Agreement in Implementation of Section 175(b) of the
Compact of Free Association, as Amended

AGREEMENT REGARDING PROTECTIONS FOR CITIZENS OF THE REPUBLIC OF THE FEDERATED STATES OF MICRONESIA (FSM) SEEKING TO ENGAGE IN EMPLOYMENT IN THE UNITED STATES PURSUANT TO RECRUITMENT OR OTHER PLACEMENT SERVICES

In order to safeguard the rights and welfare of citizens of the Federated States of Micronesia seeking employment in the United States arranged by any recruitment or other placement service, or pursuant to any pre-arranged employment contract, the Government of the United States and the Government of the Federated States of Micronesia agree that the following requirements shall apply to any recruiter or placement service arranging or facilitating such employment in the United States of citizens of the Federated States of Micronesia:

A. Registration Requirement

1. Who Must Register

(a) A Recruiter, for purposes of this Agreement, is any person or entity, or agent of such person or entity, engaged in the business of recruiting labor for a fee or other compensation or otherwise seeking to employ in the United States (including its territories and possessions) the following:

(i) any citizen of the Federated States of Micronesia who is not present in the United States, or

(ii) any citizen of the Federated States of Micronesia, who has been recruited by such person or entity outside of the United States, and is currently employed in the United States in connection with the recruitment efforts of such person or entity, or agent of such person or entity (whether or not the FSM citizen's current position is the one for which the person was initially recruited).

(b) Every Recruiter must register with the Government of the Federated States of Micronesia.

2. Contents of Registration

Such registration of a Recruiter shall contain the following information:

(a) the name, address, telephone number, fax number, and e-mail address, if any, of such Recruiter and, where the Recruiter is an entity, its directors and principal officers and of any company through which, or in cooperation with which, such Recruiter conducts any such recruitment efforts;

(b) the name, address, telephone number, fax number, and e-mail address, if any, of any and all partners, agents, or other persons or entities in the United States or elsewhere with which the Recruiter has cooperated or intends to cooperate in seeking to place any citizen of the Federated States of Micronesia with any employer in the United States;

(c) the dates of any previous suspensions or revocations under section D of this Agreement of such Recruiter or of any other Recruiter for which such Recruiter was employed, was an agent, or was otherwise affiliated; and

(d) if, at the time this Agreement becomes effective, such Recruiter is already engaged in any recruitment or placement activities described in this section with respect to citizens of the Federated States of Micronesia, then such Recruiter must, on the effective date of this Agreement, file a registration containing the information required under paragraphs (a), (b), and (c) of this subsection, together with the information required in section B, and an attestation meeting the requirements of section C of this Agreement.

3. Failure to Register

The Government of the Federated States of Micronesia agrees that, pursuant to section (D)(2)(e) of this Agreement, it shall prohibit any person, entity, or agent that meets the definition of Recruiter from engaging in such activity for a one-year period, upon finding that such person, entity, or agent has failed to register in compliance with this section.

B. Semi-Annual Reporting Requirement

Any Recruiter required to register under section A of this Agreement shall thereafter update said registration semiannually, by providing the following information:

1. any changes or updates in the information initially provided by the Recruiter in the registration required under section A of this Agreement;

2. the names, addresses, telephone numbers, fax numbers, and e-mail addresses, if any, of all citizens of the Federated States of Micronesia who are currently employed in the United States pursuant to employment arranged by such Recruiter;

3. the names, addresses, telephone numbers, fax numbers, and e-mail addresses, if any, of all U.S. employers of the FSM citizens referred to in subsection (2) of this section;

4. a list of all fees received by the Recruiter in connection with such placement services, including fees, if any, paid by the FSM citizen (or any person acting on the citizen's behalf) to the Recruiter in connection with any such placement;

5. a statement as to whether the Recruiter, directly or indirectly, is receiving, or has received, any U.S. Federal or State government grant or other U.S. government funding in connection with recruitment, training, or placement of any FSM citizen with a U.S. employer, and, if so, provide the name, address, amount, and designated purpose of each such source of grants or funds; and

6. an attestation as provided in section C of this Agreement.

C. Attestation

1. Compliance With Laws of the United States and the Federated States of Micronesia

Any Recruiter required to register under section A of this Agreement shall, as part of the semi-annual registration update referred to in section B of this Agreement, attest that it will comply with all applicable:

(a) laws and regulations of the Federated States of Micronesia, including those relating to the registration of Recruiters, and

(b) U.S. Federal, State, or local laws, including those relating to placement and/or employment of persons in the United States.

2. No Debt, Liquidated Damages, or Similar Arrangements

Any Recruiter required to register under section A of this Agreement shall, as part of the semi-annual registration update referred to in section B of this Agreement, attest that the Recruiter, and anyone connected with the Recruiter (including any U.S. employer with which the FSM citizen is placed), has neither, to the Recruiter's knowledge:

(a) entered into any arrangement whereby the FSM citizen (or

any other person acting on behalf of such citizen) has signed a promissory note, confession of judgment, or similar promise to pay liquidated damages should the FSM citizen not fully complete the terms of any recruitment, employment contract, or similar arrangement, nor

(b) entered into any other debt arrangement with the FSM citizen (or any other person acting on behalf of such citizen) as consideration for being placed with a U.S. employer.

3. Disclosure to the FSM Citizen

(a) Terms and Conditions of Employment

Any Recruiter shall, as part of such semi-annual registration update, attest that it has disclosed, and in the future will disclose in writing, in both English and the local language of the FSM citizen to each FSM citizen recruited for employment in the United States, the terms and conditions of such employment, including, but not limited to:

(i) the anticipated or actual duration, if any is specified, of the FSM citizen's employment;

(ii) the type of work to be performed by the FSM citizen;

(iii) the rate of pay;

(iv) the number of hours and times of day the work typically will be performed;

(v) the amount of fees to be paid by the FSM citizen to the Recruiter or any parties with which the Recruiter has cooperated in recruiting or placing the FSM citizen, and any other employment-related fee or expense, such as job skill testing, medical examination, or drug testing;

(vi) that taxes and related items will be deducted from the gross paycheck in accordance with applicable U.S. Federal, State, and local law;

(vii) any amounts that will be deducted from the FSM citizen's paycheck other than normal withholding of taxes and related deductions;

(viii) all estimated costs the FSM citizen will be

reasonably expected to incur in connection with such employment;

(ix) whether the FSM citizen's transportation expenses to and from the United States will be paid by the Recruiter or another person or entity (including, in the case of death, the cost of shipping the remains of such FSM citizen to his or her point of origination in the FSM);

(x) whether the FSM citizen will be provided room and board upon commencement of such employment, and, if so, for how long, whether such room and board are mandatory or optional, whether any such room and board are provided without cost to the FSM citizen or, if not, the estimated costs for any such room and board, and whether such costs will be deducted directly from the FSM citizen's paycheck; and

(xi) whether job training will be provided to the FSM citizen, and, if so, a general description of such training and all of the information specified in items (i) through (x) above with respect to the training period.

Disclosure of the information set forth above does not, in itself, ensure that the terms and conditions of such employment contract or arrangement comply with the applicable laws where the FSM citizen will be or is employed.

(b) Legal Rights of the FSM Citizen

Any Recruiter shall, as part of such semi-annual registration update, attest that it has disclosed fully, or will disclose fully the information specified below, in writing, in both English and the local language of the FSM citizen to any FSM citizen it proposes to recruit or place with any employer in the United States prior to the time the FSM citizen enters into any agreement with the Recruiter or arranged by the Recruiter regarding such recruitment or employment:

(i) that the FSM citizen has a right to change employers in the United States, without any adverse immigration consequence;

(ii) that completion of any recruitment or employment contract shall not be a condition of any FSM citizen's right

to remain in the United States under United States or FSM law;

(iii) that the FSM citizen may have rights, under certain circumstances, when the employment is terminated through no fault of the FSM citizen at a time earlier than that agreed upon;

(iv) that entry into any debt, liquidated damages, or similar arrangement described in subsection (2) of section (C) of this Agreement is forbidden;

(v) that failure to complete such employment contract may constitute a breach of contract with certain legal consequences (including an action for actual, but not liquidated or similar damages), depending on the circumstances;

(vi) that an FSM citizen does not have a right to free counsel in the United States in any civil judicial or administrative proceeding;

(vii) that an FSM citizen may contact the U.S. Department of Labor concerning his or her rights and protections under U.S. laws and regulations; and

(viii) any other information reasonably necessary to inform the prospective contract worker fully of the material terms and conditions of such employment contract.

D. Suspension and Revocation for Failure to Provide Full Disclosure or Otherwise Meet the Terms of this Agreement

1. General Responsibilities of the Government of the Federated States of Micronesia and the Government of the United States

The Government of the Federated States of Micronesia agrees that it is responsible for conducting investigations in the Federated States of Micronesia, as may be appropriate, to determine whether a Recruiter has materially complied with the terms and conditions of this Agreement. The Government of the United States agrees to conduct investigations in the United States, as appropriate, to ensure compliance with U.S. law. The Government of the United States will provide assistance in developing forms and procedures, as appropriate, to help the Government of the Federated States of Micronesia to carry out its duties and responsibilities under this Agreement.

2. One-Year Suspension

The Government of the Federated States of Micronesia agrees to suspend the privilege of any Recruiter to recruit or place FSM citizens for the purposes of employment in the United States ("suspension") for a one-year period if:

(a) the Government of the Federated States of Micronesia determines, after an investigation, that such Recruiter or any affiliated person, entity, or agent has materially failed to comply with the terms and conditions of this Agreement;

(b) the Government of the Federated States of Micronesia receives a report or other information from the Government of the United States that such Recruiter or any affiliated person, entity, or agent has recruited or placed any FSM citizen with an employer in the United States after notification that the employer was determined by an appropriate U.S. Federal, State, or local government authority, following investigation, to have:

(i) materially violated any applicable U.S. Federal, State, or local law concerning employment standards, or

(ii) engaged in a pattern of materially violating the terms of employment contracts or similar agreements with any FSM citizen, or

(iii) has otherwise violated the rights of any FSM citizen reasonably related to such employment, or

(iv) otherwise engaged in violations of labor laws and/or safety standards such as the minimum wage law;

(c) the Government of the Federated States of Micronesia determines, on the basis of the actions of the Recruiter or any affiliated person, entity, or agent, that such one-year suspension is otherwise appropriate, or

(d) the Government of the United States requests such suspension following consultations in accordance with section I of this Agreement, or

(e) such Recruiter or any affiliated person, entity, or agent fails to register in accordance with section A of this Agreement.

3. Revocation

The Government of the Federated States of Micronesia agrees to revoke for a minimum of five years ("revocation") the privilege of any Recruiter to recruit or place FSM citizens for the purposes of employment in the United States if:

(a) such Recruiter or any affiliated person, entity, or agent knowingly files a materially false Recruiter registration, semi-annual registration update, or attestation;

(b) such Recruiter or any affiliated person, entity, or agent at any time violates a one-year suspension order;

(c) the Government of the Federated States of Micronesia determines on the basis of the actions of the Recruiter or any affiliated person, entity, or agent that such revocation is otherwise appropriate; or

(d) the Government of the United States requests such revocation following consultations under section I of this Agreement.

E. Notification to the Government of the United States of Suspension, Revocation, or Reinstatement

1. Notwithstanding section H of this Agreement, if the Government of the Federated States of Micronesia takes action to suspend or revoke the authorization of any Recruiter under section D of this Agreement, such Government agrees to notify promptly the Government of the United States of any such action, and the basis thereof, and to provide the Government of the United States with a copy of all registrations and registration updates, and attestations, filed by such Recruiter, and the record of any such actions and proceedings taken against the Recruiter.

2. In the event of revocation under subsection (3) of section D of this Agreement, the Government of the Federated States of Micronesia shall obtain the consent of the Government of the United States prior to reinstatement.

F. Law Enforcement Cooperation

The Government of the Federated States of Micronesia agrees to cooperate with the Government of the United States in any law enforcement action that the Government of the United States may undertake arising out of any employment involving an FSM citizen

in the United States. Notwithstanding subsection (1) of section H of this Agreement, the Government of the Federated States of Micronesia shall promptly provide the Government of the United States, upon request, with copies of all documents and information required under this Agreement in connection with any such law enforcement action undertaken by the Government of the United States.

G. Public Information

The Government of the Federated States of Micronesia agrees to disseminate information to its citizens necessary to ensure that FSM citizens are fully aware of their rights under this Agreement through appropriate means, including distribution at schools, universities, job training facilities, and through printed and electronic media.

H. Sharing of Recruiter Information

1. The Government of the Federated States of Micronesia agrees to provide the Government of the United States, through the U.S. diplomatic representative to the Federated States of Micronesia, a copy of all required documents and information collected under this Agreement on a quarterly basis.

2. The Government of the Federated States of Micronesia agrees to provide the Government of the United States access, upon request, to all information required under this Agreement, and any other information in its possession regarding the activities of any Recruiter relevant to the recruitment, placement, or employment of any FSM citizens in the United States.

3. The Government of the United States agrees to provide the Government of the Federated States of Micronesia, as appropriate, any information in its possession regarding the activities of any Recruiter relevant to the recruitment, placement, or employment of any FSM citizens in the United States.

4. Any information or documentation required under this Agreement shall be made available for public inspection in the Federated States of Micronesia and in the United States, except where protected by applicable law in the respective countries.

I. Consultations

The Government of the United States and the Government of the Federated States of Micronesia shall consult regularly as to whether the rights and privileges of persons admitted to the United States under the Compact for the purpose of obtaining employment are adequately protected, and if the Governments determine that such rights and privileges are not adequately protected, shall discuss appropriate steps to ensure that such rights are protected.

J. Effective Date, Amendment, and Duration

1. This Agreement shall enter into effect simultaneously with the Compact, as amended.

2. This Agreement may be amended or terminated at any time by mutual consent of the Government of the United States and the Government of the Federated States of Micronesia, in a manner consistent with their respective Constitutional processes.

3. This Agreement may not be amended or terminated unilaterally by either the Government of the United States or the Government of the Federated States of Micronesia.

4. This Agreement shall remain in effect for the period in which the Compact, as amended, remains in effect, unless it is mutually terminated under subsection (2) of this section.

DONE at Palikir, in duplicate, this 14th day of May, 2003, each text being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA: