
A RESOLUTION

Urging the President to terminate the relationships of the National Government of the Federated States of Micronesia with the companies of Merrill Lynch, Pierce, Fenner & Smith, Inc. and Siebel Capital Management, Inc.

1 WHEREAS, the Federated States of Micronesia has for several
2 years relied exclusively on the financial advice of Merrill
3 Lynch, Pierce, Fenner & Smith, Inc.; and

4 WHEREAS, a large portion of the funds received by the
5 Federated States of Micronesia under its Compact of Free
6 Association with the United States has been managed by Siebel
7 Capital Management, Inc.; and

8 WHEREAS, the relationship between the Federated States of
9 Micronesia and the two companies has been one of total
10 dependence by the Federated States of Micronesia without the
11 development of expertise by FSM nationals such as through
12 employment and training of FSM citizens by the two companies;
13 and

14 WHEREAS, the Federated States of Micronesia has recently
15 joined a lawsuit against Merrill Lynch, Pierce, Fenner & Smith,
16 Inc. concerning the loss of \$1,000,000 from one of the FSM's
17 accounts managed by Siebel Capital Management, Inc.; and

18 WHEREAS, the loss of \$1,000,000 was likely the result of
19 negligent acts or failures to act by both Merrill Lynch, Pierce,
20 Fenner & Smith, Inc. and Siebel Capital Management, Inc.; now,
21 therefore,

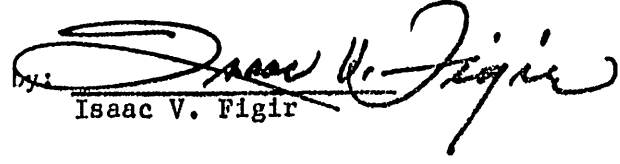
22 BE IT RESOLVED by the Sixth Congress of the Federated
23 States of Micronesia, Third Regular Session, 1990, that the
24 Congress hereby urges the President of the Federated States of
25 Micronesia to terminate the relationships of the National

1 Government of the Federated States of Micronesia with the
2 companies of Merrill Lynch, Pierce, Fenner & Smith, Inc. and
3 Siebel Capital Management, Inc., and that the President seek
4 new relationships with other reputable financial advisors and
5 financial managers who will not promote dependence on their
6 services by the Federated States of Micronesia, but rather will
7 assist the Federated States of Micronesia to develop greater
8 self-sufficiency in the areas of investment advising and
9 management, such as through employment of FSM citizens; and

10 BE IT FURTHER RESOLVED that certified copies of this
11 resolution be transmitted to the President of the Federated
12 States of Micronesia and the Secretary of Finance of the
13 Federated States of Micronesia.

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Date: 5/25/90

Introduced by: 
Isaac V. Figir