
A RESOLUTION

Relating to provision of independent legal counsel for the Trukese landowners who leased their land to the Government of the Trust Territory of the Pacific Islands to allow hotel development on Moen, Truk, and relating to provision of compensation to Trukese landowners, for the failure of the Trust Territory of the Pacific Islands to provide independent advice and counsel in lease payment reports to the affected Trukese landowners.

1 WHEREAS, in 1969 the Government of the Trust Territory of the Pacific
2 Islands entered into a lease agreement with 16 Trukese landowners and
3 lineage representatives for the lease of certain lots on Moen Island, Truk;
4 and

5 WHEREAS, immediately following the execution of the said lease
6 agreement, the Government subleased the said lots to Continental Airlines,
7 Inc., for purposes of allowing Continental Airlines, Inc., to construct a
8 hotel on the lots, which was subsequently done; and

9 WHEREAS, the T.T.P.I. Government agreed to pay the Trukese lessors
10 minimum annual rental payments and variable gross receipts rental payments
11 based on the volume of business done by the hotel operation on the leased
12 lots; and

13 WHEREAS, at no time during the lease negotiations between the T.T.P.I.
14 and the Trukese landowners did the T.T.P.I. provide legal counsel and advice
15 to the landowners other than through T.T.P.I. employees; and

16 WHEREAS, attempts by T.T.P.I. employees to represent both the T.T.P.I.
17 and the landowners in negotiating a complex lease agreement between the
18 parties created an obvious and apparent conflict of interest which should
19 not have been allowed by the Trust Territory Government; and

20 WHEREAS, to this date, the Trukese lessors have had no meaningful way
21 to evaluate the fairness of the terms and conditions of the leases they
22 entered into with the Trust Territory Government; and

1 WHEREAS, the T.T.P.I. Government has been delinquent in paying the
2 rental payments specified in the contract and has not paid interest on the
3 delinquent balances; and

4 WHEREAS, the lessors have had no information nor legal advice as to
5 their rights under the lease with respect to remedies for T.T.P.I. Govern-
6 ment delinquency in making payments; and

7 WHEREAS, the lease requires that the T.T.P.I. Government make an annual
8 report on lease payments, but does not require that copies of the report be
9 distributed to the lessors; now, therefore,

10 BE IT RESOLVED by the First Congress of the Federated States of Micro-
11 nesia, Second Regular Session, 1979, that the High Commissioner of the Trust
12 Territory Government be requested to appoint independent counsel to the
13 aforementioned Trukese lessors to enable them to re-negotiate the lease or
14 challenge it in court; and

15 BE IT FURTHER RESOLVED that compensation should be paid by the Trust
16 Territory Government to the lessors for failing to assist them in obtaining
17 independent counsel and advice at the time the lease was negotiated and
18 thereafter; apart from any additional lease payments which result from
19 re-negotiation of or court challenge to the lease; and

20 BE IT FURTHER RESOLVED that the High Commissioner of the Trust Territory
21 Government be requested to distribute copies of the annual lease payment
22 report to each lessor at the time each report is made; and

23 BE IT FURTHER RESOLVED that certified copies of this resolution be
24 transmitted to the High Commissioner of the Trust Territory of the Pacific
25 Islands, to Continental Airlines, Inc., and to the lessors named in the

1 said lease.

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3 Adopted: October 25, 1979

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