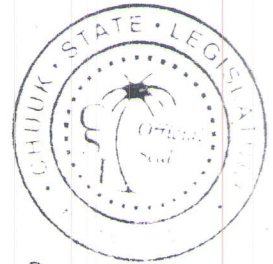


JOHNSON ELIMO
GOVERNOR
RITIS HELDART
LIEUTENANT GOVERNOR

OFFICE OF THE GOVERNOR
STATE OF CHUUK

Post Office BOX 189, STATE OF CHUUK, F.S.M. 96942
TEL. (691) 330-2230/4239 FAX: (691) 330-2233



Speaker Office
Rec'd By: *Carolyn H. Obeyesinghe*
Date/Time: 9/20/13

September 19, 2012

THE HONORABLE MARK MAILO
President
Senate
12th Chuuk State Legislature
Weno, Chuuk, FM 96942

THE HONORABLE INNOCENTE ONEISOM
Speaker
House of Representatives
12th Chuuk State Legislature
Weno, Chuuk, FM 96942

RE: CSL NO. 12-13-04

Dear President Mailo and Speaker Oneisom:

I am respectfully transmitting the attached Act No. 12-04 which I signed into a law and assigned the corresponding number as Chuuk State Law No. 12-13-04. This Act authorizes the Governor to sell \$750,000 worth of shares of stocks of the FSM Bank owned by Chuuk State. This Act also authorizes specific expenditures stated in Section 3 therein.

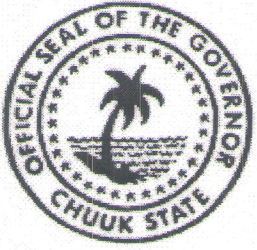
Although I have signed this act into law, once the payment of the shares of stocks will materialize, I will not authorize payment of the following expenditures stated in section 3 (2) (e and f) because the said transactions violate the criminal provision¹ of the Financial Management Act.

¹ Criminal penalties for wrongful expenditures of funds.

(1) No officer or employee of the State shall make or authorize any expenditure of money from the General Fund in advance of the appropriation and availability of funds, or in excess of the amount appropriated, or for another purpose than that specified in an appropriation.

(2) Violation of this Section shall be a State crime, punishable, upon conviction by imprisonment for not more than three years or a fine of not more than \$5,000.00 or both.

TSL 5-44, § 9



I fervently hope that before the sale of the shares of stocks will materialize, the Legislature shall act accordingly and amend this Act and eliminate past obligations without appropriations.

With the passage of this act, we comply with our obligations in the Memorandum of understanding to dispose our assets and pay for our obligations.

Thank you and I remain.

Sincerely,



JOHNSON ELIMO
Governor

Enclosure : CSL 12-13-04

File (with enclosures)

AN ACT

To authorize the Governor to sell, divest or liquidate the total amounts of \$750,000 from the Bank of the FSM shares of stocks owned by Chuuk State Government of which the net proceeds of \$161,000 shall be appropriated to fund the needs of the Executive Branch, Judiciary, and the Legislative Branch, \$150,000 for the Political Status Commission, and \$439,000 shall be deposited into the Debt Relief Fund and appropriated in accordance with this Act pursuant to CSL No. 9-07-09, and for other purposes.

BE IT ENACTED BY THE CHUUK STATE LEGISLATURE:

1 Section 1. **Purpose.** The purpose of this Act is to authorized the Governor of Chuuk
2 State to negotiate, transact, and sell the total amount of \$750,000 of the shares of stocks owned
3 by Chuuk in the Bank of FSM. The net proceeds of \$161,000 shall be appropriated to fund the
4 needs of the Executive Branch, Judiciary, and Legislative Branch. \$150,000 for the Political
5 Status Commission, and \$439,000 shall be deposited into the Debt Relief Fund and appropriated
6 in accordance with this Act pursuant to CSL No. 9-07-09.

7 Section 2. **Findings.** The State finds that:

8 (1) The State must initiate and implement measures to retire its debts as it faces less than
9 anticipated local revenue collection termination of funds under the Compact of Free Association
10 between the Federated States of Micronesia and the United States of America; and

11 (2) The State must undertake to implement effective financial and structural reforms to
12 maintain a sustainable and affordable government to serve the people of the State of Chuuk and
13 other cost saving and cost reduction measures necessary to reduce and retire its outstanding
14 obligations, and

15 (3) The State has substantial investments in Bank of the FSM, and that these investments
16 were identified by the Task Force on Structural and Financial Reforms as possible sources of
17 revenue that will assist in the payment of Chuuk outstanding obligations.

18 Section 3. **Authorization.** Notwithstanding any provision of CSL No. 3-95-28 to the
19 contrary, for the purpose of depositing the Chuuk State shares and/or stocks in Bank of the FSM,
20 the Governor of Chuuk State is hereby authorize to make every effort necessary to divest, sell

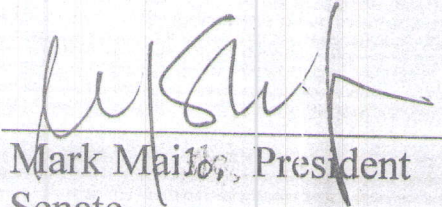
21

1 and or liquidate certain Chuuk State Government investments in shares and/or stocks in the Bank
 2 of the FSM. The maximum proceeds from the sale shall be \$750,000, and any shares not sold for
 3 the purposes herein shall remain the property of the State of Chuuk. No share of stock in the
 4 Bank of FSM shall be sold under this Act for a price per share not less than \$11.00. No shares in
 5 excess of what is needed to sold to produce net proceeds of \$750,000 shall be sold. Any
 6 proceeds or liquidated sum or sums earned there from shall be deemed available, appropriated,
 7 and earmarked for the following purposes:

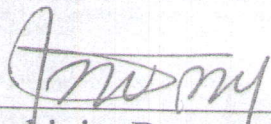
8	1) Debt Relief Fund	\$439,000
9	2) Legislature	\$ 96,000
10	a) \$ 24,000 for Senate (\$6,000 for each standing committee)	
11	b) \$42,000 for House of Rep. (\$6,000 for each standing comm.)	
12	c) \$10,000 for the Senate Pres. Office (\$6,250 for travel, \$3,750 for	
13	Representation Fund.	
14	d) \$10,000 for the Rep. Speaker's Office (\$6,250 for Travel,\$3,750 for	
15	Representation Fund)	
16	e) \$5,000 for Senate Chief Clerk Office (Obligations to His & Hers and others)	
17	f) \$5,000 for House Chief Clerk (Obligations to the vendors)	
18	3) Governor's Office	\$ 10,000
19	4) Judiciary	\$ 5,000
20	5) Chuuk House	\$ 50,000
21	6) Political Status Commission	\$150,000

22 Section 4. **Reporting.** The Governor shall submit a report to the Legislature on or
 23 before October 30, 2013, which shall indicate the actual expenditure of the fund herein as of
 24 September 30, 2013 and to submit to the Legislature on or before April 15, 2014, detailing the
 25 fiscal status of the total fund earned from such liquidation and divestment of Chuuk State
 26 investments in the Bank of the FSM.

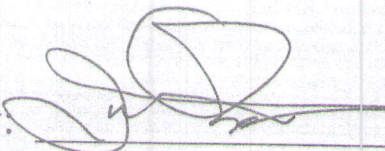
27 Section 5. **Effective Date.** This Act shall become effective upon approval by the
 28 Governor, or upon its becoming law without such approval.

Signed by: 
Mark Maito, President
Senate
Chuuk State Legislature

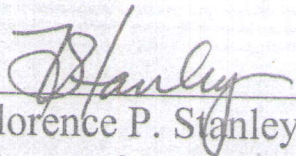
Attested:


Songkinita Bossy, Chief Clerk
Senate
Chuuk State Legislature

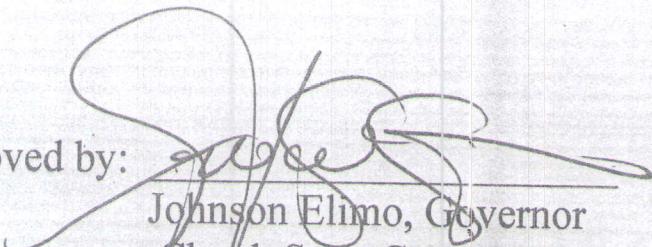
Date: 9/13/13

Signed by: 
Innocente I. Oneisom, Speaker
House of Representatives
Chuuk State Legislature

Attested:


Florence P. Stanley, Chief Clerk
House of Representatives
Chuuk State Legislature

9/13/13

Approved by: 
Johnson Elimo, Governor
Chuuk State Government

Date: 9/16/13

History : S.B.NO: 12-10;SD1;HD1;JCRD1
: S.S.C.R.NO: 12-1R-21
: H.S.C.R.NO: 12-1R-19
: J.C.R.NO: 12-1R-03

EW NAMOPWUNG

A mutata an ewe Kepina epwe amomono ukukun \$750,000 chana me non noun Mwun Chuuk kewe sea (share of stocks) non ewe FSM Bank, iwe \$161,000 epwe kawor fan iten monien atawen osupwangen ewe Executive Branch, Judiciary, me Legislative Branch, \$150,000 ren monien ewe Political Status Commission, me \$439,000 epwe isoiseno non ewe Debt Relief Fund an epwapw kawor nounoun fiti pwungun ei Annuk me ussun mi affat me non Annukun Chuuk No. 9-07-09, me pwan ren ekkch popun.

EPWE PWUNG MEREN EWE ANEEPWUNGUN CHUUK:

1 Tetten 1. Popun. Popun ei Annun an epwe mutata an ewe Kepina non Chuuk epwe
 2 amomono ukukun \$750,000 me non noun ewe Mwun Chuuk kewe sea (shares of stocks) non
 3 ewe FSM Bank. \$161,000 me non ewe ukukun \$750,000 epwe ne kawor faniten monien atawen
 4 osupwangen ewe Eecutive Branch, Judiciary, me Legislative Branch. \$150,000 epwe no ngeni
 5 ewe Political Status Commission, me \$439,000 epwe ne isoiseno non ewe Debt Relief Fund an
 6 epwap kawor nonoun fiti pungun ei Annuk ussun mi affat non ewe Annukun Chuuk No. 9-07-
 7 09.

8 Tetten 2. Kunaeen. Ewe Mwun Chuuk a kuna pwe:

9 (1) Chuuk epwe poputani me anganga amwokutun ekkewe mettoch (Annuk) an epwe
 10 moonano an kewe niwinimang non ei fansoun mi fat pwe "local revenue collection"
 11 (ioien takesis) mi wor non ewe compact of Free Association nefinen ewe Mwun FSM
 12 me United States of America epwe ne kouno; me

13 (2) Chuuk ika ewe Mwun Chuuk epwe ota-sefani an ototen amwokutun moni me ekkoch
 14 sakkun otot sefan an epwe tongeni sopweno me tufichin awora ngeni aramasen
 15 Chuuk ekkewe sakkopaten aninnis epwe pwan fori ekkoch annuk an epwe tongeni
 16 "save" moni me awora ekkoch annuk mi namot ngeni kekisinoon me kamwonoon
 17 ekewe niwinimang ese mo musuno; me

18 (3) Ewe Mwun Chuuk mei fen wor ren watten "investments" non ewe FSM Bank, iwe
 19 ekkei "investments" a fen kapunguno me ren ewe Task Force won Structural me
 20 Financial Reform pwe a ew anen moni a tongeni an epwe anisi kamonoon kewe
 21 nussun niwinimang non ewe Mwun Chuuk.

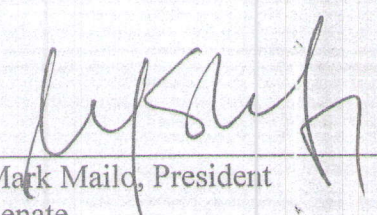
1 Tetten 3. Pochokkunan. Ina mwo ika masowen ewe CSL No. 3-95-28 epwe fiu ngeni ei
 2 Annuk, faniten auchean an epwe isoisenon noun ewe Mwun Chuuk kewe sea (shares and/or
 3 stocks) non ewe Bank of the FSM, iei a mumuta an ewe Kepina non Chuuk epwe ne fori
 4 etipeewin (negotiate) an epwe amomono ekkoch an ewe Mwun Chuuk kewe "investments in
 5 shares and/or stocks non ewe Bank of FSM. Epwe chok ukukun \$750,000 a mumuta an epwe
 6 kawor ika amomono, met nussun sea ika shares ese amomono faniten ei wewe epwe ne chok
 7 nomwetiwi pwe ina nussun noun Chuuk kewe share. Ekkewe sea non ewe Bank of FSM epwe
 8 amomo ne non ei Annuk esap kukkun seni \$11.00 echo, nge mei fen tongeni an epwe amomono
 9 won napeseni \$11.00 echo. Esap pwan wor me non ekkewe sea epwe amomo ika pwe a fen tori
 10 ewe ukukun \$750,000. Met ukukun monien ika moni mi wor seni ei epwe monata, kawor
 11 anounoun me nounou ngeni ekkei popun:

12	1) Debt Relief Fund	\$439,000
13	2) Legislature	\$ 96,000
14	a) \$24,000 ren Senate (\$6,000 ngeni ew ekkewe standing committees)	
15	b) \$42,000 ren House of Rep. (\$6,000 ngeni ew ekkewe standing committees)	
16	c) \$10,000 ren Senate President (\$6,250, ren sai, 3,750, Representation Fund)	
17	d) \$10,000 ren House of Rep., Speaker Office (6,250 ren sai, 3,750 ren	
18	Representation Fund)	
19	e) \$5,000 ren ewe Ofesin Chief Clerk, House of Senate (Faniten niwinimang ngeni	
20	His/her me ekkoch)	
21	f) \$5,000 ngeni ewe Ofesin Chief Clerk, House of Rep. (Faniten niwinimang ngeni	
22	ekewe Sopai)	
23	3) Ofesin Kepina	\$ 10,000
24	4) Judiciary	\$ 5,000
25	5) Chuuk House	\$ 50,000\
26	6) Political Status Commission	\$150,000

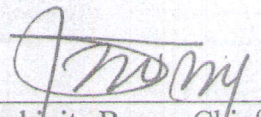
27 Tetten 4. Repotun. Ewe Kepina epwe awora ngeni ewe Aneepwungun Chuuk ew repot
 28 me mwen October 30, 2013, tichikin ukukun met mi wesetan anounou me non ei moni mi kawor
 29 non September 30, 2013, me ew repot ngen ewe Aneepwungun Chuuk me mwen April 15, 2014,

- 1 epwe tichikietiw porausen nonnomun ewe moni mi kawor seni ewe amomono sea me an
- 2 Chuuk kewe investment non ewe Bank of the FSM.
- 3 Tetten 5. Poputan Pochokkunan. Ei Namopwung epwe poputa pochokkunan fansoun a
- 4 kapunguno seni ewe Kepina, ika inet chok a winiti annuk won pusin winikapan.

Sain seni:


 Mark Mailo, President
 Senate
 Aneepwungun Chuuk

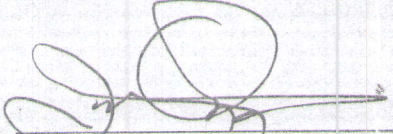
Annetata:


 Songkinita Bossy, Chief Clerk
 Senate
 Aneepwungun Chuuk

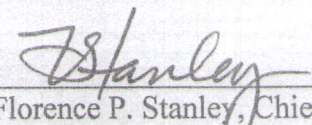
Pwinin maram:

9/13/13

Sain seni:


 Innocente I. Oneisom, Speaker
 Utten Representatives
 Aneepwungun Chuuk

Annetata:


 Florence P. Stanley, Chief Clerk
 Utten Representatives
 Aneepwungun Chuuk

Pwinin maram:

9/13/13

Kopwunguno seni:


 Johnson Elimo, Kepina
 Mwuun Chuuk

Pwinin maram:

9/16/13

Uruwon : S.B.NO: 12-10;SD1;HD1;JCD1
 : S.S.C.R.NO: 12-1R-21
 : H.S.C.R.NO: 12-1R-19
 : J.C.C.R.NO: 12-1R-03