

EDDIE BAZA CALVO
Governor



RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

32-13-1012
Office of the Speaker
Judith T. Won Pat, Ed. D.

Date: 11.27.13
Time: 5:10 pm
Received by: [Signature]

NOV 27 2013

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

2013 NOV 29 AM 8:29
[Signature]

Dear Madame Speaker:

Attached is Bill No. 194-32 (COR), entitled, ***“AN ACT TO ADD A NEW CHAPTER 55 TO DIVISION 2, TITLE 12, GUAM CODE ANNOTATED; AND A NEW SUBSECTION (i) TO § 103104 OF CHAPTER 103, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE ESTABLISHMENT OF A GUAM INTRASTATE SECURITIES EXCHANGE UNDER THE INTRASTATE OFFERING EXEMPTION OF THE FEDERAL SECURITIES ACT OF 1933”*** which I have **vetoed**.

It is troubling that the bill requires the Guam Economic Development Agency (GEDA) to establish a program for the issuance and exchange of securities, including a requirement that GEDA promulgate rules, regulations and procedures for the administration of the program, yet GEDA had little to no input into the drafting of the bill. Further, because the bill implicates the application of the federal Securities Act of 1933 to the proposed program, it would be necessary to retain licensed securities professionals, which is an area of expertise that GEDA does not have. To this extent, the bill therefore represents an unfunded mandate, as well as an impermissible charge of GEDA as a regulatory agency in violation of its statutory purposes.

Senseramente,

[Signature]
EDDIE BAZA CALVO
Governor of Guam

1012

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

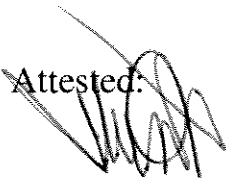
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that **Bill No. 194-32 (COR)**, "AN ACT TO ADD A NEW CHAPTER 55 TO DIVISION 2, TITLE 12, GUAM CODE ANNOTATED; AND A NEW SUBSECTION (i) TO § 103104 OF CHAPTER 103, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE ESTABLISHMENT OF A GUAM INTRASTATE SECURITIES EXCHANGE UNDER THE INTRASTATE OFFERING EXEMPTION OF THE FEDERAL SECURITIES ACT OF 1933", was on the 12th day of November 2013, duly and regularly passed.



Judith T. Won Pat, Ed.D.
Speaker

Attested:



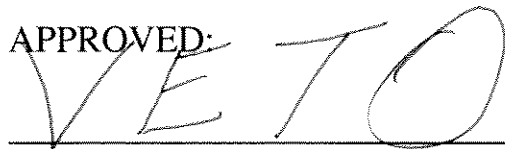
Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 15th day of Nov.,
2013, at 11:28 o'clock A.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:



EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: NOV 27 2013

Public Law No. _____

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

Bill No. 194-32 (COR)

Introduced by:

Michael F. O. San Nicolas
T. C. Ada
V. Anthony Ada
FRANK B. AGUON, JR.
B. J.F. Cruz
Chris M. Dueñas
Michael T. Limtiaco
Brant T. McCreddie
Tommy Morrison
T. R. Muña Barnes
Vicente (ben) C. Pangelinan
R. J. Respicio
Dennis G. Rodriguez, Jr.
Aline A. Yamashita, Ph.D.
Judith T. Won Pat, Ed.D.

AN ACT TO ADD A NEW CHAPTER 55 TO DIVISION 2, TITLE 12, GUAM CODE ANNOTATED; AND A NEW SUBSECTION (i) TO § 103104 OF CHAPTER 103, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE ESTABLISHMENT OF A GUAM INTRASTATE SECURITIES EXCHANGE UNDER THE INTRASTATE OFFERING EXEMPTION OF THE FEDERAL SECURITIES ACT OF 1933.

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

2 **Section 1. Short Title.** This Act *shall* be cited as the “Guam Intrastate
3 Securities Exchange Act.”

4 **Section 2. Legislative Intent.** *I Liheslaturan Guåhan* finds that many
5 local businesses would benefit greatly by expanded access to additional funding

1 mechanisms for new or expanded operations. Under the Securities Act of 1933,
2 federal law provides that intrastate offerings of securities are exempt from
3 regulation by the Securities and Exchange Commission.

4 *I Liheslaturan Guåhan* finds that, although the exemption allows for
5 intrastate offerings, there is *no* local mechanism established to facilitate the
6 offering and sale of intrastate securities by local businesses to local investors.
7 Without such a mechanism, the economic potential of this exemption within the
8 federal securities law is not yet realized.

9 *I Liheslaturan Guåhan* further finds that access to capital is a key
10 component of growth, and that current capital access is generally limited to owner
11 infusions and borrowing.

12 *I Liheslaturan Guåhan* finds that Public Law 26-76, which dissolved the
13 Department of Commerce, *added* the following language to the purposes of the
14 Guam Economic Development Authority (GEDA): “The Authority *shall* promote
15 and encourage the expansion and development of markets for products of Guam.
16 The Authority *shall* promote and encourage location and development of new
17 businesses on Guam, as well as the retention and expansion of existing
18 businesses.” GEDA further provides direct loans to local businesses through
19 several programs. It is, thus, a natural extension of the mandate of GEDA to allow
20 it to facilitate in the provision of capital to local businesses through an intrastate
21 securities program.

22 Therefore, it is the intent of *I Liheslaturan Guåhan* that the Guam Economic
23 Development Authority establish a Guam Intrastate Securities Exchange program,
24 in compliance with federal and local laws and regulations, to facilitate the offering
25 and sale of intrastate securities by local companies to local investors by *adding* a
26 new Chapter 55 to Division 2, Title 22, Guam Code Annotated.

1 **Section 3. Guam Intrastate Securities Exchange.** A new Chapter 55 is
2 hereby *added* to Division 2 of Title 12, Guam Code Annotated, to read:

3 **“CHAPTER 55**

4 **GUAM INTRASTATE SECURITIES EXCHANGE**

5 Article 1. General Provisions.

6 Article 2. Guam Intrastate Securities Exchange Program.

7 **ARTICLE 1**

8 **GENERAL PROVISIONS**

9 §55101. Short Title.

10 §55102. Definitions.

11 **§ 55101. Short Title.** This Chapter *shall* be cited as the “Guam
12 Intrastate Securities Exchange Act.”

13 **§ 55102. Definitions.** As used in this Chapter, *unless* the context
14 in which they are used requires a different meaning, or *unless* a different
15 definition is prescribed for a particular chapter, article or provision:

16 (a) *Security* has the same meaning as provided in Section
17 2(a)(1) of the Securities Act of 1933.

18 (b) *Sale* or *sell* have the same meanings as provided in
19 Section 2(a)(3) of the Securities Act of 1933.

20 (c) *Intrastate offering exemption shall* mean the exemption
21 from United States securities regulations offered by Section 3,
22 Subsection (a)(11) of the Securities Act of 1933, and regulations
23 governing such exemption, including the Code of Federal Regulations
24 Title 11 Chapter II §230.147.

25 (d) *Issuer* has the same meaning as provided in Section
26 2(a)(4) of the Securities Act of 1933.

27 **ARTICLE 2**

1 **GUAM INTRASTATE SECURITIES EXCHANGE PROGRAM**

2 §55201. Creation.

3 §55202. Purpose.

4 §55203. Authority to Promulgate Rules and Regulations.

5 §55204. Maintenance of Records.

6 **§ 55201. Creation.** There is created, within the Guam Economic
7 Development Authority, a Guam Intrastate Securities Exchange Program.

8 **§ 55202. Purpose.** The purpose of the Guam Intrastate Securities
9 Exchange Program *shall* be to facilitate the issuance and exchange of
10 intrastate offerings by businesses established within the island of Guam and
11 the government of Guam, inclusive of autonomous, semi-autonomous, and
12 other agencies and instrumentalities of the government Guam, pursuant to
13 the intrastate offerings exemption of the Securities Act of 1933. The
14 Program *shall* help to match issuers which desire to offer securities to invest
15 in new or expanded local operations with qualified local investors who are
16 able to provide capital to make these plans achievable. The Program *shall*
17 ensure that all offerings, offerors and investors comply with the provisions
18 of the Intrastate Offering exemption and other federal and local laws and
19 regulations.

20 **§ 55203. Authority to Promulgate Rules and Regulations.** The
21 Board of Directors of the Guam Economic Development Authority is hereby
22 authorized to promulgate all necessary rules, procedures and regulations for
23 the administration of this Act, and to accomplish the purposes for which the
24 Guam Intrastate Securities Exchange Program are established, pursuant to
25 the federal Securities Act of 1933 and the Guam Administrative
26 Adjudication Law. The Program *shall* comply with all aspects of federal and
27 local securities and exchange laws and regulations relative to intrastate

1 offerings. Within one hundred eighty (180) days from the enactment of this
2 Act, the Board of Directors *shall* promulgate initial rules and regulations
3 governing the program, including a schedule of fees to operate the program,
4 all in consultation with the Banking and Insurance Commissioner for the
5 purposes of regulatory compliance.

6 **§ 55204. Maintenance of Records.** Records of each transaction
7 pursuant to the Program established by this Chapter *shall* be maintained by
8 the Guam Intrastate Securities Exchange Program within GEDA for a
9 minimum of five (5) years following the completion of such transaction, or
10 as further necessary to satisfy any action brought by the Banking and
11 Insurance Commissioner, or the Securities and Exchange Commission,
12 against any party until such transaction has reached final resolution. It *shall*
13 be the responsibility of each investor to maintain all necessary transaction
14 records in excess of five (5) years, and to report and pay all applicable taxes
15 to the government of Guam.”

16 **Section 4. Regulation of the Intrastate Security Exchange.** A new
17 Subsection (i) is hereby *added* to §103104 of Chapter 103, Title 11, Guam Code
18 Annotated, to read:

19 “(i) The Banking and Insurance Commissioner *shall* promulgate
20 necessary rules and regulations, pursuant to the Guam Administrative
21 Adjudication Law in compliance with the federal Securities Act of 1933, to
22 monitor and enforce compliance of the Guam Intrastate Securities Exchange
23 Program of the Guam Economic Development Authority. Participating
24 issuers and investors *shall* be regulated in accordance with applicable federal
25 securities laws and regulations, and applicable local laws and regulations.
26 The Regulatory Division of the Department of Revenue and Taxation *shall*
27 have jurisdiction for enforcement of the provisions of such rules and

1 regulations. The Commissioner *shall* promulgate initial rules and regulations
2 under this Section within one hundred eighty (180) days of the enactment of
3 this Act, all in consultation with the Guam Economic Development
4 Authority Board of Directors to ensure regulatory compliance.”