

Periodic financial and operating reports to the members -- and specific prohibitions against conflicts of interest and other problems -- would be provided in the corporation's articles and bylaws, in the terms of its contract with the United States, and under the laws of the Trust Territory. In addition, the directors would be required to stand periodically for election. Finally, the charter would provide a mechanism whereby ownership of the public lands would be transferred to the new government created upon termination of the Trusteeship.

We recommend that the corporation be established under the laws of the Trust Territory. However, the present corporate law of the Trust Territory is either silent or, in our judgment, incomplete in many significant respects. For this reason, we urge the Congress of Micronesia, in implementing the Policy Statement; to empower the district legislatures to charter (and provide for the administration of) corporations such as the one proposed. As an alternative, the Congress of Micronesia could itself adopt a modern non-profit corporation law, such as the Model Nonprofit Corporation Act drafted by the Committee on Corporate Laws of the American Bar Association, or the United States could so provide by an executive order of the President or order of the Secretary of the Interior. Notwithstanding the somewhat greater uncertainty, however, we believe the cor-