

Election of Directors. As in most corporations, important policy decisions would be made -- and day-to-day management supervised -- by a board of directors elected by the members. Although it is possible to provide for the election of all directors at large, we recommend that the directors be elected from regional or local districts, because of the governmental nature of the duties they are to discharge. Later in this memorandum we discuss the question whether the activities of the corporation amount to "state action" for purposes of the equal protection clause of the 14th Amendment, embodied in the Trust Territory Bill of Rights. 1/ If this question is answered in the affirmative, the districts from which directors are chosen should contain approximately equal numbers of members. 2/

Various alternatives are available for the conduct of such an election. In most large membership corporations, elections are conducted by mail. The feasibility of such a system depends on both the mail service in the Marianas and the ability of the corporation to compile and certify in advance an accurate role of its members. It may prove more desirable simply to conduct a private election, using insofar as possible the public election machinery already

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1/ 1 T.T.C. § 7.

2/ Reynolds v. Sims, 377 U.S. 533 (1964).