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to the United Nations
Convention against Corruption**

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II. Executive summary

Federated States of Micronesia

1. Introduction: overview of the legal and institutional framework of the Federated States of Micronesia in the context of implementation of the United Nations Convention against Corruption

The Federated States of Micronesia acceded to the Convention on 21 March 2012, and it entered into force for the country on 20 April 2012.

The implementation by the Federated States of Micronesia of chapters III and IV of the Convention was reviewed in the fourth year of the first review cycle, and the executive summary of that review was published on 16 December 2014 (CAC/COSP/IRG/I/4/1/Add.5).

The Federated States of Micronesia is an independent, sovereign nation made up of the four States of Chuuk, Kosrae, Pohnpei and Yap. The State Governments carry out many major governmental functions and have corresponding legislative powers. The country is a constitutional democracy. The judicial branch is composed of the Supreme Court, which is a single court at the national level, with judges sitting in trial and appellate divisions. Corruption cases involving national public officials or national funds, which are either administered at the national or the State level, are tried at the national level. Each State has a court, comprising first instance and appellate divisions, which try cases in accordance with the criminal law of the respective States.

The Federated States of Micronesia has a legal system that combines elements of both common and customary law. The Supreme Court can act as the final interpreter of the Constitution and laws. When the courts have not yet addressed an issue, a court may look to the restatements of law and decisions of other common law jurisdictions to determine the applicability of particular provisions to the Federated States of Micronesia. The provisions of the Convention are not self-executing, and the country must first incorporate them into domestic law. This process requires the Federated States of Micronesia to take steps to bring its legislation into line with the Convention.

Key authorities involved in the prevention of and fight against corruption are the Department of Justice, the National Public Auditor and the Chief Justice.

2. Chapter II: preventive measures

2.1. Observations on the implementation of the articles under review

Preventive anti-corruption policies and practices; preventive anti-corruption body or bodies (arts. 5 and 6)

The country's anti-corruption policy is part of the Strategic Development Plan (2004–2023), which outlines a six-step strategy. One of those steps, entitled "Good Governance: Improving the Effectiveness and Efficiency of Government", is aimed at improving public sector management and enhancing accountability. The Strategic Development Plan was formulated at the third Federated States of Micronesia Economic Summit, which was attended by 400 participants representing the four States, the traditional leadership, the private sector, the national and State Governments, non-government organizations, churches, women's and youth groups and government officials, as well as representatives of foreign Governments and donor institutions. The Federated States of Micronesia is developing a national anti-corruption strategy which is more focused on preventing (not only criminalizing) corruption through an inclusive process involving government and non-government stakeholders.

Various leaders meet at the State and National Leadership Conference to discuss issues of national importance. The effectiveness of anti-corruption measures can be

reviewed through the Conference; however, such review is conducted on an ad hoc rather than periodic basis.

The country is a member of various regional networks with functions relevant to the fight against corruption and money-laundering in the Pacific, such as the Pacific Islands Law Officers' Network, the Pacific Islands Forum Secretariat and the Pacific Association of Financial Intelligence Units.

There is no single anti-corruption agency. The government bodies responsible for preventing corruption at the national level are the Department of Justice, the National Public Auditor and the Chief Justice. Relevant State bodies are the Office of the Attorney General, the State Public Auditor and the Division of Public Safety and State Police. Owing to the decentralized nature of the anti-corruption authorities, the coordination mechanism could be enhanced.

The Department of Justice implements policies and disseminates information on corruption. It is headed by the Secretary of Justice, a cabinet member who is also the Attorney General. Appointment to this position is a shared function of the executive and legislative branches, creating a balance of power between the President and the Congress. The President makes this appointment on the advice and with the consent of the Congress. The National Public Auditor is an independent national and constitutional agency responsible for monitoring the possible misuse or misappropriation of funds and waste of public resources.

The Federated States of Micronesia informed the Secretary-General of the United Nations of the name and address of its authority dedicated to the prevention of corruption pursuant to article 6, paragraph 3, of the Convention on 3 February 2020.

Public sector; codes of conduct for public officials; measures relating to the judiciary and prosecution services (arts. 7, 8 and 11)

The Federated States of Micronesia has established a public service system based upon principles of merit (sect. 113, title 52, of the Federated States of Micronesia Code (Annotated)). The Office of Personnel keeps track of all the public service positions in the national Government and establishes the minimum requirements for each position. It is also responsible for making vacancy announcements that state the required qualifications, terms of employment and compensation. The National Public Service System Act requires the observance of discrete procedures in relation to the hiring and promotion of personnel in the national Government, and requires recruitment to be conducted through advertisement and competitive examinations. The Office is part of the executive branch, and has its own staff and a dedicated budget regularly provided by the Congress as part of the annual operational budget. The Office is responsible for implementing the grievance procedures set out by law. The country has not identified positions considered vulnerable to corruption.

The necessary qualifications for members of the Congress are set out in the Constitution and title 9 of the Federated States of Micronesia Code. Since the President and Vice-President are elected from the members of the Congress, they must have the same minimum qualifications as set out in the Constitution (art. IX, sect. 9). A person who has a felony conviction is ineligible to run for congressional office.

There are no political parties in the Federated States of Micronesia. Therefore, campaign contributions to political parties are not an issue. There is no specific legislation or measures limiting political contributions or to enhance transparency in the funding of candidatures for elected public office.

Lawmakers are subject to special rules on avoiding conflicts of interest and corrupt practices. Members of the Congress are considered to be high-level public officials. The Constitution places them in a special category, subjecting them to strict rules of conduct (art. IX, sect. 13). However, training on conflicts of interest is not provided to public officials.

The country has adopted a code of conduct for public officials (subchapter II, title 52, of the Federated States of Micronesia Code). Section 512 of the code of conduct sets forth rules applicable to all public officials to prevent conflicts of interest, including potential disciplinary and/or criminal penalties, as well as a hearing and appeals process. Section 142 prohibits public officials from engaging in outside employment and activities which are not compatible with the full and proper discharge of responsibilities or are otherwise prohibited by law, including receiving gifts or anything of value connected to official functions. Section 513 prohibits former public officials from engaging, within a year of their separation from service, in any matter connected with their former duties or responsibilities. The Federated States of Micronesia has not considered international or regional initiatives. There is no internal mechanism for public officials to report corruption. No legislation or regulation requires public officials to declare assets, interests, liabilities or outside activities, except for staff of the National Oceanic Resource Management Authority and justices of the Supreme Court.

The Division of National Police of the Department of Justice investigates criminal violations and receives complaints involving corruption. A draft law on protecting reporting persons is under consideration.

Justices of the Supreme Court are appointed for life, subject to mandatory retirement, and their appointment is subject to congressional approval. The National Court of Appeal comprises Supreme Court judges and, where necessitated by conflicts of interest, judges from other South Pacific countries. Requirements relating to appointment, compensation, benefits and terms of service are governed by law. The Constitution guarantees judicial independence.

Justices of the Supreme Court are required to adhere to the standards of the Code of Judicial Conduct of the American Bar Association. In 2017, the Chief Justice promulgated the Code of Judicial Conduct, which is based on the American Bar Association Code and the Bangalore Principles of Judicial Conduct, including disciplinary sanctions. Judges who have an interest in a case are required to recuse themselves. Justices of the Supreme Court are required to disclose their assets on an annual basis, and their personal and fiduciary financial interests, as well as those of their spouses and minor children residing in the same household, upon taking office and annually thereafter. State courts are not subject to such a requirement.

Prosecution services are provided at the national and State levels. State prosecutors are under the authority of each State Attorney General and enjoy prosecutorial discretion. The Department of Justice is working on a prosecutor's guideline. Pending this new guideline, the American Bar Association Model Code of Professional Responsibility applies to prosecutors. Pohnpei State has a prosecutor's guideline, while the other States are formalizing their respective guidelines.

Public procurement and management of public finances (art. 9)

In the Federated States of Micronesia, the procurement system is decentralized. National law requires competitive bidding for large contracts. All contracts for construction projects with a value of more than \$50,000 and all contracts for the purchase of personal property with a value of \$100,000 or more are subject to free and open competitive bidding by sealed bids, and are awarded to the lowest bidder (sect. 403, title 55, chapter 4, of the Federated States of Micronesia Code). Preference is given to citizen bidders over non-citizen bidders according to a formula based on the contract amount (sect. 404). Procurement personnel are subject to a specialized code of conduct.

Before they are entitled to submit a bid, any prospective bidder must, not less than 10 calendar days prior to the date designated for the opening of bids, give written notice of their intention to bid to the contracting officer, who must satisfy himself of the prospective bidder's financial ability, experience and competence (sect. 409). Publications calling for sealed bids must include posting of notice for at least 10 days in the immigration office and one other prominent public place in each State, use of

radio and newspaper when considered appropriate, and any other feasible means. The notice must state in clear terms the project to be bid on (sect. 410). Unsuccessful bidders can challenge a government decision on the basis of the Administrative Procedures Act (sect. 108 et seq., title 17, of the Federated States of Micronesia Code).

Article XII, section 2, of the Constitution states that the President must submit an annual budget to the Congress for review and approval, as prescribed by the Budget Procedures Act of 1981 (title 55, chapter 1, of the Federated States of Micronesia Code). Planned operational and development expenditures for the ensuing fiscal year, budget projections for each of the two subsequent fiscal years and other necessary information must be transmitted to the President on or before 1 March each year or at such other time as the President may determine, but not before 1 January each year (sect. 103).

Within 30 days of the completion of each quarter of the fiscal year, each department of the Executive Branch and agency of the National Government must transmit to the Congress and the President a report on its activities during the quarter (sect. 111). The Government subjects itself and its agencies, departments, offices and activities supported by public funds to an annual financial audit. A reputable auditing firm is usually contracted and criminal penalties may be applied if documents are missing or records tampered with. The document retention period for public expenditure and revenue is unclear.

Public reporting; participation of society (arts. 10 and 13)

There is no legislation on freedom of information in the Federated States of Micronesia. The websites of the National Government contain announcements, press releases, news, forms and other information. The website of the Supreme Court contains court decisions, rules, a calendar and other information on the Court, the Constitution, codes and legal resources. The website of the Congress contains enacted public laws, sessions, committee hearings, rules and other congressional information. There are legal provisions to prevent the disclosure of certain information, including private information, in particular for those working at the Banking Board (sect. 704, title 29, of the Federated States of Micronesia Code). Measures could be taken to simplify administrative procedures. Information on corruption risks in the public administration is not published periodically.

The country is implementing measures that encourage the active participation of individuals and groups outside the public sector. As part of the legislative process, public consultations are conducted on every piece of proposed legislation having a major impact on the community and society, including anti-corruption measures. During public hearings, the general public and the relevant departments and agencies of the Government are invited to offer their views and comments on proposed legislation.

In implementing laws, the executive branch of the national Government issues regulations, which are promulgated through a public consultation accorded by the Administrative Procedures Act, and public comments and input on any proposed regulation are considered. When laws are being implemented, the general public can suggest any improvements, addressing them either to the Congress or the executive branch. The public can also challenge the validity or constitutionality of a public law by initiating legal action in court. In areas of public interest such as good governance, environmental protection and fisheries conservation, there is broad cooperation between the Government, civil society and non-governmental organizations. Universities do not have anti-corruption curricula.

Relevant anti-corruption agencies are made known and accessible to the public, including through online platforms.

Private sector (art. 12)

Title 36 of the Federated States of Micronesia Code and the Corporate Regulations govern the formation of corporations. All corporations must be registered in the Register of Corporations. Corporations must be formed by submitting an application to the Registrar. The application must be accompanied by articles of incorporation that detail, inter alia, the place of the corporation's principal office or place of business; the number of directors; and the names, citizenship and street or mailing addresses of the initial officers and directors. Any amendment to the articles of incorporation must be communicated to the Registrar. Special regulations provide enhanced reporting and disclosure requirements for banks, financial institutions, cash dealers and insurance companies. No auditing standards or codes of conduct exist for the private sector.

Regulation 2.20 of the Corporation Regulations provides that every corporation must keep correct and complete books and records of account and keep and maintain at its principal office, or such other place as its board of directors may order, minutes of the proceedings of its members or shareholders and board of directors. The books and records include account receipts, disbursements, gains, losses, capital and surplus. The minutes of the proceedings must reflect details of each meeting, such as the time and place thereof, and the names of those present.

Every year, a corporation must submit to the Registrar a full and accurate exhibit of its state of affairs, in the form containing information prescribed by the Registrar. The annual exhibit must include the names and addresses of the shareholders, together with the shareholding they are entitled to, any dividend paid to them in the past year and the names of the directors and owners, including beneficial owners. For major corporations, affidavits, articles of incorporation and other documents required to be filed with the Registrar must be notarized. The falsification of records, the establishment of off-the-books accounts, the intentional destruction of records and other acts set out in article 12, paragraph 3, of the Convention are subject to criminal penalties.

The Federated States of Micronesia expressly disallows the tax deductibility of expenses that constitute bribes (sect. 4.9 (3) of the Regulations for Public Law 13-71, the Corporate Income Tax Act of 2004).

Measures to prevent money-laundering (art. 14)

Title 11, chapter 9, of the Federated States of Micronesia Code sets out anti-money-laundering measures that cover financial institutions and cash dealers (sect. 903). Section 912 provides that the Department of Justice has primary enforcement authority, including the authority to: (i) receive and investigate suspicious transaction reports submitted by such institutions; (ii) enter their premises for inspection; (iii) instruct them to take steps to facilitate any investigation; and (iv) compile statistics and records, disseminate information, make recommendations, promulgate regulations and advise the President. National risk assessments have not been conducted.

There are two licensed commercial banks in the Federated States of Micronesia, and they are subject to supervision by the Banking Board. With regard to oversight by the Board, the rules of the Federal Deposit Insurance Corporation of the United States of America apply on the basis of the Compact of Free Association between the Federated States of Micronesia and the United States.

Financial institutions and cash dealers are required to, inter alia: (i) identify customers and beneficial owners (sect. 913); (ii) establish and maintain records of all transactions with a value exceeding \$10,000 or its equivalent and of evidence obtained through customer and beneficial owner identification (sect. 914); and (iii) submit suspicious transaction reports to the Department of Justice (sect. 915). However, designated non-financial businesses and professions are not subject to these requirements.

The Financial Intelligence Unit, established in the Department of Justice, receives suspicious transaction reports. Those reports are simultaneously sent to the Banking Commissioner and the Secretary of Justice (Attorney General). The Attorney General forwards them to the National Police for review and investigation, and upon completion of the investigation, the National Police sends the investigation report to the Department of Justice for appropriate action.

The Financial Intelligence Unit has a mandate to exchange financial intelligence on money-laundering and terrorist financing with other States. The Unit is an informal member of the Pacific Association of Financial Intelligence Units, which provides an informal mechanism for sharing information. The Transnational Crime Unit cooperates with the International Criminal Police Organization (INTERPOL) through the Pacific Transnational Crime Coordination Centre in Samoa and the Department of Homeland Security of the United States.

Travellers carrying cash or negotiable instruments with a value exceeding \$10,000 must make a declaration at each port of entry, with penalties for violation.

The law does not require financial institutions or cash dealers to include on forms for the electronic transfer of funds and related messages accurate and meaningful information on the originator or to apply enhanced scrutiny to transfers that do not contain complete originator information.

The Federated States of Micronesia has had observer status with the Asia/Pacific Group on Money Laundering since 2010, but it has not been subject to mutual review. With regard to transparency and the exchange of information for tax purposes, the country participated in a fast track review of the Global Forum in 2017 with a “largely compliant” rating, and the latest report issued in July 2019 provided the same rating.

2.2. Successes and good practices

- High levels of transparency and inclusive procedures for the public to contribute to decision-making processes, particularly on matters relating to environmental protection (art. 13, para. 1).

2.3. Challenges in implementation

It is recommended that the Federated States of Micronesia:

- Continue to take measures to finalize, adopt and implement the national anti-corruption strategy (art. 5, para. 1).
- Consider additional measures to periodically evaluate relevant legal instruments and administrative measures with a view to determining their adequacy with respect to the prevention of and fight against corruption (art. 5, para. 3).
- Consider measures to strengthen the oversight and coordination of the implementation of policies to prevent corruption, particularly through the implementation of the national anti-corruption strategy (art. 6, para. 1).
- Endeavour to adopt adequate procedures for the selection and training of individuals for public positions considered especially vulnerable to corruption, and the regular rotation of such individuals to other positions (art. 7, para. 1).
- Consider taking appropriate legislative and administrative measures to enhance transparency in the funding of candidatures for elected public office (art. 7, para. 3).
- Consider the development and implementation of training for public officials to prevent conflicts of interest (art. 7, para. 4).
- Consider reviewing and strengthening the code of conduct for public officials and other relevant standards of conduct to further the correct, honourable and proper performance of public functions, taking into account international standards and initiatives (art. 8, paras. 2 and 3).

- Consider establishing measures and systems to facilitate the reporting by public officials of acts of corruption to appropriate authorities, when such acts come to their notice in the performance of their functions (art. 8, para. 4).
- Endeavour to establish measures and systems requiring public officials to make declarations to appropriate authorities regarding, inter alia, their outside activities, employment, investments, assets and substantial gifts or benefits (art. 8, para. 5).
- Consider adopting measures to govern the retention of public records, particularly with respect to accounting books, records, financial statements or other documents related to public expenditure and revenue (art. 9, para. 3).
- Continue to develop and adopt a comprehensive law setting forth procedures or regulations to govern public access to information (art. 10 (a)).
- Consider taking additional measures to simplify administrative procedures in order to facilitate public access to the competent decision-making authorities (art. 10 (b)).
- Consider taking measures to publish information and reports on the risks of corruption in the public administration (art. 10 (c)).
- Consider developing and implementing rules of conduct and ethics for public prosecutors to strengthen integrity and prevent opportunities for corruption (art. 11, para. 2).
- Consider additional measures to prevent corruption in the private sector, including with regard to State-owned enterprises, in consultation with relevant stakeholders (art. 12, paras. 1 and 2).
- Consider measures to develop and implement public education programmes, including school and tertiary curricula, in order to promote the prevention of corruption (art. 13, para. 1).
- Consider a comprehensive review of anti-money-laundering legislation and the conduct of a national risk assessment with a view to strengthening measures to prevent money-laundering (art. 14, para. 1 (a)).
- Consider instituting a comprehensive domestic regulatory and supervisory regime for designated non-financial businesses and professions, emphasizing requirements for customer and beneficial owner identification, record-keeping and the reporting of suspicious transactions (art. 14, para. 1 (a)).
- Consider adopting measures to require financial institutions, including money remitters, to implement the steps set forth in article 14, paragraph 3, of the Convention.

3. Chapter V: asset recovery

3.1. Observations on the implementation of the articles under review

General provision; special cooperation; bilateral and multilateral agreements and arrangements (arts. 51, 56 and 59)

The asset recovery framework of the Federated States of Micronesia is contained in the Mutual Assistance in Criminal Matters Act. The Secretary of Justice, as the head of the Department of Justice, is the competent authority for asset recovery.

Nothing in the law prevents the Secretary of Justice or the Financial Intelligence Unit from transmitting information on proceeds of offences to a competent authority in another State party without a prior request, but there is no explicit legal authority to do so.

The country has various bilateral and multilateral agreements and arrangements on law enforcement cooperation, including the tracing of criminals and proceeds of crime. The Federated States of Micronesia is a party to the multilateral agreement that

established the Pacific Transnational Crime Network. However, the country has not entered into any bilateral agreements on asset recovery.

Prevention and detection of transfers of proceeds of crime; financial intelligence unit (arts. 52 and 58)

Financial institutions and cash dealers are required to conduct customer and beneficial owner identification (sect. 913, title 11, chapter 9 of the Federated States of Micronesia Code), but there are no provisions clarifying how to verify the identity of such persons. These institutions must take reasonable measures to satisfy themselves as to the true identity of any applicant seeking to enter into a business relationship or carry out a transaction by requiring the applicant to produce an official record reasonably capable of establishing their true identity. If it appears that an applicant is acting on behalf of another person, the institutions must take reasonable measures to establish the true identity of the beneficiary. Records of these matters must be retained for at least five years from the date on which the relevant business or transaction was completed (sect. 914).

The Federated States of Micronesia does not have provisions requiring enhanced scrutiny of politically exposed persons, their family members and close associates. The country does not issue advisories regarding natural or legal persons and types of accounts and transactions for which enhanced scrutiny is required and acknowledges the need to adopt measures to notify financial institutions of the identity of such persons, particularly at the request of another State party.

No legislation expressly prohibits the establishment of “shell banks” or prohibits financial institutions from entering into or continuing a correspondent banking relationship with a “shell bank”, either directly or indirectly.

There is no provision for public officials, except for the officials stated above, to make declarations regarding their assets, liabilities or other financial information.

There are no measures requiring public officials having an interest in or signature or other authority over a financial account in a foreign country to report that relationship.

The country has established a Financial Intelligence Unit in the Department of Justice, but it is not staffed or operational.

Measures for direct recovery of property; mechanisms for recovery of property through international cooperation in confiscation; international cooperation for purposes of confiscation (arts. 53, 54 and 55)

There is no clear legislative provision providing legal standing to other States parties to initiate civil action in the courts of the Federated States of Micronesia. However, any party (not excluding other States) can have standing as long as they can claim a “case or dispute” for judicial resolution (see art. XI, sect. 6, of the Constitution).

The Supreme Court has the authority to order restitution in criminal cases. The Court can make an order for appropriate restitution, reparation or service to the victim of the crime or to their family (sect. 1202 (6), title 11, chapter 12, of the Federated States of Micronesia Code). Entities or persons who have suffered damages from corruption have the right to initiate legal proceedings to claim compensation (sect. 701 (3), title 11, chapter 7, of the Code). Although it is not expressly stated whether this extends to States parties, there is no reason why a State could not be recognized as a victim. A victim of corruption may also bring a private action against the responsible person or institution. These lawsuits may be based on common law or other general rules such as tort or breach of contract.

The law (title 11, chapter 9 of the Federated States of Micronesia Code) also permits the recognition of ownership interests in confiscation matters. Nothing in the law prohibits this from being applied to States.

Where a foreign State requests the Secretary of Justice to make arrangements for the enforcement of a foreign restraining order or a foreign confiscation order, the

Secretary of Justice may apply to the Supreme Court for enforcement of the order (sect. 1714, title 12, chapter 17, of the Federated States of Micronesia Code). In addition, under section 935 of the criminal legislation on money-laundering (title 11, chapter 9, of the Code), the country's courts have jurisdiction to confiscate property of foreign origin tainted by a serious offence. Non-conviction-based confiscation and forfeiture is addressed where a person dies or absconds (sects. 933 and 934, title 11, chapter 9, of the Code).

Section 1709, title 12, chapter 17, of the Federated States of Micronesia Code outlines the procedures for responding to foreign requests to implement a domestic judicial order to gather evidence or execute search warrants. Although the country's law permits its courts to issue orders to locate property requested by a foreign State, it does not appear in the country's legislation that the court has the authority to order the freezing or seizure of property upon a foreign freezing or seizure order or request. The Federated States of Micronesia has no legal mechanism to preserve property for confiscation on the basis of a foreign arrest or criminal charge without a prior request for mutual legal assistance.

The competent authorities can freeze or seize property upon a foreign request in the context of mutual legal assistance. The Department of Justice has the discretion to refuse cooperation or to lift provisional measures if it does not receive sufficient and timely information from the requesting State, although the Federated States of Micronesia has a policy of providing the maximum amount of assistance possible. The rights of bona fide third parties are addressed in the provisions covering search and seizure as well as confiscation (sects. 907, 935 and 938, title 11, chapter 9, of the Federated States of Micronesia Code).

Return and disposal of assets (art. 57)

Under section 955 (1), title 11, chapter 9, of the Federated States of Micronesia Code, where property has been seized, a person who claims an interest in the property may apply to the Supreme Court for an order that the property be returned to them. Where the Supreme Court is satisfied, it can order the return of the property to the applicant (sect. 955 (2)). The Secretary of Justice has the authority to apply for such return on behalf of a foreign State at its legitimate request. The country's legislation and case law does not clearly define the procedure for returning confiscated property to foreign States.

It is the policy of the Federated States of Micronesia to return assets without deducting any share, except in exceptional cases, where it may deduct reasonable costs, as provided for in the applicable agreements. There have been neither cases of asset recovery nor cases where the country has deducted expenses related to it.

3.2. Successes and good practices

The legislation on non-conviction-based confiscation and forfeiture guarantees effective international cooperation on asset recovery in cases in which the offender cannot be prosecuted by reason of death, flight or absence (art. 54, para. 1 (c) of the Convention).

3.3. Challenges in implementation

It is recommended that the Federated States of Micronesia:

- Adopt measures requiring financial institutions to verify the identity of customers and take reasonable steps to determine the identity of beneficial owners of funds deposited into high-value accounts (art. 52, para. 1).
- Adopt measures requiring enhanced scrutiny of accounts sought or maintained by or on behalf of individuals who are, or have been, entrusted with prominent public functions and their family members and close associates (art. 52, para. 1).

- Take measures to issue advisories regarding persons, accounts and transactions to which financial institutions will be expected to apply enhanced scrutiny (art. 52, para. 2 (a)).
- Take measures to notify financial institutions within its jurisdiction, at the request of another State party or on its own initiative, of the identity of persons to whose accounts enhanced scrutiny must be applied (art. 52, para. 2 (b)).
- Implement measures to prevent the establishment of banks that have no physical presence in the Federated States of Micronesia and that are not affiliated with a regulated financial group (art. 52, para. 4).
- Consider adopting measures that require the country's financial institutions to refuse to directly or indirectly enter into or continue a correspondent banking relationship with financial institutions that have no physical presence (art. 52, para. 4).
- Consider establishing financial disclosure systems for appropriate public officials, and sanctions for non-compliance (art. 52, para. 5).
- Consider requiring appropriate public officials having an interest in or signature or other authority over a financial account in a foreign country to report that relationship to appropriate authorities (art. 52, para. 6).
- Adopt measures to permit its competent authorities to freeze or seize property upon a foreign freezing or seizure order or request that provides a reasonable basis for taking such actions (art. 54, para. 2 (a) and (b)).
- Consider taking measures to permit the competent authorities to preserve property for confiscation, such as on the basis of a foreign arrest or criminal charge related to the acquisition of such property (art. 54, para. 2 (c)).
- Endeavour to take measures to permit its competent authorities to forward information on proceeds of offences under the Convention to another State party without prior request (art. 56).
- Adopt legislation to provide for the return of confiscated property, including to its prior legitimate owners, in accordance with the provisions of article 57, paragraphs 1, 2 and 3.
- Take measures to strengthen the human and operational resources and capacity of the Financial Intelligence Unit (art. 58).
- Consider concluding bilateral or multilateral agreements or arrangements to enhance the effectiveness of international cooperation undertaken to facilitate the return of criminal assets (art. 59).

3.4. Technical assistance needs identified to improve implementation of the Convention

- Capacity-building for the anti-corruption officials working in the area of asset recovery (art. 51).