



## COMMONWEALTH CASINO COMMISSION

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



### MINUTES November 22-23, 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 10:08 A.M. on Tuesday, November 22, 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) and 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 amend the agenda by moving Item 1D Adoption of the Minutes to be discussed under section VII. Miscellaneous Matters so as to give the Commissioners more time to review the Minutes of October 17-18, 2016 which was just submitted today. The motion was seconded by Commissioner San Nicolas, was put to a vote and was unanimously approved.

##### D. Adoption of the Minutes. October 17-18, 2016 & October 25, 2016.

On November 23, 2016, Vice Chairman Reyes made a motion to adopt the Minutes of October 17-18, 2016 and October 25, 2016, and was seconded by Commissioner Santos. It was put to a vote and was unanimously approved.

#### II. REPORTS

##### A. Report by the Chairman

The Chairman reported that the Commission attended the annual International

Association of Gaming Regulators (IAGR) conference in Sydney, Australia from November 1-3, 2016. The conference was attended by nearly 200 casino/gaming regulators from around the world such as the Philippines, Macau, Vietnam, Singapore, and Africa. He stressed the importance of the Commission being kept up-to-date with e-gaming and poker/pachinko as they have advanced greatly with modern technology, and expressed his wish to provide training opportunities on computers and electronics to CCC staff.

Chairman Sablan said that he learned that regulators in Melbourne, Australia, do not vet junket operators and do not require casino operators to provide bankrolls. In Melbourne, gaming regulators are confident with their check-and-balance protocols which include checking the financial suitability of their junket operators through various financial agencies to make sure junket operators are in compliance with all gaming S.O.P. Furthermore, regulators issue citations to junket operators when they are found to be non-compliant. He compared Melbourne’s 1,000 junket operators to the CNMI’s lone junket operator stating that these are the CNMI’s competition. He informed the Commission that it is critical that the Commission continue its training efforts for CCC staff because we are all new to this industry, and that he would rather the Commission be in the forefront than trail behind other jurisdictions. He emphasized how the CNMI needs to remain competitive against other jurisdictions.

The Chairman shared that while he was in the Philippines, he met with PAGCOR Chairwoman of the Commission and CEO, Ms. Andrea D. Domingo and COO, Mr. Alfred C. Lim. They discussed building a relationship for the purposes of information sharing and training possibilities between the two jurisdictions in the future. Chairman Sablan asked the Director to initiate an M.O.U. to facilitate a working relationship with PAGCOR so that the Commission may tap into their training capabilities as it is more cost efficient for the Commission to have PAGCOR send a couple of professionals to Saipan to train CCC staff than for the Commission to send its staff off-island for training especially with the Commission’s limited budget.

Chairman Sablan shared his opinion on the Bloomberg article stating that not only was he disturbed by the article, he perceived it to be an act of jealousy. He said that the Commission must be mindful that the article raised a couple of valid concerns in terms of the internal comparisons regarding Title 31.

**B. Report by the Executive Director**

1. **CCC Expenses:** October Expenditures \$214,246.00 Balance: \$3,286,535.00
2. **CNMI Fiscal Year 2017 Budget Appropriations Act (P.L. 19-68):**

SOURCE OF FUNDS	AMOUNT	AUTHORITY & FUND STATUS
a) Casino Application Fees	\$670,781.00	P.L. 18-56. Acct No.: 7170

b) Casino Regulatory Fee Fund	\$3,000,000.00	FY 17	Amount set by P.L. 19-24
	<u>\$ 286,525.00</u>	FY 16	Earmarked for the Commission
Sub-Total.....	\$3,286,525.00		*Acct. No.: 7170A
c) Casino Vendor License Fees As of November 10, 2016	\$ 444,103.00		P.L. 19-24: License & Investigation Fees Earmarked for the Commission *Acct. No.: 7171
d) Local Appropriations Request	\$ 1,000.00		Based on FY 2016 Level - P.L. 19-68
	<b>TOTAL FUNDING AVAILABLE:</b>		<b><u>\$4,402,409.00</u></b>

The Director informed the Commission that its Accountant, Ms. Vera Pangelinan, now has full access to the J.D. Edwards System, and noted that the Secretary of Finance, Ms. Larrisa Larson, somehow misinterpreted the law with regards to the Commission's accounts.

3. **Personnel:** The Director informed the Commission that it will commence to renew most existing personnel under the same terms and conditions. The effective dates of employment will be from January 1, 2017 through December 31, 2017. Additionally, he reported that the Job Vacancy Announcements (JVA) for the new FTEs will be published soon for the following positions: a) Enforcement Agent II (DoE&I); b) Inspector I (DoP&L); c) Compliance Agent (DoC); d) Technical Compliance Specialist (DoC); and e) Administrative/Procurement Officer (Exec. Div.).
  
4. **Incident at the Casino:** The Director informed the Commission that there was an incident that took place at 3:00 A.M. at the Casino two weeks ago, wherein a Department of Commerce Alcoholic Beverage and Tobacco Control (AB&TC) Inspector Mr. John Hosono felt that he had the authority to access any door in any room anywhere on premises licensed to sell alcohol and tobacco, and even demanded to open the vault. The CCC Shift Supervisor from the CCC Surveillance Office approached and introduced himself to the AB&TC Inspector and offered conduct the inspection together, but the AB&TC Inspector made some reference to the CCC colluding with the licensee instead. The Director and Chief Cabrera have set up a meeting with the Secretary of Commerce, Mr. Mark Rabauliman, and the AB&TC Director, Mr. David Maratita, on November 30, 2016 at the Casino for a tour of the facility, but more importantly to discuss working together as a team in future AB&TC inspections.
  
5. **Governor's Cabinet Leadership Conference:** The Director informed the Commission that he attended the first day of the Governor's Cabinet Leadership Conference at P.I.C. yesterday, November 21, 2016. He said that there was recognition and appreciation for the Commission and the casino industry in the CNMI because it has brought hope for the economic survival of our economy. This industry is alleviating the poverty level and allowing the government a little breathing room to pay off its debts and obligations such as land compensations, utilities and other liquidated damages that has been accruing for years. The trickle-down economy effect from the casino industry benefits most if not all

the businesses in the CNMI from restaurants and insurance companies to taxi drivers. The Director stated that the both the Commission and the licensee should continue strive for a working relationship based on compliance rather than on sanctions.

6. **Vendor Licenses:** The Director informed the Commission that it has approved and issued 33 Non-Gaming Vendors transacting more than \$100,00.00 a year.
7. **Office Space:** The Director reported to the Commission that the CCC lease agreement with Springs Plaza will expire in March 2017. After discussions with Dr. Alalou, the building owner, it was suggested that instead of the Commission moving to the southern end of the building, the SM Store next door to the Commission should move out so that the Commission could utilize the area for additional office space. He said that as per procurement and supply, the justification would just be to extend the lease as well as expand the CCC office for a bigger conference room, a training room and additional space for the Division of Enforcement and Investigations.
8. **CCC Schedule of Activities & Events:** The Director reminded the Commission about its potluck Thanksgiving Appreciation Dinner tomorrow night, November 23, 2016, at the Carolinian Utt at 6:00 P.M. The CCC Christmas Party will be on December 22, 2016 at the Pacific Islands Club's Charlie's Cabaret at 6:00 P.M. Dinner is \$28.00 per adult and \$14.00 per child 3-11 years of age. He informed the Commission that he had assigned Executive Secretary, Ms. Carmen B. Sablan, Financial Auditor, Ms. Jolene D. Benavente and Special Agent Thelma Mizer to coordinate both upcoming events. These events are strictly paid for without the use of CCC funds, but by CCC staff instead. The Director invited all present to join the Commission tomorrow night to celebrate Thanksgiving.
9. **Minimum Bankroll Requirements:** The Director suggested that the Commission revisit the Minimum Bankroll Requirements as new information from Melbourne, Australia was discussed at the 2016 IAGR Conference. He said that in Australia, gaming regulators work collaboratively with other government agencies such as the Australian Transaction Reports and Analysis Centre (AUSTRAC) which is the equivalent to FinCEN in the United States.

The Director concluded his report by congratulating IPI on the recent completion and graduation of the first batch of Baccarat Dealers and extended his wish of more success in the days and weeks ahead.

### III. PUBLIC COMMENTS

No public comments at this time.

### IV. OLD BUSINESS

- A. **New Gaming Chips & Plague: Approval of Internet Control, Design & Denomination, Etc.**

Vice Chairman Reyes made a motion to authorize the Chairman and the Executive Director to make the final approval for the usage of the new gaming chips and plagues in designated areas on the casino floor, and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.

**V. NEW BUSINESS:**

**A. Contract for Suitability & Other Due Diligence Investigations - Junket Applicants**

The Director informed the Commission that several months ago, the Commission received 16 applications for a Junket Operator License, and 17 Letters of Intent noting that one Letter of Intent was received without an application. All applications were returned to IPI for the Credit Check, World Check, and Litigation Check. Out of the 17 applications, only two were resubmitted to the Commission and only one of the two was issued a Provisional Casino Junket Operator License and the other is still pending. The Director asked Mr. Luciano Baptista, IPI-HK Legal Counsel, to explain to the Commission why only two one application is pending the Commission's approval. Mr. Baptista informed the Commission that some applications had to be returned to the applicants for re-filing purposes, unacceptable draft checks attached to applications, and incomplete applications (lacking initials/signatures). He also recalled one application being misplaced.

Vice Chairman Reyes requested that further discussion on this subject take place in executive session due to the financial aspects.

The Director informed the Commission the Amerine Enterprise submitted a proposal to do the vetting of junket applicants. He said that the Commission currently has only two applicants that will be subjected to this vetting process if the Commission approves the contract. Amerine Enterprises will charge the Commission Five Thousand (\$5,000.00) per junket operator applicant. The proposal is for 20 applicants per year (\$100,000.00) in which final payment is payable upon the Commission's receipt of the final report. Chairman Sablan asked the Director if all the necessary documentation for consideration of this contract can be completed before the end of the year, and was assured that the contract will be ready before year's end.

**B. Casino Key Employee - Regular License**

1. Yim, Ka Wing Gary - VP of Infrastructure
2. Sousa, Eugenio Ricardo De - VP of Security
3. Phuah, Kok Kian - VP of Surveillance
4. Lau, Ka Fong - VP of Table Games
5. Choi, Tat Mong - VP of Cage
6. Cheang, Chun Chung Tony - Asst. Manager, Systems IT Infrastructure
7. Cheang, Chong Meng - VP IT Business Solutions
8. Tang, Koon Chiu Albert - SVP Information Technology

9. Mascio, Vincent P. - Executive VP of Operations

Vice Chairman Reyes made a motion to grant approval and issuance of Casino Key Employee Regular Licenses to the nine individuals listed above, and was seconded by Commissioner San Nicolas. It was put to a vote and was unanimously approved.

C. Casino Vendor - Regular License: DFS Saipan Limited - dba T - Galleria

Commissioner Manglona made a motion to approved the Regular Casino Vendor License for DFS Saipan Limited - dba T-Galleria, and was seconded by Commissioner San Nicolas. It was put to a vote and was unanimously approved.

D. Casino Key Employee - Provisional License: Hu, Yinan - Manager Gaming Solutions

E. Provisional Casino Service Provider - Gaming Related:

1. Aristocrat (Asia) Pty Limited
2. Aristocrat (Macau) Pty Limited
3. DC & BNC Technology, LLC

F. Casino Vendor - Provisional License (Non-Gaming)

1. Ace Hardware (CNMI), Inc. - dba Joeten Ace Hardware
2. Cementon Micronesia LLC
3. D.K.K. Inc. - dba D.K.K. Construction
4. J.M. Aquino, P.C.
5. Mega Fortris (Malaysia) SDN. BHD
6. P & A Corporation - dba Winners Gas Retail
7. Phoenix Service, Inc.
8. PTI Pacifica, Inc. - dba IT&E Pacifica
9. Saint Trading Co., Inc.
10. Atkins Kroll (Saipan), Inc.
11. Tropical Gardens, Inc.
12. N15 Architecture Company, Inc. - dba N15 Architecture
13. Boyer Trading Company, LLC - dba Ginen Saipan

Commissioner Manglona made a motion to change the sequence of the agenda to discuss item VII. MISCELLANEOUS MATTERS before item VI. EXECUTIVE SESSION, and was seconded by Commissioner San Nicolas. It was put to a vote and was unanimously approved.

Chairman Sablan called for a ten-minute recess at 4:00 P.M.

**VI. MISCELLANEOUS MATTERS: Updates from IPI**

**A. Construction Progress Report - Grand Mariana Project/Imperial Pacific Resort**

Mr. MK Lee updated the Commission on the progress of the construction of the Imperial Pacific Resort. He discussed three key issues: 1) the Phase Opening application which was submitted on October 10, 2016; 2) the unstable supply of ready mixed concrete that continues to impede the progress of the structure construction. He said that an average of 200-300 cy was cast in each casting causing the podium casting and resort hotel completion to be deferred to the end of November. 3) the constant heavy rainfall in October (recorded 12 days) caused further delay of the structural steel installation.

Mr. Lee reported in his Labor Summary MCC Resources consisting of 33 Management Staff; and a total of 1,915 workers including MEP and other sub-contractors. CM Resources include 4 off-site Management Staff; 15 Site Teams and 1 Shanghai steel factory.

As promised, Mr. Lee provided the Commission with percentages of completion. He informed the Commission that the overall completion percentage is 36% as of November 7, 2016. The following is the latest status/progress report:

1.	Piling Works	100%	Complete
2.	Structural Steel	100%	Levels below L3
		40%	Levels up to L9 for Hotel Tower
3.	Reinforced Concrete	80%	Manor House
4.	MEP Works (Low Rise)	50%	
5.	Fitting-Out (Low Rise)	30%	Drywall, Ceiling installation at L1
		50%	Ceiling hanger & wall sub-frame B1-L2Z
6.	Façade (Low Rise)	70%	Secondary structure
		10%	GRC & marble installation
7.	Sewage Connection	15%	New S4 station- Ph. 1- Temp. Connection
8.	Roadworks & Water	5%	Ph. 1- Derece Jack Road
	Quality Improvement		

The Commission was pleased by Mr. Lee's detailed presentation.

Commissioner Manglona made a motion to recessed for lunch until 3:00 P.M., and was seconded by Commissioner San Nicolas. It was put to a vote, and was unanimously approved at 1:18 P.M.

The Chairman reconvened the meeting at 3:00P.M.

**B. Compliance with Title 31 - Anti-Money Laundering Requirements**

Chairman Sablan emphasized the utmost importance of complying with Title 31 - Anti-Money Laundering Requirements. He said that the three key requirements are manpower, funding and training. He asked Mr. Dave Guerrero, IPI's Acting VP of

Compliance to elaborate on the subject. He requested that Mr. Guerrero include in his report a reasonable timeline in which IPI would be in full compliance with regards to the three fundamental requirements.

Mr. Guerrero reiterated the Chairman's sentiments about the importance of Title 31 both to IPI and to himself personally. He reported to the Commission that IPI does have a very stringent AML program. He said that IPI does know their customers, they do file their CTRs and suspicious activity reports, they are hiring and training new employees, and furthermore, IPI is in the process of acquiring sophisticated software to conduct transaction monitoring. He explained to the Commission that the software currently being used at IPI is good as it is industry standard, but they are still actively searching the market for better and newer technology software to improve the process. Mr. Guerrero informed the Commission that IPI conducts on-going training of Title 31 to all new hires as well as for existing employees. IPI also provides AML training for its Players Club, Slots, Cage, VIP Marketing, Operations, Compliance and Credit & Collection personnel.

Mr. Vic Choi, SVP of Compliance for IPI, assured the Commission that the it will know everything that IPI knows as far as being non-compliant with Title 31.

#### 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 IPI continues to focus on its recruitment efforts and training programs that were created in alignment with its strategic goals which are: 1) recruitment and retention of qualified local talent; 2) achieve the 65% Resident Employment Objective; and 3) develop a workforce plan in partnership with the CNMI Department of Labor.

Ms. Leon Guerrero said that her HR department continues to focus on improving the efficiency and accountability of services to IPI shareholders. She said that IPI has been making efforts in fine tuning its policies and procedures to ensure that it establishes clear employment guidelines.

As of October 31, 2016, IPI has a total workforce of 1,175 employees. She said that IPI aspires to provide a positive work environment that respects all individuals and encourages excellent work performance. Employee movement for the month of October is as follow: New Hires- 112; Separation- 21; Promotion- 25; Transfer- 1; and Others- 3. She also informed the Commission that IPI offers different Learning & Development Programs that include: Dealers Course; Referral Program; Resident Employment Program; Internship Program with the Northern Marianas College; and Succession Planning.

#### D. Responsible Gaming - Problem Gambling

Ms. Esther Milne, IPI Compliance Officer, informed the Commission that IPI has created an Action Plan and Timeline to address Gambling in the CNMI. She said that



the Twelve Week Action Plan will be completed by December 31, 2016. The Action Plan is as follows:

- Week 1 (ending October 21): Create & Submit Timeline
- Weeks 2 & 3 (ending November 4): Methodology & Develop Strategy
- Week 4 (ending November 11): Develop Questionnaire
- Week 5 (ending November 18): Finalize questionnaire and Print copies
- Weeks 6 & 7 (ending December 2): Conduct Survey on Saipan (2 weeks)
- Week 8 (ending December 9): Conduct Survey on Tinian (2 days)
- Week 9 (ending December 16): Conduct Survey on Rota (2 days)
- Weeks 10 & 11 (ending December 30): Compile Data & Report Findings

Ms. Milne explained to the Commission that the three means of Methodology that IPI will utilize in its endeavor to gather data are the survey method, mall survey and random sampling. She said that the survey will be survey will be conducted by the following departments: Legal & Compliance (LEAD); Corporate Social Responsibility; and Security.

## **VII. EXECUTIVE SESSION:**

Commissioner Manglona made a motion to move into Executive Session to discuss the IPI bond offering, financial matters, CCC personnel matters and to hear the report from Legal Counsel, and was seconded by Commissioner Santos. It was put to an individual vote, and was approved by a quorum of four "Yes" votes at 4:24 P.M. Vice Chairman Reyes stepped out momentarily to take an emergency phone call.

Vice Chairman Reyes made a motion to move out of Executive Session and was seconded by Commissioner Santos. It was put to a vote, and was unanimously approved at 4:59 P.M.

Commissioner Santos made a motion to recessed until tomorrow, November 23, 2016 at 10:00 A.M. and was seconded by Commissioner Manglona. It was put to a vote, and was unanimously approved at 5:00 P.M.


**November 23, 2016, Wednesday**

Chairman Sablan reconvened the meeting at 10:21 A.M. on Wednesday, November 23, 2016, at the Joeten-Kiyu Public Library (Technology Room) in



Concurred by:  Date: 12/15/16  
Justin S. Manglona  
Commission Secretary

APPROVED AND ADOPTED ON: 20<sup>th</sup> day of December, 2016.

 Date: 12/20/16  
Justin S. Manglona  
Commission Secretary