

ELEVENTH LEGISLATURE OF THE STATE OF YAP

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February 25, 2026

Standing Comm. Report No. 11-205

Re: Bill No. 11-200

The Honorable Nicholas Figirlaarwon
Speaker
Eleventh Legislature of the State of Yap
Fourth Regular Session, 2026

*adapted
2/25/26
[Signature]*

Dear Mr. Speaker:

Your Committee on Finance, to which was referred Bill No. 11-200, entitled,

“A BILL FOR AN ACT TO APPROPRIATE THE SUM OF \$386,508 FROM THE GENERAL FUND OF THE STATE OF YAP FOR THE PURPOSE OF PROVIDING FUNDING TO YAP INVESTMENT TRUST TO USE FOR DEFRAYING EXPENSES OF DIVING SEAGULL, INC., AND FOR OTHER PURPOSES.”,

beg leave to report as follows:

The purpose and intent of the bill are expressed in its title.

On February 13, 2026, Acting Governor Thomas G. Tun transmitted his request for Legislative appropriation entitled “Submission of Updated Interim Funding Request for Diving Seagull, Inc. (YIT)”. It was assigned to your Committee on Finance as Governor’s Communication No. 11-527. The letter included a revised request of “a total of \$386,508.00 to be funded under the General Fund to cover a six-month liquidation period.” The bill for this request is being introduced in today’s session by this Committee as Bill No. 11-200 and is assigned to your Committee.

Background:

In the last few months of the Third Regular Session, there was a lot of discussion regarding the status of Diving Seagull, Inc., (DSI) which was started by Yap Investment Trust (YIT). YIT met with the Governor, the Speaker, and a few members of the Cabinet and Finance Committee to discuss the financial situation of the company. The decision was made to have the sole remaining fishing vessel brought to Yap for assessment. The ship was then brought to port in Yap State.

After many discussions involving YIT, the active Board of Directors for DSI, the Executive and members of the Legislature, there was still some unanswered questions regarding the status of the company and the sole remaining ship.

On October 21, 2025, the Administration sent down a request for a leadership meeting, designated Gov. Comm. No. 11-467, and it was labeled “Information”. The transmittal included a performance review report for DSI, dated October 2024 and issued by individuals from the Pacific Islands Forum Fisheries Agency (FFA). The meeting was scheduled for October 23, 2025. Thereafter, on November 4, 2025, the Legislature received Gov. Comm. No. 11-479, which had a number of requests for funding under General Fund and IMF, including \$650,112 for DSI Insolvency and Interim Funding. This request became Bill No. 11-184 [see YSL No. 11-153, SCR No. 11-177]. Your Committee, to which this latest request was assigned, decided to hold the request for DSI pending more information and to clarify the plan for moving forward.

In January, the Legislature, through Speaker Figirlaarwon, requested for clarification on the DSI and a status update. On January 14, 2026, Governor Francis Itimai responded with a letter to the Speaker, and it was labeled Gov. Comm. No. 11-508, which was assigned to your Committee on Resources, Education and Development. Multiple meetings and discussion then took place with the Administration regarding DSI.

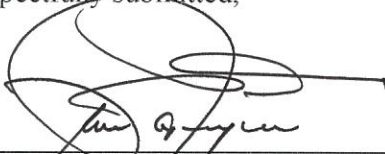
Recommendation and concerns:

Because of your Committee on Finance’s previous decision to separate, in Bill No. 11-184, the request from YIT to assist with Diving Seagull into a new bill, we have then researched into recommending approval of the current funds in the Secured Housing Loan program to fund this request. After assessing the status of those funds, we have determined that such a recommendation should not be made at this time.

Your Committee is aware of the urgency of funding the outstanding operational needs for the company and enabling payment of expenses for the DSI vessel, “MV Mathawmarfach” until the receivership process is completed. We urge the Administration, including YIT, that should this funding is finally approved, to take all necessary steps to ensure the funds are expended properly and as much as possible, be consistent with applicable law, as the full amount of this appropriation would be disbursed directly to YIT for DSI planned use. A copy of Gov. Comm. No. 11-529, which includes the specific line items, is in the bill file. The funds would not be able to fund DSI operation if it remains under the custody of the Director of OAS as DSI is technically a “private” entity. We have imposed a reporting date of July 9, 2026 on the status of funds and actual usage, and we reserve future rights to conduct an oversight on public funds if this appropriation is enacted. We have reviewed the presented budget breakdown for Diving Seagull, Inc., we are recommending the funding as requested, with the funds sourced from the General Fund.

Your Committee is in accord with the intent and purpose of Bill No. 11-200 and would recommend passage on First and Final reading in its original form.

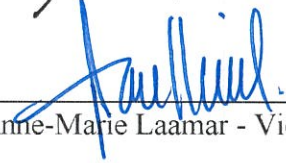
Respectfully submitted,



Pius Talimeisei - Chairman

2/25/26

Date



Anne-Marie Laamar - Vice Chairman

2/25/26

Date

Ted Rutun - Member

Date