AN ACT

To amend section 506 of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended, to provide the Public Auditor with the powers to investigate allegations of white collar crime, and for other purposes.

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

1. Section 1. Section 506 of title 55 of the Code of the
2. Federated States of Micronesia (Annotated), as amended, is hereby
3. amended to read as follows:

"Section 506. Powers.

The powers of the Public Auditor shall be as follows:

(1) The Public Auditor may examine and inspect all
books, records, files, papers, documents, and all
financial affairs of every branch, department, office,
agency, board, commission, bureau, and statutory
authority of the National Government, as well as other
public legal entities, including States and nonprofit
organizations receiving funds from the National
Government.

(2) The Public Auditor may audit the records of any
contractor performing public work on a cost-
reimbursement-type contract for the National Government
of the Federated States of Micronesia to verify the cost
charged to the public contract. Any contractor
performing public work pursuant to a contract with the National Government of the Federated States of Micronesia shall keep and maintain records adequate to establish the validity of costs charged to the National Government.

(3) The Public Auditor may by subpoena summon persons to appear at a reasonable time before him and administer oaths to such persons. He may question such persons, under oath, regarding receipts and expenditures of money and any other reasonable and relevant matters necessary for the due execution of the duties vested in the Public Auditor by this chapter.

(4) The Public Auditor may issue subpoenas *duces tecum* within a reasonable time requiring the production of books, records, documents, or other relevant financial papers or objects necessary for the performance of his duties.

(5) Any subpoena or subpoena *duces tecum* issued under the authority of the Public Auditor shall run in the name of the Federated States of Micronesia and shall be addressed to the chief or other officer of the Division of Security and Investigation of the Office of the Attorney General of the National Government of the Federated States of Micronesia. The subpoena or subpoena *duces tecum* shall be signed by the Public...
Auditor and shall identify the witness to be served or the books, records, documents, or other relevant financial papers or objects to be produced together with a reference to the account subject to inspection and audit.

(6) Any officer to whom such subpoena or subpoena duces tecum is directed shall forthwith serve or execute the same upon delivery thereof to him.

(7) Any person who willfully fails or refuses to appear upon receiving service of a subpoena, or who willfully fails or refuses to produce any books, records, documents, or other relevant financial papers or objects designated in a subpoena duces tecum properly issued by the Public Auditor, upon conviction thereof, shall be fined not more than $1,000, or imprisoned for not more than one year, or both. Failure by the Public Auditor to comply in any material respect with the requirements of this chapter shall relieve any person of the obligation to appear or the obligation to produce designated materials, and such failure shall be defense in any proceeding against such person for punishment.

(8) Any person subject to a subpoena duces tecum shall have only those privileges against producing books, records, documents, or other relevant financial papers or objects which are authorized under the rules
of evidence of the Supreme Court of the Federated States of Micronesia, the Constitution of the Federated States of Micronesia, the Trust Territory Bill of Rights, or other applicable law.

(9) The Public Auditor, when he receives an allegation of non-compliance in public office, misuse of public resources, financial crime, financial corruption, or any other breach of the national law or regulations involving, in whole or in part, public funds from the National Government, may authorize the Compliance Investigation Division to conduct a preliminary inquiry to ascertain whether there is a reasonable cause to warrant an investigation into the allegation.

(10) The Public Auditor, when he as a part of his duties has a reasonable cause to suspect non-compliance in public office, misuse of public resources, financial crime, financial corruption, or any other breach of the national law or regulations involving, in whole or in part, public funds from the National Government, may authorize the Compliance Investigation Division to investigate such matters.

(11) The Compliance Investigation Division, when conducting a preliminary inquiry or an investigation, shall liaise with the Department of Justice during the course of conducting such a preliminary inquiry or
investigation and advise the Department of Justice of
the results of such a preliminary inquiry or
investigation."

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

OVERRIDE 3/28/17

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Peter M. Christian
President
Federated States of Micronesia