A RESOLUTION

Requesting the President of the Federated States of Micronesia to direct the Department of Justice to investigate whether any former or current members of the board of directors of the Micronesia Longline Fishing Corporation ("MLFC") may be personally liable, either civilly or criminally, for any actions taken in respect of MLFC.

WHEREAS, under a series of agreements concluded in December, 1993, the National Government of the Federated States of Micronesia borrowed $5 million from the Asian Development Bank ("ADB"), of which $4.5 million were, in turn, loaned by the National Government to Micronesia Longline Fishing Corporation ("MLFC"); and

WHEREAS, under the pertinent loan agreements, MLFC was to service the ADB loan, but the National Government was to make the loan payments in the event that MLFC defaulted on its obligations; and

WHEREAS, in addition to assuming said obligations with respect to the ADB loan, the National Government contributed $1 million to MLFC in return for a 50% interest in MLFC, in the form of non-voting shares; and

WHEREAS, it was intended that an additional $1 million in capital for MLFC would be raised by the sale to private individuals of voting shares, representing, in the aggregate, 50% of the ownership of the corporation; and

WHEREAS, only approximately $39,000 in private capital was raised by the sale of such voting shares and some portion of that amount may have been loaned by the National Government to the
purchasers; and

WHEREAS, the National Government assumed virtually all of the financial risk associated with the operations of MLFC, but, because it held only non-voting shares, had little or no control over said operations; and

WHEREAS, MLFC has suffered significant operating losses, has defaulted on its obligation to repay the ADB loan and has filed in bankruptcy; and

WHEREAS, due to the defaults and failures of MLFC, the National Government is now obligated to make all payments on the ADB loan; and

WHEREAS, the management and board of directors of MLFC, at some point in time, ceased to perform their respective duties and may have thereby breached their fiduciary obligations to the shareholders and creditors of MLFC; now, therefore,

BE IT RESOLVED by the Fourteenth Congress of the Federated States of Micronesia, First Special Session, 2005, that the Congress hereby requests the President of the Federated States of Micronesia to direct the Secretary of Justice to investigate whether any former or current members of the board of directors of the MLFC may be personally liable, either civilly or criminally, for any actions taken in respect of MLFC;

BE IT FURTHER RESOLVED that certified copies of this
resolution be transmitted to the President of the Federated States of Micronesia and the Governor of each state.

Date: 11/16/05

Introduced by: /s/ Isaac V. Figir
Isaac V. Figir

/s/ Claude H. Phillip
Claude H. Phillip

/s/ Roosevelt D. Kansou
Roosevelt D. Kansou

/s/ Tiwiter Aritos
Tiwiter Aritos

/s/ Moses Nelson
Moses Nelson

/s/ Ramon Peyal
Ramon Peyal

/s/ Alik L. Alik
Alik L. Alik

/s/ Simiram Sipenuk
Simiram Sipenuk