



Office of the Governor of Guam

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Felix P. Camacho  
Governor

Michael W. Cruz, M.D.  
Lieutenant Governor

01 FEB 2007

The Honorable Mark Forbes  
Speaker  
Mina' Bente Nuebe Na Liheslaturan Guåhan  
155 Hessler Street  
Hagåtña, Guam 96910

Dear Mr. Speaker:

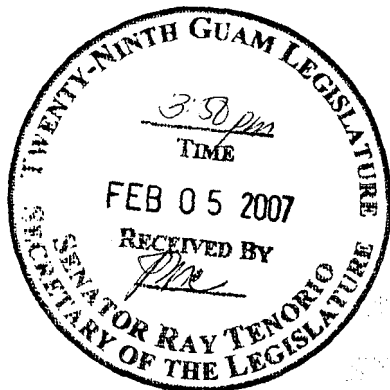
Transmitted herewith is Bill No. 257(EC), "AN ACT TO REPEAL AND REENACT §2206 OF TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO THE OWNERSHIP OF CORPORATE STOCK AND QUALIFICATIONS OF DIRECTORS OF A CORPORATION" which I signed into law on January 29, 2007, as **Public Law 28-169**.

Sins eru yan Magåhet,

FELIX P. CAMACHO  
I Maga'låhen Guåhan  
Governor of Guam

Attachment: copy attached of signed bill

cc: The Honorable Ray Tenorio  
Senator and Secretary of the Legislature



Office of the Speaker  
MARK FORBES  
Date: 2/2/07  
Time: 11:00  
Rec'd by: RM  
Print Name: R. J. B. -  
29-07-1121

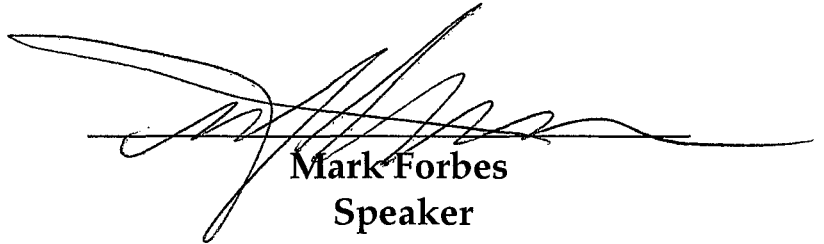
121

Received by: [Signature]  
5:04 PM  
2/5/07

I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN  
2006 (SECOND) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 257 (EC), "AN ACT TO REPEAL AND REENACT §2206 AND TO AMEND §9101 OF TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO THE OWNERSHIP OF CORPORATE STOCK AND QUALIFICATIONS FOR DIRECTORS OF A CORPORATION," was on the 20<sup>th</sup> day of December, 2006, duly and regularly passed.



Mark Forbes  
Speaker

Attested:




Edward J.B. Calvo  
Senator and Secretary of the Legislature

This Act was received by *I Maga'lahaen Guåhan* this 30 day of Dec, 2006, at  
1:30 o'clock P.M.



Assistant Staff Officer  
*Maga'lahaen's Office*

APPROVED:



FELIX P. CAMACHO  
*I Maga'lahaen Guåhan*

Date: 29 JAN 2007

Public Law No. 28-169

**MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN**  
**2006 (SECOND) Regular Session**

**Bill No. 257 (EC)**

As substituted by the Committee on  
Finance and Taxation and amended  
on the Floor.

Introduced by:

Edward J.B. Calvo  
R. Klitzkie  
A. R. Unpingco  
F. B. Aguon, Jr.  
J. M.S. Brown  
B. J.F. Cruz  
Mike Cruz  
Mark Forbes  
L. F. Kasperbauer  
J. A. Lujan  
A. B. Palacios, Sr.  
R. J. Respicio  
Ray Tenorio  
J. T. Won Pat

**AN ACT TO *REPEAL* AND *REENACT* §2206 AND TO  
*AMEND* §9101 OF TITLE 18, GUAM CODE  
ANNOTATED, RELATIVE TO THE OWNERSHIP OF  
CORPORATE STOCK AND QUALIFICATIONS FOR  
DIRECTORS OF A CORPORATION.**

1       **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2       **Section 1. Legislative Findings and Intent.** §2206 and §9101 of  
3 Title 18 Guam Code Annotated establish that a person must own one (1)  
4 share of stock in a Guam corporation in order to serve as a director thereof.  
5 This requirement creates a disincentive to organized corporations in Guam.

1 Corporate directors of foreign corporations [stock ownership exception Title  
2 18 G.C.A. §2116], investment companies or international finance  
3 corporations [stock ownership exception Title 18 G.C.A. §2115(a)(8)] are  
4 not required to own shares in order to register and operate their companies as  
5 Guam Corporations.

6 *I Liheslaturan Guåhan* finds that this privilege should extend to the  
7 qualifications for directors of all corporations registered on Guam. This Act  
8 is patterned after the “Model Corporation Act.” This Act will provide a  
9 friendlier business landscape that will stimulate further investment  
10 incentives and opportunities on Guam.

11 **Section 2. Repeal and Reenactment.** §2206 of Title 18 G.C.A is  
12 hereby *repealed* and *reenacted* to read as follows:

13 “§2206. **Qualifications of Directors.** The Articles of  
14 Incorporation or Bylaws may prescribe qualifications for directors. A  
15 director need not be a resident of Guam unless the Articles of  
16 Incorporation or Bylaws so prescribe.”

17 **Section 3. Amendment.** §9101 of Title 18, of the Guam Code  
18 Annotated is hereby *amended* to read as follows:

19 “§9101. **Corporate Merger: Conditions, Form, Procedure.**

20 (a) If a domestic corporation owns all of the outstanding  
21 shares of the subsidiary corporation or corporations, domestic  
22 or foreign, the merger of the subsidiary corporation or  
23 corporations into the parent corporation or into another such  
24 subsidiary or subsidiaries of the parent corporation may be  
25 effected by a resolution adopted by the Boards of the parent  
26 corporation and the respective subsidiary corporation(s), and  
27 the filing of a Certificate of Ownership as provided in

1 Subsection (d), below. The resolution shall provide for the  
2 merger and shall provide that the surviving corporation assumes  
3 all the liabilities of the merged corporations.

4 (b) Whenever a domestic or foreign corporation, having  
5 any real property on Guam merges or consolidates with another  
6 corporation pursuant to the laws of Guam or of the State or  
7 place in which any constituent corporation was incorporated,  
8 and the laws of the state or place of incorporation (including  
9 Guam) of any disappearing corporation provide substantially  
10 that the making and filing of the agreement of merger or  
11 consolidation vests in the surviving consolidated corporation all  
12 the real property of any disappearing corporation, the filing for  
13 record in the Office of Land Management on Guam of either a  
14 certificate prescribed by the appropriate government  
15 administrator of corporations, or a copy of the agreement of the  
16 merger or consolidation, certified by an authorized public  
17 official of the state or place pursuant to the laws of which the  
18 merger or consolidation is effected, shall evidence record  
19 ownership in the surviving or consolidated corporation of all  
20 interest of such disappearing corporation in and to the real  
21 property located on Guam. The Director of Revenue and  
22 Taxation, or his designee, is hereby authorized to certify and  
23 prescribe the form of certificate herein referenced.

24 (c) In any merger pursuant to this Chapter, the surviving  
25 corporation may change its name, providing the same does not  
26 otherwise violate the general corporation law, regardless of  
27 whether the name so adopted is the same as or similar to that of

1 one of the disappearing corporations. In such case, the  
2 resolution referred to in Subsection (a) above shall provide for  
3 the amendment of the surviving corporation Articles to change  
4 the name and shall establish the wording of the amendment.

5 (d) After adoption of the resolution or resolutions of  
6 merger, a Certificate of Ownership consisting of an officer's  
7 certificate of the surviving corporation shall be filed, and a copy  
8 thereof for each domestic and qualified foreign disappearing  
9 corporation shall also be filed. The Certificate of Ownership  
10 shall:

11 (1) Identify the disappearing and surviving  
12 corporations.

13 (2) Set forth the share ownership by the parent  
14 corporation of each merged subsidiary corporation as  
15 100% of the outstanding shares.

16 (3) Set forth the resolution adopted by the  
17 Board of the parent corporation, including the resolution  
18 for change of name if applicable.

19 (4) Set forth the resolution adopted by the  
20 Board of each subsidiary corporation involved in the  
21 merger.

22 (e) The Certificate of Ownership shall not be filed,  
23 however, until there has been filed by or on behalf of each  
24 disappearing corporation a Certificate of Satisfaction of the  
25 Director of the Department of Revenue and Taxation that all  
26 taxes owed or which are then required by law to be imposed  
27 upon such corporation have been paid or secured. The Director

1 of Revenue and Taxation may accept the assurance of the  
2 surviving corporation that it will pay such taxes as security  
3 therefore, in form required by the Director.

4 (f) Upon the filing of the Certificate of Ownership, the  
5 merger shall be effective and any amendment of the Articles of  
6 the surviving corporation set forth in the certificate shall be  
7 effective as an amendment thereof without further act.

8 (g) Merger pursuant to this Section may be effected if the  
9 parent corporation is a foreign corporation and if at least one  
10 subsidiary corporation is a domestic corporation but in such  
11 case a Certificate of Ownership prepared as in Subsection (d)  
12 shall be filed as to each domestic and qualified foreign  
13 subsidiary corporation, but no filing shall be made as to the  
14 foreign parent corporation.

15 (h) A foreign subsidiary corporation may not be merged  
16 as in this Chapter provided and a foreign parent corporation  
17 may not act as in this Section provided unless the laws of the  
18 state or place of its incorporation permits such action.

19 (i) Shareholders owning nominal qualifying share  
20 certificates of any disappearing corporation which is merged  
21 pursuant to this chapter shall be paid a fair compensation for the  
22 shares surrendered or canceled, which should be in an amount  
23 not less than the consideration initially paid by the shareholder  
24 for such shares. The fairness of consideration may be  
25 determined by any agreement regarding the repurchase of  
26 shares between the shareholder and the corporation made at the  
27 time the shareholder acquired the shares, or by reference to a

1 book value of the shares, or by any other method rationally and  
2 equitably determined by the Board of the parent corporation.

3 (j) A domestic parent corporation may merge into a  
4 wholly owned domestic or foreign subsidiary in the manner and  
5 upon the conditions of this Chapter provided that all  
6 outstanding shares of the parent corporation are owned by not  
7 more than three (3) persons and each of said persons has signed  
8 a consent or ratification of the resolution of merger.”