

THIRD CONGRESS OF THE FEDERATED STATES OF MICRONESA

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 purpose.

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

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

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

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

10 Section 4. Charter.

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

13 (2) The existence of the Corporation shall be perpetual

14 Section 5. Charter: Principal and branch offices.

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

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

20 Section 6. Charter: Corporation authority.

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

25 (2) The Corporation’s authority shall include, but not be limited to, the

1 following:

2 (a) To enter into joint venture. Partnership, and other agreements
3 related to the fishing and fisheries industry with other persons, including, but not limited to,
4 foreign persons and governments;

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

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

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

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

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

18 (g) To promote the training of Micronesians citizens in matters related
19 to the fishing and fisheries industry; and

20 (h) To invest in the expansion and improvement of the fishing and
21 fisheries industry in the Federated States of Micronesia.

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

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

- 1 (2) To adopt, amend, and repeal its bylaws governing the conduct of its
2 business and the exercise of its authority; PROVIDED that such bylaws shall be consistent
3 with the laws of the Federated States of Micronesia;
- 4 (3) To sue and be sued in its corporate name;
- 5 (4) To acquire in any lawful manner, real, personal, or mixed property,
6 either tangible or intangible, and to hold, maintain, use, and operated such property, and to
7 sell, lease, or otherwise dispose of such property;
- 8 (5) To acquire in any mode and take over the whole or any part of the
9 business, property, goodwill, and liabilities of any other corporation or corporations,
10 including debts, liabilities, and obligations incurred prior to the time of acquisition;
- 11 (6) To take and otherwise acquire and hold shares, stocks, mortgage,
12 bonds, obligations, securities, and investments of all kinds, foreign and domestic, and to sell
13 or otherwise alienate the same;
- 14 (7) To form or assist in forming any company for the purpose of carrying
15 on any business which the corporation is authorized to carry on, or any other business which
16 may enhance the fishing and fisheries industry;
- 17 (8) To issue corporate bonds from time to time for sale to the general
18 public, or to other financial institutions, or Government agencies, upon such terms and under
19 such conditions as the Board of Directors deems necessary and appropriate;
- 20 (9) To make contracts and incur liabilities, to borrow money, and to
21 secure any or all of its obligations by mortgage or pledge of any or all of its property,
22 franchises, or income;
- 23 (10) To lend money for its corporate purposes, and to invest or reinvest
24 its funds;
- 25 (11) To conduct its business, carry on its operations, have offices, and to

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1 exercise the powers granted herein in any State or territory of the Federated States of
2 Micronesia or any foreign country;

3 (12) To permit the Corporation to be registered or recognized in any
4 country, state, or place outside of the Federated States of Micronesia, and to comply with any
5 condition necessary or expedient in order to enable the Corporation to carry on business in
6 any such country, state, or place, and to establish local companies or branch offices within the
7 jurisdiction of the Federated States of Micronesia;

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

9 (14) To appoint, subject to other provisions of this act and other
10 applicable laws, such officers and agents as the business of the Corporation requires; and

11 (15) To have and to exercise all powers necessary and proper to
12 effectuate the purposes of this act and the Corporation's charger.

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

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

16 (1) One member appointed by the President of the Federated States of
17 Micronesia;

18 (2) One member appointed by each of the Governors of the States of the
19 Federated States of Micronesia;

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

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

3 Section 10. Organizational meeting. The first organizational meeting of the Board
4 shall be held no later than 45 days after all of the appointments of the members of the Board
5 have become effective.

6 Section 11. Terms of office of Board members. Those members of the Board
7 appointed pursuant to section 9(3) and (4) shall serve on the Board for the duration of their
8 appointments to their respective agencies. Those members serving on the Board pursuant to
9 section 9(1) and (2) shall serve on the Board at the pleasure of the appointing officials and
10 may be changed from time to time at the election of the officials. A Board member may be
11 removed for cause by a two-thirds majority vote of the members.

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

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

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

1 Board.

2 Section 15. Quorum of the Board. A majority of the entire membership of the Board
3 shall constitute a quorum. An affirmative vote of a majority of the members present shall be
4 required to transact the Board's business. A majority of the entire membership of the Board
5 shall be required to adopt, amend, or repeal the by-laws. Unless otherwise provided in the
6 corporate by-laws on this action, the Robert's Rule of Parliamentary Procedure shall be used
7 as the rules of procedure governing the Board's proceedings.

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

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

18 Section 18. Employees of the Corporation.

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

24 (2) The Executive Director may hire, subject to the approval of Board, such
25 supporting staff as he deems necessary and proper to effect the purpose of this act. The

1 employees of the Corporation shall be exempted from the provisions of the Federated States
2 of Micronesia National Public Service System Act.

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

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

13 Section 20. Budget request. The Corporation may seek appropriations from the
14 Congress of the Federated States of Micronesia and from either lawful sources within or
15 without the Federated States of Micronesia, in such amount and under such terms and
16 conditions as it deems necessary and proper for the development of the fishing and fisheries
17 industries.

18 Section 21. Records and reporting. The Executive Director shall keep accurate record
19 records of the Corporation's business transaction. Such records shall include, but not limited
20 to, accounting of all income and expenditures, and assets, both tangible and intangible and
21 liabilities of the Corporation. The Executive Director shall prepare and submit a monthly
22 report to the Board. That monthly report shall include, inter alia, a monthly financial report.
23 The Corporation, through its Board, shall make a quarterly report to the President of the
24 Federated States of Micronesia, and to the Speaker of the Congress of the Federated States of
25 Micronesia. The quarterly report shall include, inter alia, a quarterly financial statement.

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

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

6 Section 24. Tax exempt. The Corporation shall exist and operate solely for the benefit
7 of the public and shall be exempted from any taxes or assessments on any of its property,
8 operations, or activities. Nothing herein shall be deemed to exempt employees and
9 independent contractors of the Corporation from tax liability for income received from the
10 Corporation. The tax exempt status shall not be available insofar as the Corporation
11 associates itself in a joint venture with a foreign corporation or association.

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

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July 13, 1983_____.

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/s/ Tosiwo Nakayama
Tosiwo Nakayama
President
Federated States of Micronesia

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