Financing Terms, Valuation of Currencies) and Section 3.10 (Financing Terms, Manner of Payment);

(iii) Section 4.10 (Project Execution, Cooperation and Consultation), and Section 4.11 (Project Execution, Visits);
(iv) Article V (Financial and Economic Data);
(v) Article VII (Enforceability; Arbitration);
(vi) Section 8.02 (Effectiveness; Termination, Legal Opinions or Certificates) and
(vii) Article IX (Miscellaneous Provisions).

(b) The General Conditions, unless the context otherwise requires, shall be modified as follows:

(i) the terms “Borrower,” and “Recipient,” wherever used in the General Conditions, mean Kenya;
(ii) the term “Financing,” wherever used in the General Conditions, means the amounts payable by Kenya under this Indemnity Agreement;
(iii) the term “Financing Agreement,” wherever used in the General Conditions, means this Indemnity Agreement;
(iv) the term “Effective Date,” wherever used in the General Conditions, means the date specified in Article V of this Indemnity Agreement;
(v) the term “Project,” wherever used in the General Conditions, has the meaning set out in the Guarantee Project Agreement; and
(vi) in Section 7.02 the phrase “the IDA-Guaranteed Loan Agreement, the Guarantee Project Agreement or any other related document” is added immediately after the phrase “the Legal Agreement.”

Section 1.02. Unless the context otherwise requires,

(a) the several terms defined in the General Conditions, as such terms may be modified pursuant to Section 1.01(b) above, and in the Preamble to this Indemnity Agreement, when used in this Agreement, shall have the respective meanings therein set forth;

(b) a reference in this Indemnity Agreement to any agreement or instrument is a reference to that agreement or instrument as amended, novated, supplemented, extended or restated in accordance with its terms;

(c) the following terms shall have their respective meanings set forth in the IDA-Guaranteed Loan Agreement: “Availability Period” and “Event of Default”; and

(d) the following additional terms shall have the following meanings:

(i) “Authority” means any national, supranational, regional, municipal, or local government or governmental, administrative, judicial, fiscal, or government-owned body, department, commission, authority, tribunal, agency, or entity (including any
environmental protection authority and any person or entity, whether or not
government-owned or controlled, or howsoever constituted that exercises the
functions of a central bank);

(ii) “Bank” means the International Bank for Reconstruction and Development;

(iii) “Change in Law” means the introduction of or any change in (or in the interpretation,
administration or application of) any law or regulation;

(iv) “Demand” means a demand on IDA for payment under the IDA Guarantee, made
by means of a Demand Notice;

(v) “Demand Notice” means a demand notice presented to IDA by the Agent in
accordance with Clause 17 of the IDA-Guaranteed Loan Agreement and in the form
set out in Schedule 8 thereto;

(vi) “Dollars”, “USD”, “$” or US$” means the lawful currency of the United States of
America;

(vii) “Financial Covenants” means those covenants set out in Clause 20 of the IDA
Guaranteed Loan Agreement;

(viii) “Government Authorization” means any necessary authorization, approval, consent,
license, franchise, ruling, permit, tariff, rate, certification, exemption, filing,
registration, or other similar action from, by, with, or involving any Authority;

(ix) “Guarantee Project Agreement” means the agreement dated on or about the date
hereof between IDA and KPLC;

(x) “IDA Agreements” means the IDA-Guaranteed Loan Agreement, this Indemnity
Agreement, and the Guarantee Project Agreement;

(xi) “Public Sector Entity” means:

(a) the Government, the Parliament of Kenya, any governmental department or
ministry, agency, body, instrumentality or public authority, whether
national, state, regional or local (or any subdivision thereof), or any State
Company or other entity subject to the overall control or direction as to
matters of policy of the Government or which is otherwise controlled by the
Government;

(b) any court with jurisdiction over KPLC or the Project or any part thereof; or

(c) any person having or asserting authority to issue a license, approval or
consent required or necessary in connection with the Project, or otherwise
having jurisdiction over any aspect of the Project;
(xii) "Sanctionable Practices" means Corrupt Practices, Fraudulent Practices, Collusive Practices, Coercive Practices or Obstructive Practices in any way connected to the Project, as each of those terms is defined in Annex 1 hereof;

(xiii) "State Company" means a legal entity which is directly or indirectly controlled by the Government. For the purpose of this definition, the Government will be deemed to have control if it:

(a) holds an absolute majority of the votes in a shareholder meeting or equivalent corporate body; or

(b) holds more than fifty percent (50%) of the rights and interests which confer the power of management and control; or

(c) has the power to appoint a majority of the members of the governing body of such legal entity; and

(xiv) "Transaction Document" means any Finance Document set out in the IDA-Guaranteed Loan Agreement, and shall also include the IDA Agreements, and "Transaction Documents" shall mean any or all of them, as context may require.

ARTICLE II

Indemnity by Kenya to IDA

Section 2.01. In consideration of IDA providing the IDA Guarantee on the terms and conditions set out in the IDA-Guaranteed Loan Agreement, Kenya hereby irrevocably and unconditionally agrees:

(a) to reimburse IDA, immediately upon written demand or as IDA may otherwise direct in writing, for any amount paid by IDA under the IDA Guarantee in Dollars, together with interest thereon at the rate per annum determined by IDA and notified to Kenya (which rate shall not exceed IDA’s highest prevailing lending rate for its credits in effect at the time payment is made by IDA) from the date such payment is made by IDA until such amount is paid in full;

(b) to indemnify IDA on demand in respect of all actions, proceedings, liabilities, claims, losses, damages, costs and expenses brought against, suffered or incurred by IDA directly or indirectly in relation to or arising out of or in connection with the IDA Guarantee (except as otherwise provided in Section 7.03 (i) of the General Conditions);

(c) that (i) IDA is irrevocably authorized to comply with any Demand Notice(s) supported by the documentation required under the IDA-Guaranteed Loan Agreement served on IDA pursuant to the IDA Guarantee and make any payments which are due or claimed from or made upon IDA under the IDA Guarantee (provided that IDA shall promptly notify Kenya of any such demand, but failure to give such notice shall in no way affect IDA's obligation to make payment under the IDA Guarantee or Kenya's obligation to reimburse or indemnify IDA pursuant to this Indemnity Agreement); and (ii) it shall not be incumbent on IDA to inquire whether or not any statements in
such Demand Notice are in fact correct or whether payments are in fact due or whether or not any
dispute exists between Kenya and the Agent or the IDA-Guaranteed Lenders;

(d) that any such Demand Notice (that is supported by the documentation required under
the IDA-Guaranteed Loan Agreement) served on IDA pursuant to the IDA Guarantee shall, as
between Kenya and IDA, be conclusive evidence that the demand is properly made and payment is
due. Following the notification to Kenya of the receipt by IDA of any Demand Notice, Kenya may
investigate the validity of the statements in such Demand Notice and take such actions as Kenya may
see fit against KPLC, the Agent or the IDA-Guaranteed Lenders, in respect thereof, all without
prejudice to IDA’s obligations under the IDA Guarantee to make a payment in respect of such
Demand Notice and to Kenya’s obligations under this Indemnity Agreement in relation to its
indemnity and payment obligations to IDA. The obligations of Kenya hereunder shall apply
notwithstanding that Kenya, KPLC or any other Public Sector Entity disputes the validity of any such
Demand Notice or the accuracy or correctness of any documentation, fact or figures relied upon or
stated therein; and

(e) in the event that IDA receives funds from Kenya pursuant to Section 2.01(a) and, in
respect of the same amounts, IDA receives a refund of funds from the Agent pursuant to the IDA
Guarantee or otherwise recovers funds in respect of such amounts from another source (the “Double
Payment”), then IDA shall promptly refund to Kenya the amount of the Double Payment.

Section 2.02. (a) The obligations of Kenya under this Indemnity Agreement are irrevocable,
absolute and unconditional irrespective of the value, genuineness, validity, regularity or enforceability
of KPLC’s obligations under the IDA-Guaranteed Loan Agreement, the Guarantee Project
Agreement or any other Transaction Documents, and shall not be discharged except by performance
and then only to the extent of such performance. Such obligations shall not be subject to any prior
notice to, demand upon or action against KPLC, the Agent or any other person, or any prior notice to
or demand upon Kenya with regard to any failure by KPLC or Kenya to pay any amount in respect
of which a Demand Notice is served on IDA pursuant to the IDA Guarantee. Such obligations shall
not be impaired by any of the following: (i) any extension of time, forbearance, concession or other
indulgence given to IDA, KPLC, the Agent, the IDA-Guaranteed Lenders or any other person; (ii)
any variation of the IDA-Guaranteed Loan Agreement or the Guarantee Project Agreement or any
other Transaction Document or any other related agreement; (iii) any assertion of, or failure to assert,
or delay in asserting, by any party to a Transaction Document, any right, power or remedy against
Kenya, KPLC, the Agent or any other person, or in respect of any security created or purported to be
created for the IDA-Guaranteed Loan (or any part thereof or interest thereon); or (iv) any other
circumstances which would or might (but for this provision) constitute a release, discharge, defense
or waiver for Kenya.

(b) IDA may at any time, without thereby discharging, impairing or otherwise affecting
any rights, powers and remedies hereby created or conferred upon it by the IDA Agreements or any
other related agreement or by law: (i) offer or agree to or enter into any agreement for the extension
or variation of the IDA Guarantee, any Transaction Document or any other related agreement (except
one which would materially increase the obligations of Kenya under this Indemnity Agreement unless
so agreed by Kenya); and (ii) offer or give or agree to give any time or other indulgence to any person
or entity other than Kenya from whom it may seek reimbursement (at law or otherwise) in respect of
sums paid out or liabilities incurred by IDA under the IDA Guarantee.
(c) Any rights conferred on IDA by this Indemnity Agreement shall be in addition to, and not in substitution for or derogation of, any other right that IDA may have at any time to seek from Kenya, KPLC or any other person or entity, reimbursement of or indemnification against payments made or liabilities incurred by IDA arising from or in connection with the IDA Guarantee.

(d) IDA shall not be obliged before or after taking steps to enforce any rights conferred on it by this Indemnity Agreement or exercising any of the rights, powers and remedies conferred upon IDA by the IDA Agreements, or any other Transaction Document, or any other related agreement or by law: (i) to take action or obtain judgment or award in any court or tribunal of competent jurisdiction against any other person (including persons from whom it may seek reimbursement in respect of sums paid out or liabilities incurred pursuant to the IDA Agreements); or (ii) to enforce or seek to enforce any other rights it may have against Kenya or its rights against or security given by any other person to IDA.

Section 2.03. Any payment required to be made by Kenya pursuant to the terms of this Indemnity Agreement shall be applied first, to pay all interest and other charges due to IDA and second, after such interest and other charges are paid, to pay all other amounts then due to IDA under this Indemnity Agreement.

ARTICLE III

Project-Related Covenants

Section 3.01. Without limitation or restriction upon any of its other obligations under this Indemnity Agreement, Kenya hereby unconditionally undertakes to IDA to cause KPLC to punctually perform all of its obligations under the IDA-Guaranteed Loan Agreement, the Guarantee Project Agreement and any other relevant Transaction Documents to which it is a party.

Section 3.02. Kenya shall not take, or cause or permit KPLC or any other Public Sector Entity to take, any action which would prevent or interfere with the performance by Kenya, KPLC or any such Public Sector Entity of any of its material obligations (including, inter alia, the obligations of KPLC under the Financial Covenants) under the Transaction Documents (or any other related agreement) to which it is a party, and Kenya shall notify and cause KPLC and each such Public Sector Entity to notify IDA prior to agreeing to any material amendment, waiver, termination or other change to any Transaction Document to which Kenya, KPLC or any Public Sector Entity is a party, and shall obtain the written consent of IDA prior to agreeing to any such material amendment, waiver, termination or other change to such an agreement or undertaking which would or could in the opinion of IDA materially affect the rights or obligations of IDA under the IDA Agreements (including any assignment, transfer, novation, abrogation, granting of security over or other disposition of any rights or obligations under such agreements).

Section 3.03. Kenya shall, and shall cause KPLC and each other Public Sector Entity performing obligations under or related to the Transaction Documents or related agreements or undertakings, to promptly: (i) notify IDA of any Event of Default or potential Event of Default by Kenya, KPLC or such other Public Sector Entity under such documents or under the Transaction Documents; (ii) notify and provide to IDA copies of any notices, claims, demands, reimbursements or recoveries in respect of such events or of any notice of intent to terminate or termination notice pursuant to any Transaction Document to which any of them is a party; and (iii) notify IDA of any
event or circumstance which would or could adversely affect Kenya’s, KPLC’s or any other Public Sector Entity’s ability to perform its obligations or exercise its rights under the Transaction Documents.

Section 3.04. Kenya shall take all lawful actions within its power to remedy and cure any of the events referred to in Sections 3.02 and 3.03 within Kenya’s, KPLC’s or any other Public Sector Entity’s control or responsibility, that would or could result in the breach or termination of any of the relevant Transaction Documents.

Section 3.05. Kenya shall not create or permit to exist or occur, and shall ensure that no Public Sector Entity shall create or permit to exist or occur, any circumstance or Change in Law that would render obligations under the Transaction Documents illegal, invalid, unenforceable, ineffective or void in whole or part. If such circumstance or Change in Law exists or occurs, Kenya shall take all lawful actions within its power to remedy and cure, or to procure that the appropriate Public Sector Entity remedies and cures, the adverse effect on the Project of such circumstance or Change in Law.

Section 3.06. Kenya shall:

(a) take all lawful actions that shall be necessary on its part or on the part of any Public Sector Entity to enable KPLC: (i) to obtain any Government Authorization required under the Transaction Documents; and (ii) to perform all of its obligations under the Transaction Documents;

(b) not take any actions or cause or permit any Public Sector Entity to take any action which: (i) would interfere with or impair the performance by KPLC of the obligations referred to in Section 3.06(a) above, or (ii) result in a material reduction of KPLC’s revenues whether directly or indirectly or could materially increase the payment, investment or other financial obligations of KPLC;

(c) promptly notify IDA of (i) any proposed dissolution, change in control or change in the ownership structure of KPLC; and (ii) any proposed change in law or regulation or any proposed sector policy, strategy, instruction or similar action which could interfere or impair KPLC’s ability to perform the obligations referred to in Section 3.06 (a) above; and

(d) in the event any event described in Section 3.06 (c)(i) takes place, assume all of KPLC’s payment obligations under the IDA-Guaranteed Loan Agreement.

Section 3.07. Kenya: (i) affirms to IDA that no Sanctionable Practices have been engaged in by any official or representative of Kenya or any Public Sector Entity; and (ii) covenants that neither it nor any Public Sector Entity shall engage in Sanctionable Practices during and with respect to the performance of any contract or activity related to the Project.

Section 3.08. Without prejudice to Sections 4.10 (Cooperation and Consultation) and 5.01 (Financial and Economic Data) of the General Conditions, Kenya shall, upon request, promptly provide IDA all information necessary, in the reasonable opinion of IDA, for IDA’s review of Kenya’s performance of its covenants pursuant to Sections 3.06 and 3.07 above.
ARTICLE IV

Remedies of IDA

Section 4.01. In the event that: (i) Kenya fails to make any payment to or to indemnify IDA as required pursuant to Section 2.01 of this Indemnity Agreement; (ii) Kenya defaults in the performance of any of its obligations hereunder and such failure or default continues and remains uncured in the opinion of IDA for sixty (60) days or more after notice thereof shall have been given to Kenya by IDA; or (iii) any representation made by Kenya in or pursuant to this Indemnity Agreement, or any statement furnished in connection with this Indemnity Agreement and intended to be relied on by IDA in providing the IDA Guarantee, shall in the opinion of IDA have been incorrect in any material respect, IDA shall be entitled, in addition to any other rights and remedies it may have, to suspend or cancel in whole or in part Kenya's right to make withdrawals under any development credit agreement or financing agreement between IDA and Kenya or under any loan or guarantee between the Bank and Kenya, or to declare the outstanding principal and interest of any such credit or loan due and payable immediately.

ARTICLE V

Effective Date

Section 5.01. This Indemnity Agreement shall come into force and effect upon signature by the parties.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. The Cabinet Secretary of Kenya at the time responsible for Finance is hereby designated as representative of Kenya for the purposes of Section 9.02 (Action on Behalf of the Recipient and the Project Implementing Entity) of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For Kenya:

Address: The National Treasury
Treasury Building
P.O. Box 30007-00100
Nairobi
Republic of Kenya

Attention: The Honorable Cabinet Secretary

Facsimile: +254 20 330426; +254 20 218475
For IDA:

Address: International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Vice President, Africa Region
Facsimile: +1 202 477 6391

With a copy to: Practice Manager, Financial Solutions
Energy & Extractives
Facsimile: +1 202 522 0761
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Indemnity Agreement to be signed in their respective names in Nairobi as of the day and year first above written.

REPUBLIC OF KENYA

By: ____________________________
Authorized Representative

Name (printed): HENRY ROTICH
Title: CABINET SECRETARY, THE NATIONAL TREASURY.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: ____________________________
Authorized Representative

Name (printed): DIARIKOU LINTÉ
Title: COUNTRY DIRECTOR FOR UGANDA AFRICA REGION.
ANNEX 1

ANTI-CORRUPTION GUIDELINES
FOR
WORLD BANK GUARANTEE AND CARBON FINANCE TRANSACTIONS

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practice”, “Fraudulent Practice”, “Coercive Practice”, “Collusive Practice”, and “Obstructive Practice” in the context of World Bank project-based guarantee operations; and carbon finance transactions, where the World Bank, as trustee of a carbon fund, purchases emission reductions under an emission reductions purchase agreement.

1. CORRUPT PRACTICES

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

A. Corrupt Practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of Corrupt Practices.

B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for Corrupt Practices or Fraudulent Practices committed by entities that administer bona fide social development funds or charitable contributions.

C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute Corrupt Practices unless the action violates applicable law.

D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.
2. **Fraudulent Practices**

A "Fraudulent Practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

**Interpretation**

A. An act, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice" for purposes of World Bank Group sanctions.

B. Fraudulent Practices are intended to cover acts or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in World Bank guarantee projects or carbon finance operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to World Bank guarantee projects or carbon finance operations.

3. **Coercive Practices**

A "Coercive Practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

**Interpretation**

A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. **Collusive Practices**

A "Collusive Practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An “Obstructive Practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) an act intended to materially impede the exercise of the World Bank’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.