

AN ACT

To amend Public Law No. 4C-53 to provide for the termination of the boat-building program and the transfer of its assets to a private corporation meeting certain requirements, and for other purposes.

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

1 Section 1. Section 6 of Public Law No. 4C-53 is hereby repealed in its
2 entirety and a new Section 6 is enacted to read as follows:

3 "Section 6. Termination of Program and Sale of Assets.

4 (1) The boat-building program established pursuant to this
5 act shall be terminated and its assets sold to any private corpora-
6 tion which is organized, in accordance with all applicable laws, for
7 the express purpose of operating the boat-building program as a
8 private business. To be eligible to purchase the assets of the
9 boat-building program, a private corporation must possess a charter
10 and suitable by-laws which provide in substance:

11 (a) That among the primary purposes for which the
12 corporation is formed are the manufacture and sale of ferro-cement
13 boats, and the operation of a boat repair facility in the Truk
14 Lagoon;

15 (b) That the minimum amount of paid-in capital with
16 which the corporation will commence business is \$15,000;

17 (c) That no individual shareholder shall own more than
18 ten percent of the outstanding shares of common stock issued by the
19 corporation; and

20 (d) That provision is made whereby non-management
21 employees of the corporation are permitted to acquire one hundred
22 shares of common stock each, at a price which is no more than 25%

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1 of par value; PROVIDED, HOWEVER, that a non-management employee
2 has been employed by the boat-building program or the corporation
3 for a period of at least three years.

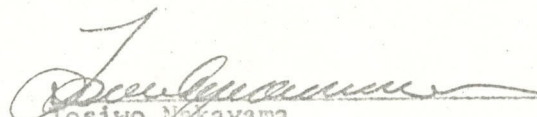
4 (2) Sealed bids for the purchase of the boat-building
5 program will be received by the Speaker of the Congress of the
6 Federated States of Micronesia from any private corporation which
7 meets the requirements of this act, as determined by the Legisla-
8 tive Counsel. The bids will be opened at a date twelve months
9 from the effective date of this act, and the boat-building program
10 will be sold to the highest bidder. The minimum acceptable bid
11 shall be a sum equal to the present market value of the assets of
12 the boat-building program, minus its liabilities, as determined by
13 the manager of the boat-building program. Liabilities of the
14 boat-building program shall be assumed by the buyer.

15 (3) The internal Auditor of the Trust Territory Government
16 or the public Auditor of the Federated States of Micronesia shall
17 prepare an audit of the boat-building program which shall contain
18 a complete statement of the assets and liabilities of the program,
19 including an inventory of all equipment and supplies, no later
20 than 90 days after the effective date of this act, which audit
21 when completed shall be presented to the Speaker of the Congress
22 of the Federated States of Micronesia and which shall be made
23 available for the public inspection by the Auditor."

24 Section 2. This act shall become law upon approval by the President
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1 of the Federated States of Micronesia, or upon its becoming law without
2 such approval.

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5 December 23, 1979

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9 Tosiwo Nakayama
10 President
11 Federated States of Micronesia
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