

THIRD CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST REGULAR SESSION, 1983

CONGRESSIONAL BILL NO. 3-21, C.D.1,
C.D.2

AN ACT

To establish a National Fisheries Corporation of the Federated States of Micronesia, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Short title. This act may be cited as the "Federated
2 States of Micronesia National Fisheries Corporation Act of 1983."

3 Section 2. Purpose. The purpose of this act is to create a
4 public corporation to promote the development of pelagic fisheries and
5 related industries for the benefit of the people of the Federated
6 States of Micronesia.

7 Section 3. Establishment of Corporation. The National Fisheries
8 Corporation of the Federated States of Micronesia, hereinafter referred
9 to as the "Corporation," is hereby established as a public corporation
10 under the laws of the Federated States of Micronesia.

11 Section 4. Charter.

12 (1) The charter of the Corporation shall be as prescribed
13 in this section and sections 5 through 7 of this act.

14 (2) The existence of the Corporation shall be perpetual.

15 Section 5. Charter; Principal and branch offices.

16 (1) The principal office of the Corporation shall be
17 located within the territory of the Federated States of Micronesia at
18 a place to be designated by the Board of Directors of the Corporation.

19 (2) There may be such subordinate or branch offices in such
20 place or places as the Board of Directors of the Corporation may deem
21 necessary.

22 Section 6. Charter; Corporation authority.

1 (1) Subject to any existing limitation or limitations
2 hereafter enacted, the Corporation, through its officers and agents,
3 is authorized to engage in all commercial activities which will
4 further the development of the fishing and fisheries industry in the
5 Federated States of Micronesia.

6 (2) The Corporation's authority shall include, but not be
7 limited to, the following:

8 (a) To enter into joint venture, partnership, and
9 other agreements related to the fishing and fisheries industry with
10 other persons including, but not limited to, foreign persons and
11 governments;

12 (b) To otherwise engage or participate as owner,
13 partner, shareholder, or other interest holder in commercial ventures
14 related to the fishing and fisheries industry;

15 (c) To manage or operate commercial projects, enterprises,
16 and ventures related to the fishing and fisheries industry;

17 (d) To secure both from within and from without the
18 Federated States of Micronesia financial resources to achieve the purpose
19 of this act and the Corporation's charter;

20 (e) To provide technical assistance and services for
21 project identification, project formulation, and pre-investment studies
22 relating to the fishing and fisheries industry;

23 (f) To foster economic activities and to cooperate with
24 other institutions within and without the Federated States of Micronesia
25 in supporting activities for fishing and fisheries development;

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1 (g) To promote the training of Micronesian citizens
2 in matters related to the fishing and fisheries industry; and

3 (h) To invest in the expansion and improvement
4 of the fishing and fisheries industry in the Federated States of
5 Micronesia.

6 Section 7. Charter; Corporate powers. In addition to the authority
7 granted under section 6 of this act, the Corporation shall possess and
8 exercise all powers normally exercised by a corporation, including, but
9 not limited to, the following:

10 (1) To adopt, alter, and use a corporate seal;

11 (2) To adopt, amend, and repeal its bylaws governing the
12 conduct of its business and the exercise of its authority; PROVIDED that
13 such bylaws shall be consistent with the laws of the Federated States of
14 Micronesia;

15 (3) To sue and be sued in its corporate name;

16 (4) To acquire in any lawful manner, real, personal, or mixed
17 property, either tangible or intangible, and to hold, maintain, use, and
18 operate such property, and to sell, lease, or otherwise dispose of such
19 property;

20 (5) To acquire in any mode and take over the whole or any part
21 of the business, property, goodwill, and liabilities of any other
22 corporation or corporations, including debts, liabilities, and obligations
23 incurred prior to the time of acquisition;

24 (6) To take and otherwise acquire and hold shares, stocks,
25 mortgages, bonds, obligations, securities, and investments of all kinds,

1 foreign and domestic, and to sell or otherwise alienate the same;

2 (7) To form or assist in forming any company for the
3 purpose of carrying on any business which the corporation is authorized
4 to carry on, or any other business which may enhance the fishing and
5 fisheries industry;

6 (8) To issue corporate bonds from time to time for sale to
7 the general public, or to other financial institutions, or Government
8 agencies, upon such terms and under such conditions as the Board of
9 Directors deems necessary and appropriate;

10 (9) To make contracts and incur liabilities, to borrow money,
11 and to secure any or all of its obligations by mortgage or pledge of any
12 or all of its property, franchises, or income;

13 (10) To lend money for its corporate purposes, and to invest
14 or reinvest its funds;

15 (11) To conduct its business, carry on its operations, have
16 offices, and to exercise the powers granted herein in any State or
17 territory of the Federated States of Micronesia or in any foreign country;

18 (12) To permit the Corporation to be registered or recognized
19 in any country, state, or place outside of the Federated States of
20 Micronesia, and to comply with any condition necessary or expedient in
21 order to enable the Corporation to carry on business in any such country,
22 state, or place, and to establish local companies or branch offices within
23 the jurisdiction of the Federated States of Micronesia;

24 (13) To act as agent for or of any other person or entity;

25 (14) To appoint, subject to other provisions of this act and

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1 other applicable laws, such officers and agents as the business of
2 the Corporation requires; and

3 (15) To have and to exercise all powers necessary and
4 proper to effectuate the purposes of this act and the Corporation's
5 charter.

6 Section 8. Board of Directors. The affairs of the Corporation
7 shall be managed and its corporate powers exercised by a Board of
8 Directors, hereinafter referred to as the "Board."

9 Section 9. Composition of the Board. The Board shall be composed
10 of the following:

11 (1) One member appointed by the President of the Federated
12 States of Micronesia;

13 (2) One member appointed by each of the Governors of the
14 States of the Federated States of Micronesia;

15 (3) The Executive Director of the Micronesian Maritime
16 Authority; and

17 (4) The Secretary of the Department of Resources and
18 Development who shall serve as an ex officio member and who shall
19 have no power to vote except in the event of a tie.

20 Section 10. Organizational meeting. The first organizational
21 meeting of the Board shall be held not later than 45 days after all of
22 the appointments of the members of the Board have become effective.

23 Section 11. Terms of office of Board members. Those members of
24 the Board appointed pursuant to section 9(3) and (4) shall serve on
25 the Board for the duration of their appointments to their respective

1 agencies. Those members serving on the Board pursuant to section
2 9(1) and (2) shall serve on the Board at the pleasure of the
3 appointing officials and may be changed from time to time at the
4 election of the officials. A Board member may be removed for cause
5 by a two-thirds majority vote of the members.

6 Section 12. Corporate bylaws. The Board may, by majority vote
7 of its entire membership, adopt, amend, or repeal bylaws of the
8 Corporation which shall provide for the management of the business
9 of the Corporation, the organization, meetings, and procedures of the
10 Board, the duties of the officers and employees of the Corporation,
11 and the preparation and submission of required reports. Bylaws may
12 not be adopted, amended, or repealed except after one week of written
13 notice to each director.

14 Section 13. Officers of the Board. The Board shall elect from
15 among its members a Chairman, a Vice Chairman, and a Secretary-
16 Treasurer. The Chairman shall ordinarily preside at the Board meetings.
17 The Vice Chairman shall preside at the Board meetings in the absence of
18 the Chairman. The bylaws shall provide for determination of the
19 presiding officer in the absence of these officers.

20 Section 14. Board meetings. The regular meetings of the Board
21 shall be held at such times and places as shall be provided in the
22 corporate bylaws. Special meetings shall be called by the Chairman
23 on his own initiative, or by petition of one-third of the entire
24 membership of the Board.

25 Section 15. Quorum of the Board. A majority of the entire

1 membership of the Board shall constitute a quorum. An affirmative
2 vote of a majority of the members present shall be required to transact
3 the Board's business. A majority of the entire membership of the Board
4 shall be required to adopt, amend, or repeal the bylaws. Unless
5 otherwise provided in the corporate bylaws or in this act, the
6 Robert's Rules of Parliamentary Procedure shall be used as the rules of
7 procedure governing the Board's proceedings.

8 Section 16. Minutes of Board meetings. The Secretary-Treasurer,
9 or his designee, as may be provided in the bylaws, shall keep full and
10 accurate minutes of all meetings.

11 Section 17. Compensation of Board members. Those members of the
12 Board who are Government employees, both State and National, shall
13 receive no compensation at all. Compensation of members of the Board
14 who are not Government employees shall be established by the Board.
15 All members of the Board shall be entitled to per diem at established
16 Federated States of Micronesia rates when traveling on the Corporation's
17 business. For the purpose of this section, "Government employees"
18 includes, but is not limited to, employees of those Government agencies
19 or entities created and funded by National or State laws.

20 Section 18. Employees of the Corporation.

21 (1) The Corporation may employ a full-time Executive
22 Director, who shall be appointed by a majority vote of the entire
23 membership of the Board. The compensation, terms, and conditions of
24 employment shall be determined by the Board. The Executive Director
25 shall be accountable and answerable to the Board for the daily operation

1 of the Corporation.

2 (2) The Executive Director may hire, subject to the
3 approval of the Board, such supporting staff as he deems necessary
4 and proper to effect the purpose of this act. The employees of the
5 Corporation shall be exempt from the provisions of the Federated
6 States of Micronesia National Public Service System Act.

7 (3) No member of the Board may at the same time serve as
8 an employee of the Corporation.

9 Section 19. Budget preparation. The Executive Director shall
10 prepare in advance of each fiscal year an annual budget for the
11 Corporation, taking into consideration anticipated capital,
12 anticipated revenue, and operational expenditure. The Corporation
13 shall use the same fiscal year as that of the National Government of
14 the Federated States of Micronesia. The budget shall indicate the
15 operational, capital, and maintenance requirements of the Corporation
16 that will be met with the anticipated revenues of the Corporation and
17 such essential requirements as cannot be met without an increase in the
18 rate of revenues or outside financial assistance. The annual budget
19 shall be reviewed and approved by the Board.

20 Section 20. Budget request. The Corporation may seek appropriations
21 from the Congress of the Federated States of Micronesia and from other
22 lawful sources within or without the Federated States of Micronesia, in
23 such amount and under such terms and conditions as it deems necessary
24 and proper for the development of the fishing and fisheries industry.

25 Section 21. Records and reporting. The Executive Director shall

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1 keep accurate records of the Corporation's business transactions.
2 Such records shall include, but not be limited to, accounting of all
3 income and expenditure, and assets, both tangible and intangible,
4 and liabilities of the Corporation. The Executive Director shall
5 prepare and submit a monthly report to the Board. That monthly report
6 shall include, inter alia, a monthly financial report. The Corporation,
7 through its Board, shall make a quarterly report to the President of
8 the Federated States of Micronesia, and to the Speaker of the Congress
9 of the Federated States of Micronesia. The quarterly report shall
10 include, inter alia, a quarterly financial statement.

11 Section 22. Audit. The Board shall have the books of account
12 audited by the National Public Auditor no less frequently than annually.

13 Section 23. Corporate debts and obligations. Unless otherwise
14 expressly provided by law, the National Government shall not be liable
15 or responsible for any debts incurred by or obligations imposed upon
16 the Corporation.

17 Section 24. Tax exempt. The Corporation shall exist and operate
18 solely for the benefit of the public and shall be exempt from any
19 taxes or assessments on any of its property, operations, or activities.
20 Nothing herein shall be deemed to exempt employees and independent
21 contractors of the Corporation from tax liability for income received
22 from the Corporation. The tax exempt status shall not be available
23 insofar as the Corporation associates itself in a joint venture with a
24 foreign corporation or association.

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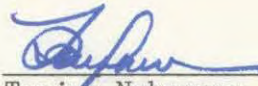
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1 Section 25. Effective date. This act shall become law upon
2 approval by the President of the Federated States of Micronesia or
3 upon its becoming law without such approval.

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July 13, 1983



Tosiwo Nakayama
President
Federated States of Micronesia