



## COMMONWEALTH CASINO COMMISSION

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



### MINUTES July 24, 2015

#### I. PRELIMINARIES:

- A. **Call To Order.** Chairman Juan M. Sablan called the meeting to order at 10:17 a.m. on July 24, 2015 at the Commonwealth Casino Commission Conference Room at the Springs Plaza in Gualo Rai.
- B. **Roll Call.** Commissioners present at the meeting were: Juan M. Sablan (Chairman), Joseph C. Reyes (Vice Chairman), Justin S. Manglona (Secretary), and Martin DLG. San Nicolas (PA & MR Officer). Commissioner Alvaro Santos (Secretary) was not present at the meeting. The Chairman announced that he was off island for medical reasons, and is therefore excused. Also present were the Executive Director ("Director"), Edward C. Deleon Guerrero, the Executive Assistant to the Commission, Ruth Ann P. Sakisat and the Legal Counsel, Michael L. Ernest.
- C. **Adoption of Agenda.** Vice Chairman Reyes moved for the adoption of the agenda which was seconded by Commissioner Manglona. The motion was put to a vote and unanimously approved. Motion was carried.
- D. **Adoption of Minutes.** June 4, 2015  
The Chairman explained that the minutes of the June 4, 2015 was not ready and requested for a motion for its deferment. Vice Chairman Reyes moved to defer action on the June 4, 2015 minutes. Commissioner Manglona seconded the motion. It was put to a vote and unanimously approved.

#### II. REPORTS:

- A. **Report by the Chairman**  
The Chairman reported that in the last few months, the Commission has focused its attention and spent a great amount of time working with the proposed amendments to P. L. 18-56. He announced that changes to the comprehensive version were made and as a result, a streamlined draft bill was provided to Vice Speaker Demapan for his consideration. The Director informed the Commissioners that he and Vice Chairman Reyes, Acting Chairman at the time, met with Vice Speaker Demapan to clarify some concerns he had on the proposed bill. The Director conveyed to the Vice Speaker that action on this matter is urgent and any further delay could jeopardize BSI's request to open the Live Training Center on July 26, 2015. He shared that this bill might have a chance of being introduced

during the house session this afternoon. He and the Legal Counsel will follow it and report back to the Commission on the status.

The Chairman informed the Commission that he is now focusing on the review of the draft internal controls. He anticipates a month time for the Commission to finalize their review. He encouraged the Commissioners to submit their comments and concerns to the Director or the Legal Counsel.

**B. Executive Director's Report**

The Director welcomed back everyone to the new office. He informed the Commissioners that the office signage will be up soon since we've already identified website address and the key phone numbers. The phone system will soon be installed as well. He went on to report that the 25 vacant FTE positions have been announced for the 17 different positions. The announcement was done through the local newspaper, 2 local radio stations and posted on the bulletin board at the Governor's Office and as well as the other government agencies. The Director announced that the Commission has received a total of 104 applications. He shared that it will take some time to do the interviews but that he and Ruth Ann are moving expeditiously, at the same time ensuring that we get the best people that we can invest our time and resources in, who will grow with us in this industry. He added that he would like to first focus on filling the managerial positions and the enforcement positions that are necessary for the casino floor. He shared that a system administrator was already hired. He announced that he anticipates to fill all the positions by mid-August then training will be planned accordingly such as in the areas of the Bank Secrecy Act, FinCEN, and regular surveillance. He suggested that for training in understanding gaming operations and the games, the Commission reach out to Best Sunshine for training in those areas.

The Director reported that we have already received eight applications for a provisional casino vendor/service provider license. He reported that he received a letter of from the Chairman of the Rota Gaming Commission requesting to participate in the upcoming training. He announced that he replied to the Chairman and informed him that he and the other Commissioners are welcomed to attend. He also extended an invitation to the Tinian Casino Commission members.

The Director informed the Commissioners that the current regulations that are in effect will expire on July 29, 2015 which is the reason the agenda includes the adoption of the emergency casino regulations. He will discuss this further when he gets to the agenda. He also reserved comments on junkets until he gets to the appropriate section in the agenda.

**III. OLD BUSINESS:**

**A. Casino Employee Licensing Matters**

The Director reported that Best Sunshine submitted 202 casino employee license applications to date. They have paid all required fees associated in licensing these employees including fees for fingerprinting paid to DPS. He explained that in addition to the fingerprint card, an ID card will also be issued bearing the

Commission's logo, the Commonwealth's official seal, the name of the applicant, the title of the position, the signature of the Commission Chairman and the tracking number for casino employees. He noted that we will be using the same ID card for the key casino employees with just a little difference in the tracking number. On the back of the card will be the biodata and information on where to surrender lost cards. Every employee of BSI must have an ID card visible at all times when on the floor. These ID's will expire on September 30, 2015. He is anticipating for all ID's to be issued before the opening date on July 26, 2015 as DPS is willing to stay open beyond normal hours and on Saturday, July 27, 2015. The Director emphasized that the Commission will only process complete applications accompanied with a receipt of payment and all documents pertaining to due diligence.

On a similar issue, the Director requested a motion from the Commissioners to entertain and approve on an interim basis to issuance of a license to the casino key employees who can produce to the Commission their existing US License as key employees, their current resume and receipt of payment of the required licensing fees. He asked for approval from the Commission to allow for the above action. These key employees will go through the same process of fingerprinting and ID Badging. He added that this method is an interim solution while the Commission works on completing the lengthy application form and necessary review process. He anticipates to complete the casino key employee license application form before the interim key employee licenses expire on September 30, 2015. The final application form will be available for the renewal process.

Vice Chairman Reyes moved to allow the licensee's key employees to operate provided they provide the Commission with a copy of their current resume, current key employee license from other US jurisdiction, and a receipt of payment of the required fees. Commissioner Manglona seconded the motion. It was put to a vote and unanimously approved. Motion was carried.

**B. GLI Pre-opening Audit of Casino Gaming Equipment**

This Director announced that the Commission has approved several equipment tester and certifiers, GLI being one of them. He shared that he has been working very closely with Phil Harrison of GLI. He pointed out BSI has already brought in a handful of slot machines which have already been placed on the casino floor. Those machines are required to be retested and recertified by GLI prior to operation. He informed the Commission that he has been in communication with GLI for the last several months and that they have also been providing guidance to the Commission on other related matters. To his knowledge, he shared, GLI has entered into a contract with BSI and two of their staff will be arriving on Saipan on July 26, 2015 with a departure time frame of August 2, 2015. GLI staff will begin their testing on Monday, July 27, 2015 and will continue until completed. He will invite the two GLI representatives to meet with him and the Commissioners possibly to brief all on what is needed and what is going to be done. The Director emphasized that none of the machines can be operated without GLI's certification.

The Director shared that he was informed that additional slot machines are coming in from Alfastreet which were previously certified by the SIQ. Once those machines arrive, GLI would have to be brought back to Saipan to conduct the retesting and recertification of those machines before they are operated.

C. Casino Equipment & Gaming Table Licensing Matters

The Director announced that the licensee has submitted a list of 45 gaming tables. The fees for these tables have been properly paid and are considered licensed and ready to be operated. He shared that we have also received a list of 106 slot machines: 40 from Aristocrat and the rest from a combination of Alfastreet and Bali. These machines are here and already installed at the facility but have not been operated pending GLI certification. To date, the total fees paid by BSI is close to \$140,000 for table, slot machines and casino employee license.

#### IV. NEW BUSINESS

A. Adoption of Emergency Casino Regulations

Vice Chairman Reyes moved to for the adoption of the Emergency Casino Regulations as presented. Commissioner Manglona seconded the motion.

Discussion: Commissioner Manglona requested for a correction to be made on the table of contents in which §175-10.1-1255 should actually read §175-10.1-1225. Also, he pointed out that we did not add on the table of contents the Commission Code of Ethics which should be placed at the end.

Vice Chairman Reyes recalled his original motion and offered a new motion to adopt the Emergency Casino Regulations as amended with Commissioner Manglona's requested changes. Commissioner Manglona seconded the amended motion. The motion was put to a vote and unanimously approved. Motion carried.

B. Adoption of Casino Regulations for the Public Comments

Commissioner Manglona moved to adopt the recently adopted Regulations for publication in the Commonwealth Register for public comments and adoption. Commissioner San Nicolas seconded the motion. It was put to a vote and unanimously approved.

C. Adoption of Minimum Internal Control Standards ("MICS")

The Director announced that the Commissioners were provided 2 internal controls standards. One is the very lengthily comprehensive internal control that the Commissioners have been reading and going over for adoption. The Director recommended deferment of this agenda to allow everyone sufficient time to go over the minimum internal control particularly in other areas that require more research. The Director further recommended that the Commission accept on an interim basis the six internal control standards that had been submitted to the Commission by Best Sunshine pending the approval of our "MICS". He explained that once the Commission finalizes and approves its MICS, Best Sunshine will be granted at least 30 days to comply. The six internal control standards provided by

BSI are: Casino Floor Supervisors Policy, Procedures and Accountabilities, Currency Transaction Reporting, Cashier's Internal Control, Suspicious Activities, Surveillance, and Slots. As the draft MICS are being reviewed, we can notify BSI as we go on what to expect as far as complying with the Commission's mics.

Vice Chairman Reyes moved to adopt on an interim basis the minimum internal controls submitted by Best Sunshine with the condition that the Commission and its designated staff are allowed to access every area deemed necessary. The motion was seconded by Commissioner Manglona. It was put to a vote and unanimously approved.

- D. Imperial Pacific International (CNMI) LLC - Temporary Live-Gaming Operations
- The Director informed the Commissioners that there are three dba's under the above named company: Best Sunshine International, Best Sunshine Live and Grand Mariana. The temporary live gaming operations is through Best Sunshine Live. The Director informed the Commissioner that the licensee submitted a letter to the Commission on July 22, 2015 requesting for authorization to commence limited operation of the live training facility beginning July 26, 2015 and to waive the timeline requirements as specified in our regulations. Their request is to operate 25 gaming tables, the bar lounge, and the snack bar. He announced that the Commissioners, some Representatives, a Representative from the Governor's Office, and the Commissioner of Public Safety visited the site yesterday to assess whether or not they are ready to open on July 26. He stressed that that based on their observation during the recent visit, the licensee's request to commence limited operations should be granted. He elaborated that Best Sunshine has already submitted to the Commission copies of all the required permitting and licensing documentations.

Vice Chairman Reyes shared that although he has reservations in granting the requested authorization, he recognizes Best Sunshine's commitment to the community and believes that the licensee has the best interest of the community at heart. He reminded the licensee to ensure compliance with all policies and regulations as this industry is in the watchful eyes of not only the government, but the public as well.

Commissioner Manglona asked the Legal Counsel if everything the licensee provided was sufficient enough to honor their request to commence operation as recommended by the Director. He responded that in his personal opinion, as he does not want to speak on behalf of the Attorney General, his review of the law grants the Lottery Commission broad authority to negotiate the terms of the license, which shall not be subject to judicial review. He believes the opening of the temporary live training casino is permissible under 2317 sub a.1, sub i, sub A of P.L. 18-56.

Vice Chairman Reyes moved to grant the licensee approval to commence limited operations of the Live Training Facility located on the southern end of the T-Galleria on July 26, 2015 pursuant to the submission of other necessary documentation as requested. The motion was seconded by Commissioner

Manglona. It was put to a vote and unanimously approved. The Chairman requested for all Commissioners to take shifts at the surveillance room until such time the Commission hires enforcement officers. The Director informed the Commissioners and staff to meet at the BSI Officer, on the 3<sup>rd</sup> floor of Bank of Guam to obtain an identification card to enter the casino floor and the surveillance room. The Director asked Ms. Viola Alepuyo to make copies of all BSI's Internal Controls and the Rules of the Game to be placed in the CCC's surveillance room as references.

Commissioner Manglona moved to include in the agenda the determination that Junket Operators require licensure as Casino Service Provider. Commissioner San Nicolas seconded the motion. It was put to a vote and unanimously approved. This inclusion will be under new business, item E.

- E. Determination that Junket Operators require licensure as Casino Service Provider  
Commissioner Manglona offered the following motion: to require pursuant to 175-10.1-1305 sub iv. of the regulations that Junket Operators and any person or entity who engages in junket activity as the term is generally used in the industry in all its forms where gamblers traditionally are flown to an area where legalized gambling is available and booked into a hotel/casino at a discount provided by the junket promoter or operator who engages in junket activities which includes but is not limited to the provision of transportation, accommodation, food and drinks, discounts, rebates, or entertainment with the purpose of promoting, wagering in exchange for receiving commissions or other compensations paid by a casino operator, to register and gain licensure as a service provider prior to engaging in any junket activity. Vice Chairman Reyes seconded the motion. It was put to a vote and unanimously approved. The Director asked the Legal Counsel to prepare the junket order for the Chairman's signature.

Vice Chairman Reyes requested that this meeting be recessed subject to the call of the Chairman just in case other matters come up in reference to the opening of the temporary live training facility. Vice Chairman Reyes moved to recess subject to the call of the Chairman. Commissioner San Nicolas seconded the motion. It was put to a vote and unanimously approved. The meeting was recessed at 12:13 pm on July 24, 2015.

The meeting was resumed on July 27, 2015 at 11:10 am.

V. PUBLIC COMMENT. None

VI. EXECUTIVE SESSION. None

VII. MISCELLANEOUS MATTERS. The Director wanted for the record to reflect that the Commission is very grateful to the Department of Public Safety's Criminal Records Division for doing an exceptional job in working above and beyond the call of duty in completing all the fingerprinting and the ID badging systems, throughout the weekend. Ms. Viola Alepuyo advised the Commission that almost all casino employees scheduled to work on the casino floor have been issued ID badges. She advised that they will continue

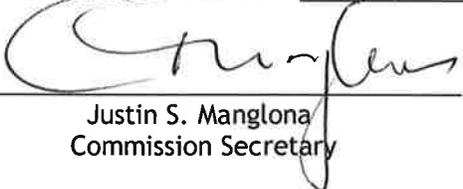
to work in obtaining ID badges for all their administrative employees. He also thanked the Commissioners and the Legal Counsel for taking the initiative to be present at the opening and participating in the surveillance efforts and the cash counting. He also thanked Ms. Viola Alepuyo for ensuring for being present at the floor and for ensuring smooth communication between the licensee and the Commission.

**VII. ADJOURNMENT.** Vice Chairman Reyes moved to adjourn the meeting. Commissioner Manglona seconded the motion. It was put to a vote and unanimously approved. The meeting was adjourned at 11:21 am on July 27, 2015.

Prepared by:  Date: 09/08/15  
Ruth Ann P. Sakisat  
Executive Assistant to the Commission

Concurred by:  Date: 9/11/15  
Justin S. Manglona  
Commission Secretary

APPROVED AND ADOPTED ON: 11<sup>th</sup> day of September, 2015.

 Date: 9/11/15  
Justin S. Manglona  
Commission Secretary