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IRI PUBLISHES NEW 2000 EDITION OF THE ASSOCIATIONS LAW OF THE REPUBLIC OF THE MARSHALL ISLANDS

April 24, 2000 MARSHALL ISLANDS NEWS BULLETIN NO. 6

We are pleased to announce the publishing of a new edition of the Associations Law which has combined the Business Corporations Act, Partnership Act, Limited Partnership Act, Unincorporated Associations and the Limited Liability Company Act into one volume. The 2000 edition also includes all amendments pertaining to these Acts covering the period 1991 to 2000.

By way of background, the Marshall Islands corporate law is one of the most modern in the world. Although based on U.S. corporate law, the Marshall Islands law contains unique provisions enabling the use of British-style corporate management. In addition, there are no requirements to have corporate documentation authenticated by a consular official.

The Marshall Islands is a zero tax jurisdiction and statutorily exempts non-resident domestic corporations from taxation on their income and assets. Corporate redomiciliation, which is still free of charge, is permitted into the jurisdiction. The non-resident corporate program offers many unique advantages for the investor, shipowner and international business person.

In 1994, the Marshall Islands enacted a Limited Liability Company (LLC) Act which was modeled after the Delaware LLC law in the United States. LLCs formed under the Act provide a cost efficient way to maximize profits while minimizing liability and are an excellent vehicle for transactions requiring a considerable degree of passive investment such as:

- venture capital projects
- investments in real estate, oil or technology
- research and development businesses

We have also published a new edition of the model form book entitled "Incorporating Guide for the Professional" which corresponds to the 2000 edition of the Associations Law.

Please note that the Marshall Islands Trust Act of 1994 remains in a separate publication.

To request a copy of the Associations Law, Incorporating Guide for the Professional, the Trust Act or any other information regarding the corporate program of the Republic of the Marshall Islands, please contact any [IRI Office](#).

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**ASSOCIATIONS LAW OF THE REPUBLIC
OF THE MARSHALL ISLANDS**

1990

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§ 209. Definition.

An unincorporated association is a body of individuals acting together for the prosecution of a common enterprise without a corporate charter, but expressed in its bylaws regulating its conduct, expressing its purpose and governing the relations of its members among themselves and to it, in the absence of statute.

§ 210. The certificate.

Every unincorporated association after its organization shall:

- (a) execute a certificate, signed and sworn to by its president and treasurer, stating:
 - (i) the name of such unincorporated association;
 - (ii) the date of its organization;
 - (iii) the number of its members;
 - (iv) the names and places of residence of its officers; and
 - (v) a description of the purpose of its organization.

- (b) file the certificate in the office of the appropriate Registrar or Deputy Registrar of Corporations referred to in section 4 of the Business Corporations Act.
- (c) upon filing the certificate as provided in this section, cause a copy thereof, or a notice containing the substance thereof, to be published once in a newspaper of general circulation in the Republic.
- (d) upon completion of such publication in a newspaper, or by placarding, an affidavit of compliance shall be filed at the place where the certificate was filed, signed and sworn to by the president or treasurer of the unincorporated association.

§ 211. Time of formation.

After organization of an unincorporated association, and upon substantial compliance in good faith with the requirements of section 210 of this Act, an unincorporated association will have been formed.

§ 212. Dissolution.

An unincorporated association shall not be dissolved except in pursuance of its bylaws, or by consent of its members, or by judgment of a court for fraud in its management or operation, or for good cause shown, provided the rights of creditors shall not be terminated by such dissolution. Unless otherwise provided for by the bylaws, the net surplus shall be divided equally among the members.

§ 213. Power to hold and convey real property.

An unincorporated association may, in its own name, purchase, take, hold, convey and mortgage such real property as is necessary for its accommodation for the convenient transaction of its business as stated in its bylaws.

§ 214. Actions by and against the unincorporated association.

An unincorporated association shall sue and be sued in its common name, and personal service upon such unincorporated association shall be effected in accordance with applicable law.

§ 215. Liability of members of unincorporated association.

The members of an unincorporated association shall each personally be liable as provided for in section 217 of this Act for the satisfaction of judgments obtained against the unincorporated association, unless it is not engaged in the pursuit of business for profit. In such latter eventuality, the individual members of an unincorporated association not engaged in business for profit shall only be personally liable when:

- (a) the judgment obtained against the unincorporated association arose from a tortious act or occurrence;
- (b) the judgment obtained against the unincorporated association otherwise arose, and the individual member sought to be charged either authorized or ratified the course of conduct from which the judgment arose.

§ 216. Judgment against unincorporated association.

Judgments obtained against an unincorporated association shall first be satisfied out of the assets of the unincorporated association.

§ 217. Amount of personal liability of individual members.

In the event a judgment obtained against an unincorporated association is returned wholly or partly unsatisfied, and the provisions of section 215 of this Act hereof are applicable, the judgment creditor may thereafter proceed, upon provision therefor made in the writ of execution, against the individual members liable under section 215 of this Act who shall be personally liable pro rata therefor according to the proportion a member bears to the total membership of the unincorporated association.

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