

A RESOLUTION

Calling upon the President and the FSM Public Auditor to initiate an audit into the use of Compact funds by the State of Kosrae.

1 WHEREAS, the national government of the Federated States of
2 Micronesia has received an initial request from the State of
3 Kosrae for financial assistance in an amount of \$2,853,962; and

4 WHEREAS, a supplemental budget request was thereafter
5 received by the Congress of the Federated States of Micronesia
6 from the office of the President for the purpose of funding a
7 recovery loan to the State of Kosrae in the amount of \$1,495,307;
8 and

9 WHEREAS, a stated purpose for a portion of the requested loan
10 in excess of one million dollars is the repayment of Compact funds
11 allegedly misappropriated or misused by Kosrae; and

12 WHEREAS, a satisfactory explanation of the circumstances of
13 the use of Compact funds by the State of Kosrae for purposes other
14 than intended by the sector grants and the other causes of its
15 current financial crisis has not been provided; and

16 WHEREAS, Congress recognizes that the extreme nature of the
17 financial crisis faced by the State of Kosrae as represented by
18 the President's request requires immediate action to prevent
19 further deterioration of the financial condition of the State; and

20 WHEREAS, in deference to the request of the President and
21 the immediate nature of the need, Congress has included funding in

1 the amount of \$1,500,000 in C.B. No. 262 to be used for a recovery
2 loan by the national government of the FSM to the State of Kosrae;
3 and

4 WHEREAS, Congress believes an audit of the expenditures by
5 Compact funds by the State of Kosrae and a review of the financial
6 policies, practices and procedures of Kosrae State and its public
7 officials, officers and employees in authorizing or permitting the
8 expenditures for purposes other than intended by the grants is
9 essential to an understanding of the origins of the financial
10 crisis in Kosrae and preventing future uses of Compact funds for
11 unauthorized purposes by the State of Kosrae and the other states
12 of the FSM and in determining if criminal conduct on the part of
13 one or more public officials occurred.

14 NOW, THEREFORE, BE IT RESOLVED that the Fourteenth Congress of
15 the Federated States of Micronesia calls upon the President and
16 the FSM Public Auditor to immediately initiate a comprehensive
17 audit of the expenditure of Compact funds by the State of Kosrae
18 and further to conduct a review of the policies, practices and
19 procedures of Kosrae State and its government officials, officers
20 and employees which authorized or permitted the expenditure of
21 Compact funds for purposes other than intended by the grants in a
22 cumulative amount in excess of one million dollars.

23 BE IT FURTHER RESOLVED that the President direct the
24 Department of Justice to further investigate whether violations of
25 the criminal laws of the FSM on the part of individual officers,

1 officials or employees occurred in connection with the misuse of
2 such funds.

3 BE IT FURTHER RESOLVED that certified copies of this
4 Resolution be transmitted to the President of the Federated States
5 of Micronesia, the FSM Public Auditor, the Governor of the State
6 of Kosrae and the Speaker of the Kosrae Legislature.

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8 Date: 3/30/07

Introduced by: /s/ Isaac V. Figir

Isaac V. Figir

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