

**YAP STATE  
PROPOSED FOREIGN INVESTMENT REGULATIONS**

**(October 27, 2005 Draft)**

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## **Part 1**

### **General Provisions**

#### **Section 1.1    Purpose and authority.**

(1)     The purpose of these Regulations is to carry into effect and to facilitate implementation of the Yap State Foreign Investment Act, Chapter 3 of Title 22 of the Yap State Code, as amended (hereinafter called the “Act”).

(2)     These Regulations and any amendments thereto are promulgated under the authority of section 316(c) of the Act and in accordance with the Yap State Administrative Procedures Act. Upon approval by the Governor, they shall have the force and effect of law.

#### **Section 1.2    Definitions and interpretations.**

(1)     When words defined in the Act are used in these Regulations, the definitions provided in the Act shall govern unless otherwise required by the context.

(2)     When words defined in this subsection are used in these Regulations, the following definitions shall govern unless otherwise required by the context:

(a)     “business day” means a day on which the offices of the Director are open for public business.

(b)     “character criteria” means the criteria established in section 2.4 of these Regulations.

(c)     “full time equivalent” or “FTE” means a single full time employee or so many part time employees as are necessary to equal a full time employee. For example, two half-time employees equal one FTE; three 2/3-time employees equal two FTEs.

(d)     “occasional sale” means a sale out of the ordinary course of business which occurs no more than twice in a calendar year and for no more than three days on each such occasion.

(e)     “principal” means the general partners of a partnership or the officers, directors, and owners of at least a 20% interest in any other type of business entity.

(f)     “State” means the State of Yap.

(g)     “State Amber List” means the Category E economic sectors – those in which foreign investment is permitted in the territory of the State subject to

certain criteria applicable just to those sectors – as provided for in Section 305(b)(2) of the Act.

(h) “State Green List” means the Category F economic sectors – those in which foreign investment is permitted in the territory of the State subject only to criteria applicable to all sectors – as provided in Section 305(b)(3) of the Act.

(i) “State Red List” means the Category D economic sectors – those in which foreign investment is prohibited anywhere in the territory of the State – as provided for in Section 305(b)(1) of the Act.

(3) For purposes of section 303(a) of the Act, “business” and “engaging in business” do not include:

- (a) occasional sales;
- (b) foreign governments and agencies thereof;
- (c) any business entity insofar, but only insofar, as it is supplying goods or services pursuant to a contract with the State or the FSM or under an international aid project approved by the State or the FSM;
- (d) advertising through newspapers, brochures, or other publications, or through radio, television, or the internet;
- (e) the conducting of scientific research or investigations if:
  - (i) the research or investigation is sponsored by a university, college, agency, or institution normally engaged in such activities primarily for purposes other than commercial profit; and
  - (ii) the particular research or investigation at issue is not for purposes of, or expected to yield, commercial profit;
- (f) the collection of information by a bona fide journalist for news publication or broadcast;
- (g) maintaining or defending any action or suit, or participating in administrative proceedings, arbitration, or mediation;
- (h) maintaining bank accounts;
- (i) the lawful sale and purchase of corporate shares or other interests or holdings in a business entity acquired not for speculation or profit; or

(j) activity which would otherwise qualify as “business” or “engaging in business” if it is conducted in Yap on no more than 15 days during any calendar year.

(4) For purposes of section 303(d) of the Act, “personal use” is for one’s own use or for the use of a family member. Personal use does not include a sale or other exchange for value.

(5) For purposes of section 303(g) of the Act, “fish” means all living marine resources located within the internal waters of the State or the State Fishery Zone.

## **Part 2**

### **Investment Categories and Criteria**

#### **Section 2.1    State Red List.**

The economic sectors on the State Red List are as follows:

- (a) As expressly stated in the Act: none.
- (b) As designated by the Director: harvesting or sale of non-living resources in the internal waters of the State.

#### **Section 2.2    State Amber List.**

(1) The economic sectors on the State Amber List are as follows:

- (a) As expressly stated in the Act: commercial fishing, including but not limited to the catching, processing, and commercial exportation of fish caught within the internal waters of the State or within the State Fishery Zone as defined by Title 18 of the Yap State Code.
- (b) As designated by the Director: exploration and exploitation of ocean seabed minerals and other non-living resources within the State Fishery Zone, provided that all necessary environmental and fishery permits have been obtained.
- (c) As designated by the Director:
  - 1. Retail
  - 2. Handicraft Making
  - 3. Barbershop / Hairdresser
  - 4. Garment Manufacturing
  - 5. Auto Repair Shop
  - 6. Wholesale
  - 7. Print Shop
  - 8. T-shirt Printing
  - 9. Film Developing

10. Construction
11. Appliance and Small Engine Repair
12. Electronic Repair Shop
13. Vehicle Rental
14. Restaurant
15. Farming
16. Layer, Poultry and Livestock
17. Bar
18. Laundromat
19. Tailoring / Alterations
20. Equipment Rental
21. Taxi
22. Video Arcades
23. Billiards / Pool Hall
24. Movie Theaters
25. Consulting

(2) Except for the character criteria in section 2.4 below, there are no specific criteria for obtaining a State Foreign Investment Permit for a business on the State Amber List.

(3) The specific criteria for retaining a State Foreign Investment Permit for a business on the State Amber List, including the character criteria in section 2.4 below, shall be shown on or attached to the State Foreign Investment Permit as conditions, violation of which may result in loss of the permit as provided in the Act. Those specific criteria are as shown on the State Foreign Investment Permit form attached as Schedule 2 to these Regulations.

### **Section 2.3    State Green List.**

(1) The economic sectors on the State Green List are all economic sectors that are not on either the State Red List or the State Amber List.

(2) Except for the character criteria in section 2.4 below, there are no specific criteria for obtaining or retaining a State Foreign Investment Permit for a business on the State Green List.

### **Section 2.4    Character criteria.**

(1) An application for a State Foreign Investment Permit shall be denied if the applicant or any noncitizen principal of the applicant:

(a) was convicted of a felony, a violent crime, a crime founded on dishonesty, or a crime of moral turpitude in the FSM, any state of the FSM, or any foreign jurisdiction during the prior 10 years;

(b) has been requested to leave another jurisdiction based upon activity which is fraudulent or criminal even if there has been no criminal conviction; or

(c) has declared bankruptcy, had a receiver appointed, or made a transfer of assets for the benefit of creditors during the prior 5 years.

(2) An application for a State Foreign Investment Permit may be denied if any circumstance exists which would allow the Director to cancel the permit pursuant to section 308(e) of the Act if the permit had already been issued.

(3) A State Foreign Investment Permit may be suspended or cancelled as provided in the Act if, at any time after issuance of the permit, any circumstance described in subsection (1) applies to the holder of the permit or to a principal of the holder.

(4) A violation of any of the character criteria may be waived by the Director, with the concurrence of the State Attorney General, for good cause shown. Any such waiver must be in writing, state the reasons for the waiver, and be signed by both the Director and the State Attorney General.

### **Part 3**

#### **Foreign Investment Permit Requirements and Procedures**

##### **Section 3.1 Application forms and submission requirements.**

(1) Schedule 1 to these Regulations prescribes the form to be used in applying for a State Foreign Investment Permit.

(2) Signed originals of all applications for State Foreign Investment Permits shall be submitted to the Director at his or her office. An application shall not be deemed submitted until any required application fee is paid.

##### **Section 3.2 Action by the Director on applications – time periods.**

(1) The Director shall have up to 10 business days to complete the review of each application for a permit. Within that time period, the Director shall the following actions pursuant to the Act:

- (a) determine which economic sector the application relates to;
- (b) request additional information from the applicant, if necessary;
- (c) deny the application, issue a permit, or forward the application to the Secretary; and

(d) advise the applicant of the action taken under subsection (c).

(2) If additional information is requested under subsection (1)(b), a new 10-day time period shall begin when the applicant responds to the request.

(3) If it is impossible for the Secretary to take action on an application within the time periods described above, the Secretary shall, by written notice, inform the applicant of that fact no later than 1 business day after the expiration of the prescribed period, and shall indicate (a) why the action could not be taken within the prescribed period and (b) a specific date (no later than 10 days from the date of the written notice) by which the Secretary will take action.

### **Section 3.3 Form of permit.**

A State Foreign Investment Permit shall be in the form prescribed in Schedule 2 to these Regulations.

### **Section 3.4 Application fees and annual fees.**

(1) A nonrefundable application fee shall accompany an application for a State Foreign Investment Permit to help defray the processing costs of the Director. The application fee shall be \$250.

(2) Every holder of a State Foreign Investment Permit shall pay an annual fee to help defray the Director's costs in monitoring the foreign investment. The annual fee shall be \$100 and shall be payable on or before every anniversary of the issuance of the permit.

(3) All application, annual, and other fees paid pursuant to these Regulations shall be payable to the Yap State Treasury and deposited in the General Fund.

### **Section 3.5 Modification or surrender of a permit.**

(1) A modification to a State Foreign Investment Permit which reflects only a change in the name, address, or registered agent of the holder shall be effected promptly and without charge upon receipt of a written request therefor.

(2) A modification of a State Foreign Investment Permit pursuant to Section 308(d) of the Act may be made under the following conditions and procedures:

(a) The holder of the permit shall file with the Director a written request for modification, indicating (i) the nature of and reason for the change in the business that has prompted the request for modification and (ii) the specific permit provisions that are proposed to be modified.

(b) The Director, on receipt of such a request for modification, may require the permit holder to provide additional information pertinent to the request. The Director may deny or suspend action on the request if the holder fails to provide any such information.

(c) A modification request fee shall be payable to the Director upon the filing of a written request for modification. The amount of such fee shall be \$100. In cases where the modification is slight and does not require substantial commitment of resources for processing, the Director may waive the modification request fee in whole or in part.

(d) In evaluating the request for modification, the Director shall be guided by the principles applicable to the original issuance of a State Foreign Investment Permit, and shall not grant the request for modification if the foreign investment following such modification would not meet all of the applicable criteria for issuance of such a permit.

(e) If the Director determines that the permit should be modified, the Director may modify it as appropriate. Such modification need not be precisely as requested by the holder.

(f) The Director shall, within 5 business days after receiving the written request for modification and any further information required pursuant to subsection (2)(b) above, notify the holder of the permit as to whether the request for modification has been granted or denied and, if it has been granted, the precise terms of the modification.

(3) Surrender of a State Foreign Investment Permit shall be carried on in appropriate case as follows:

(a) The holder of the permit shall notify the Director in writing of the reasons for the requested surrender.

(b) The Director shall determine whether any taxes or fees remain unpaid or any other requirements remain unfulfilled by the holder and require the holder to take appropriate action in that regard.

(c) If no further obligations remain outstanding, the Director shall declare the permit surrendered and shall so notify the holder and the Director's counterpart in any other FSM state where the holder is or was formerly engaged in business.

#### **Part 4**

#### **Other Provisions**



#### **Section 4.1    Expatriate worker authorization (EWA) entitlements.**

The Director shall coordinate efforts with the Secretary, and with the immigration authorities of the National Government, in implementing the provisions of section 310 of the Act and of sections 210, 211, and 212 of the FSM Foreign Investment Act and regulations promulgated thereunder.

#### **Section 4.2    Reports by holders of permits.**

(1) For the purpose of monitoring the amount and flow of foreign investment in the State, and to provide services to foreign investors, the Director shall, pursuant to section 306 of the Act, collect reports from holders of State Foreign Investment Permits:

(a) on an annual basis, with the time of submission for each holder to be established by the Director or, failing that, by October 31 of each year (covering the fiscal year ended September 30); and

(b) immediately in the case of a change in circumstances which results in a new or existing noncitizen principal of the holder of the permit who is not in compliance with the character criteria in section 2.4 above.

(2) The form to be used for the annual reports referred to in subsection (1)(a) appears as Schedule 3 to these Regulations.

(3) In the event of a change described in subsection (1)(b) above, the Director may request further information before taking any action under section 306 of the Act.

#### **Section 4.3    Reports by the Director.**

The information to be published annually pursuant to section 311(a) of the Act shall include data regarding the number of foreign investments, the types of business entities involved, the numbers of foreign investors, their shares of ownership in the business entities, and any unusual developments during the year being reported on, including cancellations or penalties imposed. Such information shall be published within 3 months after the end of each reporting year.

#### **Section 4.4    Fines and penalties.**

(1) Administrative fines and penalties applicable under section 313(b)(2) of the Act are as follows:

(a) Up to \$10 per day for failure to comply with the reporting requirements under section 306 of the Act or section 4.2 of these Regulations.

(b) Up to \$500 for failure or refusal to comply with any restrictions or conditions included in the State Foreign Investment Permit or for engaging in activities not authorized by the permit.

(c) Up to \$100 for any other violation of the Act or these Regulations.

(2) Administrative fines or penalties shall be paid to the office of the Director and deposited in the General Fund.

#### **Section 4.5 Hearing Procedures.**

(1) The following procedures shall be followed during any foreign investment permit cancellation hearing under section 308(f) of the Act:

(a) The permit holder shall have the right to participate and to be represented by counsel, to call witnesses, and to cross-examine witnesses called against the holder.

(b) The hearing shall be public, unless otherwise requested by the permit holder. The entire proceedings shall be tape recorded.

(c) Formal rules of evidence shall not apply.

(d) The hearing officer, as defined in the Act, shall preside over the hearing. Counsel for the State shall present the evidence of the grounds for cancellation of the permit.

(2) Except as otherwise provided in the Act or these Regulations, the provisions of the State Administrative Procedures Act, Chapter 1 of Title 10 of the Yap State Code, shall apply to permit cancellation and any other hearings under the Act.

#### **Section 4.6 Transitional provisions.**

(1) State Foreign Investment Permits first issued before the effective date of these Regulations shall continue to be subject to the State Foreign Investment Act and Regulations in effect as of September 30, 2005 (the “old Act and Regulations”), until September 30, 2006.

(2) On and after September 30, 2006, the Act and Regulations then in effect (the “new Act and Regulations”) shall control. No new application shall be required for such preexisting permit holders, but the Director shall issue new permits to such holders and those holders shall commence reporting in conformance with the new Act and Regulations.

(3) No permit in existence as of the effective date of these Regulations shall be cancelled or otherwise penalized by reason of a violation of the character criteria which occurred before that date.

**Section 4.7 Repeal of existing regulations.**

Any existing Yap State Foreign Investment Regulations are hereby repealed.

**Schedule 1**

**OFFICE OF THE DIRECTOR  
DEPARTMENT OF RESOURCES & DEVELOPMENT  
YAP STATE GOVERNMENT  
P.O. Box 336  
Colonia, Yap, FM 96943  
Phone: (691) 350-2182 Fax: (691) 350-2571 E-mail: yapci@mail.fm**

Application No.: \_\_\_\_\_

Date Received: \_\_\_\_\_

**APPLICATION FOR YAP STATE FOREIGN INVESTMENT PERMIT**

This form must be completed and submitted to the Office of the Director at the address above. Answer every question. Attach additional sheets if necessary.

1. Name of applicant: \_\_\_\_\_

2. Name(s) of business (if different): \_\_\_\_\_

3. Address of principal office:

In Yap State

Outside Yap State

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_

e-mail: \_\_\_\_\_

4. Name and address of registered agent in Yap State: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

5. Purpose, scope, and objective of business: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

6. Other FSM states in which applicant proposes to engage in business: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

7. Form of applicant's business entity:

Sole proprietorship (individual) \_\_\_\_  
Partnership \_\_\_\_  
    General \_\_\_\_  
    Limited \_\_\_\_  
    Formed under the laws of \_\_\_\_  
Corporation \_\_\_\_  
    For profit \_\_\_\_  
    Nonprofit \_\_\_\_  
    Formed under the laws of \_\_\_\_  
Joint Venture \_\_\_\_  
Other (please specify): \_\_\_\_

8. Attach copies of the organic documents of the business entity indicated above (for example, partnership agreement, joint venture agreement, or, if a corporation, charter, articles of incorporation, and bylaws). If the business entity has not yet been formed, copies of the organic documents must be submitted before commencing to engage in business.

9. State the aggregate percentage of the applicant which is owned by citizens or governments of the FSM or legal entities wholly owned by such citizens or governments. \_\_\_\_ % Any other person is considered a noncitizen.

10. List all noncitizens (or state there are none, if applicable) who are "principals" of the applicant, as defined in Section 1.2 of the State Foreign Investment Regulations:

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11. Provide the following information for the applicant and for each principal of the applicant. Attach additional sheets if necessary. If any answer is "yes", provide details.

Has this person been convicted of a felony, a violent crime, a crime founded on dishonesty, or a crime of moral turpitude in the FSM, any state of the FSM, or any foreign jurisdiction during the prior 10 years? \_\_\_\_ Yes \_\_\_\_ No

Has this person ever been requested to leave another jurisdiction based upon activity which is fraudulent or criminal even if there has been no criminal conviction? \_\_\_\_ Yes \_\_\_\_ No

Has this person declared bankruptcy, had a receiver appointed, or made a transfer for the benefit of creditors during the prior 5 years? \_\_\_\_ Yes \_\_\_\_ No

12. Have you attached any additional sheets to this form? \_\_\_\_ Yes \_\_\_\_ No  
If so, how many? \_\_\_\_

Under penalty of law, the undersigned states that he or she is the applicant or a duly authorized representative of the applicant, that he or she has read the foregoing application and understands its contents, and that those contents are true and complete to the best of his or her knowledge and belief.

Signature: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title or position with applicant: \_\_\_\_\_

Address (if different than applicant's): \_\_\_\_\_

Signed and sworn before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

**OFFICIAL USE ONLY**

Application Approved ☐

Application Disapproved ☐

\_\_\_\_\_  
Director of Resources & Development

\_\_\_\_\_  
Date

**Schedule 2**

**OFFICE OF THE DIRECTOR  
DEPARTMENT OF RESOURCES & DEVELOPMENT  
YAP STATE GOVERNMENT  
P.O. Box 336  
Colonia, Yap, FM 96943  
Phone: (691) 350-2182 Fax: (691) 350-2571 E-mail: yapci@mail.fm**

**YAP STATE FOREIGN INVESTMENT PERMIT**

Permit No.: \_\_\_\_\_

Pursuant to the Yap State Foreign Investment Act, this Permit is granted to:

Name: \_\_\_\_\_

Scope of Permit: \_\_\_\_\_

\_\_\_\_\_

This Permit:

(a) is valid until it has been cancelled, suspended, or surrendered pursuant to the provisions of the Yap State Foreign Investment Act and Regulations promulgated thereunder;

(b) shall be displayed in a conspicuous place at the holder's primary place of business in the State of Yap;

(c) is subject to the conditions attached hereto; and

(d) does not absolve the holder from obtaining any other permits or complying with any other laws that may be applicable to the business engaged in.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director, Department of Resources & Development

**YAP STATE AMBER LIST CONDITIONS**  
[to be attached to Yap State Foreign Investment Permit]

1. Neither the holder nor any noncitizen who is a “principal” of the holder, as defined in section 1.2 of the State Foreign Investment Regulations, shall have:

- (a) been convicted of a felony, a violent crime, a crime founded on dishonesty, or a crime of moral turpitude in the FSM, any state of the FSM, or any foreign jurisdiction during the prior 10 years;
- (b) been requested to leave another jurisdiction based upon activity which is fraudulent or criminal even if there has been no criminal conviction; or
- (c) declared bankruptcy, had a receiver appointed, or made a transfer of assets for the benefit of creditors during the prior 5 years.

2. If the holder has more than two noncitizen employees, there must be at least one citizen employee for each noncitizen employee over two in number. Employment shall be calculated on the basis of “full time equivalents” (FTEs) as defined in the State Foreign Investment Regulations.

3. If holder is engaged in fishing, the following restrictions apply:

- (a) The fish must be purchased from a citizen if the fish were caught or harvested within the internal waters of Yap (that is, the waters between from the reef baseline or island baseline, when applicable, and the shore).
- (b) The holder may catch or harvest fish in the State Fishery Zone outward from the baseline only with a valid State fishing license.



## **YAP STATE GREEN LIST CONDITIONS**

[to be attached to Yap State Foreign Investment Permit]

Neither the holder nor any noncitizen who is a “principal” of the holder, as defined in section 1.2 of the State Foreign Investment Regulations, shall have:

- (a) been convicted of a felony, a violent crime, a crime founded on dishonesty, or a crime of moral turpitude in the FSM, any state of the FSM, or any foreign jurisdiction during the prior 10 years;
- (b) been requested to leave another jurisdiction based upon activity which is fraudulent or criminal even if there has been no criminal conviction; or
- (c) declared bankruptcy, had a receiver appointed, or made a transfer of assets for the benefit of creditors during the prior 5 years.

**Schedule 3**

**OFFICE OF THE DIRECTOR  
DEPARTMENT OF RESOURCES & DEVELOPMENT  
YAP STATE GOVERNMENT  
P.O. Box 336  
Colonia, Yap, FM 96943  
Phone: (691) 350-2182 Fax: (691) 350-2571 E-mail: yapci@mail.fm**

Permit No. \_\_\_\_\_  
Original Issue Date of Permit: \_\_\_\_\_  
Date this Report Received: \_\_\_\_\_

**ANNUAL REPORT  
of  
YAP STATE FOREIGN INVESTMENT PERMIT HOLDER**

This form must be completed and submitted, along with any annual fee, by every holder of a Yap State Foreign Investment Permit on or before each anniversary of the original issue date of the Permit. Answer every question. Attach additional sheets if necessary.

1. Name of holder: \_\_\_\_\_

2. Name(s) of business (if different): \_\_\_\_\_

3. Address of principal office:

In Yap State	Outside Yap State
_____	_____
_____	_____
_____	_____
_____	_____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
e-mail: _____	e-mail: _____

4. Name and address of registered agent in Yap State: \_\_\_\_\_  
\_\_\_\_\_

5. Date on which business was commenced: \_\_\_\_\_

6. Other FSM states in which holder is engaged in business: \_\_\_\_\_

7. Did holder file an annual report for last year? \_\_\_\_ Yes \_\_\_\_ No  
If not, explain why: \_\_\_\_\_

8. Form of holder's business entity:

Sole proprietorship (individual) \_\_\_\_  
Partnership \_\_\_\_  
    General \_\_\_\_  
    Limited \_\_\_\_  
    Formed under the laws of \_\_\_\_  
Corporation \_\_\_\_  
    For profit \_\_\_\_  
    Nonprofit \_\_\_\_  
    Formed under the laws of \_\_\_\_  
Joint Venture \_\_\_\_  
Other (please specify): \_\_\_\_

9. If the form of holder's business entity is different than on the original permit application or the most recent annual report, explain why: \_\_\_\_\_  
\_\_\_\_\_

10. Unless they are already on file with the Director, attach copies of the organic documents of the business entity indicated above (for example, partnership agreement, joint venture agreement, or, if a corporation, charter, articles of incorporation, and bylaws). Include amendments to date of those documents.

11. State the aggregate percentage of the holder which is owned by citizens or governments of the FSM or legal entities wholly owned by such citizens or governments. \_\_\_\_ % Any other person is considered a noncitizen.

12. List all noncitizens (or state there are none, if applicable) who are "principals" of the applicant, as defined in Section 1.2 of the State Foreign Investment Regulations: \_\_\_\_\_  
\_\_\_\_\_

13. Provide the following information for the applicant and for each principal of the applicant. Attach additional sheets if necessary. If any answer is "yes", provide details.

Has this person been convicted of a felony, a violent crime, a crime founded on dishonesty, or a crime of moral turpitude in the FSM, any state of the FSM, or any foreign jurisdiction during the prior 10 years? \_\_\_\_ Yes \_\_\_\_ No

Has this person ever been requested to leave another jurisdiction based upon activity which is fraudulent or criminal even if there has been no criminal conviction? \_\_\_\_ Yes \_\_\_\_ No

Has this person declared bankruptcy, had a receiver appointed, or made a transfer for the benefit of creditors during the prior 5 years? \_\_\_\_ Yes \_\_\_\_ No

14. How many employees does the holder have at this time? \_\_\_\_

How many of those employees are FSM citizens? \_\_\_\_

(Note: Employment must be calculated on the basis of full time equivalents (FTEs) as defined in the State Foreign Investment Regulations.)

15. Have you attached additional sheets to this form? \_\_\_\_ Yes \_\_\_\_ No

If so, how many? \_\_\_\_

Under penalty of law, the undersigned states that he or she is the holder or a duly authorized representative of the holder, that he or she has read the foregoing report and understands its contents, and that those contents are true and complete to the best of his or her knowledge and belief.

Signature: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title or position with applicant: \_\_\_\_\_

Address (if different than applicant's): \_\_\_\_\_

Signed and sworn before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

**Schedule 4**

**OFFICE OF THE DIRECTOR  
DEPARTMENT OF RESOURCES & DEVELOPMENT  
YAP STATE GOVERNMENT  
P.O. Box 336  
Colonia, Yap, FM 96943  
Phone: (691) 350-2182 Fax: (691) 350-2571 E-mail: yapci@mail.fm**

Permit No. \_\_\_\_\_  
Original Issue Date of Permit: \_\_\_\_\_  
Date this Report Received: \_\_\_\_\_

**REPORT  
of  
CERTAIN CHANGES OF CIRCUMSTANCE  
OF A FOREIGN INVESTOR**

This Report must be filed by the holder of a Yap State Foreign Investment Permit immediately upon any change in circumstance which results in there being a new or existing “noncitizen” “principal” of the holder who is not in compliance with the “character criteria”. Terms in quotation marks are defined in the Yap State Foreign Investment Act or the Yap State Foreign Investment Regulations. Answer every question. Attach additional sheets if necessary.

1. Name of holder: \_\_\_\_\_

2. Name(s) of business (if different): \_\_\_\_\_

3. Describe the nature of the subject change of circumstance (for example, change of ownership or management of the permit holder resulting in a new principal, new developments regarding an existing principal): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Identify any former principals who are no longer principals as a result of the subject change: \_\_\_\_\_  
\_\_\_\_\_

5. Identify any new principals resulting from the subject change: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Identify any existing principal as to whom there has been a relevant change of circumstance: \_\_\_\_\_  
\_\_\_\_\_

7. For each person listed under question 5 or 6 above, either state that such person meets all of the following criteria or explain in detail how and why such person does not meet all of the following criteria:

(a) The person has not been convicted of a felony, a violent crime, a crime founded on dishonesty, or a crime of moral turpitude in the FSM, any state of the FSM, or any foreign jurisdiction during the prior 10 years.

(b) The person has not been requested to leave another jurisdiction based upon activity which is fraudulent or criminal even if there has been no criminal conviction.

(c) The person has not declared bankruptcy, had a receiver appointed, or made a transfer of assets for the benefit of creditors during the prior 5 years.

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8. Have you attached additional sheets to this form? \_\_\_\_ Yes \_\_\_\_ No  
If so, how many? \_\_\_\_

Under penalty of law, the undersigned states that he or she is the holder or a duly authorized representative of the holder, that he or she has read the foregoing report and understands its contents, and that those contents are true and complete to the best of his or her knowledge and belief.

Signature: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title or position with applicant: \_\_\_\_\_

Address (if different than applicant's): \_\_\_\_\_

Signed and sworn before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_