

Title 37.

Corporations, Partnerships and Associations.

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CHAPTER 1.

GENERAL PROVISIONS.

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§ 1. Authority of High Commissioner to grant corporate charters and establish public corporations. — The High Commissioner may grant charters of incorporation for the establishment and functioning of business organizations, associations of persons for any lawful purpose other than pecuniary profit, cooperatives and credit unions. The High Commissioner may create and establish public corporations subject to approval and consent of the Congress of Micronesia. (Code 1966, § 1116; Code 1970, tit. 37, § 1.)

§ 2. Scope and application of chapter; exceptions. — (1) The provisions of this chapter are applicable to every private corporation, profit or nonprofit, stock or non-stock, now existing or hereafter formed, and to the outstanding and future securities thereof, unless such corporation be expressly excepted from the operation thereof, or there be a special provision in relation to any class thereof inconsistent with some provision of this chapter, in which case the special provision prevails.

(2) The existence of corporations heretofore formed or existing shall not be affected by the enactment of this chapter nor by any change in the requirements for the formation of corporations nor by amendment or repeal of the laws under which they were formed or created. (Code 1966, §§ 1133 and 1134; Code 1970, tit. 37, § 2.)

§ 3. Application for charter. — (1) An association of persons seeking a charter as a corporation shall submit for the approval of the High Commissioner articles of incorporation which shall provide at least the following information:

- (a) Proposed name of the corporation.
- (b) Principal office or place of business.
- (c) Proposed duration.
- (d) Purposes.
- (e) Powers.
- (f) Capitalization.
- (g) Names of incorporators.
- (h) Number of directors, which shall be not less than three, and proposed officers.
- (i) Names of directors and officers to serve until first election.

- (j) Provisions for management, if any.
- (k) Provisions for voting by members.
- (l) Provisions for shareholding, if any.
- (m) Disposition of financial surplus.
- (n) Provisions for liquidation.
- (o) Provisions for amendment of articles of incorporation.
- (2) In addition to articles of incorporation, persons seeking a charter as a corporation shall submit for the approval of the High Commissioner proposed by-laws governing the operation of the corporation. (Code 1966, § 1118; Code 1970, tit. 37, § 3.)

§ 4. Audits and inspections authorized. — (1) The High Commissioner may appoint officers to audit and report on the accounts of corporations authorized to do business within the Trust Territory and such officers shall have the right at any and all times to inspect, examine and audit the books and accounts of such corporations.

(2) Any member of a nonprofit corporation shall have the right to inspect and examine the books and accounts of the corporation of which he is a member, provided that such inspection and examination shall be held at the place where such books and accounts are normally kept, and shall take place on weekdays during normal business hours in such a manner as not to interfere with usual conduct of business or corporate affairs. (Code 1966, § 1119; Code 1970, tit. 37, § 4.)

§ 5. Use of the terms "cooperative" and "credit union" restricted. — No person, firm, corporation or association hereafter organized or doing business in the Trust Territory shall be entitled to use the terms "cooperative" or "credit union" as part of its corporate name or other business name or title, or otherwise represent itself to the public to be a nonprofit cooperative association or a credit union or cooperative savings and loan association unless it has complied with the provisions of this chapter, except as provided in section 2. (Code 1966, § 1117; Code 1970, tit. 37, § 5.)

§ 6. Enjoinder of violations. — Violations of the provisions of this chapter or regulations promulgated hereunder are hereby declared to be enjoinderable, and the Attorney General, or the district attorney in the name of the Attorney General, shall have the power to seek appropriate relief from such violations or from other corporate practices in violation of the law of the Trust Territory or contrary to the public interest. (Code 1966, § 1135; Code 1970, tit. 37, § 6.)

Showing required of persons seeking injunction. — While a showing that irreparable injury, loss or damage would result to the citizens of the Trust Territory if defendants were not enjoined from violation of law in question might have had to have been

made in order to get a restraining order pendente lite, such a showing need not be made at trial where section of Code provided that a violation of its provisions may be enjoined. *Trust Territory v. Traid Corp.*, 4 TTR 300 (1969).

CHAPTER 2.

REGISTRAR OF CORPORATIONS.

Sec.

51. Office created; duties.

52. Authority to promulgate rules and regulations.

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53. Power to convene corporate meeting.

54. Power to order production of records.

§ 51. Office created; duties. — There shall be in the office of the Attorney General a registrar of corporations appointed by the High Commissioner, who shall issue, receive, and hold as custodian all certificates, papers, statements, or other records of documents required by the provisions of this title, or rules or regulations promulgated hereunder, to be distributed by or filed with the government of the Trust Territory, and shall perform such other duties as may from time to time be assigned to him by the High Commissioner or the Attorney General. (Code 1966, § 1115(a); Code 1970, tit. 37, § 51.)

§ 52. Authority to promulgate rules and regulations. — The registrar of corporations, with the approval of the Attorney General and the High Commissioner, shall have the power to prescribe such rules and regulations as are deemed advisable to administer and carry into effect the provisions of this title. Such rules and regulations shall have the force and effect of law. The registrar of corporations shall file a copy of such rules and regulations with each clerk of courts. (Code 1966, § 1115(b); Code 1970, tit. 37, § 52.)

§ 53. Power to convene corporate meeting. — The registrar of corporations may, when deemed by him to be in the public interest, convene a special meeting of the members, board of directors, or officers of any corporation organized or existing under the provisions of this chapter, by giving notice, not less than ten days prior to the date of such meeting, to the members, directors, or officers, as the case might be. Such notice shall state the purpose of the meeting and the subject, or subjects to be discussed. (Code 1966, § 1115(c); Code 1970, tit. 37, § 53.)

§ 54. Power to order production of records. — In connection with the duties prescribed in this chapter the registrar of corporations is authorized and empowered to order the production of books of account, papers and documents of any corporation or company authorized to do business within the Trust Territory. Refusal, without a showing of good cause, to produce books of account, papers and documents within thirty days after an order for the production thereof shall be a misdemeanor punishable by a maximum fine of fifty dollars, or, when the order is directed to an individual, imprisonment of such individual for a period not to exceed ninety days, or both. (Code 1966, § 1115(d); Code 1970, tit. 37, § 54.)