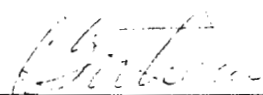


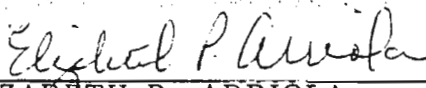
EIGHTEENTH GUAM LEGISLATURE
1986 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

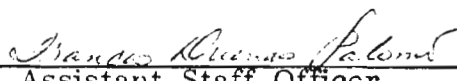
This is to certify that Substitute Bill No. 955 (LS), "AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO LEASE A PORTION OF GOVERNMENT LAND FOR AGRICULTURAL DEVELOPMENT," was on the 3rd day of July, 1986, duly and regularly passed.


CARL T. C. GUTIERREZ
Speaker

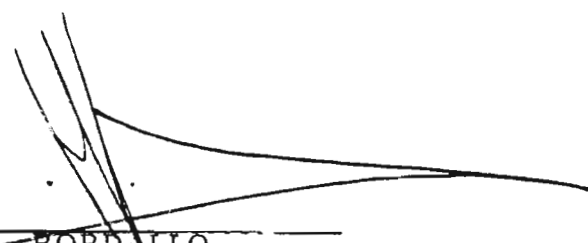
Attested:


ELIZABETH P. ARRIOLA
Senator and Legislative Secretary

This Act was received by the Governor this 8th day of July,
1986, at 4:10 o'clock P.m.


Francisco Quires Salcedo
Assistant Staff Officer
Governor's Office

APPROVED:


RICARDO J. BORDALLO
Governor of Guam

Date: 7/16/86 5:20 pm

Public Law No. 18-39

EIGHTEENTH GUAM LEGISLATURE
1986 (SECOND) Regular Session

Bill No. 955 (LS)
Substitute by the Committee on
Economic Development, Housing and
Community Development

Introduced by:

C. T. C. Gutierrez

AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO
LEASE A PORTION OF GOVERNMENT LAND FOR
AGRICULTURAL DEVELOPMENT.

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

2 Section 1. Notwithstanding any other provision of law, the Governor
3 of Guam is authorized to lease lot No. 10154-4, containing an area of
4 202,343 + sq. m. and situated between the municipalities of Dededo and
5 Yigo and particularly depicted on Land Management drawing No. I4-86T269,
6 prepared by the government of Guam Land Survey Division, to the Ku San
7 America Corporation for the purpose of developing a "Kanpyo" plantation.
8 The length of the term of any lease executed pursuant to this Section and
9 the amount of rent due under such lease shall be determined in accordance
10 with Sections 7 and 8 of Public Law 15-18. The lease may be executed
11 regardless of whether title to the land to be leased has been registered.

12 Any lease executed pursuant to this Section shall provide that:

- 13 (1) the government will not be liable to the lessee for any
14 damages in the event that any portion of the land leased is
15 determined not to be owned by the government of Guam; and
16 (2) if at any time the land leased is no longer being used for
17 the purposes authorized pursuant to this Section, the land
18 shall revert to the government of Guam; and
19 (3) if the land lies idle for five (5) years, it shall revert to
20 the government of Guam; and
21 (4) the lease shall terminate if any topsoil or coral is removed
22 from the land for profit; and

1 (5) any topsoil or coral removed from the land for the purpose
2 of clearing the land shall be and remain the property of the
3 government of Guam.

4 Any lease to be executed pursuant to the authorization granted in this
5 Section shall be approved by the Legislature. The lessee shall not invest
6 in or improve the property until the lease is approved by the Legislature.

7 Section 2. New Subsections (3) and (4) are added to Section 7 of
8 Public Law 15-18, as that Section may be codified, to read:

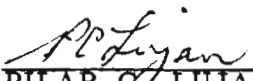
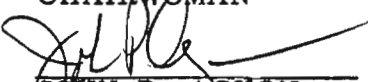

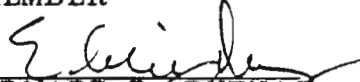

9 "(3) The lease shall terminate if any topsoil or coral is removed
10 from the land for profit.

11 (4) Any topsoil or coral removed from the land for the purpose
12 of clearing the land shall be and remain the property of the
13 government of Guam."

COMMITTEE ON ECONOMIC DEVELOPMENT,
HOUSING AND COMMUNITY DEVELOPMENT

COMMITTEE REPORT ON
SUBSTITUTE BILL NO. 955

AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO LEASE
A PORTION OF GOVERNMENT LAND FOR AGRICULTURAL
DEVELOPMENT.

<u>SENATOR</u>	<u>TO DO PASS</u>	<u>TO NOT PASS</u>	<u>ABSTAIN</u>	<u>COMMENTS</u>
 PILAR C. LUJAN CHAIRWOMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
 JOHN P. AGUON MEMBER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
 ELIZABETH P. ARRIOLA MEMBER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
 EDWARD R. DUENAS MEMBER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
 FRANKLIN GUTIERREZ MEMBER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING
AND COMMUNITY DEVELOPMENT
Report on Substitute Bill 955

On Thursday, June 19, 1986, the Committee on Economic Development, Housing and Community Development held a public hearing on Bill 955. The hearing was held in the Legislative Session Hall and was attended by the Chairman of the Committee, Senator Pilar C. Lujan, the Speaker of the Eighteenth Guam Legislature, Speaker Carl T.C. Gutierrez, Senator Elizabeth Arriola, Senator Frank Blas and Senator Edward R. Duenas.

The following people presented testimony at the hearing: Mr. Joe Bradley, Chief Economist, Department of Commerce, Mr. Dae Sung Chung, President, Ku San America Corporation, Mr. James S. Rho, who served as an interpreter for Mr. Chung, Mr. Rufo Lujan, Director of the Department of Land Management, and Mr. Joseph Flores of the Department of Commerce.

TESTIMONY

Mr. Joe Bradley of the Department of Commerce expressed the support of the Department of Commerce for the lease of land that would be authorized by Bill No. 955. He stated that the Ku San America Corporation has successfully operated a 5,000 acre kanpyo plantation in Korea since 1976 but the output from that plantation has been far from sufficient to satisfy market demand. The 50 acre tract of government land to be leased pursuant to the bill will generate ten tons of finished, processed and packaged kanpyo per crop cycle and Ku San estimates that it could grow 3 or 4 crop cycles per year. This output would be sold primarily in Guam's export market, which would help to alleviate Guam's local balance of trade deficit.

The Ku San firm, according to Mr. Bradley, has secured financial assistance for this project from the Korean Government, a government that has severely restricted the outflow of investment funds in recent years. Mr. Bradley also stressed that the firm intends to train 50 individuals on Guam to operate its plantation as well as training any interested local farmers in techniques of kanpyo growing. Ku San would then purchase these farmers' output for export.

Mr. Bradley is confident that Ku San America Corporation will be successful in its venture. In addition, he emphasized that even if the firm encountered unanticipated and insurmountable obstacles the only loss to the government of Guam would be loss of the use of land that is presently unused anyway.

Mr. Dae Sung Chung, President of Ku San America Corporation, then testified, speaking through his interpreter, Mr. James S. Rho. He explained that he came to Guam in 1979 to conduct soil analysis and research the possibility of producing kanpyo on Guam. Following that research, he developed seeds for the product that are compatible with Guam's weather conditions. Then, in 1982, he came to Guam and found several interested persons to establish the corporation to produce

kanpyo. In early 1985, he secured the approval of the Government of Korea for overseas investment.

In October of 1985, Ku San America Corporation submitted an application for land lease through the Department of Agriculture. After an unsurveyed area of 200 acres was identified, Ku San America Corporation paid to have the land surveyed and the survey was completed in March of this year. However, the lease of land has been delayed, in part because the lot in question is not registered.

Mr. Dae Sung Chung testified that he intends to recruit 50 persons locally who will be trained in farming kanpyo. In addition, he intends to purchase from local farmers all the kanpyo they can produce. He stated that exporting kanpyo to Japan, United States, Brazil and Europe promises to be the most successful activity in the agriculture industry on Guam.

The witnesses then responded to questions from senators. Speaker Carl T.C. Gutierrez asked Mr. Chung whether the infrastructure in the area was sufficient to ensure that the residents in surrounding areas would receive sufficient water and other utilities. Mr. Chung responded that the infrastructure was sufficient and stressed that if problems arose Ku San America Corporation would be willing to finance an expansion of water lines or other measures to ensure sufficient supply of water to all residents of the area.

Speaker Gutierrez asked if a kanpyo plantation would encounter problems with local insects. Mr. Chung responded that there would be no such problem.

Speaker Gutierrez pointed out that the Korean Government has expressed its frustration with the excessive delays that the Ku San America Corporation has encountered on Guam. He pointed out that there is a risk that if the project is subject to further delays the Korean Government might pull out of the project.

Senators Arriola and Blas asked exactly how much money could be expected to be derived for the government of Guam from the project. In response, Mr. Bradley stated that kanpyo production could constitute a 4 to 5 Million Dollar per year industry. The government of Guam could derive substantial revenues from the industry through, for example, increased income tax revenue from persons employed on kanpyo farms.

Senator Blas asked whether the Ku San America Corporation intended to use local labor. Mr. Chung responded that, with the exception of five engineers knowledgeable in kanpyo production, all employees of the firm would be local hires. If it were not possible to bring in the five engineers, Mr. Chung, who is an engineer himself, would personally train local people in kanpyo production.

Senator Lujan asked Mr. Chung if he foresaw any problems in exporting kanpyo to Japan. Mr. Chung replied that he does not foresee any problem.

Mr. Rufo Lujan then testified. Mr. Lujan noted that the piece of government property in question is presently unregistered. He has submitted a request to the Attorney General's office to initiate land title registration for this lot and the Attorney General's office has begun on the registration process.

Speaker Gutierrez and Mr. Lujan then discussed whether the property in question could be transferred before the land title registration process was complete. Mr. Lujan stated that such a transfer could not be accomplished under current law if that process is not complete. Speaker Gutierrez then suggested that Bill 955 be amended to add a clause to the effect that the lease in question is authorized notwithstanding any other provision of law. The Speaker also noted that many parcels of government property have been transferred in the past even though the government did not have a deed for the land.

Speaking in his capacity as a private citizen, Mr. Lujan stated that he opposed the project because he was not convinced it was economically viable. Speaker Gutierrez responded that in his view, and in the view of the Department of Commerce, the government had nothing to lose by this project except the loss of the use of land that is not being used anyway. Speaker Gutierrez also emphasized that the project has the potential to provide substantial benefits to Guam's economy.

Senator Lujan asked if the Ku San America Corporation plans to grow any items other than kanpyo. Mr. Chung responded that only kanpyo would be produced for commercial purposes.

Senator Duenas asked Mr. Lujan how the rental cost of the government land would be calculated. Mr. Lujan responded that the lessee would get five years rent free and then pay a figure that would vary according to the total investment made. The more money invested in the project the less the rental cost would be. Mr. Lujan also explained that, under P.L. 15-18, the term of the lease would be ten (10) years, renewable for five (5) terms, for a total of fifty (50) years.

Senator Blas questioned whether the lease to Ku San America Company would be consistent with the government's land use plan for that region of Guam. He also questioned whether there was sufficient infrastructure in that region.

Senator Lujan asked Mr. Chung how much he had paid for the land survey. Mr. Chung responded that to the best of his recollection he had spent Three Thousand Three Hundred Dollars (\$3,300.00). Senator Lujan then asked whether government officials had guaranteed that he would receive the land when he paid for the survey. Mr. Chung responded that officials from the Department of Commerce and the Department of Agriculture had told him that everything was ready and that he could expect to receive the land.

Senator Lujan then asked Mr. Chung whether the supply of water and electricity in the surrounding area was sufficient to meet the needs of Mr. Chung and neighboring residents. Mr. Chung responded that

this would not be a problem, but he assured the Committee that he is willing to build a deep well or otherwise improve water facilities to ensure a sufficient supply of water to persons in that region.

Toward the end of the hearing on Bill 955, Mr. Joseph Flores from the Department of Commerce testified briefly to eliminate any confusion that may have arisen from previous statements at the hearing. Mr. Flores clarified that the land in question would be used for both the training of local farmers in kanpyo production and for production of kanpyo.

COMMITTEE ANALYSIS

The Committee finds that enactment of Bill 955 would have a substantial positive impact on Guam's economy. The bill facilitates establishment of a new type of agricultural industry on Guam that would create many jobs for Guam residents and contribute significantly to government of Guam revenues. Moreover, the lease of land authorized by the bill entails very little cost to the government, since at worst the government would lose the use of land which is unused anyway. The Committee thus believes that Bill 955 should be given high priority by the Legislature and passed as soon as possible.

Despite the many benefits that a kanpyo plantation offers, the Ku San America Corporation has encountered excessive delays in its attempt to establish such a plantation. The many delays have put the entire project at risk since the Korean government's financial support may be withdrawn if substantial progress is not made in the immediate future. Currently, the most substantial obstacle facing Ku San America Corporation seems to be that the government land they seek to lease currently is unregistered.

The Committee believes that the lease in question should be entered into as soon as possible, even if the registration process is not complete. The Committee thus is submitting a substitute version of the bill to ensure that the Governor may lease the land even though the registration process is not completed. The substitute version includes at the beginning of Section 1 the phrase, "Notwithstanding any other provision of law,".

In order to limit the government's potential future liability for damages, the bill requires the lease to include provisions limiting the government's liability to the lessee in case any portion of the land is determined not to be the property of the government of Guam.

Since questions were raised during the public hearing about the terms of the lease, including the length of its term and the rental cost, the Committee also decided to include language clearly specifying that these items are to be determined in accordance with Public Law 15-18, which provides formulas for determining the term of an agricultural lease and the rent due under any such lease.

The Committee also decided to include language in the bill specifying that the specific terms of the lease entered pursuant to the

bill need not be approved by the Legislature. This language was incorporated to eliminate any argument that the Legislature must pass another law approving a specific lease pursuant to other public laws which require the Legislature to approve all leases of government real property.

COMMITTEE RECOMMENDATION

The Committee recommends to do pass Bill 955, as substituted.

ATTACHMENTS

1. Exhibit "A" - Bill No. 955
2. Exhibit "B" - Substitute Bill No. 955
3. Exhibit "C" - Testimony, Mr. Joe Bradley, Chief Economist, Department of Commerce.
4. Exhibit "D" - Testimony, Mr. Dae Sung Chung, President of Kusan America Corporation.
5. Exhibit "E" - Testimony, Mr. Rufo J. Lujan, Director of the Department of Land Management
6. Exhibit "F" - Letter from Governor Bordallo to Mr. Dae Sung Chung.
7. Exhibit "G" - Letter from Ms. Taling M. Taitano, Acting Director of Commerce to Mr. Dae Sung Chung.
8. Exhibit "H" - Letter from Ms. Elizabeth P. Torres, Director of Agriculture to Mr. Dae Sung Chung.
9. Exhibit "I" - Letter from Mr. Jose A. Punzalan, Department of Land Management, to Mr. Dae Sung Chung.
10. Exhibit "J" - Rent Formula Derivation Schedule
11. Exhibit "K" - Outline of Dried Gourd Shavings Business in Guam, Ku San America Corporation
12. Exhibit "L" - Business license, Ku San America Corporation
13. Exhibit "M" - Letter from Speaker Carl T.C. Gutierrez to Mr. Henry Cruz, Director of the Department of Commerce
14. Exhibit "N" - Approval of Foreign Investment, Government of the Republic of Korea

EXHIBIT "A"


Introduced

JUN 13 '86

EIGHTEENTH GUAM LEGISLATURE
1986 (SECOND) Regular Session

Bill No. 955 (LS)

Introduced by:


C. T. C. Gutierrez

AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO
LEASE A PORTION OF GOVERNMENT LAND FOR
AGRICULTURAL DEVELOPMENT.

- 1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. The Governor of Guam is authorized to lease lot No.
3 10154-4, containing an area of 202,343 + sq. m. and situated between the
4 municipalities of Dededo and Yigo and particularly depicted on Land
5 Management drawing No. I4-86T269, prepared by the government of Guam
6 Land Survey Division, to the Ku San America Corporation for the purpose
7 of developing a "Kanpyo" plantation.



Chairman

PILAR C. LUJAN
Senator

Members

Senator John P. Aguon
Senator Elizabeth P. Arriola
Senator Edward R. Duenas
Senator Franklin Gutierrez

P.O. BOX CB-1
AGANA, TERRITORY OF GUAM
U.S.A. 96910

**COMMITTEE ON ECONOMIC DEVELOPMENT,
HOUSING AND COMMUNITY DEVELOPMENT**

June 24, 1986

Honorable Carl T.C. Gutierrez
Speaker
Eighteenth Guam Legislature
Agana, Guam 96910

VIA: Chairman, Committee on Rules

Dear Mr. Speaker:

The Committee on Economic Development, Housing and Community Development recommends to do pass Bill No. 955, as substituted.

The Committee voting record is as follows:

TO DO PASS	<u>5</u>
NOT TO PASS	<u>0</u>
ABSTENTIONS	<u>0</u>
REPORT OUT	<u>0</u>
OFF ISLAND	<u>0</u>

A copy of the report and all other pertinent documents are attached for your information.

Sincerely,

Pilar C. Lujan
Pilar C. Lujan
Committee Chairperson

attachments

DOC. 168/lease/FA

JTSA
C 955

1

Floor Amendment

2 Section 1. Notwithstanding any other provision of law, the Governor
 3 of Guam is authorized to lease lot No. 10154-4, containing an area of
 4 202,343 ± sq. m. and situated between the municipalities of Dededo and
 5 Yigo and particularly depicted on Land Management drawing No. I4-86T269,
 6 prepared by the government of Guam Land Survey Division, to the Ku San
 7 America Corporation for the purpose of developing a "Kanpyo" plantation.
 8 The length of the term of any lease executed pursuant to this Section and
 9 the amount of rent due under such lease shall be determined in accordance
 10 with Sections 7 and 8 of Public Law 15-18. ~~[There is no need for further~~
 11 ~~legislative approval of the specific terms of any such lease and t]~~ The lease
 12 may be executed regardless of whether title to the land to be leased has
 13 been registered. Any lease executed pursuant to this Section shall provide
 14 that the government will not be liable to the lessee for any damages in the
 15 event that any portion of the land being leased is determined not to be
 16 owned by the government of Guam; and shall also provide that if the
 17 land leased is not used for the purposes authorized pursuant to this
 18 Section, the land shall revert to the government of Guam."

19 Any lease to be executed pursuant to the authorization granted in this
 20 Section shall be approved by the Legislature.

15/5/11
 (See Survey Division)

The Lessee...

TSN...
 TUCT...
 giving you a good...

EIGHTEENTH GUAM LEGISLATURE
1986 (SECOND) Regular Session

Bill No. 955 (LS)
Substitute by the Committee on
Economic Development, Housing and
Community Development

*Passed
7/3/86*

Introduced by:

C. T. C. Gutierrez

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7 America Corporation for the purpose of developing a "Kanpyo" plantation.
8 The length of the term of any lease executed pursuant to this Section and
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10 with Sections 7 and 8 of Public Law 15-18. [There is no need for further
11 legislative approval of the specific terms of any such lease and the lease
12 may be executed regardless of whether title to the land to be leased has
13 been registered.] Any lease executed pursuant to this Section shall provide
14 that the government will not be liable to the lessee for any damages in the
15 event that any portion of the land being leased is determined not to be
16 owned by the government of Guam.

JTSA

TESTIMONY REGARDING BILL 955:
AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO LEASE A PORTION OF
GOVERNMENT LAND FOR AGRICULTURAL DEVELOPMENT

Good morning, Madam Chairman and members of the Committee.

My name is Joe Bradley. I am here this morning to testify on behalf of the Department of Commerce regarding Bill 955.

Our understanding of the Bill is that it would authorize the Governor to enter in to a lease agreement on behalf of the Government of Guam, conveying land use rights to a specific corporation for a specific purpose. We are familiar with this purpose, and have no objection to this lease going forward; indeed, with our interest in the economic development of Guam, we encourage said lease.

Ku San America Corporation was incorporated on Guam in 1982, and has been seeking to establish a kanpyo plantation here since that time. The firm was originally established in Korea in 1976, and has operated a successful 5,000 acre kanpyo plantation there since that time. However, the 1000 ton annual output from that plantation has been far from sufficient to satisfy market demand, so that the firm has sought to expand; Guam, with the potential to grow three to four crop cycles per year, has been the focus to Ku San's interests.

Analysis provided to our offices by Ku San indicates that the 50 acre tract discussed in the Bill would generate 10 tons of finished, processed and packaged kanpyo per crop cycle. This output would be predominantly sold in Guam's export market, helping to alleviate our local balance of trade. Surprisingly, though, this firm has sought neither preferential financing nor tax benefits through the Guam Economic Development Authority; on the contrary, the firm not only has secured financing internally, it has also gained financial assistance for this project from the Korean government, a government that has severely restricted outflows of investment funds in recent years. In addition, the firm intends to provide training for 50 individuals on Guam to operate its plantation, as well as training any interested local farmer in kanpyo-growing techniques and providing a market for these farmers' output.

We are confident that Ku San America Corporation will be successful in this venture; however, should the firm encounter unanticipated obstacles that it cannot surmount, the only loss to the Government of Guam would be the loss of the use of land that is presently unused, anyway.

Thank you, Madam Chairman, for allowing me the opportunity to testify on this matter today. I feel that the lease of this land has the potential of improving both Guam's agricultural sector and our balance of trade.

Should you have any questions on this matter, please feel free to ask.

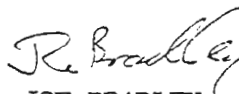

JOE BRADLEY
Chief Economist

Exhibit "D"

Honorable Pilar Lujan, Chairperson
Committee on Economic Development, Housing
and Community Development
18th Guam Legislature
P.O. Box CB-1
Agana, Guam 96910

Madam Chairperson and Senators of the 18th Guam Legislature. My name is Dae Sung Chung, President of Kusan America Corporation, locally established on Guam since 1982.

I would like to seek for your kind assistance in regards to Bill No. 955 sponsored by the Honorable Speaker Mr. Carl T.C. Guterrez to promote the Agricultural Industry on Guam. Please permit me to give you a picture of why I chose Guam as a site for growing gourd or Kanpyo as the Japanese called it.

In 1978, I first came to Guam just to look around for potential prospect. I heard that the farmers were leasing land to produce fruits and vegetables but to a minimum output. Because of the beautiful weather Guam has, I became interested in growing Kanpyo. So in 1979, I came back to conduct soil analysis and to observe climatic changes. After tedious research, I have modified the deformation of seedlings to make it compatible to Guam's humidity condition.

In 1982, I came back again. This time, I have asked and found several interested persons to establish a corporation for a Kanpyo project.

Early last year, my request for overseas investment was approved by the Government of Korea on condition that I seek Government of Guam Land.

I came to Guam again on May 2, 1985 to search for Government of Guam land. With the help and assistance of the Department of Commerce, I submitted my application for land lease to the Department of Agriculture in late October of last year.

In search of available land, the former Director of Land Management with the help of the Director of Agriculture identified an unsurveyed area of 200 acres. Upon the receipt of survey cost to Land Management, the survey was conducted and completed in allocating 50 acres sometime in March known as Lot 10154-4, located between the municipalities of Dededo and Yigo. Later I was told by government officials that there will be further delay on my application for leased land because the lot is not registered and would require legal proceedings which no one can give a date of completion.

Senators, I want to contribute very much in introducing the art of growing Kanpyo.

My company, Kusan Enterprise Farm Co., Ltd. In Seoul has been very successful except the harvesting can only take place once a year. There are only 5,000 acres consigned to Korean farmers strictly for Kanpyo. With only 1,000 tons of Kanpyo produced, the high demand for this commodity cannot be met. To every 50 acres, the average production can go as far as 10 tons. It will be for the first time on Guam to produce this economically exportable commodity. If given the opportunity, I intend to recruit 50 locals who will be trained and pass over to all local farmers who are interested in this venture in which I will guarantee to purchase all the Kanpyo they can grow after being trained and learn the art of how to plant, how to maintain and how to cultivate high quality Kanpyo. I can assure the leaders and the people of Guam that Kanpyo growing, drying, and packaging for export to Japan, United States, Brazil and Europe can be the most successful activity in the agriculture industry.

Madam Chairperson and Senators, I ask again, please give me the opportunity to prove the worthiness of this venture in the history of commodity exports.

I am very grateful of the support and assistance from the Department of Commerce, Agriculture, Land Management, and the Governor.

Thank you for permitting me to appear before you.



Dae Sung Chung
President, Kusan America Corporation

EXHIBIT "E"

TESTIMONY ON BILL NO. 955, ENTITLED AN ACT AUTHORIZING
THE GOVERNOR...TO LEASE...GOVERNMENT LAND FOR
AGRICULTURAL DEVELOPMENT BY RUFO J. LUJAN, DIRECTOR
OF LAND MANAGEMENT.

Madame Chairperson, Senator Pilar C. Lujan, and members of the Committee on Economic Development, Housing and Community Development, I am here today to testify on Bill No. 955. While the intent of the bill is commendable, I would like to inform the Committee that this piece of government real estate is presently unregistered government property. I have submitted a request to the Attorney General's Office to initiate Land Title Registration for Lot No. 10154, Municipality of Dededo and Yigo. The Attorney General's Office has started on the registration process.

Government of Guam is a claimant to Lot No. 10154. The Land Registration process is to change this "claimant" status so that a title may be issued to the government. Until the government is declared the owner of Lot No. 10154, the government cannot lease or transfer this lot or any portion thereof.

Thank you for the opportunity to comment.

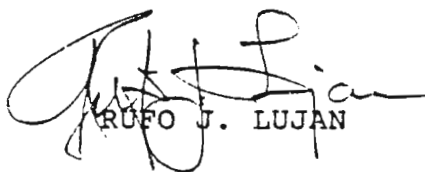

RUFO J. LUJAN

EXHIBIT "F"



TERRITORY OF GUAM
OFFICE OF THE GOVERNOR
AGAÑA, GUAM 96910
U. S. A.

RICARDO J. BORDALLO
GOVERNOR

DEC 11 1985

Mr. Dae Sung Chung
Chairman
Kusan Enterprise Farm Co., Ltd.
Post Office Box 2150
Agana, Guam 96910

Dear Mr. Chung:

I was extremely pleased in meeting with you and discussing your proposed "Kanpyo" venture. I certainly appreciate your efforts and ideas in pursuing such a promising agricultural enterprise.

This is to ensure that positive steps are being taken by the Department of Commerce and the Department of Agriculture to effectively coordinate and develop this venture. Through their combined resources and expertise, your concerns with regard to this investment will be facilitated.

Should there be any questions or assistance in this matter, please feel free to contact both agencies. Be assured that the fullest cooperation will be given.

Sincerely yours,


RICARDO J. BORDALLO

86-14

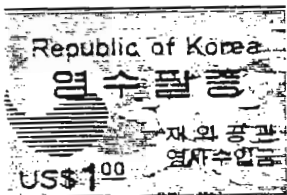


EXHIBIT "G"



DEPARTMENT OF COMMERCE
GOVERNMENT OF GUAM
590 SOUTH MARINE DRIVE
SUITE 601, 6th FLOOR GITC BLDG.
TAMUNING, GUAM 96911

DEC 17 1985

Mr. Dae Sung Chung
Chairman/President
Kusan America Corp.
P. O. Box 2150
Agana, Guam 96910

Dear Mr. Chung:

Please be advised that as the coordinating agency for your prospective "Kampyo" venture, we have established appropriate timetables for processing fifty (50) acres of government land based on established program guidelines of the Department of Land Management and Department of Agriculture.

As discussed in our meeting of December 6, 1985, the Department of Agriculture will prepare all necessary documents for submission to the Governor for his approval and signature. The Department of Commerce will coordinate this matter to ensure the Governor's signature is secured which will set the motion for concurrence with the legislative branch.

I am confident that the completion of the activities discussed in our meeting will fall within our time frame of January 10, 1986. Should there be any additional information or assistance in expediting your concerns, please contact me.

Thank you for your support and patience in this matter.

Best wishes for the Holidays.

Sincerely yours,

Taitano M. Taitano
Acting Director of Commerce

86-16.



EXHIBIT "H"

ELIZABETH P. TORRES
DIRECTOR



RUF0 J. LUJAN
Deputy Director



Agricultural Development Services	734-3947
Aquatic & Wildlife Resources	734-3944
Forestry & Soil Resources	734-3948
Animal Industry	734-3940
Plant Industry	734-3949

Sales & Permit Info	734-3945
Administrative Ser.	734-3941/2

AGANA, GUAM 96910

December 20, 1985

Mr. Dae Sung Chung
Chairman/President
Kusan America Corp.
P.O. Box 2150
Agana, Guam 96910

Dear Mr. Chung:

Your proposal to produce and package "Kampyo" on Guam has been favorably received.

As discussed in our most recent meeting, we agreed to process your application within two weeks upon the transfer of land from the Department of Land Management (Lot 10154, fifty (50) acres in size between the municipalities of Dededo and Yigo).

Please rest assured that we will do everything possible in expediting this matter. Should you require additional information or support please feel free to contact our office directly.

Sincerely yours,

ET
ELIZABETH P. TORRES
Director of Agriculture

ehc

36-17



EXHIBIT "I"



Department of Land Management Government of Guam



Antonio R. Charfautot, Director

Tel. 472-8851-52

December 19, 1985

Mr. Dae Sung Chung
Chairman/President
Kusan America Corporation, USA
Post Office Box 2150
Agana, Guam 96910

Dear Mr. Chung:

We are pleased to inform you that your proposal for your "Kampyo" Project has been favorably considered. Our meeting of December 6th, 1985, set forth a timetable on surveying approximately fifty acres on Lot No. 10154, between the municipalities of Dededo and Yigo.

We expect the completion date of surveying activities to be February 7, 1986. Also, we have informed you that you are obligated to pay fifty percent (50%) of the total surveying costs.

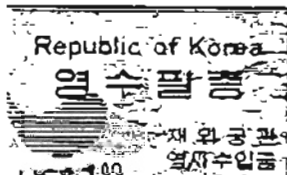
Rest assured that the processing of the administrative transfer of this property to the Department of Agriculture will be achieved. Should there be any questions regarding surveying activities, please contact our office directly. Our telephone numbers are 472-8851 through 8854.

Thank you for your keen interest in Guam's agricultural industry. My best wishes for the Holidays.

Sincerely yours,


JOSE A. PUNZALAN

56 - 15



RENT FORMULA DERIVATION SCHEDULE

The equation used in determining the factor of proportionality is defined as

$$K = \frac{R_{\max}}{I_{\max}} \quad (1)$$

where

R_{\max} = Maximum allowable rent (6% of land market value).

I_{\max} = Maximum investment without any rental.

K = Factor of proportionality.

Assigning the following values for the first category of land assessment such that

$$R_{\max} = \$30.00$$

$$I_{\max} = \$25,000.00$$

Then equation (1) becomes

$$K = \frac{\$30.00}{\$25,000.00} = 0.0012$$

Since the factor of proportionality is known, then the equation for determining the rental rate which complies with Public Law 15-18 is

$$R_{i, n} = (R_{\max})_i - K_i (I_n) \quad (2)$$

Where

I = Amount of investment.

n = Subscript designating the schedule number.

i = Subscript denoting the land assessment category.

The following table is indicative of the maximum allowable rent and the factor of proportionality for each respective category.

Category	R_{\max}	K
A	\$ 30.00	0.0012
B	60.00	0.0024
C	90.00	0.0036
D	120.00	0.0048
E	150.00	0.0060

EXHIBIT "K"

KU SAN AMERICA CORPORATION.

OUTLIN OF DRIED GOURD SHAVINGS

BUSINESS IN GUAM.

JULY 1, 1985.

LIST OF VARIOUS SCHEDULES

1. BALANCE SHEET.
2. ESTIMATED PROFIT AND LOSS STATEMENT.
3. PRODUCTION SCHEDULE OF DRICE GOURD SHAVINGS.
4. PRODUCTION SCHEDULE OF HIGH VALUED VEGETABLES.
5. SALES SCHEDULE.
6. LIST OF EQUIPMENTS TO BE PURCHASED.
7. MANNING SCHEDULE.
8. STATEMENT FOR MANUFACTURING COST.
 - 8-1 STATEMENT FOR RAW MATERIAL COST.
 - 8-2 STATEMENT FOR LABOR EXPS.
 - 8-3 STATEMENT FOR MANUFACTURING EXPS.
9. STATEMENT FOR SELLING AND ADMINISTRATIVE EXPS.

1. BALANCE SHEET

AS OF JULY 1, 1985

UNIT: US \$ 1⁰⁰

ASSETS:

(1) QUICK ASSETS:

1. CASH ON HAND.	\$	1,000	
2. BANK DEPOSITS		185,100	
3. NOTES RECEIVABLE.		<u>100,000</u>	\$ 286,100

(2) OTHER CURRENT ASSETS:

PREPAID EXPENSE		<u>3,900</u>	
-----------------	--	--------------	--

TOTAL ASSETS:			<u>\$ 290,000</u>
---------------	--	--	-------------------

LIABILITIES.

CURRENT LIABILITIES:

NOTES PAYABLE(BANK OF GUAM LOAN)	\$	90,000
----------------------------------	----	--------

STOCKHOLDER'S EQUITY

CAPITAL STOCK:

(1) AUTHORIZED

10,000 SHARES (\$ 100 PAR VALUE)

(2) ISSUED AND OUTSTANDING.

COMMON STOCK. 2,000 SHARES.		<u>200,000</u>	
-----------------------------	--	----------------	--

TOTAL LIABILITIES AND STOCKHOLDE'S EQUITY	\$	<u>290,000</u>
---	----	----------------

2. ESTIMATED PROFIT AND LOSS STATEMENT

For the years 1985 - 1987

Unit: US \$ 1

Description	1st Yr.	2nd Yr.	3rd Yr.	Remarks
	1985	1986	1987	
	JULY-DEC.	JAN. - DEC.	JAN. - DEC.	
Sales	\$ 357,648	\$ 1,140,300	\$ 1,308,780	
Cost of Sales. Opening Inventory of Dried Gourd Shavings.	-	\$ 18,420	\$ 51,263	
Cost of Goods Manufactured	265,994	652,840	791,068	
LESS Closing Inventory	18,420	51,263	62,243	
Total Cost of Sales.	247,574	619,997	780,088	
Gross Profit.	\$ 110,074	\$ 520,303	\$ 528,692	
Selling and General Admin. Exps.	97,136	302,262	335,760	
Operating Income	\$ 12,938	\$ 218,041	\$ 192,932	
None - Operating Exps. Amortization of Organization Cost.	600	600	600	
Income Before TAX	\$ 12,338	\$ 217,441	\$ 192,332	
US Income Tax (*)	1,850	79,773	68,223	
Net Income.	\$ 10,488	\$ 137,668	\$ 124,109	

* Foot Note. : Calculated

According to US Income Tax Law (Article 213)

3. Production Schedule Of Dried Gourd Shavings.

Unit: kg.

Description	1st. Yr.	2nd. Yr.	3rd. Yr.	Remarks
	1985	1986	1987	
Sales	19,800	67,140	77,220	
Closing Inventory	1,800	5,940	6,480	
Sub - Total	21,600	73,080	83,700	
Opening Inventory	-	1,800	5,940	
Production	21,600	71,280	77,760	
Unit Price	@US\$ 15 ⁰⁰	@US\$ 16 ⁰⁰	@US\$ 16 ⁰⁰	
Area of Cultivation	36,000 Pyong (30 ACRE)	36,000 Pyong (30 ACRE)	36,000 Pyong (30 ACRE)	
Frequency of Cultivation Per Yr.	1 Time	3 Times	3 Times	
No. OF GOURD PRODUCTION PER PYONG PER CULTIVATION	4 Ea	4 Ea	4 Ea	
Production Of Dried Gourd Shavings Per Gourd	150g	165g	180g	

- * 1. Closing Inventory = (Total Production Of year) $\times \frac{1}{12}$
2. Dried Gourd shavings produced from a Gourd will be increased by gradual improvement of productivities.

4. Production Schedule of High Valued Vegetables.

Unit: Ea.

Description	1st. Yr.	2nd. Yr.	3rd. Yr.	Remarks
	1985	1986	1987	
Quantity of Production:				
Carrot	180,000	180,000	180,000	
Chinese Cabbage	60,000	60,000	60,000	
Radish	120,000	120,000	120,000	
Total	360,000	360,000	360,000	
Unit Price (US\$)				
Carrot	0 ²⁰	0 ²²	0 ²⁴	
Chinese cabbage	0 ¹⁶	0 ¹⁸	0 ²⁰	
Radish	0 ¹²	0 ¹³	0 ¹⁵	
Weighted Average Unit Price.	0 ¹⁶⁶⁸	0 ¹⁸³⁵	0 ²⁰³⁵	
Cultivation Area(Pyong)				
Carrot	12,000	12,000	12,000	
Chinese Cabbage	12,000	12,000	12,000	
Radish	12,000	12,000	12,000	
Total (ACRE)	36,000 (30 ACRE)	36,000 (30 ACRE)	36,000 (30 ACRE)	
PRODUCTION PER PYONG				
Carrot	15	15	15	
Chinese Cabbage	5	5	5	
Radish	10	10	10	

* 1. In order to maintain the quality of soil for cultivating Gourds, High valued vegetables should be cultivated only one time Per year.

* 2. Assumed all the products are sold without opening & closing Inventory.

5. SALES SCHEDULE

Unit: US\$ 1⁰⁰

Description	Quantity, unitprice.	Amount	Sales Amount by Region	
			U.S.A , JAPEN BRAZIL	GUAM
1st. Yr. (1985)				
Dried Gourd shavings	19,800kg @U\$ 15	\$ 297,000	\$ 297,000	
High valued vegetables.	360,000 Ea. @U\$ 0 ¹⁶⁶⁸	60,648		60,648
Total		\$ 357,648	\$ 297,000	\$ 60,648
2nd. Yr. (1986)				
Dried Gourd shavings	67,140kg @U\$ 16	\$ 1,074,240	\$ 1,074,240	
High valued vegetables.	360,000 Ea. @U\$ 0 ¹⁸³⁵	66,060		\$ 66,060
Total		\$ 1,140,300	\$ 1,074,240	\$ 66,060
3rd. Yr. (1987)				
Dried Gourd shavings	77,220kg @U\$ 16	\$ 1,235,520	\$ 1,235,520	
High valued vegetables	360,000 Ea @U\$ 0 ²⁰³⁵	73,260		\$ 73,260
Total		\$ 1,308,780	\$ 1,235,520	\$ 73,260

* The unit price of vegetable is a weighted average price.

5. LIST OF EQUIPMENTS TO BE PURCHASED

Unit: US\$ 1

Description	Details	Amount of Investment		
		1st. Yr. ('85)	2nd. Yr. ('86)	3rd. Yr. ('87)
Building	Total floor space (693 m ²)	46,200	-	-
Machinery	Cutting machine 10 Ea x @366	3,660	1,098	1,098
	Cutting knife 20 Ea x @3 ⁵⁰	70	14	14
	cutting Bar 40 Ea x @7 ⁴⁰	296	74	74
	Sprayer 5 Ea x @60 ¹³	300 ⁶⁵	60 ¹³	60 ¹³
	Tractor 1 Ea x @24,183	24,183	-	-
	Water pump 1 Ea x @614	614	-	-
	Vantilation fan 6 Ea x @167	1,002	-	-
	Scale 13 Ea x @36 ³⁸	473	-	-
	Gas mask 10 Ea x @25 ⁴⁰	254	50 ⁸⁰	50 ⁸⁰
	Sub - Total	30,852 ⁶⁵	1,296 ⁹³	1,296 ⁹³
Office furniture & Equipment	Office furniture	2,614	262	262
	Telephone, Telex	1,814 ⁵⁰	-	-
	Sub - Total	4,428 ⁵⁰	262	262
Vehicles	Small passenger car 1 Ea	5,000	-	-
	Truck 2 Ea	14,000	7,000	-
	Sub - Total	19,000	7,000	-
Telephone rights	Subscription for Telephone, Telex.	2,817	-	-

6. LIST OF EQUIPMENTS TO BE PURCHASED

Unit: US\$ 1

Description	Details	Amount of Investment		
		1st. Yr. ('85)	2nd. Yr. ('86)	3rd. Yr. ('87)
Building	Total floor space (693 m ²)	46,200	-	-
Machinery	Cutting machine 10 Ea x @366	3,660	1,098	1,098
	Cutting knife 20 Ea x @3 ⁵⁰	70	14	14
	cutting Bar 40 Ea x @7 ⁴⁰	296	74	74
	Sprayer 5 Ea x @60 ¹³	300 ⁶⁵	60 ¹³	60 ¹³
	Tractor 1 Ea x @24,183	24,183	-	-
	Water pump 1 Ea x @614	614	-	-
	Vantilation fan 6 Ea x @167	1,002	-	-
	Scale 13 Ea x @36 ³⁸	473	-	-
	Gas mask 10 Ea x @25 ⁴⁰	254	50 ⁸⁰	50 ⁸⁰
		Sub - Total	30,852 ⁶⁵	1,296 ⁹³
Office furniture & Equipment	Office furniture	2,614	262	262
	Telephone, Telex	1,814 ⁵⁰	-	-
	Sub - Total	4,428 ⁵⁰	262	262
Vehicles	Small passenger car 1 Ea	5,000	-	-
	Truck 2 Ea	14,000	7,000	-
	Sub - Total	19,000	7,000	-
Telephone rights	Subscription for Telephone, Telex.	2,817	-	-

7. MANNING SCHEDULE

Unit: Person

Description		1st. Yr.				2nd. Yr.				3rd. Yr.			
		1985				1986				1987			
		Execu Tives	Gen. Manager	prod.	Total	Execu Tives	Gen. Manager	prod.	Total	Execu Tives	Gen. Manager	prod.	Total
Despatch of Head office.	EXECUTIVES	2			2	2			2	2			2
	1st. Class		1		1		1		1		1		1
	2nd. Class			5	5			5	5			5	5
	Totl	2	1	5	8	2	1	5	8	2	1	5	8
Local Employees At GUAM	Man			3	3			3	3			3	3
	Woman			7	7			7	7			7	7
	Total			10	10			10	10			10	10
Total		2	1	15	18	2	1	15	18	2	1	15	18

8. STATEMENT FOR MANUFACTURING COST.

Unit: US\$ 1

Description	1st. Yr.	2nd. Yr.	3rd. Yr.	Remarks
	1985	1986	1987	
Raw Materials	1,950	5,490	5,490	
Labor Exps.	134,100	291,295	334,989	
Manufacturing Exp.	129,944	356,055	450,589	
Total Manufacturing Cost	265,994	652,840	791,063	
High valued vegetables Cultivating cost	44,953	37,682	44,153	
Dried Gourd shavings Cultivating cost	221,039	615,158	746,915	

* Labor Exps. and manufacturing Exps. are distributed in proportion to direct raw material cost and sales amount.

8-1. STATEMENT FOR RAW MATERIAL COST

Unit: US\$ 1

Description	Details	1st. Yr.	2nd. Yr.	3rd. Yr.
		1985	1986	1987
Opening Inventories				
Seed of Gourd		-	1,062	472
Seed of Vegetables		-	36	45
Sub - Total		-	1,098	517
Raw Material purchase				
Seed of Gourd	24,000 Ea x @US\$ 0 ¹¹⁸	2,832	4,720	5,192
Seed of Vegetables	120 Ea x @US\$ 1 ⁸⁰	216	189	171
Sub - Total		3,048	4,909	5,363
Closing Inventories				
Seed of Gourd	9,000 Ea x @US\$ 0 ¹¹⁸	1,062	472	354
Seed of Vegetables	20 Ea x @US\$ 1 ⁸⁰	36	45	36
Sub - Total		1,098	517	390
Total raw material cost		1,950	5,490	5,490

8-2. STATEMENT FOR LABOR EXPS.

Unit: US\$ 1

Description	1st. Yr. (1985.7.1-1985.12.31)		2nd. Yr. (1986)		3rd. Yr. (1987)	
	Administration	Production	Administration	Production	Administration	Production
EXECUTIVE CLASS Despatch From Head office	2 persons.					
	1st. class (Gen. Manager) 2,000 per Month 2nd. class (5 persons) 1,260 per Month	30,500 12,000	70,150 27,600	86,940 41,400	80,673 31,740	99,291 47,510
Local Employee at Guam	Man (3 persons) 1,000 per Month Woman (7 persons) 800 per Month	18,000 33,600	77,280	41,400	88,372	47,510
Sub - Total	42,500	89,400	97,750	205,620	112,413	235,553
Despatch From Head office	o.T charge	18,900	36,225	41,539		
Local Employee at Guam	O.T charge	25,800	49,450	56,537		
Sub - Total	-	44,700	85,675	98,526		
Total	42,500	134,100	97,750	291,295	112,413	334,539

- * 1. Salaries & Wages are assumed to raise up 15% annually.
2. The salaries & Wages of administrative part are distributed to selling & administrative Exps. and the salaries & wages of producing part are distributed to manufacturing cost.

8-3. STATEMENT FOR MANUFACTURING EXPS.

Unit: US\$ I

Description	1st. Yr.	2nd. Yr.	3rd. Yr.	Remarks
	1985	1986	1987	
Outside Services	1,500	5,500	6,000	
Supplies	97,500	264,150	351,000	
Utilities	2,700	6,097	6,651	
Rental charge	7,500	16,500	18,000	
Inspection Exps.	700	2,530	2,760	
Freight	1,875	6,188	6,751	
Packing Exps.	10,300	34,031	37,125	
Depriciation	3,869	9,509	9,702	
Fuel	3,000	8,800	9,600	
Miscellaneous Exp.	1,000	2,750	3,000	
Total	129,944	356,055	450,589	

9. STATEMENT FOR SELLING & ADMINISTRATIVE EXPS.

Unit: US\$ 1

Description	1st. Yr.	2nd. Yr.	3rd. Yr.	Remarks.
	1985	1986	1987	
Salaries & Wages	42,500	97,750	112,413	
Welfare Exps.	2,000	7,179	7,844	
Travel Exps.	4,660	18,364	20,064	
Communication Exps.	3,580	13,553	14,807	
Utilities	5,300	20,279	22,156	
Taxes	3,050	11,601	12,675	
Rental charge	1,583	5,983	6,537	
Depreciation	754	1,556	1,604	
Repair Exps.	3,250	12,261	13,418	
Supplies Exps	2,993	11,311	12,358	
Book & Printing Exps.	2,800	7,054	7,707	
Insurance	2,710	6,827	7,459	
Entertainment	1,000	5,756	6,289	
Advertisizing Exps.	2,920	11,034	12,055	
Sample charge	1,200	4,786	5,229	
Development Exps.	3,650	17,193	18,784	
Interest	4,050	8,100	8,100	
Freight	8,436	40,081	44,541	
Miscellaneous Exps.	500	1,574	1,720	
Total	97,136	302,262	335,760	

Exhibit "L"

PAID

GOVERNMENT OF GUAM
DEPARTMENT OF REVENUE AND TAXATION

BUSINESS LICENSE

CUSTOMER'S COPY

CORPORATION

ACCOUNT NO. 30-0008301201

SSN #
SSN #
BIN #

EXPIRES: JUNE 30, 1985 RETAIL

JUL 1 1985

ISSUED TO: KU SAN AMERICA CORP.

FEE \$40.00

JUL 1 1985

DOING BUSINESS AS: KU SAN AMERICA CORP.

PENALTY

TREASURER OF
GUAM

GENERAL MERCHANDISE-DRY GOODS
(NO FOOD OR COSMETICS)

TOTAL FEE

CASHIER #8

LOCATION: LOT 1 BLK 1 TR 259 GTC BLDG TAMUNING GUAM

MAILING ADDRESS: P O BOX 6Y
AGANA

GU 96910

VALID ONLY
WHEN RECEIVED BY REGISTER

TELEPHONE: HOME BUS.

AUTHORITY: TITLE XVII, GOVT CODE OF GUAM
LICENSE MUST BE PRODUCED UPON DEMAND TO
ANY AUTHORIZED GOV'T OFFICIAL.
KEEP POSTED IN A CONSPICUOUS PLACE.

[Signature]
DIRECTOR OF REVENUE AND TAXATION

b
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GOVERNMENT OF GUAM
Department of Revenue and Taxation

INCORPORATION CERTIFICATE

This is to certify that the *Articles of Incorporation* of

KU SAN AMERICA, CORP.

have been duly filed and entered in accordance with Law under number 4900 in the
Records of Statistics of Incorporation in the Department of Revenue and Taxation Govern-
ment of Guam.

Specimen 12:30 P.M. Guam Pacific Time on December 27, 1982.

The persons signing said *Articles of Incorporation* and their associates and successors shall
constitute in body politic and corporate under the name KU San America, Corp.
for the term specified in said *Articles of Incorporation*, not exceeding fifty years, unless
known legally otherwise.

An **Attorney** hereof, *J. Law* hereby advised my name officially, and
has been empowered by *Sec'y of Gov. of Guam* in the
Secretary of Guam on the 29th day of December of 1982.

J. Law
DIRECTOR
Director of Revenue and Taxation

서울중로구신문로 1가24 (고려빌딩613-614)

광화문법무법인

TEL : 313-2550 · 2553 313-2554 · 2559

KWANGWHA-MOON LAW AND NOTARY OFFICE INC.

표九八四 년 동부제 호

CERTIFICATE NUMBER 496 OF 1985

위 해외투자허가영언변역문 에

CHEOL JUN HWANG personally

appeared before me and subscribed

기래된 함 식 준 은

to the attached APPROVAL OF FOREIGN INVESTMENT TRANSLATED

작성자 앞에 나와서 위 본인인

This is hereby attested on this 30th day of APR. 19 85

서명날인 한것임을 인정 하였다

이에 위 사인을 인증하기 위하여

표九八四 년 四 월 卅 日

at our office.

본 사무소에서 이를 작성한다

광화문법무법인

Attorney acting Notary Public KWANGWHA-MOON LAW & NOTARY OFFICE INC. 24, Sinmoon-Ro 1-Ka, Jongro-ku, Seoul, Korea

서울특별시중로구신문로가貳四

담당변호사

이철상

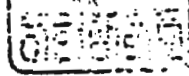


Lee Chon-Sang

본 법인은 표九八四年 四月 卅日 법률 제삼五九四호에 의거하여 대한민국 법무부장관으로부터 공증인 업무를 행할 것을 인가 받았다.

This office is authorized by the Minister of Justice, The Republic of Korea, to act as notary Public in accordance with Law No. 3594 promulgated on Jan. 20, 1934.

The Bank of Korea



April 2, 1985

Foreign Investment : 665.2-114
Recipient : Representative of Kusan America Corp.
Subject : Approval of foreign investment

The Bank of Korea has approved the above mentioned application of the Kusan America Corp., (Kusan article 85-31 : Feb 11, 1985) under article 15-5 of the regulation of foreign exchange control as follows :

1. Investor of the approved foreign investment : Kusan America Corp.
2. Place of investment : Guam (U.S.A)
3. Method of investment : acquisition of foreign bill
4. Amount of investment : US\$ 200,000. —
5. Purpose of investment : agricultural development (edible pumpkins and vegetables)
6. The content of company that will be established by the approved investment.
 - a. Name of company : Kusan America Corp.
 - b. Location of company : Guam
 - c. Capital : US\$ 200,000. —
 - d. Rate of investment : 100% of Kusan America Corp.
7. Validity of approval : April 1, 1986
8. Terms of approval :
 - a. Kusan America Corp., shall acquire the foreign bill within the valid period of approval and keep the bill in Republic of Korea.
 - b. Kusan America Corp., shall increase the capital more than 240 million won and be acknowledged by the bank of Korea. The whole amount of approval investment shall be provided by Kusan America Corp., from their own fund and shall remit the guaranteed payment by the foreign bank which is transacted with Kusan America Corp., and should report to the Bank of Korea along with relevant documents after remittance.
 - c. Right after the establishment of local Corp., in Guam and submit the related documents to the Bank of Korea.
 - d. Under paragraph 2 of Article 15-5 of the regulation of foreign exchange control, the investor should notify the report of presentation period within ten days after approval of foreign investment. Upon reporting the report date, it should be done within 2 months after the occurrence and the termination. (The closing account should be reported within five months after the end of accounting period within fiscal year.)
 - e. The Kusan America Corp., shall execute the account of local Corp., in Guam, submit the audited statement of its account and the annex in detail confirmed by the consulate in Guam within the reporting period to the Bank of Korea.

- 015
- f. As a result of accounting, net profit shall be allocated in whole amount of profit except reserve fund in accordance local regulation in Guam and under paragraph 3 of article 15-9 of the regulation of foreign exchange control, the calling report of allocation amount should be submitted to the Bank of Korea within seven months after terminating the accounting period.
 - g. In the event of liquidating the local Corp., in Guam, the Kusan America Corp., should report to the Bank of Korea on the liquidation and submit current balance sheet and profit and loss statement along with a motive of liquidation.
 - h. Should modification necessitate, an approval must be obtained by the Bank of Korea on foreign investment.

Attachment : The report form,

PRESIDENT OF THE BANK OF KOREA

C.C : Branch Manager in Tokyo, Japan.

Translated by

Chun-ju Han 



한 국 이 행

외 부 665.2-114

1985. 4. 2

수 신 (주)구산기농 대표이사

제 목 해외투자허가

귀사의 위 건 신청 (구산제85-31호 : 85. 2. 11) 에 대하여
외국환관리규정 제 15-6 조에 의거 아래와 같이 허가합니다.

1. 해외투자자 : (주)구산기농
2. 투자지역 : 감(미국령)
3. 투자방법 : 외화증권취득
4. 투자금액 : US200,000.--
5. 투자목적 : 농업(식용박 및 채소류) 및 무역업 영위
6. 본투자에 의해 설립될 회사내용
 - 가. 회사명 : KUSAN AMERICA CORP.
 - 나. 소재지 : Guam
 - 다. 자본금 : US200,000.--
 - 라. 투자비율 : (주)구산기농 100%
7. 허가유효기한 : 1985. 4. 1.
8. 허가조건

가. 허가유효기한내에 외화증권을 취득하고 등 증권은 국내에
보관할 것.

(주)구산기농의 자본금을 2억4천만원이상으로 증자하여 당행의 만이은
나. 본 허가금액은 전액 자기자금으로 조달하여 지정거래

외국환은행의 지급인증을 받아 송금하되, 송금후 주식 등 사실을 관계
증빙 첨부하여 당행에 보고할 것.

다. 현지법인 설립후 주식 등사실을 현지 공관장에게 보고
하고 등보고 사실을 관계증빙 첨부하여 당행에 제출할 것.

다. 외국환관리규정 제 15 - 15 조 제 2 항에 의한 해외투자자의 보고서 제출시기 신고는 해외투자 회가후 10 일 이내에 할 것. 단, 보고서의 제출시기를 신고함에 있어서 보고서 제출시기는 보고해당 사실의 발생후 또는 기간 종료후 2 월이내 (결산서는 당해 회계기간 종료후 5 월이내) 에서 그 기간을 정하여 신고할 것.

마. 연 1 회 이상 현지법인의 결산을 실시하고 감사를 필한 결산서 및 부속명세서는 현지공관장의 확인을 받아 신고기간내 당행에 제출할 것.

바. 결산결과 이익금은 현지법령에 의한 법정적립금과 외국환관리규정 제 15-9 조 제 3 항단서에 의한 임의유보금을 제외하고는 이를 전액 배당하고, 회계기간 종료후 7 월이내에 동 배당금 회수보고서를 당행에 제출할 것.

사. 현지법인을 청산하고자 할 경우에는 해산등기(신고)일 현재의 대차대조표 및 동 회계기간중의 손익계산서를 첨부하여 당행에 신고한 후 청산을 실시하고 그 결과를 당행에 보고할 것.

아. 본 허가내용을 변경하고자 할 경우에는 당행의 해외투자 내용변경허가를 득할 것.

붙 임 : 보고서양식 1 부. 끝.

한 국 은 행 총 재



사본수신처 : 등경사무소장


Introduced

JUN 13 '86

EIGHTEENTH GUAM LEGISLATURE
1986 (SECOND) Regular Session

Bill No. 955 (LS)

Introduced by:


C. T. C. Gutierrez

AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO
LEASE A PORTION OF GOVERNMENT LAND FOR
AGRICULTURAL DEVELOPMENT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. The Governor of Guam is authorized to lease lot No.
3 10154-4, containing an area of 202,343 ± sq. m. and situated between the
4 municipalities of Dededo and Yigo and particularly depicted on Land
5 Management drawing No. I4-86T269, prepared by the government of Guam
6 Land Survey Division, to the Ku San America Corporation for the purpose
7 of developing a "Kanpyo" plantation.