A BILL FOR AN ACT

To further amend title 29 of the Code of the Federated States of Micronesia, as amended, by amending sections 102, 201, 601, 603, 605, 613, 617, 619, 621, 701, 702, 801, and 802, thereof and by enacting a new section 106 and a new chapter 9 to incorporate the requirements imposed on FDIC-insured banks by the proposed amendments to the Compact of Free Association, to enact laws governing treatment of inactive and dormant bank accounts, to make certain other necessary changes, and for other purposes.

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

Section 1. Section 102 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Law No. 12-57, is hereby further amended to read as follows:

"Section 102. Definitions. As used in this title, unless it is otherwise provided or the context requires a different construction, application, or meaning:

(1) 'Agency' means a place of business where transactions are effected with customers on behalf of a branch or main office of a bank, but the accounting records for such transactions are maintained at the branch or main office; includes a remote service facility.

(2) 'Bank' means any person or body of persons or a corporation authorized by law to engage in the banking business, and to accept from the public deposits which are withdrawable and transferable by check or other means of payment transfer. 'Bank' includes a savings
and loan association but does not include a credit union.

(3) 'Banking business' means the business of accepting deposits of money from the public, withdrawable or payable on demand or after a fixed period or after notice, or any similar operation through the frequent sale or placement of notes or other securities, and the use of such funds either in whole or part for loans, investments or any other operation either authorized by law or considered a generally accepted banking practice, for the account and at the risk of the person doing such business.

(4) 'Banking Board' means the Board established pursuant to section 201 of this title.

(5) 'Banking Commissioner' means the Banking Commissioner appointed pursuant to section 206 of this title.

(6) 'Branch' means an office of a bank where banking business is transacted and at which accounting records are maintained.

(7) 'Demand deposit' means any deposit which is repayable by its terms not more than three days after the time it is made.

(8) 'Deposits' means money or other property transferred or assigned to any person pursuant to an
agreement, expressed or implied, that the person shall repay such moneys upon demand (whether in person or by written order) or after a fixed or determinable period of time. Money loaned to a bank which is to be repaid not sooner than five years from the date of loan, and pursuant to a loan agreement under which the obligation to repay is subordinate to the rights of depositors, shall not be deemed to be a deposit. Money transferred to a credit union as a purchase of its shares shall not be deemed to be a deposit.

(9) 'Domestic bank' means a bank organized under the provisions of chapter 3 of this title.

(10) 'FDB' means a Domestic bank that is insured by the Federal Deposit Insurance Corporation.


(12) 'Foreign bank' means a corporation or other financial institution organized for the purpose of engaging in the banking business under the laws of a foreign country, operating a bank in its home territory, State, or country.

(13) 'IAP' or 'institution-affiliated party' means:

(a) any director, officer, employee, or controlling stockholder of, or agent for, an FDB;

(b) any other person who has filed or is required
to file a change-in-control notice with the appropriate U.S. Federal banking agency under section 7(j) of the FDI Act;

(c) any shareholder (other than a bank holding company), consultant, joint venture partner, and any other person as determined by the appropriate U.S. Federal banking agency (by regulation or case-by-case) who participates in the conduct of the affairs of a FDB;

(d) any independent contractor (including any attorney, appraiser, or accountant) who knowingly or recklessly participates in -

(i) any violation of any law or regulation;

(ii) any breach of fiduciary duty; or

(iii) any unsafe or unsound practice, which caused or is likely to cause more than a minimal financial loss to, or a significant adverse affect on, the FDB.

Legal reserve' means the sum which every domestic bank and foreign bank shall at all times have available for the payment of their deposit liabilities pursuant to the provisions of this title.

'Paid-in capital, surplus, and undistributed profits' means, in the case of a foreign bank, the aggregate paid-in capital, surplus, and undistributed profits of such bank and not merely that allocated to,
located in, or arising out of its operations in the Federated States of Micronesia.

[13] 'Person' includes individuals, corporations, partnerships, and any other business entity.

[14] 'Public Auditor' means the Public Auditor appointed by the President of the Federated States of Micronesia with the advice and consent of the Congress pursuant to the Constitution.


[16] 'Related person' with respect to any person means his spouse, child, parents, brothers, sisters, or any partnership, corporation, or firm in which he owns more than a ten percent interest.

[17] 'Secretary of Finance' means the Secretary of the Department of Finance and Administration of the Federated States of Micronesia."

Section 2. Title 29 of the Code of the Federated States of Micronesia is hereby amended by adding a new section 106 to read as follows:


(1) In the event there has been no activity of deposits or withdrawals in a savings account and not
contact has been made with the account holder of such
savings account for at least five (5) years, the account
shall be deemed a 'dormant account' and the bank in
which such account is kept shall act to close the
dormant account in accordance with the procedures set
forth below in this section.

(2) In the event there has been not activity of
deposits or withdrawals in a checking account and not
contact has been made with the account holder of such
checking account for at least two (2) years, the account
shall be deemed a 'dormant account' and the bank in
which such account is kept shall act to close the
inactive account in accordance with the procedures set
forth below in this section.

(3) Dormant accounts shall be identified annually by
each bank during the month of October.

(4) Upon identification of a dormant account, the bank
shall send written notice to the depositor at the
depositor’s last known address, informing the depositor
that the depositor’s account will be closed and the
funds therein transferred to the Secretary of Finance if
the depositor does not claim the funds in the dormant
account by December 31 of the calendar year.

(5) Between November 1 and November 15 and between
December 1 and December 15 of each year, each bank shall
publish a 'Notice of Inactive Bank Account', which shall contain:

(a) the names, in alphabetical order, and last known addresses of depositors of dormant accounts; and

(b) a statement that, if not claimed, such funds shall be transferred to the Secretary of Finance during the month of January of the following year. The Notice of Inactive Bank Accounts shall be published in a newspaper of general circulation or by the other means as determined by the Banking Board.

(6) During the month of January of the calendar year immediately following the notification and publication required by subsections (4) and (5) above, each bank shall transfer to the Secretary of Finance, for the account of the depositor, the full balance of each dormant account, provide however, that the bank may deduct therefrom all sums or costs due the bank, including a proportional share of the cost of publication or other notice required by this section.

(7) Except as provided for in this section, no bank shall assess any fee against any inactive or dormant account for reasons of inactivity.

(8) In the event that a bank holds, for three (3) years or more, unidentified deposits or loan payments, the owner or payor of which cannot be determined by the
bank, the bank shall transfer such funds to the
Secretary of Finance for the account of the depositor or
payor, in the event such depositor or payor is
determined at a later date.

(9) Upon receiving sums of money pursuant to this
section, the Secretary of Finance shall furnish the
transferring bank with a receipt for such transferred
funds and shall deposit such sums into a custodial
interest bearing account separate and apart from the
General Fund of the FSM National Government and shall
not be paid to the owner of the funds.

(10) Upon completion of the transfer of sums of the
Secretary of Finance, the transferring bank shall be
discharged of all liabilities to the owner, depositor,
or payor of such funds.

(11) The Secretary of Finance shall be responsible for
maintaining accurate records of funds received pursuant
to this section in accordance with any regulations
adopted by the Banking Board.

(12) At any time within twenty (20) years of the date
of transfer of funds to the Secretary of Finance
pursuant to this section, such funds may be claimed by
their rightful owner or owners by furnishing proof of
his, her or their right to such funds, which proof is
deemed satisfactory to the Secretary of Finance.
(13) All funds transferred to the Secretary of finance pursuant to this section shall escheat to the National Government of the Federated States of Micronesia twenty (20) years following the date of such transfer.

(14) Each bank shall hold the FSM National Government harmless for any liability incurred due to the handling of an account the bank. The FSM National Government shall not be liable for any transaction on an account made by any bank, including the transfer of the balance of the account to the Secretary of Finance pursuant to this section.

(15) The Banking Board may adopt such rules and regulations as may be necessary to implement the provisions of this section."

Section 3. Section 201 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Law No. 9-130, is hereby further amended to read as follows:

Section 201. Creation.

(1) There is hereby established a Banking Board which shall be composed of three members appointed by the President with the advice and consent of the Congress of the Federated States of Micronesia.

(2) All appointments shall be for a term of four years, provided however, that, unless otherwise provided by the
President, all rights and powers of a Banking Board member shall be maintained by each member until the date of the first meeting of the Banking Board following the appointment of such member’s successor. Banking Board [and] members shall be eligible for reappointment.

(3) The Chairman of the Banking Board shall be appointed by the President from among the members appointed pursuant to subsection (1) of this section."

Section 4. Section 601 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 9-130 and 12-57, is hereby further amended to read as follows:

"Section 601. Regulation and supervision of banks [by Banking Board] - General policies.

(1) All domestic banks and, to the extent of and with respect to business done at any branches established in the Federated States of Micronesia, all foreign banks doing business in the Federated States of Micronesia shall be regulated and supervised by the Banking Board in such manner as to secure the safe and sound conduct of such business, to prevent unsound practices, and to maintain the public confidence in such business and protect the public interest and the interests of depositors [, creditors, and stockholders].

(2) In determining if a Bank is carrying on its business in a prudent manner, the Banking Board will
have regard to the following:

(a) capital adequacy in relation to the size and nature of the business;

(b) asset concentration and risk exposure;

(c) separation of Banking Business from other business and from other interests of any person owning or controlling the Bank;

(d) adequacy of liquidity in relation to liabilities;

(e) asset quality and adequacy of provisions for losses;

(f) internal controls, risk management and accounting systems;

(g) adequacy of governance arrangements (including Directors and senior management) in relation to the nature and scale of the business; and

(h) such other matters as the Banking Board considers relevant.

(3) Every foreign bank licensed pursuant to section 501 of this title shall, with the concurrence of the Banking Commissioner, designate the branch in the Federated States of Micronesia which may be used as the channel of communication between the Banking Board and the Bank with respect to the application of this title to its
business throughout the Federated States of Micronesia. Such branch shall be responsible for the timely provision of reports and information by other branches requested under this title. The head office of a domestic bank shall be the channel of communication between the Banking Board and its branches, and shall be responsible for the timely provision of reports and information by other branches requested under this title.

(4) All FDBs shall comply with all existing and future banking and banking-related laws, rules and regulations of the United States relating to supervision, regulatory, and resolution and receivership matters, except any portions of such laws, rules and regulations that conflict with sections 4 or 5 of Article XIII of the FSM Constitution.

Section 5. Section 603 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Law No. 9-130, is hereby further amended to read as follows:

"Section 603. Examination of banks - Authority; Testimony; Document Production; Fees.

(1) The Banking Commissioner may examine, or cause to be examined; every domestic or foreign bank for the purpose of ascertaining whether it has complied with this title and other applicable laws and for such other
purposes and such other matters as the Banking Board may prescribe.

(2) The Banking Commissioner and every examiner appointed by him may administer an oath to any person whose testimony may be required on the examination of any bank and summon and compel the appearance and attendance of any person for the purpose of the examination.

(3) As part of any examination, the Banking Commissioner may also require the production of books, records or other documents in whatever form.

[4] As an examination fee, each bank so examined shall pay the total cost of such examination, and the sum so paid shall be deposited into the General Fund of the Federated States of Micronesia."

Section 6. Section 605 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Law No. 9-130, is hereby further amended to read as follows:

"Section 605. Special reports.

(1) The Banking Commissioner may request from the banks special reports.

(2) The Banking Commissioner may, from time to time, by notice in writing, require any domestic or foreign bank to submit such reports and returns as he may require for the purposes of the administration and
enforcement of the provisions of this title and any
regulations made thereunder.

(3) Any bank notified in writing under subsection (2)
of this section shall comply with accurate and timely
submissions or be subject to a penalty imposed by the
Banking Board in an amount not to exceed $50 per day
until the correct information has been provided to the
satisfaction of the Banking Commissioner.

(4) During the first five years of operations in the
Federated States of Micronesia by any domestic bank, the
Banking Commissioner shall call for special reports of
its condition not less frequently than each calendar
quarter."

Section 7. Section 613 of title 29 of the Code of the
Federated States of Micronesia, as amended by Public Law No. 12-
57, is hereby further amended to read as follows:

"Section 613. Limitations on loans - Related persons.

(1) Except as herein provided, no domestic bank shall
make any extension of credit to any of its officers,
directors, agents, [or] employees, or holders of more
than three percent (3%) of the outstanding stock of the
bank, or to any related person, either directly or
indirectly, except upon the written application of such
person or related person stating the line of credit
applied for, terms and security, if any, offered
therefor to the board of directors or to the loan or
executive committee of the board, and then only with the
written approval of a majority of the board or a
majority of the loan committee of the bank (excluding
the person seeking the credit) before the loan is made;
and the approval of the loan as allowed by the board or
the loan committee of the bank shall be made a part of
the minutes of the next directors' meeting of the bank.

(2) Loans may be made to any officer, director, agent,
employee, or shareholder of any domestic bank or
any related person, without such application and
approval, in amounts not in excess of $5,000 in
aggregate principal owing by any such individual and
related person at any one time.

(3) Extensions of credit may only be made pursuant to
subsections (1) and (2) of this section if they are made
on substantially the same terms, including interest
rates and collateral, as those prevailing at the time
for comparable transactions by the bank with members of
the general public; PROVIDED however, that a bank may
offer preferential terms to employees under an
internally established employee benefit program."

Section 8. Section 617 of title 29 of the Code of the
Federated States of Micronesia is hereby amended to read as
follows:
"Section 617. [Disclosure of grounds for denial of requests for extension of credit] Applications for credit – denials and records. Each bank must provide an applicant with a written explanation of the basis on which a decision is made to deny a loan application, credit card application, or other request for extension of credit within thirty (30) days from the date of receipt of such applications by the bank. Each bank shall keep records of all applications for credit received and denials and written explanations given in the manner determined by the Banking Commissioner."

Section 9. Sections 619 of title 29 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 619. Acceptance of deposits – Minimum capital requirements. No domestic bank may accept deposits at any time that its paid-in capital, surplus, and undivided profits are less than $1,000,000 in the aggregate."

Section 10. Section 621 of title 29 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 621. Bank stock – Ownership limitations. No person or group of related persons (including entities that are affiliated as parent or subsidiary companies or
are otherwise under common control) may acquire [twenty-five] ten percent or more of the stock of a domestic bank without the prior approval of the Banking Board."

Section 11. Section 701 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Law No. 12-57, is hereby further amended to read as follows:

"Section 701. This section shall apply when the Banking Board has determined that a Bank licensed under this title:

(a) is following unsafe or unsound practices in the conduct of its business that if continued may jeopardize its obligations to its depositors, or adversely affect the operation or stability of the banking system of the FSM; or

(b) has contravened or failed to comply with the terms and conditions of its license or the provisions of this title.

(2) When a Bank is engaged in practices described in subsection (1) of this section, the Banking Board [shall]:

(a) shall issue a directive to such Bank to cease and desist from such practice, contravention or non-compliance or to take such other action as the Banking Board determines is necessary;

(b) shall issue a directive to such Bank to take
such action (including action to replace or strengthen
management officers or directors) as may be specified
in such directive in order to correct the conditions
resulting from such practice, contravention or non-
compliance; and

(c) may appoint a qualified person to advise the
bank on the proper conduct of its business and measures
to be taken to rectify its situation; the remuneration
to be paid to such advisor shall be fixed by the Banking
Board and paid by the Bank."

Section 12. Section 702 of title 29 of the Code of the
Federated States of Micronesia, as amended by Public Law No. 12-
57, is hereby further amended to read as follows:

"Section 702. [Penalty for failure to comply with
section 701 of this title] Enforcement of directives.

(1) The Banking Commissioner shall promptly and fully
enforce all FDIC directives and orders against or
involving any FDB or any IAP, except to the extent that
such directives or orders conflict with the Constitution
of the FSM.

(2) If a Bank to which section 701 of this title has
been applied fails to comply promptly [within a
reasonable time] with [a] any directive or order of the
FDIC or Banking Commissioner, such failure shall
constitute grounds for an application under section 801
Section 13. Section 801 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Law No. 9-130, is hereby further amended to read as follows:

"Section 801. Receivership — Application by Banking Commissioner. If, in consequence of an examination or report made by an examiner, or otherwise, the Banking Board should have reason to believe that a domestic bank or domestically-licensed foreign bank is [not in sound financial condition to continue doing business] in an unsafe or unsound condition or is engaging in unsafe or unsound practices; or that its affairs are being conducted in such a manner that the public or the persons or entities having securities or funds under its custody are in danger of being defrauded; or if any such bank shall violate its charter or any law relative thereto, or this title in any material respect; or if it becomes insolvent, then, subject to subsections 802(4) and (5) below, the Banking Commissioner [shall] may apply to the Trial Division of the Supreme Court of the Federated States of Micronesia for the appointment of a receiver to take charge of and wind up the affairs of such bank."

Section 14. Section 802 of title 29 of the Code of the Federated States of Micronesia, as amended by Public Law No. 9-
Section 802. Receivership - Appointment and duties of receiver.

(1) If the Court, after hearing all parties concerned, determines that the facts alleged by the Banking Commissioner are supported by the evidence, except in the event that the FDIC has appointed itself receiver pursuant to subsections (4) or (5) of this section, the Court shall appoint a receiver.

(2) Upon his appointment the receiver shall, under the direction of the Banking Commissioner, take possession of the assets and liabilities, books, records, papers, and files of every description belonging to the bank; and collect all loans, fees, and claims of the bank; and see to the payment of its obligations and debts, and to the necessary expenses of receivership.

(3) The receiver shall proceed to liquidate the affairs of the bank as soon as possible, and to this end may sell the personal and real property and other assets of the bank, but subject to the approval of the Banking Commissioner. The receiver shall continue to perform his duties in the manner prescribed herein until the bank or foreign bank is fully liquidated."

(4) The FDIC shall have the right to appoint itself receiver of a FDB if the Board of Directors of the FDIC
determines that:

(a) the FDB's assets are less than the FDB's obligations to its creditors and others, including members of the FDB;

(b) the assets or earnings of the FDB have been substantially dissipated due to any violation of any statute or regulation or any unsafe or unsound practice;

(c) there exists any unsafe or unsound condition for the FDB to transact business;

(d) the FDB has willfully violated any cease-and-desist order that has become final;

(e) the FDB has engaged in any concealment of any of the FDB's books, papers, records or assets, or any refusal to submit the FDB's books, papers, records or affairs for inspection to any examiner or any lawful agent of the appropriate U.S. Federal banking agency;

(f) the FDB is likely to be unable to pay its obligations or meet its depositor's demands in the normal course of business;

(g) the FDB has incurred or is likely to incur losses that will deplete all or substantially all of its capital, and there is no reasonable prospect for the institution to become adequately capitalized without U.S. Federal assistance;

(h) the FDB has violated any law or regulation or
has engaged in any unsafe or unsound practice or there
exists any unsafe or unsound condition that is likely to
cause insolvency or substantial dissipation of assets or
earnings, weaken the FDB's depositors of the deposit
insurance funds;

(i) the FDB, by resolution of its board of
directors or its shareholders or members, consent to the
appointment;

(j) the FDB has ceased to be an insured
institution;

(k) the FDB is undercapitalized (as defined in
section 38(b) of the FDI Act), and (i) has no reasonable
prospect of becoming adequately capitalized, (ii) fails
to become adequately capitalized when required to do so
(per section 38(f)(2)(A) of the FDI Act), (iii) fails to
submit a capital restoration plan acceptable to that
agency within the time prescribed under section
38(e)(2)(D) of the FDI Act, or (iv) materially fails to
implement a capital restoration plan submitted and
accepted under section 38(e)(2) of the FDI Act;

(l) the FDB is critically undercapitalized (as
defined in the FDI Act) or otherwise has substantially
insufficient capital;

(m) the U.S. Attorney General notifies the
appropriate U.S. Federal banking agency or the FDIC in
writing that the FDB has been found guilty of a criminal
offense under section 1956 or 1957 of title 18 of the
United States Code or section 5322 or 5324 of title 31
of the United States Code, which deal with money
laundering offenses;

(n) the appointment is necessary to reduce the
risk that the deposit insurance fund would incur a loss
with respect to the insured depository institution; or

(o) the appointment is necessary to reduce any
loss that the deposit insurance fund is expected to
incur with respect to that institution.

(5) Upon closure of a FDB for any reason, the FDIC
shall become the receiver of the FDB on the date of the
closing unless the FDIC notifies the Banking
Commissioner in writing that it will not serve as
receiver.

(6) A closed FDB shall pay the receiver's
administrative expenses prior to the payment of any
other claims of unsecured creditors. The subrogated
claim of the FDIC as insurer of deposits shall have
priority over the payment of any claims of general
unsecured creditors of the FDB, other than the
receiver's administrative expenses.

(7) No person alleging a claim against a FDB in
receivership shall be permitted to bring an action in a
court of law or other forum (including any action that existed against the FDB prior to its failure) until such person has permitted the receiver a reasonable period to review such claim.

(8) No claim against a receiver arising prior to the failure of the FDB shall be valid unless it appears in the FDB's records.

(9) No claim against the receiver for its actions in liquidating the FDB shall prevail unless the plaintiff proves by clear and convincing evidence that the receiver acted in willful disregard of the law.

(10) No court or administrative agency shall enjoin the operations of the receivership.

(11) Officers, directors and other professionals shall be liable to the receiver for any damages caused to the failed FDB.

(12) The receiver shall not be required to perform any executory contract that had been entered into by the FDB prior to its failure.

(13) Litigation between the receiver and the creditors or debtors of the FDB shall not be commenced until the receiver has conducted after a complete administrative review of the claim.

(14) All suits of a civil nature to which the FDIC as receiver is a party must be brought in the U.S. District
Court for the District of Guam or in the another United States District Court agreed upon by the receiver and the litigant(s).

(15) The FDIC may solicit a special master, which shall be designated by the United States District Court for the District of Guam at its discretion, to reduce litigants' travel obligations by conduction hearings and gathering evidence in the FSM."

Section 15. Title 29 of the Code of the Federated States of Micronesia is hereby amended by enacting a new chapter 9 entitled "FDIC Proceedings".

Section 16. Title 29 of the Code of the Federated States of Micronesia is hereby amended by enacting a new section 901 to read as follows:

"Section 901. Jurisdiction. FDBs and IAPs that are subject to, or involved in, any final or temporary order or directive shall be subject to suit by the FDIC in the United States District Court for the District of Guam or, if warranted by the circumstances in another appropriate United States District Court."

Section 17. Title 29 of the Code of the Federated States of Micronesia is hereby amended by enacting a new section 902 to read as follows:

"Section 902. Venue. Any and all proceedings against any FDBs arising out of or relating to alleged non-
compliance with the FDI Act or the FDIC regulations shall be held in the State of Pohnpei, unless the parties thereto agree to hold the proceedings in another location, or unless an Administrative Law Judge finds good cause to hold the hearing in another location."

Section 18. Title 29 of the Code of the Federated States of Micronesia is hereby amended by enacting a new section 903 to read as follows:

"Section 903. Appeals.

(1) After exhausting any available administrative remedies, a FDB or affected IAP may appeal a temporary administrative order or interim appealable administrative order to the United States District Court for the District of Guam or, if warranted by the circumstances, to another appropriate United States District Court.

(2) A FDB or affected IAP may appeal a final order or directive to the United States Court of Appeals for the Ninth Circuit or to the United States Court of Appeals for the District of Columbia Circuit."

Section 19. Title 29 of the Code of the Federated States of Micronesia is hereby amended by enacting a new section 904 to read as follows:

"Section 904. Full faith and credit. The FSM government and FSM national, state and municipal courts
shall give full faith and credit to final and temporary
orders and directives of the FDIC or any United States
banking or regulatory agency or any United States court
arising out of or relating to a violation by any FDB or
IAP of the FDI Act or any FDIC regulation. All such
final and temporary orders shall be enforced by the FSM
in summary proceedings. The FSM, including the
Department of Justice, courts and agencies of the FSM,
shall cooperate fully in the enforcement of all such
final and temporary orders and directives."

Section 20. Title 29 of the Code of the Federated States of
Micronesia is hereby amended by enacting a new section 905 to read
as follows:

"Section 905. Continued involvement prohibited.
Participation in the conduct of the affairs of a FDB
shall be prohibited by any IAP, person or party who:

(1) is subject to a final or temporary order of
suspension, removal, or prohibition issued by the FDIC,
other United States banking or regulatory agency, or
United States court; and/or

(2) has been convicted of, or has agreed to enter a
pre-trial diversion of similar program, in connection
with the prosecution for an offense of the type covered
by section 19 of the FDI Act, including any conviction
and/or diversion that takes place in the FSM or in any
other nation or jurisdiction."

Section 21. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

Date: 10/30/03

Introduced by: /s/ Henry C. Asugar

Henry C. Asugar
(by request)