

CHAPTER 8

Receivership and Liquidation

SECTIONS

- § 801. Receivership—Application by Banking Commissioner.**
- § 802. Receivership—Appointment and duties of receiver.**
- § 803. Voluntary liquidation.**

§ 801. Receivership—Application by Banking Commissioner.

If, in consequence of an examination or report made by an examiner, or otherwise, the Banking Board should have reason to believe that a domestic bank or foreign bank is in an unsafe or unsound condition or is engaging in unsafe or unsound practices; or that its affairs are being conducted in such a manner that the public or the persons or entities having securities or funds under its custody are in danger of being defrauded; or if any such bank shall violate its charter or any law relative thereto, or this subtitle in any material respect; or if it becomes insolvent, then, subject to chapter 9 of this subtitle, the Banking Commissioner may apply to the Trial Division of the Supreme Court of the Federated States of Micronesia for the appointment of a receiver to take charge of and wind up the affairs of such bank.

Source: PL 1-94 § 801(1); PL 2-20 § 15 (part); PL 6-73 § 2; PL 9-130 § 33; PL 13-56 § 13.

Cross-reference: The statutory provisions on the FSM Supreme Court are found in title 4 of this code.

The FSM Supreme Court website contains court decisions, rules, calendar, and other information of the court, the Constitution, the code of the Federated States of Micronesia, and other legal resource information at <http://www.fsmsupremecourt.org/>.

§ 802. Receivership—Appointment and duties of receiver.

(1) If the Court, after hearing all parties concerned, determines that the facts alleged by the Banking Commissioner are supported by the evidence, except in the event that the FDIC has appointed itself receiver pursuant to chapter 9 of this subtitle, the Court shall appoint a receiver.

(2) Upon his appointment the receiver shall, under the direction of the Banking Commissioner, take possession of the assets and liabilities, books, records, papers, and files of every description belonging to the bank; and collect all loans, fees, and claims of the bank; and see to the payment of its obligations and debts, and to the necessary expenses of receivership.

(3) The receiver shall proceed to liquidate the affairs of the bank as soon as possible, and to this end may sell the personal and real property and other assets of the bank, but subject to the approval of the Banking Commissioner. The receiver shall continue to perform his duties in the manner prescribed herein until the bank or foreign bank is fully liquidated.

Source: PL 1-94 § 801(2); PL 2-20 § 15(part); PL 9-130 § 34; PL 13-56 § 14.

Cross-reference: The statutory provisions on the FSM Supreme Court are found in title 4 of this code.

§ 803. Voluntary liquidation.

Any bank may terminate its business in the Federated States of Micronesia with the approval and under the supervision of the Banking Board in such event. The business and assets of the bank in the Federated States of Micronesia shall be liquidated in an orderly manner so as to fully protect all of the creditors, depositors, and stockholders of the bank in the Federated States of Micronesia.

Source: PL 1-94 § 802.