

A BILL FOR 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:

4 "Section 506. Powers.

5 The powers of the Public Auditor shall be as follows:

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

14 (2) The Public Auditor may audit the records of any
15 contractor performing public work on a cost-
16 reimbursement-type contract for the National Government
17 of the Federated States of Micronesia to verify the cost
18 charged to the public contract. Any contractor

1 performing public work pursuant to a contract with the
2 National Government of the Federated States of
3 Micronesia shall keep and maintain records adequate to
4 establish the validity of costs charged to the National
5 Government.

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

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

18 (5) Any subpoena or subpoena *duces tecum* issued under
19 the authority of the Public Auditor shall run in the
20 name of the Federated States of Micronesia and shall be
21 addressed to the chief or other officer of the Division
22 of Security and Investigation of the Office of the
23 Attorney General of the National Government of the
24 Federated States of Micronesia. The subpoena or
25 subpoena *duces tecum* shall be signed by the Public

1 Auditor and shall identify the witness to be served or
2 the books, records, documents, or other relevant
3 financial papers or objects to be produced together with
4 a reference to the account subject to inspection and
5 audit.

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

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

22 (8) Any person subject to a subpoena *duces tecum*
23 shall have only those privileges against producing
24 books, records, documents, or other relevant financial
25 papers or objects which are authorized under the rules

1 of evidence of the Supreme Court of the Federated States
2 of Micronesia, the Constitution of the Federated States
3 of Micronesia, the Trust Territory Bill of Rights, or
4 other applicable law.

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

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

22 (11) The Compliance Investigation Division, when
23 conducting a preliminary inquiry or an investigation,
24 shall liaise with the Department of Justice during the
25 course of conducting such a preliminary inquiry or

