



COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands
P.O. Box 500237
Saipan, MP 96950



MINUTES

December 20, 2016

I. PRELIMINARIES:

A. Call to Order.

Chairman Juan M. Sablan welcomed IPI representatives and members of the public, and called the meeting to order at 10:11 A.M. on Tuesday, December 20, 2016, at the Joeten-Kiyu Public Library (Technology 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 Martin DLG. San Nicolas (PA & MR Officer). Also present were the Executive Director ("Director"), Edward C. Deleon Guerrero, the Executive Assistant to the Commission, Ruth Ann P. Sakisat, the Legal Counsel, Michael L. Ernest and the Executive Secretary Carmen Ann B. Sablan.

C. Adoption of Agenda.

Commissioner Manglona offered a motion to adopt the agenda as amended by moving Items A. Approval of Security & Surveillance Plans - Imperial Pacific Resort (Grand Mariana) and B. Approval of Security & Surveillance Plans - Remote Test-Beds (San Antonio Village) under Section V. New Business to be discussed under Section VII. Executive Session. The motion was seconded by Vice Chairman Reyes, and was put to a vote and was unanimously approved.

D. Adoption of the Minutes. November 22-23, 2016

Vice Chairman Reyes made a motion to adopt the Minutes of November 22-23, 2016, and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.

II. REPORTS

A. Report by the Chairman

Chairman Sablan reported that he met with several officials from the U.S. Government Accounting Office (USGAO) and the Department of Commerce last week to discuss the CNMI's need and demand for contract workers (CWs) especially after the completion of the Imperial Pacific Resort (Grand Mariana). The Chairman said that these officials commended the Commission's presence at the meeting as regulators for the new casino industry. These government officials will use their collected information and recommendations to form a single consolidated report which will be submitted to the U.S. Congress for review and consideration in increasing the CW cap and other changes in labor laws for the CNMI. The Chairman explained that these officials were sent by members of U.S. Congress to get firsthand information regarding the demand of CWs in the CNMI; they visited the islands of Rota and Tinian, as well as, met with members of the CNMI business community through the Saipan Chamber of Commerce.

Chairman Sablan informed the Commission that he also met with some IPI officials headed by former judge Eugene Sullivan who came to Saipan to gather information about the claims and allegations in the Bloomberg article with regards to IPI's revenue compared to casinos in Macau. The IPI group also met with the Governor and other CNMI officials. The Chairman said that the Commission is not aware of any potential lawsuits that the licensee might file against Bloomberg and its editors.

The Chairman informed the Commission that he and other members of the Commission's Enforcement and Investigations Division met with members of the Department of Commerce to provide Mr. Mark Rabauliman and his staff a basic overview of the daily operations on the casino floor. He said that he and the Director will maintain an open line of communication with the Department of Commerce so that should either government entity need assistance from the other, there will be full cooperation and collaboration to achieve maximum efficiency.

Legal Counsel Michael Ernest informed the Commission that the group were taken to VIP rooms on the casino floor as well as to the CCC Surveillance Room. He said that the Commission wanted to show the group that the Commission is able to see all activities of the casino, and that there will never be a need to bust into doors at the casino. He said that the Commission informed the group that it is capable of accessing video footage from days, weeks, and even months back should they need to review something for any past or ongoing investigations.

Counsel informed the Commission that they even counted all the money on one VIP table to show the group just how much money was at play. The Director informed the Commission that he is preparing a Memorandum of Understanding (MoU) between the Commission and the Department of Commerce, the Department of Public Safety, the Department of Customs and all other local and federal enforcement agencies so that each government entity can move on with their respective regulatory duties without having to stumble on another agency's toes. He said that the Commission is looking forward to working with all government agencies with regards to IPI and the casino.

Chairman Sablan suggested that legal counsel look into making an amendment or a new bill to restrict or limit other government enforcement agencies' access to the casino without consulting with the Commission whereby the Director said that he feels that the MoU would be sufficient since the Commission is a part of the same government.

B. Report by the Executive Director

1. Upcoming Training - The Director informed the Commission that he received a letter via e-mail from the Attorney General Edward Manibusan which basically made a reference that he and the U.S. Attorney are contemplating providing a training for all law enforcement agencies including CCC and representatives from the islands of Rota and Tinian on gaming and casino related topics. The AG is hoping that the U.S. Attorney's Office will be able to shoulder all the expenses for this three-day training to be conducted preferably sometime between January 5-31, 2017.

2. Ongoing Training - The Director informed the Commission that currently, IPI uses the Bally system, and are now transferring to IGT which is the casino case management system that will be used in the new casino facility. IGT representatives have been conducting an ongoing training which is anticipated to last at least a week or so. The Director reported that the Commission has sent most of its key staffs to undergo this training at the fourth floor of the Bank of Guam building so that the Commission can have a better understanding case management of the new IGT system.

3. Test-Beds - The Director informed the Commission that IPI has leased the former UIC garment factory located in San Antonio. There are two large buildings on the property that used to be employee barracks that have been converted to receive all of the gaming equipment and accessories including the huge servers and about 365 slot machines. He explained that once a container arrives on Saipan, IPI will assemble the machines at the test-beds, connect, run and test them with the IGT case management system, work with GLI to make sure that each machine meets the required certification before being taken down, bubble-wrapped, and sent to the new casino facility once it is ready. The Director said that IGT will be present at the training and test-bed sites. He said that he wants to expose some of the Commission's employees who might have access to using the system, and informed the Commission that it will have remote monitors within the CCC office that that will be directly linked to the IGT case management system.

4. Casino Vendors - The Director informed the Commission that it came across a company applying for a Provisional Casino Vendor License with multiple DBAs. He explained that the Commission will base itself on the employer identification number. He said that each employer identification number will be the vendor, and that vendor may have numerous DBAs, so rather than looking at the DBAs and watching whether or not one particular DBA has transacted more than \$100,000.00, the Commission will instead look at the employer. Once the employer reaches the \$100,000.00 threshold, then that employer will be subject to the license, and if there are numerous DBAs, the

Commission will just include those DBAs under the same license. The Director informed the Commission that this was the case with Triple J Saipan, Inc. and Triple J Rental (Micronesia), Inc. He said the Commission believes that this approach really makes practical sense.

5. Angel Playing Cards USA, Inc. - The Director informed the Commission that IPI is moving from one playing card manufacturer over to Angel Playing Cards USA, Inc., and that currently, the Commission has some staff in Japan looking into the Angel Playing Card manufacturer. The CCC staff in Japan have been instructed to look into the CCC Regulations and Minimum Internal Control Standards (MICS) to make sure the card design and card security features meet all the necessary requirements. The Director said that the Commission is serious in building up its local internal capacity to actually regulate the gaming industry on Saipan so that the Commission has its own ability to understand and properly regulate without having to rely on outside consultants.

6. Office Space - The Director informed the Commission that its current rental agreement with Springs Plaza will expire on March 2017. He said that the Commission is still in discussions with the Department of Public Lands (DPL) regarding the land located in Capitol Hill. DPL has asked that the Commission adopt a funding source as there is a concern about the issuance of public land and then a lack of funds to develop that property. The Director informed the Commission that he recently spoke with the Secretary of DPL, and was assured that there will be no problem in acquiring the land in Capitol Hill adjacent to the Retirement Fund building. He said that he does not know if the Commission will get the entire 20,000 m², but he was assured that the Commission will get the land it needs to build its office.

7. Budget - The Director informed the Commission that currently, November 2016 has been the Commission's least expensive month as it only spent \$170,000.00 for the whole month. He said that the Commission still has around \$4.2M in funds with all four accounts combined, and reminded the Commission that additional funding will be available by October 2017.

8. Personnel - The Director informed the Commission that it has announced five positions in the Saipan Tribune which will be printed three times: 1st came out on December 16th; 2nd will run on December 23rd; and 3rd will be printed on December 28th. The positions being announced are: Enforcement Agent II, Inspector I, Compliance Agent, Technical Compliance Specialist, and Administrative Officer (Procurement). The Commission will know the results by early January 2017.

9. CCC Christmas Party - The Director announce that this Thursday, December 22, 2017, is the Commission's Christmas Party which will be held at the Pacific Islands Club in San Antonio at the Charlie's Cabaret from 6-10 P.M. He informed the Commission that each CCC staff is paying for their own expenses. He encouraged all CCC staff to join in the celebration of the holidays, and reminded all employees who have not made their payments to please do so.

10. Annual Report - The Director informed the Commission that he has been working on the CCC Annual Report. He said that all the division managers have submitted their reports, and now it is just a matter of consolidating all the submitted reports into one final Annual Report. He said that he is looking at completing this task by the end of month. The Director informed the Commission that a final draft copy of his Annual Report will be provided to all the Commissioners for review before it is sent to the printers.

11. Exclusion Form - The Director informed the Commission that it is working on finalizing the Exclusion Form, and that copies of it will be distributed to the Commissioners upon completion.

12. Casino Junket Operator Applicants- The Director informed the Commission that it has received a total of 18 Casino Junket Operator applications so far, but only two applicants are ready to begin the vetting process. He said that maybe in the future, the Commission would put a cap and limit it to 25 applicants per year as it takes a lot of time to properly vet and investigate each applicant. He said that the Enforcement and Investigations Division will be shadowing the investigator so that the Commission will be able to learn the process and be able to train future CCC investigators. He said that Mr. Kwong had requested for more junket operators so if the Commission receives more applicants by December 2017, it will either amend the contract of the investigator or put out a Request for Proposals (RFP) for additional investigators and assistants.

13. Japan Approves Casinos - The Director informed the Commission that casinos have been approved in Japan, and that Japanese officials have begun addressing issues of concern in preparation for the 2020 Olympics. He said with the approval of casinos in Japan, the CNMI will be affected in one way or another. Although it is unlikely that Japan will have casinos up and running by 2020, the Director said that Japan's time in the gaming industry is fast approaching.

III. PUBLIC COMMENTS

Mr. Paul Zak asked the Commission what it plans to do about all the recent articles that have been published in both the Marianas Variety and the Saipan Tribune about construction workers not being compensated in a timely manner and workers protesting and seeking the government's assistance. The Chairman told Mr. Zak that he will ask the IPI representatives present to answer this question when they present to the Commission, as he would also like to know what is going on.

IV. OLD BUSINESS

A. Contract with Amerine Gaming Enterprises, Inc.: Procurement of Services

Discussion: The Director informed the Commission that due to the sensitive nature of this contract, and the urgency as the Imperial Pacific Resort (Grand Mariana) will be opening soon, he believes that a Sole Source Contract with Amerine Gaming

Enterprises, Inc. will benefit the Commission's needs with regards to procuring professional services for investigating and vetting in China. He said that Mr. Dennis Amerine and his company were responsible for the vetting for Alter-City Group, and therefore, have proven to have legitimate connection in China. He explained that the Commission has worked with Mr. Amerine in the past, and that sending out RFPs is too time consuming as the Commission must wait a minimum of two weeks after publication.

However, Chairman Sablan felt it would be right to send out RFPs so that the Commission can give other companies an opportunity to submit proposals. He said that part of the procurement contract requires him to certify that there is no other qualified company/individual that can provide the services that the Commission requires, and therefore, he will be comfortable to sign the certification after he reviews all submitted proposals. The Chairman added that he does not want to be held personally liable if other qualified investigative companies decide to sue him as he is also looking out for his family.

V. NEW BUSINESS:

A. Proposed Amendment to the Casino Regulations:

1. §175-10.1-1305 (a)(b) & 1390 (a)(b): Increase Amount of Financial Threshold Requiring Licensure from \$100,000.00 to \$250,000.00
2. §175-10.1-1305 (e) & 1390 (c): Include Non-Profit Organization & Training Schools

Commissioner Santos made a motion to amend §175-10.1-1305 (a)(b) & 1390 (a)(b): To increase Amount of Financial Threshold Requiring Licensure from \$100,000.00 to \$250,000.00 and §175-10.1-1305 (e) & 1390 (c): To include Non-Profit Organization & Training Schools, and was seconded by Vice Chairman Reyes. It was put to a vote, and was unanimously approved.

3. §175-10.1-1830 (a): Include Written Notification of Known Violations
4. §175-10.1-2001 (e): Replace Licensee with CCC for Chip Manufacturer Revolving Fund

Commissioner Santos made a motion to amend §175-10.1-1830 (a): To include Written Notification of Known Violations and §175-10.1-2001 (e): To replace Licensee with CCC for Chip Manufacturer Revolving Fund, and was seconded by Commissioner Manglona. It was put to a vote, and was unanimously approved.

B. Approval of Regular Casino Key Employee ("CKE") Licenses:

1. Chan, Chi Pang ("Victor") - Director of Counts and Administration
2. Chao, Choi Teng ("Elaine") - Director of Loyalty Program

3. Leong, Wai Weng ("Kevin") - Assistant VP of Electronic Gaming
4. Lo, Hoi Leong ("Vincent") - Assistant Director of Credit and Collection
5. Luong, Chi Huy ("Michael") - Vice President of Cage and Count
6. Ng, Ka Fung ("Gary") - Manager of Gaming Solutions
7. Ng, Tze Wan ("Tze") - Director of Finance Administration
8. Saw, Chun Howe ("Howe") - Assistant VP of Electronic Gaming Technical
9. Tan, Jaik Hun ("Ronald") - Director of Electronic Gaming Technical
10. Teng, Sio I ("Marco") - Senior VP of Group Human Resources and Administration
11. Wong, Kam Yin ("Patrick") - Vice President of Development, Design, and Construction
12. Yu, Chi Fai ("Chester") - Assistant Director of Credit and Collection
13. Choi, Tat Mong ("Timothy") - Vice President of Cage

Commissioner Santos made a motion to approve the following individuals for Regular Casino Key Employee ("CKE") 2-year Licenses: 1. Chan, Chi Pang ("Victor"); 2. Chao, Choi Teng ("Elaine"); 3. Leong, Wai Weng ("Kevin"); 4. Lo, Hoi Leong ("Vincent"); 5. Luong, Chi Huy ("Michael"); 6. Ng, Ka Fung ("Gary"); 7. Ng, Tze Wan ("Tze"); 8. Saw, Chun Howe ("Howe"); 9. Tan, Jaik Hun ("Ronald"); 10. Teng, Sio I ("Marco"); 11. Wong, Kam Yin ("Patrick"); 12. Yu, Chi Fai ("Chester"); and 13. Choi, Tat Mong ("Timothy"), and was seconded by Commissioner Manglona. It was put to a vote, and was unanimously approved.

Chairman Sablan called for a 10-minute Recess at 11:39 A.M.

Chairman Sablan called the meeting to order at 11:50 A.M.

VI. MISCELLANEOUS MATTERS: Updates from IPI

A. Compliance with Title 31 - Anti-Money Laundering Requirements

Mr. Dave Guerrero, IPI's Acting VP of Compliance reported to the Commission that IPI had integrated its New Wave system software with Bally, but as the Director mentioned in his report, IPI is now moving to IGT as its casino case management system. He said that IPI has also upgraded its monitoring system to a more sophisticated software called NICE Actimize to help with its AML program for transaction monitoring. He informed the Commission the Ernest & Young (EY) is currently doing an external audit for an independent review as part of the CCC requirement in the regulations. He said that the contract expiration with EY is June 2017, but IPI expects the audit to be completed by late January 2017 or early February 2017. Mr. Guerrero reported that IPI conducted a compliance training with Compliance, Players Club, Legal, Compliance and Credit & Collection personnel to discuss AML procedures, modifications, and the various requirements for legal documentation.

He also informed the Commission that IPI's Compliance hired Ms. Esther Milne as Compliance Office Manager, interviewed and made two offers, and are currently waiting on whether or not the candidates accept the offers. Mr. Guerrero said that as of now, IPI's Compliance and Legal team consists of nine members.

B. Status of the Bond Offering (Discussed in Executive Session)

C. Workforce Plan: Personnel Training, Employment & Recruitment Efforts

The Chairman recognized IPI VP for HR, Ms. Bertha Leon Guerrero to report to the Commission on IPI's Workforce Plan. Ms. Leon Guerrero informed the Commission that the objectives of the Department of Human Resources are to ensure that the strategic goals set in its previous reports are met so that the Resident Employment Objective is achieved. She said that her department continues to put emphasis on recruitment efforts and training programs targeted at residents.

Ms. Leon Guerrero's department focuses on promotional recruitment efforts. She said as IPI prepares for the anticipated opening of the Imperial Pacific Resort in 2017, her department continues to seek qualified talent and to ensure that their current workforce is equipped to deliver desired results.

As of November 30, 2016, IPI has a total workforce of 1,202 employees. She said that IPI aspires to provide a positive work environment that respects all individuals and encourages excellent work performance. She stated that employee movements provide opportunities for professional achievement and growth. Employee movements for the month of November is as follows: New Hires - 57; Separations - 25; Promotions - 11 Transfers - 0; and Others - 0.

She also informed the Commission that IPI offers different Learning & Development Programs that include: The Baccarat Dealers Course which concluded its first course on November 10, 2016. She said that a Completion Ceremony was held on November 17, 2016 in which 15 enrollees were awarded with a Certificate of Completion. She further expressed that this exciting opportunity opens doors to challenging and rewarding careers with IPI.

Ms. Leon Guerrero was pleased to announce that IPI has commenced its promotions for the next Dealers Course which is scheduled for the end of December 2016. She added that promotions are running in general circulation weekly via radio and newspapers.

Ms. Leon Guerrero informed the Commission that this month concluded the Internship Program for NMC students who were placed in Gaming positions. She said that each student was provided with a holistic and meaningful experience of what it is like to be a part of the casino industry.

Lastly, Ms. Leon Guerrero said that IPI continues to provide the following Learning and Development programs to all its employees in support of growing their capabilities: Orientation; EEO Training; Limousine Service Training; Bus Driver Training; One Team One Way; Introduction to Title 31 & SARC; Tax Seminars; Time Clock System Briefings; and Baccarat Refresher courses.

D. Construction Progress Report

Mr. MK Lee updated the Commission on the progress of the construction of the Imperial Pacific Resort. He discussed four key issues: 1) The permanent power connection was schedule for the week of December 19, 2016; 2) Inadequate and unstable concrete supply still poses a problem to complete all the reinforced concrete work in the podiums. He said that it may delay the podium completion until the end of December; 3) Continuous rainfall in November (22 recorded days) will further delay the structural steel erection for the tower; and 4) The DPAC agreement is still pending at the Governor's Office awaiting a reply.

Mr. Lee reported in his Labor Summary that MCC's Resources consists of 33 Management Staff; and a total of 2,524 workers which includes MEP and other sub-contractors. CM's Resources include 0 off-site Management Staff; 11 Site Teams.

As promised, Mr. Lee provided the Commission with percentages of completion. He informed the Commission that the overall completion percentage is 40% as of December 5, 2016. The following is the latest status/progress report:

1.	Piling Works	100%	Complete
2.	Structural Steel	100%	Levels below L3
		45%	Levels up to L10 for Hotel Tower
3.	Reinforced Concrete	90%	Manor House
4.	MEP Works (Low Rise)	55%	
5.	Fitting-Out (Low Rise)	50%	Drywall, Ceiling installation at L1
		70%	Ceiling hanger & wall sub-frame B1-L2Z
6.	Façade (Low Rise)	80%	Secondary structure
		50%	GRC & marble installation
7.	Sewage Connection	30%	New S4 station- Ph. 1- Temp. Connection
8.	Roadworks & Water	8%	Ph. 1- Derence Jack Road
	Quality Improvement		

Once again, the Commission was pleased with Mr. Lee's detailed presentation. Vice Chairman Reyes requested for pictures of the site development to be included in the Commission's Annual Report.

At 12:30 P.M., Vice Chairman Reyes made a motion to recess until 2:30 P.M., and was seconded by Commissioner Manglona. It was put to a vote, and was unanimously approved.

Chairman Sablan called the meeting back to order at 2:30 P.M.

E. Test-Bed Facilities

The Chairman recognized Mr. Eugenio Sousa, IPI's VP of Surveillance, to report the latest status of the remote test-bed facility to the Commission. Mr. Sousa informed the Commission that the facility is ready, and that several machines have already arrived at the facility. He said that the test-bed facility has 24-hour security guards,

24-hour recording system, access controls and the whole nine yards of security features. He said that everything is ready for receiving more equipment such as servers, slot machines and training chips which will all be properly secured at the facility.

The Director asked Mr. Sousa if the Commission employees will need new key cards to access the test-bed facility, in which he replied yes, but at the present moment only temporary badges have been issued as his department is still waiting for more equipment to arrive on island such as the card printer. He said once the card printer arrives, he will be able to print permanent key cards for CCC staff. He mentioned that the security at the test-bed facility will allow access to all CCC staff.

F. Responsible Gaming - Problem Gambling

Ms. Esther Milne was not present to report to the Commission.

G. Other (No Discussions)

VII. EXECUTIVE SESSION:

On December 21, 2017, Commissioner Santos made a motion to move into Executive Session to discuss the bond offering, financial matters, CCC personnel matters and to hear the report from Legal Counsel, and was seconded by Commissioner San Nicolas. It was put to an individual vote, and was approved 4 to 1 at 1:40 P.M. (Vice Chairman Reyes was excused to attend to an urgent phone call).

- A. Report by the Legal Counsel**
- B. Financial Matters - Imperial Pacific International (CNMI), LLC**
- C. CCC Personnel Matters - Employment Contract Renewal (Executive Director & Legal Counsel)**
- D. Approval of Security & Surveillance Plans - Imperial Pacific Resort (Grand Mariana)**
- E. Approval of Security & Surveillance Plans - Remote Test-Beds (San Antonio Village)**

Commissioner Santos made a motion to exit from Executive Session and was seconded by Vice Chairman Reyes. It was put to an individual vote, and was unanimously approved at 2:55 P.M.

Commissioner Manglona made a motion to approve the Security & Surveillance Minimum Surveillance Requirement - Imperial Pacific Resort (Grand Mariana) to include the requirement that at least two fixed cameras face the tables and at

Concurred by:  Date: 1/27/17
Justin S. Manglona
Commission Secretary

APPROVED AND ADOPTED ON: 30th day of January, 2017.

 Date: 1/30/17
Justin S. Manglona
Commission Secretary