| | |
|---|---|
| **Codification:** | §5-1-183-0-0-0-1 |
| **Title:** | Próspera Liability Shield Resolution |
| **Promulgation Date:** | 07-29-2022 |
| **Authority for Promulgation:** | Próspera ZEDE ("PZ") Charter and Bylaws, as amended, §§1-3-36-0-0-0-3.05(4) and/or 3.09(8). Próspera ZEDE continues to enjoy the same rights and authorities as originally granted to it by virtue of the Promoter and Organizer's acquired rights and entitlement to legal stability under Articles 18, 61, 96, 105 and 106 of the Constitution of the Republic of Honduras, Article 10.4 of CAFTA-DR, and Article 16.4 of the Agreement for the Promotion and Reciprocal Protection of Investments between Honduras and Kuwait, as well as a certain amended legal stability agreement approved by PZ Resolutions §§5-1-130-0-0-0-1 and 5-1-160-0-0-0-1, among other authorities. |

**OPERATIVE TEXT OF PZ RULE/ACTION:**

RESOLVED that the undersigned Technical Secretary promulgates with the prior approval of the trustees of the Próspera Council the following rule/action:

See attached Resolution which is incorporated herein by reference.

| ROLL CALL OF VOTES: | | |
|---|---|---|
| **1.** | **Approving Promulgation?** | Yes/Sí |
| **By:** Jorge C. Colindres (Aug 2, 2022 10:02 MDT) | | |
| **Name:** Jorge Constantino Colindres Castillo | **Title: Council Trustee** - Technical Secretary | |
| **Caveat(s) to Vote:** | | |
| | | |
| **2.** | **Approving Promulgation?** | Yes/Sí |
| **By:** Erick A. Brimen (Aug 5, 2022 06:31 MDT) | | |
| **Name:** Erick A. Brimen | **Title: Council Trustee** - Council Secretary | |
| **Caveat(s) to Vote:** | | |
| | | |
| **3.** | **Approving Promulgation?** | Yes/Sí |
| **By:** Gabriel Delgado Ayau (Aug 1, 2022 16:51 MDT) | | |
| **Name:** Gabriel Delgado Ayau | **Title: Council Trustee** | |
| **Caveat(s) to Vote:** | | |
| | | |
| **4.** | **Approving Promulgation?** | Yes/Sí |
| **By:** oliver porter (Aug 2, 2022 10:48 EDT) | | |
| **Name:** Oliver Porter | **Title: Council Trustee** | |
| **Caveat(s) to Vote:** | | |
| | | |
| **5.** | **Approving Promulgation?** | Yes/Sí |
| **By:** Jeanette Doran (Aug 1, 2022 20:55 EDT) | | |
| **Name:** Jeanette K. Doran | **Title: Council Trustee** - Council Treasurer | |
| **Caveat(s) to Vote:** | | |
| | | |

| | | |
|---|---|---|
| **6.** | **Approving Promulgation?** | Yes/Sí |
| **By:** Sergio Bendaña (Aug 5, 2022 07:26 MDT) | | |
| **Name:** Sergio Bendaña Lopez | **Title: Council Trustee** | |
| **Caveat(s) to Vote:** | | |
| | | |
| **7.** | **Approving Promulgation?** | Yes/Sí |
| **By:** Deborah Mills (Aug 1, 2022 15:22 MDT) | | |
| **Name:** Deborah Mills | **Title: Council Trustee** | |
| **Caveat(s) to Vote:** Absent | | |
| | | |
| **8.** | **Approving Promulgation?** | OPEN SEAT |
| **By:** | | |
| **Name:** | **Title: Council Trustee** | |
| **Caveat(s) to Vote:** | | |
| | | |
| **9.** | **Approving Promulgation?** | OPEN SEAT |
| **By:** | | |
| **Name:** | **Title: Council Trustee** | |
| **Caveat(s) to Vote:** | | |
| | | |

**Technical Secretary Action**

| | |
|---|---|
| **PZ Rule/Action Promulgated with Prior Council Approval?** | Yes/Sí |
| **By:** Jorge C. Colindres (Jorge C. Colindres (Aug 2, 2022 10:02 MDT)) | TECHNICAL SECRETARY PRÓSPERA ZEDE 2022-2029 SECRETARIO TÉCNICO |
| **Name:** Jorge Constantino Colindres Castillo | **Title: Technical Secretary** |
| **Caveat(s) to Adoption:** | |
| | |

| Council Secretary Certification | |
|---|---|
| **Is this record certified as evidencing the official act of the PZ and duly noted in its public records?** | Yes/Sí |
| **By:** *Erick A. Brimen* Erick A. Brimen (Aug 5, 2022 06:31 MDT) |  |
| **Name:** Erick A. Brimen | **Title: Council Secretary** |
| **Caveat(s) to Certification:** | |
| | |

| | |
|---|---|
| **Codificación:** | § 5-1-183-0-0-0-1 |
| **Título:** | Resolución del Escudo de Responsabilidad de Próspera |
| **Fecha de Promulgación:** | 07-29-2022 |
| **Autoridad para la Promulgación:** | Carta y Estatutos de Próspera ZEDE ("PZ"), según enmendados, §§1-3-36-0-0-0-3.05(4) y/o 3.09(8). Prospera ZEDE continúa gozando de los mismos derechos y facultades que le fueron originalmente otorgados en virtud de los derechos adquiridos por el Promotor y Organizador y de su derecho a la estabilidad jurídica en virtud de los Artículos 18, 61, 96, 105 y 106 de la Constitución de la República de Honduras, el Artículo 10. 4 del CAFTA-DR, y el artículo 16.4 del Acuerdo para la Promoción y Protección Recíproca de las Inversiones entre Honduras y Kuwait, así como un determinado convenio de estabilidad jurídica modificado y aprobado por las Resoluciones de PZ §§5-1-130-0-0-0-1 y 5-1-160-0-0-0-1, entre otras autoridades. |

**TEXTO OPERATIVO DE LA REGLA/ACCIÓN PZ:**

RESUELVE que el Secretario Técnico abajo firmante promulgue, con la aprobación previa de los fideicomisarios del Consejo de Próspera, la siguiente norma/acción:

Véase la Resolución adjunta que se incorpora al presente por referencia.

| VOTACIÓN NOMINAL: | | |
|---|---|---|
| **1.** | **¿Aprobando la Promulgación?** | Yes/Sí |
| **Por:** Jorge C. Colindres<br>Jorge C. Colindres (Aug 2, 2022 10:02 MDT) | | |
| **Nombre:** Jorge Constantino Colindres Castillo | **Título: Fideicomisario del Consejo** - Secretario Tecnico | |
| **Advertencia(s) para votar:** | | |
| | | |
| **2.** | **¿Aprobando la Promulgación?** | Yes/Sí |
| **Por:** Erick A. Brimen<br>Erick A. Brimen (Aug 5, 2022 06:31 MDT) | | |
| **Nombre:** Erick A. Brimen | **Título: Fideicomisario del Consejo** - Secretario del Consejo | |
| **Advertencia(s) para votar:** | | |
| | | |
| **3.** | **¿Aprobando la Promulgación?** | Yes/Sí |
| **Por:** Gabriel Delgado Ayau<br>Gabriel Delgado Ayau (Aug 1, 2022 16:51 MDT) | | |
| **Nombre:** Gabriel Delgado Ayau | **Título: Fideicomisario del Consejo** | |
| **Advertencia(s) para votar:** | | |
| | | |

| | | |
|---|---|---|
| **4.** | **¿Aprobando la Promulgación?** | Yes/Sí |
| **Por:** oliver porter (Aug 2, 2022 10:48 EDT) | | |
| **Nombre:** Oliver Porter | **Título: Fideicomisario del Consejo** | |
| **Advertencia(s) para votar:** | | |
| | | |
| **5.** | **¿Aprobando la Promulgación?** | Yes/Sí |
| **Por:** Jeanette Doran (Aug 1, 2022 20:55 EDT) | | |
| **Nombre:** Jeanette K. Doran | **Título: Fideicomisario del Consejo** - Tesorero del Consejo | |
| **Advertencia(s) para votar:** | | |
| | | |
| **6.** | **¿Aprobando la Promulgación?** | Yes/Sí |
| **Por:** Sergio Bendaña (Aug 5, 2022 07:26 MDT) | | |
| **Nombre:** Sergio Bendaña Lopez | **Título: Fideicomisario del Consejo** | |
| **Advertencia(s) para votar:** | | |
| | | |

| | | |
|---|---|---|
| **7.** | **¿Aprobando la Promulgación?** | Yes/Sí |
| **Por:** Deborah Mills (Aug 1, 2022 15:22 MDT) | | |
| **Nombre:** Deborah Mills | **Título: Fideicomisario del Consejo** | |
| **Advertencia(s) para votar:** Absent | | |
| | | |
| **8.** | **¿Aprobando la Promulgación?** | ASIENTO ABIERTO |
| **Por:** | | |
| **Nombre:** | **Título: Fideicomisario del Consejo** | |
| **Advertencia(s) para votar:** | | |
| | | |
| **9.** | **¿Aprobando la Promulgación?** | ASIENTO ABIERTO |
| **Por:** | | |
| **Nombre:** | **Título: Fideicomisario del Consejo** | |
| **Advertencia(s) para votar:** | | |
| | | |

| Acción de la Secretarío Técnico | |
|---|---|
| **Regla/acción de PZ promulgado con la aprobación previa del Consejo?** | Yes/Sí |
| **Por:** Jorge C. Colindres<br>Jorge C. Colindres (Aug 2, 2022 10:02 MDT) |  |
| **Nombre:** Jorge Constantino Colindres Castillo | **Título: Secretarío Técnico** |
| **Advertencia(s) a la adopción:** | |
| | |
| **Certificación del Secretarío del Consejo** | |
| **¿Está este registro certificado como evidencia del acto oficial de la PZ y debidamente anotado en sus registros públicos?** | Yes/Sí |
| **Por:** Erick A. Brimen<br>Erick A. Brimen (Aug 5, 2022 06:31 MDT) |  |
| **Nombre:** Erick A. Brimen | **Título: Secretarío del Consejo** |
| **Advertencia(s) a la Certificación:** | |

# PRÓSPERA LIABILITY SHIELD RESOLUTION

Section 1. TITLE. This Resolution shall be known as the "Próspera Liability Shield Resolution."

Section 2. DEFINITIONS. This Resolution is governed by the following definitions or otherwise the most appropriate definition established by relevant and controlling Rule or any portion thereof:

(a) "Próspera" means the special regime zone established by and through the Próspera Charter known as "Próspera ZEDE" under the ZEDE Organic Law by CAMP and the Technical Secretary, including its instrumentalities; and shall be deemed to include previous references to "ZEDE Village of North Bay," the "Village of North Bay," the "ZEDE of North Bay" and the "ZNB," all of which shall be deemed to relate to the same special regime zone governed under the Próspera Charter.

(b) "Próspera Charter" means the Próspera August 23, 2018 Charter and Bylaws, as amended and restated on September 13, 2019, codified as §§1-1-36-0-0-0-1.01 through 1-12-36-0-0-0-12.03, and as amended from time to time. The definitions of the Próspera Charter shall supplement this Resolution.

(c) "Rule" or "Rules" means all or any part of the Statutes, Regulations, Ordinances, or Resolutions promulgated pursuant to section 3.09(8) of the Próspera Charter.

(d) "ZEDE Organic Law" means articles 294, 303 and 329 of the Constitution of the Republic of Honduras and Decree 120-2013 of the National Congress of Honduras.

Section 3. AUTHORITY. Notwithstanding National Congress Decrees 32-2022 and 33-2022 (the "Repeal Decrees"), it is the finding of the Technical Secretary and Council of Trustees that Próspera continues to enjoy the same rights and authorities as originally granted to it under the Próspera Charter by virtue of the Promoter and Organizer's acquired rights and entitlement to legal stability under Articles 18, 61, 96, 105, and 106 of the Constitution of the Republic of Honduras, Article 10.4 of CAFTA-DR, and Article 16.4 of the Agreement for the Promotion and Reciprocal Protection of Investments between Honduras and Kuwait, as well as a certain amended legal stability agreement approved by Resolutions §§5-1-130-0-0-0-1, 5-1-160-0-0-0-1. This Rule is promulgated pursuant to Section 11.11(1) of the Próspera Charter.

Section 3. LIABILITY SHIELD

(a) Express Liability Limit. The monetary liability for unintentional misconduct of the Promoter and Organizer and Próspera Group, including that of past, current, and future constituent legal entity or natural persons of the same, as well as the past, current, and future agents, officers, direct or indirect owners, representatives, or instrumentalities, such as majority-owned or controlled affiliates, of any past, current, and future constituent legal

entity of the same, shall be limited to the greater of (1) available insurance coverage(s) for the relevant cause of action or (2) any amount in excess of $0.00 USD (or other recognized currency equivalent) resulting from (i) subtracting the booked liability for all other known or threatened causes of action against the Próspera Group for the calendar year immediately preceding the incurrence of the liability ("Prior Calendar Year"), from (ii) 15% of aggregate tax revenues received by or on behalf of Próspera in the Prior Calendar Year ("Express Liability Limit").

(b) Rogue Action Liability Limit. In addition to the Express Liability Limit, the past, current, and future Promoter and Organizer, Technical Secretary, Próspera Council, Council Trustees, Próspera Trust, trustee of the Próspera Trust, General Service Provider when acting as delegate of Próspera or Próspera Trust, default Arbitration Service Provider, as well as all of their past, current, and future agents, officers, direct or indirect owners, representatives, or instrumentalities, such as majority-owned or controlled affiliates, shall also not be held liable monetarily directly or indirectly from any claim or cause of action that arose or accrued as a result of, or in connection with, the passage of the Repeal Decrees by the National Congress or as a result of, or in connection with, the enforcement of the Repeal Decrees by any Non-Próspera Governing Authority ("Rogue Action Liability Limit").

(c) Liability limits established by this Resolution as to any legal entity or natural person shall be construed as supplemental to any other liability limit established by law or contract.

(d) Claim Clearance Process. No claim against any legal entity or natural person benefited by this Resolution may be advanced as excluded from the Express Liability Limit or Rogue Action Liability Limit, unless such claim is first advanced before the default Arbitration Service Provider or, alternatively, the International Centre for Dispute Resolution of the American Arbitration Association for a final determination by private binding mediation with the relevant counterparty(ies) that the claim is excluded from the foregoing liability limits.

Section 5. CONSTRUCTION OF LAW, RELATIONSHIP TO OTHER LAWS, EFFECTIVE DATE.

(a) To the furthest extent authorized by the ZEDE Organic Law, this Resolution shall control and supersede, to the extent of any inconsistency, any Rule, which is of equivalent or subordinate status in the hierarchy of rules under Section 3.09 of the Próspera Charter, with an earlier effective date as well as any Rule with the same effective date which was adopted earlier by the Próspera.

(b) Notwithstanding anything to the contrary set forth herein, this Resolution shall not be construed as prejudicing any claim or cause of action (1) against the National Government of the Republic of Honduras, or any office, agency, department, branch, or officer thereof which is a necessary party to any such claim or cause of

action, that arose or accrued as a result of, or in connection with, the passage of the Repeal Decrees by the National Congress or as a result of, or in connection with, the enforcement of the Repeal Decrees by any Non-Próspera Governing Authority; or (2) otherwise directly arising from the express provisions of an enforceable contract. This Resolution shall be revised as absolutely necessary to conform it to the foregoing constructional rule by any arbitral tribunal or court of competent jurisdiction.

(c) This Resolution shall be deemed to be effective upon publication of the Próspera Charter or otherwise the earliest date permissible under applicable Rule.

# RESOLUCIÓN DEL ESCUDO DE RESPONSABILIDAD DE PRÓSPERA

Sección 1. TÍTULO. La presente Resolución se denominará "Resolución del Escudo de Responsabilidad de Próspera".

Sección 2. DEFINICIONES. La presente Resolución se rige por las siguientes definiciones o, en su defecto, por la definición más adecuada que establezca la Norma pertinente y dominante o cualquier parte de la misma:

(a) "Próspera" significa la zona de régimen especial establecida por y mediante la Carta de Próspera conocida como "Próspera ZEDE" en virtud de la Ley Orgánica de las ZEDE por CAMP y el Secretario Técnico, incluyendo sus organismos; y se considerará que incluye las referencias anteriores a la "ZEDE Village of North Bay", la "Village of North Bay", la "ZEDE of North Bay" y la "ZNB", todas las cuales se considerarán relacionadas con la misma zona de régimen especial regida por la Carta de Próspera.

(b) "Carta de Próspera" significa la Carta y los Estatutos de Próspera del 23 de agosto de 2018, según se modificaron y reformularon el 13 de septiembre de 2019, codificados como §§1-1-36-0-0-0-1.01 a 1-12-36-0-0-0-12.03, y según se modifiquen de vez en cuando. Las definiciones de la Carta de Próspera complementarán esta Resolución.

(c) "Norma" o "Normas" significa la totalidad o cualquier parte de los Estatutos, Reglamentos, Ordenanzas o Resoluciones promulgadas de acuerdo con la sección 3.09(8) de la Carta de Próspera.

(d) "Ley Orgánica de las ZEDE" significa los artículos 294, 303 y 329 de la Constitución de la República de Honduras y el Decreto 120-2013 del Congreso Nacional de Honduras.

Sección 3. AUTORIDAD. No obstante los Decretos 32-2022 y 33-2022 del Congreso Nacional (los "Decretos Derogatorios"), el Secretario Técnico y el Consejo Directivo concluyen que Próspera continúa gozando de los mismos derechos y facultades que le fueron otorgados originalmente en la Carta de Próspera, en virtud de los derechos adquiridos del Promotor y Organizador y de su derecho a la estabilidad jurídica conforme a los Artículos 18, 61, 96, 105 y 106 de la Constitución de la República de Honduras, el Artículo 10.4 del CAFTA-DR, y el Artículo 16.4 del Acuerdo para la Promoción y Protección Recíproca de las Inversiones entre Honduras y Kuwait, así como cierto acuerdo de estabilidad jurídica modificado aprobado por las Resoluciones §§5-1-130-0-0-0-1, 5-1-160-0-0-0-1. Esta Norma se promulga de conformidad con la Sección 11.11(1) de la Carta de Próspera.

Sección 3. ESCUDO DE RESPONSABILIDAD

(a) Límite de Responsabilidad Expresa. La responsabilidad monetaria por mala conducta no intencionada del Promotor y Organizador y del Grupo Próspera, incluida la de las personas físicas o jurídicas constituyentes pasadas, actuales y futuras de los mismos, así

como la de los agentes, funcionarios, propietarios directos o indirectos pasados, actuales y futuros, representantes u organismos, tales como filiales con participación mayoritaria o controladas, de cualquier entidad jurídica constituyente pasada, actual y futura de la misma, se limitará a la mayor de las siguientes cantidades: (1) cobertura(s) de seguro disponible(s) para la causa de acción pertinente o (2) cualquier cantidad que supere los 0.00 dólares estadounidenses (o su equivalente en otra moneda reconocida) que resulte de (i) la resta de la responsabilidad contabilizada por todas las demás causas de acción conocidas o amenazadas contra el Grupo Próspera durante el año calendario inmediatamente anterior a que se incurra en la responsabilidad ("Año Calendario Anterior"), de (ii) el 15% de los ingresos fiscales totales percibidos por o en nombre de Próspera en el Año Calendario Anterior ("Límite de Responsabilidad Expresa").

(b) Límite de Responsabilidad por Acción Indebida. Además del Límite de Responsabilidad Expresa, el Promotor y Organizador, el Secretario Técnico, el Consejo de Próspera, los Fiduciarios del Consejo, el Fideicomiso de Próspera, el fiduciario del Fideicomiso de Próspera, el Proveedor de Servicios Generales, pasado, actual y futuro, cuando actúe como delegado de Próspera o del Fideicomiso de Próspera, del Proveedor de Servicios de Arbitraje por defecto, así como todos sus agentes, funcionarios, propietarios directos o indirectos, representantes u organismos, tales como filiales con participación mayoritaria o controladas, pasados, actuales y futuros, tampoco serán responsables monetariamente de manera directa o indirecta por cualquier reclamo o causa de acción que haya surgido o se haya producido como resultado de, o en relación con, la aprobación de los Decretos Derogatorios por parte del Congreso Nacional o como resultado de, o en relación con, la aplicación de los Decretos Derogatorios por parte de cualquier Autoridad Gubernamental Distinta a Próspera ("Límite de Responsabilidad por Acción Indebida").

(c) Los límites de responsabilidad establecidos por la presente Resolución con respecto a cualquier entidad jurídica o persona natural se interpretarán como suplementarios a cualquier otro límite de responsabilidad establecido por la ley o por contrato.

(d) Proceso de autorización de reclamaciones. Ninguna reclamación contra cualquier entidad legal o persona natural beneficiada por la presente Resolución podrá ser presentada como excluida del Límite de Responsabilidad Expresa o del Límite de Responsabilidad por Acción Indebida, a menos que dicha reclamación sea presentada primero ante el Proveedor de Servicios de Arbitraje por defecto o, alternativamente, ante el Centro Internacional para la Resolución de Disputas de la Asociación Americana de Arbitraje para una determinación final por mediación vinculante privada con la(s) contraparte(s) pertinente(s) de que la reclamación está excluida de los límites de responsabilidad antes mencionados.

Sección 5. INTERPRETACIÓN DE LA LEY, RELACIÓN CON OTRAS LEYES, FECHA DE ENTRADA EN VIGOR.

(a) En la medida en que lo autorice la Ley Orgánica de las ZEDE, la presente

Resolución controlará y sustituirá, en la medida de cualquier incongruencia, cualquier Norma, que tenga un rango equivalente o subordinado en la jerarquía de las normas según la Sección 3.09 de la Carta de Próspera, con una fecha de entrada en vigor anterior, así como cualquier Norma con la misma fecha de entrada en vigor que haya sido adoptada anteriormente por Próspera.

(b) No obstante toda disposición contraria establecida en el presente documento, esta Resolución no se interpretará en perjuicio de cualquier reclamación o causa de acción (1) contra el Gobierno Nacional de la República de Honduras, o cualquier oficina, agencia, departamento, sucursal, o funcionario del mismo que sea parte necesaria en dicha reclamación o causa de acción, que haya surgido o se haya producido como resultado de, o en relación con, la aprobación de los Decretos Derogatorios por parte del Congreso Nacional o como resultado de, o en relación con, la aplicación de los Decretos Derogatorios por parte de cualquier Autoridad Gubernamental Distinta a Próspera; o (2) de otro modo que surja directamente de las disposiciones expresas de un contrato aplicable. La presente Resolución será revisada en lo que sea absolutamente necesario para ajustarla a la norma interpretativa anterior por cualquier tribunal arbitral o corte de jurisdicción competente.

(c) La presente Resolución se considerará vigente en el momento de la publicación de la Carta de Próspera o, en su defecto, en la fecha más temprana permitida por la Norma aplicable.

Outside Expert - Conflict Clearance

**Technical Secretary & Council of Trustees**
Próspera ZEDE
Roatan, Bay Islands, Republic of Honduras

**J. Byron Schlomach, Ph.D.**
Economist & Public Policy Analyst
Oklahoma City, OK USA

**RE: Conflict Clearance: Liability Shield and MTC Retirement Resolutions**

**15 July, 2022**

**Dear Secretary and Council:**

I was asked to review two proposed Próspera ZEDE resolutions for consideration by the Technical Secretary and Council of Trustees for conflict-of-interest issues. These are entitled: 1) the Próspera Liability Shield Resolution, and 2) the MTC Retirement Resolution. In the interest of brevity, I will not summarize these resolutions.

I engaged the services of Dr. Julien Chaisse, a Professor of Law at City University of Hong Kong and international law expert, to aid in forming my judgment. He produced a report that is attached in the same email sent to convey this memo, which also explains his extensive experience and qualifications. Dr. Chaisse, in a one-page summary of his report (page 15) clearly states his opinion that both of the Resolutions in question are reasonably free of conflict issues, especially given the current circumstances.

Dr. Chaisse's analysis comports with my own economic judgment. Próspera ZEDE is more than a commercial scheme. It is a proving ground for the benefits of stable legal institutions and well-defined property rights that would accrue to the people of Honduras both inside and outside Próspera ZEDE. That is, it is a demonstration project to show the benefits of "inclusive" institutions over currently prevailing institutions in Honduras that are "extractive" (see the book, *Why Nations Fail*, by Acemoglu and Robinson).

The Resolutions are purely defensive actions designed, respectively, to 1) prevent Próspera ZEDE investors from being held liable for negative and aggressive actions that might be taken by the national Honduran government, and 2) to create a disincentive for the Honduran national government to act against the interests of Próspera ZEDE residents, investors, and resident enterprises by merely creating a basis on which to calculate economic harm. Both Resolutions are forward-looking to the interests of more than just current investors. Therefore, I find both resolutions reasonably free of conflict-of-interest issues.

Sincerely,



**Dr. Byron Schlomach**
Outside Expert - Conflict Clearance

**J. Byron Schlomach, Ph.D.**
Phone: 512 971 7490
E-mail: bschlomach@1889institute.org

Dr. Julien CHAISSE
*Member of the Chartered Institute of Arbitrators (UK)*
*President & Chair, Asia Pacific FDI Network*
*Professor of Law, City University of Hong Kong*

Nam Shan Road 177, New Territories
Hong Kong SAR
Tel: 852 6971 0501
email: julien.chaisse@fdi-forum.com
Website: www.ciarb.org/membership/member-directory/member-profile?id=8378

# EXPERT REPORT

# OF

# JULIEN CHAISSE

| | | |
|---|---|---|
| **Specialist Field** | **:** | **International Law & Special Economic Zones** |
| **Subject** | **:** | **Prospera ZEDE, Honduras** |
| **Report Date** | **:** | **July 13, 2022** |

# 1.0 INTRODUCTION

## 1.1 Formal Details

My name is Julien Chaisse. I currently serve as professor at the City University of Hong Kong (CityU), School of Law. I am Member of the Chartered Institute of Arbitrators (UK) and I am an award-winning and world-renowned expert on international economic law (trade, investment, and tax), special economic zones regulation, commercial contract, and international dispute resolution. My work has garnered wide recognition and has been cited by international courts/tribunals as well as the U.S. Courts. I am the recipient of the *Smit-Lowenfeld Prize* from the International Arbitration Club of New York (2020).

I am a senior arbitrator. Numbers of my adjudications have been reported by local and international press. I am frequently called upon as an expert witness in international trade/investment litigation and arbitration, to advise international organizations, governments, law firms, and private investors on private/public international law issues (e.g., concessions contracts, special economic zones, investment structuring, state and international organization immunities, and WTO accession), and I have assisted over twenty jurisdictions in drafting trade/investment treaties and legislation.

I am currently President and Chair of the Asia Pacific FDI Network (APFN), which is the most important organization that focuses on researching foreign direct investment and facilitating cooperation among over 100 experts and 50 institutions. I have extensive experience working as a corporate board member, and serving on the board of directors/advisory board for a number of international organizations, including the World Free Zone Convention (WFZC), World Arbitration Update (WAU), Academy of International Dispute Resolution & Professional Negotiation (AIDRN), and Asian Academy of International Law (AAIL).

## 1.2 Instruction

Dr Byron Schlomach instructed me, as an expert in international law, to undertake an assessment of: (1) the Próspera Liability Shield Resolution, and proposed for adoption by the Próspera ZEDE, Honduras, and (2) the MTC Retirement Resolution.

## 1.3 Disclosure of Interests

I have no personal or professional connection with the parties, witnesses or advisers, or actual or potential interests that might adversely or potentially affect my independence.

## 2.0 BACKGROUND AND ISSUES

### 2.1 Background

The former President of Honduras, Juan Orlando Hernández, during his time in office,[1] was an advocate for the expansion of Zones for Economic Development and Employment or more popularly referred to as 'ZEDEs'[2]. In 2013, the government amended its Constitution and enacted legislation that permits the formation of ZEDEs with the primary objectives of boosting employment, economic growth, and social development[3]. Próspera[4] was the first project approved by Honduras to establish a new privately managed settlement on Roatán,[5] a Caribbean island off the northern coast of Honduras[6]. The settlement was to create discrete areas with extensive functional, administrative,[7] and legal autonomy[8].

This expert report delves deeper into the specific subsections of the Próspera Liability Shield Resolution,[9] specifically the Express Liability Limit and a Rogue Action Liability Limit, as well as the advanced nuances, such as the reasonableness of converting marketable tax credits to bonds, as prescribed by the MTC Retirement Resolution plan[10]. Specifically, the Express Liability Limit and a Rogue Action Liability Limit. In addition to this, the expert report conducts a legal analysis of the dynamic that arises from its interaction with the implementation of the Central American-Dominican Republic Free Trade Agreement and the unwavering principles of international law (CAFTA-DR).

[1] AP, Honduran special economic zones in limbo after government repeal (May 4, 2022) The Gleaner <https://jamaica-gleaner.com/article/business/20220504/honduran-special-economic-zones-limbo-after-government-repeal>.

[2] Ryan C. Berg and Henry Ziemer, What Are the Zones for Employment and Economic Development in Honduras? (April 27, 2022) Center for Strategic and International Studies <https://www.csis.org/analysis/what-are-zones-employment-and-economic-development-honduras>.

[3] Alejandro A. Escobar, The Reasonable Choice: Respecting the Powerful Investor Protections of Honduran Employment and Economic Development Zones (ZEDEs) (April 18, 2022) Int'l Policy Analysis Baker Botts (UK) LLP <https://drive.google.com/file/d/1r8rTlWGG0yd2sMg2EPFJGOdJpFJOZ2lv/view>.

[4] Prospera, The Próspera Economic Development Platform <https://prospera.hn/>.

[5] Joshua Brustein, A Private Tech City Opens for Business in Honduras (27 March 2021) Bloomberg Asia Edition <https://www.bloomberg.com/news/articles/2021-03-27/prospera-in-honduras-a-private-tech-city-now-open-for-business#xj4y7vzkg>.

[6] Sebastian Sinclair, Bitcoin Now Legal Tender in Special Economic Zone of Honduras (April 8, 2022) Blockworks <https://blockworks.co/bitcoin-now-legal-tender-in-special-economic-zone-of-honduras/>.

[7] Business & Human Rights Resource Centre, Honduras: Special Economic Zone (ZEDE) Prospera adopts bitcoin and other cryptocurrencies as legal tender <https://www.business-humanrights.org/en/latest-news/honduras-special-economic-zone-zede-prospera-adopts-bitcoin-and-other-cryptocurrencies-as-legal-tender/>.

[8] Gustavo Palencia, Honduran special economic zone adopts bitcoin as legal tender (April 8, 2022) Reuters <https://www.reuters.com/world/americas/honduran-special-economic-zone-adopts-bitcoin-legal-tender-2022-04-07/>.

[9] Próspera Liability Shield Resolution.

[10] Próspera MTC Retirement Resolution.

The Próspera Liability Shield Resolution includes both an Express Liability Limit and a Rogue Action Liability Limit in order to protect the project's past, present, and future affiliates from being held fully responsible for the entirety of the project's liabilities[11]. In a similar manner, each holder of an e-Residency, subject to the applicable terms, is eligible to exchange the MTC Retirement promissory note from Próspera on the principal amount equal to 75% of the USD tax credit value of the Marketable Tax Credit with an annual interest rate that compounds at 10%.

## 2.2 Issues

I see the predominant legal issues as follows:

a) Whether the proposed "Próspera Liability Shield Resolution" is reasonably free from conflict of interest that might present an issue in future litigation under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR FTA);

b) Whether the "Marketable Tax Credits Retirement Resolution" provides sufficient reasonableness as of the conversion of marketable tax credits to bonds under circumstances and proposed terms.

## 2.3 Legal Documents Relied Upon

The following documents have been consulted and relied upon:

- The Próspera Liability Shield Resolution proposed for adoption by the Próspera ZEDE, Honduras;
- The MTC Retirement Resolution proposed for adoption by the Próspera ZEDE, Honduras;
- The constitutional amendment creating the ZEDE framework;
- The organic law passed under the constitutional authority;
- Free Trade Agreement between Central America, the Dominican Republic and the United States of America (CAFTA);
- Various bilateral investment treaties entered into by Honduras by the July 1st, 2022;
- Various other legal documents, law articles and international news reports.

[11] Próspera Liability Shield Resolution.

## 3.0 OPINION

### 3.1. The proposed Próspera Liability Shield Resolution

According to the Constitution of Honduras, the authorities of ZEDE zones subject to special regimes are required to adopt best national and international practices to ensure the existence and effectiveness of an adequate social, economic, and legal environment for international competition. It attributes the likelihood of resolving conflicts within the country's zones subject to special regimes to a legal issue; consequently, the judicial branch, through the Council of the Judiciary, must establish tribunals with exclusive and autonomous jurisdiction over them.

The judges of the zones subject to special jurisdiction shall be proposed to the Council of the Judiciary, which shall appoint judges following the completion of a list proposed by a special commission formed in accordance with the Organic Law of the regimes. In certain circumstances, the law may mandate arbitration for the resolution of disputes between natural or legal persons residing in regime-affected regions.

Tribunals in special judicial zones may adopt judicial systems or traditions from other parts of the world if they guarantee equal or superior constitutional protection of human rights and have the prior approval of the National Council[12].

Correspondingly, as stated in this section, reasonableness includes a determination of whether the proposed Prospera Liability Shield Resolution is reasonably free of conflicts of interest that could pose a problem in future arbitration or litigation in accordance with the CAFTA-DR FTA.

#### 3.1.1. Liability limitation

According to Section 5 of the Prospera Liability Shield Resolution, the resolution has the authority to control and supersede any inconsistency as well as any rule that is prescribed to be of equivalent or subordinate status in the hierarchy of rules that is outlined in Section 3.09 of the Prospera Charter.

In order to mitigate this risk, the "Próspera Liability Shield Resolution" clarifies and expands the liability limitation contemplated in Section 11.01 of the Prospera Charter in order to neutralize any additional exposure that may result from the arguably lawless conduct of the Government of Honduras.

[12] Article 329, Honduras's Constitution of 1982 with Amendments through 2013.

Under Section 3 of the Prospera Liability Shield Resolution, the Liability shield provides cover for an Express Liability Limit, Rogue Action Liability Limit, Additional Liability limits, and Claim Clearance Process.

Through the Express Liability Limit, any financial responsibility for unintentional misconduct by the Promoter and Organizer and Próspera Group, as well as its former or present legal entities or individuals, as well as its current and future agents and officers and their direct or indirect owners, representatives and instrumentalities (such as majority-owned or controlled affiliates), is either limited to the greater of available insurance coverage schemes and/or any amounts exceeding the booked liability for all other known or threatened causes of action against the Próspera Group from the former calendar year by 15% of aggregate tax revenues.

Furthermore, under the Rogue Action Liability Limit, when a past, current, and/or future Promoter and Organizer, Technical Secretary, Próspera Council, Council Trustees, Próspera Trust, trustee of the Próspera Trust, or the General Service Provider acts as delegate of Próspera or Próspera Trust, default Arbitration Service Provider, as well as all of their past, current, and future agents, officers, direct or indirect owners, representatives, or instrumentalities, such as majority-owned or controlled affiliates, they shall also not be held liable monetarily directly or indirectly from any claim or cause of action that arose or accrued as a result of, or in connection with, the passage of the Repeal Decrees by the National Congress or as a result of, or in connection with, the enforcement of the Repeal Decrees by any Non-Próspera Governing Authority.

In addition, the liability limits established by this Resolution with respect to any legal entity or natural persons shall be construed as additional to supplement any other liability limits established by the law or through the terms of their contract.

Under the Claim Clearance Process, no claim against a party benefiting from this Resolution may be advanced towards being exempt from the Express Liability Limit or Rogue Action Liability Limit without being first brought before the default arbitration service provider or, alternatively, the International Centre for Dispute Resolution of the American Arbitration Association for a final decision by private binding mediation with the appropriate party.

### 3.1.2. Potential conflict of interest

The fact that this resolution would evidently be beneficial to each and every voter presents a potential point of contention when it comes to its passage. In spite of this, it is believed that it would be in the best interest of all stakeholders to remove some of the leverage that the Honduran government has over the legal rights of the Council of Trustees as well as the Promoter and Organizer of the Zone.

### 3.1.3. CAFTA and the Resolution

The Dominican Republic and Central America Free Trade Agreement (also known as CAFTA-DR) is the first free trade agreement signed by the United States with a group of smaller developing economies. These economies include Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic. The CAFTA-DR encourages increased trade and investment ties, as well as prosperity and stability throughout the region and along our southern border. The countries that makeup CAFTA-DR would be the United States' eighteenth-largest trading partner for goods in 2018, with a total two-way trade value of $57.4 billion. The value of total exports came to $32.2 billion, while the value of total imports was $25.2 billion. In 2018, the United States had a trade surplus with the countries that are members of CAFTA-DR, totaling $7 billion. The Department of Commerce of the United States estimates that approximately 134 thousand jobs were maintained in the United States due to exports of goods to CAFTA-DR in 2014[13].

The Parties have committed to substantially liberalizing the trade in goods and services in accordance with the terms of the Agreement. Additionally, CAFTA-DR addresses essential areas such as trade administration and facilitation, technical trade barriers, government procurement, investment, telecommunications, electronic commerce, intellectual property rights, transparency, as well as labor and environmental protection. The expansion of commercial opportunities for the United States as a result of CAFTA-DR is facilitated by the promotion of regional stability, increased economic integration, and increased economic growth for a significant number of countries that are neighbors of the United States[14].

For the resolution of disputes in the event that a disagreement between the parties regarding an existing or proposed national rule is not resolved within a period of thirty days, the parties have the option of referring the matter to a panel of independent experts. When the procedure that the panel is responsible for has been finished, it will issue a report. The parties will make an effort to reach a settlement of the dispute based on the report that was issued by the panel. In the event that an amicable resolution to the dispute cannot be found, the complaining party reserves the right to suspend any trade benefits that it considers to have been or will be negatively impacted by the disputed measure. In the event that a dispute arises under both the CAFTA-DR and the World Trade Organization (WTO) Agreement, the party that is filing the complaint has the option of selecting which forum will hear their case[15].

[13] The Office of the United States Trade Representative (USTR), CAFTA-DR (Dominican Republic-Central America FTA) <https://ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta>.

[14] International Trade Administration U.S. Department of Commerce, U.S.– CAFTA-DR Free Trade Agreement <https://www.trade.gov/us-cafta-dr-free-trade-agreement>.

[15] Médecins Sans Frontières (MSF), Data exclusivity in international trade agreements: What consequences for access to medicines? (May 2004) MSF technical brief

It has been alleged that despite the repeal of the Organic Law of employment and economic development zones (ZEDE) in Honduras, these zones continue to be a source of frustration for both the government and the general population. Investors announced that they were initiating "a formal process to enforce the rights of Próspera ZEDE" [16] under the CAFTA-DR[17]. Prospera had asserted that on Friday, June 3,[18] it notified the Ministry of Economic Development of a request for consultations and negotiations under Article 10.15 of CAFTA-DR[19].

Article 10.15 of CAFTA-DR provides for Investor-State Dispute Settlement through Consultation and Negotiation[20]. The article reads: *"In the event of an investment dispute, the claimant and the respondent should initially seek to resolve the dispute through consultation and negotiation, which may include the use of non-binding, third-party procedures such as conciliation and mediation."*[21]

In light of these facts and circumstances, reasonableness -- which includes a determination of whether the proposed Prospera Liability Shield Resolution is reasonably free of conflicts of interest – it is clear that the proposed Prospera Liability Shield Resolution does not pose a problem in future arbitration or litigation in accordance with the CAFTA-DR FTA.

### 3.1.4. Interim Conclusion

The preceding discussion leads one to believe that the Prospera Liability Shield Resolution is not constrained by any conflicts of interest and can be freely enforced to protect its stakeholders in situations in which liability is to be calculated. This is a reasonable assumption to make, and it is supported by the evidence.

Secondly, despite the fact that Honduras has acted in an incoherent manner toward Prospera ZEDE, there has been no proven breach of its obligations under CAFTA-DR, and thus, the

<https://msfaccess.org/sites/default/files/MSF_assets/Access/Docs/ACCESS_briefing_DataExclusFTA_ENG_2004.pdf>.

[16] Criterio Hn, ZEDE Próspera presiona por diálogo bajo CAFTA-DR (June 7, 2022) <https://criterio.hn/zede-prospera-presiona-por-dialogo-bajo-cafta-dr/>.

[17] Criterio Hn, ZEDE Próspera presiona por diálogo bajo CAFTA-DR (June 7, 2022) <https://criterio.hn/zede-prospera-presiona-por-dialogo-bajo-cafta-dr/>.

[18] Honduras Próspera Requests Consultations under CAFTA-DR - Formal Process Initiated to Assert Prospera ZEDE's Rights - Press Release 3 June 2022, <https://www.transnational-dispute-management.com/legal-and-regulatory-detail.asp?key=31338>.

[19] Honduras Próspera v Republic of Honduras - Correspondence CAFTA-DR Request for Consultations - 2 June 2022, <https://www.transnational-dispute-management.com/legal-and-regulatory-detail.asp?key=31335>.

[20] Criterio Hn, ZEDE Próspera presiona por diálogo bajo CAFTA-DR (June 7, 2022) <https://criterio.hn/zede-prospera-presiona-por-dialogo-bajo-cafta-dr/>.

[21] Article 10.15, U.S.– CAFTA-DR Free Trade Agreement <https://www.trade.gov/us-cafta-dr-free-trade-agreement>.

investors continue to be protected according to the terms of the international treaties that they have contracted with Honduras.

### 3.2. The offering and sale of Marketable Tax Credits

A tax credit is a monetary amount that taxpayers are permitted to directly deduct from the taxes that they are obligated to pay. Unlike deductions, tax credits reduce the amount of tax that must actually be paid. The nature of a tax credit is what determines its value; certain types of tax credits are awarded to individuals or businesses in specific locations, classifications, or industries[22].

As provided for within the Próspera MTC Retirement Resolution, *"Marketable Tax Credit means marketable tax credits issued pursuant to the tax credit program established by the Próspera Tax Statute."*[23]

When Marketable Tax Credits (MTCs) are made available, employers are able to apply for the grant of credits for the total amount that they paid toward the Prospera Labor Premium, Prospera Labor Benefit, and Prospera Overtime Requirement in any prior tax year[24].

The Próspera MTC Retirement Resolution further states that: *"Until the Government of Honduras officially and unambiguously acknowledges that Próspera continues to enjoy substantially the same rights and authorities as originally granted to it under the ZEDE Organic Law, including the rights and authorities included in the Próspera Charter ("Legal Stability Acknowledgment"), every (e)Resident holder of Marketable Tax Credits is entitled to exchange the same for a promissory note from Próspera ("MTC Retirement Note") with the following terms: (i) a principal amount equal to 75% of the USD tax credit value of the Marketable Tax Credit; (ii) a 10% interest rate compounding annually (365 day year) from the date of exchange of the Marketable Tax Credit ("Exchange Date") for the Retirement Note; and (iii) a maturity date of 10 years from the Exchange Date ("Maturity Date"), which shall be accelerated by notice of the holder upon any official action by the Government of Honduras to interfere materially with the rights and authorities of Próspera under the ZEDE Organic Law, including the rights and authorities included in the Próspera Charter."* [25]

[22] Troy Segal, Tax Credit <https://www.investopedia.com/terms/t/taxcredit.asp>.

[23] Section 2, Próspera MTC Retirement Resolution.

[24] PES FAQ, How are labor laws different on the Próspera Platform? <https://www.pes.hn/faq>.

[25] Section 4, Próspera MTC Retirement Resolution.

### 3.2.1. The legal stability

The potential problem with the MTC policy is that the legal stability issues posed by the current Government of Honduras threaten to substantially undercut their value as a credit against future tax obligations. This is not only due to the fact that the Government of Honduras has permitted mid-level officials to threaten investors in Prospera ZEDE, but also due to the fact that the SAR, which is the equivalent of the IRS in Honduras, has reportedly been telling businesses that the tax exemptions that were issued to Prospera will not qualify as a credit against future tax.

Since the 20th century, Honduras has been able to attract foreign investors with the promise of higher levels of employment and living standards by attracting businesses from other countries. In actual practice, these arrangements have a tendency to enrich outsiders while delivering only a small portion of the benefits that were promised [26]. If Honduras keeps erecting new roadblocks,[27] including the suggestion that Prospera investors might lose the benefits they currently enjoy, the country will suffer significantly. It is reasonable to assume that it would immediately result in an ISDS claim, thereby irreparably damaging Honduras' reputation all over the world.

While this risk of legal unpredictability continues to exist, there is a consensus among experts that holders of MTCs should be allowed to trade them in for more conventional forms of debt. Additionally, the exchange of MTCs for standard debt authorized by this resolution is another step forward towards increasing accessibility.

In point of fact, the terms permit the debt to be issued with a principal amount that is equivalent to 75% of the value of the MTC. This translates into a double multiple up to five times multiple of the paid amount, an interest rate of 10%, and a maturity date of 10 years from the date the debt was issued. However, one must keep in mind that these figures should merely be used as a reference. The purpose of this project is to design a debt instrument that, in accordance with what the legal entitlement ought to have been, accurately reflects the economic benefit of MTCs under a stable regime that will last for a period of fifty years.

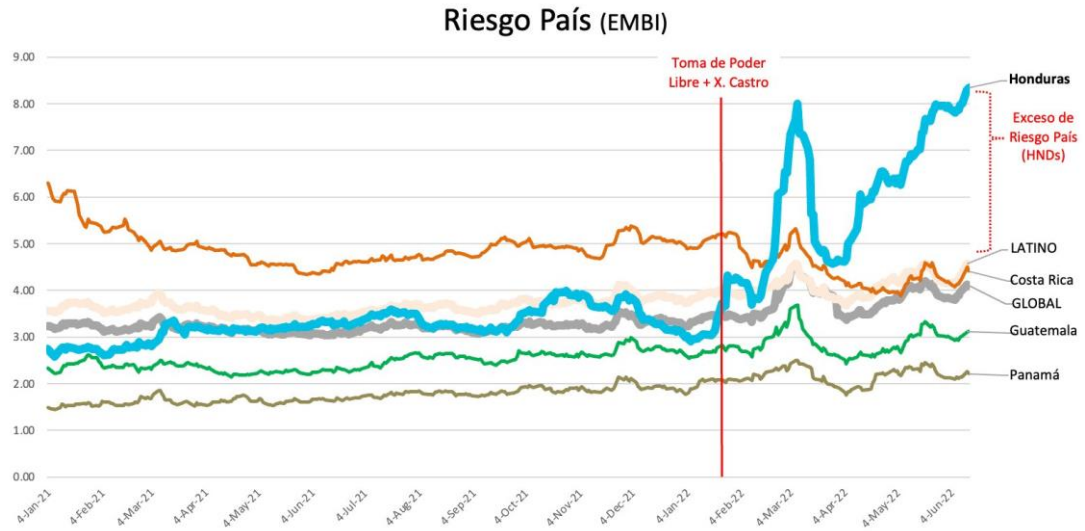
An important point to make is that the interest rate that is being offered, which is 10 percent, is on the lower end. Recent reports indicate that country risk premiums are increasing as a result of the slowing of advanced economies, with the U.S. GDP contracting in the first quarter and China facing a sharp slowdown through 2022, along with an increasingly tense lockdown spreading to more cities after Shanghai. This is in light of the fact that recent reports indicate

[26] Ian Macdougall and Isabelle Simpson, A libertarian 'startup city' in Honduras faces its biggest hurdle: the locals (5 OCTOBER 2021) <https://restofworld.org/2021/honduran-islanders-push-back-libertarian-startup/>.

[27] Jared Olson, Honduras 'retakes sovereignty' by nixing corporate enclaves (13 May 2022) <https://www.aljazeera.com/news/2022/5/13/honduras-retakes-sovereignty-by-nixing-corporate-enclaves>.

that country risk premiums are rising as a result of the slowing of advanced economies. The global slowdown will have a negative impact on the amount of money that is invested in Latin America as well as the amount of money that is exported from the region. As a result of the pressure placed on their currencies and the surge in imported inflation, a number of countries in Latin America and the Caribbean have been forced to raise their interest rates. The rate at which capital is leaving the region has quickened in recent times. This, in addition to the appreciation of the dollar, is adding to burdens of debt that were already quite heavy[28]. While there is a growing risk for investors across a large portion of Central America, the region requires massive investments from the private sector in order to address the fundamental factors that contribute to migration[29].

According to the following Emerging Markets Bond Index, Honduras, which is currently being led by Xiomara Castro de Zelaya, is functioning at the highest level in its entire history.




Source: JP Morgan (June 16, 2022).

### 3.2.2. The principal amount

Although the principal amount may appear to be high and punitive at 75% of the multiple tax liability offered to MTC holders, in accordance with the law of ZEDE, this debt is not backed by the national government. This is the case despite the fact that the principal amount is 75% of the multiple tax liability offered to MTC holders. The ZEDE is the only source of support available; however, it does not have an intensive tax base.

[28] Remarks by World Bank Group President David Malpass to the 52nd Washington Conference on the Americas (May 12, 2022) <https://www.worldbank.org/en/news/speech/2022/05/12/remarks-by-world-bank-group-president-david-malpass-to-the-52nd-washington-conference-on-the-americas>.

[29] Ryan Berg, <https://twitter.com/RyanBergPhD/status/1537909588149710851?s=20&t=r_1bGNq106xYtzgw4EF--Q%20>.

The value in obtaining this debt is that if the national government were to formally and officially repudiate the legal stability of the ZEDE regime by saying the ZEDE does not exist (which it has not yet done yet – again, only mid-level officials are making threats), then the debt instrument would be a measure of damage in a CAFTA lawsuit against the national government, i.e., the debt really only has value in relation to the possible recovery of damages after 3 to 10 years of litigation, and often damages are collected in amounts that are 10 cents on the dollar after sovereign country litigation.

My view is that because of this enhanced risk of non-collection, it is reasonable and proportionate to mirror the debt principal to the MTC's multiple values, rather than simply the amount paid.

### 3.2.3. The lawfulness of the exchange

This evidently brings the transaction akin to a "poison pill" policy in a corporation. Since there is a risk that management or the board will use poison pills to protect their jobs rather than the value of the company's shareholders, companies are required to carry out a comprehensive fiduciary analysis of poison pills and protect themselves against a hostile takeover[30].

Although there are some variations, the flip-in rights plan that is most commonly used gives shareholders other than the undesirable acquirer the opportunity to purchase securities at a reduced price. When this right is put to use, it not only lowers the value of the acquirer's shares but also drives up the price of the acquisition[31].

While the 1980s witnessed increased scrutiny for defensive mechanisms in acquisitions, the *Unocal* standard[32] raises the bar for boards of directors beyond the standard business judgment rule. This rule assumes that boards act "on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the company."

Notwithstanding, the *Unocal* standard[33] raises the bar for boards of directors beyond the standard business judgment rule. This presumption absolves boards of directors of any responsibility for legal responsibility in relation to business transactions. Thus, unless the board

[30] Legitimacy of Two-Tier Poison Pills as Defensive Mechanisms, Review of Banking & Financial Law <https://www.bu.edu/rbfl/files/2015/03/RBFL_34-1_DiIenno.pdf>.

[31] Legitimacy of Two-Tier Poison Pills as Defensive Mechanisms, Review of Banking & Financial Law <https://www.bu.edu/rbfl/files/2015/03/RBFL_34-1_DiIenno.pdf>.

[32] *Unocal Corp. v. Mesa Petroleum Co.*, 493 A.2d 946 (Del. 1985).

[33] *Unocal Corp. v. Mesa Petroleum Co.*, 493 A.2d 946 (Del. 1985).

of directors actively investigates the threat rather than merely receiving information about it, the Unocal standard will render this liability protection obsolete[34].

In addition to this, the Unocal case[35] instructs the courts to take into account the specific reasons that the board of directors has for protecting the corporation and mandates that the directors respond to threats with some degree of proportionality. Since it is necessary to apply an enhanced rule when, during a hostile takeover, "a board may be acting primarily in its own interests," the court in Unocal determined that it was appropriate to apply an enhanced test rather than the standard business judgment rule[36].

As a result, the general rule is that they can be legal if they are designed properly and have a valid justification for doing so. In addition, although it is common practice and perfectly acceptable in the private sector to reject takeover offers that the board of directors and management believe do not fairly value the company, the examples of this in the public sector other were limited to the case of Disney's municipal debt acceleration framework.

According to tax officials and legislators in that scenario, removing Disney's ability to act as self-government in the state of Florida could have unintended consequences and leave local taxpayers responsible for more than one billion dollars' worth of bond debt. In the event that the special district is abolished, the counties of Orange and Osceola will be held accountable for the delivery of the local services that are presently carried out by the special district[37].

The Walt Disney Company has had full regulatory control over Disney World and all government services, including fire protection, emergency services, water, utilities, sewage, [38] and infrastructure, since the establishment of the Reedy Creek Improvement District in 1967.

Disney contributes to the funding of Reedy Creek's government services by levying taxes on its own operations. While Reedy Creek's precise tax flows are unknown; however, according to Orange County's tax collector, Scott Randolph, the district collects approximately $105 million in annual general revenue. Along with the $105 million, Disney also pays for the local property taxes. According to public records, Disney is the largest taxpayer in central Florida. Between the years 2015 and 2020, Disney paid over $280 million in property taxes to the various counties

[34] Legitimacy of Two-Tier Poison Pills as Defensive Mechanisms, Review of Banking & Financial Law <https://www.bu.edu/rbfl/files/2015/03/RBFL_34-1_DiIenno.pdf>.

[35] *Unocal Corp. v. Mesa Petroleum Co.*, 493 A.2d 946 (Del. 1985).

[36] Legitimacy of Two-Tier Poison Pills as Defensive Mechanisms, Review of Banking & Financial Law <https://www.bu.edu/rbfl/files/2015/03/RBFL_34-1_DiIenno.pdf>.

[37] Robert Frank, Florida taxpayers could face a $1 billion Disney debt bomb if its special district status is revoked (21 April 2022) <https://www.cnbc.com/2022/04/21/disney-special-district-florida-taxpayers-could-face-a-1-billion-debt-bomb-if-dissolved.html>.

[38] Robert Frank, Florida taxpayers could face a $1 billion Disney debt bomb if its special district status is revoked (21 April 2022) <https://www.cnbc.com/2022/04/21/disney-special-district-florida-taxpayers-could-face-a-1-billion-debt-bomb-if-dissolved.html>.

in the region. If the special district were dissolved, Orange and Osceola counties would be required to provide the same kinds of local services as Reedy Creek is currently responsible for providing. In addition, the revenue of $105 million would vanish, leaving the county and local taxpayers responsible for some or all of the additional costs [39].

Overall, this resolution raises two kinds of conflicts.

- Preliminarily, HPI, which is contemporarily the Zone's promoter and organizer, is the sole holder of an MTC. Thus, as long as the MTCs can be exchanged for debt, there will always be conflict among those with a potential interest in the HPI project.
- Second, there is the possibility that the decision to adopt the resolution in the absence of an adequate tax base constitutes a breach of the fiduciary duty that each council member is obligated to uphold.

In my view, it is therefore critical that the resolution very tightly connect its exchange of MTCs for debt to the long-term interests of Prospera ZEDE as a jurisdiction and that the exchange be tightly connected to deterring the Government of Honduras from illegally undermining the stability of Prospera ZEDE, and to ensure that the value exchanged is strongly defensible as proportionate to the value threatened by the conduct of the Honduran government.

### 3.2.4. Interim Conclusion

In spite of the fact that there has been a growing amount of discussion regarding the legality of the Prospera ZEDE as a jurisdiction, the provision of Marketable Tax Credits is, in fact, a very strategic tactic that was implemented by Prospera to combat the otherwise restricted traditional practices in order to make it possible for its residents and members to make use of the unique characteristics that are associated with the Prospera ZEDE. Unfortunately, the escalating problems presented by the current government of Honduras threaten to significantly reduce their value as a credit against future tax obligations by potentially denouncing its recognition. This is causing grave concern amongst all its stakeholders.

[39] Robert Frank, Florida taxpayers could face a $1 billion Disney debt bomb if its special district status is revoked (21 April 2022) <https://www.cnbc.com/2022/04/21/disney-special-district-florida-taxpayers-could-face-a-1-billion-debt-bomb-if-dissolved.html>.

## 4.0 SUMMARY

As part of its strategy to position itself as a global investment hub, Honduras launched the Zones for Economic Development and Employment in the hope of luring foreign direct investment. While the number of people moving into Prospera, the first project that Honduras gave its approval to in order to create a new privately managed settlement on Roatán, increased, the state went through a transition in its political administration and found that the newly elected officials did not live up to the expectations they had set for themselves. In a more traditional setting, this would have unavoidably resulted in a dispute brought before the ISDS; however, the political conditions that are currently in place are largely incoherent.

In parallel with Prospera's efforts to accomplish its mission, the organization drafted the Prospera Liability Shield Resolution and the Prospera MTC Retirement Resolution. These documents were drafted with the interests of Prospera's member stakeholders in mind, and Prospera spared no effort in ensuring those interests were protected.

The main finding of this expert report is that the proposed Próspera Liability Shield Resolution is reasonably free of any potential conflicts of interest that could arise in future litigation under the CAFTA-DR Free Trade Agreement and that the MTC Retirement Resolution establishes a reasonable conversion of marketable tax credits to bonds. Both of these claims are supported by evidence that are presented in this expert report. In addition, it is stated that both findings demonstrate that SEZs are able to develop while continuing to be lawful in accordance with the provision of international law.

As has been thoroughly explained and elaborately discussed above, the Prospera Liability Shield Resolution and the Prospera MTC Retirement Resolution are both legitimate. They are well-founded and have been envisioned to serve as a part and parcel of the functionality being provided by Prospera, as a SEZ with its freedom and liberty sanctioned by law, enjoying the same legal stability and recognition conferred on it by the organic law of ZEDE, the provisions of the Prospera Charter, and the Constitution of Honduras, which makes its validity concrete and unquestionable.

## 5.0 EXPERT'S DECLARATION

**I, JULIEN CHAISSE, DECLARE THAT:**

5.1 I confirm that insofar as the facts stated in my report are within my knowledge I have made clear which they are and I believe them to be true, and that the opinions I have expressed represent my true and complete professional legal opinion.

5.2 I understand that my duty included in my providing written reports and giving evidence is to help courts, tribunals and any authorities, and that this duty overrides any obligation to the party who has engaged me. I confirm that I have complied with my duty.

5.3 I have endeavoured to include in my report those matters, which I have knowledge of or of which I have been made aware, that might adversely affect the validity of my opinion.

5.4 I have indicated the sources of all information I have used.

5.5 I have not, without forming an independent view, included or excluded anything which has been suggested to me by others.

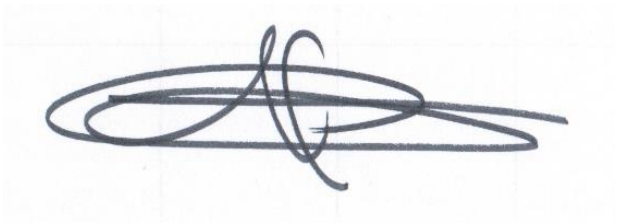
5.6 I will notify those instructing me immediately and confirm in writing if for any reason my existing report requires any correction or qualification.

5.7 I understand that;

a) My report, subject to any corrections before swearing as to its correctness, may form the evidence to be given under oath or affirmation;

b) may be cross-examined on my report by a cross-examiner assisted by an expert;

5.8 I confirm that I have not entered into any arrangement where the amount or payment of my fees is in any way dependent on the outcome of the case.



.....

**Julien Chaisse**
**Professor & Doctor in Law**
**Member of the Chartered Institute of Arbitrators (UK)**
**Dated: 13th July 2022**

# APPENDIX A

## Qualifications and Experience

# STATEMENT OF RELEVANT EXPERIENCE

## JULIEN CHAISSE



**PERSONAL DETAILS:**
Birthday 21 April 1976, in Avignon (France)
French Nationality
E-mail: julien.chaisse@fdi-forum.com

WWW: Official webpage

**PROFILE:**

- Dr. Julien Chaisse regularly serves as a **legal adviser** to major international corporations, including foreign governments, biotech companies, technology and manufacturing based companies, and natural resource companies. Julien's practice focuses on a broad range of **arbitration, litigation, government, and multi-jurisdictional legal matters** particularly in the areas of foreign investment, international trade, green technology, biotechnology, hotels, and public utilities.
- Julien teaches international law of foreign investment and transnational legal problems law at the **City University of Hong Kong**.
- Julien's most recent success includes the ***Smit-Lowenfeld Prize*** from the International Arbitration Club of New York (2020).

**ADDITIONAL APPOINTMENTS:**
**Arbitrator**, empaneled with the Dubai International Arbitration Center (DIAC)
**Arbitrator**, empaneled with the Kuala Lumpur Regional Centre for Arbitration (KLRCA)
**Arbitrator**, empaneled with the Shenzhen International Arbitration Court (SIAC)
**Domain Name Panelist**, Asian Domain Name Dispute Resolution Centre (ADNDRC)
**Senior Fellow**, School of Law, Melbourne University, Australia (Melbourne Law Masters)
**Executive Board Member**, World Trade Advisors, Geneva (WTA)

**PRACTICAL EXPERIENCE AND CONSULTANCIES:**

- Special counsel to the Consultancy firm **World Trade Advisors** (WTA) (2012-present)
- Wide experience as a practitioner, and is engaged as expert, counsel and arbitrator in **international dispute settlement** (mainly commercial and investment arbitration).
- Advising Axiata in respect of its bilateral investment treaty claim against Nepal under the United Kingdom-Nepal Bilateral Investment Treaty (providing for ICSID arbitration) arising from the Large Taxpayers Office levying of capital gains tax (CGT) on Ncell Private Limited (Ncell) over the transaction in which the offshore holding company of Ncell was ultimately purchased by Axiata from the Telia Company. The matter is of strategic importance to Axiata as the unlawful imposition of CGT will adversely impact its investment in Nepal, and in return its financial standing in Malaysia. https://www.iareporter.com/articles/telecoms-investor-announces-arbitration-against-nepal-over-tax-dispute

- **Trade Facilitation** - Reforming Customs Clarence in Pakistan (World Bank / IFC) Published a report "Reforming Customs Clearance in Pakistan"
- Acted for a leading PRC-based private equity fund in a Hong Kong International Arbitration Centre (HKIAC) arbitration in connection with disputes arising from its multi-million dollar acquisition of a subsidiary in Mainland China from a New York Stock Exchange-listed conglomerate. The total amount in this dispute is approximately USD20 million, and the acquisition is a significant constituent of the client's investment portfolio in China. The significance of this dispute lies in the discovery of facts relating to fraud in over 50 customer contracts and the requirement of multijurisdictional analysis including PRC law, Hong Kong law, and U.S. securities law. The dispute proceedings also involve groups of experts in areas including judicial authentication, valuation, and damages quantum.
- Advised Samsung Heavy Industries Co. Ltd in a high-value claim against Pacific Drilling VIII Limited and Pacific Drilling Services, Inc in relation to the contract for the construction and sale of the Pacific Zonda drillship. I advised the team that delivered a huge victory to client with an award of US$320 million (excluding US$100 million for claims on costs and interests) issued by the London tribunal. This dispute involves multiple jurisdictions including Hong Kong (See https://www.offshoreenergytoday.com/pacific-drilling-to-appeal-320-million-arbitration-award-to-samsung-heavy/)
- Advised a Hong Kong listed Chinese financial institution in defending an arbitration claim launched by a significant shareholder for allegations on validity of its board and shareholder resolutions relating to a major transaction. This case is unique for the following reasons: It is one of the rare cases where a significant shareholder pursues an action against a Hong Kong listed bank • It is one of the rare cases that apply the HKIAC Securities Arbitration Rules It involves complicated jurisdiction and merits issues arising out of PRC company law and HK listing rules.
- **Regional Trade co-Advisor (USAID)** Built strong momentum for promoting regional trade in South and Central Asia through research studies, technical assistance to/collaboration with policy-makers in the Government of Pakistan
- Advised international trade finance subsidiary of a major **Qatari investor** in Europe;
- Represented European investors in **several leveraged buyout transactions**.
- Advised international trade finance subsidiary of a major Swiss bank in connection with trade finance, insurance of trade receivables and letters of credit.
- Advised a major sports clothing and footwear company on brand enforcement in Asia, handling a number of trademark infringement High Court Actions proceedings in Hong Kong and assisting with licensing disputes.
- Advised a US coffee company on franchise agreements, licensing agreements and trademark issues. Handling domain name matter for them in China, Hong Kong, Taiwan and Macau.
- Acted for a global multinational supply chain manager in drafting and negotiating several agreements with a European clothing brand for the manufacture and distribution of clothes throughout Asia.
- Advised an established American whiskey brand on trade mark enforcement actions, oppositions and cancellations in Greater China.
- Represented a major investment bank in the outsourcing of facilities management services, and assisted in amending the local agreements and data protection agreements to ensure compliance with local data privacy laws for Hong Kong, China, the Philippines, South Korea, Japan, Taiwan, Thailand, Indonesia, India, Malaysia, Singapore, Vietnam, Australia and New Zealand.
- Legal consultancies for the sections of the French Embassy (Economic Mission in New Delhi and Bombay, Political and Cooperation Service in New Delhi): Indian commercial law, customs law, investment law… (2002-2004)
- Legal consultancy for the Paris based firm SOFRECO: accession of Algeria to the WTO (redrafting of domestic laws related to investment (2007)

**SELECTED ARBITRAL DECISIONS**

- Case 'Tencent Holdings Limited v. Super Privacy Service Limited', ADNDRC HK-2101464, June 25, 2021
- Case 'Janchor Partners Limited v. Simon Egbeide', ADNDRC, Decision HK-2001400, November 23, 2020
- Case 'Bytedance Ltd v. HF Bronx', ADNDRC, Decision HK-2001344, May 25, 2020
- Case 'Bytedance Ltd v. Mr Vu Dinh Dat', ADNDRC, Decision HK-2001334, May 13, 2020
- Case 'Disney Enterprises v. Ms Xiu Sun', ADNDRC, Decision HK- 1901269, September 15, 2019
- Case 'AB Electrolux v. Zhu Chao', ADNDRC, Decision HK- 1901242, June 17, 2019
- Case 'AB Electrolux v. Zhang Yufei', ADNDRC, Decision HK-18010192, February 8, 2019
- Case 'Paul Smith Group Holdings Ltd. v. Xu Gueijuan', ADNDRC, Decision HK-1801086, April 23, 2018
- Case 'Mr. Ngo Francois v. Commissioner of Inland Revenue', HKSAR Board of Review, Decision DS20/17, December 19, 2017
- Case 'Alibaba Group Holding Ltd. v. Vyacheslav Svinarenko', ADNDRC, Decision HK-1701028, November 24, 2017
- Case 'Galaxy Entertainment Ltd. v. Martin Mir', ADNDRC, Decision HK-1600899, October 26, 2016
- Case 'ASSAB Pacific Pte. Ltd. v. San Ming', ADNDRC, Decision HK-1600872, July 6, 2016
- Case 'V Intellect Company Limited v. Marguerite Patrie', ADNDRC, Decision HK-1500821, January 25, 2016
- Case 'Promgirl LLC v. Ma Gang', ADNDRC, Decision, HK-1500800, December 13, 2015
- Case 'Envato Pty Ltd v. James Smith', ADNDRC, Decision, HK-1500752, June 17, 2015
- Case 'Rimowa GmbH v. Pisa Yu', ADNDRC, Decision, HK-1500728, May 25, 2015

**BOOKS:**

- *International Economic law and Governance-- Essays in the Honour of Mitsuo Matsushita* (London: Oxford University Press, 2016) 624 p.
- *The Regulation of Global Water Services Market* (London: Cambridge University Press, 2016) 502 p.
- *The ASEAN Comprehensive Investment Agreement-- The Regionalization of Laws and Policy on Foreign Investment* (London: Edward Elgar, International Investment Law Series edited by Andrea K. Bjorklund and August Reinisch, 2016) 265 p.
- *Legal Issues of Economic Globalization-- A Commentary on the Law and Practice* (Hong Kong: Wolters Kluwer, 2015) 784 p.
- *China and Hong Kong-- An International Tax Perspective* (Hong Kong: Wolters Kluwer, 2014) 337 p.

**ARTICLES:**

- 'Shareholder Protection Reloaded-- Redesigning the Matrix of Shareholder Claims for Reflective Loss' (2016) 52(1) *Stanford Journal of International Law* 51-94
- 'Investor-State Arbitration in International Tax Dispute Resolution-- A Cut above Dedicated Tax Dispute Resolution?' (2016) 41(2) *Virginia Tax Review* 149-222
- 'Navigating the Expanding Universe of International Treaties on Foreign Investment-- Creation and Use of a Critical Index' (2015) 18(1) *Journal of International Economic Law* 79-115

- 'Normative Obsolescence of WTO Anti-Dumping Agreement-- Topography of the Global Use and Misuse of Anti-Dumping Measures' (2016) 6(2) *Asian Journal of International Law* 223-263
- 'The Shifting Tectonics of International Investment Law-- Structure and Dynamics of Rules and Arbitration on Foreign Investment in the Asia-Pacific Region' (2015) 47(3) *George Washington International Law Review* 563-638

## ANNEX: LIST OF CONSULTANCIES / ADVISORY WORK / ARBITRATION

### ADB

- Consultancy TA-9210 REG: Enhancing Research Alliance and South-South Development Policy Cooperation between Asia and the Pacific and Latin America - Trade and Investment Expert (Contract 49465-001) from April 1, 2018 to 30 october 2018
- Consultancy TA-9271 REG: Facilitating Small and Medium-Sized Enterprises Foreign Direct Investment Flows: An ASEAN+6 Case Study - International Trade Lawyer (50315-001) (Contract No. 132502-S92610) from 27 January 2017 to 14 April 2017
- Consultancy TA-8533 REG: An ASEAN+6 Case Study: Impact of IIAs on FDI (47328-001) (Contract No. 125697-S87542) from 17 February 2016 to 31 August 2016
- Consultancy SC 103063 REG: Research on Treaty Shopping on Investment Agreements (Contract No. 111349) from 12 November 2013 to 31 December 2013.
- Consultancy SC 101016 REG: Research Paper on “The Evolving International Regime for Investment in Asia” (Contract No. 104253-A77496) from 15 November 2012 to 28 February 2013
- ADB Seminar on Regional Investment and Services Agreements, 15-16 November 2012, Hanoi, Vietnam (under RETA 6451: Capacity Building and institutional strengthening of the free trade agreement Units of Selected ASEAM Members countries)

### EU

- EU via Maxwell Stamp, Implementation ToR 14 C1.8—Regional Trade Capacity-Building Workshop 8 “International Trade and Investment in the Context of Preferential Trade Agreements” Bandar Seri Begawan, Brunei, 1-3 May 2013
- EU via Services and Solutions International Ltd. "PSF-T Anticipating the Impact of China’s Trade Policies on The EU in China” (Contract No 631617) from February 1, 2016 to July 30, 2016
- EU via DMI Associates, “European trade policy and investment support project – EU-MUTRAP”, Project Identification n°: EuropeAid/132045/C/SER/VN from January 1, 2016 to March 2017

### ASEAN

- Promotion of the ASEAN Comprehensive Investment Agreement” funded by the Australian Government under the ASEAN-Australia Development Cooperation Program II (AADCP II) 2013 to 2016

### Austria (Verwaltungsakademie des Bundes)

- Verwaltungsakademie, Vienna Internationale Investitionsabkommen im Vertrag von Lissabon, Vienna (Austria) from 16.01.2012 to 17.01.2012

### International Trade Center

- Pakistan Trade Related Technical Assistance (TRTA II) – Trade policy capacity building Project Number: PAK/70/02A, Contract No. ITC/2013-41776 5 September 2013 to 31 December 2013

- Programme d'Appui au Commerce et à l'Intégration Régionale (PACIR) – Côte d'Ivoire IVC/75/25A, BL (Contract No. ITC/2014-45637) from May 1, 2014 to October 30, 2014

**OTHER CONSULTANCIES (by domain)**

1) Trade and foreign investment

Consultancies/projects

- Consultant to the Asian Development Bank since (ADB) 2011
- Consultant the International Trade Center (ITC) since 2010
- Consultant to the ASEAN Secretariat since 2012
- Consultant to multiple organisations since 2009 such as Ernst & Young, Deloitte U.S., Maxwell Stamp, the United Nations ESCAP, World Trade Organization, ASEAN Secretariat, European Commission.
- Legal consultancy for the Paris based firm SOFRECO: accession of Algeria to the WTO (redrafting of domestic laws related to investment (2007)
- Advised international trade finance subsidiary of a major Qatari investor in Europe
- Advised international trade finance subsidiary of a major Swiss bank in connection
- Represented Swiss investor in several leveraged buyout transactions.
- accession of Algeria to the WTO (redrafting of domestic laws related to investment

Training programs for practitioners and government officials

o Current Trends in Investment Treaties, World Trade Institute for the Government of Malaysia, Kuala Lumpur, November 2007
o Current Trends in Investment Treaties, World Trade Institute for the Government of Vietnam, Bern, March 2008
o Negotiations of Investment Provision in Free Trade Agreement, Asian Development Bank, Manila, June 2010
o Treaty Drafting and Investment Regulation in Regional ASEAN Integration, Asian Development Bank, Regional Integration Office, Bangkok, February 2011
o Law and Practice of the new ASEAN comprehensive investment agreement, United Nations Economic and Social Commission for Asia and the Pacific, Ho Chi Minh City, June 2011
o International Investment Framework and the new EU investment policy, Austria Federal Academy of Public Administration, Vienna January 16-17, 2012
o 'International Law of Foreign Investment', three-day training programme for ASEAN official organized by the European Commission, Bandar Seri Begawan (Brunei Darussalam), 1-3 May 2013
o 'Regulation of Performance Requirements in the ASEAN Comprehensive Investment Agreement' presented at the ASEAN Coordinating Committee on Investment (CCI) workshop, Bandar Seri Begawan (Brunei Darussalam), July 1-2, 2013
o 'International Law of Foreign Investment', four-day training programme for ASEAN official organized by the International Trade Center, Lahore and Islamabad (Pakistan), September 2013
o 'International Law of Foreign Investment', two-day training programme for the Philippines Central Bank, Manila (Philippines), January 23-24 2014

o ‘EU-Vietnam FTA implementation' for the Vietnam Ministry of Planning, Hanoi, September 10-17, 2016

2) Intellectual Property

Consultancies/projects

- Advised an established American whiskey brand on trade mark enforcement actions, oppositions and cancellations in Greater China.
- Co-ordinated customs actions for a number of clients including a sports apparel company, a leading toy manufacturer, a global lifestyle brand, an established American whiskey brand and a safety consulting and certification company.
- Led on a number of cases involving online infringements and negotiated MOUs with online platforms.
- Advised a number of music publishers on complex music copyright issues.
- Advised a leading US brewing company on brand protection strategies and enforcement actions against brand cloning companies in Hong Kong and China.

Training programs for practitioners and government officials

o ‘Harmonisation of IP law in Asean community’ for the ASEAN Secretariat, July 11-12, 2015

o ‘IP issues in China: legal remedies’ HK Chamber of commerce, 1-2 September 2015

3) Domain Names

Consultancies/projects

- Advised the Hong Kong Domain Name Registration Company Limited on issues relating to phasing out old contracts with customers.
- Advised a leading Chinese e-commerce platform on their domain name strategy and recovered over 20 domain names for them through litigation in many jurisdictions (China, Russia, Ukraine, Kyrgyzstan), and through domain name dispute resolution procedures (UDRP, various local DRP and URS procedures in many jurisdictions including China, Hong Kong, India, Spain, Australia, Greece, Turkey, Russia, Ukraine, England and US).
- Panellist with WIPO and HKIAC and adjudicated on more than 30 cases (some of which have been cited and discussed in the international press).
- Drafted the current domain name agreements, policy and rules for the Hong Kong domain name registry.
- Drafted and advised on the dispute resolution policy of HKIAC and led on a similar project for the Singapore registry.

**********

# §5-1-183-0-0-0-1 Prospera Liability Shield Resolution

Final Audit Report 2022-08-05

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| Created: | 2022-08-01 |
| By: | Honduras Próspera Inc. (signatures@prospera.hn) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAASnbAofMoW3bys77BhwCEArTJ_Uknmel3 |

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Signer dmagurcia@gmail.com entered name at signing as Deborah Mills
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2022-08-01 - 11:54:01 PM GMT- IP address: 107.223.194.78

Email viewed by Jeanette Doran (jdoran@ndlawpolicy.com)
2022-08-02 - 0:54:00 AM GMT- IP address: 107.12.198.226

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Signature Date: 2022-08-02 - 0:55:10 AM GMT - Time Source: server- IP address: 107.12.198.226

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Signer jcolindres@prosperazede.hn entered name at signing as Jorge C. Colindres
2022-08-02 - 4:02:18 PM GMT- IP address: 168.228.193.69

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Signer sergiob@lopezrodezno.com entered name at signing as Sergio Bendaña

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