JULY 15, 1974

TRUST TERRITORY OF THE PACIFIC ISLANDS

HEADQUARTERS, SAIPAN, MARIANA ISLANDS

Volume 1 Number 1

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Part 1

IN THE SPOTLIGHT

This issue is devoted exclusively to publication of regulations adopted before July 1, 1974 and still in effect.

(These comments have no legal affect on any documents published in this issue).

territorial register

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Territory Government in a District upon the death of the District Administrator of such District from the day of death until interment.

2.4. Other Officials. In the event of the death of other officials, former officials, high chiefs, or United States and United Nations dignitaries, the flag of Micronesia shall be displayed at half-mast in accordance with such orders or instructions as may be issued by or at the direction of the High Commissioner, or in accordance with recognized customs or practices not inconsistent with law.

2.5. Other Occasions. The heads of the several departments or agencies of the Trust Territory Government may direct that the flag of Micronesia be flown at half-mast on buildings, grounds, or vessels under their jurisdiction on occasions other than those specified herein which they consider proper.

OFFICE OF THE ATTORNEY GENERAL

TITLE 53

NATIONALITY, EMIGRATION AND IMMIGRATION

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(Chapters 1 and 2 reserved for future use)

TITLE 53

NATIONALITY, EMIGRATION AND IMMIGRATION

CHAPTER 3

IMMIGRATION CONTROL

(Release No. 1–73)

PART 10. GENERAL PROVISIONS

10.1. Authority. The rules and regulations in this Chapter have been promulgated by the High Commissioner, Trust Territory of the Pacific Islands, in accordance with Title 53 of the Code of the Trust Territory. These regulations and any amendments thereto shall have the force and effect of law.

10.2 Purpose. The control of entry into or movement within the Trust Territory will be exercised to protect fully the inhabitants thereof, but unnecessary interference with the free movement of persons, vessels, and aircrafts shall be avoided.

PART 11. ENTRY PERMITS

11.1. Entry Permit Required. No person shall enter the Trust Territory of the Pacific Islands unless he shall have in his possession a valid entry permit issued by the Government of the Trust Territory, except as provided for in Section 11.8 herein.

11.2. Requests for Entry. Requests for entry permits will be evaluated and granted on the basis of the standards of exclusion set forth in Section 56, Title 53 of the Trust Territory Code and the availability of housing and subsistence in the District or Districts to be entered.

11.3. Responsibility of Applicant to Depart. It shall be the responsibility of every applicant to depart the Trust Territory upon expiration of the time prescribed in the entry permit, or any extension or renewal thereof, or upon revocation of the permit. Failure to comply will be a violation of these regulations and may result in denial of future entry, as well as subject the violator to other penalties provided by law.

11.4. Application Procedures. Permits to enter one or more islands of the Trust Territory, except for Kwajalein, Eniwetok or any area closed for security reasons, may be issued by the

High Commissioner, or his duly authorized representative, upon submission of the following document information:

a. Written application on Trust Territory Form No. 97, available by writing or contacting the Immigration Administrator, Trust Territory Headquarters, Saipan, Mariana Islands, 96950. Applications may also be obtained from the Trust Territory Liaison Officer, P.O. Box AC, Agana, Guam 96910, or any District Administrator.

b. The application shall include all of the information required in Trust Territory Form No. 97, with specific details as to:

(1) Purpose of proposed visit, including names of principal persons, firms, or establishments to be visited.

(2) Proposed duration of visit.

(3) Estimated date of arrival in the Trust Territory.

(4) Address to which authorization should be mailed.

c. Upon completion application shall be mailed to the Immigration Administrator, Trust Territory Headquarters, Saipan, Mariana Islands, 96950.

11.5. Emergency Procedure. When time is of the essence, emergency applications may be forwarded by commercial cable to "HICOTT Saipan." Such messages shall include the following in the order given:

a. Name of Applicant;

b. Date and place of birth;

c. Citizenship;

d. Permanent residence address;

e. Passport number, date and place of its issuance, and expiration date.

If a cable reply is requested, cost of commercial cable shall be borne by the applicant.

11.6. Duration of Permit. Permits will be issued only for visits of specified duration as is deemed reasonable by the issuing official, not to exceed one year. All permits are subject to revocation by the High Commissioner in accordance with the provisions of Title 53, Trust Territory Code. The length of a visit may be extended by a District Administrator, for a period not to exceed thirty (30) days, upon application to the District Administrator prior to the expiration of the current permit. Requests for extension for a period longer than thirty (30) days beyond the initial period shall be submitted to the Immigration Administrator.

11.7. Additional Documents Required. In addition to such permit, a visitor will be required to have in his possession at the time of entering the Trust Territory or any District thereof the following:

a. As to Trust Territory and United States citizens and nationals, proof of such citizenship or nationality, (e.g., passport, birth certificate, baptismal certificate, etc.)

b. In the case of all others, a passport or other acceptable travel document issued by competent authority, containing either a photograph or fingerprint of the holder, which passport or document must be valid at the time of entry and for a period of at least sixty (60) days beyond the expiration date of the entry permit of the holder, and must either authorize him to return to his country or, if his destination after the Trust Territory is some other country, must contain a visa to enter that country.

c. Health Certificates:

(1) A valid International Certificate of Vaccination for smallpox; however, in the event the visitor enters the Trust Territory from the United States or any of its territories or possessions, the International Certificate of Vaccination for smallpox shall not be required for entry.

(2) For travelers six months of age or older arriving from a yellow fever infected area, cited in the local infected area list as published in the World Health Organization Epidemiological Record, a valid certificate of yellow fever vaccination.

(3) For travelers six months of age or older arriving from cholera infected area, cited in the local infected area list as published in the World Health Organization Epidemiological Record, a valid certificate of cholera vaccination; and

(4) Any other vaccination or inoculation that may be required from time to time by Health Services, Trust Territory Government.

d. A round trip ticket or onward trip ticket to his next destination beyond the Trust Territory.

e. Funds in a sufficient amount to maintain and support him during his stay in the Trust Territory. The District Immigration Officer may in his discretion require the traveler to post a cash bond, to insure that he will not become a financial burden to the Trust Territory, in an amount not to exceed five hunderd dollars ($500.00). Such bond may be used by the Trust Territory Government at any time to defray the expenses of maintenance or removal of such person from the Trust Territory. Such sum shall be returned, or accounted for if used as above provided, to the depositor upon his departure from the Trust Territory.

11.8. Exceptions to Entry Requirements.

a. United States citizens, and aliens possessing valid United States visas, may enter the Trust Territory for a period not to exceed thirty (30) days for the purpose of tourism or sightseeing without an entry permit, but must comply with the provisions of 11.3 and 11.7 herein.

b. Employees of the Trust Territory Government, upon initially reporting to the Trust Territory for duty, shall have in their possession a letter signed by the Immigration Administrator authorizing the individual, accompanied by his family to enter the Trust Territory for the purpose of accepting Government employement, but such employees and members of their families must comply with 11.7 (a) or (b) and (c) herein.

c. Employees of the Trust Territory Government may travel to and from and within the Trust Territory without an entry permit, passport, or other travel document, if they have in their possession official travel orders or and identification card issued by the Personnel Office of the Trust Territory identifying them as such, and if they comply with 11.7 (c). The passport and entry permit requirements may also be waived for dependents of such employees when traveling within the Trust Territory with the employee or when carrying proof of their indentity as dependents of a Trust Territory employee.

d. Members of the Armed Forces or civilian employees of the United States Government when traveling on official Government travel orders shall be exempt from the requirements of Section 11.1 but must comply with 11.7 (c).

e. Citizens of the Trust Territory, upon presentation of proof of their citizenship, shall be exempt from all requirements except 11.7 (c).

PART 12. VESSEL AND AIRCRAFT ENTRY

12.1. Information Required. No vessel or aircraft, unless exempted in 12.2 below, shall enter the Trust Territory without first having received permission from the High Commissioner or his designated representative. Requests for permission to enter shall contain the following information in the order indicated:

a. Vessels

(1) Name of vessel

(2) Place of registry and registry number

(3) Name, nationality and address of operator

(4) Name, nationality and address of owner

(5) Call sign

(6) Length, Breadth and Depth of vessel

(7) Last port of call

b. Aircraft

(1) Type and serial number of aircraft

(2) Name, nationality and address of senior pilot

(3) Name, nationality and address of owner

(4) Plan of flight route

(5) Landing weight

12.2 Exemption from Vessel and Aircraft Requirements. Vessels and aircraft operating under license, grant, or express permission of the High Commissioner, and public vessels and aircraft of the United States which are traveling under proper orders and not engaged in commercial activities, are exempt from the provisions of 12.1.

12.3. Emergency Entry of Vessels and Aircraft. Upon request, the High Commissioner will authorize the immediate entry of a vessel or aircraft to a Trust Territory port in case of stress or weather, force majeure, or mechanical or medical emergency. Post-entry authorization will be granted where circumstances do not permit pre-entry grant of permission to enter. All emergency entries shall be verified. If the emergency cannot be verified, the entrance shall be considered to be unauthorized.

12.4. List of Crew and Passengers to be Furnished. The master or pilot of every vessel or aircraft arriving in the Trust Territory from a port outside of the Territory shall, upon demand of the Immigration Administrator or his duly authorized representative or a representative of Health Services, furnish a list of the crew and passengers aboard.

12.5. Carrier Responsibility. It shall be the responsibility of any carrier transporting persons into the Trust Territory to ensure that passengers scheduled to disembark at a port therein hold the proper documents to effect lawful entry. Passengers arriving at a Trust Territory port who fail to present the documentation required by law shall be denied entry by the Immigration Officer of the district attempted to be entered and shall be returned to the aircraft or not be allowed to disembark a vessel. The carrier shall be fully responsible for all such persons. The carrier shall not redeem any prepaid round trip or onward trip tickets as described in 11.7 (d) above without the express written authorization of the Immigration Administrator.

12.6 Inspection. Immigration officers may board in-coming vessels in order to examine the Trust Territory entry documents of each passenger and may examine the entry documents of aircraft passengers after disembarkation, but prior to their departure from the airport.

12.7. Special Circumstances. Nothing in the foregoing shall be deemed to prevent the High Commissioner from issuing entry permits without reference to these regulations when in his judgment the circumstances warrant.

PART 13. GENERAL RULES

13.1. Denial of Permission to Enter. Permission to enter may be denied on any of the grounds cited in Section 56, Title 53 of Trust Territory Code, or Section 11.7 of this Regulation.

13.2. Revocation. Entry permits may be revoked by the High Commissioner on any of the grounds cited in Section 57, Title 53, Trust Territory Code.

13.3. Construction. The above and foregoing is subject to and is to be construed in accordance with Presidential Executive Order 11021, date May 7, 1962.

13.4. Penalties. Whosoever, not being a citizen or legal resident of the Trust Territory of the Pacific Islands, shall unlawfully enter or attempt to enter the Trust Territory of the Pacific Islands or, having lawfully entered and remained willfully and unlawfully after expiration or revocation of entry authorization, or who shall violate by act or omission any provision of Title 53 of the Trust Territory Code, or regulations issued pursuant thereto, shall be guilty of a felony and upon conviction thereof shall be imprisoned for a period of not more than two (2) years or fined not more than five hundred dollars ($500.00), or both. In lieu of the foregoing, or in addition thereto, whosoever shall unlawfully enter the Trust Territory or, having lawfully entered, willfully and unlawfully remains after expiration or revocation of an entry permit, shall be subject to deportation, upon application by the High Commissioner to, and hearing before, the High Court of the Trust Territory. (Section 62, Title 53 of the Trust Territory Code.)

13.5. Regulation Superseded. Immigration Regulations issued December 24, 1969, and amendments thereto are hereby superseded and of no further force and effect.

LEGAL DIVISION

TITLE 37

CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS

CHAPTER 1

CORPORATIONS GENERALLY

(Regulation 2–74)

PART 1. GENERAL PROVISIONS

1.1. Authority. The regulations in this Title have been promulgated and issued by the Registrar of Corporations and approved by the Attorney General and High Commissioner of the Trust Territory of the Pacific Islands in accordance with Section 52, Title 37 of Trust Territory Code, and shall have the force and effect of law.

1.2. Definitions. As used in this Title unless the context otherwise requires, the term:

a. "Registrar" means the Registrar of Corporations.

b. "Charter" means an order of the High Commissioner granting a corporation a right to conduct business in the Trust Territory, together with the articles of incorporation and bylaws which comply with the requirements of law. It includes the original charter issued by the High Commissioner and all amendments thereto.

c. "Corporation" or "domestic corporation" means a corporation authorized by law to issue stock, organized under the laws of the Trust Territory.

d. "Foreign corporation" means a corporation authorized by law to issue stock, organized under laws other than the laws of the Trust Territory for a purpose or purposes for which a corporation may be organized under the laws of the Trust Territory.

e. "Treasury shares" means shares of a corporation which have been issued, have subsequently reacquired and belong to the corporation, and have not been effectively cancelled by the issuance of a certificate of reduction by the Registrar. Treasury shares shall be deemed to be "issued" shares, but not "outstanding" shares, and shall not be considered assets.

f. "Stated capital" means, at any particular time, the sum of (1) the amount of the consideration received by the corporation for all shares of the corporation having a par value that have been issued, except that any excess of such consideration over the par value of shares issued otherwise than in conversion or exchange shall be excluded, (2) the amount of the consideration received by the corporation for all shares of the corporation without par value that have been issued.

g. "Surplus" means the excess of the net assets of a corporation over its stated capital.

h. "Earned surplus" means the portion of the surplus of a corporation equal to the balance of its net profits from the date of incorporation, or from the latest date when a deficit was eliminated by reduction of its capital surplus or stated capital or otherwise, after deducting subsequent distributions to stockholders and transfers to stated capital and capital surplus to the extent such distributions and transfers are made out of earned surplus. Earned surplus shall also include any portion of surplus allocated to earned surplus in mergers, consolidations or acquisitions of all or substantially all of the outstanding shares or of the property and assets of another corporation, domestic or foreign.

i. "Capital surplus" means the entire surplus of a corporation other than its earned surplus.

j. "Insolvent" means inability of a corporation to pay its debts as they become due in the usual course of its business.

k. "Territory" means the Trust Territory of the Pacific Islands.

1.3. Incorporation of Corporations.

a. A corporation for profit may be organized as provided in subparts 2.1, 2.4 to 2.7, of chapter 1, for any purpose or purposes for which individuals may lawfully associate themselves, other than for any purpose or purposes for which any corporation is now or may hereafter be required to be organized pursuant to any other chapter. A nonprofit corporation may be organized as provided in subparts 2.9 and 2.10 of chapter 1 and chapter 4 of this Title. The terms "joint-stock company" and "joint-stock companies", as used in other parts of this chapter, mean a corporation or corporations for profit.

b. In addition to above, persons seeking a charter as a corporation shall submit for approval of the High Commissioner proposed bylaws governing the operation of the corporation.

1.4. Provisions Applicable to Corporations. Subparts 2.9 and 2.10 of this chapter and chapter 4 of this Title shall not apply to corporations for profit; all other provisions of this chapter, not inapplicable and not inconsistent with subparts 2.1, 2.4 to 2.7, of chapter 1, shall apply to corporations for profit. Subparts 2.1, 2.4 to 2.7 of chapter 1, shall not apply to nonprofit corporations; all other provisions of this chapter, not inapplicable and not inconsistent with subpart 2.9 and 2.10 of chapter 1 and chapter 4 of this Title shall apply to nonprofit corporations.

1.5. Directors. The directors of every corporation shall be not less than three in number.

1.6. Incorporators. The incorporators of every corporation shall be not less than three in number.

PART 2. ORGANIZATION; POWERS

2.1. Articles of Incorporation. Any number of persons not less than three desiring to form a corporation shall execute articles of incorporation and acknowledge the same before any officer authorized to take acknowledgements. The articles shall contain the following particulars:

a. The name of the corporation, which shall include as the last word thereof the word "Limited", "Incorporated", or "Corporation" or the abbreviation "Ltd.", "Inc.", or "Corp.";

b. The place of its principal office or place of business in the Territory and also the street or mailing address of the initial office;

c. The purposes and powers of the corporation;

d. The number of shares of each class of stock that the corporation is authorized to issue, the aggregate par value, if any, of each class of stock, and the par value of each share or that the shares are without par value;

e. The number of directors, which shall be not less than three, and the names, citizenship and street or mailing addresses of the initial officers and directors;

f. If the corporation is to issue initially more than one class of stock, the preferences, privileges, powers, rights, and qualifications of the shares other than common shares having full voting rights;

g. Proposed duration;

h. Names, citizenship and street or mailing addresses of incorporators;

i. Provision for voting by stockholders;

j. Disposition of financial surplus;

k. Provisions for liquidation;

l. Provisions for amendment of articles of incorporation;

m. Whether ownership of the shares of stock is to be limited to Trust Territory citizens only;

n. If ownership of the shares of stock is not to be limited to Trust Territory citizens only, what percentage of the stock will be available for Trust Territory citizens to purchase.

o. Any other lawful provisions which may be desired by the corporation for the purpose of defining, limiting, or regulating the powers of the corporation and the powers and duties of its board of directors.

2.2. Name. No corporation shall take a name (whether of a person or not) identical with the name of any corporation or copartnership previously authorized to do business and doing business under the laws of the Territory or with any trade name previously registered under the laws of the Territory or so nearly similar thereto as to lead to confusion and uncertainty.

2.3. Reservation of Name. The exclusive right to the use of a corporate name may be reserved by any person intending to organize a corporation under this chapter by any domestic corporation intending to change its name, by any foreign corporation intending to do or carry on any business in the Territory or to take, hold, sell, demise, or convey real estate or any other property therein, by any foreign corporation authorized to do or carry on any business in the Territory or to take, hold, sell, demise, or convey real estate or any other property therein and intending to change its name, or by any person intending to organize a foreign corporation and intending to have the corporation authorized to do or carry on any business in the Territory or to take, hold, sell, demise, or convey real estate or any other property therein. Reservation shall be made by filing with the Registrar an application in such form as the Registrar may prescribe to reserve a specified corporate name. If the Registrar finds that the name is available for corporate use, he shall reserve the name for the exclusive use of the applicant for a period of thirty days. The right to exclusive use of a specified corporate name so reserved may be transferred to any other person or corporation by filing in the office of the Registrar a notice of the transfer executed by the applicant for whom the name was reserved and specifying the name and address of the transferee.

2.4. Articles of Incorporation, Charters, Amendments, Filed and Recorded Where. The articles of incorporation and charters, and any subsequent amendments thereto, shall be filed with the Registrar and, if in compliance with the requirements of these regulations and the statute, shall be accepted for record.

2.5. Affidavit. An affidavit sworn to by the president, secretary, and treasurer of the corporation as named in the articles of incorporation at the time of filing the articles shall be filed in the office of the Registrar. The affidavit shall set forth the following information:

a. The number of authorized shares of the stock of each class of the proposed corporation;

b. The par value of such shares as have par value;

c. The names of the subscribers for shares of each class;

d. The number of shares of each class subscribed for by each subscriber;

e. The subscription price or prices for the shares of each class subscribed for by each subscriber, and, if it is to be paid in other than cash, the consideration in which it is to be paid;

f. The amount of capital and paid-in surplus, if any, paid in by each subscriber, separately stating the amount paid in cash and in property.

If it appears from the affidavit that more than fifty percent of the aggregate authorized capital stock of the corporation upon its incorporation is to be issued for a consideration other than cash, or for the acquisition of the assets and business of any existing enterprise, the affidavit shall also contain a summary description of the consideration or the assets and business to be acquired as the case may be, and a net valuation thereof.

2.6. Powers and Liabilities. On the filing of the articles of incorporation and the affidavit required to be filed concurrently therewith, the persons who have subscribed the articles, their associates, successors, and assigns, shall thereafter be deemed to be and be a body corporate by the name and style provided in the articles shall have succession and corporate existence for such period of duration as is agreed upon, which may be perpetual; shall have all of the

powers and be subject to all of the liabilities provided by law for corporations; and shall be subject to all laws then in effect or thereafter enacted in regard to corporations.

2.7. Capital Necessary to Engage in Business; Liability of Directors. No corporation for profit shall upon the incorporation thereof engage in business in the Territory until three-fourths of its authorized capital stock has been subscribed for nor until ten per cent of its authorized capital stock has been paid in by the acquisition of cash or by the acquisition of property of a value equal to ten percent of the authorized capital stock nor until the affidavit or affidavits required by subpart 2.5 of chapter 1, have been filed, provided that in no case shall any corporation for profit upon the incorporation thereof engage in business in the Territory until not less than $1,000 of its authorized capital stock has been paid in by the acquisition of cash or by the acquisition of property of a net value of not less than $1,000. In case of any violation of this section by any corporation, the incorporators and the directors thereof at the time the corporation commences to engage in business shall in their individual and private capacities be jointly and severally liable to the corporation and the stockholders and creditors thereof in the event of its bankruptcy or insolvency or in the event of its dissolution for any loss suffered by the corporation or its stockholders or creditors.

2.8. Officers. The officers of a corporation for profit, shall consist of a president, one or more vice-presidents as may be prescribed by the bylaws, a secretary, and a treasurer, each of whom shall be elected or appointed by the board of directors at such time and in such manner as may be prescribed by the bylaws. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the board of directors or chosen in such other manner as may be prescribed by the bylaws. Any two or more offices, except those of president and secretary, may be held by the same person.

All officers and agents of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided in the bylaws, or as may be determined by resolution of the board of directors not inconsistent with the bylaws.

2.9. Nonprofit Corporations; Charter Grant of. The Registrar may grant to all applicants who file petitions in conformity with part 2.10 of chapter 1, charters of incorporation for the establishment and conduct of any lawful purpose, except the carrying on of a business, trade, avocation, or profession for profit. Any charter granted or corporation created under authority of this part shall be subject to all general laws enacted in regard to corporations, and shall file with the Registrar form time to time, whenever changes occur, the name and addresses of the officers of the corporation.

2.10 Nonprofit Corporations; Petition for Charter. Any number of persons not less than three, a majority of whom are residents of the Territory, desiring to obtain a charter of incorporation for the purposes set forth in subpart 2.9 of chapter 1, shall sign, verify, and file a petition with the Registrar. The petition shall be accompanied by the proposed form of charter of incorporation which shall contain the following particulars:

a. The name of the corporation;

b. The location of the proposed corporation and the specific address of its initial office;

c. The purpose or purposes for which the corporation is organized;

d. The period of duration, which may be perpetual;

e. The number, names, citizenship, and residence addresses of the initial officers and directors, or similar officers;

f. Any provision, not inconsistent with law, which the petitioners elect to set forth in the charter of incorporation for the regulation of the internal affairs of the corporation including any provisions for the distribution of assets on dissolution or final liquidation;

g. That the corporation is not organized for profit and that it will not issue any stock, and no part of its assets, income, or earnings shall be distributed to its members, directors, or officers, except for services actually rendered to the corporation, and except upon liquidation of its property in case of corporate dissolution.

2.11 Extensions and Renewals of Charters and Articles. The Registrar shall at any time not more than fifteen years before the expiration of any articles of incorporation or charter of any corporation extend the duration of the same, and shall at any time not more than five years after the expiration of any articles of incorporation or charter renew the same, in each case for such period of extension or renewal as is agreed upon, which may be perpetual, and in each case on application to him for that purpose, upon the filing in his office of a verified certificate signed by any two authorized officers of the corporation, showing that the proposed extension or renewal has been approved by the vote of the holders of not less than two-thirds of all its issued and outstanding shares of stock, voting without regard to class, at a meeting duly called and held for the purpose, or, in the case of a nonstock corporation, by the vote of not less than two-thirds of the members present at a duly called meeting thereof; provided, that no extension of the charter of a nonprofit corporation shall become effective until the same is allowed by the Registrar.

2.12 Amendments of Articles. Subject to the provisions set forth in this part, the articles of incorporation or charter of any corporation may be amended by the vote of the holders of not less than two-thirds of all of its stock issued and outstanding and having voting power, or by such larger vote as may be required by the articles of incorporation or charter at a meeting duly called and held for the purpose, or, in case of a nonstock corporation, by the vote of not less than two-thirds of the members present at a meeting duly called and held for the purpose. No amendment shall be effective unless there is filed in the office of the Registrar a verified certificate, signed by any two authorized officers of the corporation, setting forth the amendment by stating that the articles of incorporation or charter has been amended to read as set forth in the certificate in full or by stating that any provision of the articles of incorporation or charter, which shall be identified by the numerical or other designation thereof in the articles of incorporation or charter or by stating the wording thereof, has been amended to read as set forth in the certificate, and certifying that the amendment was adopted by the required vote as aforesaid at a meeting duly called and held for the purpose. Any amendment so adopted shall become effective and the articles of incorporation shall be amended on the date

of filing of the certificate of amendment or on such later date as specified in the certificate of amendment. Any provision of this part to the apparent contrary notwithstanding, (1) no amendment shall confer any other or greater powers or privileges than could lawfully be conferred or obtained in an original charter or articles of incorporation or charter; (2) no amendment changing the name of the corporation shall become effective until the Registrar has determined that the amendment is not in conflict with subpart 2.2, of chapter 1, (3) no amendment to the charter of a nonprofit corporation shall become effective until the same is allowed by the Registrar, and (4) if an amendment would make any change which would adversely affect the rights of the holders of shares of any class, then the holders of each class of shares so affected by the amendment shall be entitled to vote as a class upon the amendment, regardless of other limitations or restrictions on the voting power of the class, and in addition to the vote otherwise required, a vote of the holders of two-thirds of each class so affected by the amendment shall be necessary to the adoption thereof. There may be filed in the office of the Registrar at any time a copy, verified by any two officers of the corporation by authority of its board of directors, of the articles of incorporation or charter of the corporation restated to include all amendments to and including the date of the verification and upon filing the restated articles of incorporation shall be and become the articles of incorporation or charter of the corporation.

2.13 Same Preemptive Rights. The articles of incorporation of any corporation for profit may deny, limit, or restrict, or may be amended so as to deny, limit, or restrict, the right of the stock-holders of the corporation, which may exist by virtue of the common law or by virtue of provisions in the existing articles of incorporation or charter, to subscribe for additional shares of stock, whether then or thereafter authorized; provided, that the amendment of the articles of incorporation or charter of the corporation shall be made in accordance with subpart 2.12 of chapter 1. No amendment authorized by this part shall be construed as a limitation or restriction on any other amendment or amendments that might otherwise be permitted by law.

2.14 Implied Powers. Every corporation created under this chapter may possess and exercie any and all powers, not inconsistent with any existing law, set forth in its articles of incorporation or charter or reasonably incidental to the fulfullment of its purpose or purposes as set forth in its articles of incorporation or charter or reasonably incidental to the exercise of its powers as set forth therein.

2.15 Power to Hold Title to Land. Only corporations wholly owned by citizens of the Territory may hold title to land in the Terirtory.

2.16 Power of Corporations to Acquire, Hold and Dispose of Their Own Shares. A corporation may purchase shares of stock issued by it under any or all of the following circumstances:

a. To collect or compromise in good faith a debt, claim, or controversy with any stockholder of the corporation; or

b. From a stockholder or stockholders of the corporation who, by reason of dissent from any proposed corporate action, is or are entitled pursuant to statutory provisions to receive the value of the shares; or

c. From officers or employees of the corporation who have purchased shares from the corporation under agreements reserving to the corporation the option to repurchase or obligating it to repurchase the shares; provided, that no purchase shall be made when the value of the assets of the corporation is less than the amount of its debts or when the effect of the purchase would be to reduce the value of the assets of the corporation to less than the amount of its debts. A corporation may also purchase shares of stock issued by it by the use of any surplus of the of the corporation, including paid-in surplus and surplus created by a reduction of capital stock. A corporation shall not purchase, directly or indirectly, any shares of stock issued by it, except as permitted by this part. Nothing in this part shall be construed to prohibit shares being forfeited to a corporation for delinquent assessments or nonpayment of the subscription price therefor or to prohibit a corporation from acquiring shares of its own stock by gift or bequest or upon a marger or consolidation with or by distribution of the assets of another corporation or to prohibit a corporation by provisions in its charter or articles of incorporation or bylaws from setting forth additional legal restrictions on its power to purchase shares of stock issued by it.

Shares of its own stock acquired by a corporation shall be carried as treasury stock unless or until the shares are retired upon reduction of capital pursuant to subpart 3.14 of chapter 1. The shares, while held by the corporation, shall not carry voting or divided rights and shall not be counted as outstanding shares for the purpose of determining any quorum or vote or for any other purpose and shall not be counted as assets for the purpose of computing a surplus available for dividends or the purchase of shares of stock issued by the corporation or the making of any other distributions to the stockholders.

Subject to any restrictions which may be set forth in its charter or articles of incorporation or bylaws, any shares of its own stock held by a corporation may be sold from time to time to such person or persons and for such consideration and upon such terms and conditions as may be determined from time to time by the board of directors.

2.17 Except as otherwise provided, no corporation shall be deemed to possess the power of discounting bills, notes, or other evidence of debt, or receiving deposits, or buying gold, silver, bullion, or foreign coin, buying and selling exchange, or issuing notes or other evidence of debt, except so far as the exigencies of the particular business for which it was incorporated require. Nor shall any corporation, unless authorized by express enactment of law, issue bills or other evidences of debt for circulation as money.

2.18 Power Prohibited; Pledge of Stock. No corporation created under the laws of the Territory shall pledge or hypothecate any of the shares of its unissued capital stock or in any manner dispose of the same as collateral security. Any attempted pledge, hypothecation, or disposition shall be void.

2.19 Voluntary Transfer of Corporate Assets; Notice to Stockholders. A voluntary sale, lease, or exchange of all or substantially all of the property and assets of any domestic corporation, including its good will, may be authorized by it upon such terms and conditions and for such consideration (which may be in whole or in part shares of stock in or other securities of, any other corporation or corporations, domestic or foreign) as its board of directors deems expedient, and for the best interests of the corporation, when and as authorized or approved by the affirmative vote or consent of the holders

of not less than three-fourths of all stock issued and outstanding and having voting power, or if it be a nonstock corporation, the affirmative vote or consent of three-fourths of its members. The authorization or approval of the stockholders may be given before or after the adoption of the resolution by the board of directors. The articles of incorporation or charter may require the authorization or approval of a larger proportion of the stockholders or members or the separate authorization and approval of three-fourths or a larger proportion of any class or classes of stockholders, and in that case the authorization or approval of the larger number of stockholders or members shall be required as provided in the articles of incorporation or charter.

Such sale, lease or exchange shall require the prior approval of the Registrar, to be evidenced by his certificate of approval.

Notice of the meeting of stockholders or members called for the purpose of giving the authorization or approval shall be mailed to all of the stockholders or members of record of the corporation on the date of the call, whether or not they are entitled to vote thereat.

Enforcement; scope of application. No action or suit to set aside a sale, lease, or exchang by a corporation on the ground that this part has not been complied with, or upon any other ground, shall be brought more than ninety days after the issuance by the Registrar of the certificate of approval. Nothing in this part shall be deemed to require the approval of the stockholders except as may be required by the articles of incorporation or bylaws to enable a corporation to make a mortgage, pledge, assignment, or transfer of all or any part of its assets as security for any obligation or liability of any kind or nature or to make a transfer to satisfy or partially satisfy any obligation or liability.

2.20 Accounts and Records. Every corporation shall keep correct and complete books and records of account and shall keep and maintain at its principal officer, or such other place as its board of directors may order, minutes of the proceedings of its members or shareholders and board of directors. The books and records of account receipts, disbursements, gains, losses, capital, and surplus. The minutes of the proceedings of the shareholders or members and board of directors of the corporation shall show, as to each meeting of the shareholders, members, or the board of directors, the time and place thereof whether regular or special, whether notice thereof was given, and if so in what manner, the names of those present at directors' meetings, the number of shares or members present or represented at stockholders' or membership meetings, and the proceedings of each meeting.

PART 3. CAPITAL STOCK

3.1. Stock Book; Contents; Examination of, Evidence. In every joint-stock company incorporated under this chapter, the trustees, as managers or directors of the company, shall cause a book to be kept for registering the names of all persons who are or shall become stockholders of the corporation, showing the number of shares of stock held by them respectively, and the time when they respectively became the owners of the shares. The book shall be open at all reasonable time for the inspection of the stockholders. The secretary or the person having the charge thereof shall give a certified transcript of anything therein contained to any stockholder applying therefor, provided that the stockholder pays a reasonable charge for the preparation of the certified transcript. The transcript shall be legal evidence of the facts therein set forth in any suit by or against the corporation.

3.2. Certificate; Form. Every certificate of stock issued by any corporation shall plainly state: (1) the name of the record holder of the shares represented thereby; (2) the number, designation, if any, and class or series of shares represented thereby; (3) the par value, if any, of the shares represented thereby, or a statement that the shares are without par value; (4) if the corporation has issued shares of preferred stock in addition to shares of common stock, a summary of the preferred stock or a statement of the place or places where the information may be obtained; (5) restriction on sale of shares of stock to non-citizens of the Trust Territory, if the corporation is to be a wholly Trust Territory citizen owned corporation.

3.3 Issuance of Certificates of Stock. A certificate of stock shall not be issued until the shares represented thereby have been fully paid for.

3.4 Certificate, Execution of. Every certificate of stock issued by any corporation shall be executed by being sealed with the corporate seal and by being signed on behalf of the corporation by the president or a vice-president and by the secretary or the treasurer or an assistant secretary or an assistant treasurer of the corporation.

3.5 Delinquent Assessments, Sale For. The directors of any incorporated company may sell at public auction a sufficient number of shares of any stockholder who neglects to pay any assessment duly levied upon the shares, until the whole par value has been paid in. Before making the sale, a notice of ten days shall be given to delinquent stockholders residing in the Territory, and a notice of intention to sell published for three weeks in the case of delinquent stockholders residing outside of the Territory.

3.6 Consideration for Shares. No corporation shall issue any share of stock whether with or without par value, except in consideration of any one or any combination of more than one of the following:

a. Money paid;

b. Labor done;

c. Services actually rendered;

d. Debts or securities cancelled;

e. Tangible or intangible property actually received;

f. Amounts transferred to capital from any surplus of the corporation upon the issue of shares as a stock dividend.

Nothing in this part shall be construed to limit the power of any corporation to split up or subdivide or redivide its shares into a greater or lesser number of shares without transferring surplus to stated capital.

3.7. Consideration for Shares Having Par Value. No corporation shall issue any share of stock having a par value, other than as a stock dividend or as a result of a stock split or in respect of a convertible security, for any consideration, whether cash, labor done, services actually rendered, debts or services cancelled, or tangible or intangible property actually received, the value of which is less than the par value of the share. Nothing in this part shall prevent any corporation from making or paying bona fide underwriting discount or commission or otherwise assuming and paying the cost of the issue and distribution of any share or shares of stock.

3.8 Stock, Classes. Any corporation incorporated under the laws of the Territory with power to issue stock may issue two or more classes of stock with such terms, preferences, voting powers, restrictions, and qualifications thereof as shall be fixed in its articles of incorporation or charter (either as originally executed by the incorporators or as from time to time amended) or as shall be fixed by a resolution authorizing the issue thereof adopted by the affirmative vote of the holders of two-thirds of all of its stock or, if two or more classes of stock have been issued, of the holders of two-thirds of each class of stock outstanding and entitled to vote. The articles of incorporation or charter (either as originally executed by the incorporators or as from time to time amended) may authorize the the board of directors to issue authorized and unissued shares of any class and to divide authorized and unissued shares of any class into series and issue any such series and to fix the terms, preferences, voting powers, restrictions, and qualifications of any class or series of any class. Whenever the terms, preferences, voting powers, restrictions, and qualifications are fixed by resolution of the board of directors or stockholders without amendment to the articles of incorporation or charter, a certified copy of the resolution shall be filed in the office of the Registrar. The corporation may provide, by its articles of incorporation or by the affirmative vote of the holders of two-thirds of all of its stock or, if two or more classes of stock have been issued, of two-thirds of each class of stock outstanding and entitled to vote, that any of its authorized shares, issued or unissued, with or without par value, shall be convertible at the option of the holders thereof into shares with or without par value of any other class or classes or of any other series of the same class upon such terms and conditions and with such limitations as may be fixed in the articles of incorporation or in the resolution or, if the articles of incorporation or the resolution authorizes the board of directors to fix before issuance the terms and conditions with or without limitations on which any class of stock or any series of any class of stock which may be issued in series shall be so convertible, then upon such terms and conditions and with such limitations as may be fixed by the board of directors; provided, that no convertible shares so authorized shall be issued nor shall issued shares be changed into convertible shares nor shall the conversion privileges of issued convertible shares be changed unless, at the time of the issuance or the change in issued shares, the capital represented by the convertible shares plus the additional value, if any, which must be paid upon conversion, is at least equal to the consideration required by law for the shares to be issued pursuant to the conversion.

3.9 Shares Without Par Value.

a. Any corporation organized under the laws of the Territory, may issue shares of stock with par value or shares of stock without par value or both, of any class or classes, to the extent that the articles of incorporation so permit; provided, that no corporation may have shares of a class with par value and also shares of the same class without par value. In case of the issue of two or more classes of stock, if any or all thereof are without par value, then the preferences, voting powers, restrictions, and qualifications thereof shall be set forth in the articles of incorporation or shall be determined as provided in subpart 3.7 of chapter 1. Where the articles of incorporation permit the issuance of shares without par value, the statement in the articles of incorporation of the amount of the capital stock of the corporation and of the limit of the extension thereof shall state the number of shares of stock without par value and the limit of the extension of the number of shares, and may but need not, contain provisions relating to the consideration or considerations for which shares without par value may be issued and relating to the capital to be attributable to shares without par value.

b. Amendment of articles. Any corporation may, by amendment to its articles of incorporation, change the shares of any class with par value, whether totally issued or partly unissued, into the same or a different number of shares without par value, and likewise may change the shares of any class without par value, whether totally issued or partly unissued, into the same or a different number of shares with par value; provided that in connection with any such change the capital of the corporation shall not be reduced without complying with subpart 3.14 of chapter 1.

c. Issuance. Subject to any restrictions in the articles of incorporation authorized but unissued shares without par value (whether originally authorized as such or whether changed from unissued shares with par value) may be issued from time to time for such consideration or considerations as may have been approved at a meeting duly called and held for the purpose by the holders of a majority of the then issued and outstanding shares of each class of the corporation, or as may have been approved by the board of directors, either when acting under authority granted at any such meeting by the holders of a majority of the then issued and outstanding shares of each class or when acting under authority granted in the articles of incorporation; provided, that shares without par value issued upon the incorporation of a corporation may be issued for such consideration as may be approved by the incorporators prior to the filing of the articles of incorporation; provided, further, that the total consideration received for all the shares without par value issued upon the incorporation of a corporation shall include not less than $1,000 in cash.

d. Consideration for; capital or paid-in surplus; statement to be filed. Whenever shares of stock without par value are issued by any corporation, the consideration received and to be received by the corporation for the issuance thereof shall constitute capital of the corporation; provided, that if the articles of incorporation, or the stockholders at a meeting and by the vote specified in subpart (c) of this part or the board of directors either when acting pursuant to authority granted by the stockholders at such meeting and by such vote or when acting pursuant to authority granted in the articles of incorporation, provides or determines that a portion of such consideration shall be treated as paid-in surplus, then the portion so provided or determined shall be paid-in surplus and the remainder only shall constitute capital as aforesaid. The total capital attributable to all the shares without par value issued upon the incorporation of a corporation shall be not

less than $1,000. Whenever shares of stock without par value are issued for consideration other than cash, the authority (stockholders or board of directors or incorporators) which provides for the issuance of the shares shall determine the value of the consideration, and the value so determined shall constitute capital with respect to the shares except to the extent that any portion thereof may be determined to be paid-in surplus as above provided. In case the value of the consideration has not been honestly and reasonably determined and in case the actual value thereof was less than the determined value, then the shares issued for such consideration shall not be fully paid until the corporation receives, in addition to such consideration, the difference between the actual value thereof and the determined value thereof. Whenever issued shares with par value are changed into shares without par value pursuant to subpart (b) of this part, the total par value of the shares so changed shall continue to constitute capital of the corporation, attributable to the shares without par value into which they are changed. In case a corporation pays a stock dividend, in shares of its stock without par value, the board of directors shall, in connection with the declaration of the stock dividend, determine the amount and type of the surplus of the corporation which is capitalized by the issuance of the stock dividend,subject however to any restrictions in the articles of incorporation. The board of directors, subject to any restrictions in the articles of incorporation, may by resolution at any time and from time to time increase the capital attributable to shares without par value by transferring to capital any surplus, however acquired or accumulated, in such amount and type as the board of directors shall determine, and in any such case the amount of surplus so transferred shall then and thereafter be added to and constitute a part of the capital of the corporation attributable to its shares of stock without par value. The capital of a corporation attributable to shares of its stock without par value, determined as aforesaid, may be reduced in the manner and with the effect provided in subpart 3.14 of chapter 1.

Whenever a corporation issues shares without par value it shall within thirty days after the issuance thereof file a statement in the office of the Registrar showing the consideration received upon the issuance thereof in such detail as is required by the Registrar, and showing the portion, if any, of the consideration which constitutes paid-in surplus. Any corporation with shares without par value outstanding shall within sixty days after the close of each fiscal year file in the office of the Registrar, in addition to the annual exhibit required by subpart 5.5, a balance sheet which shall disclose, in such detail as is required by the Registrar, the assets and the liabilities of the corporation and the amount of the capital and the amount of the paid-in surplus of the corporation as of the close of the fiscal year. Each statement and balance sheet filed pursuant to the foregoing provisions shall be sworn to by an officer of the corporation. The statements and balance sheets in the office of the Registrar shall be available for examination by the public.

e. Rights in dividends and assets, etc. All fully paid shares of stock without par value of the same class shall be entitled to the same dividends and to the same assets upon dissolution and shall have the same preferences, voting powers, restrictions and qualifications, notwithstanding that some of the shares may have been issued for different considerations than others.

f. Rights, if consideration is not fully paid in. When the total amount of the consideration for which a share of stock without par value is issued has been received by the corporation, or is in the possession of the corporation when the share is issued as a stock dividend or upon a change of shares, the share shall be fully paid and nonassessable, except as provided in the subpart (d) of chapter 1. Until any share of stock without par value is fully paid, the corporation and the creditors thereof shall have the same full rights to enforce the payment thereof and other remedies in connection therewith as in the case of par value shares.

g. Content of certificate. Every certificate representing shares without par value shall state that the shares represented thereby are without par value. In case of an increase in the capital of a corporation with or by the issuance of shares without par value, the certificate of increase provided for in part 3.13 of chapter 1, need not show the matters required by item (4) in that part. All other provisions of this chapter shall apply to corporations with shares without par value to the same extent that they apply to corporations with only par value shares.

3.10 Shares are Personal Property . The shares of the several members in the stock of any incorporated company, whether owning real estate or otherwise, shall be deemed personal property.

3.11 Transfers of Stock Sold, Pledged, Assigned, or Hypothecated Prior to Attachment or Execution. No attachment or execution laid or levied upon the shares of any defendant in the capital stock of a corporation standing on its books in his name shall in any way affect the right, title or interest therein which has theretofore been acquired by any bona fide purchaser to whom or to whose agent the certificate therefor has been delivered prior to the laying or levying of the attachment or execution, or by any bona fide pledgee to whom or to whose agent the certificate therefor has been delivered prior to the laying or levying of the attachment or execution; and in case, prior to the laying or levying of the attachment of execution, the shares have been pledge with and the certificate therefor has been delivered as aforesaid to a bona fide pledgee and the shares also have been assigned or hypothecated to a bona fide assignee, subject to the pledge, then the attachment or execution shall not in any way affect the right, title, or interest therein of the bonafide assignee. The lien of any attachment or execution upon the shares of any defendant in the capital stock of the corporation standing on its books in his name shall be superior to the rights of any purchaser from or creditor of the defendant, except as is otherwise expressly provided in this part.

Purchaser. A bona fide purchaser, upon filing with the corporation an affidavit stating the date or dates of the payment of the purchase price therefor, the terms and conditions under which the stock was purchased, the balance of the amount, if any, owed upon the same at the exact time the attachment or execution was laid or levied upon the stock, and stating that the certificate therefor was delivered to him or his agent properly indorsed prior to the day, hour, and minute that the attachment or execution was laid or levied, and certifying that a true and correct copy of the affidavit has been served upon the plaintiff or his attorney of record prior to filing the same with the corporation, giving the exact time and place of the service and stating the name or names of the person or persons upon whom the same was served,

shall be entitled to a transfer into his name or the name of his nominee of the shares of stock so purchased and indorsed and delivered to him; provided, that if any amount is due on account of the purchase price of the stock at the time the attachment or execution was laid or levied, the lien of the attachment or execution shall extend to and continue upon the balance of the purchase price. The balance of the purchase price, or such portion thereof as may be necessary to pay and satisfy the judgment, shall be withheld and paid to the levying officer on the levy of execution in the action if then due, and if not then due shall be paid to the levying officer when the same thereafter becomes due.

Pledgee. A bonafide pledgee, upon filing with the corporation an affidavit that the certificate representing the stock was delivered to him or his agent properly indorsed prior to the day, hour, and minute of the attachment or execution as security for a debt or other obligation owed by the defendant to the pledgee and stating the nature of the obligation and, if the same is a debt, the amount thereof, and certifying that a true and correct copy of the affidavit has been served upon the plaintiff or his attorney of record prior to filing the same with the corporation, giving the exact time and place of the service and stating the name or names of the person or persons upon whom the same was served, shall be entitled to a transfer of the shares of stock into his name as pledgee or to his nominee or into the name of a purchaser from the pledgee. The transfer made to a pledgee shall not operate to defeat the lien or levy of the attachment or execution upon the equity or interest of the defendant in the stock or its proceeds, but the lien shall continue and the plaintiff shall have the right, upon the payment to the pledgee when due of the amount for which he is holding the stock as security and also upon the payment to any junior assignee entitled to the protection of the next succeeding paragraph hereof of the amount when due for which the stock has been assigned or hypothecated to the junior assignee, to secure the delivery of the stock and at the sale thereof under execution to reimburse himself out of the net proceeds thereof, first, for the amount paid to the pledgee, next, for the amount paid to any junior assignee pursuant to the next succeeding paragraph hereof, and next for the debt, principal, and interest, for which the execution was levied; and, in the event that the plaintiff does not elect to pay the amount or amounts as aforesaid, then the equity or interest of the defendant in the stock or its proceeds may be sold upon execution.

Junior assignee. In case, prior to the laying or levying of the attachment or execution, the shares have been pledged with and the certificate therefor has been delivered to a bona fide pledgee and the shares. also have been assigned or hypothecated to a bona fide assignee subject to the pledge as security for any debt or obligation junior to the pledge, then the bona fide assignee, upon filing with the corporation an affidavit that the stock was so assigned or hypothecated, subject to the pledge, prior to the day, hour, and minute of the attachment or execution as security for a debt or other obligation owed by the defendant to the assignee and stating the nature of the obligation and if the same is a debt, the amount thereof, and certifying that a true and correct copy of the affidavit has been served upon the plaintiff or his attorney of record prior to filing the same with the corporation, giving the exact time and place of the service and stating the name or names of the person or persons upon whom the same was served, shall be entitled to the protection of his junior lein upon such stock as herein provided.

Liability. The corporation making the transfer shall be free from all liability on account of any such transfer. The liability, if any, if the transfer has been improperly made shall be against the defendat, purchaser, pledgee, or indorsee, as the case may be, securing the issuance of a new certificate thereon.

3.12 Increase of Capital, Authorization; Certificate to be Filed with Registrar. No increase or extension of the capital stock of any corporation organized under the laws of the Territory, having authority under its articles of incorporation or charter to increase its capital stock shall be legal and effective unless the increase or extension has been authorized by a vote of not less than two-thirds of all of the shares of stock, or if two or more classes of stock have been issued, of two-thirds of each class of stock, outstanding and entitled to vote at any meeting duly called and held for the purpose; and unless a verified certificate has first been filed with the Registrar, signed by any two authorized officers of the corporation, showing that the meeting had been properly called and held; that the increase or extension hand been authorized by the required vote; and showing also (1) the present authorized capital stock of the corporation; (2) the amount to which the capital stock thereof may be increased or extended under its articles of incorporation or charter; (3) the amount of increase or extension of the capital stock duly authorized by its stockholders; and (4) in the case of stock having a par value, that not less than ten per cent of the total authorized stock as increased has been paid in, in cash or property, or that the corporation holds cash or property of a value equal to ten percent of the total authorized stock as increased. The increase of capital shall become effective and the capital of the corporation shall be and become increased on the date of filing of the certificate prescribed by this part or on such later date as shall be specified in the certificate.

3.13 Reduction of Capital.

a. How made. Any corporation (other than banking, trust, and insurance companies) upon complying with the applicable requirements of this part, may effect a reduction of its capital or capital stock by reducing the authorized capital stock of the corporation or by retiring any shares of stock of any class or classes, or by reducing the par value of the shares of stock of any class or classes, or by the conversion of all of the shares of any class convertible stock into shares of another class or by releasing or cancelling subscriptions to its stock of any class or classes; provided, that no reduction of the capital or capital stock of any corporation shall be made in violation of the rights of the holders of stock of any class of the corporation as set forth in the charter or articles of incorporation or in a resolution, a certified copy of which is filed in the office of the Registrar, pursuant to subpart 3.8 of chapter 1; and provided further that no reduction of the capital or capital stock of any corporation shall be made by the release or cancellation of subscriptions to any class or classes of its stock unless the assets of the corporation remaining after the release or cancellation, equal in value the total par value of the remaining capital stock of the corporation and unless the assets then equal in value twice the amount of indebtedness of the corporation.

b. What vote necessary. Any reduction of capital or capital stock shall require the affirmative vote of the holders of not less than two-thirds of all of the shares of stock of the corporation issued and outstanding or it two or more classes are issued and outstanding, then of the holders of two-thirds

of the shares of each class of stock outstanding and entitled to vote, which vote shall be given at any meeting duly called and held for the purpose; provided, that in case shares of any class of stock of a corporation are subject to redemption or are convertible into shares of any other class of stock of the corporation pursuant to the charter or articles of incorporation of the corporation or in a resolution, a certified copy of which is filed in the office of the Registrar pursuant to subpart 3.8 of chapter 1,
and if the provisions specify that all or any part of the shares of the class may be redeemed or converted pursuant to the determination other than by vote of stockholders as aforesaid, whether by the board of directors or by the vote of any different percentage of stockholders or of any class or classes thereof or as fixed in the charter or articles of incorporation or in the resolution authorizing the issue of the stock, then any reduction of the capital or capital stock of the corporation by the redemption of all or any part or by the conversion of all of the shares of such class shall not require the vote of stockholders as aforesaid, but may be effected pursuant to determination made or fixed as specified in such provisions. Any reduction of the capital or capital stock of a corporation pursuant to this subsection shall be subject to subpart (g).

c. Certificates. A verified certificate shall be signed by any two authorized officers of the corporation and shall be presented to the Registrar setting forth therein facts showing that the required vote or other determination pursuant to this part of the proposed reduction of capital or capital stock has been obtained or made, and certifying that no distribution of assets representing the surplus created by the reduction will be made at any time unless the remaining assets of the corporation then equal in value the total par value of the remaining capital stock of the corporation, and unless the remaining assets of the corporation then equal in value twice the amount of indebtedness of the corporation and, in the case of a reduction of capital or capital stock by release or cancellation of subscriptions to stock, certifying that the remaining assets of the corporation, upon the reduction, will equal in value the total par value of the remaining capital stock of the corporation and will then equal in value twice the amount of the indebtedness of the corporation.

d. Notice not required, when. In case the reduction involves only a reduction in the authorized but unissued capital stock of the corporation, or the retirement of shares of stock of any class or classes acquired by the corporation in accordance with the provisions of law, or which have been surrendered pursuant to any right of conversion and in respect of which shares or securities of any other class or classes have been issued, and does not involve the retirement or reduction in par value of any shares which are issued and outstanding, then the Registrar shall enter the reduction of record in his office upon the filing of the verified certificate referred to in subpart (c) and upon payment of the fee required by law.

e. Notice required, when; Registrar's power. In case the reduction involves the retirement or the reduction in the par value of any shares which are issued and outstanding, or the release or cancellation of any stock subscription, then the Registrar, after the receipt of the verified certificate, shall publish a notice of the proposed reduction in a newspaper of general circulation in the Territory at least once a week for four successive weeks (four insertions) the first publication to be not more than ten days after receipt of the certificate. Upon the expiration of thirty days after the first publication of the notice, if no protest or objections to the proposed reduction have been filed in the office of the Registrar by any person claiming to be a stockholder or creditor of the corporation, the Registrar shall enter the reduction of record. Otherwise, the Registrar shall proceed to consider any objections made and if he thereupon is satisfied that the required vote or other determination has been obtained or made, he shall enter the reduction of record.

f. Effective date. Upon the entry of record by the Registrar of any reduction of the capital or capital stock of the corporation, the reduction shall stand effective as of the date of the original filing of the certificate, unless the corporation at the time of the filing of the certificate has requested that the reduction become effective on or as of some subsequent date, in which case the reduction shall become effective on or as of the requested date.

g. Distribution of surplus. A corporation may at any time or from time to time after the entry of record of a reduction of its capital or capital stock or after the effective date of the reduction, whichever is the later, distribute among its stockholders any or all of the assets representing the surplus created by the reduction; provided, that no distribution shall be made at any time unless the remaining assets of the corporation then equal in value the total par value of the remaining capital stock of the corporation and unless the remaining assets of the corporation then equal in value twice the amount of the indebtedness of the corporation.

h. Retiring of stock, method. In case any reduction pursuant to this part is made by retiring any shares of stock of any class or classes, the reduction may be made by retiring the shares of stock owned by the corporation without the necessity of retiring any shares of stock issued and outstanding in the hands of stockholders of the corporation. In case any reduction pursuant to this part is made by retiring any shares of stock of any class or classes issued and outstanding in the hands of stockholders of the corporation, then, unless the charter or articles of incorporation of the corporation or the resolution creating the class of stock otherwise provides or unless the vote or other determination providing for the reduction with the consent of all of the stockholders or the subsequent approval of the Registrar specifies the particular shares to be retired, each of the stockholders owning shares of the class or classes of which shares are to be retired shall be entitled to participate pro rata in the surrender of shares of stock of the class or classes for cancellation or retirement; provided that, insofar as the pro rata distribution is impossible without the retirement of fractional shares, the shares to be retired in order to eliminate the retirement of fractional shares may be chosen by lot in such manner as is approved by the stockholders or board of directors of the corporation. If any stockholder fails to exercise his option to participate pro rata as aforesaid within thirty days after notice mailed to him by the treasurer or other authorized officer of the corporation, the corporation may accept any other shares in lieu thereof and retire the same.

Observance of stockholders' rights. Nothing in this section shall be deemed or interpreted to permit any distribution to stockholders of any class in violation of the equal or prior rights of stockholders of another class, as set forth in the charter or articles of corporation or in a resolution a certified copy of which is filed in the office of the Registrar pursuant to subpart 3.8 of chapter 1.

PART 4. MEETINGS AND BYLAWS

4.1. Voting at Meetings. At any meeting of any corporation, it shall be lawful for the members in the transaction of business, to vote either in person or by proxy. No proxy hereafter given shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy. Nothing in this part shall be construed to restrain the power of any corporation to prescribe by its bylaws the mode of voting at meetings of its trustees, directors, or board of managers.

4.2. Annual Meetings. Unless otherwise provided in the articles of incorporation or bylaws the annual meeting of the stockholders or members of every corporation, for the election of directors and the consideration of such other business as may come before the meeting, shall be held on the first Monday of April in each year, if not a legal holiday, and if a legal holiday, on the next secular day following.

4.3. Special Meetings for Election of Directors. Whenever the annual meeting of the stockholders or members of a corporation is not held as provided in the articles of incorporation or bylaws or as provided in subpart 4.2, or whenever the annual meeting is held but directors are not elected thereat, the directors who might have been elected at the annual meeting may be elected at a special meeting called and held for that purpose upon demand for a special meeting called made in writing by any stockholder or stockholders or member or members of the corporation and delivered to the president, vice-president, secretary, or treasurer of the corporation. Within fifteen days after the demand, a special meeting of the stockholders or members shall be called for the election of the directors who might have been elected at the annual meeting. In case the duly authorized officer or officers of the corporation fail to call the special meeting then the special meeting may be called by the stockholder or stockholders or member or members who made the demand, by giving notice in the method provided by the articles of incorporation or bylaws of the corporation. If the articles of incorporation or bylaws provide that the number of directors shall be determined at the annual meeting, then the number thereof may be determined at the special meeting held as provided in this part.

4.4. Cumulative Voting. If, not less than forty-eight hours prior to the time fixed for any annual meeting, or prior to the time fixed for any special meeting to be held as provided in subpart 4.3 of chapter 1, or prior to the time fixed for any other special meeting to be held in lieu of the annual meeting for the election of directors, any stockholder or stockholders or member or members of the corporation deliver to the president, vice-president, secretary, or treasurer of the corporation a request that the election of directors to be elected at the meeting be by cumulative voting, then the directors to be elected at the meeting shall be chosen as follows: each stockholder present in person or represented by proxy at the meeting shall have a number of votes equal to the number of shares of capital stock owned by the stockholder or member multiplied by the number of directors to be elected at the meeting, or in the case of a nonprofit corporation each member shall have a number of votes equal to the number of directors to be elected at the meeting; each stockholder or member shall be entitled to cumulate his votes and give all thereof to one nominee or to distribute his votes in such manner as the stockholder or member determines among any or all of the nominees; and the nominees receiving the highest number of votes on the foregoing basis, up to the total number of directors to be elected at the meeting, shall be the successful nominees. The right to have directors elected by cumulative voting as aforesaid shall exist notwithstanding that provision therefor is not included in the articles of incorporation or bylaws, and this right shall not be restricted or qualified by any provisions of the articles of incorporation or bylaws. This part shall not prevent the filling of vacancies in the directors, which vacancies may be filled in such manner as may be provided in the articles of incorporation or bylaws.

4.5. Voting Agreements and Voting Trusts.

a. Two or more persons owning stock in any corporation for profit organized under the laws of the Territory, including persons owning stock as trustees for another, may enter into a written agreement for the purpose of vesting in one or more persons as trustee or trustees, the authority to exercise the voting power of any or all of the stock for period not exceeding ten years and upon the terms and conditions stated in the agreement. The agreement may provide for the method of appointment or election of the trustee or trustees and may designate a successor trustee or successor trustees. The trustee or trustees may vote in person or by proxy unless otherwise provided in the agreement. Any action by the trustee or trustees contrary to the terms and conditions of the agreement shall not affect the validity of any election, resolution, or other action of the stockholders of the corporation and the sole remedy in that case shall be against the defaulting trustee or trustees. All the agreements shall be recorded in the minute book of the corporation. Each stock certificate representing stock which is subject to any such agreement shall be delivered to the secretary of the corporation who shall note on each certificate:

"This certificate, subject to the provisions of a voting agreement dated....., recorded in the Minute Book of this corporation.

.....

Secretary".

The endorsement shall constitute sufficient notice of the existence of the agreement and any purchaser acquiring any stock certificate with the above notation thereon shall be bound by the terms of the agreement. The secretary of the corporation, upon production of satisfactory proof of the cancellation of the agreement or upon the expiration of any agreement by its own terms, shall make an appropriate notation in the minute book and upon any stock certificate subject to the cancelled or expired agreement indicating the cancellation or expiration, or shall issue, upon request and upon surrender of the original certificate, a substitute certificate and shall cancel the original certificate. Any trustee or trustees under the terms of any agreement entered into under this part shall not acquire the legal title to the stock subject to the agreement but shall be vested only with the legal right and title to the voting power which is incident to the ownership of the stock.

b. Two or more persons owning stock in any corporation for profit organized under the laws of the Territory, including persons owning stock as trustees for another, may transfer any or all of the stock to any person or persons for the purpose of vesting in such person or persons, as trustee or trustees, all voting or other rights pertaining to the stock for a period not exceeding ten years and upon the terms and conditions stated in the agreement. The agreement may provide for the method of appointment or election of the trustee or trustees and may

designate a successor trustee or successor trustees. The trustee or trustees may vote in person or by proxy unless otherwise provided in the agreement. Any action by the trustee or trustees contrary to the terms and conditions of the agreement shall not affect the validity of any election, resolution, or other action of the stockholders of the corporation and the sole remedy in that case shall be against the defaulting trustee or trustees. All the agreements shall be recorded in the minute book of the corporation. The certificates of stock so transferred shall be surrendered and cancelled and new certificates therefor issued to such person or persons as trustee or trustees in which new certificates it shall appear that they are issued pursuant to the agreement. In the entry of transfer on the books of the corporation it shall also be noted that the transfer is made pursuant to the agreement. The trustee or trustees shall execute and deliver to the transferors voting trust certificates. The trustee or trustees shall possess all voting and other parts pertaining to the stock so transferred and registered in his or their names subject to the terms and conditions of, and for the period specified in the agreement.

4.6. Voting of Stock by Trustees, etc. An executor, administrator, guardian or trustee may vote, in person or by proxy, the stock of any corporation held by him in such capacity at all meetings of the corporation whether or not the stock has been transferred into his name on the books of the corporation; but, in case the stock has not been so transferred into his name, he shall, as a prerequisite to so voting, if the corporation so requires, file with the corporation a certified copy of his letters as such executor, administrator, or guardian or his appointment or authority as trustee. In case there are two or more executors, administrators, guardians, or trustees, all or a majority of them may vote the stock in person or by proxy.

4.7. Irregular Meeting, How Validated. Subject to such limitations, if any, as may expressly be contained in the articles of incorporation or charter or in the bylaws of any corporation, or as may expressly be contained in any statutory provisions applicable to any particular action, when three-fourths of the stockholders or members entitled to vote at any meeting sign by themselves or their proxies or other authorized representatives a written consent or approval on the record of the meeting, the doings of the meeting, however called or notified, shall be valid.

4.8. Consent of Stockholders in Lieu of Meeting. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action permitted by any part of this chapter or of chapter 2, the meeting and vote of stockholders may be dispensed with if all of the stockholders who would have been entitled to vote upon the action if the meeting were held, consent in writing to the corporate action being taken. If the action which is consented to is such as would have required the filing of a certificate under any part of this chapter or of chapter 2 if the action had been voted upon by the stockholders at a meeting thereof, the certificate filed under such part shall state that written consent has been given in lieu of stating that the stockholders have voted upon the corporate action in question if the last mentioned statement is required in the certificate.

4.9. Bylaws: Corporation Procedure. The bylaws of a corporation may be adopted, amended, or repealed by the vote of the holders of not less than a majority of all of the shares of stock outstanding, or if two or more classes of stock have been issued, of a majority of each class of stock outstanding and entitled to vote, or in case of nonstock corporation, the majority of its members present at any meeting duly called and held, the notice of which shall have stated that a purpose of the meeting is to consider the adoption, amendment, or repeal of the bylaws; provided, that bylaws may be adopted at the incorporation of a corporation by the signers of the articles of incorporation, and in case of a nonstock corporation, by the signers of the petition for a charter of incorporation within thirty days after the granting of the charter; provided further, that the articles of incorporation or charter or bylaws of any corporation may require the authorization or approval of a larger proportion of the stockholders or members, or of any class or classes thereof for the adoption, amendment, or repeal of bylaws of the corporation, and also may impose any other restrictions on the adoption, amendment, or repeal of bylaws and, in that case, such provisions of the articles of incorporation or charter or bylaws shall be complied with in order to effect the adoption, amendment, or repeal.

Every corporation shall keep in its principal office for the transaction of its business in the Territory the original or a copy of the bylaws as amended or otherwise altered to date, certified by the secretary or other proper officer, which shall be open to inspection by the stockholders or members at all reasonabe times during office hours.

4.10. Scope of the Bylaws. The bylaws of a corporation may include any provisions not in conflict with law or the articles of incorporation or charter for the management of its property, the election and removal of its directors and officers, the regulation of its affairs and the transfer of its stock; provisions in respect to the manner of execution, revocation, use, and disposition of proxies; the manner of closing the stock transfer books or the fixing of the date for the determination of stockholders entitled to notice of and to vote at any meeting and any adjournment thereof and entitled to receive payment of any dividend or to any allotment of rights, or to exercise the right with respect to any change, conversion, or exchange of capital stock, or to give any consent in any matter requiring the consent of stockholders; the number, manner of fixing or changing the number, classification, tenure of office, causes for and manner of removal, and compensation of directors, alternate directors, and substitute directors; the manner of approving the acts and doings of the directors, officers, and agents by the stockholders and members; the appointment of an executive committee and other committees of the board of directors and the manner of prescribing the authority for each committee or committees; the manner of levying and collecting assessments on shares not fully paid, the transfer, forfeiture, and termination of membership in nonprofit corporations and whether the property interest of members shall cease at their death, and the vote ascertaining the property interest, if any, at death or termination of membership; the manner of signing, sealing, executing, and delivering corporate documents and instruments, including the manner of using facsimile signatures; and any other provisions not in conflict with law or the articles of incorporation or charter.

4.11. Meeting Called by the Registrar, When. Whenever, by reason of the death, absence, or other legal impediment of the officers of any corporation, there is no person duly authorized to call or preside at a legal meeting thereof, the Registrar may, on written application of four or more of the members or stockholders thereof, issue an order to any of the members or

stockholders, directing him to call a meeting of the corporation, by giving such notice as is required by the bylaws of the corporation. The Registrar may, in the same order, direct one of the members or stockholders to preside at the meeting, and any meeting held pursuant to the order shall be valid.

PART 5. RIGHTS, DUTIES AND LIABILITIES.

5.1. Of Directors; Dividends. The directors or managers of any corporation may authorized the payment of dividends in cash or in property owned by the corporation only from the profits and earned surplus of the corporation and only when the corporation does not have and the payment of a dividend would not create a capital deficit; provided that the foregoing shall not be interpreted to prohibit any distribution of assets permitted by subpart 3.14 of chapter 1, upon the reduction of the capital stock of a corporation, or to prohibit a distribution and division of the balance of the assets of the corporation in accordance with law, upon the dissolution of a corporation or the expiration of its charter. The directors or managers of any corporation may authorize the payment of dividends in shares of the authorized capital stock of the corporation only from the earned surplus or paid-in or contributed surplus or other surplus of the corporation, and the shares issued by the stock dividend shall be fully paid and nonassessable to the extent of the amount of surplus capitalized by the issuance thereof; provided that no stock dividend shall be paid by a fiduciary company without the approval of the Registrar. In case of any dividend payment or other distribution of assets in violation of this part, the directors or managers, under whose administration the same may have taken place and who have authorized the same, shall in their individual and private capacities be jointly and severally liable to the corporation and the creditors thereof, in the event of its bankruptcy or insolvency, or in the event of its dissolution, for the loss suffered by reason of the payment or other distribution in an amount not exceeding the amount so paid or distributed.

5.2. Of Subscribers and Stockholders; Assessments; Liability to Corporation and Creditors. Every subscriber to shares whose subscription has not been released or canceled pursuant to subpart 3.14 of chapter 1, and except as otherwise in this part provided, every other person to whom shares were originally issued shall be liable to the corporation for the unpaid portion of the full consideration agreed to be paid for the shares, but in any event for not less than the unpaid portion of the amount of capital of the corporation attributable to the shares.

Any transferee of shares who has acquired the shares in good faith without knowledge that they were not paid in full or to the extent stated in the certificate for the shares, shall not be liable for any amount beyond that shown by the certificate to be unpaid on the shares represented thereby; and any holder who derives his title through such a transferee and who is not himself a party to any fraud affecting the issuance of the shares shall have all the rights of his transferor.

Every transferee of partly paid shares who acquired them under a certificate showing the fact of part payment on the shares, and every transferee of the shares (other than a transferee who derives title from a holder in good faith without knowledge and who is not a party to any fraud affecting the issuance of the shares) who acquired them with actual knowledge that the shares were not paid in full or to the extent stated in the certificate therefor shall be personally liable to the corporation for calls made or for installments of the amount unpaid becoming due until he transfers them to one who becomes liable therefor. When a shareholder makes a transfer of shares in good faith which is duly registered on the corporate books to one who becomes liable therefor, he shall be thereby discharged from liability to the corporation for the portion of the subscription price or attributable capital which remains uncalled for at the time of registration, unless it is otherwise provided in the certificate or unless the shareholders have executed subscription contract for the issuance of the shares. After a transfer has been registered there shall be no lien upon the shares for calls already made or installments of the price due at the time of transfer and registration except as reserved in the certificate.

The liability under subscription contracts, written or oral, of shareholders imposed by this section shall be an asset of the corporation and may be enforced by an appropriate proceedings. No release or cancellation executed by the corporation of any such liability, excepting only releases or cancellations pursuant to subpart 3.14 of chapter 1, shall be effective in any action brought by or on behalf of any creditor to reach and apply the liability. In the event the corporation purchases from any stockholder (other than bona fide officers or employees of the corporation who have purchased the shares from the corporation under agreements reserving to the corporation the option to repurchase or obligating it to repurchase the shares) shares of stock which have not been fully paid, the transferor of the partly paid shares shall, nevertheless, remain liable to the corporation for the amount unpaid upon the stock in any action brought by or on behalf of any creditor to reach and apply the debt for the amount unpaid upon the stock at the time of repurchase.

No person holding shares in good faith as executor, administrator, guardian, trustee, receiver, or any other representative or fiduciary capacity shall be personally liable as a shareholder by reason of so holding the shares, but the estate and funds in the hands of the fiduciary or representative shall be so liable to the extent hereinabove provided.

No pledgee or other holder of shares as collateral security shall be personally liable as a shareholder, but the person pledging the shares shall be considered a holder thereof and shall be liable as a shareholder.

The dissolution of the corporation shall not affect the subscribers' or shareholders' liability and any subscriber or shareholder who makes payment to the corporation or to any creditor of the corporation in discharge in whole or in part of any debt or liability of the corporation shall have full rights of subrogation to the end that the contribution of the subscriber or shareholder shall not exceed the proportionate contributions made by other subscribers and stockholders for the discharge of the debts of the corporation.

5.3. Liability for Debts. All the property of any corporation shall be liable for the just debts thereof, but no subscriber or shareholder shall be liable for the debts of the corporation other than as specifically provided in this chapter.

5.4. Annual Exhibit, Exceptions; Inspection by Whom. Every corporation organized for profit under this chapter shall annually, between January 1 and April 1, file with the

Registrar a full and accurate exhibit of its state of affairs. The exhibit shall be made as of December 31 of each year, and shall contain such information and be made in such form as the Registrar shall require. However, if the corporation has adopted a fiscal year basis other than the calendar year basis, it may make application to the Registrar and be allowed by him to make its exhibit as of the end of its fiscal year, and file the same within ninety days immediately following the fiscal year date. In the case of a Trust Territory corporation which conducts its principal business without the Territory, it may file its exhibit within one hundred twenty days after the date as of which the exhibit is to be made. The Registrar may grant a reasonable extension of time for making and filing the annual exhibits. No exhibit shall be available for inspection by others than officers of Territory, or by the officers or stockholders of the corporation which made the exhibit, or by any bona fide creditor of the corporation; provided that the Registrar may permit the inspection of any exhibit by any other person upon being satisfied that the inspection is desired for some lawful and proper purpose.

Examination of books, etc., by Registrar. The Registrar may either call for the production of the books and papers of the corporation, and examine its officers, members, and others touching its affairs, under oath. In case any corporation refuses to produce its books and papers upon the request of the Registrar, or in case any of the officers or members of any corporation refuses to be examined on oath, touching the affairs of the corporation, then the Registrar may apply to the High Court at chambers for an order to compel the production of the books and papers or the examination of the officers or members of the corporation, obedience to which order may be enforced by the Court, in like manner with its ordinary decrees and orders.

5.5. Nonprofit Corporations, Exhibits of. Every nonprofit corporation shall annually present a full and accurate exhibit of its affairs to the Registrar. The exhibit shall contain such information and be in such form as the Registrar shall require, and shall be made as of December 31 of each year, unless the corporation has adopted a fiscal year basis other than the calendar year basis, in which event the corporation may, prior to the end of the calendar year, make application to the Registrar and be allowed by the Registrar to make its exhibit as of the end of its fiscal year. The exhibit shall be filed within ninety days after the date as of which the exhibit is to be made, or such further time not, however, to exceed ninety additional days, as the Registrar may allow.

PART 6 DISSOLUTION

6.1. Voluntary Dissolution; Certificate; Notice; Authority of Director. Any corporation wishing to dissolve itself at any time before the expiration of its charter or articles of incorporation may file withe Registrar a certificate verified on oath by any two authorized officers of the corporation, or by the presiding officer and secretary of the stockholders' meeting at which the vote was taken, setting forth that the dissolution has been approved, at a meeting duly called for that purpose by the holders of not less than three-fourths of all of the stock of the corporation issued and outstanding and having voting powers, or in the case of a nonstock corporation, by the vote of not less than three-fourths of the members present at the meeting. The articles of incorporation or charter may require the authorization or approval of the larger proportion of stockholders or members or of the class or classes shall be required as provided in the articles of incorporation or charter. If the corporation has not engaged in any business since its incorporation and no debts of the corporation remain unpaid or undischarged and all amounts, if any, paid in on subscriptions, less any amount thereof disbursed for necessary expenses, have been returned to the subscribers, the certificate shall so state.

Notice. In order to secure the attendance or representation by proxy of shareholders holding a sufficient number of shares or of members at the meeting called for the purpose of approving the proposed dissolution of the corporation, due and diligent search for shareholders or members may be made by mailing the notice of the meeting by registered or certified mail to each stockholder or member at his last address of record on the books of the corporation, and by publishing notice of the meeting in some newspaper of general circulation published in the District in which the corporation has its principal office at least once in each of two successive weeks (two publications) naming each shareholder or member of the corporation, and after the mailing and publication each shareholder or member who fails to attend the meeting or fails to acknowledge the notice shall be deemed to have approved at the meeting the dissolution of the corporation.

Registrar's Action. Upon the filing of a certificate in compliance with this section, the Registar shall issue and enter or record in his office a decree of dissolution decreeing that the corporation is then dissolved, unless the corporation has requested that the dissolution be as of the date of filing of the certificate or as of some subsequent date, in which case the dissolution shall become effective on or as of the date requested. Upon the issuance of the decree of dissolution, the corporation shall cease to exist and all powers theretofore held by the corporation shall vest in the turstee or trustees, if any, appointed pursuant to subpart 6.3 of chapter 1. The registrar shall in each case deliver a copy of the decree of dissolution to the Treasurer of the Territory.

6.2. Involuntary; Ordered by Registrar and Certification, Notices, etc. If any corporation has failed or neglected, for a period of two years in succession, to file an annual exhibit as required by laws, or if any corporation ceases to have any assets and fails to function, as shown by the certificate, under oath, of any officer or director of the corporation, or if the charter or articles of incorporation of the corporation have expired and, within a period of two years, no application for renewal of the same has been filed in accordance with this chapter, or if any corporation has been adjudicated a bankrupt as shown by a certified copy of a judgment or decree of a bankruptcy court, filed in the office of the Registrar and has no assets as shown by a certificate to that effect verified on oath by any authorized officer or director of the corporation, the Registrar may in that event disincorporate the corporation or annul the articles of incorporation or charter of the corporation and declare the corporation dissolved, after giving notice of his intention to dissolve the corporation by mailing to the corporation at its last known address appearing in the records of the Registrar and by publishing notice of such intention once in each of three successive weeks (three publications) in some newspaper of general circulation published in the District in which the corporation has its principal office. If any such corporation is declared dissolved any trustee appointed to settle the affairs of the corporation

shall pay to the Territory out of any funds that may come into his hands as trustee a sum equal to any penalty imposed under subpart 5.5 of chapter 1. The Registrar shall, in each case, deliver a copy of the decree of dissolution to the Treasurer of the Territory.

6.3. Proceedings After Dissolution; Appointment of Trustees. Upon the voluntary dissolution of any corporation, the Registrar shall appoint a trustee or trustees with full powers to settle the affairs of the corporation, unless the certificate filed pursuant to section 6.1 states that the corporation has not engaged in any business since incorporation, that no debts of the corporation remain unpaid or undischarged, and that all amounts, if any, paid in on subscriptions, less any amounts disbursed for necessary expenses, have been returned to the subscribers.

Upon the involuntary dissolution of any corporation and unless and until some other person or persons are appointed by the Registrar or a court of competent jurisdiction the directors of any corporation organized for profit, or directors or managers of any nonprofit corporation by whatever name the managers may be called, shall be and act as trustees for the creditors and stockholders or members of the corporation with full powers to settle its affairs; provided, that upon or at any time after the involuntary dissolution of any corporation, the Registrar may, whether or not the directors or managers of the corporation shall have undertaken to act as trustees in dissolution, appoint a trustee or trustees for the creditors and stockholders or members of the corporation with the powers to settle its affairs.

6.4. Trustee; Powers, Liabilities, Duties. The title to all assets and property, real, personal, and mixed, belonging to the corporation shall, immediately upon the dissolution thereof, unless by decree of court of competent jurisdiction it is otherwise ordered, vest in the trustee or trustees for the creditors and stockholders or members of the corporation dissolved.

Under the name of the trustee or trustees of the corporation dissolved (or under the name of the survivors of the trustees), unless and until some other person or persons are appointed by some court of competent jurisdiction, the trustee or trustees shall have power: to sue for and collect the debts, claims, and demands due to the corporation, or compound and settle any claims as they may deem best: to have, hold, reserve, sell, and dispose of property, real, personal, and mixed; to adjust and pay all debts of the corporation dissolved; to proceed as speedily as practical to a complete winding up of the corporation and, to that end, to exercise all powers of the dissolved corporation; to file bills for instructions in any court of competent jurisdiction on any matters concerning the administration of the assets under their control; to divide among the stockholders (or members if under the charter of the corporation they are entitled thereto) moneys and other properties that remain after paying the debts and necessary expenses; and they shall be jointly and severally liable to the creditors and to the stockholders or members if under the charter of the corporation the members are entitled to a distribution of the remaining property of the corporation to the extent of the corporation property which shall come into their hands.

The corporation may enter into a contract or agreement with any person or persons who are requested by the corporation to act as trustee or trustees, covering the administration of the assets and properties of the corporation, and if such persons are appointed trustees as herein provided, the contract shall in all respects be effective and shall be binding upon the corporation to the full amount of the assets coming into the hands of the trustees, provided that no contract shall prejudice the rights secured by law to the creditors of the corporation.

6.5 Claims, Administration, Accounts, Commissions; Notice to Creditors. The trustees for dissolved corporations shall forthwith publish, once in each of four successive weeks (four publications) in some newspaper of general circulation published in the District in which the corporation has its principal office, a notice to all creditors of the corporation to present their claims, at a place designated in the notice, within thirty days from the first publication of the notice, and shall, within thirty days from the publication of the notice, mail, postage prepaid, a like notice to every creditor whose name and address are known to the trustee or trustees and who has not, prior to the mailing of the notice, presented his claim. All claims not so presented shall be forever barred. The trustees, with the approval of the Registrar, may omit the publication of the notice, if the assets of the corporation are insufficient to pay for the publication.

Accounts of trustees; fees, etc. The trustees for dissolved corporations appointed by the Registrar shall render and file in the office of the Registrar within one year after their appointment or within sixty days after making a complete distribution of the assets to the creditors and stockholders (or members if under the charter of the corporation the members are entitled to distribution of the assets), whichever date is earlier, an itemized final account (which shall be clearly designated as such) on oath, showing all receipts and disbursements. If complete distribution has not been made then, unless the Registrar extends the time for filing the account, the trustees shall file an interim account and shall file further interim accounts and a final account at such time as the Registrar shall determine. The Registrar may, for good cause shown, extend the time for filing of any account and in the event an account is not filed within thirty days after notification by the Registrar that the account is due, any stockholder, member, or creditor may file a petition in the High Court at chambers of the District in which the corporation has its principal office praying the court to require the trustees to account for all assets and properties coming into their hands. If the court determines that the failure to file the account was willful, the cost of the suit shall be taxed against the trustees in their personal capacity.

Nothing herein shall be construed to prevent any stockholder, member, or creditor from filing in any court of competent jurisdiction a suit for such relief as may be proper if any account filed is improper or unsatisfactory. No account shall require the approval of the Registrar but shall be a public document open to the inspection of all interested parties.

The trustees for dissolved corporations shall, in the absence of a contract or agreement entered into by the trustees providing for a greater or lesser amount, be entitled to fees and commissions in the amount of one per cent of the value of the assets of the corporation as shown on its books at the date of its dissolution, one per cent of the value as shown on the books of the trustees of all money and assets finally distributed to the stockholders or members, two and one-half

percent of the value as shown on the books of the trustees of all moneys and assets paid or distributed to creditors prior to final distribution of the assets to the stockholders or members, and, in addition thereto, out of any income received by the trustees during each year of the trusteeship, seven per cent of the first $5,000 and five per cent of all amounts in excess of $5,000. If in the case of involuntary dissolutions there are insufficient assets in the estate to pay to the trustee the reasonable value of his services, the Registrar may allow and pay to the trustee out of any available appropriation for the current expenses of the Registrar's office, a fee of not more than $20.

Upon the filing of an itemized final account pursuant to this part, the power and authority of the trustee or trustees to receive or, except as hereinafter provided, to retain or in any manner deal with any property or assets of the corporation shall cease and determine. The trustee or trustees of every dissolved corporation shall safely keep and retain all of the corporate books, records, and papers for a period of ten years from and after the date of filing of the trustee's or trustees' itemized account as required by this section, and no trustee or trustees shall incur any liability for destroying the books, records, and papers after the expiration of the ten-year period.

If, after the filing of an itemized account as herein provided, other or further assets of a dissolved corporation are discovered withing the Territory, the Registrar shall appoint a trustee or trustees for the administration thereof in accordance with this part and any trustee or trustees so appointed shall, with respect to the assets, have all of the powers and duties herein provided for trustees for dissolved corporations.

If any claim is proven against a corporation that has been dissolved voluntarily and for the creditors and stockholders of which no trustee has been appointed because the certificate filed pursuant to subpart 6.1 of chapter 1, states that the corporation has not engaged in business since its incorporation, that no debts of the corporation remain unpaid or undischarged, and that the amounts, if any, paid in on subscriptions, less any amounts disbursed for necessary expenses, have been returned to the subscribers, the officers of the corporation who signed the certificate shall be jointly and severally liable upon the claim.

6.6. Witnesses and Documents Subpoenaed; Contempt Proceedings. Upon any application of any trustee or trustees for the creditors, stockholders or members of any involuntarily dissolved corporation for the purpose of discovering any assets, moneys, books, records, or papers of the corporation, the Registrar may subpoena witnesses or documentary evidence, administer oaths and examine under oath any individual relative to the affairs of the corporation. The subpoena shall have the same force and effect and shall be served in the same manner as if issued from a court of record. Witness fees and mileage claims shall be allowed the same as for testimony in a court of record. Witness fees, mileage, and actual expenses necessarily incurred in securing the attendance of witnesses and of testimony or the production of documentary evidence shall be itemized and shall be paid out of the assets of the dissolved corporation. If any individual fails to obey the subpoena or obeys the subpoena and refuses to testify when required concerning the matter under investigation, the Registrar shall file his written report thereof and proof of service of his subpoena in the High Court. Thereupon the court shall forthwith cause the individual to be brought before it to show cause why he should not be held in contempt; and if so held, may punish him as if the failure or refusal related to a subpoena from or testimony in that court.

6.7. Reinstatement of Involuntarily Dissolved Corporations. Within ninety days after the involuntary dissolution of a corporation under subpart 6.2 of chapter 1, the corporation may be reinstated by the Registrar upon application executed and verified by the president and secretary or other authorized officers of the corporation setting forth such information as the Registrar may require, and the payment of all delinquent fees, penalties, assessments, and taxes, and costs of involuntary dissolution, and the filing of all exhibits due and unfiled.

6.8. Dissolution of Corporations; Failure of Stockholders to Agree; Receivers; Procedure.

a. Jurisdiction of the High Court to dissolve and liquidate assets and business of corporations. The High Court shall have full power to dissolve and liquidate the assets and business of a corporation in an action by a stockholder when it is established:

(1) That the directors are deadlocked in the management of the corporate affairs and the stockholders are unable to break the deadlock and that irreparable injury to the corporation is being suffered or is threatened by reason thereof; or

(2) That the stockholders are deadlocked in voting power and have failed for a period which includes at least two consecutive annual meeting dates to elect successors to directors whose terms have expired or would have expired upon the election of their successors and that irreparable injury to the corporation is being suffered or is threatened by reason thereof. Proceedings under this part shall be brought in the district in which the principal office of the corporation is situated. It shall not be necessary to make stockholders parties to any action or proceeding unless relief is sought against them personally.

b. Procedure in liquidation of corporation by court. In proceedings to liquidate the assets and business of a corporation, the court may issue injunctions, appoint a receiver or receivers pendente lite, with such powers and duties as the court from time to time may direct, and take such other proceedings as may be requisite to preserve the corporate assets wherever situated, and carry on the business of the corporation until a full hearing can be had. After a hearing had upon such notice as the court may direct to be given to all parties to the proceedings and to any other parties in interest designated by the court, the court may appoint a liquidating receiver or receivers with authority to collect the assets of the corporation, including all amounts owing to the corporation by stockholders on account of any unpaid portion of the consideration for the issuance of shares. The liquidating receiver or receivers may, subject to the order of the court, sell, convey, and dispose of all or any part of the assets of the corporation wherever situated, either at public or private sale. The assets of the corporation or the proceeds resulting from a sale, conveyance, or other disposition thereof shall be applied to the expenses of the liquidation and to the payment of the liabilities and obligations of the corporation, and any remaining assets or proceeds shall be distributed among its stockholders according to their respective rights and interests. The order appointing the liquidating receiver or receivers shall state their powers and duties. The powers and duties may be

increased or diminished at any time during the proceedings. The court may allow from time to time as expenses of the liquidation compensation to the receiver or receivers and to attorneys in the proceedings, and direct the payment thereof out of the assets of the corporation or the proceeds of any sale or dispostion of the assets. A receiver of a corporation appointed under this part may sue and defend in all courts in his own name as receiver of the corporation. The court appointing the receiver shall have exclusive jurisdiction of the corporation and its property, wherever situated.

c. Qualifications of receivers. A receiver shall in all cases be a citizen of the Trust Territory of the Pacific Islands or a citizen of the United States or a corporation authorized to act as receiver, which corporation may be a domestic corporation or a foreign corporation authorized to transact business in this Territory, and shall in all cases give such bond as the court may direct with such sureties as the court may require.

d. Filing of claims in liquidation proceedings. In proceedings to liquidate the assets and business of a corporation the court may require all creditors of the corporation to file with the clerk of the court or with the receiver, in such form as the court may prescribe, proofs under oath of their respective claims. If the court requires the filing of claims, it shall fix a date, which shall be not less than four months from the date of the order, as the last day for the filing of claims and shall prescribe the notice that shall be given to creditors and claimants of the date so fixed. Prior to the date so fixed, the court may extend the time for the filing of claims. Creditors and claimants failing to file proofs of claim on or before the date so fixed may be barred, by order of court, from participating in the distribution of the assets of the corporation.

e. Discontinuance of liquidation proceedings. The liquidation of the assets and business of a corporation may be discontinued at any time during the liquidation proceedings when it is established that cause for liquidation no longer exists. In that event the court shall dismiss the proceedings and direct the receiver to redeliver to the corporation all its remaining property and assets.

f. Decree of involuntary dissolution. In proceedings to liquidate the assets and business of a corporation, when the costs and expenses of the proceedings and all debts, obligations, and liabilities of the corporation have been paid and discharged and all of its remaining property and assets distributed to its stockholders, or in case its property and assets are not sufficient to satisfy and discharge the costs, expenses, debts, and obligations, all the property and assets have been applied so far as they will go to their payment, the court shall enter a decree dissolving the corporation, whereupon the existence of the corporation shall cease. A copy of the decree shall be filed with the Registrar.

PART 7. SERVICE OF PROCESS

7.1. Manner of Service. Service of any notice or process authorized by law issued against any corporation, whether domestic or foreign, by any magistrate, court, judicial or administrative officer, or board, may be made in the manner provided by law upon any officer or director of the corporation who is found within the jurisdiction of the magistrate, court, officer, or board; and in default of finding any officer or director, upon the manager or superintendent of the corporation or any person who is found in charge of the property, business, or office of the corporation within the jurisdiction.

If no officer, director, manager, superintendent, or other person in charge of the property, business, or office of the corporation can be found within the Territory, and in case the corporation, if a foreign corporation, has neglected to file with the officer specified in subpart 1.1 or 1.2 of chapter 3, the name of a person upon whom legal notice and process from the courts of the Territory may be served; and likewise if the person so named is not found within the Territory, service may be made upon the corporation by filing with the Registrar, a copy of the notice, or process, certified to be such under the seal of any court of record, or by the magistrate, or by the chairman, or president of the board, or by the officer issuing the same. The Registrar so served shall immediately notify the defendant corporation of the service. The filing shall be deemed service upon the corporation forty-five days after the filing, and shall authorize the magistrate, board or officer to proceed in all respects as in the case of service personally made upon an individual.

7.2. Not Exclusive of subpart 1.1 or 1.2 of Chapter 3. Nothing in this part shall be construed to prevent service upon foreign corporations in the manner contemplated by subpart 1.1 or 1.2 of chapter 3.

CHAPTER 2

CONSOLIDATION AND MERGER OF CORPORATIONS

PART 1. CORPORATIONS FOR PROFIT

1.1 Application of Part. This part shall not be applicable to banks, cooperative associations, or any corporation engaged in the business of issuing insurance policies for its own account.

1.2 Merger and Consolidation of Domestic Corporations. Any two or more domestic corporations may be (1) merged into one of the domestic corporations, which is designated in this part as "the surviving corporation", or (2) consolidated into a new corporation to be formed under this part, which is designated in this chapter as "the consolidated corporation" by complying with subpart 1.3 to 1.4. of chapter 1.

1.3 Agreement; Approval of Board of Directors. The board of directors of each constituent corporation shall prepare for consideration by the stockholders a proposed merger of consolidation agreement which shall set forth that the constituent corporations are to become a single new corporation, or that one or more of the constituent corporations are to be merged into a specified constituent corporation; the terms and conditions of the merger or consolidation and the mode of carrying the same into effect; the names and addresses of the first directors and officers of the surviving or consolidated corporation, and their respective terms of office; the amount of the capital stock of the surviving or consolidated corporation, and if the privilege of subsequent extension of the capital stock is asked for, the limit of the extension; the preferences, voting powers, restrictions, and qualifications of all classes of stock of the surviving or consolidated corporation, if there is to be more than one class of stock; and the manner and basis of converting the shares of each of the constituent corporations into shares of the surviving consolidated corporation.

The agreement may also provide for the distribution of cash or any other property, or assets of any constituent corporation, in whole or in part, in lieu of or partially in lieu of shares of the surviving or consolidated corporation to stockholders of the constituent corporations or any class of them; but nothing in this part shall be deemed to authorize the distribution of cash, or other property, or assets to the stockholders of any constituent corporation (except in payment of dissenting stockholders for their shares under subpart 1.19 to 1.30 of chapter 2) unless after giving effect to any such distribution of cash, or other property, or assets, the liabilities of the surviving or consolidate corporation including those derived by it from the constituent corporation inclunding those derived by it from the constituent corporations, plus the amount of the capital stock of the surviving or consolidated corporation do not exceed the value of the remaining assets and property of the surviving or consolidated corporation and unless the liabilities of the surviving or consolidated corporation, including those derived by it from the constitutent corporations, are less in amount than one-half the value of the remaining assets and property of the surviving or consolidated corporation.

The agreement may also provide the time or conditions, upon the happening of which the agreement shall be executed and filed as herein provided. The agreement may also provide that the name of the consolidated corporation shall be the same as the name of a constituent corporation.

If the agreement is for a consolidation, it shall state therein or incorporate as part thereof, by reference and exhibit number, complete articles of incorporation as is required by chapter 1 in the case of the formation of new corporations (except that the name of the incorporators and the affidavit referred to in subpart 2.5 of chapter 1 shall not be required). These articles of incorporation shall be deemed to be the articles of incorporation of the consolidate corporation upon the filing of consolidation agreement in the office of the Registrar as hereinafter provided. The articles of incorporation of the consolidated corporation may contain all the powers and privileges that could be lawfully conferred or obtained in original articles of incorporation.

If the agreement is for a merger, it shall state any matters with respect to which the articles of the surviving corporation are proposed to be amended, and shall set forth or incorporate as part thereof, by reference and exhibit number, the proposed articles of incorporation as amended, and the articles shall be deemed to be the amended articles of incorporation of the surviving corporation upon the filing of the merger agreement in the office of the Registrar as hereinafter provided. The amended articles of incorporation of the surviving corporation may provide for the extension of the term of its corporate existence, and may contain all the powers and privileges that could be lawfully conferred or obtained in original articles of incorporation.

Prior to its execution, the proposed merger or consolidation agreement shall be approved by the board of directors of each constituent corporation. The approval may be given either before or after the approval or authorization of the stockholders as herein provided.

1.4. Authorization of Stockholders. Either before or after the approval of the proposed agreement by the board of directors, meetings of the stockholders of each constituent corporation shall be called, and at each meeting the proposed merger or consolidation agreement shall be considered. A written notice setting forth the time, place, and purpose or meeting and either a copy of the proposed agreement or a statement of the general terms thereof, and stating the date on which the notice is mailed, shall be mailed, postage prepaid, at least thirty days prior to the date of the meeting, to every stockholder at his last known address appearing on the books of the corporation. Before any merger or consolidation agreement becomes effective, the agreement shall be approved or authorized by the vote of the holders of not less than three-fourths of the issued and outstanding shares of each class of each of the constituent corporations, even though their right to vote is otherwise restricted or denied by the charter, articles, bylaws, or resolution of the constituent corporation.

The approval of the stockholders of each constituent corporation may be given at the meeting, or any adjournment thereof which may be held, either before or after the approval of the agreement by the board of directors, and the stockholders may by resolutions approved by the vote required in the preceding paragraph adopt modifications of or amendments to the proposed agreement, and may authorize the board of directors of the corporation to make modifications or amendments of the proposed agreement as the board of directors deems proper to the extent provided for in the resolutions without further stockholders' approval. Upon the approval or authorization of the merger or consolidation, unless the approval or authorization is given by the holders of all shares owned and outstanding, the officers shall mail to each stockholder notice that the merger or consolidation agreement has been approved or authorized.

The stockholders of each constituent corporation may at the stockholders' meetings adopt proposed bylaws for the consolidated corporation, which shall be deemed to be the

bylaws of the consolidated corporation upon the filing of the consolidation agreement in the office of the Registrar as hereinafter provided, or the bylaws may be adopted at a stockholders' meeting of the consolidated corporation after the filing of the agreement.

1.5 Execution of agreement by Officers. After approval by the directors, and approval or authorization by the stockholders, the agreement shall be executed by the president or vice-president and the secretary or assistant secretary of each constituent corporation, and acknowledged by the officers executing the same on behalf of their respective corporations.

1.6. Certificates of Approval. Either before or after the agreement has been executed in accordance with subpart 1.5 of chapter 2, there shall be executed and signed by the presiding officer and secretary of each of the stockholders' meetings (or in case of inability or incapacity of any officer to make the certificate, then by any other officer present at the meeting), a certificate which shall be verified by their oath and shall set forth:

a. The time and place of the meeting of the board of directors, and a copy of the resolution adopted thereat;

b. The vote in favor of the resolution;

c. The time and place of the meeting of the stockholders, and the total vote of each class shares by which the agreement was approved or authorized, and a copy of the stockholders' resolution approving or authorizing the agreement.

d. The total number of issued and outstanding shares of each class;

e. The facts as to the mailing of the notice of the time, place and purpose of the meeting of the stockholders;

f. If the agreement provides conditions upon the happening of which the agreement is to be executed or filed, a statement that the conditions have happened.

1.7. Amendments to Agreement. Prior to the filing of the agreement any amendment to the agreement may be made if the amendment is approved by the vote required in subpart 1.4 of chapter 2 at stockholders' meetings of each constituent corporation and by the board of directors of each of the constituent corporations. The agreement so amended shall be signed and acknowledged and shall have certified therewith the approval of the directors and of the stockholders in the same manner as provided for the original agreement, and shall then be considered the merger or consolidation agreement. Where authority has been given to the board of directors of any corporation to make modifications or amendments of the agreement in accordance with subpart 1.4 of chapter 2, no further stockholders' approval shall be required and upon the amendment of any agreement the certificate for the corporation shall certify that the authority has been given by the stockholders to the board of directors of the corporation.

1.8. Filing; Effective Time of Merger of Consolidation. The agreement so approved, executed, and acknowledged, and the certificates of its approval by each constituent corporation in accordance with this part shall, subject to subparts 1.9 and 1.10 of chapter 2, be filed in the office of the Registrar, and the merger or consolidation shall become effective under this part at the day, hour, and minute of the filing of the agreement and all necessary certificates of its approval by each constituent corporation in accordance with this part, unless a subsequent day, hour, and minute shall be specified in the agreement. If a day, hour, and minute subsequent to the day, hour, and minute of filing shall be so specified, the merger or consolidation shall become effective under this part at the subsequent to the day, hour, and minute. A copy of the agreement, certified by the Registrar, shall have the same force in evidence as the original and, except as against the Territory, shall be conclusive evidence of the performance of all conditions precedent to the merger or consolidation, and the creation or existence of the surviving or consolidated corporation.

1.9. Fiduciary Companies. (Reserved)

1.10. Public Utility Companies. (Reserved)

1.11. Certificate of Registrar of Merger or Consolidation. Upon the filing of the agreement and the certificates of its approval in the office of the Registrar in conformity with this part, and upon the merger or consolidation becoming effective under this part, the Registrar shall make and seal with the seal of his office, his certificate of merger or consolidation as the case may be, which shall set forth in such form as is satisfactory to the Registrar the following matters:

a. The name of each constituent corporation;

b. The name of the surviving or consolidated corporation;

c. The day, hour, and minute of the filing in his office of the merger or consolidation agreement and all necessary certificates of approval in conformity with this part, and if the merger or consolidation has become effective at a subsequent day, hour, and minute, the day, hour, and minute at which the merger or consolidation has become effective under this part;

d. The names and citizenships of the officers and directors of the surviving or consolidated corporations at the time of the filing of the agreement.

1.12. Earned or Paid-in Surplus of Constituent Companies. The earned surplus and paid-in surplus appearing on the books of the constituent companies to the extent to which the surplus is not capitalized by the issues of shares or otherwise, may be entered as earned or paid-in surplus, as the case may be, on the books of the surviving or consolidated corporation and may thereafter be dealt with as such.

1.13. Property and Corporate Existence. Upon merger or consolidation as provided herein, the separate existence of the constituent corporations shall cease, except that of the surviving corporation in case of merger. All and singular the rights, privileges, franchises, and property of each of the constituent corporations, and all debts and liabilities due or to become due to any constituent corporation, including subscriptions for shares and things in action and every interest or asset of conceivable value or benefit, shall be deemed fully and finally and without any right of reversion transferred to and vested in the surviving or consolidated corporation without further act or deed, and the surviving or consolidated corporation shall have and hold the same in its own right as fully as the same was possessed and held by the constituent corporation from which it was, by operation of the provisions of this part, transferred.

All debts, liabilities, and obligations due or to become due of and all claims or demands for any cause existing against each constituent corporation shall, upon merger or consolidation,

be and become the debts, liabilities, obligations of, and the claims and demands against the surviving or consolidated corporation in the same manner as if the surviving or consolidated corporation had itself incurred or otherwise become liable for them.

All rights of creditors and all liens upon the property of each of the constituent corporations shall be preserved unimpaired, limited in lien to the property affected by the liens immediately prior to the time of the merger or consolidation.

Any action or proceedings pending by or against any of the constituent corporations shall not be deemed to have abated or been discontinued, but may be prosecuted to judgment with the right to appeal or review as in other cases as if the merger or consolidation had not taken place or the surviving or consolidated corporation may be substituted for the constituent corporation.

1.14. Abandonment of Merger or Consolidation. By appropriated agreement executed by the proper officers of each of the constituent corporations and approved by the board of directors and by the stockholders by the same vote required in subpart 1.4 of chapter 2, the merger or consolidation may be abandoned at any time before the merger or consolidation is completed.

At any stockholders' meeting the stockholders of any constituent corporation may, by resolution approved by the same vote required in subpart 1.4 of chapter 2 authorize its board of directors to abandon the merger or consolidation, when and if in its discretion it deems the same advisable, and in that case the approval of the stockholders of the corporation provided for in the preceding paragraph shall not be required.

1.15. Merger or Consolidation of Foreign Corporation with Domestic Corporations. The merger or consolidation of one or more foreign corporations with one or more domestic corporations may be affected under this part if the foreign corporations and each of them are authorized to effect the merger or consolidation by the laws of the jurisdiction under which they are formed; provided, that the laws of the Territory shall govern the merger or consolidation and the surviving or consolidated corporation.

Upon the merger or consolidation becoming effective in the Territory in accordance with subpart 1.3 to 1.14 of chapter 2, the property and corporate existence of the constituent corporation shall in all respects be subject to subpart 1.13 of chapter 2.

1.16. Merger or Consolidation of Domestic Corporations with Foreign Corporations. Notwithstanding subpart 1.15 of chapter 2, the merger or consolidation of any number of domestic corporations with any number of foreign corporations may be effected if the foreign corporations are authorized to effect such a merger or consolidation by the laws of the jurisdiction under which they are formed; provided, that if the surviving or consolidated corporation is a foreign corporation no merger or consolidation agreement shall be effected as to any domestic corporations unless the authorization and approval have been obtained from the holders of not less than nine-tenths of the issued and outstanding shares of each domestic corporation even though their right to vote is otherwise restricted or denied by the charter, articles, bylaws, or resolution of the domestic corporation.

In the merger or consolidation agreement, the laws of any jurisdiction under which one of the constituent corporations was organized may be selected as the laws which govern the merger or consolidation and the surviving or consolidated corporation; provided, that the dissenting stockholders of any domestic corporation shall in any event have the right to have their compensation determined under subparts 1.19 to 1.30 of chapter 2 upon compliance with all of the terms and conditions of these parts.

To become effective in the Territory, the merger or consolidation agreement shall be filed in the office of the Registrar in the manner required in subpart 1.8 of chapter 2.

Upon the merger or consolidation becoming effective in the Territory, the property and corporate existence of the domestic constituent corporations shall in all respects be subject to subpart 1.13 of chapter 2.

1.17. Foreign Surviving or Consolidated Corporation. If the surviving or consolidated corporation is to be governed by the laws of any jurisdiction other than the Territory, the Registrar shall not permit the filing of the agreement in his office unless there is filed therewith an agreement or agreements executed by the proper officers of each constituent company providing that a designated person residing within the Territory may be served with legal notice and process from the courts of the Territory or notices from officials of the Territory in any proceeding for the enforcement of any obligation or duty of any domestic constituent corporation, including any suit brought by any dissenting stockholders pursuant to subpart 1.23 of chapter 2. If the person so named is not found within the Territory, service shall be made upon the merged or consolidated orporation to enforce any obligation or duty by filing with the Registrar a copy of notice of process authorized by law, by any magistrate, court, judicial or administrative officer, or board, in accordance with subpart 7.1 of chapter 1.

If the consolidated or surviving corporation undertakes to do or carry on any business in the Territory or to take, hold, sell, demise, or convey any real property or any other property therein, it shall within thirty days after the filing of the merger or consolidation agreement, file in the office of the Registrar all documents required to be filed by subparts 1.1 and 1.2 of chapter 3, and shall in all respects, be subject to part 7, chapter 1 and chapter 3.

1.18. Corporations Owning Real Property. In the event of a merger involving a corporation owning real property in the Territory or leasehold interest in the Territory, there shall be obtained a prior approval of such merger by the High Commissioner, which prior approval is a condition precedent to a valid merger.

1.19. Written Demand for Compensation by Dissenting Stockholders. If the requisite number of stockholders of any constituent corporation approve its merger or consolidation with another corporation, domestic or foreign, then any holder of voting or nonvoting shares who has not approved the merger or consolidation at the meeting at which the same was approved, may make written demand upon the constituent corporation of which he is a stockholder for the payment to him of the fair market value of his shares. The fair market value shall be determined as of the close of business of the day before the vote of the stockholders approving the action.

1.20. Time for Receipt of Demand and Contents. The demand must be received by the constituent corporation within thirty days after the date on which the notice of the approval by the stockholders provided for in subpart 1.4 of chapter 2 was mailed to the stockholder. The demand shall state the number and class of the shares held of record by the stockholder in respect of which he claims relief, and shall contain a request that the corporation state what it determines to be the fair market value of the shares as of the close of business of the day before the vote of the stockholders approving the merger or consolidation.

1.21. Certificates Marked as "Dissenting Shares". Before the expiration of the period referred to in subpart 1.20 of chapter 2, the stockholder shall submit to the constituent corporation, at its principal office or at the office of any transfer agent thereof, his certificates for shares in respect to which he claims relief under subparts 1.19 to 1.30, of chapter 2, to be stamped or endorsed with a statement that the shares are dissenting shares. Upon subsequent transfers of the shares on teh books of the constituent corporation the new certificates issued therefor shall bear a like statement together with the name of the original dissenting holder of the shares.

The terms "dissenting shares" and "dissenting stockholders" as used in subparts 1.9 to 1.30 of chapter 2 refer to shares and the holders thereof of record when all of the acts and things mentioned in subparts 1.19 to 1.21 of chapter 2 have been done and performed as therein required with reference to the shares and the terms "dissenting stockholders" includes transferrees of record and successors in interest. Dissenting stockholders shall continue to have all the rights and privileges incident to their shares save as expressly limited by subparts 1.19 to 1.30 of chapter 2 until the filing of the merger or consolidation agreement in the office of the Registrar. A dissenting stockholder may not withdraw his dissent or demand for payment unless the constituent corporation, by its board of directors, consents thereto. Upon withdrawal of dissent in accordance with the provisions hereof, the statement stamped or endorsed on all certificates shall be cancelled or new certificates issued in lieu thereof.

1.22. Offer by Corporation, etc. Withing ten days after receipt of a copy of the demand, or within fifteen days after the day of the vote of the stockholders approving the action, whichever is the latter, the constituent corporation upon which demand has been made in accordance with subpart 1.20 of chapter 2, shall deliver or mail to the holder of dissenting shares at his last known address, a written offer to pay for the shares at price or prices deemed by the corporation to represent the fair market value if the stockholder is entitled to relief. If the constituent corporation and the holder of dissenting shares agree upon the price of the shares, the dissenting stockholder shall be entitled to the price without interest, unless the agreement otherwise provides, upon surrender of the certificate or certificates for the shares affected.

1.23. Suit in Equity to Determine Fair Market Value of Dissenting Shares. If any dissenting stockholder fails to agree with the constituent corporation upon a fair market value, then the dissenting stockholder, if he first has complied with the conditions provided in subpart 1.19 to 1.21 of chapter 2, or any interested corporation within six months after the date on which notice of the approval by the stockholders was mailed to the stockholder, but not thereafter, may file a petition in the High Court at chambers, in equity, praying the court to determine the fair market value of the dissenting shares or may within such time intervene in any pending action or suit for the appraisal of any dissenting shares. If the petition or intervention is not filed or made within such period as to any dissenting shares the purchase price of which has not been agreed upon, then the shares shall lose their dissenting status and be deemed to be assenting shares.

1.24. Parties, Determination of; Appraisers. Two or more dissenting stockholders of the same corporation may join as petitioners or be joined at any time or be made respondents in the suit and two or more suits involving the value of the shares of one or more constituent corporations may be consolidated. Dissenting stockholders may intervene in any pending suit brought for the appraisal of any dissenting shares.

On the trial of any suit, the court shall determine whether the petitioners or intervenors are dissenting stockholders within the meaning of subparts 1.19 to 1.30 of chapter 2 and whether they are entitled to relief, and if the court so finds, the court shall determine or shall appoint three impartial appraisers to determine the fair market value of the shares of dissenting stockholders as of the time above specified.

1.25 Determination of Fair Market Value; Decree; Appeal; Costs. If appraisers are appointed they forthwith shall proceed to determine the fair market of the shares and the appraisers, or a majority of them, shall make a report within the time fixed by the court, and shall file their report in the office of the clerk of the court, whereupon, on the motion of any party, the report shall be submitted to the court and unless the report is agreed to by all parties, it shall be considered together with such evidence as the court may consider relevant.

If appraisers are not appointed or if a majority of them fail to make and file a report within ten days, or within such further time as may be allowed by the court, or their report is not confirmed by the court, the court shall determine from the evidence adduced the fair market value of the dissenting shares.

Upon determination by the court, a decree shall be rendered against the corporation involved which shall provide substantially that upon surrender of the shares the corporation shall make payment to the dissenting stockholders of an amount equal to the fair market value of each share as of the time above specified, multiplied by the number of dissenting shares in respect of which the court finds any dissenting stockholders is entitled to relief, together with interest thereon at four per cent a year from and after the date of the filing of the merger or consolidation agreement in the office of the Registrar.

Any decree shall be payable only upon the endorsement and delivery to the corporation of the certificates for the shares described in the decree.

The costs of the suit, including reasonable compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable.

1.26. Payment; Rights of Corporation. Unless provided otherwise by agreement, payment of the fair market value of dissenting shares shall be made by the corporation involved within thirty days after the amount thereof has been agreed upon or within thirty days after the effective date of the merger, whichever is later, upon surrender of the certificates

therefor. After any decree is entered for the payment of any dissenting stockholders unless appeal has been effected by the stockholder under subpart 1.25 of chapter 2, the corporation may pay into the court entering the decree the sum required to be paid to the dissenting stockholder, and upon the payment into court, interest shall cease. Disbursement of any sum paid into court shall be made only under order of court after the corporation has been notified of application for payment, and only upon surrender to the corporation of the certificates of stock. The surviving or consolidated corporation may, but shall not be required to hold as treasury stock any of its shares attributable to shares of dissenting stockholders purchased or paid for under subparts 1.19 to 1.30 of chapter 2, if the assets and property of such corporation, after payment of the dissenting stockholders, exceed the capital stock issued and outstanding plus the liabilities and obligations, otherwise the contituent corporation shall dispose of the shares, or the shares into which they are converted (or a portions of the shares where sale of a portion will satisfy the requirements hereof) for such consideration as it deems proper.

1.27 Interim Dividends. The dissenting stockholders of record shall be entitled to receive all cash divideds paid by the contituent corporation until the effective date of the merger or consolidation. All stock dividends applicable to dissenting stock declared and issued before the date of the merger or consolidation shall be withheld by the constituent corporation declaring and issuing the same and shall not be issued to the dissenting stockholders and the constituent corporation shall hold or dispose of the stock divideds after payment for the dissenting stock to which the dividend is applicable under subpart 1.26 of chapter 2 in the same manner as stock purchased from dissenters under subparts 1.19 to 1.30 of chapter 2.

1.28 Abandonment of Merger, etc. The right of dissenting stockholder to relief hereunder and his status as a dissenting stockholder hereunder shall cease if and when the constituent corporation of which he is a stockholder abandons the merger or consolidation entitling the dissenting stockholder to relief. Upon abandonment of the merger or consolidation any dissenting stockholder who has initiated proceedings in good faith under subpart 1.19 to 1.30 of chapter 2 shall be entitled to recover from the corporation all necessary expenses incurred in the proceedings and reasonable attorney's fees.

1.29. Scope of Application; Definitions. Subparts 1.19 to 1.30 of chapter 2 shall not apply to classes of shares whose terms and provisions specifically set forth the amount to be paid or the method of determining the amount to be paid in respect to the shares in the event of consolidation or merger.

The rights and remedies of any stockholder to object to or litigate as to any such merger or consolidation are limited to the right to receive the fair market value of his shares in the manner and upon the terms and conditions provided in subparts 1.19 to 1.30 of chapter 2, except suits or actions to test the sufficiency or regularity of the votes of the stockholders authorizing or approving the proposed action of any constituent corporation. Whenever the term "constituent corporation" is used in subparts 1.19 to 1.29 of chapter 2, it means and includes the surviving or consolidated corporation after the merger or consolidation agreement is effective.

1.30. Stay of Compensation Proceedings. If proceedings are instituted to test the sufficiency of regularity of the votes of the stockholders in authorizing the merger or consolidation, the petition for compensation of any dissenting stockholder shall be filed within the period provided in subparts 1.19 to 1.30 of chapter 2, but all proceedings in the suit shall be suspended until final determination of proceedings instituted to test the sufficiency or regularity of the votes of the stockholders.

PART 2 MERGER OF SUBSIDIARY CORPORATIONS

2.1. Application of Part. This part shall not be applicable to cooperative associations, nonprofit corporations, or any corporation engaged in the business of issuing insurance policies for its own account.

2.2. Merger of Parent Corporation and Subsidiary. Any corporation organized or existing under the laws of this Territory or under the laws of a state or jurisdiction subject to the laws of the United States, if the laws of the state or jurisdiction permit a merger, owning at least ninety per cent of the outstanding shares of each class of the stock of any other corporation or corporations organized or existing under the laws of this Territory, or under the laws of any state or jurisdiction subject to the laws of the United States, if the laws of the other state or jurisdiction permit such a merger, may file in the office of the Registrar a certificate of such ownership and of merger in its name and under its corporate seal, signed by any two authorized officers of the corporation and setting forth a copy of the resolution of its board of directors to merge the other corporation or corporations into it and to assume all of its or their obligations and the date of the adoption thereof; provided, that in case the parent corporation shall not own all the outstanding stock of all the subsidiary corporation parties to a merger as aforesaid, the resolution of the board of directors of the parent corporation shall state the terms and conditions of the merger, including the securities, cash, or other consideration into which shares of stock of the subsidiary coporation or corporations not owned by the parent corporation are to be converted. Upon the minute, hour, and day of filing of the certificate of ownership and merger pursuant to this section, or if a subsequent minute, hour, and day has been specified in the certificate then upon such subsequent minute, hour, and day, the separate existence of the subsidiary corporation or corporations shall cease and all and singular the rights, privileges, franchises, and property of the subsidiary corporations and all debts and liabilities due or to become due to the subsidiary corporations, including subscriptions for shares and things in action and every interest or asset of conceivable value or benefit, shall be deemed fully and finally and without any right of reversion transferred to and vested in the surviving parent corporation without further act or deed, and the surviving parent corporation shall have and hold the same in its own right as fully as the same was possessed and held by the subsidiary corporation from which it was, by operation of this part, transferred; and except as and to the extent otherwise provided in subpart 2.3 of chapter 2, each share of stock of the subsidiary corporation or corporations not theretofore owned by the parent corporation shall be deemed converted into the securities, cash, or other consideration provided in the certificate of ownership and merger. All debts, liabilities, and obligations due or to become due of, and all claims or demands for any cause existing against, the subsidiary corporation shall upon the merger be and become the debts, liabilities, and obligations of the claims and demands against the surviving parent corporation in the same manner as if the surviving parent corporation had itself incurred or otherwise become liable for them. All rights of

creditors and all liens upon the property of each of the subsidiary corporations shall be preserved unimpaired, limited in lien to the property affected by the liens immediately prior to the time of the merger. Any action or proceedings pending by or against any subsidiary corporation shall not be deemed to have abated or been discontinued but may be prosecuted to judgment with the right to appeal or review as in other cases as if the merger or consolidation had not taken place or the surviving parent corporation may be substituted for the subsidiary corporation.

2.3 Rights of Stockholders of Merged Subsidiary Corporation. If all of the stock of a subsidiary Trust Territory corporation party to a merger affected under this part is not owned by the parent corporation immediately prior to the merger, the surviving corporation shall within ten days after the date on which the certificate of ownership and merger has been filed pursuant to this part notify each stockholder of the subsidiary Trust Territory corporation that the certificate of ownership and merger has been filed and the terms and conditions of the merger. The notice shall be sent by registered or certified mail addressed to the stockholder at his last known address as it appears on the books of the subsidiary corporation. If within thirty days after the date on which the notice of filing of the certificate of ownership and merger and terms and conditions of the merger is mailed any stockholder makes demand upon the surviving corporation in the manner provided in subpart 1.20 of chapter 2 (other than the first sentence thereof), then all of the provisions of subpart 1.30 of chapter 2, shall be and become applicable; and each stockholder making the demand and the surviving corporation shall have all of the rights and duties provided in the sections, but no stockholders of the surviving corporation shall have any such rights or duties nor shall any of the provisions of this section or sections 1,19 to 1.30, apply to any stockholder of the surviving corporation.

2.4 Merger of Domestic Corporations with Foreign Corporations; Foreign Surviving Corporations; Conveyance of Real Property upon Merger of Foreign Corporations. To the extent not contrary to subparts 2.1 to 2.3 of chapter 2, subparts 1.16 to 1.18 of chapter 2 are made applicable to this part.

PART 3. NONPROFIT CORPORATIONS

3.1 Nonprofit Corporation Defined. "Nonprofit corporation" as used in this part means a corporation created under subparts 2.9 and 2.10 of chapter 2.

3.2 Merger and Consolidation. Any two or more domestic nonprofit corporations may be (1) merged into one of such domestic nonprofit corporations, which is designated in this part as "the surviving nonprofit corporation" or, (2) consolidated into a new domestic nonprofit corporation to be formed by means of such merger or consolidation as is specified in the agreement hereinafter provided which is designated in this part as "the consolidated nonprofit corporation". The board of directors, trustees, or other governing body of such nonprofit corporations as desire to merge or consolidate may enter into an agreement prescribing the terms and conditions of the merger or consolidation, the mode of carrying the same into effect, the names and addresses of the first officers and directors of the surviving or consolidated nonprofit corporation and their respective terms of office, and setting forth such other provisions as may be deemed necessary.

3.3 Merger; Necessary Statement. If the agreement is for a merger, it shall state any matters in respect of which the charter of the incorporation of the surviving nonprofit corporation is proposed to be amended, and shall set forth or incorporate as part thereof the proposed charter of incorporation as amended, and the charter of incorporation shall be deemed to be the amended charter of incorporation of the surviving nonprofit corporation upon the allowance of the merger agreement by the Registrar with the consent of the High Commissioner. The amended charter of incorporation of the surviving nonprofit corporation may provide for the extension of the term of its corporate existence, and may contain all the powers and privileges that could lawfully be conferred or obtained in an original charter of incorporation.

3.4 Consolidation; Necessary Statement. If the agreement is for a consolidation, it shall state therein or incorporate as part thereof a complete charter of incorporation as is required by chapter 1 in the formation of a new nonprofit corporation. The charter of incorporation shall be deemed to be the charter of incorporation of the consolidated nonprofit corporation upon the allowance of the consolidation agreement by the Registrar with the consent of the High Commissioner. The charter of incorporation of the consolidated nonprofit corporation may contain all the powers and privileges that could be lawfully conferred or obtained in an original charter of incorporation of a nonprofit corporation.

3.5 Agreement; Approval, Execution. The agreement shall be approved by the board of directors of trustees of each constituent nonprofit corporation and shall also be approved separately by each constituent nonprofit corporation, at a meeting duly called and held for the purpose, at which a quorum is present, by not less than two-thirds of the members of each constituent nonprofit corporation present at the meeting.

The agreement shall be executed as provided in subpart 1.5 of chapter 2.

3.6 Certificate of Approval. There shall be executed and signed by the presiding officer and secretary of each of the membership meetings, or by any other officers present at the meeting, a certificate which shall be verified by their oath and shall set forth:

a. The time and place of the meeting of the board of directors or trustees, and a copy of the resolution adopted thereat;

b. The vote in favor of the resolution;

c. The time and place of the meeting of the membership, and a copy of the resolution adopted thereat;

d. The vote in favor of the resolution;

e. Facts as to the notification of the members of the time, place, and purpose of the meeting of the members.

3.7 Agreement When Executed to be Filed with Registrar. The agreement so approved, executed,

and acknowledged, and the certificates of its approval by each constituent nonprofit corporation in accordance with this part, shall be filed in the office of the Registrar, and the merger or consolidation shall become effective upon the allowance of the merger or consolidation shall become effective upon the allowance of the merger or consolidation by the Registrar. A copy of the agreement, certified to by the

Registrar shall have the same force in evidence as the original and, except as against the Territory, shall be conclusive evidence of the performance of all things precedent to the merger or consolidation, and the creation or existence of the surviving or consolidated nonprofit corporation.

3.8 Certificate of Registrar. Upon the allowance of the agreement, the Registrar shall make and seal with the seal of his office, his certificate of merger or consolidation, which shall set forth the following:

a. The name of each constituent nonprofit corporation;

b. The name of the surviving or consolidated nonprofit corporation;

c. The date and time of allowance of the merger or consolidation agreement;

d. The names of the officers and directors or trustees of the surviving or consolidated nonprofit corporation at the time of allowance of the agreement.

3.9 Subpart 1.13 of chapter 2 Applies. Subpart 1.13 of chapter 2 shall apply to the merger or consolidation of nonprofit corporations.

CHAPTER 3

FOREIGN CORPORATIONS

PART 1. FOREIGN CORPORATIONS, GENERALLY

1.1 Declarations; Local Agents; Bonds. Every corporation or incorporated company other than an eleemosynary corporation formed or organized under the laws of any foreign state or country which undertakes to do or carry on business in the Territory, shall file in the office of the Registrar:

a. A declaration sworn to on oath by two authorized officers of the corporation stating:

(1) The name of the corporation;

(2) The state or country wherein it was incorporated;

(3) The location and address of its principal office;

(4) The location and address of its branch office or offices in the Territory;

(5) The names, citizenships, and addresses of its officers and directors;

(6) The amount of its paid up capital stock;

(7) The total value of the property owned and used by it in its business;

(8) The nature and total value of the property to be acquired by it for use in the Territory;

(9) The total dollar amount of business transacted by it during its preceding fiscal year;

(10) The nature and actual method of the business to be transacted within the Territory;

(11) The name, citizenship, and business address of the person residing within the Territory upon whom legal notice and process from the courts of the Territory, or notices from officials of the Territory, may be served.

b. A copy of the articles of incorporation, charter, or act of incorporation of the corporation as amended to the date of the declaration, certified to by the proper officer of the state where the corporation was organized, which certificate shall also state that the corporation is in good standing if that is the fact.

c. A copy of the bylaws of the corporation, as amended to the date of the declaration, certified to by the proper officer of the corporation.

d. A good and sufficient bond or bonds with one or more sureties to be approved by the Registrar, and running to the Registrar and his successors in office, in a sum or sums to be fixed by the Registrar in his sound discretion, but not more than ten per cent of the capital stock of the corporation or $5,000, whichever is less, with condition that the surety or sureties on the bond or bonds shall be answerable in the amount of the bond or bonds for all judgements, decrees, or orders given, made, or rendered against the principal on the bond or bonds by any of the courts of the Territory for the payment of money; provided, that the Registrar may require the bond to be in the sum of not less than $1,000, or may waive the requirements of the bond if in his judgment the corporation owns or holds property within the Territory in value sufficient to equal the amount of any bond or bonds which would otherwise be required or is an established corporation which has not defaulted on any obligation due from it for a period of at least ten years prior to the date of declaration. The Registrar may from time to time review and redetermine the requirement of this paragraph as if a declaration were being filed at the time of the review and redetermination, and increase or reduce or waive the bond or bonds required, as appropriate, or accept other or different bonds under such conditions as he may require and determine, the surety or sureties on the bond may withdraw from the same upon giving to the Registrar notice not less than sixty days prior to the date on which the then existing annual license of the foreign corporation is to expire; provided, that the surety or sureties shall remain liable on the bond for all judgments, decrees or orders given, made, or rendered against the principal pursuant to this section, base upon any obligation or liability incurred prior to the date of expiration of the annual license.

1.2 Same by Eleemosynary Corporation. Every eleemosynary corporation or incorporated company formed or organized under the laws of any foreign state or country which undertakes to do or carry on any solely charitable work in the Territory shall file in the office of the Registrar:

a. A declaration sworn to on oath by two authorized officers of the corporation stating:

(1) The name of the corporation;

(2) The state or country wherein it was incorporated;

(3) The location and address of its principal office;

(4) The location and address of its branch office or offices in the Territory;

(5) The names, citizenships, and addresses of its officers and directors, if any;

(6) The nature and actual method of the charitable work to be carried on in the Territory;

(7) The name, citizenship, and business address of the person residing within the Territory upon whom legal notice and process from the courts of the Territory, or notices from officials of the Territory, may be served.

b. A copy of the articles of incorporation, charter, or act of incorporation of the corporation as amended to the date of the declaration, certified to by the proper officer of the state wherein the corporation was organized, which certificate shall also state that the corporation is in good standing if that is the fact.

c. A copy of the bylaws of the corporation as amended to the date of the declaration certified to by the proper officer of the corporation.

1.3 Filing Changes in Declarations or Statements. Whenever any change occurs in any of the facts set forth in any declaration or statement filed under subpart 1.1 or 1.2 of chapter 3 or in the designation of the resident agent to accept service of notices and process, or any amendment to the charter, articles of incorporation, act of incorporation, or bylaws so filed has been effected, a verified statement setting forth the change or a certified copy of the amendment shall be filed with the Registrar in the same manner as in connection with an original declaration.

1.4 Declaration Not Acceptable, When. No declaration of a corporation required to file a declaration under subpart 1.1 or 1.2 of chapter 3 shall be accepted by the Registrar if the name of the corporation is the same as the name of any corporation or copartnership, domestic or foreign, previously authorized or qualified to do business under the laws of the Territory or with any trade name previously registered under the laws of the Territory, or so nearly similar thereto as to lead to confusion and uncertainty.

1.5 Enforcement of Bond. In case of any breach of the condition of any bond given under subpart 1.1 of chapter 3, the Registrar may, and upon demand and the receipt of satisfactory assurance for the payment of costs shall, enforce the bond either in his own name or in the name of any person as obligee therein by appropriate proceedings in any court of competent jurisdiction for the use and benefit of any person injured by the breach.

1.6 Activities Not Constituting Doing Business in Territory. A corporation or incorporated company formed or organized under the laws of any foreign state or country shall not be considered to be doing or carrying on business in the Territory for the purposes of this chapter by reason of carrying on in the Territory any one or more of the following activities:

a. Maintaining or defending any action or suit or any administrative or arbitration proceedings or effecting the settlement thereof or the settlement of claims or disputes.

b. Holding meeting of its directors or shareholders or carrying on other activities concerning its internal affairs.

c. Maintaining bank accounts.

d. Effecting sales through independent contractors.

e. Conducting an isolated transaction completed within a period of thirty days and not in the course of a number of repeated transactions of like nature.

All other activities shall be considered to be doing business in the Trust Territory unless the corporation shall obtain a ruling from the Registrar that its activities, as shown on an application therefor, do not constitute doing business in the Trust Territory.

1.7 Powers and Lialibilites. Every foreign corporation or incorporated company, other than eleemosynary, on complying with subpart 1.1 of chapter 3, shall, subject to subpart 1.9 and 1.13 of chapter 3, have the same powers and privileges and be subject to the same disabilities as are by law conferred on corporations constituted under the laws of the Territory.

1.8 Powers and Liabilities; Foreign Eleemosynary Corporation. Every foreign eleemosynary corporation on complying with subpart 1.2 of chapter 3, shall, subject to subpart 1.13 of chapter 3, have the same powers and privileges and be subject to the same disabilities as are by law conferred on eleemosynary corporations constituted under the laws of the Territory.

1.9 Registration Mandatory; Fee. No foreign corporation except foreign eleemosynary corporations solely carrying on charitable work in the Territory shall do or carry on business in the Territory unless it shall first have filed with the Registrar the declaration required by Part 1.1 of this chapter.

1.10 Annual Exhibit, Failure to File, etc. Every corporation or incorporated company qualifying under this part, except as otherwise provided, shall file with the Registrar a full and accurate exhibit of its state of affairs within one hundred eighty days immediately following the end of its fiscal period; provided, that no list of the stockholders of the corporation or company shall be required, except upon the request of the Registrar.

1.11 Examination by Registrar. The Registrar may at any time call for the production of the books and papers of any foreign corporation doing business in the Territory, and examine its officers, members, and others touching its affairs, under oath.

1.12 Procedure to Compel Examination. In case any foreign corporation refuses or fails to present the annual exhibit of its affairs to the Registrar or to produce its books and papers upon the request of the Registrar, or if any of the officers or members of the corporation refuses to be examined on oath, touching the affairs of the same, the Registrar may apply to a High Court judge at chambers for an order to compel the production of the books and papers, or the examination of the officers and members thereof, and the judge may enforce obedience to the order as in the case of its ordinary decrees and orders and the corporation shall be denied the benefit of the laws of the Territory; particularly the statute limiting the time for the commencement of civil actions, and shall not be entitled to sue in any court of the Territory for any cause of action, while the neglect or refusal continues.

1.13 Withdrawal Procedure; Notice to Creditors, etc; Taxes, etc.; Service of Process on. Any foreign corporation or company which has qualified to transact business in this

Territory may withdraw and surrender its right to engage in business within this Territory by securing from the Registrar a certificate of withdrawal, in the manner hereinafter provided. The corporation or company shall file in the office of the Registrar:

a. A certificate executed and acknowledged by its president or vice-president, and secretary or treasurer, setting forth:

(1) That it surrenders its authority to transact business in this Territory,

(2) That it irrevocably consents that process against it in any action or suit upon any liability or obligation incurred within this Territory before the issuance of the certificate of withdrawal may be served upon the Registrar and that service of process upon the Regitrar shall be deemed sufficient service upon it, and

(3) A post office address to which the Registrar may mail a copy of any process against the corporation or company that may be so served upon him;

b. Satisfactory proof showing that, within sixty days last past, it has advertised in a daily newspaper of general circulation in the Territory, once in each of four successive weeks (four Publications), a notice to all creditors of the corporation or company that it intends to apply, within sixty days from the first publication of the notice, to the Registrar for a certificate of withdrawal and intends to withdraw from and surrender its right to engage in business within the Territory and notifying all creditors of the corporation or company to present their claims;

c. Satisfactory proof that not less than fifteen days have elapsed since the last publication of the notice;

d. Satisfactory proof showing that all creditors of the corporation or company, resident or located within the Territory, have been paid; and

e. A valid certificate or certificates showing that all of the taxes, imposts, license fees, and assessments theretofore levied upon, due or payable by the corporation or company to the Territory or any of its municipal subdividsions have been fully paid and discharged.

Upon the filing with and the approval by the Registrar of the aforesaid certificates and proofs, the Registrar shall issue to the corporation or company a certificate stating that it has withdrawn and surrendered its right to engage in business within this Territory. No corporation or company may withdraw from this Territory without complying with, the aforesaid conditions and until such compliance service of legal notices and processes upon the person designated by it under subpart 1.1 or 1.2 of chapter 3 shall be deemed sufficient service upon it, or if the designated person does not continue to reside in the Territory at the designated business address, service of the notices and processes upon the Registrar shall be deemed sufficient service of the notices and processes upon it.

1.14. Cancellation of Registration. If any corporation which has complied with subpart 1.1 or 1.2 of chapter 3 has failed or neglected for a period of two years to file an annual exhibit as required by law, the Registrar may cancel the registration of the corporation. At least sixty days prior to the cancellation, the Registrar shall cause notice thereof to be given to the person named in the declaration required by subpart 1.1 and 1.2 of chapter 3 as the person residing within the Territory upon whom notice and process from the courts of the Territory or notices from officials of the Territory may be served, and shall cause notice thereof to the creditors of the corporation to be published once in each of two successive weeks in a daily newspaper of general circulation in the Territory. The expenses of the notice, whether given by personal service, by mailing, by publication, or by all thereof, shall be a charge against and may be collected by action agains the corporation concerned. Any corporation, the registration of which is cancelled pursuant to this part, shall be deemed no longer qualified under this part to transact business in this Territory, and shall not be registered hereunder except upon compliance with the provisions hereof as if for the first time.

1.15. Service of Notice, Summons. Any Foreign Corporation, as defined herein, doing business in the Trust Territory, as defined herein, shall, by such doing business, whether or not it has filed the declaration called for in Part 1.1 of this chapter, have constituted, in the absence of any such declaration, the Registrar of Corporations as its agent for service of any process, judicial or administrative. Service of any process on the Registrar of Corporations, in the manner set out in Part 7 of chapter 1 of these regulations shall be effective for all purposes.

CHAPTER 4

CORPORATIONS SOLE

FOR ECCLESIASTICAL PURPOSES

PART 1

1.1. Formation of Corporation Sole for Ecclesiastical Purposes. A nonprofit corporation sole may be formed hereunder by the bishop, chief priest, presiding elder, or other presiding officer of any church, for the purposes of administering and managing the affairs, property, and temporalities of the church, in the district within which the bishop, chief priest, presiding elder, or other presiding officer has ecclesiastical jurisdiction.

1.2. Application for Charter; Petition; Contents. Application to the Registrar for a charter of incorporation under this chapter shall be made by a written petition, verified by the bishop, chief priest, presiding elder, or other presiding officer forming the corporation sole. The petition shall set forth:

a. The name of the corporation;

b. The name citizenship and address of the officer forming the corporation, the office which he holds in the church, and that he is duly authorized by the rules, regulations, or discipline of the church to take the action;

c. The boundaries of the district subject to the ecclesiastical jurisdiction of the officer forming the corporation sole, in accordance with the rules, regulations, or discipline of the church;

d. The place of the principal office of the corporation sole, which shall be in the Territory;

e. The term for which the corporation sole is organized, which may be perpetual;

f. The manner in which any vacancy occurring in the office of the bishop, chief priest, presiding elder, or other presiding officer forming the corporation sole is required to be filled by the rules, regulations, or constitution of the church;

g. Additional powers to be set forth in its charter, in accordance with subpart 2.14, chapter 1 of this Title;

h. Any lawful provision for the regulation of the affairs of the corporation sole, including restrictions upon the power to amend all or any part of the charter;

i. That the corporation is not organized for profit.

If any petition for a charter of incorporation presented to the Registrar under this chapter is not in conformity with the requirements of this part the Registrar shall, within fifteen days, return the same to the petitioner specifying wherein the same fails to conform with this subpart and the petitioner may amend the petition and present it so amended. A proposed form of the charter of incorporation shall accompany the petition. The Registrar may require additional proofs from the petitioner. If the petition or amended petition and the proposed charter are in conformity with law, the Registrar shall present the petition or amended petition, proposed charter, and accompanying proofs to the High Commissioner for approval.

1.3. Powers of Corporation Sole. Every corporation sole formed under this chapter shall have the powers set forth in subpart 2.14, chapter 1 and be subject to part 2.17, chapter 1 of this Title.

Every such corporation shall have continuity of existence, notwithstanding vacancies in the incombency thereof, and during the period of any vacancy, shall have the same capacity and right to recieve and take any gift, bequest, devise, or conveyance of property, either as grantee for its own use, or as a trustee (where the trusteeship is within its corporate purposes and subject to removal from such trusteeship as provided by law), and to be or be made the beneficiary of a trust, as though there were no vacancies.

No agency created by a corporation sole by a written instrument which, in express terms, provides that the agency thereby created shall not be terminated by a vacancy in the incumbency of the corporation, shall be terminated or affected by the death of the incumbent of the corporation or by a vacancy in the incumbency thereof, however caused.

1.4. Amendment of Charter. Subject to the provisos set forth in this section, and subject to any lawful restrictions upon the power to amend the charter of a corporation sole, set forth in its petition filed under subpart 1.2 of chapter 4, the incumbent of the corporation may at any time amend the charter of the corporation by changing its name, the term of its existence, the boundaries of the district subject to its jurisdiction, the place of its principal office, the manner of filing any vacancy in the incumbency thereof, its powers, or any provision of the charter for the regulation of the affairs of the corporation (except restrictions upon the power to amend the charter), and may, by amendment of the charter, make provision for any act or thing for which provisions is authorized in original charters of corporations sole formed under this chapter.
The incumbent of the corporation sole shall subscribe and verify a certificate which shall set forth the amendment either be stating that the charter has been amended to read as set forth in the certificate in full or by stating that any provision or provisions of the charter, which shall be identified by the numerical or other designation or designations thereof in the charter or by stating the wording thereof, has or have been amended to read as set forth in the certificate. The certificate shall further state that the amendment has been duly authorized by the rules, regulations, or discipline of the church of which the incumbent is an officer; provided, that no amendment shall confer any other or greater powers or privileges than could lawfully be conferred or obtained in an original charter; provided, further, that no amendment shall become effective unless the same is allowed by the Registrar by and with the consent of the High Commissioner.

1.5 Name of Incumbent; Change in Incumbency. There shall be filed, with petition for a charter, a certificate duly signed and acknowledged, which shall state the name, citizenship, and address of the person who is to be its incumbent, to which shall be appended a duly attested copy of the certificate of appointment or other document through which he became entitled to be the incumbent of the corporation sole. Whenever a change in the incumbency of the corporation occurs, the new incumbent, within thirty days after he has become the incumbent, shall file with the Registrar a like certificate with like proof of his title to the office.

1.6. Distribution of Assets; Inspection of Books. Except upon liquidation of the property of the corporation in case of dissolution, no part of the assets, income, or earnings of the corporation shall be withdrawn from or sent out of the Territory, unless the remaining assets of the corporation shall then equal in value twice the amount of the indebtedness of the corporation.

The Registrar shall at all times have access to the books of the corporation.

1.7. Extensions and Renewals. The duration of the corporation, if not perpetual, may be extended by amendment of its charter, and at any time not more than two years after the expiration of a charter it may be renewed upon application to the Registrar for that purpose; provided that no renewal shall become effective until it is allowed by the Registrar by and with the consent of the High Commissioner.

1.8. Dissolution. A corporation formed under this chapter may be dissolved, voluntarily or involuntarily, in the manner provided in part 6 of chapter 1 denominated "dissolution", save that:

a. In lieu of the certificate and vote therein required for a voluntary dissolution, the incumbent of the corporation sole shall execute, subscribe and verify a declaration of dissolution which shall set forth the name of the corporation, the reason for its dissolution or winding up, and that the dissolution has been duly authorized by the church, to administer the affairs, property, and temporalities of which the corporation was organized, and the Registrar shall be satisfied that the dissolution has been duly authorized.

b. In lieu of the certificate of an officer, director, or manager of the corporation, therein, required for the involuntary dissolution of a corporation which has ceased to have any assets and has failed to function, the certificate may be made by any authorized officer of the church, to administer the affairs, property, and temporalities of which the corporation was organized.

c. In lieu of the directors or managers of the corporation the incumbent shall be a trustee to wind up the corporation, unless some other person or persons are appointed as therein provided.

d. The church, to administer the affairs, property and temporalities of which the corporation was organized, shall stand in the place and stead of the stockholders, and may be represented in court by any authorized officer thereof or trustee acting in its behalf; the remaining assets shall be distributed to such church or to a trustee or trustees in its behalf, or in such other manner as may be decreed by the High Court judge at chambers; and the trustee or trustees in dissolution, the Registrar, the Attorney General, or any person connected with the church, may file a petition for the determination of the manner of distribution of the remaining assets, or for the appointment of a trustee or trustees to act in behalf of the church.

e. In lieu of the officers of the corporation the incumbent shall represent the corporation with respect to the required tax clearance.

1.9 Corporations Sole Heretofore Formed; General Laws. Any corporation sole heretofore formed and existing under the laws of this Territory for ecclesiastical purposes may elect to continue its existence under this chapter by filing an application for amendment of its charter in the manner and form provided for an application for an original charter, together with the required certificates as to the incumbency of the corporation. If such amendment is allowed by the Registrar by and with the consent of the High Commissioner, this chapter thereupon shall apply to such corporations sole the same as to corporations formed under this chapter.

Any charter or amended charter granted or corporation created or existing under the authority of this chapter shall be subject to all general laws enacted in regard to corporations.

CHAPTER 5

PARTNERSHIPS

Part 1. PARTNERSHIPS IN GENERAL

1.1. Registration and Annual Statements. Whenever any general or limited partnership is formed under the laws of the Territory to do business in the Territory, or any partnership formed under the laws of any other jurisdiction shall do business in the Territory, the partnership shall file in the office of the Registrar the registration and annual statements hereinafter provided. Every partnership now existing under the laws of the Territory shall also file the annual statements hereinafter provided. A registration statement shall be filed by a partnership formed under the laws of the Territory within thirty days after the partnership is formed and by a partnership formed under the laws of any other jurisdiction within thirty days after the commencement of business in the Territory. An annual statement shall be filed on or before March 31 of each year, as of December 31 of the preceding year. Every registration statement shall contain the following information:

a. The name of the partnership;

b. The nature of the partnership (whether general, limited, special, or other);

c. The name, citizenship, and residence of each partner, and whether he is a general, limited, special, or other kind of partner;

d. The nature of the partnership business;

e. The location of the principal place of business of the partnership in the Territory and, if the partnership is one formed under the laws of any other jurisdiction, the name of the jurisdiction and the location of the principal place of business of the partnership;

f. The date the partnership was formed and, if the partnership is one formed under the laws of any other jurisdiction, the date the partnership commenced business in the Territory;

g. The fact that none of the partners is either a minor or an incompetent person.

Every annual statement shall contain the information specified in subdivisions a., c., d., e., and g. above.

The registration statement shall be acknowledged by each partner. Each annual statement shall be certified as correct by any general partner. A registration statement need not be filed by any limited partnership which has complied with subpart 2.2 of chapter 5.

1.2. Forms to be Furnished by Registrar; Acknowledgments. The registration, annual, and other statements required by this part shall be filed on forms to be furnished by the Registrar. Statements required to be acknowledged shall be acknowledged before a notary public or other officers in the manner provided by law for acknowledgement of deeds.

1.3. Partnership Name. No partnership shall take or use a name which is identical with any any name registered in the office of the Registrar under any statute, or which is so nearly similar to any such name as to lead to confusion or uncertainty. No statement or certificate of any partnership showing a name in violation of the provisions hereof shall be recorded by the Registrar.

1.4. Partnership Name; Change of. Whenever any partnership changes its partnership name, it shall within thirty days thereafter file in the office of the Registrar a statement showing: (1) the registered name of the partnership, and (2) the new name of the partnership; provided, that the statement need not be filed by a limited partnership which has filed a writing to amend its certificate pursuant to subpart 2.25 of chapter 5. The statement shall be signed and certified as correct by any general partner.

1.5. Foreign Partnerships, Powers and Liabilities. A partnership formed under the laws of any other jurisdiction, shall, on filing a registration statement as required by subpart 5.1 of chapter 5 and subject to continuing compliance with the other provisions of this part, have the same powers and privileges, and be subject to the same disabilities as are by law conferred upon partnerships formed under the laws of the Territory, provided always that the purposes for which the partnership is formed are not repugnant to or in conflict with any law of the Territory.

1.6. Admission, Withdrawal or Death of a Partner. Whenever a new partner is admitted to any partnership, or a partner withdraws from any partnership, or whenever any partner dies, a statement of the admission, withdrawal, or death shall be filed in the office of the Registrar, within thirty days after the addition, withdrawal, or death; provided that the statement need not be filed by a limited partnership which has filed a writing to amend its certificate pursuant to subpart 2.25 of chapter 5. The statement shall be acknowleged by each partner added or withdrawn, excet as hereinafter provided, and by all other remaining partners. If a partner withdraws and cannot be located, the statement shall set forth those facts and need not be signed or acknowledged by the partner.

1.7. Statement of Dissolution. Whenever any partnership is dissolved, a statement thereof showing the cause of dissolution shall be filed in the office of the Registrar within thirty days after dissolution; provided, that the statement need not be filed by a limited partnership which has filed a writing to cancel its certificate pursuant to subpart 2.25 of chapter 5. The statement shall be acknowledged by all partners except in such cases as the circumstances make it obviously impossible to secure the signature of one or more partners, which circumstances shall be set forth in the statement.

1.8. Taxes, etc., a Prior Lien on Partnership Property on Dissolution. Upon dissolution of a partnership, any lawful taxes, imposts, license fees, or assessments for which the partnership, or any partner in respect thereof, is liable shall constitute a prior lien upon the assets of the partnership but not as against the interest of those creditors who have prior recorded liens.

1.9. Record of Statements. The Registrar shall cause books or files to be kept in his office, in which shall be recorded the several particulars required by this part to be filed in his office.

1.10. Cancellation of Registration. If any partnership, whether general, limited, special, or other, fails or neglects for a period of two years to file any annual statement as required by this part, the Registrar may cancel the registration or the certificate, as the case may be, of the partnership. The cancellation of the registration or certificate shall not relieve the partners of liability for the penalties for the failure to file any statement or certificate required by this part.

1.11. Partnership Between Husband and Wife; Prima Facie Proof. If any business tax return is filed by, or license to do business is issued in the names of, both husband and wife, the tax return or license shall constitute prima facie proof, insofar as the Territory or any of its political subdivisions is concerned, that a partnership in the business exists between husband and wife in respect of the business. If the business tax return is filed by, or license is issued in the name of, one of them only, it shall constitute like proof that the husband and wife are not partners in respect of the business.

1.12. Minors and Incompetent Persons. A minor or incompetent persons may not be a partner, but may have a beneficial interest in a partnership through a trustee or duly appointed guardian. The trustee or guardian may be a limited partner only.

1.13. Not Applicable to Corporations. Nothing in this part shall apply to corporations or incorporated companies.

1.14. Partnerships Heretofore Formed. Any partnership heretofore formed and existing under the laws of this Territory may elect to continue its existence under this chapter by compyling with the provisions set forth in this chapter, whereupon this chapter shall apply to such partnerships the same as to partnerships formed under this chapter.

PART 2 LIMITED PARTNERSHIP

2.1. Limited Partnership Defined. A limited partnership is a partnership formed by two or more persons under subpart 2.2 of chapter 5, having as members one or more general partners and one or more limited partners. The limited partners as such shall not be bound by the obligations of the partnership.

2.2. Formation. Two or more persons, each of whom may be an individual or a corporation and any of whom may be acting in a fiduciary capacity, desirous of forming a limited partnership, shall sign, acknowledge, and file a certificate, as follows:

a. The certificate shall state:

(1) The name of the partnership;

(2) The character of the business;

(3) The location of the principal place of business;

(4) The name, citizenship, and place of residence of each member; general and limited partners being respectively designated;

(5) The term for which the partnership is to exist;

(6) The amount of cash and a description of and the agreed value of the other property contributed by each limited partner;

(7) The additional contributions, if any, agreed to be made by each limited partner and the times at which or events on the happening of which they are to be made;

(8) The time, if agreed upon, when the contribution of each limited partner is to be returned;

(9) The share of the profits or the other compensation by way of income which each limited partner is to receive by reason of his contributions;

(10) The right, if given, of a limited partner to substitute an assignee as contributor in his place, and the terms and conditions of the substitution;

(11) The right, if given, of the partners to admit additional limited partners;

(12) The right, if given, of one or more of the limited partners to priority over other limited partners, as to contributions or as to compensation by way of income and the nature of the priority;

(13) The right, if given, of the remaining general partner or partners to continue the business on the death, retirement, or insanity of a general partner; and

(N) The right, if given, of a limited partner to demand and receive property other than cash in return for his contribution.

b. The certificate shall be acknowledged by each of the persons before some officer authorized to take acknowledgments of deeds, and shall be filed in the office of the Registrar.

The Registrar shall preserve the certificate and keep a record of the same, which shall be duly indexed.

2.3. Business Which May be Carried On. A limited partnership may carry on any lawful business.

2.4. Character of Limited Partner's Contribution. The contributions of a limited partner may be cash or other property, but not services.

2.5. Partnership Name. The surname of a limited partner shall not appear in the partnership name, unless (1) it is also the surname of a general partner, or (2) prior to the time when the limited partner became such the business had been carried on under a name in which his surname appeared.

A limited partner whose name appears in a partnership name contrary to the foregoing provisions is liable as a general partner to partnership creditors who extend credit to the partnership without actual knowledge that he is not a general partner.

2.6. Liability for False Statements in Certificate. If the certificate contains a false statement, one who suffers loss by reliance on the statement may hold liable any party to the certificate who knew the statement of be false, (1) at the time he signed the certificate, or (2) subsequently, but within a sufficient time before the statement was relied upon to enable him to cancel or amend the certificate, or to file a petition for its cancellation or amendment as provided in part 2.25 c of chapter 5.

2.7. Limited Partner not Liable to Creditors. A limited partner shall not become liable as a general partner unless, in addition to the exercise of his rights and powers as a limited partner, he takes part in the control of the business.

2.8. Admission of Additional Limited Partners. After the formation of a limited partnership, additional limited partners may be admitted upon filing an amendment to the original certificate in accordance with the requirements of part 2.25 of chapter 5.

2.9. Rights, Powers, and Liabilities of a General Partner. A general partner shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a partnership without limited partners, except that without the written consent or ratification of the specific act by all the limited partners, a general partner or all of the general partners have no authority to:

a. Do any act in contravention of the certificates;

b. Do any act which would make it impossible to carry on the ordinary business of the partnership;

c. Confess a judgment against the partnership;

d. Possess partnership property, or assign their rights in specific partnership property, for other than a partnership purpose;

e. Admit a person as a general partner;

f. Admit a person as a limited partner, unless the right so to do is given in the certificate;

g. Continue the business with partnership property on the death, retirement, or insanity of a general partner, unless the right so to do is given in the certificate.

2.10. Rights of a Limited Partner. A limited partner shall have the same right as a general partner to:

a. Have the partnership books kept at the principal place of business of the partnership, and at all times to inspect and copy any of them;

b. Have on demand true and ull information of all things affecting the partnership, and a formal account of partnership affairs whenever circumstances render it just and reasonable; and

c. Have dissolution and winding up by decree of court.

A limited partner shall have the right to receive a share of the profits or other compensation by way of income, and to the return of his contribution as provided in subparts 2.15 and 2.16 of chapter 5.

2.11 Status of Person Erroneously Believing Himself a Limited Partner. A person who has contributed to the capital of a business conducted by a person or partnership, erroneously believing that he has become a limited partner in a limited partnership, is not, by reason of his exercise of the rights of a limited partner, a general partner with the person or in the partnership carrying on the business, or bound by the obligations of that person or partnership; provided that on ascertaining the mistake he promptly renounces his interest in the profits of the business, or other compensation by way of income.

2.12. One Person Both General and Limited Partner. A person may be a general partner and a limited partner in the same partnership at the same time.

A person who is a general, and also at the same time a limited partner shall have all the rights and powers and be subject to all the restrictions of a general partner; except that, in respect to his contribution, he shall have the rights against the other members which he would have had if he were not also a general partner.

2.13. Loans and Other Business Transactions With Limited Partner. A limited partner also may loan money to and transact other business with the partnership, and, unless he is also a general partner, receive on account of resulting claims against the partnership, with general creditors, a pro rata share of the assets. No limited partner shall in respect to any such claim (1) receive or hold as collateral security any partnership property, or (2) receive from a general partner or the partnership any payment, conveyance, or release from liability, if at the time the assets of the partnership are not sufficient to discharge partnership liabilities to persons not claiming as general or limited partners.

The receiving of collateral security, or a payment, conveyance, or release in violation of this subpart is a fraud on the creditors of the partnership.

2.14. Relation of Limited Partners Inter Se. Where there are several limited partners the members may agree that one or more of the limited partners shall have a priority over other limited partners as to the return of their contributions, as to their compensation by way of income, or as to any other matter. If such an agreement is made it shall be stated in the certificate, and in the absence of the statement all the limited partners shall stand upon equal footing.

2.15. Compensation of Limited Partner. A limited partner may receive from the partnership the share of the profits or the compensation by way of income stipulated for in the certificate; provided that, after the payment is made, whether from the property of the partnership or that of a general partner, the partnership assets are in excess of all liabilities of the partnership except liabilities to limited partners on account of their contributions and to general partners.

2.16. Withdrawal or Reduction of Limited Partner's Contribution.

a. A limited partner shall not receive from a general partner or out of partnership property any part of his contribution until (1) all liabilities of the partnership, except liabilities to general partners and to limited partners on account of their contributions, have been paid or there remains property of the partnership sufficient to pay them; (2) the consent of all members is had, unless the return of the contribution may be rightfully demanded under subsection (b); and (3) the certificate is cancelled or so amended as to set forth the withdrawal or reduction.

b. Subject to subsection (a) a limited partner may rightfully demand the return of his contribution (1) on the dissolution of a partnership; or (2) when the date specified in the certificate for its return has arrived; or (3) after he has given six months' notice in writing to all other members if no time is specified in the certificate either for the return of the contribution or for the dissolution of the partnership.

c. In the absence of any statement in the certificate to the contrary or the consent of all members, a limited partner, irrespective of the nature of his contribution, has only the right to demand and receive cash in return for his contribution.

d. A limited partner may have the partnership dissolved and its affairs wound up when (1) he rightfully but unsuccessfully demands the return of his contribution, or (2) the other liabilities of the partnership have not been paid, or the partnership property is insufficient for their payment as required by subsection (a) and the limited partner would otherwise be entitled to the return of his contribution.

2.17. Liability of Limited Partner to Partnership. A limited partner is liable to the partnership (1) for the difference between his contribution as actually made and that stated in the certificate as having been made, and (2) for any unpaid contribution which he agreed in the certificate to make in the future at the time and on the conditions stated in the certificate.

A limited partner holds as trustee for the partnership (1) specific property stated in the certificate as contributed by him, but which was not contributed or which has been wrongfully returned, and (2) money or other property wrongfully paid or conveyed to him on account of his contribution.

The liabilities of a limited partner as set forth in this section can be waived or compromised only by the consent of all members; but a waiver of compromise shall not affect the right of a creditor of a partnership, who extended credit or whose claim arose after the filing and before a cancellation or amendment of the certificate, to enforce such liabilities.

When a contributor has rightfully received the return in whole or in part of the capital of his contribution, he is nevertheless liable to the partnership for any sum, not in excess of the return with interest, necessary to discharge its liabilities to all creditors who extended credit or whose claims arose before the return.

2.18. Nature of Limited Partner's in Partnership. A limited partner's interest in the partnership is personal property and is assignable.

2.19. Assignment of. A substituted limited partner is a person admitted to all the rights of a limited partner who has died or has assigned his interest in a partnership.

An assignee, who does not become a substituted limited partner, has no right to require any information or account of the partnership transactions or to inspect the partnership books; he is only entitled to receive the share of the profits or other compensation by way of income, or the return of his contribution, to which his assignor would otherwise be entitled.

An assignee may become a substituted limited partner if all the members (except the assignor) consent thereto or if the assignor, being thereunto empowered by the certificate, gives the assignee that right.

An assignee becomes a substituted limited partner when the certificate is appropriately amended in accordance with subpart 2.25 of chapter 5.

The substituted limited partner has all the rights and powers, and is subject to all the restrictions and liabilities of his assignor, except those liabilities of which he was ignorant at the time he became a limited partner and which could not be ascertained from the certificate.
The substitution of the assignee as a limited partner does not release the assignor from liability to the partnership under subparts 2.6 and 2.17 of chapter 5.

2.20. Effect of Retirement, Death, or Insanity of a General Partner. The retirement, death, or insanity of a general partner

dissolves the partnership, unless the business is continued by the remaining general partners under a right so to do stated in the certificate, or with the consent of all members.

2.21. Death of Limited Partner. On the death of a limited partner his executor or administrator shall have all the rights of a limited partner for the purpose of settling his estate, and such power as the deceased had to constitute his assignee a substituted limited partner.

The estate of a deceased limited partner shall be liable for all his liabilities as a limited partner.

2.22. Rights of Creditors of Limited Partner.

a. On due application to a court of competent jurisdiction by any creditors of a limited partner, the court may charge the interest of the indebted limited partner with payment of the unsatisfied amount of such claim; and may appoint a receiver, and make all other orders, directions, and inquiries which the circumstances of the case may require.

b. The interest may be redeemed with the separate property of any general partner, but may not be redeemed with partnership property.

c. The remedies conferred by subsection (a) shall not be deemed exclusive of others which may exist.

d. Nothing in this part shall be held to deprive a limited partner of his statutory exemption.

2.23. Distribution of Assets. In settling accounts after dissolution the liabilities of the partnership shall be entitled to payment in the following order:

a. Those to creditors, in the order of priority as provided by law, except those to limited partners on account of their contributions, and to general partners;

b. Those to limited partners in respect to their share of the profits and other compensation by way of income on their contributions;

c. Those to limited partners in respect to the capital of their contributions;

d. Those to general partners other than for capital and profits;

e. Those to general partners in respect to profits;

f. Those to general partners in respect to capital.

Subject to any statement in the certificate or to subsequent agreement, limited partners share in the partnership assets in respect to their claims for capital and in respect to their claims for profits or for compensation by way of income on their contributions respectively in proportion to the respective amounts of their claims.

2.24. When Certificate Shall Be Cancelled or Amended. The certificate shall be cancelled when the partnership is dissolved or all limited partners cease to be such.

A certificate shall be amended when:

a. There is a change in the name of partnership or in the amount or character of the contribution of any limited partner;

b. A person is substituting as a limited partner;

c. An additional limited partner is admitted;

d. A person is admitted as a general partner;

e. A general partner retires, dies, or becomes insane, and the business is continued under subpart 2.20.

f. There is a change in the character of the business of the partnership;

g. There is a false or erroneous statement in the certificate;

h. There is a change in the time as stated in the certificate, for the dissolution of the partnership or for the return of a contribution;

i. A time is fixed for the dissolution of the partnership, or the return of a contribution, no time having been specified in the certificate; or

j. The members desire to make a change in any other statement in the certificate to represent accurately the agreement between them.

2.25. Requirements for Amendment and for Cancellation of Certificate.

a. The writing to amend a certificate shall (1) conform to the requirements of subpart 2.2 a. of chapter 5 as far as necessary

to set forth clearly the change in the certificate which it is desired to make; and (2) be signed and acknowledged by all members. An amendment substituting a limited partner, or adding a limited or general partner, shall be signed and acknowledged also by the member to be substituted or added, and when a limited partner is to be substituted, the amendment shall also be signed and acknowledged by the assigning limited partner.

b. The writing to cancel a certificate shall be signed and acknowledged by all members.

c. A person desiring the cancellation or amendment of a certificate, if any person designated above as a person who must execute the writing refuses to do so, may bring a suit in equity in the High Court for an order directing the cancellation or amendment thereof.

d. If the court finds that the petitioner has a right to have the writing executed by a person who refuses to do so it shall order the Registrar to record the cancellation or amendment of the certificate; and where the certificate is to be amended, the court shall also cause to be filed in the office of the Registrar a certified copy of its decree setting forth the amendment.

e. A certificate is amended or cancelled when there is filed in the office of the Registrar (1) a writing in accordance with subsection (a) or (b), or (2) a certified copy of the order of court in accordance with subsection (d).

f. After the certificate is duly amended in accordance with this section, the amended certificate shall thereafter be for all purposes the certificate provided for by this part.

2.26. Parties to Actions. A contributor, unless he is a general partner, is not a proper party to proceedings by or against a partnership, except where the object is to enforce a limited partners's right against or liability to the partnership.

2.27. Rules of Construction. The rule that statutes in derogation of the common law are to be strictly construed shall have no application to this part.

2.28. Rules for Cases Not Provided for. In any case not provided for in this part the rules of law and equity, including the law merchant, shall govern.