

A BILL FOR AN ACT

To provide a legal procedure to dissolve the corporate existence of the National Fisheries Corporation, to establish an interim corporate entity called Liquidation Management Corporation to receive all assets and liabilities of the defunct National Fisheries Corporation for the purpose of liquidation of assets and settlement of liabilities, and for other purposes.

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

1 Section 1.Name of act. This Act is the National Fisheries
2 Corporation Dissolution Act of 2009.

3 Section 2.Purpose.This act provides for the procedure for the
4 winding up of business operations, liquidation of assets and
5 dissolution of corporate existence of the National Fisheries
6 Corporation, to minimize the financial reverses suffered during
7 the prior fiscal years, and to satisfyall its creditors in the
8 most equitable manner exclusively out of the available corporate
9 assets.

10 Section 3.Definitions. In this act:

11 **asset** means any legal or equitable estate or interest,
12 whether present or future and whether vested or contingent, in
13 real or personal property of any description, and includes
14 securities, chooses in action.

15 **Corporation** means the Liquidation Management Corporation
16 established under section 5 of this act to take over the assets
17 and liabilities of the National Fisheries Corporation after its

1 dissolution.

2 **exercise a function** includes perform a duty.

3 **function** includes a power, authority or duty.

4 **liabilities** means any liabilities, debts and obligations,
5 whether present or future and whether vested or contingent.

6 **President** means the president of the Federated States of
7 Micronesia.

8 Section 4.Dissolution of National Fisheries Corporation. The
9 National Fisheries Corporation is hereby dissolved. Chapter 7,
10 title 24 of the code of the Federated States of Micronesia is
11 repealed in its entirety.

12 Section 5.Establishment of Liquidation Management
13 Corporation. There is hereby established a Liquidation Management
14 Corporation to receive all the assets and liabilities of the
15 National Fisheries Corporation upon dissolution.

16 Section 6.Objectives of the Corporation. The objectives of
17 the Corporation are as follows:

18 (a) to manage the received assets, rights and
19 liabilities effectively and responsibly.

20 (b) to achieve the efficient and timely winding
21 up of the residual business activities.

22 (c) to collate all the assets transferred to it
23 and to extinguish all liabilities.

24 Section 7.General Manager of the Corporation.

25 (a) The President may appoint a member of his

1 Cabinet or any person to act as General Manager of the Corporation
2 whose appointment is not subject to consent of Congress under
3 section 2(d), article X of the constitution.

4 (b) If the General Manager is not a member of the President's
5 Cabinet, the President may enter into a contract of employment
6 setting forth such terms and conditions of employment as are not
7 inconsistent with any provision of this act with a person
8 qualified to become a General Manager under section 8 of this act.
9 Any provision in the contract of employment that is in conflict
10 with this act is invalid to the extent of conflict.

11 (c) The President may, subject to the qualifications of a
12 General Manager under section 8 of this act, designate a person to
13 assume the office of the General Manager during the absence or
14 illness of the General Manager, or during the vacancy in the
15 office of the General Manager, or whenever no person has been
16 appointed in the meantime. While so acting, the person designated
17 has all the powers and duties of the General Manager.

18 (d) The President may, at any time and for any reason, remove
19 the General Manager or a person designated to act as General
20 Manager.

21 Section 8. Qualifications of General Manager. Except where the
22 President appoints a member of his Cabinet, a person appointed or
23 designated as General Manager shall possess the following
24 qualifications:

25 (a) competent to perform the duties provided in

1 this act on the basis of professional experience for no less than
2 5 year in the field of law, banking or general business;

3 (b) resides or has an office in the Federated
4 States of Micronesia; and

5 (c) has never been convicted of a crime of moral
6 turpitude, fraud, theft, deceit or other act which involves
7 dishonesty or moral turpitude.

8 Section 9. Powers and functions of the General Manager. The
9 primary function of the General Manager is to act as receiver of
10 the assets and the liabilities of the dissolved National Fisheries
11 Corporation. He has no authority to enter into new contracts and
12 agreements or to otherwise obligate the assets of the Corporation,
13 except to the extent permitted in this act. The following are the
14 powers of the General Manager:

15 (a) To present a report to the President showing
16 the status and conditions of the received assets and liabilities.

17 (b) To initiate any legal action as may become
18 necessary to marshal the assets of the Corporation and to defend
19 the Corporation from any action or lawsuit pertaining to the
20 assets or liabilities.

21 (c) To employ only such staff as required in the
22 fulfillment of the duties set forth in this act.

23 (d) To notify all the creditors to file their
24 claim pursuant to section 11 of this act by sending written notice
25 directly to the known business addresses of each creditor.

1 Additionally, a notice to file claim must be made by publication
2 in a newspaper of general circulation in the Federated States of
3 Micronesia and such other publication, whenever he deems
4 practicable and necessary.

5 (e) To send written notice of termination of
6 contracts pursuant to section 12 of this act.

7 (f) To use, sell and lease property of the
8 Corporation, provided that no transfer of an interest in land is
9 made that would be inconsistent with the law of a state in which
10 the land is located.

11 (g) Whenever necessary, to obtain credit on
12 behalf of the Corporation.

13 (h) To assume and reject executory contracts.

14 (i) to avoid preferences and fraudulent
15 conveyances and to institute any legal action in relation thereto
16 if necessary.

17 (j) To take control and custody of all the
18 records of the National Fisheries Corporation.

19 (k) To request assistance from any department or
20 agency in the national government with the approval of the
21 President.

22 (l) To seek such necessary or available relief
23 from the court as may be warranted under the provisions of the
24 Bankruptcy Act of 2004.

25 (m) To report to the President on any other

1 related matters as may be assigned by him.

2 Section 10.Cessation of business operations.The Corporation
3 has no authority to continue doing any business previously pursued
4 by the dissolved National Fisheries Corporation except to the
5 extent necessary to liquidate the assets of the Corporation and to
6 pay off the creditors. All fishing licenses and permits issued to
7 the National Fisheries Corporation are deemed surrendered and
8 cancelled.

9 Section 11.Status of claims against the National Fisheries
10 Corporation.

11 (a) The Corporation shall be substituted as
12 plaintiff or defendant, as the case may be, in all pending civil
13 actions where the National Fisheries Corporation is a party to a
14 lawsuit.

15 (b) Any other claims may be initiated or defended
16 by the Corporation as proper part.

17 (c) Every creditor of the National Fisheries
18 Corporation or any person having a claim on its assets shall file
19 a notice of claim to the General Manager within a period of 180
20 days from receipt of notice to file claim issued by the General
21 Manager. Where no notice has been received by a creditor, the
22 period to file notice of claim shall be up to 180 days from the
23 date of publication under section 9 (d) of this act. Actual notice
24 is presumed where written notice was sent to a creditor or where
25 notice by publication is made in accordance with this act.

1 (d) A claim of a creditor who has failed to
2 submit a notice of claim as prescribed in subsection (c) of this
3 section is permanently barred.

4 Section 12. Status of contracts and employees of National
5 Fisheries Corporation. Contracts of employment and services and
6 any other contracts of the National Fisheries Corporation are at
7 its dissolution deemed terminated. Written notice must be served
8 on every employee within 20 days prior to termination. The General
9 Manager of the Corporation has the obligation to ensure that
10 services rendered as of the date of termination are paid.

11 Section 13. Prohibited acts. The General Manager and any person
12 employed by him are prohibited from taking personal interest in
13 any of the assets or liabilities of the Corporation.

14 Section 14. Debts and assets.

15 (a) The debts of the National Fisheries
16 Corporation are automatically assumed by the Corporation upon the
17 effective date of this act. Those debts are not the debts of the
18 national government and are to be paid using the available assets
19 of the Corporation.

20 (b) The assets of the National Corporation are
21 transferred to the Corporation and shall remain as such until all
22 the debts are full paid.

23 (c) The assets that remain in the Corporation
24 after the payment of all debts are to be paid to the General Fund
25 of the Federated States of Micronesia.

1 Section 15.Dissolution of the Corporation. The Corporation is
2 automatically dissolved upon a declaration of the President that
3 the purpose of its establishment has been fulfilled.

4 Section 16.Controlling laws. Whenever the General Manager
5 seeks judicial relief under the Bankruptcy Act of 2004, the
6 provisions of said Act shall control notwithstanding any conflict
7 with any provision hereof.

8 Section 17.Effective date. This act shall become law upon
9 approval by the President of the Federated States of Micronesia or
10 upon its becoming law without such approval.

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12 Date: 11/30/09

Introduced by: /s/ Joe N. Suka

Joe N. Suka
(by request)

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