



Office of the Governor of Guam

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

NOV 27 2009

Honorable Judith T. Won Pat, Ed.D
Speaker
I Mina' Trenta Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

Handwritten notes: 30-09-1396, 11/27/09, 4-30, and a signature.

Vertical stamp: 2009 NOV 20 PM 9:06

Dear Speaker Won Pat:

Submitted herewith is Bill No. 147-30 (COR), "AN ACT TO ADD A NEW SUBSECTION (p) TO §50103 OF CHAPTER 50 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO GUAM ECONOMIC DEVELOPMENT AUTHORITY LOANS AND LENDING PRACTICES" which I have vetoed.

In an effort to foster Guam's economy, Guam Economic Development Authority (GEDA) was established for the purpose of promoting and encouraging the development of new businesses and the retention and expansion of existing businesses. GEDA's loan program helps achieve this purpose through encouraging small business development with a focus on start-ups and challenged small businesses that the financial market cannot service. As such, GEDA often serves as a lender of last resort thereby attracting higher risk applicants.

With a grant from U.S. Congress, GEDA has more than Seven Million Dollars in its funds available for lending. GEDA's loan servicing guidelines do not expressly prohibit the issuance of a loan to an entity that has previously defaulted on the loan program as Bill No. 147-30 proposes.

But Bill No. 147-30 goes further by extending the prohibition to any individual or business or any of its officers and/or directors, owners, partners or shareholders that have more than five percent ownership interest in said business, including indirect ownership or other interest through proxy or trust, or sister parent or subsidiary ownership interest(s), personally or through a relative within one degree of consanguinity. The entity or individual shall also not have a past due or unpaid civil judgment in the Superior Court of Guam or engage in any activity that has resulted in prosecution for a felony or a crime of moral turpitude or conviction for that type of crime in the Courts of Guam, the United States and its territories, or foreign jurisdiction except if the prosecution is dismissed with prejudice. This will diminish GEDA's purpose to foster Guam's economy through the assistance it provides to Guam's small businesses most especially the disadvantaged. Moreover, the Bill proposes to unfairly prevent innocent individuals who

have had a case against them dismissed, but not dismissed without prejudice, from obtaining assistance. More egregious, is the Bill disqualifies an individual who has been acquitted or found innocent of a prosecution. These cases are not normally dismissed because they have been adjudicated through the court system resulting in a final judgment rendering a not guilty verdict.

GEDA's Credit Review Committee scrutinizes, assesses, and deliberates on the merit of the application based on the financial soundness, viability, as well as economic enhancement to Guam's economy. The Bill hampers GEDA's ability to assist businesses thus hindering their ability to sustain Guam's economy. More importantly, the Bill unfairly threatens the opportunity for innocent individuals to develop and expand new businesses on Guam. As such, I have vetoed this measure.

*Sinseru yan Magåhet,*

A handwritten signature in black ink, appearing to read 'Felix P. Camacho', with a long horizontal flourish extending to the right.

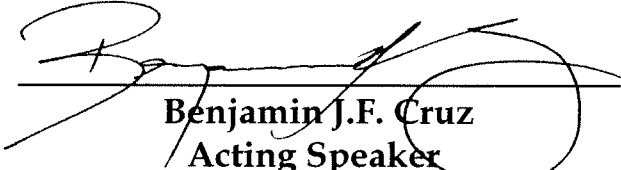
**FELIX P. CAMACHO**  
*I Maga' Låhen Guahan*  
Governor of Guam

Attachment

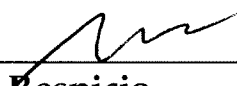
I MINA'TRENTA NA LIHESLATURAN GUÅHAN  
2009 (FIRST) Regular Session

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

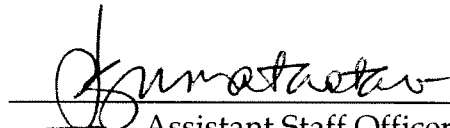
This is to certify that **Bill No. 147-30 (COR)**, "AN ACT TO ADD A NEW SUBSECTION (p) TO §50103 OF CHAPTER 50 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO GUAM ECONOMIC DEVELOPMENT AUTHORITY LOANS AND LENDING PRACTICES," was on the 13<sup>th</sup> day of November, 2009, duly and regularly passed.

  
Benjamin J.F. Cruz  
Acting Speaker

Attested:

  
Rory J. Respicio  
Acting Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 17 day of Nov., 2009, at 4:35 o'clock P.M.

  
Assistant Staff Officer  
*Maga'lahaen's Office*

APPROVED:

**VETO**  
FELIX P. CAMACHO  
*I Maga'lahaen Guåhan*

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

Public Law No. \_\_\_\_\_

***I MINA'TRENTA NA LIHESLATURAN GUÅHAN***  
**2009 (FIRST) Regular Session**

**Bill No. 147-30 (COR)**

As amended by the Committee on Economic Development,  
Health & Human Services, and Judiciary,  
and further amended on the Floor.

Introduced by:

v. c. pangelinan  
Adolpho B. Palacios, Sr.  
T. C. Ada  
F. B. Aguon, Jr.  
F. F. Blas, Jr.  
E. J.B. Calvo  
B. J.F. Cruz  
J. V. Espaldon  
Judith P. Guthertz, DPA  
T. R. Muña Barnes  
M. J. Rector  
R. J. Respicio  
Ray Tenorio  
Telo Taitague  
Judith T. Won Pat, Ed.D.

**AN ACT TO *ADD* A NEW SUBSECTION (p) TO §50103  
OF CHAPTER 50 OF TITLE 12, GUAM CODE  
ANNOTATED, RELATIVE TO GUAM ECONOMIC  
DEVELOPMENT AUTHORITY LOANS AND LENDING  
PRACTICES.**

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

2           **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 there is a need to implement stricter guidelines and restrictions that will govern the  
4 manner in which the Guam Economic Development Authority (GEDA) makes

1 loans or guarantees loans of any persons, firm, partnership or corporation licensed  
2 to do business on Guam, including non-profit cooperative associations.

3 *I Liheslaturan Guåhan* further finds that GEDA promotes and encourages  
4 the expansion and development of markets for products on Guam and is designed  
5 to help qualified entrepreneurs establish a successful business on Guam. For the  
6 past several years, GEDA has assisted many entities in their endeavors to  
7 successfully conduct business operations on Guam. However, there are individuals  
8 and entities that unfortunately have *not* been successful. In some of these cases,  
9 entities defaulted on their loans and walked away from their obligations despite  
10 terms requiring otherwise and, as a result, have never paid GEDA back monies  
11 owed to them.

12 Therefore, *I Liheslaturan Guåhan* intends to prohibit the abuse of lending  
13 practices by GEDA by *adding* a new subsection (p) to §50103, Title 12, Guam  
14 Code Annotated, Chapter 50, Article 1, with regard to its purposes and authorized  
15 activities.

16 **Section 2. A new subsection (p) is hereby *added* to §50103 of Chapter**  
17 **50, Article 1, Title 12, Guam Code Annotated, to read:**

18 “(p) An individual or business *shall* be ineligible for GEDA loans,  
19 leases, grants or other assistance if that individual or business, *or* any of its  
20 officers and/or directors, owners, partners, *or* shareholders that have *more*  
21 *than* five percent (5%) ownership interest in said business, including indirect  
22 ownership *or* other interest through proxy or trust, *or* sister parent *or*  
23 subsidiary ownership interest(s), personally *or* through a relative within one  
24 (1) degree of consanguinity, has:

25 (1) a record of delinquency that results in loan default on financial  
26 assistance obtained from GEDA or any other instrumentality of

1 the government of Guam, unless borrower fully honored a work-  
2 out agreement to the satisfaction of the creditor;

3 (2) failed to meet and fulfill the terms and conditions of receiving  
4 GEDA assistance;

5 (3) a past due or unpaid civil judgment in the Superior Court of  
6 Guam; *or*

7 (4) engaged in *any* activity that has resulted in prosecution for a  
8 felony *or* a crime of moral turpitude *or* conviction for that type of  
9 crime in the Courts of Guam, the United States and its territories, *or*  
10 foreign jurisdiction. This Section shall *not* apply in the event that the  
11 prosecution is dismissed with prejudice.”

12 **Section 3. Severability.** *If* any provision of this Law or its application to  
13 any person or circumstance is found to be invalid or contrary to law, such  
14 invalidity shall *not* affect other provisions or applications of this Law, which can  
15 be given effect without the invalid provisions or applications, and to this end the  
16 provisions of this Law are severable.