

A BILL FOR AN ACT

To further amend title 31 of the Code of the Federated States of Micronesia, as amended, by amending sections 102, 103, 104, 201, 209, and 301 and by adding new sections 210, 401, 402, 403, 404, 405, and 501, thereof, and for other purposes.

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

1 Section 1. Section 102 of title 31 of the Code of the
2 Federated States of Micronesia, as enacted by Public Law No.
3 13-73, is hereby amended to read as follows:

4 "Section 102. Definition.

5 (1) 'Affiliate' means:

6 (a) a person that directly or indirectly owns,
7 controls, or has the power to vote, twenty percent or
8 more of the outstanding voting securities of the debtor;

9 (b) a corporation twenty percent or more of whose
10 outstanding voting securities are directly or indirectly
11 controlled, or held with power to vote, by the debtor,
12 or by a person that directly or indirectly owns,
13 controls, or holds with power to vote, twenty percent or
14 more of the outstanding voting securities of the debtor;

15 (c) a person whose business is operated under a
16 lease or operating agreement by the debtor, or a person
17 substantially all of whose property is operated under an
18 operating agreement with the debtor;

1 (d) a person that operates the business of, or
2 all or substantially all of the property of the debtor
3 under a lease or operating agreement.

4 (2) 'Claim' means:

5 (a) a right to payment, whether or not such right
6 is reduced to judgment, liquidated, unliquidated, fixed,
7 contingent, matured, unmatured, disputed, undisputed
8 legal, equitable, secured, or unsecured; or

9 (b) a right to an equitable remedy for breach of
10 performance if such breach gives rise to a right to
11 payment, whether or not such right is reduced to
12 judgment, liquidated, unliquidated, fixed, contingent,
13 matured, unmatured, disputed, undisputed, legal
14 equitable, secured, or unsecured.

15 (3) 'Creditor' means a person or governmentalal entity
16 that has a claim against the debtor that arose at the
17 time of or before the order for relief concerning the
18 debtor.

19 (4) 'Debt' means liability on a claim.

20 (5) 'Debtor' means a person with regard to which a
21 case under this title has been commenced but shall not
22 include:

23 (i) a governmental entity [~~or,~~] ;
24 (ii) to the extent that this title conflicts
25 with Article [~~IX~~] XI of the programs and Services

1 Agreement of the Compact of Free Association, as
2 amended, entitled "Federal Deposit Insurance Corporation
3 Programs and Services Agreements", [~~the Bank of the~~
4 ~~Federated States of Micronesia~~] any bank organized under
5 the provisions of chapter 3 of title 29 of the Code of
6 the Federated States of Micronesia that is insured by
7 the Federal Deposit Insurance Corporation.

8 (6) 'Governmental entity' means the Federated
9 States of Micronesia, a State, a foreign state, a
10 municipality, or an agency, instrumentality or
11 department of any of the foregoing.

12 (7) 'Insider' means:

13 (a) if the debtor is an individual:

14 (i) a relative of the debtor, or of a
15 general partner of the debtor;

16 (ii) a partnership in which the debtor
17 is a general partner;

18 (iii) a general partner of the debtor; or

19 (iv) a corporation of which the debtor
20 is a director, officer, or person in control.

21 (b) if the debtor is a corporation:

22 (i) an affiliate, director, officer or
23 person in control of the debtor;

24 (ii) a partnership in which the debtor
25 is a general partner, or a general partner of the

1 debtor;

2 (iii) a relative of a general partner,
3 affiliate, director, officer or person in control of the
4 debtor.

5 (c) if the debtor is a partnership:

6 (i) a general partner in the
7 debtor;

8 (ii) a relative of a general
9 partner, a general partner of, or a person in control of
10 the debtor:

11 (iii) a partnership in which the
12 debtor is a general partner;

13 (iv) a general partner of the
14 debtor; or

15 (v) an affiliate or person in
16 control of the debtor.

17 (8) 'Interested party' means the debtor, any creditor
18 of the debtor, any equity holder in a corporation that
19 is a debtor, and any other party that the court
20 supervising an application under this title may
21 determine to have a right to be heard on issues
22 pertaining to that application.

23 (9) 'Person' as used in this chapter means an
24 individual, partnership or corporation, but does not
25 include governmental entities.

1 (10) 'Relative' means an individual related by blood,
2 marriage within the third degree as determined by common
3 law, persons who are considered close relatives under
4 applicable Micronesian custom, or a step or adoptive
5 relationship within such third degree.

6 (11) 'State' means a State of the Federated States of
7 Micronesia."

8 Section 2. Section 103 of title 31 of the Code of the
9 Federated States of Micronesia, as enacted by Public Law No. 13-
10 73, is hereby amended to read as follows:

11 "Section 103. Application for relief.

12 (1) An application for the appointment of a receiver
13 under Chapter 2 of this title may be made:

14 (a) by any debtor; or

15 (b) by three or more creditors whose combined
16 claims are in excess of \$7,500, provided that each
17 creditor's claim is at least \$1,000, and further
18 provided that such claims are not contingent and are not
19 subject to a bona fide dispute; or

20 (c) in the case of a partnership, by any person
21 or persons whose interest in the partnership is, in the
22 aggregate, greater than or equal to fifty (50) percent;

23 (2) An application under chapter 3 of this title for
24 the reorganization of a debtor that is a corporation may
25 be made by the debtor.

1 (3) An application under chapter 4 of this title for
2 the debt consolidation of a debt that is an individual
3 may be made by the debtor.

4 (~~3~~4) Any application under this title shall allege that
5 the debtor resides or has a domicile, a place of
6 business, or property in the Federated States of
7 Micronesia.

8 ([4]5) When the application is brought by creditors, the
9 application shall also allege:

10 (a) that the claims held by such creditors amount
11 in the aggregate to at least \$7,500, are not contingent
12 and are not subject to a bona fide dispute; and

13 (b) that the debtor is generally not, at the time
14 of the application, paying its debts as they become due,
15 and has generally not been paying its debts as they
16 became due for at least sixty (60) days prior to the
17 date of the application."

18 Section 3. Section 104 of title 31 of the Code of the
19 Federated States of Micronesia, as enacted by Public Law No. 13-
20 73, is hereby amended to read as follows:

21 "Section 104. Filing of application.

22 (1) An application for relief under this title shall
23 be filed with the Trial Division of the FSM Supreme
24 Court located in a State of the Federated States of
25 Micronesia where the debtor resides or has domicile, a

1 place of business, or property.

2 (2) The court in which the application is filed shall
3 supervise the proceeding unless the court, in its
4 discretion, determines that the proceeding may be more
5 efficiently supervised by the FSM Supreme Court Trial
6 Division located in another State of the Federated
7 States of Micronesia.

8 (3) The application must be in the form specified by
9 the court, accompanied by such filing fee as the court
10 may set, and must contain, to the best of the knowledge
11 of the applicant, a statement of financial condition of
12 the debtor, as well as schedules of debts, assets and
13 exemptions of the debtor. In case of an application
14 filed by the debtor, the application shall also list
15 applications that the debtor has filed pursuant to this
16 title within the last twelve months and the disposition
17 of those applications. All applications must be sworn
18 under penalty of perjury by the debtor, or members of
19 the applying creditors group;

20 (4) In the case of an application made pursuant to
21 subsection 103(1)(b) of this chapter, the debtor may,
22 within the time prescribed by the court, file an answer
23 to the application. An answer may allege one or more of
24 the following:

25 (a) that the debtor is generally able to pay its

1 debts as they come due; or

2 (b) that the claims of the creditors do not
3 satisfy the requirements of subsection 103(1)(b) of this
4 chapter; or

5 (c) [~~in the case of a corporation,~~] that it is in
6 the best interests of the debtor and creditors that the
7 proceeding be converted to a proceeding under chapter 3
8 or 4 of this title; or

9 (d) that the allegations in the application are
10 insufficient as a matter of law."

11 Section 4. Section 201 of title 31 of the Code of the
12 Federated States of Micronesia, as enacted by Public Law No. 13-
13 73, is hereby amended to read as follows:

14 "Section 201. Approval of application; Suspension or
15 dismissal of pending receivership.

16 (1) Any application for the appointment of a receiver
17 shall be filed as provided in sections 103 and 104 of
18 this title. Upon such application, the court shall
19 appoint a receiver within such time as the court shall
20 prescribe if:

21 (a) there is no objection by any Interested
22 Party; or

23 (b) the court finds that the party or parties
24 objecting to the application have failed to establish
25 that (i) the allegations of the application are

1 insufficient as a matter of law, or (ii) it is in the
2 best interests of the debtor and the creditors that the
3 application be dismissed.

4 (2) Notwithstanding subsection (1) of this section,

5 (a) the court may deny the application, dismiss a
6 pending receivership, or suspend a pending receivership
7 if it finds that such denial, dismissal or suspension is
8 in the best interests of the debtor and its creditors.

9 If the court finds that an application under this title
10 has been filed in bad faith, it may award to interested
11 parties injured thereby their reasonable costs and
12 attorneys fees to be paid by the filing parties~~[-]~~; and

13 (b) the court shall deny the application filed by
14 a debtor that has been a debtor in a case pending under
15 this title at any time in the preceeding 180 days if

16 (i) the prior application was dismissed by
17 the court for willful failure of the debtor to abide by
18 orders of the court or to appear before the court in
19 proper prosecution of the case, unless the debtor
20 establishes excusable neglect for the dismissal or

21 (ii) the debtor requested and obtained the
22 voluntary dismissal of the prior application following
23 the filing of a request for relief from the automatic
24 stay provided by section 106 of this title, unless the
25 debtor establishes a change in circumstance that

1 warrants filing the current application.

2 (3) If after hearing the merits of the application,
3 the court determines it is in the best interests of the
4 debtor and creditors that the proceeding be converted to
5 a proceeding under chapter 3 or 4 of this title, the
6 court may ask the debtor whether it has fully considered
7 the alternatives to receivership proceedings under this
8 title. If the debtor states that it has not considered
9 the alternatives to receivership proceedings, the court
10 may require counsel of the debtor to advise the debtor
11 of these alternatives or, if the debtor is unrepresented
12 by counsel, the court may so inform the debtor."

13 Section 5. Section 209 of title 31 of the Code of the
14 Federated States of Micronesia, as enacted by Public Law No. 13-
15 73, is hereby amended to read as follows:

16 "Section 209. Exempt property. An individual debtor
17 may exempt from the receivership estate, except for
18 property subject to allowed secured claims, the property
19 described in either subsection (1) or subsection (2)
20 below:

21 (1) The debtor may exempt from the receivership estate
22 any property that is exempt under the law, in effect at
23 the time of the filing of the application, of the State
24 in which the debtor was domiciled for the 180 days
25 immediately preceding the filing of the application, or

1 for the largest portion of said 180-day period~~(-)~~,
2 provided however, that to the extent that the property
3 exemptions under State law exceed in value the property
4 exemptions enumerated in subsection (2), exclusive of
5 the exemptions that related to land, the property
6 exemptions enumerated in subsection (2) shall apply.

7 (2) Alternatively, the debtor may exempt from the
8 receivership estate, the following property, except to
9 the extent that such exemption is expressly not
10 permitted under the law of the State applicable to
11 debtor under subsection (1) of this section:

12 (a) *Personal and household goods.* All necessary
13 household furniture, cooking and eating utensils, and
14 all necessary wearing apparel, bedding and provisions
15 for household use sufficient for six months.

16 (b) *Necessities for trade or occupation.* All
17 tools, implements, utensils, two work animals and
18 equipment necessary to enable debtor to carry on his
19 usual occupation. This section does not apply to
20 corporate filings, or individual filings where the debt
21 is primarily of a business nature.

22 (c) *Land and interests in land.* All interests in
23 land, including crops on such land, however, any
24 interest owned solely by a debtor, in his own right, may
25 be ordered sold, transferred or subdivided by the

1 receiver if the court making the order finds that

2 (i) justice so requires,

3 (ii) the transfer, sale or subdivision of the
4 interest would not be inconsistent with the law relating
5 to exemptions of the State in which the land is located,
6 and

7 (iii) after the sale or transfer, the debtor
8 will have sufficient land and crops remaining to support
9 himself and those persons directly dependent on him
10 according to recognized local custom.

11 In order to accomplish the purposes of this title, the
12 court, after notice to all interested parties in such
13 manner as may be ordered by the court, may enter rulings
14 as to the nature and extent of the debtor's interests in
15 land, which rulings shall be binding upon and
16 enforceable against any person, who claims or may later
17 claim an interest in that land.

18 (d) *Vehicles*. A motor vehicle, not to exceed
19 \$1,500 in value.

20 (e) *Boats*. A boat and motor with a combined
21 value not in excess of \$2,500.

22 (f) *Cash*. Cash on hand in any checking or
23 savings account not to exceed \$400.00.

24 (g) *Retirement*. Debtors interest in a retirement
25 plan, except to the extent that the retirement plan has

1 been funded by contributions from the debtor and the
2 debtor has the ability to exercise control or benefit
3 from the plan before retirement.

4 (h) *Others.* Other personal or household goods,
5 not previously exempted, not to exceed \$1,200 in the
6 aggregate or \$200 per item."

7 Section 6. Title 31 of the Code of the Federated States of
8 Micronesia, as enacted by Public Law No. 13-73, is hereby amended
9 by adding a new section 210 to read as follows:

10 "Section 210. Public List of Receivership Proceedings.

11 (1) The clerk of the court shall record on a
12 receivership proceedings list the name and address of
13 any debtor that has been granted discharge pursuant to
14 section 208 of this title.

15 (2) The receivership proceedings list shall maintain
16 the name and address of a debtor for seven (7) yeas from
17 the grant of discharge, after which time the clerk of
18 the court shall promptly remove the debtor's name and
19 address from the list.

20 (3) The receivership proceedings list shall be made
21 available for public inspection during the court's hours
22 of operation."

23 Section 7. Section 301 of title 31 of the Code of the
24 Federated States of Micronesia, as enacted by Public Law No. 13-
25 73, is hereby amended to read as follows:

1 "Section 301. Approval of application, Suspension,
2 dismissal or conversion of pending reorganization.

3 (1) An application for the reorganization of a debtor
4 that is a corporation or partnership may be filed by the
5 debtor pursuant to the requirements of sections 103 and
6 104 of this title, provided that, in addition to the
7 requirements of those sections, an application for
8 reorganization shall also allege that (a) there is a
9 reasonable likelihood that the debtor can be
10 successfully reorganized so as to be able generally to
11 pay debts incurred in continuing to do business and (b)
12 such reorganization is in the best interests of the
13 creditors.

14 (2) The court shall permit the application and permit
15 the debtor to continue to operate its business during
16 the pendency of reorganization proceedings if:

17 (a) there is no objection by an Interested Party;
18 or

19 (b) the court finds that the party or parties
20 objecting to the application have failed to establish
21 that it is in the best interests of the creditors and
22 the [~~estate~~] debtor that the application be dismissed.

23 (3) Notwithstanding subsections (1) and (2) of this
24 section, the court may, at any time prior to the
25 confirmation of a plan of reorganization, and after

1 notice and a hearing, dismiss a pending reorganization
2 proceeding, suspend such a proceeding or convert a
3 reorganization proceeding to a receivership proceeding
4 under chapter 2 of this title, whichever is in the best
5 interests of the creditors and the [~~estate~~] debtor, if
6 it finds

7 (a) that there is continuing reduction of the
8 debtor's assets and absence of a reasonable likelihood
9 of a successful reorganization of debtor;

10 (b) that there is an inability to effectuate a
11 plan;

12 (c) that there has been unreasonable delay by the
13 debtor that is prejudicial to creditors; or

14 (d) that there has been a failure by the debtor
15 to submit a plan of reorganization in the time permitted
16 by this chapter or by order of the court."

17 Section 8. Title 31 of the Code of the Federated States of
18 Micronesia, as enacted by Public Law No. 13-73, is hereby amended
19 by adding a new section 401 to read as follows:

20 "Section 401. Approval of application; Suspension,
21 dismissal or conversion of pending debt consolidation.

22 (1) An individual may file an application for debt
23 consolidation pursuant to sections 103 and 104 of this
24 title. In addition to the requirements of section 103
25 and 104, an application for debt consolidation shall

1 also allege that (a) there is a reasonable likelihood
2 that the debtor can successfully consolidate his or her
3 debts so as to be able to repay, or cure any defaults
4 on, these debts within three years and (b) that debt
5 consolidation is in the best interests of the creditors.

6 (2) The court shall permit the application if:

7 (a) there is no objection by an Interested Party;

8 or

9 (b) the court finds that the party or parties
10 objecting to the best interests of the creditors and the
11 debtor that the application be dismissed.

12 (3) Notwithstanding subsections (1) and (2) of this
13 section, the court may, as any time prior to the
14 confirmation of the debt consolidation plan, and after
15 notice and a hearing, dismiss a pending debt
16 consolidation proceeding, suspend such a proceeding or
17 convert such a proceeding to a receivership proceeding
18 under chapter 2 of this title, whichever is in the best
19 interests of the creditors and the debtor, if it finds:

20 (a) that there is an absence of a reasonable
21 likelihood that the debtor can propose a successful debt
22 consolidation plan;

23 (b) that there is an inability to effectuate a
24 plan;

25 (c) that there has been unreasonable delay by the

1 debtor that is prejudicial to creditors; or

2 (d) that there has been a failure by the debtor
3 to submit a debt consolidation plan in the time
4 permitted by this chapter or by order of the court."

5 Section 9. Title 31 of the Code of the Federated States of
6 Micronesia, as enacted by Public Law No. 13-73, is hereby amended
7 by adding a new section 402 to read as follows:

8 "Section 402. Property of Debtor's Estate; Powers of
9 Debtor.

10 (1) Except as provided in a confirmed plan or court
11 order confirming a plan, the debtor shall remain in
12 possession of all property of his or her estate and
13 shall have the powers of trustee enumerated in section
14 303 of this title with respect to the estate.

15 (2) Unless the court orders otherwise, a debtor
16 engaged in business may operate the business of the
17 debtor and shall have the powers of trustee enumerated
18 in section 303 of this title with respect to that
19 business."

20 Section 10. Title 31 of the Code of the Federated States of
21 Micronesia, as enacted by Public Law No. 13-73, is hereby amended
22 by adding a new section 403 to read as follows:

23 "Section 403. Filing and contents of a plan.

24 (1) The debtor shall file a plan with his application
25 for debt consolidation or at any other time during the

1 course of a proceeding under this chapter, provided that
2 the court may, by order, set a time within which the
3 debtor must file a plan.

4 (2) The plan shall -

5 (2) The plan shall -

6 (a) provide for the use of all or such portion of
7 future earnings or other future income of the debtor as
8 is necessary for the execution of the plan;

9 (b) provide for the full payment, in deferred
10 cash payments, of all secured claims under section 107
11 of this title, unless the holder of a particular claim
12 agrees to different treatment of such claim;

13 (c) provide for the full payment, in deferred
14 cash payments, of all unsecured claims entitled to
15 priority under subsections (108(a)-(d) of this title,
16 unless the holder of a particular claim agrees to
17 different treatment of such claim; and

18 (d) if the plan classifies unsecured claims,
19 provide the same treatment for each claim within a
20 particular class, unless the holder of a particular
21 claim agrees to different treatment of such claim.

22 (3) The plan may -

23 (a) designate classes of unsecured claims, but
24 may not discriminate unfairly against any class so
25 designated; however, such plan may treat claims for

1 consumer debt differently than other unsecured claims;

2 (b) modify the rights of holders of secured
3 claims, other than a claim secured only by a security
4 interest in real property that is the debtor's principal
5 residence, or of holders of unsecured claims, or leave
6 unaffected the rights of holders of any class of claims;

7 (c) provide for the curing or waiving of any
8 default;

9 (d) provide for payments on any unsecured claim
10 to be made concurrently with payments on any secured
11 claim or any other unsecured claim;

12 (e) notwithstanding subsection (b), provide for
13 the curing of any default within a reasonable time and
14 maintenance of payments while the case is pending on any
15 unsecured or secured claim on which the last payment is
16 due after the date on which the final payment under the
17 plan is due;

18 (f) provide for the payment of all or part of a
19 claim against the debtor from property of the estate of
20 the debtor; and

21 (g) include any other appropriate provision not
22 inconsistent with this title.

23 (4) The plan may not provide for payments over a
24 period that is longer than three (3) years, unless the
25 court, for cause and in the interests of justice,

1 approves a longer period not to exceed five (5) years."

2 Section 11. Title 31 of the Code of the Federated States of
3 Micronesia, as enacted by Public Law No. 13-73, is hereby amended
4 by adding a new section 404 to read as follows:

5 "Section 404. Confirmation of plan; Effect of
6 confirmation.

7 (1) After notice, the court shall hold a hearing on
8 confirmation of the plan. Except as provided in
9 subsection (2), the court shall confirm a plan if -

10 (a) the plan complies with the provision of this
11 chapter and with the other applicable provisions of this
12 chapter and with the other applicable provisions of this
13 title;

14 (b) the plan has been propose din good faith and
15 not by any means forbidden by law;

16 (c) the value, as of the effective date of the
17 plan, of property to be distributed under the plan on
18 account of each allowed unsecured claim in not less than
19 the amount that would be paid on such claim if the
20 estate of the debtor were liquidated under chapter 2 of
21 this title on such date;

22 (d) with respect to each allowed secured claim
23 provided for by the plan -

24 (i) the holder of such claim has accepted
25 the plan; and

1 a) the plan provides that holder of
2 such claim retain the lien securing such claim; and

3 b) the value, as of the effective date
4 of the plan, of property to be distributed under the
5 plan on account of such claim is not less than the
6 allowed amount of such claim; or

7 (ii) the debtor surrenders the property
8 securing such claim to such holder; and

9 (e) the debtor will be able to make all payments
10 under the plan and to comply with the plan.

11 (2) An Interested Party may object to the confirmation
12 of a plan. If the holder of a secured or unsecured
13 claim objects to the confirmation to the plan, then the
14 court may not approve the plan unless, as of the
15 effective date of the plan -

16 (a) the value of the property to be distributed
17 under the plan on account of such claim as of the date
18 of the filing of the application; or

19 (b) the plan provides that all of the debtor's
20 projected disposable income to be received in the three-
21 year period beginning on the date that the first payment
22 is due under the plan will be applied to make payments
23 under the plan.

24 (c) For purposes of this subsection, 'disposable
25 income' means income which is not reasonably necessary

1 for the maintenance or support of the debtor and those
2 persons directly dependent on him according to
3 recognized local custom, including any clan or lineage
4 obligation, and, if the debtor is engaged in business,
5 for the payment of expenditures necessary for the
6 continuation, preservation and operation of such
7 business.

8 (3) Except as specifically stated in the plan or the
9 confirmation order, the entry of the confirmation order
10 shall -

11 (a) discharge the debtor from all debts that
12 arose before the date of such confirmation order
13 regardless of (a) whether the debt was submitted as a
14 claim in the proceeding under this title and (b) whether
15 the creditor holding such debt objected to the plan;

16 (b) vest all of the property of the debtor's
17 estate in the debtor; and

18 (c) release all property dealt within the plan
19 from all claims and liens except as identified in the
20 plan."

21 Section 12. Title 31 of the Code of the Federated States of
22 Micronesia, as enacted by Public Law No. 13-73, is hereby amended
23 by adding a new section 405 to read as follows:

24 "Section 405. Retention of jurisdiction.

25 (1) Following the entry of the order of confirmation,

1 the court shall retain jurisdiction until final payment
2 has been made under the plan.

3 (2) If, upon application by any Interested Party, and
4 after notice and a hearing, the court finds that the
5 debtor has failed or is unable to implement any portion
6 of the plan or so comply with any provision of the
7 confirmation order, the court may modify or revoke the
8 confirmation order, or take such action as it determines
9 to be necessary and appropriate to accomplish the
10 purpose of this chapter."

11 Section 13. Title 31 of the Code of the Federated States of
12 Micronesia, as enacted by Public Law No. 13-73, is hereby amended
13 by adding a new section 501 to read as follows:

14 "Section 501. Criminal Penalties.

15 (1) A person commits a crime if he or she -

16 (a) after the filing of a case under this title
17 or in contemplation thereof, intentionally conceals any
18 property belonging to the estate of the debtor from a
19 receiver, trustee or other officer of the court charged
20 with the control or custody of property belonging to the
21 estate of the debtor;

22 (b) after the filing of case under this title or
23 in contemplation thereof, knowingly transfers, converts
24 or conceals any property belonging to the estate of the
25 debtor with the intent to defeat the provisions of this

1 title;

2 (c) knowingly receives any material amount of
3 property belonging to the estate of the debtor after the
4 filing of a case under this title with the intent to
5 defeat the provision of this title;

6 (d) knowingly presents any false claim for proof
7 against the estate of a debtor in a case pending under
8 this title;

9 (e) after the filing of a case under this title
10 or in contemplation thereof, knowingly withholds,
11 conceals, destroys, mutilates, falsifies or makes a
12 false entry in any recorded information (including
13 books, documents, records and papers) relating to the
14 property or financial affairs of a debtor with the
15 intent to defeat the provision of this title; or

16 (f) intentionally makes a false declaration,
17 certificate, verification, or statement under penalty of
18 perjury in relation to any case under this title.

19 (2) Anyone found guilty of a crime under subsection
20 (1) shall be fined not more than \$25,000, imprisoned not
21 more than three (3) years, or both.

22 (3) Nothing in this section shall limit or affect the
23 power of the court to punish a person for contempt of
24 court under section 119 of title 4 of the Code of the
25 Federated States of Micronesia in connection with a case

1 under this title."

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6 Section 13. This act shall become law upon approval by the
7 President of the Federated States of Micronesia or upon its
8 becoming law without such approval.

9

10 Date: 5/25/05

Introduced by: /s/ Simiram Sipenuk
Simiram Sipenuk
(by request)

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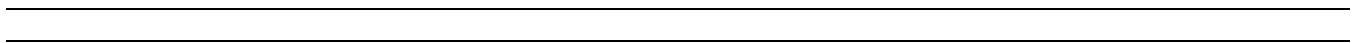
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