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CODE OF THE

TRUST TERRITORY

of the

PACIFIC ISLANDS

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THE CODE

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Chapter 1

ALIEN PROPERTY

Sections

1. Alien property—Defined.
2. Alien Property Custodian.
3. District Property Custodians.
4. Penalties.
5. Power to void transactions.

§ 1. Alien property—Defined. Alien property, as used in this Chapter, includes property situated in the Trust Territory which was formerly owned by private Japanese nationals, by private Japanese organizations, by the Japanese Government, or by Japanese Government organizations, agencies, quasi-corporations or government-subsidized corporations. Such property shall be deemed to include tangible and intangible assets, as well as any right, title or interest therein.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 532.
Minor changes have been made in phraseology.

NOTES

Under former Interim Regulations Nos. 4-48, 6-48 and 3-50, any interest previously owned or held by Japanese Government in land or other property in the Trust Territory is vested in the Alien Property Custodian. *Wasisang v Trust Territory*, 1 TTR 14 (1952).

§ 2. Alien Property Custodian.

(1) The Attorney General shall act as Alien Property Custodian, and as such is authorized and empowered to vest title of all alien property as defined in this Chapter in the Alien Property Custodian and to take immediate possession of all alien property in the Trust Territory.

Under such vesting order, the Alien Property Custodian is empowered to hold, use, administer, liquidate, sell or otherwise deal with alien property in the interest and for the benefit of the indigenous inhabitants of the Trust Territory, in accordance with the terms of the Trusteeship Agreement, and is further empowered to direct, manage, supervise and control any business enterprises connected with such property.

(2) The Alien Property Custodian is empowered to assume custody, distinguished from title, of all property in the Trust Territory owned by Allied Governments or nationals sequestered by the enemy and of all other property owned by non-Japanese persons who are absent from the Trust Territory, are making no attempt to assert possession thereof and who have no agent present in the area. With reference to such property, the Alien Property Custodian shall:

- (a) Provide protection and security for the property;
- (b) Assume full authority for the direction, management and operation of the property;
- (c) Utilize the property to the best interests of the Government of the Trust Territory and of the indigenous inhabitants of the area; and
- (d) In the management of such property, act in accordance with the principle of usufruct for the benefit of the indigenous inhabitants of the Trust Territory.

(3) The Alien Property Custodian is authorized and empowered to take such action as he deems necessary in the interest of all persons concerned to direct, manage, supervise and control all properties which come within the purview of this Chapter. He is further empowered to issue all such orders, rules, regulations or other instructions as may be requisite for executing or carrying out the provisions of this Chapter, subject to the approval of the High Commissioner.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 533.
Minor changes have been made in phraseology.

NOTES

Under former Interim Regulations Nos. 4-48, 6-48 and 3-50, any interest previously owned or held by Japanese Government in land or other property in the Trust Territory is vested in the Alien Property Custodian. *Wasirang v Trust Territory*, 1 TTR 14 (1952).

Since the legality of the German Government's confiscation of the whole of Pakein Atoll in the Sokaes Municipality, Ponape District, must be decided according to the law at the time such confiscation took place, and no such showing of illegality was made, the property in question was deemed to belong to the Alien Property Custodian. As it is not a proper function of the courts of the present administration to right wrongs which may have occurred during former administrations and which persisted for many years during the previous administrations, the decision announced would hold even if it had been proven that such confiscation was illegal at the time it was made. *Christopher v Trust Territory*, 1 TTR 151 (1954).

Any interest previously owned or held by Japanese Government in any land in Trust Territory is vested in predecessor of Alien Property Custodian of Trust Territory. *Ngikleb v Trust Territory*, 2 TTR 139 (1960).

Any interest previously owned or held by Japanese Government in any land or other property in Trust Territory is vested in Alien Property Custodian. *Catholic Mission v Trust Territory*, 2 TTR 251 (1961).

A revocable permit from the American Administration to use land on Ponape Island authorizes the exercise of only such rights in land as the Alien Property Custodian might have, and is not a determination of who should succeed to vacant title. *Francisca v Ladore*, 1 TTR 303 (1957).

Where neither the Trust Territory nor the Alien Property Custodian is party to the action, no determination is made as to their rights in land. *Francisca v Ladore*, 1 TTR 303 (1957).

Where Trust Territory Government of Alien Property Custodian are not party to action for determination of ownership of land in Truk, no determination is made as to rights of government. *Tosiko v Upuli*, 1 TTR 436 (1958).

Although no consideration was paid by Trust Territory's Alien Property Custodian for transfer of property from Japanese national to him, and therefore he does not fulfill all requirements of bona fide purchaser, he is entitled to same position as was occupied by prior bona fide purchaser. *Ngirkelau v Trust Territory*, 1 TTR 543 (1958).

Japanese national's title to property in Palau Islands passed to Trust Territory's Alien Property Custodian just as effectively as if made in appropriate deed of conveyance. *Ngirkelau v Trust Territory*, 1 TTR 543 (1958).

Trust Territory's Alien Property Custodian is empowered to vest in himself title to alien property, including property formerly owned by private Japanese national. *Ngirkelau v Trust Territory*, 1 TTR 543 (1958).

§ 3. District Property Custodians.

(1) There shall be a District Property Custodian appointed for each District of the Trust Territory by the High Commissioner from nominations submitted by the District Administrators and approved by the Attorney General.

(2) District Property Custodians, under the supervision of the Alien Property Custodian, shall be responsible for the control and administration of all alien property in the District for which they are appointed, including responsibility for conducting investigations to locate alien property, and representing the Trust Territory in all legal actions involving alien or suspected alien property.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 534.
Minor changes have been made in phraseology.

TRUST TERRITORY CODE

§ 4. Penalties. Any person who knowingly and without lawful authority:

- (1) interferes with or obstructs the Alien Property Custodian or his assistants in the exercise of any of the functions prescribed by this Chapter; or
- (2) interferes with, removes, damages, conceals or makes away with any property which the Alien Property Custodian has vested or is authorized to take into his control; or
- (3) interferes with, removes, damages, conceals or makes away with any property with intent to defeat, evade or avoid any responsibility, fine or punishment; or
- (4) withholds any information or document which the Alien Property Custodian is entitled to receive, or makes any false statements, or uses or refers to any false document in order to mislead the Alien Property Custodian as to any of the purposes of this Chapter; or
- (5) violates any other provisions, orders, rules or regulations issued pursuant to this Chapter shall be tried before a Court of proper jurisdiction and upon conviction shall be imprisoned for a period of not more than one year or fined not more than one thousand dollars, or both.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 535.
Minor changes have been made in phraseology.

§ 5. Power to void transactions. The Alien Property Custodian may, upon approval of the High Commissioner, by order, direct that any transaction or commitment made at any time with regard to property under his jurisdiction, be set aside and held null and void, if, in his opinion, the transaction was made to defeat, evade or avoid any provision of this Chapter, or any lawful responsibility, fine or punishment imposed or to be imposed on any person.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 536.
Minor changes have been made in phraseology.

Chapter 1

GENERAL PROVISIONS

Sections

1. Authority of High Commissioner to grant corporate charters, establish public corporations.
2. Scope and application of Chapter—Exceptions.
3. Application for charter—Contents of documents.
4. Audits and inspections authorized—Application to non-profit corporations.
5. Use of terms "cooperative" and "credit union" restricted.
6. Enjoinder of violations.

CROSS REFERENCES

"General Provisions": West Anno. Calif. Corp. Code § 1 et seq.

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

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1116, as amended by PL 3-31, Section 1, September 29, 1967.

§ 2. Scope and application of Chapter—Exceptions.

- (1) The provisions of this Chapter are applicable to every private corporation, profit or non-profit, stock or non-stock, now existing or hereafter formed and the outstanding and future securities thereof, unless such corporation be expressly excepted from the operation thereof, or there be a special provision in relation to any class thereof inconsistent with some provision of this Chapter, in which case the special provision prevails.
- (2) The existence of corporations heretofore formed or existing shall not be affected by the enactment of this Chapter nor by

any change in the requirements for the formation of corporations nor by amendment or repeal of the laws under which they were formed or created.

Revisor's Note: Subsection (1) based upon § 1133 and Subsection (2) based upon § 1134, Trust Territory Code, 1966 ed. Both Sections were added by Executive Order No. 92, November 27, 1962.

§ 3. Application for charter—Contents of documents.

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

- (a) Proposed name of the corporation.
- (b) Principal office or place of business.
- (c) Proposed duration.
- (d) Purposes.
- (e) Powers.
- (f) Capitalization.
- (g) Names of incorporators.
- (h) Number of directors, which shall be not less than three, and proposed officers.
- (i) Names of directors and officers to serve until first election.
- (j) Provisions for management, if any.
- (k) Provision for voting by members.
- (l) Provisions for shareholding, if any.
- (m) Disposition of financial surplus.
- (n) Provisions for liquidation.
- (o) Provisions for amendment of articles of incorporation.

(2) In addition to articles of incorporation, persons seeking a charter as a corporation shall submit for the approval of the High Commissioner proposed by-laws governing the operation of the corporation.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1118.

CROSS REFERENCES

- "Articles; Required Provisions"; West Anno. Calif. Corp. Code § 301
 "Articles of Incorporation; Permissible Provisions"; West Anno. Calif. Corp. Code § 305

§ 4. Audits and inspections authorized—Application to non-profit corporations.

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

(2) Any members of a non-profit corporation shall have the right to inspect and examine the books and accounts of the corporation of which he is a member, provided that such inspection and examination shall be held at the place where such books and accounts are normally kept, and shall take place on week-days during normal business hours in such a manner as not to interfere with usual conduct of business or corporate affairs.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1119.
 Minor changes have been made in phraseology.

§ 5. Use of the terms "cooperative" and "credit union" restricted. No person, firm, corporation or association hereafter organized or doing business in the Trust Territory shall be entitled to use the terms "cooperative" or "credit union" as part of its corporate name or other business name or title, or otherwise represent itself to the public to be a nonprofit cooperative association or a credit union or cooperative savings and loan association unless it has complied with the provisions of this Chapter, except as provided in Section 2 above.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1117.
 Minor changes have been made in phraseology.

§ 6. Enjoinder of violations. Violations of the provisions of this Chapter or regulations promulgated hereunder are hereby declared to be enjoinderable, and the Attorney General, or the District Attorney in the name of the Attorney General, shall have the power to seek appropriate relief from such violations or from other corporate practices in violation of the law of the Trust Territory or contrary to the public interest.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1135.
 Minor changes have been made in phraseology.

NOTES

While a showing that irreparable injury, loss, or damage would result to the citizens of the Trust Territory if defendants were not enjoined from violation of law in question might have had to have been made in order to get a restraining order pendente lite, such a showing need not be made at trial where section of Code provided that a violation of its provisions may be enjoined. Trust Territory v Traid Corporation, 4 TTR 300 (1969).

Chapter 3

REGISTRAR OF CORPORATIONS

Sections

51. Registrar of Corporations—Office created—Duties.
52. Authority to promulgate rules and regulations.
53. Power to convene corporate meeting—Notice to interested parties.
54. Power to order production of records—Penalty for failure to comply.

CROSS REFERENCES

"Filing Articles: Commencement of Corporate Existence": West Anno. Calif. Corp. Code § 308

§ 51. Registrar of Corporations—Office created—Duties. There shall be in the Office of the Attorney General a Registrar of Corporations appointed by the High Commissioner, who shall issue, receive, and hold as custodian all certificates, papers, statements, or other records of documents required by the provisions of this Title, or rules or regulations promulgated hereunder, to be distributed by or filed with the Government of the Trust Territory, and shall perform such other duties as may from time to time be assigned to him by the High Commissioner or the Attorney General.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1115(a).
Minor changes have been made in phraseology.

§ 52. Authority to promulgate rules and regulations. The Registrar of Corporations, with the approval of the Attorney General and the High Commissioner, shall have the power to prescribe

such rules and regulations as are deemed advisable to administer and carry into effect the provisions of this Title. Such rules and regulations shall have the force and effect of law. The Registrar of Corporations shall file a copy of such rules and regulations with each Clerk of Courts.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1115(b).
Minor changes have been made in phraseology.

§ 53. Power to convene corporate meeting—Notice to interested parties. The Registrar of Corporations, when deemed by him to be in the public interest, may convene a special meeting of the members, board of directors, or officers of any corporation organized or existing under the provisions of this Chapter, by giving notice, not less than ten days prior to the date of such meeting, to the members, directors, or officers, as the case might be. Such notice shall state the purpose of the meeting and the subject, or subjects to be discussed.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1115(c).
Minor changes have been made in phraseology.

§ 54. Power to order production of records—Penalty for failure to comply. In connection with the duties prescribed in this Chapter the Registrar of Corporations is authorized and empowered to order the production of books of account, papers and documents of any corporation or company authorized to do business within the Trust Territory. Refusal without a showing of good cause, to produce books of account, papers, and documents within thirty days after an order for the production thereof shall be a misdemeanor punishable by a maximum fine of fifty dollars or, when the order is directed to an individual, imprisonment of such individual for a period not to exceed ninety days or both.

Revisor's Note: Based upon Trust Territory Code, 1966 ed., § 1115(d).
Minor changes have been made in phraseology.