

VI. Other Checks and Balances

It is important to recognize that the proposed corporation would be, in many ways, the equivalent of a government agency, with extensive power over some 90 percent of the lands of the Marianas. As such, it would be capable of the same abuses as any government body. Thus, in addition to the limitations discussed above on the administration of public lands, any framework for the creation of such a corporation must include appropriate restrictions against misconduct by individuals or abuses of institutional power.

As to the conduct of individual officers and directors, this is a familiar problem in the life of corporations, even non-profit corporations. 1/ As indicated above, we believe that a limit should be imposed on the number of directors who may be employees of the corporation; perhaps all directors should be prohibited from such employment. We believe that strict conflict-of-interest rules should be adopted in the bylaws of the corporation. These rules might entirely prohibit certain kinds of transactions between the corporation and its officers or directors. 2/ If certain other kinds of

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1/ See Pasley, Non-Profit Corporations -- Accountability of Directors and Officers, 21 Bus. Law. 621 (1966).

2/ See, e.g., D.C. Code § 29-1028 (loans to officers and directors prohibited).