



**COMMONWEALTH CASINO COMMISSION**  
Commonwealth of the Northern Mariana Islands  
P.O. Box 500237  
Saipan, MP 96950



**MINUTES**  
April 26-28, 2016

**I. PRELIMINARIES:**

- A. **Call To Order.** Chairman Juan M. Sablan called the meeting to order at 10:06 a.m. on April 26, 2016 at the Joeten-Kiyu Public Library's VTC Room, in Susupe, Saipan.
- B. **Roll Call.** Commissioners present at the meeting were: Juan M. Sablan (Chairman), Joseph C. Reyes (Vice Chairman), Justin S. Manglona (Secretary), Alvaro A. Santos (Treasurer) and Commissioner Martin DLG. San Nicolas (PA & MR Officer). Also present were the Executive Director ("Director"), Edward C. Deleon Guerrero, the Legal Counsel, Michael L. Ernest, Executive Secretary, Carmen Ann B. Sablan and CCC Division Managers and staff.
- C. **Adoption of Agenda.** Chairman Sablan moved to amend the agenda to discuss item E.1. under New Business item B right after the Executive Director's Report due to the urgency of the matter. Commissioner Reyes offered a motion to adopt the agenda as amended. Commissioner Santos seconded the motion. It was put to a vote and unanimously approved and adopted.
- D. **Adoption of Minutes.** February 19, 2016

**Commissioner Reyes moved for the adoption of the February 19, 2016 Minutes, seconded by Commissioner Manglona.**

Discussion: Vice Chairman Reyes requested an update from the Director in reference to page 2 of the minutes regarding the J.D. Edwards System. He wanted to know where we are with it and if we are capable of extracting information or whether we are prohibited from doing so. In addition to that, Vice Chairman Reyes requested for an update on the budget in reference to page 5. He also inquired whether the UNLV Gaming Institute has been fully paid. He cited page 8 paragraph 4, and asked if the definition of the word "AUTONOMOUS" has been clarified.

Vice Chairman Reyes wanted clarification on the terms in P.L. 18-56 and P.L. 19-24 with regards to a section on page 9 concerning the terms of service for Commissioners from four (4) years to six (6) years. The Director commented that pursuant to P.L. 18-56, all terms of service for Commissioners automatically began

on May 1, 2014 and not on the date that they were sworn in. Legal Counsel Mike Ernest concurred with the Director's statement.

**The motion to adopt the minutes of February 19, 2016 was put to a vote and was unanimously approved and adopted.**

## **II. REPORTS:**

### **A. Report by the Chairman**

The Chairman informed everyone that the Commission has been reviewing H.B. 19-20, a bill to transfer the licensing and regulatory functions of the Department of Finance in respect to poker, pachinko, and electronic gaming machines in the Third Senatorial District to the Commonwealth Casino Commission, and that the Commission is expected to submit a draft letter to the House of Representatives by Friday, April 28, 2016. Chairman Sablan felt that extracting or deleting certain provisions with regards to making the master vendor list available or accessible to the public, would make the Commission seem corrupted and would create more negative publicity. The Chairman said that according to Legal Counsel/AAG Mike Ernest, the AG is concerned about open meetings and discussions between Commissioners in informal meetings.

Chairman Sablan stated that the Commission's mission is for the passage of H.B. 19-20 which will put poker, pachinko and e-gaming under the Commission's umbrella. He said that the Commission wants to include some provisions in H.B. 19-20 that were previously unclear in P.L. 19-24 which resulted in the line item veto of certain sections of the statute. He recalled how the Commission was badly portrayed to the public the last time an amendment was made to the casino law.

Chairman Sablan emphasized that because the gaming industry is a privileged industry in the CNMI and in other jurisdictions, the people want to know more about gaming revenues and what is happening within the casino. He asked for suggestions on whether the Commission should submit an amendment to delete provisions in P.L. 19-24 that are considered confidential or restrict access to public disclosure.

Vice Chairman Reyes asked what information can and cannot be withheld from the public as of the passage of P.L. 19-24. Chairman Sablan stated that P.L. 19-24 is very specific on what can and cannot be subject to public disclosure. The Director explained that the language in P.L. 19-24 is somewhat vague. He said that whatever the licensee submits to the Commission could be subject to public disclosure. For example, whenever the licensee files documents at the Division of Revenue and Taxation, the law strictly prohibits DOF from releasing the information to the public due to its level of confidentiality and protection. However, P.L. 19-24 requires the licensee to submit copies of its BGRT documents to the Commission every end of the month. Once the Commission receives the copy of the licensee's tax documents, it becomes subject to public disclosure based on the Open Government Act.

The Director further explained that with regards to the licensee's master vendor list, P.L. 19-24 states a condition that vendors involved in gaming related business transactions can be subject to public disclosure. He said that there are some vendors on the master vendor list that are classified as consultants, but at present, the Commission cannot distinguish whether these consultants are consulting on gaming or non-gaming related issues because the Commission does not require the licensee to submit a copy of the contract between the vendors and the licensee as of yet. This is due to the license requirement that puts a monetary threshold of \$100,000 or more in a given year. The Director said that the Commission plans to seek clarifications from the licensee and to see the contracts between IPI and their consultants to determine which fall under P.L. 19-24 and are subject to public disclosure.

The Director stated that from a business standpoint even if the information is subject to public disclosure he believes that the amount should be excluded to avoid a "price war" or uproar at IPI and their vendors. He stated that the names of persons, companies, and services should be made public if gaming related.

Commissioner Santos expressed his frustrations over the Attorney General's Office (AGO) and the Open Government Act (OGA). He stated that he believes that Commissioners are more qualified to make decisions and policies that directly affect the Commission and casino-related matter than the AGO because they have been extensively trained in this topic. In his opinion, the AGO has neither experience nor training in the gaming industry.

Legal Counsel Mike Ernest explained to the Commission that the job of the AGO is to follow the law to the best of its ability. He believes H.B. 19-20 that is legal in all respects because it does not violate the Commonwealth or U.S. Constitution. Commissioner Manglona recommended that the Commission go ahead and submit the draft bill prepared by Counsel Ernest to the legislature and see if the legislature will seek the AG's opinion again.

Commissioner Santos stated for the record that his earlier frustrations and criticisms were not directed at Counsel Ernest, but at the AGO. He agreed with Commissioner Manglona that Counsel Ernest is the most trained attorney in the CNMI in regards to the gaming industry. Commissioner Santos said that although Mike is an Assistant Attorney General, when he is at the Commission, he is the Commission's attorney. Chairman Sablan acknowledged the consensus to move forward with the draft bill, and asked Counsel Ernest to go ahead with the letter and submit it to the legislature within the week. He thanked everyone for their comments.

Chairman Sablan shared his desire to establish different committees for the Commission: Executive Committee, Audit Committee, Budget Review Committee, Disciplinary Committee, Legal and Regulatory Committee, IPI Advisory Committee and Technology Committee. He suggested having the CCC staffs participate by joining a committee in preparation of the opening of the Grand Mariana which is fast

approaching. The Chairman said that in time he will appoint a Chairman for each committee. Vice Chairman Reyes suggested that the Chairman add a Legislative Committee to the list.

**B. Report by the Executive Director.**

**1) Salary Cap Exemption Approval from Governor's Office:**

The Director informed the Commission that Mr. Charlie Ogo Atalig from San Diego, California was selected for the Audit Manager position as of the last job vacancy announcement. He stated that the Commission held on to Mr. Atalig's employment contract until the Acting Governor signed the waiver to exempt the salary cap restriction which he did on April 21, 2016. Mr. Atalig's employment contract is currently being processed and he is scheduled to start work on May 29, 2016.

**2) Implementation of Overtime and Holiday Pay effective Pay Period #10:**

The Director informed the Commission that beginning Pay Period #10 which started on April 17, 2016, the Commission has decided to stop the accumulation of compensatory time (comp-time) hours and implement the over-time pay for CCC employees who are "covered" and have worked more than forty (40) hours per week. Additionally, CCC employees scheduled to work on holidays qualify for holiday pay as well. The Director stated that comp-time will remain applicable for "exempted" employees who do not qualify for over-time pay which is in compliance with the Office of Personnel Management (OPM) rules and regulations.

Commissioner Santos inquired whether the Commission has sufficient funds to cover the additional costs for employee salaries, and the Director responded that there are sufficient funds available. The Director emphasized that all over-time will require prior approval.

**3) Patron Dispute No. 16-001: JR Jacinto v. Best Sunshine Live:**

The Director informed the Commission of its first dispute resolution, Patron Dispute No. 16-001: JR Jacinto v. Best Sunshine Live. He explained that a player claimed to be cheated upon by Best Sunshine on their poker games. The CCC investigators were sent to look into the claim which took several months and the investigation results supported the patron's dispute as the findings resulted in his favor. The Director informed the Commission that he issued an order to Best Sunshine to re-visit the cameras and make a determination in favor of the player. He further stated that the actual amount being claimed is approximately One Hundred Dollars (\$100.00).

The Director said that the Commission gave Best Sunshine an avenue to appeal if

they decide that the Commission is in error. He said that the Commission's judgment was based on one of Best Sunshine's senior officers Mr. Danny Ewing, Vice President for Table Games. Mr. Ewing concluded that the player was correct and Best Sunshine was incorrect in the final ruling. The Director emphasized that the CCC's determination was based on the rules of the game, investigator's report, the viewing of the surveillance tapes, and the opinion of the most senior employee on table games within Imperial Pacific International (CNMI), LLC.

The Director stated that the order stipulates that Best Sunshine must pay the patron \$100 on or before May 20, 2016.

**4) Office Renovation—Springs Plaza Unit 14B & 14F:**

The Director updated the Commission on the renovations at the CCC office located at the Springs Plaza. He said that the partitions in the Commissioners' offices have gone up and is almost completed. He mentioned that the doors were delivered yesterday, and that the Commission will be able to open both offices by next week. The Director said that the Commission would have to put out another Invitation to Bid (ITB) for the Commissioners' and other staff's furniture.

**5) CCC Office Computers & Equipment Resources as per ITB16-CCC-088:**

The Director informed the Commission that ITB has been completed and closed on April 12, 2016 for all the computers, all operational resources including the fingerprint machines, and office equipment. He said that the CCC management team assisted Mr. Ian Morrell in identifying all of the Commission's equipment needs. The Director said that the Commission has purchased most of the equipment that it will need for the next year or so. The Commission wants to make sure that all staffs that need access to computers will get one. He said that four (4) vendors submitted bids:

- CM Marketing Solutions: \$174,519.65
- Megabyte: \$183,217.96
- Marianas Outsource: \$185,876.71
- Saipan Computer Services: \$187,370.00

**NOTE:** The Commission has decided to accept the bid from CM Marketing Solutions as their bid met our needs and requirements and they offered the lowest prices as well. The computers and office equipment will be delivered on or before June 10, 2016.

**6) Permit and Licensing**

The Director explained to the Commission that the Permit and Licensing (P&L) section originally created their database using the Microsoft Excel program, but because of the large volume of information the P&L section has been receiving

from the licensee, it was decided that all information be transferred to a newer and better database system called Access. He shared that for the past two (2) weeks, the P&L staff have been converting all of the information on the CCC database to Access.

The P&L staffs have also been scanning all of the documents so that they can be electronically saved in the system. Additionally, everything being saved on the system will be backed up on an off-site system in case something happens with any information in our office. The P&L section has been documenting all the applications, photos, and immigration statuses. The Director recognized Ms. Velma Apatang-Lore, Mr. Ian Morrell, and the P&L staff for their hard work and effort these past couple of weeks.

**7) Fiscal Year 2017**

The Director informed the Commission that the Budget Request for Fiscal Year 2017 which was previously approved was sent out two (2) weeks ago to the legislature. He stated that the Commission should expect some kind of communication from both the House and the Senate.

**8) J.D. Edwards System**

The Commission recently hired Ms. Vera Pangelinan as the new CCC Accountant. The Director said that he asked the Department of Finance to train and grant Ms. Pangelinan access to the J.D. Edwards System, and so she was. Ms. Pangelinan now has the capability to monitor all of the Commission's accounts through the J.D. Edwards System; she has been assigned to do some procurement work as well since Ms. Ruth Ann Sakisat has been off-island.

**9) Office Cleaning**

The Director informed the Commission that an ITB for Office Cleaning Services and the Scope of Work have been submitted to Procurement & Supply. The Commission anticipates signing a contract with whoever submits the best bid to provide professional cleaning services for the CCC office. The Director stated that whoever is selected must sign the CCC Confidentiality Agreement, and that all CCC staffs remove confidential documents from their desks before leaving for the day. He further stated that staffs that have access to locked file cabinets should always lock confidential information at all times.

**10) Vehicle Purchase**

The Director informed the Commission that only Joeten Motors responded to the ITB to lease a vehicle for the Division of Enforcement and Investigations, but later the Commission was informed that Joeten Motors will not be able to honor their bid. It happened that all six (6) vehicles they had were purchased by another

government agency at the same time. The Director stated that Chairman Sablan suggested that another ITB for a vehicle be made for the purpose of purchase and not lease. The new request for ITB to purchase a vehicle is currently at Procurement & Supply and that the Commission will soon be seeing the announcement in the newspaper.

**11) Casino Regulations**

The Director stated that the Commission is currently operating under the 120-day Emergency Adoption, and has just obtained the translations in Chamorro and Carolinian to be submitted for public comment. The Commission will be attaching the Licensee Agreement to the regulations to be a part of what will be announced in the Commonwealth Register. All these documents are being packaged and should be ready to be sent out by April 27, 2016, before the publication deadline of April 28, 2016.

**12) Uniforms**

The Director informed the Commission that the initial purchase of the CCC uniforms has been completed. He said he is putting together a memo to describe what the uniforms are, what they should look like, and that they are the property of the CCC. He further stated that upon separation from the CCC, no matter how old or deteriorated these uniforms may be, they must be returned to the Commission.

**13) International Association of Gaming Regulators (IAGR)**

The Director said that in his opinion, most legitimate gaming jurisdiction are members of this association. He informed the Commission that it is a corporate member of the IAGR. He believes that in the next few weeks the Commission will begin to understand some of the substantive significance of joining this organization especially in terms of training access, including the G2E. He told the Commissioners that they are all jurisdictional members of the IAGR and that they will be receiving e-mails directly from the IAGR.

The Director stated that the Department of Finance has been having some difficulty sending the Commission's annual membership payment of Nine hundred Dollars (\$900.00) via wire transfer to the IAGR. The Commission's membership will expire on June 30, 2017.

**14) Public Safety Awareness Month**

The Director introduced Senior Special Agent JB Cepeda, CCC representative for the Law Enforcement Committee, to update the Commission on the planned activities for the CNMI Public Safety Awareness Month. Agent Cepeda informed the Commission that the planned activities are in celebration of the Governor's Proclamation of the Annual National Law Enforcement Week which will run from

May 15-21, 2016 to promote public awareness and public relationship with the community. However, different fun filled activities will be scheduled throughout the month of May. This time will also be used to recognize, honor, and appreciate the men and women of the numerous law enforcement agencies worldwide, he added. He stated that the two-month event will include waving, fundraisers, tournaments and sports activities. The proceeds of the fundraisers will go to paying for the banquet at the end of the celebration. A Family Fun Day will be celebrated on the last day scheduled for May 29, 2016.

Some activities include the Jail House Lockdown, Softball, Fishing Derby, Golf Tournament, Bowling, Table Tennis, Cock Derby, and Volleyball. The Director informed the Commission that the CCC staff have signed up for Softball and Bowling. He also thanked Agent Cepeda for representing the Commission in the Law Enforcement planning committee.

**Vice Chairman Reyes made a motion to amend the Agenda to move up item B. Casino Key Employees under V. NEW BUSINESS and was seconded by Commissioner Manglona. It was put to a vote and unanimously approved.**

The Director shared that the Commission currently has 24 listed Casino Key Employees (CKE) whose applications are pending with the Commission. He stated that eight (8) of those applications have completed the application review and interview with Mr. Edward "Chief" Cabrera, Division of Enforcement and Investigations (DEI) Manager. The Director invited Chief Cabrera to elaborate for the Commission.

Chief Cabrera informed the Commission that the DEI team conducted preliminary due diligence and suitability investigations on the following individuals:

1. Mr. Raymond Alphro Bell, Vice President of VIP Operations
2. Mr. Richard Jin Wei Chan, Chief Financial Officer
3. Mr. Ka Hou Cheang, Senior Vice President of Electronic Gaming
4. Mr. Ieng Kun Ho, Senior Vice President of Table Games
5. Mr. Yiu Ling Kwong, Chief Operating Officer
6. Ms. Iok Lan Ng, Vice President of Gaming Projects and Administration
7. Mr. Eric Kam Hon Wan, Vice President of VIP Operations
8. Mr. Chia Teck Chew, Assistant President of Surveillance-Technology

Chief Cabrera stated that based on the results and findings of the due diligence and suitability investigations conducted by the Division of Enforcement and Investigations on each of the above mentioned individuals, it is his recommendation to the Commission that they be granted Provisional Casino Key Employee Licenses.

The Director elaborated that after the issuance of the provisional license, the Commission will continue its due diligence process and investigations prior to the issuance of the regular license; should any of the above individuals be found to be unsuitable during the suitability vetting process, the Commission will revoke their



licenses.

**Vice Chairman Reyes made a motion to approve all eight (8) above listed individuals' applications for Provisional Casino Key Employee Licenses and was seconded by Commissioner Santos. It was put to a vote and was unanimously approved.**

### **III. PUBLIC COMMENTS:**

- Chairman Sablan asked Ms. Angela Hardesty, Vice President of Compliance for IPI, if she is informing CKEs about the September 30, 2016 expiration of the Provisional Licenses and the requirement for submission of part II of the CKE application, and she replied that she has already sent out three (3) notices to remind the affected CKEs. The Director said that the Commission will be sending out a letter to IPI that the deadline for submission of all application requirements will be the end of May if they want to extend their licenses.
- Chairman Sablan referred to the last Commission Meeting on April 5, 2016 where Mr. Mark Brown, President and CEO of IPI, was present in which a concern was brought up to the Commission that some sensitive matters were discussed on the PUBLIC COMMENTS section of the Agenda. He stated that the Commission was unaware that the information requested and the subject matter discussed was of a confidential nature. He asked Ms. Hardesty to express to Mr. Brown the Commission's dismay in being blamed for allowing critical or confidential information to be discussed at a public forum because he should have known full well that the Commission must abide by the Open Government Act (OGA). The Director told Ms. Hardesty that for future purposes, if IPI representatives want to discuss sensitive issues at a Commission Meeting, they should bring it to the Commission's attention beforehand so that it could be discussed in EXECUTIVE SESSION. Chairman Sablan told Ms. Hardesty that the Commission is cooperating in any way it can to make sure that the licensee's proprietary information are protected from the public while maintaining compliance with OGA.
- Chairman Sablan recognized Ms. Eileen Babauta, Resident Employment Manager at IPI to discuss the IPI Internship Program (IPI-IP) for the Public School System (PSS). Ms. Babauta stated that IPI wants to be able to provide some type of outreach to recruit and train local residents. She believes that if IPI introduces the industry at the high school level there will be a bigger opportunity to employ more local residents upon graduation. She elaborated that the program will facilitate only positions that do not require a gaming license. She said that it is IPI's hope that the Commission includes the IPI-IP in the regulations so that they can begin recruiting students interested in participating in the program.

Chairman Sablan inquired for correspondences between IPI and PSS and the Northern Marianas Trades Institute (NMTI) for the Commission's review because

he feels that all these institutions should be working together to provide these services to the community. Ms. Babauta informed the Commission that she had already sent an e-mail to PSS, but has not received a response as of yet. She also stated that she plans to follow-up with PSS to see whether it is plausible for IPI to provide the internship program. She said that IPI should be able to get a response from PSS before the end of the week.

Chairman Sablan suggested that Ms. Babauta and her team at IPI extend the internship program to include the islands of Rota and Tinian because the Commonwealth Casino Commission has representatives from both islands namely Commissioner Manglona (Rota) and Commissioner San Nicolas (Tinian).

The Director explained to the Commission that in order for the Commission to entertain the IPI-IP, the request must come from PSS and NMTI. He stated that the request should come from these two (2) educational entities so that the Commission could recognize them as institutions whose interest can be sanctioned by the Commission. He said that there is a concern about students below 18 years of age being exposed to any type of gaming or casino training because they are not allowed to be participating in casino related activities. He said that the Commission is interested to know what type of non-gaming positions the IPI-IP will provide training on.

The Chairman recognized Mr. Paul Zak from the gallery. Mr. Zak asked Ms. Babauta who will be responsible for transporting these high school students to the jobsite as he said that transportation will be a big issue if and when the IPI-IP begins. Ms. Babauta replied that because of liability issues, IPI may not be able to provide transportation services for the program participants.

Mr. Zak inquired about the number of hours of training that these high school students will need to complete the IPI-IP, and Ms. Babauta replied that approximately 240 hours over the span of three (3) months would most likely be the target amount of hours.

Legal Counsel Mike Ernest requested that Ms. Babauta prepare and present the Commission with a complete plan at a later date so that every aspect of the IPI-IP could be reviewed thoroughly. He said that it is very difficult for the Commission to provide any sort of guidance when there are possibly over twenty (20) valid questions regarding the IPI-IP that have not been addressed such as where the training will take place, will it be handicap accessible, who will be responsible for providing transportation, who will be supervising the students etc.

Ms. Hardesty informed the Commission that Ms. Babauta is only here to let the Commission know what the IPI-IP is all about. Ms. Bertha Leon Guerrero, Vice President of Human Resources at IPI, explained to the Commission that PSS currently has an existing program called the Cooperative Education Program (CEP), and that the IPI-IP would basically be an addition to the CEP.

- Chairman Sablan asked Ms. Leon Guerrero to explain to the Commission about the IPI Drug Free Workplace Policy (IPI-DFWP). Ms. Leon Guerrero shared with the Commission that the IPI-DFWP has been approved by the upper management team of IPI. She said that the idea for the IPI-DFWP has been through many serious discussions since 2014 and that she is pleased that it has been completed and presented to the Commission. She further explained that the policy will occasionally be revised and updated. Vice Chairman Reyes asked for clarification as to whether the IPI-DFWP is in compliance with both federal and state laws, and Ms. Leon Guerrero assured the Commission that it is.

Ms. Leon Guerrero informed the Commission that she has requested guidance from IPI's Legal Department as to the number of days needed to give notice to current IPI employees about the random drug testing. She assured the Commission that she will follow-up with Ms. Kelly Butcher, Vice President of Legal for IPI. She informed the Commission that IPI's new employment application now comes with a cover sheet that states that all applicants must provide an updated police clearance and pass a pre-employment drug test prior to being considered for employment at IPI.

Vice Chairman Reyes commended Ms. Leon Guerrero and her HR team for completing the IPI-DFWP. The Director inquired whether IPI will provide rehabilitation treatment and counseling to current employees who voluntarily admit to using drugs, and Ms. Leon Guerrero replied that IPI will abide by whatever statute that is in place under this circumstance. The Director said that under the current regulations, the Commission must revoke the license of any IPI employee who uses drugs.

The Chairman suggested that if a current IPI employee admits to using a controlled substance and admits to being a drug user, and IPI takes his situation into consideration and offers that employee treatment and counseling, then IPI should also remove that employee from any gaming related position and be re-assigned to a non-gaming related position until that employee has completed the rehabilitation program. Ms. Leon Guerrero said that IPI will not do anything that will compromise its license and will process each employee's disposition on a case-by-case basis. The Director suggested that IPI include a clause in their employee handbook that states, "If an employee fails the drug test, his/her license may be brought up for further review or revocation by the Commission."

#### **IV. OLD BUSINESS:**

##### **A. G2E Expo/Conference and Meetings with Regulators in Asia**

The Director informed the Commission that the May calendar has been provided to all the Commissioners and that more information on the hotel/lodging will be forthcoming.

**B. IPI Internship Program *(Discussed in Public Comments)***

**C. IPI Drug Free Workplace Policy *(Discussed in Public Comments)***

**V. NEW BUSINESS:**

**A. Election of Officers:**

**Commissioner Manglona made a motion to keep all the officers as is and was seconded by Vice Chairman Reyes. It was put to a vote and was unanimously approved.**

(1) Chairman: Juan M. Sablan

(2) Vice Chairman: Joseph C. Reyes

(3) Secretary: Justin S. Manglona

(4) Treasurer: Alvaro A. Santos

(5) Public Affairs & Media Relations Officer: Martin DLG. San Nicolas

**At 12:24 P.M., Vice Chairman Reyes made a motion to go on recess until 1:50 P.M. and was seconded by Commissioner Santos. It was put to a vote and was unanimously approved.**

**Commissioner Manglona moved to reconvene the meeting and was seconded by Commissioner Santos. It was put to a vote and was unanimously approved. Chairman Sablan called the meeting back to order at 2:10 P.M.**

**B. Casino Key Employees – Provisional Licenses: 1) R.A. Bell, 2) R.J. Chan, 3) K.H. Cheang, 4) L.K. Ho, 5) Y.L. Kwong, 6) I.L. Ng, 7) E.Wan, and 8) C.T. Chew *(Discussed after Executive Director's Report)***

**C. Casino Vendor License: YWA Human Resource, CNMI Corporation *(Deferred)***

**D. Meeting with the Rating Agencies *(Discussed in Executive Session)***

**E. Review of IPI Financial Reports *(Discussed in Executive Session)***

**VI. EXECUTIVE SESSION:**

Prior to entertaining a motion to enter into executive session, Chairman Sablan welcomed the representatives from Fitch, a credit rating agency. Representative #1 addressed the Commission stating the reasons for wanting an audience with the Commission. He said that his company wants to better understand IPI's operations in Saipan such as their business and financial performances. He informed the Commission

that the relationship between his company and the entity that they rate is governed by a Confidentiality Agreement. He said that the inquiries that would be made today will be of a very private matter due to its financial aspects. He also stated that his company wishes to further understand the licensee's agreement with the CNMI government and the progress or rate in which the licensee is fulfilling the terms or requirements of that agreement. Representative #1 informed the Commission that his company would like to understand the future development of the casino industry in Saipan. Commissioner Manglona asked whether the representatives from Fitch have paid a courtesy visit to the Governor's Office or the Legislature, and Mr. Mark Brown, President and CEO of IPI, replied that they have not.

Legal Counsel Mike Ernest made a recommendation that the Commission allow Representative #1 to ask his general questions publicly and save the financial and confidential questions to be discussed in Executive Session. Mr. Alan Chan, Counsel for IPI Holdings Limited, explained to the Commission that in his opinion, it would be better to have less restraint when the rating agencies' representatives present their questions to the Commission and requested that the Commission entertain the rating agencies in Executive Session. Ms. Elizabeth Viola Alepuyo, Senior Vice President for IPI shared Mr. Chan's sentiments and added that because some of the matters to be discussed pertain to the Stock Market and are protected by the Stock Exchange Rules, discussions should take place in Executive Session.

**Commissioner Santos made a motion to enter Executive Session, seconded by Commissioner Manglona to discuss confidential financial matters of IPI. It was put to a roll call vote: Commissioner San Nicolas: YES; Commissioner Santos: YES; Commissioner Manglona: YES; Chairman Sablan: YES; Vice Chairman Reyes: ABSTAINED (Excused). 4 Yes Votes and 1 Abstained. The Commission entered Executive Session at 2:50 P.M to meet with the rating agency.**

**Commissioner Manglona moved to get out of Executive Session and was seconded by Commissioner Santos. It was put to a vote and was unanimously approved at 3:45 P.M.**

**The Chairman provided a brief summary of the results of the Executive Session noting that the Commission has unanimously decided to excuse Legal Counsels from subsequent meetings with the rating agencies which were scheduled for April 27 and 28, 2016 from 2:00 PM to 3:00 PM.**

**Commissioner Santos moved to on go recess until Wednesday, April 27, 2016, at 1:30 P.M., and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.**

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**April 27, 2016, Wednesday- 1:30 P.M.**

**Roll Call.** Commissioners present at the meeting were: Juan M. Sablan (Chairman), Joseph C. Reyes (Vice Chairman), Justin S. Manglona (Secretary), Alvaro A. Santos (Treasurer) and Commissioner Martin DLG. San Nicolas (PA & MR Officer). Also present were the Executive Director (“Director”), Edward C. Deleon Guerrero and Executive Secretary, Carmen Ann B. Sablan.

**Commissioner Manglona made a motion to defer under item V. New Business - C. Casino Vendor License: YWA Human Resource, CNMI Corporation until the next scheduled Commission Meeting and was seconded by Vice Chairman Reyes. It was put to a vote and was unanimously approved.**

**Commissioner Manglona made a motion to move into Executive Session, seconded by Commissioner Santos to discuss confidential financial information of IPI. It was put to a roll call vote: Commissioner San Nicolas: YES; Commissioner Santos: YES; Commissioner Manglona: YES; Vice Chairman Reyes: YES; and Chairman Sablan: YES; With five (5) “Yes” Votes, the Commission entered into Executive Session at 1:35 P.M.**

**The Commission met with a rating agency during executive session.**

**Vice Chairman Reyes made a motion to get out of Executive Session at 4:30 P.M. and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.**

**At 4:35 P.M., Vice Chairman Reyes moved for a recess until 1:30 P.M. tomorrow, Thursday, April 28, 2016 and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.**

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**April 28, 2016, Thursday- 1:40 P.M.**

**Roll Call.** Commissioners present at the meeting were: Juan M. Sablan (Chairman), Joseph C. Reyes (Vice Chairman), Justin S. Manglona (Secretary), Alvaro A. Santos (Treasurer) and Commissioner Martin DLG. San Nicolas (PA & MR Officer). Also present were the Executive Director (“Director”), Edward C. Deleon Guerrero and Executive Secretary, Carmen Ann B. Sablan.

**Commissioner Manglona made a motion to discuss Miscellaneous Matters and was seconded by Vice Chairman Reyes. It was put to a vote and was unanimously approved.**

## **VII. MISCELLANEOUS MATTERS:**

### **Future CCC Office Space at the Grand Mariana Hotel and Resort**

Chairman Sablan informed the Commission that IPI is giving the Commission two (2) options for the new CCC office space that will be located within the Grand Mariana: Option A and Option B. Commissioner Manglona stated that after reviewing both options, he is inclined towards Option B as he feels it can better accommodate the needs of the CCC and staffs. He requested that the licensee add more monitors and make sure that more cameras are in place for better security. The Director said that the Commission should have been given a third option. He said that he would like to run all options by Mr. Dennis Amerine for his professional input. IPI is reserving 1,030 ft.<sup>2</sup> of space for the new CCC office. The Director said that IPI should make toilet facilities more accessible to the CCC office. He agreed that more monitors should be added, but as for more cameras, he informed the Commission that IPI has over 2,000 cameras already planned. The Director informed the Commission that he feels that discussing the new CCC office at this time is rather premature. He said that he and Chief Cabrera have had discussions about using the new CCC office for both the Division of Audit and the Division of Enforcement and Investigation on a 24-hour basis. He said that even the Division of Compliance should have a place to work at the new CCC office. He further stated that he feels that the licensee should consider adding shower facilities for CCC staff who are detailed to work at the new office, particularly during inclement weather or typhoon when the casino remains open for business.

Chief Cabrera informed the Commission that the allotted space for the CCC office might not be enough to include a supervisor's office and he requested that IPI consider adding more square footage to their plans. Chief Cabrera suggested that the Commission discuss this issue when they meet with IPI officials next month in Macau. Commissioner Santos agreed with Chief Cabrera and added that he would like to speak with other regulators from different jurisdictions and to listen to their staff share their experiences so that the Commission will be better informed when addressing IPI representatives about this issue.

### **DPAC**

Vice Chairman Reyes expressed his frustrations at the fact that the Commission still does not have a point of contact for the construction of the Grand Mariana. He said that the government should expedite establishment of DPAC so that the Commission would have updated progress reports and a better line of communication should questions arise in the future. He said the Commission should always be informed before IPI gets penalized for violating other government entities (referring to recent BECQ citation of \$100k). He said that better communication means less confusion.

The Director informed the Commission that the DPAC deadline for proposals is scheduled for May 2, 2016. He said that the Commission, Public Works, BECQ, Public Land, and other government officials are taking part in the on-going review process of

all the phases of the licensee as required by the casino license agreement.

### **Remote Satellite Surveillance**

The Director informed the Commission that having remote (satellite) surveillance capability is very possible to implement once the Grand Mariana is up and running. He said that this issue was discussed at the World Gaming Protection Conference last year. He further stated that a main concern was the vulnerability of being hacked as this type of surveillance requires the internet and is accessible online. Experts cautioned about remote satellite surveillance; if hacked, whoever has access will be able to coordinate possible robberies or other criminal activities. The Director further stated that the presenters at the conference warned that no matter how many firewalls are in place to protect and secure information on the World Wide Web, there will always be someone with a key.

### **CCC Staff Identified Criminal**

The Director informed the Commission that it was one of the CCC's staff, Mr. Garren Quitugua, Senior Enforcement Agent, who assisted in identifying the Chinese national involved in the recent skimming of bank accounts that affected many people. He further stated that the CCC DEI immediately called and reported the individual to the FBI.

Chief Cabrera explained that Mr. Quitugua recognized the male Chinese national on Facebook (social media). After giving the FBI this information, the CCC was informed that the reported individual was already interviewed by the FBI, and was found not to be involved. The FBI gave the DEI staff four (4) photographs taken from the ATMs in which the DEI was able to run through the CCC cameras and was successful in providing the full name, passport copy and other crucial information to the FBI which lead to this individual's arrest. The CCC was able to provide the FBI with copies of video footage that covered every second these Chinese nationals were inside the casino.

**Vice Chairman Reyes made a motion to move into Executive Session, seconded by Commissioner Manglona to discuss confidential financial information of IPI. It was put to a roll call vote: Commissioner San Nicolas: YES; Commissioner Santos: YES; Commissioner Manglona: YES; Vice Chairman Reyes: YES; and Chairman Sablan: YES; With five (5) "Yes" Votes, the Commission entered Executive Session at 2:13 P.M.**

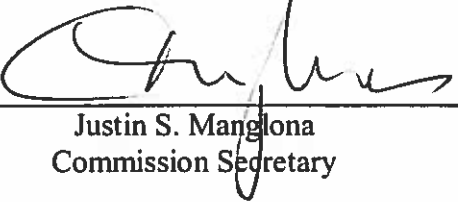
**Commissioner Santos made a motion to get out of Executive Session at 4:00 P.M. and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.**



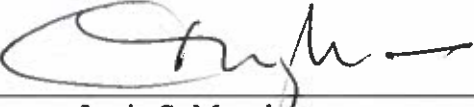
**VIII. ADJOURNMENT:**

**Commissioner Manglona moved to adjourn, seconded by Commissioner Santos. It was put to a vote and unanimously approved. The meeting was adjourned at 4:17 P.M. on, April 28, 2016.**

Prepared by:  Date: 7/11/16  
Carmen Ann B. Sablan  
Executive Secretary

Concurred by:  Date: 7/11/16  
Justin S. Manglona  
Commission Secretary

APPROVED AND ADOPTED ON: 14<sup>th</sup> day of July, 2016.

 Date: 7/14/16  
Justin S. Manglona  
Commission Secretary