



BETTER FUTURES

Transcript -- Kobina Hughes, episode 1

00:00:00:11 - 00:00:09:19

Michael Laine

Thank you for being here so very, very early in the morning for you. It's 5:00 on the U.S. West Coast. What time is it for you there?

00:00:10:21 - 00:00:20:28

Kobina Hughes

It's 1:00 in the morning. That's one am here. Thank you for keeping me up. And I'm very happy to be here with you.

00:00:21:19 - 00:00:49:22

Michael Laine

Terrific. Terrific. All right, So let's let's start with a little bit of background. What I'd like you to do is share your background a minute. We're new at this. We've you and I have talked about this. This is this is the very beginning of our dare greatly podcast series. For those that are just finding us for the first time.

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Michael Laine

There's our core company is LiftPort Group. We've been around off and on for nearly 20 years through good days and bad days. At the beginning of the pandemic, we wound up doing a lot of technical conferences as a service, and that has morphed into 27 conferences, nearly 300 hours, sorry, 350 hours of online conferences. You can find them on our YouTube channel.

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Michael Laine

And then that has evolved into creating this brand new podcast series. And we're hoping to tour. That's a month sorry, two events a week. So pretty aggressive podcasting schedule. And then that's going to lead to four big conferences each year quarterly. And this whole dare greatly theme is focused around the money, finance, capitalization and commercialization of space.

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Michael Laine

It's a nearly 5 trillion, \$500 billion industry. We and it's crazy, but no one seems to be tracking it. No one's really, you know, following the money. So we decided to create this series and really look at some of the movers and shakers, the ideas that that are shaping this industry and therefore shaping the world, shaping the human species.

00:02:29:14 - 00:03:00:27

Michael Laine

So with that kind of preface, it's really great to have Kobin Hughes here is he's an attorney who has come up with something that I think is quite remarkable. So we're going to spend more time on that after we hear a little bit more about Kobina coming to give us some background, a little bit of who you are, what you're doing in the world, and how you got to this idea.

00:03:00:27 - 00:03:16:21

Michael Laine

Let's hold this idea for a second. Just give us the background of where this came from. You are muted, sir.

transcript



00:03:16:21 - 00:03:45:00

Kobina Hughes

That was so predictable, isn't it? It always happens. They never. Thank you very much. Happy to be joining you on this session. And thanks for inviting me. And yes, a little bit about me. I'm I am I'm a lawyer, an attorney, as you say, based in the UK African origin. I tend to my my my first degree was in systems engineering and then I switched to law many years later.

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Kobina Hughes

And my practice is mainly in the areas of power and infrastructure projects. And I've lived and worked both in the UK and in Ghana. And so I had a an interest in space as a as a young man, as a teenager, mainly sci fi and space programs, and I kind of lost interest. Well, I suppose the real real life got in the way and I had to study and work and I lost space.

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Kobina Hughes

But my connection to space for a while and it was only about two or three years ago that I started getting back into the sector. And so I describe myself more as a as a lawyer with a passion for space than as a space lawyer. I mean, I knew a lot of space lawyers, and I'm not one of them, but I have a real interest in space.

00:04:39:23 - 00:04:48:22

Kobina Hughes

And so that's me by my background.

00:04:48:22 - 00:05:33:18

Michael Laine

Let's go ahead and start off on this idea of orbital corporations or orbital virtual corporations and special purpose Orbital Corporation missions. So we're going to share the document that you sent me. We're going to kind of take it apart a minute bit by bit by bit, because each piece is a building block. And with your background as as an attorney for you, I know that it's important to establish precedent and precedent and precedents until you get to the gotcha moment.

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Michael Laine

And that's I was pretty surprised. I'm going to like jump to the gotcha moment where it's where basically you're saying these digital orbital digital virtual corporations, they could be real, really important. Right? I think there may be more important than most people are considering. So let's let's kind of take a look at this. I'm going to share your document.

00:06:06:08 - 00:06:44:12

Michael Laine

You can see I've done a lot of markups on it. Okay. So I have a whole bunch of notes in here. Lots of notes. But let's just kind of start with this basic idea. We will share this document. It's actually posted in the Eventbrite page. It's posted on our on our websites. We'll share that in just a moment.

00:06:44:23 - 00:06:57:22

Michael Laine

Leah, if you could tackle that. Thank you. Tell me in your own words, without getting into the document, what is this thing? What what what is what is it you're trying to accomplish here?

00:06:57:22 - 00:07:42:07

Kobina Hughes

Well, I suppose in a nutshell it's I think I felt there was a need to create corporate vehicles for commerce and space. And what I mean by that is that we have and the global economy is virtually it's run through the kind of concepts of big business companies, trade, and they have legal personality. They can buy and sell goods and employ people, entrance agreements.

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Kobina Hughes

And so on. And we have obviously, we have companies on Earth who are engaging in space. And my interest was in whether actually the future would benefit from having companies engaging in space activities, which were not earthbound, whether you could have in essence, companies which were uncoupled from Earth and trading and dealing with each other in space. And the reason behind that would be to facilitate commerce.

00:08:20:15 - 00:08:56:21

Kobina Hughes

So whether in decoupling companies from their earthbound ownership, as it were, and you could incentivize investment and whether you could in free them from the same tax burdens that companies on Earth are bound by. And in so doing, whether you can actually give the space sector a stimulus, a much needed stimulus, and provide greater incentives for people to to participate in the economy.

00:08:56:21 - 00:09:22:15

Michael Laine

Okay, So let's back up and kind of take this apart a little bit. You want to walk us through your legal rationale. And I've got many of the documents cited in your in your paper loaded, so just let me know what you want, which ones you want to pull up, and you can kind of walk through your thinking about this.

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Michael Laine

But I want to make sure that we spend enough time talking about the implications of it. So let's lay the foundation, okay?

00:09:29:12 - 00:10:06:18

Kobina Hughes

Okay. I've often think the first thing to say is that the concepts may be of greater application to different parts of the new space economy. So there has been a space, a division that's been set out by others between what you might call the space for Earth economy and the space for space economy. And it may be that this is of more application to the space for space economy.

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Kobina Hughes

And that's the first thing to say. I think the next issue would be around the concept of sovereignty. And I think many people, many, many observers, people who are academics, everybody virtually talks about space and the inability to assert sovereignty over celestial objects and saying the common mantra is there is no sovereignty in space and and that's an interesting concept, so that the outer space treaty, which which basically gives rise to that principle, is very much about sovereignty over celestial objects, I think is Article two that we're looking for here, but that basically the Navy SEALs screening for it.

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Kobina Hughes

And the the issue here is that whilst this.

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Michael Laine

Tells me it's a 66 page document, but the actual text of the outer space treaty is three pages long. Yeah, let me get to it right here. So there's a whole bunch of whereas in what whatevers and it's these are the articles by the way the treaty is 50 years old yesterday.

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Kobina Hughes

Oh right. Well, very, very appropriate timing. You scroll past article two. So suppose this is the very short answer for outer space, including the moon and other celestial bodies, is not subject to national appropriation by claims of sovereignty and so on. So as they say, the idea that can you can't you can't claim sovereignty over any parts of a celestial body, and this is relevant to the incorporation of companies in that in order to establish a company.

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Kobina Hughes

Well, what is it companies is it's almost like a legal fiction. This is a legal fiction. It's the answer incorporation. We have various in theories, and the concession theory basically establishes that companies are created by charter. So a sovereign body grants you permission to operate as a company you breathe life into as a as a flexible legal entity.

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Kobina Hughes

And so if you can't have sovereignty on the moon, you couldn't grant, in my opinion, legal capacity to a body from the moon. So that that that is a kind of challenge. But that doesn't mean, in my opinion, that you can't extend sovereignty to a non celestial body, which made me think about I know this is going on.

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Kobina Hughes

So the next area of of the next building block for this and when I when I start thinking about this immediate example that came to mind was

of an experiment which was conducted by not anything, experiments, a transaction by the Estonian government where they cited a data center in Luxembourg and they in essence transferred a part of their sovereignty, their national sovereignty to the data center and so my, my, my I suppose construct is that you could, whilst you cannot have sovereignty over a celestial body, you could have sovereignty that is attached to, say, a satellites or a space station.

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Kobina Hughes

And in so doing you could actually have that. So if you had a server on a space station, you could authorize as it were, if you were a sovereign body, you could authorize or extend your sovereignty to that server and you could incorporate through that server companies off planets, as it were. So those are the building blocks. I suppose the first building block is can you extend sovereignty to a body of planets in order that that body can then proceed to incorporate companies?

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Kobina Hughes

And that very much depends on what you would call the concession theory of incorporation, where companies are seen as being created by by charter, by by a sovereign. And that's the first building block, I suppose. And the question then and I'll go for a breath in a minute, Michael, is why would you want to do this? And the answer is that, well, there's various reasons, but the most prominent one is to do with taxation and tax normally attaches to you depending on your domicile and or where there's a connection between a transaction and a jurisdiction.

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Kobina Hughes

And so if you were to have companies which were incorporated off planets, you could argue that they are not domiciled in any particular jurisdiction. Right. And this is when I mentioned the space to space economy rather than the space earth economy. If those companies, which are now Inc. of Canada and now actually conducting business off planet as well, you could argue not only are they not domiciled, but also their transactions do not touch Earth, and so they are not subject to a tax jurisdiction.

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Kobina Hughes

And that's why you may want to consider incorporating off planet, I'll pause there and that you actually jump in.

00:16:36:07 - 00:17:16:11

Michael Laine

So there's a lot here. There's a lot here. Obviously. So let's kind of take this apart and kind of look at the pieces here. So you're saying that within current law, the treaties of the United Nations, U.S. federal policies and and in your citations, you have a you list a lot of policies. This is not an Americentric document, though.

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Michael Laine

You're you're you're from the UK and Ghana. So this isn't this isn't just about kind of you know America leading the way or anything like that. But what you are saying is that there are policies within the United States and within the United Nations treaty system that supports this idea of special purpose orbital corporations. Yes.

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Kobina Hughes

Yeah. I like the way you introduce the special purpose Orbital corporations. That that was a turning around of words and names. I mean, I think names are important. I think the idea of calling these companies SPOCs is a not to start check came up at one stage, hence a special purpose orbital corporation. Orbital virtual corporations?

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Kobina Hughes

The name is as is important, but that's yet to be settled. But you're right, this is not Americentric because legal, I suppose principles and hopefully all can be of universal application. Stay here for example I would I would see any any sovereign states could buy into this concept and could extend its sovereignty to a node in space.

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Kobina Hughes

It could be the US, it could be the UK, it could be especially the leading commercial nations now Luxembourg, UAE, Japan and so on. And obviously you've got China and Russia doing their things. But any sovereign state could arguably engage in such an activity. And I actually really think that without well, it's important to have, I suppose, a sovereign behind you to do this if you're going to certainly base your arguments on the concession theory of incorporation, I would say it's not Americentric.

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Kobina Hughes

However, I imagine that another reason for possibly doing this would be to enable a degree of control, because we haven't gone to the detail yet. But if you can incorporate on a server in space, then you can start through regulation and doing more with those entities. In terms of the permissions and the way in which they transact, we haven't come to that yet because we're dealing with the construct itself.

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Kobina Hughes

But we can come on to the detail of what you can then do with them later. It's certainly not americentric.

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Michael Laine

Yeah, okay. That's super important to note because because space in some senses, as noted in the UN treaty, there is a global commons component to it, but there's more than more than 50 space agencies, national space agencies. There's thousands of companies trying to do stuff within, you know, LEO, MEO, GEO going out to the moon. Some are pushing out to to Mars.

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Michael Laine

There are folks trying to push to other stars and there are folks trying to push to Venus. So we know that even though it's going to be difficult humanity and its commerce and its tools of operating, they're moving outside the framework of Earth, outside this this fragile home that we have. So I looked at that because I was curious.

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Michael Laine

In the United States, there's 33 million companies. There's only 350, 340 million Americans, 330 million Americans. But there's 33 million companies now. Most of those are sole proprietorships, right? It's somebody who has a local cleaning service or, you know, an attorney or all all of the service kinds of businesses that are incorporated. There's about 2 million corporations in the United States.

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Michael Laine

But as humans move out into the solar system and we take our systems of government that's out there, a corporation does make sense to to be one of those tools that we bring out into into the cosmos. Yes, That seems pretty pretty pretty basic, right?

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Kobina Hughes

I agree with that. But I don't even I don't think that you even have to go that far. I think that the kind of transactions that I see or foresee being attractive or the concept being attractive to think that we've got companies like, you know, Orbit Fab doing gas stations in space offworld with robots, a space forge doing manufacturing and axiom and we've got space based solar power.

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Kobina Hughes

So there's a lot which is going on near enough to earth. You may even have to go small. I imagine that there's going to be a whole economy. You mentioned the number of companies in the US. I think of that figure of did you say three or 33 million? I think something like 5000 are listed as space companies and I think globally there's 10,000 or so space companies.

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Kobina Hughes

The US has about half of the world's number of space companies. And of those 5000 companies, I imagine a percentage of them will be a space for space focused. And that percentage I can't give you a figure yet, but they will be, for example, refueling of satellites. They may want to buy into this concept. So it is not even about traveling to other planets.

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Kobina Hughes

It is quite something that's, I think, really enough and near enough to home at the moment. And the whole point of doing this is to try and de-risk the sector in a way and to make it more streamlined for commerce to take place and to also allow certain amounts of governance and regulation to deal with some of the issues that flow from the principle of space being for all humanity.

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Kobina Hughes

And so is this a yes? But I don't think it's necessarily connected to, you know, the vision of interstellar travel, which is great. But I think this actually hits nearer to home.

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Michael Laine

Excellent. That really kind of points out that this is, if you will, a down to earth concept. I'm talking about, you know, the future far out. But what you're saying is, no, no, this is this is where we are right now. We know that there are orbital orbital tug companies, companies that are moving an asset from Leo to GEO, for example, or repositioning them when they've gotten out of out of their orbital slot.

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Michael Laine

Or there's, you know, France just yesterday announced \$1.5 billion in U.S. dollars to focus on orbital tug technology coming out of France. That just happened. It just happened yesterday. So each nation is starting to carve out specializations. We've known that Canada has had a specialization in robotics, especially the arms, but other robotics for nearly nearly 20 years, even even small nations like Luxembourg have decided they want to carve out specializations in this sector.

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Michael Laine

So so we we know that this space economy, the cislunar economy sphere, it's happening. It's happening around the world all the time right now. So let's take an example of this transaction and say you know, you know, I'm orbit, orbit fab and I've got the beginnings of a gas station online in orbit somewhere. And France is just creating a new orbital tug.

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Michael Laine

There are three or four orbital tugs, by the way, but let's just use France in this example. A company registered in France comes up to a company registered in the United States, Orbital Fab and let's call it Frank Franco. Tug right. They're going to come together.

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Kobina Hughes

I like that.

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Michael Laine

FrancoTug, right? They're going to come together and they're going to transfer fuel. Right. There's a there's a service provider relationship between these two. And then and then Franco Tug is going to go out to the rest of the solar system and do its thing. Orbit Fab is still sitting there. It's doing its thing. Its job is to sit there and then this tug is going to go out and now the tug is going out and it's going to go to, you know, a Luxembourg company and pull a different asset from one orbit to another orbit.

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Michael Laine

Right. These are all services that are in the very near future. Yeah. One year, two years, three years, probably probably less than five years across the board. These are all all of these things are under construction right now. They are well funded. They're well financed with really, really smart people in charge of them and really, really smart people building in this is near term.

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Michael Laine

So so Franco Tug is going to buy a service from Orbit Fab.

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Kobina Hughes

In.

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Michael Laine

And there's going to be a transaction there. Yeah. And then Franco Tug is going to go and move. There's a company called Cislunar Industries that's trying to build a forge in space and they need to move. They need to move from where they are to where they're going. So that's another transaction. That's an American company.

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Kobina Hughes

Yeah.

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Michael Laine

These transactions are for services. They're happening exclusively in the space domain. But money is still going to move hands. Fill in the blanks from there. What what does that look like? If there are things a special purpose, orbital corporations.

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Kobina Hughes

Okay. So I mean, that's a really interesting example that you you come up with. And the first thing to say is that I think as with companies which are just operating on Earth as we know them, they're all engaged in millions, if not billions of transactions daily. And if you were just tracking each transaction directly and so every single transaction that companies involved in is tracked individually is really inefficient.

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Kobina Hughes

So what you do at the end of the day, there's a netting exercise. At the end of the day saying a company's involved in through their bank.

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Michael Laine

There's a netting a transaction, which means you're settling.

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Kobina Hughes

In terms of having a.

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Michael Laine

Company A company B, Company C where we're transferring those money and that money is netted out at the end of the day.

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Kobina Hughes

At the end of the day, yes. Yes. The banks are involved here. Obviously, and that would apply to companies engaging in activities in space as well. Now to the missing link here. I think a lot of this, the mechanics, I haven't quite worked out. I'm not an economist, but I am in my thinking the virtual corporations would be subsidiaries of what you might call terrestrial companies.

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Kobina Hughes

So you could have, you know, Lane or you could have LiftPort having a virtual an orbital company called LiftPort. A VC Saying Orbital Virtual Corporation. And so these space activities, the untaxed space activities, would be carried out through your subsidiary. So the terrestrial company, the parent company LiftPort terrestrial, would basically finance would inject funds into LiftPort.

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Kobina Hughes

Orbital and LiftPort Orbital could then engage in these off planet activities and transactions and could generate income and profits. And every now and then it would repatriate funds back down to LiftPort terrestrial. And so I suppose the two points they're making is that there would be a web of transactions going on around these orbital companies. So each day I imagine that an orbital corporation may be involved in say to us and I say 200 transactions, a couple of hundred transactions, and that would go on for, say, a 12 month period.

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Kobina Hughes

A lot of this needs to be legislated for. And every a regulated period the parent company on Earth could draw down against its investments in the Orbital Corporation and say that that is, I suppose, a need for there to be a relationship between an Earth bound company and the orbital company. It is not something that is going to happen in space.

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Kobina Hughes

That will be a relationship with Earth, right. So it going on with your example? Yes. You see the you called it, what Was it Franco?

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Michael Laine

Franco Tug? Right, right, right.

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Kobina Hughes

So, Franco Tug, it would have would have would have Franko tug Orbital as well and Franko Tug and say Orbital would be engaging with I don't want to use Orbital Fab, necessarily, it because we didn't want to use somebody's brand name, but it would engage it let's use LiftPort because you're here this a LiftPort orbital would be transacting with an orbital fab.

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Kobina Hughes

And I'm so sorry it would Franco Tug orbital. And that's how I see the commerce being conducted.

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Michael Laine

So you hit that one point about you do the transactions in space and all space transactions in space transactions are cleared and operated in space and netted out on a daily basis in space. There's a banking system of some kind there. There's at least an accounting system of

some kind there. And then it's not repatriated money until it comes back down to the ground.

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Michael Laine

Right? So there and so.

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Kobina Hughes

It doesn't it at that fact point, at that point it would become taxable. Right. Because it then hits the jurisdiction.

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Michael Laine

Okay. So if my headquarters if LiftPort it and LiftPort orbital as a separate as a separate organization, the LiftPort orbital is not taxed until the money drops back down to the ground of Earth. And then where LiftPort is headquartered, in my case, Washington state, that's when that's when that would be taxed. But until that money comes back down to the ground of Earth, that money is not taxed.

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Kobina Hughes

That's my.

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Michael Laine

Space economy.

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Kobina Hughes

Yeah, that's my current thinking. But you need people who are much well or better versed in tax and economics than I am to actually structure this properly. Then I think I can see that and at some point there will be a jurisdiction tax will be introduced into the the, the affairs of these companies. I can see that. And then the other point to mention is a I hate to to use the C word, but I do think that crypto currencies may have a role here and also DAOs and distributed autonomous autonomous organizations here.

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Kobina Hughes

So as a it because because we were touching on the issue of banking my my in my and to my mind the act of incorporation so this is a LiftPort Earth would what would it basically instruct an orbit to incorporate a company which incorporates planets companies off planet to create a subsidiary. So the subsidiary would be held on a server, off planet and, and it would then have a wallet attached to it.

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Kobina Hughes

So all of the transactions of the orbital company would also take place on the on the server as it were. And this is where in my opinion, cryptocurrencies could actually be a very useful enabler for these companies.

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Michael Laine

You can't see it. But in my notes in your document I said finally a use case for the blockchain. Right.

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Kobina Hughes

So yeah right.

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Michael Laine

It is right it is. And it's a use case for the blockchain is an accounting system that could manage all of the transactions out in the sky above us. I think that's a really fascinating idea. There isn't really anything like it right now. I suspect that there will be in the not too distant future, but I think that those kinds of things are why the White House created this briefing document about digital assets.

00:37:26:03 - 00:37:42:07

Michael Laine

It's why space chain has posted some stuff about what they want to do. There are organizations that are building the capabilities, both orbital or orbital and on the moon to back up this system that you're describing, correct?

00:37:42:24 - 00:38:24:06

Kobina Hughes

Yes. It's interesting. You mentioned space chain. I mean, the space chain. Yes. Has done a lot of work in this area. Really clever stuff. But also not to ignore the work that Lonestar and Chris started doing right or so Dennis Wingo and Sky Corp. say that there is already a foundation for

and own data centers and servers in space and yeah, this would be just in my view, an interesting application or extension of what they're doing to enable space commerce to take place more, more efficiently.

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Kobina Hughes
I think.

00:38:25:03 - 00:38:49:29

Michael Laine

You know, there's a there's so much happening in this field, but what we can all basically agree on is the frameworks exist implementation of that framework is still being worked out that that seemed like a fair assessment?

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Kobina Hughes

I'm yet I don't think I'm close enough to what's going on at high level to answer that that that yeah I suppose looking at things from where I sit within the the that the scale is, I think that would be a fair assessment. I think the framework does exist and I think there is a lot of encouragement at a high level for, you know, for, for the sector to enable to operate more effectively and which is what I think what I'm trying to achieve with this proposal.

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Michael Laine

I think there's something here. You know, you showed this to me maybe, maybe it's three months ago, maybe it four months ago, and I just kind of had this wow moment, this aha moment of if the building blocks that you've laid out. And they seem very sound to me not being an attorney, but being a guy who's been in the space business for 20 years, you know, I've imagined how humans move out there.

00:40:07:10 - 00:40:48:24

Michael Laine

Right. Whether it's the moon, whether it's Mars, whether it's the cislunar ecosphere. We're going out, we're going up and, you know, mundane tasks of settling your checking account every day. You know, my business to your business, to somebody else's business. Those things still have to happen. But we didn't really have mechanisms for it. Right now, if organizations are contracting with each other, they're moving ones and zeros down here on the ground that represent assets in the sky.

00:40:48:24 - 00:41:21:28

Michael Laine

But it's not going to be like that forever. It's not going to be like that. Always. And so the thing that was intriguing to me about your paper was there is legal precedent. There is a foundation that each each brick in your is based on a prior brick. So everything is the foundation solid. The foundation is is set.

00:41:22:27 - 00:42:05:11

Michael Laine

And then given that the potential, the the possibilities, they're astounding. I'm going to pull up your your Harvard Business review article here. Not your not your article, one that you cited in a second here. So you cited this article in your in your paper, in your document. And it's, you know, Harvard business. So it's pretty solid. I don't know any of the authors.

00:42:05:11 - 00:42:17:24

Michael Laine

I'm just going to take their their word for it. But where where is that piece that was so powerful? Let me let me see if I can find it.

00:42:21:17 - 00:42:53:15

Michael Laine

Here we go. The opportunity presented by the Space Force Space economy is huge, but could easily be missed. Two seasons. Policymakers must provide regulatory and institutional frameworks that will enable the risk taking and innovation necessary for a decentralized private sector space economy. There are three specific policy areas we believe will be especially important, and they go into they go into their argument.

00:42:53:15 - 00:43:03:11

Michael Laine

So tell us what this means to you. I know what it means to me, and I think it is a giant potential opportunity.

00:43:03:11 - 00:43:31:24

Kobina Hughes

Yeah. Okay. So, I mean, I think I said at the beginning that I'm not a space lawyer. I'm a lawyer with a passion for space. And I think that that puts me in a slightly different position from your traditional space lawyers, and I know a few of them in that space. I think of it differently. I haven't been to a a in an institution and study space, nor am I a practitioner.

00:43:31:24 - 00:44:02:00

Kobina Hughes

And I've worked on projects and I come from that background. And I do think that, you know, lawyers and or the law has a function as an enabler and end of of of commercial activity as well. Say, and when we look at companies, one of the most important aspects of companies is what's called the veil of of incorporation.

00:44:02:14 - 00:45:00:24

Kobina Hughes

And it's a famous case of Salomon and Salomon in 1897 in the UK, which basically enables a company to be separated from its shareholders and separated entities. And that was used and that legal fiction has been used to actually facilitate commerce globally and that's what I think I'm trying to do here as well, in a way not to try to grand about what I'm trying to achieve, but what I think the what the Harvard Business Review says and also I think what the Department of State encourages as well or is asking for, is for people to or the industry to find ways to enable space commerce to happen more effectively.

00:45:01:15 - 00:45:32:03

Kobina Hughes

Now, all I've done, I suppose, is look at how companies are incorporated and see whether we can actually create sovereignty. Regime should apply to companies incorporated off planet which allow for companies to be properly documented. The next thing is to look at whether or not we could free them then from the tax burden that applies to companies. And that's not just to give them a total free pass.

00:45:32:03 - 00:46:08:10

Kobina Hughes

As regards tax, we haven't come on to this here because my view is that in a nutshell, the savings these companies achieve through being unshackled from the tax burden is partly to encourage greater investments in the sector, also to enable a portion of their profits to be used, for example, towards the cleanup of debris in space, and also to create a fund for for the air, for travel, for all mankind objectives as well.

00:46:08:28 - 00:46:45:14

Kobina Hughes

So this is a the first part of this argument is to create a legal argument for, companies to be incorporated off plan. And the second is to see whether they could be freed of the tax burden. The reasons for doing this to reduce risk and to free up the sector and thereafter enable through regulation funds to be used for matters.

00:46:45:18 - 00:46:56:18

Kobina Hughes

Matters other than than the betterment of the company per say. As of course, there again, you come in.

00:46:56:18 - 00:48:04:26

Michael Laine

Okay. So if if this future kind of if if this future that you and I both hope for comes to be, you know, that's where I'm thinking these corporations facilitate that future by by allowing organizations to build out assets on an individual basis. Once we've got a lot of people on space stations and on the moon and there's a corporate basis, once we have more space stations, satellites to debris remediation, tugboats, you know, all the infrastructure that's being crafted and created and built for space, once we have that infrastructure in place, we're going to start transacting in a normal day to day business as usual, except we're in space way, Right.

00:48:05:07 - 00:48:39:05

Michael Laine

And that's where I feel like these SPOCs really, really have value. Right? Right. Right. Now we can come up with use cases for, you know, dozens, but not hundreds of companies. Right. We can we can name the probably 50 companies that could use a spark today. Yeah, right, Right. You know, I could I could rattle off a few off the top of my head, but there aren't that many.

00:48:39:05 - 00:49:23:03

Michael Laine

But we know that there are more coming and that more transactions are going to take place. And as these orbital gas stations get different kinds of fuels available, it will enable other kinds of companies to come online as you know, when there are servers that are on the moon and on space stations and placed in those places as as as an asset, those transactions will be cleared entirely on orbit.

00:49:24:14 - 00:49:44:24

Michael Laine

And that's going to that's going to change things. Right. So right now there's less than probably 50 companies, but there will be hundreds and there will be thousands of and that's when that's when SPOCs really kind of come into their own. Right. Once there's a lot of transactions happening.

00:49:45:10 - 00:50:11:07

Kobina Hughes

I think. So I think that that must be right. And in a way, they're kind of anticipating a future where we have a crystal ball gazing. But I think that you and I sense that there is a potential here that we need to anticipate and to enable the future that we see to happen and more and more, more, more readily.

00:50:11:25 - 00:50:44:29

Kobina Hughes

And and so, yes, no, I agree with that. And it's I think that the you know, the the the the the the the the commerce that's required will get it's it is going to get more intensive. There's no doubt about as you say that about 50 companies that you could name now. But the way things are going we could have very quickly ten times that number of companies who may be interested in in doing something of this nature.

00:50:44:29 - 00:51:12:19

Michael Laine

I know that you're not confirming and I don't want to put you on the spot. That's uncomfortable. So if you want to back away from this question, feel free. But I'm really interested in the idea of a flag of convenience in the same way that there are places to register your shipping container and places to register your cruise ship.

00:51:13:07 - 00:51:37:15

Michael Laine

The there will be places there are, in fact already places to register spacecraft. Isle of Man is certainly trying to put a dent into that market. Luxembourg wants to be the space mining capital of the world, which I find I applaud the ambition. I don't think it's it's going to happen the way they think it's going to happen.

00:51:38:03 - 00:52:13:25

Michael Laine

But, you know, there's there are places they're are trying to specialize in space components. I think it makes sense for a nation like Luxembourg to specialize in the financial transactions of space. You mentioned in your paper Estonia is trying to build precedent around servers that have national sovereignty equal to embassy rolls, servers act as embassies. I find that idea I find that idea amazing.

00:52:13:25 - 00:52:49:07

Michael Laine

By the way, that's one of the things just between you and me and everybody else who's listening, that's one of the details that clinched this whole idea for me was that because that existed at a national level, it made it it made it easier to understand the rest of this stuff. So that's our future. What does it take to get there if we're going to have flags of convenience, if we're going to have nation states that specialize in this stuff, what does it take to get there?

00:52:49:07 - 00:52:53:21

Michael Laine

How how does the first one of these get built and who's going to challenge it?

00:52:54:26 - 00:53:27:20

Kobina Hughes

I suppose in my thinking, again, it needs a lot more work if this is going to take off. But in my thinking that the role of the state is is key here. So whether it's in the US or one of the other and leading space commerce nations and and you would probably want to see whether a legislation could be passed to enable such a structure to be set up.

00:53:28:23 - 00:53:55:24

Kobina Hughes

You could do that way or a number of companies could just as oppose the argument they have incorporate subsidiaries of planets and start trading of planets and then working out with the government and other authorities, including the tax authorities, as to where you go from there, it could be done with the private sector leading or with a state involvement from the outset.

00:53:56:04 - 00:54:20:20

Kobina Hughes

But I think the easiest, smoothest way would be to get state buy in at the outset and build it up from there and then build up a body or law and regulations that govern their activities. And also, I mean, I think there's a lot of work that needs to be done on the economy, economy of this, the economics of this, because even on earth it takes space.

00:54:20:20 - 00:54:55:10

Kobina Hughes

based civil power if a company was providing power to satellites in orbit as a transaction, let's say you uranium say, look we we need some more power for and my particular unit here can you suppliers you know the power purchase agreements on earth is a very complicated transaction. It's a very complicated document. We need to get the lawyers involved to start drafting documents, reflect the risk and the investment and other aspects of the transactions that people are engaging in.

00:54:55:18 - 00:55:39:18

Kobina Hughes

So we need a statutory framework, especially if any savings are to be redirected towards the debris and cleaning up space and also towards a fund for other purposes, common commons type funds. You need a body of legislation as well. So I think to get from A to, B and discussions and research needs to be taking place. And as the first stepping stone discussions about whether or not you could get sovereign buy in for this or whether it's going to have to be a number of companies just actually taking it and running with it and then working with the authorities.

00:55:40:12 - 00:55:51:19

Kobina Hughes

But I think a fair amount of research is required on getting the legal framework right and also getting the economics of these transactions. We're talking about rights as well.

00:55:51:19 - 00:56:20:15

Michael Laine

We only have just 3 minutes to close up paint, paint a picture of of, you know, now to 20, 25, just three years away, 25 to 30 and 30 to 35. What does that look like?

00:56:20:15 - 00:56:27:15

Kobina Hughes

Oh, that's unanticipated question that essential now to.

00:56:28:12 - 00:56:28:29

Michael Laine

Just three or.

00:56:29:19 - 00:57:18:26

Kobina Hughes

Five the next three years. Yeah, I think the next three years. I would hope that I could work with others and to breathe life into this idea, even if it's just to research it and find out how far it could go. And I think that within three years I would hope that we could look at the technical feasibility and the legal feasibility and also get one or two companies who decide to pioneer this idea and to undertake one or two transactions in space as pilots and work out how the whole regime would work in practice in reality.

00:57:19:18 - 00:57:34:16

Kobina Hughes

And then hopefully for the five years after that, we start looking at how we scale up and actually getting legislation in place to actually deliver this as a more scaled up platform for commerce and space, then.

00:57:34:24 - 00:57:54:02

Michael Laine

Okay. All right. That's what we're going to wind up doing. Make a prediction. I let's go all the way out to 2035. How many how many SPOCs do you think there's going to be? Just maybe number? We're going to we're going to bet and we'll come back in a few years and talk.

00:57:54:02 - 00:57:56:16

Kobina Hughes

About we're talking about 2030. Did you say.

00:57:57:08 - 00:57:58:08

Michael Laine

2035.

00:57:58:11 - 00:58:12:04

Kobina Hughes

20 go all the way. We're talking about 12 years from now. So ten years from now, I would hope that we'd see a thousand of these SPOCs up there.

00:58:12:04 - 00:58:16:25

Michael Laine

Thousand SPOCs. Yeah. Okay. All right. I would love to see that. I think that would be amazing.

00:58:16:25 - 00:58:32:04

Kobina Hughes

I mean, that's based on there being 5000 US based companies at the moment and globally 10,000. I think we've got 10% of those doing space for space transactions. I think that would be a good figure to aim for.

00:58:33:14 - 00:58:39:00

Michael Laine

Okay. 10% of the current level of space companies.

00:58:39:01 - 00:58:39:28

Kobina Hughes

Yes. Okay.

00:58:39:28 - 00:59:08:14

Michael Laine

Yeah, that that tells me that's probably not big enough. Yeah, I think that's the bigger. But I like it. I like it. Thanks a lot. I really appreciate having you having you on our program we're just getting started. We'll come back to you over time and check in on this on this idea. And with that, we're going to sign off.

00:59:08:14 - 00:59:37:03

Michael Laine

I'd really like to thank my team in the background for kind of making this this event happening. We're really grateful to Leah Taylor, Joey and Yoosef. So we couldn't do this without you. All guys. So appreciate it. Keep up the good work, Kobina. It's always terrific talking to you. I love the ambition and the enthusiasm. Let's see if we can make these SPOCs come into reality.

00:59:37:16 - 00:59:42:26

Michael Laine

And then for everybody else out in the world, thank you for listening and paying attention. Have a great night, y'all.

00:59:43:07 - 00:59:44:05

Kobina Hughes

You, Michael. Bye bye.

00:59:45:03 - 00:59:45:12

Michael Laine

Bye bye.