Outside Expert - Conflict Clearance

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

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RE: Civil Penalty Side Letter

5 April, 2020

Dear Secretary and Council:

I am asked to determine if it is reasonable to require a prospective Prospera resident to promise the General Service Provider (GSP) or the Promoter and Organizer to pay civil penalties for said resident's actions that are usually considered criminal in nature since Honduras Próspera LLC or its 100 percent owned subsidiary would benefit from enforcing the penalty.

The policy is reasonable, because:1) this is a voluntary arrangement and there is an opportunity for any resident to negotiate around this default agreement; 2) the standard template residency agreement allows for a resident to require arbitration of any dispute with the GSP or promoter and organizer with American Arbitration Association, so residents have recourse; 3) this side letter only comes into play after a final judgment against a resident has been rendered by an independent body - the civil penalty will only exceed the actual costs associated with causing an injury if an independent judge or arbitral tribunal agrees; and 4) both the GSP and Honduras Prospera LLC have strong profit-based incentives to determine an enforcement balance that results in net benefits to all residents since these entities want to ensure the ZEDE is an attractive place to live for would-be and current residents.

Finally, a resident who finds the civil penalties imposed by this policy unreasonable after committing the acts the policy explicitly lists, can leave. It would likely be good riddance for the ZEDE.

Sincerely,



Dr. Byron Schlomach
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