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A BILL FOR AN ACT

To authorize the issuance of coins and currency for the Federated States of Micronesia; to set forth the denominations and specifications thereof; to repeal section 101 of title 57 of the Code of the Federated States of Micronesia; and for other purposes.

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

1       Section 1. Purpose. The purpose of this act is to authorize  
2 the Secretary of Finance to issue Federated States of Micronesia  
3 coins and currency, and to set forth the denominations and specifi-  
4 cations thereof.

5       Section 2. Decimal system. The coins and currency of the  
6 Federated States of Micronesia shall be expressed in dollars, dimes or  
7 tenths, cents or hundredths, and mills or thousandths. A dime is a  
8 tenth of a dollar, a cent is a hundredth of a dollar, and a mill is a  
9 thousandth of a dollar.

10       Section 3. Standard weight. The standard troy pound of the  
11 United States National Bureau of Standards of the Department of  
12 Commerce shall be the standard used to ensure that the weight of  
13 Federated States of Micronesia coins conforms to specifications set  
14 forth in section 6 of this act.

15       Section 4. Legal tender. Federated States of Micronesia coins  
16 and currency are legal tender for all debts, public charges, taxes,  
17 and dues. Foreign gold or silver coins are not legal tender for  
18 debts.

19       Section 5. Minting and issuing coins, medals, and numismatic  
20 items.

21       (1) The Secretary of Finance:

22               (a) Shall see to the minting and issuance of coins  
23 described in section 6 of this act in amounts the Congress of the  
24 Federated States of Micronesia decides are necessary to meet the  
25 needs of the Federated States of Micronesia;

(b) May prepare National medal dies and strike National and other medals if it does not interfere with regular minting operations, but may not prepare private medal dies;

(c) May prepare and distribute numismatic items; and

(d) May mint coins for a foreign country if the minting does not interfere with regular minting operations, and shall prescribe a charge for minting the foreign coins equal to the cost of the labor, materials, and the use of machinery involved in the minting.

(2) There shall be established two special funds within the National Treasury, one a coinage metal fund and the other a coinage profit fund. The Secretary of Finance may use the coinage metal fund to buy metal to mint coins. The Secretary of Finance shall credit the coinage profit fund with the amount by which the nominal value of the coins minted from the metal exceeds the cost of the metal. The Secretary of Finance shall charge the coinage profit fund with waste incurred in minting coins and the cost of distributing the coins. The Secretary of Finance shall deposit in the General Fund, as miscellaneous receipts, excess amounts in the coinage profit fund.

(3) The Secretary of Finance may make contracts on conditions the Secretary of Finance decides are appropriate and in the public interest to acquire equipment, manufacturing facilities, patents, patent rights, technical knowledge and



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1 assistance, and materials necessary to produce rapidly an adequate  
2 supply of coins referred to in section 6(1)(a) through (d) of this act.

3 (4) The Secretary of Finance may prohibit or limit the  
4 exportation, melting, or treatment of Federated States of Micronesia  
5 coins when the Secretary of Finance decides the prohibition or limi-  
6 tation is necessary to protect the coinage of the Federated States of  
7 Micronesia.

8 (5) A person knowingly violating an order or license  
9 issued or regulation prescribed under subsection (4) of this  
10 section, shall be fined not more than \$10,000, imprisoned not more  
11 than 5 years, or both.

12 (6) Coins exported, melted, or treated in violation of  
13 an order or license issued or regulation prescribed, and metal  
14 resulting from the melting or treatment, shall be forfeited to the  
15 Federated States of Micronesia National Government.

16 Section 6. Denominations, specifications, and design of coins.

17 (1) The Secretary of Finance may mint and issue only the  
18 following coins:

19 (a) A dollar coin that is 1.043 inches in diameter and  
20 weighs 8.1 grams;

21 (b) A half dollar coin that is 1.205 inches in diameter  
22 and weighs 11.34 grams;

23 (c) A quarter dollar coin that is 0.955 inch in diameter  
24 and weighs 5.67 grams;

25 (d) A dime coin that is 0.705 inch in diameter and

1 weighs 2.268 grams;

2 (e) A 5-cent coin that is 0.835 inch in diameter and  
3 weighs 5 grams; and

4 (f) Except as provided under subsection (3) of this  
5 section, a 1-cent coin that is 0.75 inch in diameter and weighs  
6 3.11 grams.

7 (2) The dollar, half dollar, quarter dollar, and dime  
8 coins are clad coins with three layers of metal. The two identical outer  
9 layers are an alloy of seventy-five percent copper and twenty-five  
10 percent nickel. The inner layer is copper. The outer layers are  
11 metallurgically bonded to the inner layer and weigh at least thirty  
12 percent of the weight of the coin. The 5-cent coin is an alloy of  
13 seventy-five percent copper and twenty-five percent nickel. In minting  
14 5-cent coins, the Secretary of Finance shall use bars that vary not more  
15 than two and one-half percent from the percent of nickel required.  
16 Except as provided under subsection (3) of this section, the 1-cent coin  
17 is an alloy of ninety-five percent copper and five percent zinc.  
18 The specifications for alloys are by weight.

19 (3) The Secretary of Finance may prescribe the weight and  
20 the composition of copper and zinc in the alloy of the 1-cent coin  
21 that the Secretary of Finance decides are appropriate when the  
22 Secretary of Finance decides that a different weight and alloy of  
23 copper and zinc are necessary to ensure an adequate supply of 1-cent  
24 coins to meet the needs of the Federated States of Micronesia.

25 (4) The Secretary of Finance shall prepare the designs or

1 models for the coins of the Federated States of Micronesia. Each  
2 design or model shall be submitted to the Congress of the Federated  
3 States of Micronesia for formal approval and adoption by law.

4 (5) The Secretary of Finance shall mint and issue coins of  
5 the Federated States of Micronesia only in the amounts prescribed by  
6 law.

7 Section 7. Tolerances and testing of coins.

8 (1) The Secretary of Finance may prescribe reasonable  
9 manufacturing tolerances for specifications in section 6 of this act  
10 for the dollar, half dollar, quarter dollar, and dime coins. The  
11 weight of the 5-cent coin may vary not more than 0.194 gram. The  
12 weight of the 1-cent coin may vary not more than 0.13 gram.

13 (2) The Secretary of Finance shall keep a record of the  
14 kind, number, and weight of each group of coins minted and test a  
15 number of the coins separately to determine if the coins conform to  
16 the weight specified in section 6 of this act. If the coins tested  
17 do not conform, the Secretary of Finance:

18 (a) Shall weigh each coin of the group separately and  
19 detect the coins that do not conform and cast them into bars for  
20 reminting; or

21 (b) May remelt the group of coins.

22 Section 8. Engraving and printing currency notes.

23 (1) The Secretary of Finance shall prepare the design and  
24 engravings of Federated States of Micronesia currency notes. Each  
25 design and engraving shall be submitted to the Congress of the



1 Federated States of Micronesia for formal approval and adoption by law.

2 (2) The Secretary of Finance shall engrave and print  
3 Federated States of Micronesia currency notes and bonds of the  
4 Federated States of Micronesia National Government from intaglio  
5 plates on plate printing presses the Secretary of Finance selects.

6 (3) The Secretary of Finance may make a contract for a  
7 period of not more than 4 years to manufacture distinctive paper for  
8 Federated States of Micronesia currency notes and securities. To  
9 promote competition among manufacturers of the distinctive paper, the  
10 Secretary of Finance may split the award for the manufacture of the  
11 paper between the two bidders with the lowest prices per pound. When the  
12 Secretary of Finance decides that it is necessary to operate more  
13 than one mill to manufacture distinctive paper, the Secretary of  
14 Finance may:

15 (a) Employ individuals temporarily at rates of pay  
16 equivalent to the rates of pay of regular employees; and

17 (b) Charge the pay of the temporary employees to the  
18 appropriation available for manufacturing distinctive paper.

19 Section 9. Federated States of Micronesia currency notes.

20 (1) The Secretary of Finance may issue Federated States of  
21 Micronesia currency notes. The notes:

22 (a) Are payable to bearer; and

23 (b) Shall be in a form and in denominations of at  
24 least one dollar that the Secretary of Finance prescribes.

25 (2) The limit on the amount of Federated States of

1 Micronesia currency notes outstanding and in circulation shall be  
2 established by law and may not be held or used for a reserve.

3 Section 10. Obsolete, mutilated, and worn coins and currency.

4 (1) The Secretary of Finance shall melt obsolete and worn  
5 Federated States of Micronesia coins withdrawn from circulation. The  
6 Secretary of Finance may use the metal from melting the coins for  
7 reminting or may sell the metal. The Secretary of Finance shall  
8 account for the following in the coinage metal fund under section 5  
9 of this act:

10 (a) Obsolete and worn coins and the metal from  
11 melting the coins;

12 (b) Proceeds from the sale of the metal;

13 (c) Losses incurred in the sale of the metal; and

14 (d) Losses incurred because of the difference between  
15 the face value of the coins melted and the coins minted from the  
16 metal.

17 (2) The Secretary of Finance shall reimburse the coinage  
18 metal fund for losses under paragraph (1)(c) and (d) of this sub-  
19 section out of amounts in the coinage profit fund under section 5(2)  
20 of this act.

21 (3) The Secretary of Finance shall:

22 (a) Cancel and destroy (by a secure process) obsolete,  
23 mutilated, and worn Federated States of Micronesia currency withdrawn  
24 from circulation; and

25 (b) Dispose of the residue of the currency and notes.

1 (4) The Public Auditor shall audit the cancellation and  
2 destruction of Federated States of Micronesia currency and the  
3 accounting of the cancellation and destruction. Records the Public  
4 Auditor considers necessary to make an effective audit easier shall  
5 be made available to the Public Auditor.

6 Section 11. Counterfeit currency. Disbursing officials of the  
7 Federated States of Micronesia National Government and officers of  
8 National banks shall stamp or mark the word "counterfeit," "altered,"  
9 or "worthless" on counterfeit notes intended to be circulated as currency  
10 that are presented to them. An official or officer wrongfully  
11 stamping or marking an item of genuine Federated States of Micronesia  
12 currency shall redeem the currency at face value when presented.

13 Section 12. Repealer. Section 101 of title 57 of the Code of  
14 the Federated States of Micronesia is hereby repealed in its entirety.

15 Section 13. Effective date. This act shall become law upon  
16 approval by the President of the Federated States of Micronesia or  
17 upon its becoming law without such approval.

18  
19 Date: 9/7/86 Introduced by: Elias H. Thomas  
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