A RESOLUTION

Calling upon the President and the FSM Public Auditor to initiate an audit into the use of Compact funds by the State of Kosrae.

WHEREAS, the national government of the Federated States of Micronesia has received an initial request from the State of Kosrae for financial assistance in an amount of $2,853,962; and

WHEREAS, a supplemental budget request was thereafter received by the Congress of the Federated States of Micronesia from the office of the President for the purpose of funding a recovery loan to the State of Kosrae in the amount of $1,495,307; and

WHEREAS, a stated purpose for a portion of the requested loan in excess of one million dollars is the repayment of Compact funds allegedly misappropriated or misused by Kosrae; and

WHEREAS, a satisfactory explanation of the circumstances of the use of Compact funds by the State of Kosrae for purposes other than intended by the sector grants and the other causes of its current financial crisis has not been provided; and

WHEREAS, Congress recognizes that the extreme nature of the financial crisis faced by the State of Kosrae as represented by the President’s request requires immediate action to prevent further deterioration of the financial condition of the State; and

WHEREAS, in deference to the request of the President and the immediate nature of the need, Congress has included funding in
the amount of $1,500,000 in C.B. No. 262 to be used for a recovery
loan by the national government of the FSM to the State of Kosrae;
and
WHEREAS, Congress believes an audit of the expenditures by
Compact funds by the State of Kosrae and a review of the financial
policies, practices and procedures of Kosrae State and its public
officials, officers and employees in authorizing or permitting the
expenditures for purposes other than intended by the grants is
essential to an understanding of the origins of the financial
crisis in Kosrae and preventing future uses of Compact funds for
unauthorized purposes by the State of Kosrae and the other states
of the FSM and in determining if criminal conduct on the part of
one or more public officials occurred.

NOW, THEREFORE, BE IT RESOLVED that the Fourteenth Congress of
the Federated States of Micronesia calls upon the President and
the FSM Public Auditor to immediately initiate a comprehensive
audit of the expenditure of Compact funds by the State of Kosrae
and further to conduct a review of the policies, practices and
procedures of Kosrae State and its government officials, officers
and employees which authorized or permitted the expenditure of
Compact funds for purposes other than intended by the grants in a
cumulative amount in excess of one million dollars.

BE IT FURTHER RESOLVED that the President direct the
Department of Justice to further investigate whether violations of
the criminal laws of the FSM on the part of individual officers,
officials or employees occurred in connection with the misuse of such funds.

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the President of the Federated States of Micronesia, the FSM Public Auditor, the Governor of the State of Kosrae and the Speaker of the Kosrae Legislature.

Date: 3/30/07

Introduced by: /s/ Isaac V. Figir

Isaac V. Figir