

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 as amended by Public
2 Law 1-76 is hereby further amended to read as follows:

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

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

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

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

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

21 (d) That provision is made whereby non-management
22 employees of the corporation are permitted to acquire one

1 hundred shares of common stock each, at a price which is no
2 more than 25% of par value; PROVIDED, HOWEVER, that a non-
3 management employee has been employed by the boat-building
4 program or the corporation for a period of at least three years.

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

18 (3) The internal Auditor of the Trust Territory Govern-
19 ment or the Public Auditor of the Federated States of Micronesia
20 shall prepare an audit of the boat-building program which shall
21 contain a complete statement of the assets and liabilities of the
22 program, including an inventory of all equipment and supplies, no
23 later than 90 days after the effective date of this act, which
24 audit when completed shall be presented to the Speaker of the
25 Congress of the Federated States of Micronesia and which shall be

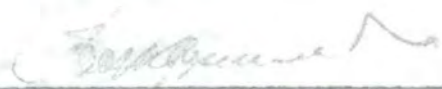
1 made available for the public inspection by the Auditor.

2 (4) All proceeds resulting from the sale of the assets
3 of the boat-building program pursuant to this section shall
4 be deposited in the General Fund of the Congress of the
5 Federated States of Micronesia, and shall be earmarked for
6 support to and expansion of the boat-building program which is
7 the subject of this act."

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

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July 21, 1980



Tosiwo Nakayama
President
Federated States of Micronesia