

**CHAPTER 119**  
**GUARANTEE STOCK**

§ 119101. Description of Guarantee Stock.

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§ 119103. Ownership of Guarantee Stock.

**§ 119101. Description of Guarantee Stock.**

Guarantee stock shall be of one class, shall have a par value of not less than ten dollars (\$10) per share, and the proceeds thereof to the extent of such par value shall be set apart and, except to the extent that stock shall be reduced as hereinafter provided in this Section, shall be maintained as a fixed and permanent capital of the association. No stock shall be issued for a consideration other than cash or for a price less than the par value thereof, and when fully paid shall be kept unimpaired to the extent of its par value; provided, however, that an association with the consent of the commissioner may declare and distribute a stock dividend, and may issue stock for a consideration other than cash in connection with mergers, consolidations or transfers pursuant to §113106 of this act; and provided further, that with the prior consent of the commissioner the stock of an association may be reduced by resolution of the board of directors approved by the vote or written consent of the holders of a majority in the amount of the outstanding stock of such association to such amount as the commissioner shall approve. Surplus resulting from reduction of stock, however, shall not be available for dividends or other distribution to stockholders or shareholders except upon liquidation. An association may, by action of its board of directors, with the prior approval of the commissioner, apply any part or all of any paid-in or contributed surplus, or any surplus created by reduction of stock to the reduction or writing off of any deficit arising from losses or diminution in value of its assets. The commissioner may require that the consideration for the issuance of stock be sufficient to create a paid-in surplus in an amount satisfactory to the commissioner. No association shall pay any commission or other compensation for or on account of any subscription to or sale of its stock.

**SOURCE:** GC §41200.

**§ 119102. Permit Required for Sale of Guarantee Stock.**

No association shall sell, except upon a sale for a delinquent

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assessment made in accordance with the provisions of Chapter 3, Title 18, Guam Code Annotated, or offer for sale, negotiate for the sale of, or take subscriptions for, or issue any of its stock, until it shall have first applied for and secured from the commissioner a permit authorizing it so to do. Such application shall be in writing, shall be verified as provided in the Title 7, Guam Code Annotated for the verification of pleading, and shall be filed in, the office of the commissioner. In such application the association shall set forth the names and addressee of its officers, the location of its office, an itemized account of its financial condition, the amount and character of its assets and liabilities, a copy of any contract it proposes to make concerning the sale of its stock, a copy of any prospectus or advertisement or other description of its stock then prepared by or for it for distribution or publication, a copy of all minutes of any proceedings of its directors, shareholders or stockholders relating to or affecting the issue of such stock, and such additional information concerning the association, its condition and affairs as the commissioner may require. Upon the filing of such application, it shall be the duty of the commissioner to examine it and the other papers and documents filed therewith, and he may, if he deems it advisable, make or have made a detailed examination, audit, and investigation of the association and its affairs. If he finds that the proposed plan for the issue and sale of such stock is not such as, in his opinion, will work a fraud upon the purchaser thereof, the commissioner shall issue to the association a permit authorizing it to issue and dispose of its stock in such amounts and for such considerations and upon such terms and conditions as the Commissioner may in such permit provide. Otherwise, he shall deny the application and notify the association in writing of his decision. Every permit shall recite in bold type that the issuance thereof is permissive only and does not constitute a recommendation or endorsement of the stock permitted to be issued. The commissioner may impose conditions requiring the impoundment of the proceeds from the sale of such stock, limiting the expense in connection with the sale thereof, and such other conditions as he may deem reasonable and necessary or advisable to insure the disposition of the proceeds from the sale of such stock in the manner and for the purposes provided in such permit. The Commissioner may from time to time amend, alter, or revoke any permit issued by him, or temporarily suspend the rights of the association under such permit. The Commissioner shall have the power to establish such rules and regulations as may be reasonable or necessary to carry out the purposes

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and provisions of this section.

This section shall be limited to stock and shall not apply to shares or investment certificates.

**SOURCE:** GC §41201.

**§ 119103. Ownership of Guarantee Stock.**

Guarantee stock of any Association may be legally and beneficially owned only by citizens of the United States, citizens of Palau and citizens of the Federated States of Micronesia.

**SOURCE:** GC §41202. Amended by P.L. 23-133:1.

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