
A BILL FOR AN ACT

To amend title 27 of the Code of the Federated States of Micronesia as enacted by Public Law No. 15-08 by amending Section 265 thereof to provide an alternative procedure for divestment of assets and operations of the Federated States of Micronesia Petroleum Corporation to the States in which they are located, and for other purposes.

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

1 Section 1. Title 27 of the Code of the Federated States of
2 Micronesia, as enacted by Public Law No. 15-08, is hereby amended
3 by adding a new subsection 3 to Section 265 thereof to read as
4 follows:

5 "Section 265. Issuance of Shares; divestment.

6 (1) Upon the written instruction of the Executive
7 Council, the Corporation shall, through the filing of
8 such documents as may be required of privately-held
9 corporations, including, without limitation, Articles of
10 Incorporation, Bylaws and Share Affidavits, capitalize
11 itself through the issuance of common shares and, in
12 such event, the provisions of this Chapter shall be made
13 subject to the terms of the Articles of Incorporation
14 and Bylaws, and nothing in this Chapter shall be read as
15 restricting the payment of dividends, the holding of
16 annual shareholder's meetings, the conduct of audits for
17 the benefit of shareholders, the election of Directors
18 and such other corporate governance and shareholder's
19 rights provisions as may be set out in the Articles of

1 Incorporation and Bylaws and approved by the Executive
2 Council.

3 (2) Upon the written instruction of the Executive
4 Council, the Corporation shall, subject to the
5 conditions set forth in Section 243, take all necessary
6 steps to divest its assets and operations, in whole or
7 in part, to such entity or entities as shall be directed
8 by the Executive Council. The Board and officers of the
9 Corporation shall take all necessary actions to
10 effectuate such divestment, including the execution of
11 documents and instruments, and the turnover of books,
12 records and personal property as shall be necessary to
13 transfer operations and assets of the Corporation to the
14 entity or entities designated by the Executive Council.
15 Upon written instruction of the Executive Council
16 following such divestment, the Corporation shall wind up
17 its affairs and cease operation."

18 (3) Notwithstanding any other provisions of this
19 Section, the assets and operations of the Corporation
20 may be divested to the State in which the assets and
21 operations are located if:

22 (a) such State provides full payment or
23 reimbursement of all debts and expenses incurred by the
24 Government of the Federated States of Micronesia and the
25 Corporation in the acquisition of those assets, and any
26 product inventory remaining therein at the time of the

1 divestment;

2 (b) such divestment is approved by the majority
3 decision of the Executive Council; and

4 (c) the manner of divestment does not breach any
5 agreement to which the Corporation, the Government of
6 the Federated States of Micronesia, or the State is
7 bound in respect of the assets or the supply of
8 products.

9 Section 2. Effectiveness. This act shall become law upon
10 approval by the President of the Federated States of Micronesia or
11 upon its becoming law without such approval.

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13 Date: 11/16/07

Introduced by: _____
Joseph N. Suka
(by request)

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