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 years relied exclusively on the financial advice of Merrill Lynch, Pierce, Fenner & Smith, Inc.; and
2. WHEREAS, a large portion of the funds received by the Federated States of Micronesia under its Compact of Free Association with the United States has been managed by Siebel Capital Management, Inc.; and
3. WHEREAS, the relationship between the Federated States of Micronesia and the two companies has been one of total dependence by the Federated States of Micronesia without the development of expertise by FSM nationals such as through employment and training of FSM citizens by the two companies; and
4. WHEREAS, the Federated States of Micronesia has recently joined a lawsuit against Merrill Lynch, Pierce, Fenner & Smith, Inc. concerning the loss of $1,000,000 from one of the FSM's accounts managed by Siebel Capital Management, Inc.; and
5. WHEREAS, the loss of $1,000,000 was likely the result of negligent acts or failures to act by both Merrill Lynch, Pierce, Fenner & Smith, Inc. and Siebel Capital Management, Inc.; now, therefore,

5. IT RESOLVED by the Sixth Congress of the Federated States of Micronesia, Third Regular Session, 1990, that the Congress hereby urges the President of the Federated States of Micronesia 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., and that the President seek new relationships with other reputable financial advisors and financial managers who will not promote dependence on their services by the Federated States of Micronesia, but rather will assist the Federated States of Micronesia to develop greater self-sufficiency in the areas of investment advising and management, such as through employment of FSM citizens; and

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

Date: 5/3/90

Introduced by: Isaac V. Figir