



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



MINUTES
October 26, 2017

I. PRELIMINARIES:

A. Call to Order.

Chairman Juan M. Sablan called the meeting to order at 10:10 am on Thursday, October 26, 2017, 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), Martin DLG. San Nicolas (PA & MR Officer).

C. Adoption of Agenda.

Chairman Sablan recommended the agenda be amended to add item I. under New Business to discuss an order for IPI pursuant to P. L. 19-24, to order IPI to furnish the Commission with information for public viewing and dissemination. Commissioner Manglona also recommended that the adoption of the September 21, 2017 minutes of meeting be deferred. Therefore, Commissioner Santos moved to adopt the agenda with the recommended changes by Chairman Sablan and Commissioner Manglona. The motion was seconded by Commissioner Manglona and was put to a vote and unanimously approved.

D. Adoption of the Minutes. September 21, 2017.
Action deferred.

II. REPORTS:

A. Report by the Chairman

Chairman Sablan recognized and welcomed Assistant Attorney General (AAG) Hessel Yntema to the Commission meeting. He explained that AAG Yntema is present as separate counsel to avoid any possible conflict of interest regarding the Commission's order on IPI. He further added that AAG Yntema was asked to sit in on today's meeting to provide clarifications, if need be, on some concerns relating to the CCC order.

building in Capitol Hill is reserved for the Commission. However, before any documents can be processed to transfer the property to the Commission, the Department of Public Lands is requesting that the Commission first provide a source of funding for the construction of the CCC office. The Director said that the Commission, on its own, cannot afford to cover the full expense of constructing the building, and that there will be a need to seek financial assistance from the local government, and the need to tap into available federal grants.

3. Recruitment: The Director informed the Commission that additional FTE's were granted under the FY-2018 Budget. He said that the Commission will be publishing job vacancy announcements for a Compliance Agent, Financial Auditor, Procurement Officer, Investigative Analyst, and Enforcement Officer.

4. Freedom of Information Request: The Director informed the Commission that two more request for comments and information was received from the House of Representative specifically regarding the licensee's total payout in Gross Gaming Revenue (GGR). He shared that the Commission will gather the information and respond accordingly, as allowed by statute.

5. Junket Applications: The Director informed the Commission that it now has 6 (six) casino junket operator license applications that are currently undergoing the vetting process and due diligence by Amerine Enterprise out of Las Vegas, Nevada. As of today, the Commission has only one approved junket operator which is Big Bang Entertainment.

6. Training: The Director informed the Commission that he and other CCC Staff attended a problem gambling conference and the G2E Symposium in Las Vegas, Nevada. The Director said that the issue of responsible gaming is international wide and cannot be avoided without the involvement of the gaming operators. The operators must participate in providing assistance and implementing rehabilitation programs for problem gamblers. Another issue that was brought up at the conference was how to fund these programs. A suggestion was made to assess a fee per machine that would automatically go into the responsible gaming program, and another suggestion was to have the program funded by state appropriation from gaming taxes.

The Director informed the Commission that he has made contact with different problem gambling professionals who are willing to share their expertise with the CNMI. He said that the Commission is looking forward to sharing its responsible gaming contacts with IPI and the CNMI's Mental Health Providers, and in working collaboratively to develop creative programs for the community. He said that the whole concept of problem gambling is somewhat ambiguous and that there isn't a straight cut program that could cure all problem gamblers. The Director expressed his appreciation at IPI's participation at the same problem gambling conference in Las Vegas.

The Director informed the Commission that there will be a Financial Crimes Investigations Training coming up from November 13-17, 2017. The Commission will be participating in this training with other CNMI Law Enforcement Agencies. He informed the Commission that he will be meeting with the Department of Customs Director, Mr. Joe Mafnas, to discuss funding assistance from CCC. He further reported that he, Special Assistant Sakisat, and Counsel Ernest recently attended the IAGR Conference in Johannesburg, South Africa. The Director informed the Commission that next year's IAGR Conference will be held in Copenhagen, Denmark.

7. Annual Report: The Director informed the Commission that due to so many happenings and changes, he has decided to combine the Commission's 2015 and 2016 Annual Reports into just one comprehensive 2017 Annual Report. He said that the combined Annual Report is currently undergoing final review before publication in November. The Director informed the Commission that immediately thereafter, the CCC website will be launched and would include the entire CCC Annual Report, all forms, regulations, orders and directives, and all upcoming trainings and events.

8. Appreciation: The Director expressed his appreciation to Audit Manager, Mr. Charlie Atalig, for taking over in his absence as Acting Executive Director, and he also thanked all the Division Managers and CCC Staff for all their assistance in preparing for today's meeting. Furthermore, he extended his appreciation to P&L Manager, Ms. Velma Lore, for completing the renewal and registration of all IPI employees in a timely manner.

III. PUBLIC COMMENTS:

Chairman Sablan recognized Mr. Paul Zak from the gallery. Mr. Zak asked the Commission how he can get a copy of the Stipulated Resolution of Complaint 17-002. Chairman Sablan informed Mr. Zak that after the Commission takes action on the resolution, a copy can be obtained at the CNMI Register as it will be public information.

IV. MISCELLANEOUS MATTERS - Casino Licensee (IPI) Updates:

A. Casino Licensee (IPI) Updates:

1. Construction Progress- Imperial Pacific Resort & Hotel & Roadways

Mr. Eric Poon, IPI designer, provided the Commission hard copies of the IPR's construction progress report as of October 23, 2017. The current overall completion of Imperial Pacific Resort is 63%. Mr. Poon informed the Commission of the following key issues:

- Continuous heavy rainfall in the past month with record of 23 days affected the construction progress.
- Construction laborers dropped by 50% since Oct-17 due to expiry of CW1 working permit. Although we are using local construction companies to supplement, however, the shortfall is increasing.
- Proposal from potential consultants received for the DPAC representative of Imperial Pacific and under internal review.

Mr. Poon reported the following Labor Summary:

- Management Staff: 16
- Workers= Total 291
-MEP: 38 (MMC+GPPC+Winzy)

- Structural Steel: 205 (Haitian)
- Façade: 28 (Dragon Cheng)
- Fitting-out: 4 (Grandland)
- General Laborers: 10 (JHJ)
- Fire Services-Electrical: 6 (Winzy)

Mr. Poon informed the Commission the following statutory issues:

- JMA to submit North Forecourt Rain water filtration system design modification to BECQ on 27-Oct-17.
- Egress passage submission for installation of Dragon at Main Lobby will be submitted formally by end Oct-17.
- CCC approval is pending for the workers to rectify the seismic bracing at the casino area.
- Chairman M restaurant formal opening is pending approval from DFEMS on the installation. All testing was completed in the week of 16-Oct-17.

Commissioner Manglona shared his concern for the lack of construction workers as USCIS now requires that IPI applies for H2 Visas instead of CW's. Mr. Mark Brown, Chairman of IPI, informed the Commission that the lack of construction workers is not a result of financial issues. Although it is more expensive to apply for H2 Visas instead of CW's, he reported that it is even more costly to hire U.S. construction workers that do not require visas at all. Mr. Brown reported that the CW issue is affecting all the businesses in the CNMI and not just IPI. He said that his team has been working very hard to recruit contractors from different parts of the U.S. IPI is looking to hire between 500 and 800 U.S. workers within the next few months so that they could meet the August 2018 construction deadline.

Director Deleon Guerrero reminded Mr. Brown that Amendment #5 of the Casino License Agreement was very specific with the August 2018 deadline. Mr. Poon informed the Commission that IPI is currently negotiating with three potential U.S. contractors that are capable of providing the necessary manpower for the project.

2. IPI Personnel- Training and Recruitment of U.S. Workers & Employee Compensation

Ms. Bertha Leon Guerrero, VP of HR at IPI, updated the Commission on IPI's HR efforts for the month of September 2017. Hard copies of her report were distributed to the Commissioners prior to the meeting. She shared the following highlights with the Commission:

Dealer Program

Our 5th Dealer Academy was completed on September 29, 2017, graduating a total of 13 trainees. The start date of our 6th Dealer Academy is to be confirmed.

Dealer/Pit Supervisor Dual Rate Training

There are currently 6 Dealers who are currently undergoing the sixth week Dealer/Pit

Supervisor Dual Rate Training. Targeted completion date of this current program is November 2017.

Job-Specific Mandarin Training for Dealer

On September 29, 2017, 28 participants have graduated from the Job-Specific Mandarin Training for Dealer. There are two classes that will benefit these enrollees by helping them acquire career advancement opportunity. This training is a 16-hour program that consists of two parts - Part A and Part B. Each enrollee is required to pass Part A of the program prior to proceeding to Part B.

Work Smart with Excel

Two classes of Work Smart with Excel were launched in September 2017. These classes were conducted by Northern Marianas College staff. This training will equip participants with the skills and knowledge to work efficiently and effectively. Two more classes will be held in October 2017 to cater to business needs. The first class was held on October 20, 2017 and the second class will be held on October 27, 2017.

Leadership Development Program

Aspiring Leadership Program is our signature program with supervisors and potential team leaders as our targeted participants. It is a modular program with 5 modules with different topics that suit our needs. Corporate Learning and Development of IPI will launch the other 2 leadership development programs soon to cater for the needs of executives/managers of various levels.

The IPI Dash Board indicates the following: IPI has 1,813 total employees as of September 14, 2017. Categories: 44% US employees and 56% non-US employees. Employee Movement: In September 2017, there were 17 new hires, 56 separations, 7 internal promotions, 8 internal transfers and 1 other (such as address, title changes, etc.)

The following trainings were completed as of October 16, 2017: 1) ARC First Aid, CPR & AED, 2) Aspiring Leadership Program Module, 3) Aspiring Leadership Program Module 5, 4) Confidentiality & Non-disclosure Training, 5) Customer Service Training for Butlers from VIP Marketing, 6) EEOC for General Staff, 7) Employee Handbook Orientation, 8) Job-specific Mandarin for Dealer, 9) Orientation & Guest Services, 10) Title 31/AML, 11) Work Smart with Excel, 12) Working in Teams.

Ms. Leon Guerrero informed the Commission that she met with Acting Secretary of the Department of Labor, Mr. Gil San Nicolas and provided him with an updated Workforce Plan. Chairman Sablan asked that a copy of the updated Workforce Plan be provided to the Commission as soon as possible. He also advised Ms. Leon Guerrero to look into alternative ways to entice CNMI residents attending school abroad to return to the CNMI i.e. internship programs, summer programs with IPI. He said that many locals relocated to the U.S. mainland in search of gainful employment and asked that IPI work on developing programs and competitive offers to encourage CNMI residents to come home

as the number of CW workers phases out.

The Director asked IPI to update the Commission on the title 31 AML Program. Chairman Sablan recognized Mr. Charles McDonald, VP for Legal at IPI, who informed the Commission that the AML training is mandatory for all IPI employees which consist of 25 electronic modules that each employee can access at their own pace. He said that all 25 modules are online and that the regular training course will take approximately one day to complete. The Director requested that the Commission be given a training schedule for the title 31/AML course so that members of the Commission's audit and compliance division can participate in the training sessions in a joint effort to educate IPI employees on the Commission's expectations and requirements.

At 12:06 pm, Vice Chairman Reyes made a motion to recess for lunch until 2:30 pm 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 2:38 pm.

3. Responsible Gaming Program

Mr. McDonald updated the Commission stating that IPI has made significant progress with their responsible gaming program following the recently attended conference in Las Vegas, Nevada. He said that IPI had the opportunity to sit down with Mr. Keith Whyte, the Executive Director of the National Council on Problem Gambling. Mr. McDonald said they discussed ways to assist the CNMI with problem gambling given the unique circumstances of IPI's players will be mostly Asian tourist. Mr. Whyte experienced similar issues in the Bahamas which IPI plans to use as a blue print in addressing the issue of problem gambling in the CNMI. Mr. McDonald said that IPI is currently applying for membership to the National Council on Problem Gambling after which IPI plans to focus their initial efforts into training their staff on ways to identify problem gambling and also raising awareness on problem gambling.

Mr. McDonald reported to the Commission that the survey on problem gambling is still under review by Mr. Kahlil Philander, Assistant Professor in the School of Hospitality Business Management at Washington State University. IPI is expecting the results of the survey before next month's Commission's meeting. Mr. McDonald expressed his hopes for the problem gambling program and is excited to see it grow as he feels IPI has made tremendous progress in finally finding the right institutions and individuals to assist in the development of this significant program.

Director DeLeon Guerrero asked Mr. McDonald to draft an invitation to Mr. Keith Whyte of NCPG to visit IPI and the Commonwealth Casino Commission. He said that he and the Commissioners met with Mr. Whyte at the conference in Vegas and informally invited him to visit Saipan. He told Mr. McDonald that to invite him sometime after the holidays so that IPI and the Commission will have enough time to collaborate with other government agencies who will be potential stakeholders in the problem gambling program i.e. the Department of Public Health. The Director suggested that the invitation will be for a few days so that Mr. Whyte would have the opportunity to visit government agencies, poker

establishments, and maybe faith based organizations i.e. the churches in the CNMI.

4. Other Miscellaneous Matters

Director DeLeon Guerrero asked Mr. Brown about how minors /families would access other outlets i.e. spa, restaurants, beauty shops at IPR. He said that he and Vice Chairman Reyes walked around different casinos observing minors/families walking through the casino floor on their way to other outlets of the hotel. Mr. Brown said that minors/families would be able to access other outlets of IPR by following a designated pathway throughout the casino floor. The Director said that in Las Vegas hardly anyone was walking on the pathways, but instead were passing directly through the casino floor. He told Mr. Brown that casino security was not enforcing the minors/families on the pathways. The Director advised Mr. Brown to start planning ways to enforce potential situations that may arise in the future with regards to minors/families at IPR.

B. Other Matters: None

V. OLD BUSINESS: NONE

VI. NEW BUSINESS:

A. Consideration of Stipulated Resolution of Complaint 17-002; Adoption of CCC order confirming Stipulated Resolution of Complaint 17-002.

Chairman Sablan recognized Counsel Ernest who gave an overview of the contents of the Stipulated Resolution of Complaint No. 17-002. Counsel Ernest introduced himself to the Commission on behalf of Mr. Edward DeLeon Guerrero, in his official capacity as Executive Director of the Commonwealth Casino Commission, Plaintiff-Petitioner. Counsel Ernest informed the Commission that the Defendants/ Respondents, Imperial Pacific International (CNMI) LLC and Ieng Kun Ho a.k.a. Jack Ho #CCC-2017-0767-CKE are present and are being represented by their Chairman, Mr. Mark Brown and Legal Counsel Philip Tydingco, Sr. VP of Legal at IPI. Counsel Ernest stated that the facts that he is about to present before the Commission regarding Complaint No. 17-002 are allegations. The Executive Director feels that if this matter was to go to trial, he would be able to prove the following facts.

1. THAT at all times pertinent to this case, the respondent IPI was the licensee subject to the Commission's jurisdiction and that respondent Ho was also subject to the jurisdiction to the Commission.
2. THAT on or about July 6, 2017, the day that IPI was moving the live training facility from DFS T Galleria to the completed Casino portion of the IPR facility.
3. THAT as the dealers were counting out the chips and cards on the table in preparation to transfer to the new IPR facility,
4. THAT a casino employee noticed that the cards being used at the Pai Gow tables were unapproved as the designs on the cards violated the approved Internal Control Standards

(ICS) which was required by the Minimum Internal Control Standards (MICS),

5. THAT the failure to follow the MICS was a violation of the CCC regulations.

The dealers informed their superiors, which led to the investigation in the card room. The report of this incident reached Mr. Ieng Kun Ho a.k.a. Jack Ho, Sr. VP of table games. Mr. Ho came down to the floor and had a meeting with four or five other casino key employees (CKE) in which conversations were had and a decision was made that even though the cards weren't approved and therefore in violation of ICS, they were willing to go ahead and use the cards anyway. IPI did use the Pai Gow tables on July 6, 2017 using the unapproved cards in violation of both the MICS and the Regulations. The use of the unauthorized/unapproved cards started at or around 6PM all the way to perhaps 8AM on July 9, 2017. Counsel Ernest informed the Commission that all these events happened in Garapan, Saipan, Commonwealth of the Northern Mariana Islands.

He further stated that on or about July 9, 2017, an employee of the respondent IPI approached a CCC enforcement agent stationed at the Live Training Facility at the Initial Gaming Facility (IGF) and said, Counsel Ernest paraphrased, "Hey, check out the Pai Gow tables, there's something wonky going on over there." Thereafter, the enforcement officer went over and checked the Pai Gow tables, determined there was something wrong, informed his superior, and then CCC ordered that the Pai Gow games be shut down. Counsel Ernest said that it is his understanding that the Pai Gow tables were immediately shut down after receiving the order from CCC.

Counsel Ernest continued, also on July 9, 2017, after the order to shut down the Pai Gow games, CCC investigators began investigating this case as a violation of the regulations. He stated that the CCC Division of Enforcement Investigation team did a very thorough job in interviewing many casino employees as well as casino key employees. Each interview was documented in a written report and each employee submitted a signed statement. Counsel Ernest commended the Commission's E & I Division for a job well done on this case.

After the investigation was concluded, and submitted to the Executive Director, CCC Complaint No. 17-002 was filed with the Commission, the Respondents IPI and Jack Ho answered in a timely manner. The submitted answers were then filed, several meetings with the Respondents and their legal counsel along with CCC Chairman, Executive Director and Counsel Ernest resulted in the stipulated resolution which is now before the Commission for its consideration. The stipulated agreement states the following:

"Respondent IPI shall ensure that all Casino Key Employees in its Table Games department are retrained on the Internal Controls for all card games offered in the Casino. IPI shall pay One Hundred Fifteen Thousand Dollars (US\$115,000.00) in settlement and resolution of all claims alleged in Complaint 17-002. IPI shall take no adverse employment action or retaliate in any way against any employee who is reasonably believed to have aided in the investigation or prosecution of this action. IPI waives permanently and entirely, any right to appeal in this action and shall not seek, apply for, or accept any suspension, reduction, modification, or rescission, of any term, condition or obligation of the resolution per §§175-10.1-675 or 175-10.1-2505 or any other regulation, statute, legal authority or precedent whatsoever."

Counsel Ernest informed the commission that Director DeLeon Guerrero believes that this resolution is in the best interest of not only the CCC staff or CCC, but also the people of the Commonwealth, as the \$115,000.00 payment will be deposited into the CNMI's general fund. Furthermore, the Director believes that this resolution protects the integrity of the Commission and the integrity of gaming specifically in the CNMI. For this reasons, the Executive Director respectfully request that the Commission approves in its entirety the stipulation which have been provided to the Commission jointly from the Executive Director and the Respondents.

The Director respectfully asked that the Commission do so by entertaining and passing the draft order which has been provided to the Commission in its entirety and without modifications. Additionally, Counsel Ernest asked that the Commission through the Chairman have this order published in the Commonwealth Register at its earliest convenience without undue delay.

Vice Chairman Reyes made a motion to adopt CCC Order Confirming Stipulated Resolution of Complaint No. 17-002 and for the Chairman to approve its publication in the Commonwealth Register and was seconded by Commissioner San Nicolas. It was put to a vote and was unanimously approved.

B. Proposed Permanent Adoption of Casino Regulations:

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| 1. | §175-10.1-920(b) | Casino Employee Licensee Standards. |
| 2. | §175-10.1-1105 | Duty to Disclose and Cooperate. |
| 3. | §175-10.1-1130 | Consent to Examination of Accounts and Records. |
| 4. | §175-10.1-1315 | Disqualification Criteria. |
| 5. | §175-10.1-1501 | Commencement of Complaint. |
| 6. | §175-10.1-1510 | Notice of Defense. |
| 7. | §175-10.1-1515 | Right to Hearing; Waiver. |
| 8. | §175-10.1-1525 | Revocation of License or Registration; Hearing. |
| 9. | §175-10.1-1855 | Collection of Gaming Credit. |
| 10. | §175-10.1-2605 | Licensure and Registration Required. |

Commissioner Manglona made a motion to defer action on the proposed permanent adoption of the above listed casino regulations subject to the Chairman's call. The motion was seconded by Vice Chairman Reyes and was put to a vote and unanimously approved.

C. Approval of Regular Key Employee License (2-Year License):

1. Yinan Hu - "Ian" - Manager of IT at Gaming Solutions. Provisional License will expire on 11/22/17.

Vice Chairman Reyes made a motion to approve the regular casino key employee license (2-Year License) for Mr. Yinan Hu a.k.a. "Ian" - Manager of IT at gaming solutions and was seconded by Commissioner Manglona. It was put to vote and was unanimously approved.

D. Approval of Regular Casino Service Provider License (2-Year License):

1. Aristocrat (Asia) Pty Ltd - Electronic Gaming Machines. Provisional License will expire on 11/30/17.
2. Aristocrat (Macau) Pty Ltd - Electronic Gaming Machines. Provisional License will expire on 11/30/17.
3. Aristocrat Technologies Australia Pty. Ltd.: Electronic Gaming Machines. Provisional License will expire on 11/30/17.
4. Central Credit LLC. Credit Bureau. Provisional License will expire on 11/30/17.
5. Everi Payments Inc. (Global Cash Access Inc.): Kiosk - ATM Machines. Provisional License will expire on 11/30/17.
6. Gaming Laboratories International, LLC: Gaming Device and Systems Testing. Provisional License will expire on 11/30/17.
7. IGT: Electronic Gaming Machines. Provisional License will expire on 11/30/17
8. Konami Gaming Inc.: Electronic Gaming Machines. Provisional License will expire on 11/30/17.

Vice Chairman Reyes made a motion to approve the regular casino service provider license (2-Year License) for the above listed service providers and was seconded by Commissioner Manglona. It was put to vote and was unanimously approved.

E. Approval of Regular Vendor License (2-Year License)

1. D'Elegance Enterprises, Inc.: Food Catering Provider. Provisional License will expire on 11/30/17.
2. Yaong Corporation: Foods/Groceries/Restaurant Supplier. Provisional License will expire on 11/30/17.

Vice Chairman Reyes made a motion to approve the regular casino vendor license (2-Year License) for the above listed vendors and was seconded by Commissioner Manglona. It was put to vote and was unanimously approved.

F. Consideration of Commission Order No. 2017-004 as required by P.L. 19-24.

Vice Chairman Reyes made a motion to adopt Commission Order No.: 2017-004 - Order to Provide Publicly Accessible Information. The motion was seconded by Commissioner Santos, was put to a vote and unanimously approved.

Chairman Sablan called for a five-minute recess at 4:01pm.

Chairman Sablan reconvened the meeting at 4:11pm.

VII. EXECUTIVE SESSION:

Commissioner Santos made a motion to enter into executive session at 4:12 pm to discuss the report by the Legal Counsel, the report by the CCC Audit Manager, and IPI Financial Matters. The motion was seconded by Commissioner San Nicolas, put to a roll call vote and unanimously approved receiving 5 "Yes" votes.

Commissioner Manglona made a motion to exit from executive session, seconded by Vice Chairman Reyes. It was put to a vote and unanimously approved. Executive Session ended at 4:53 pm.

VIII. ADJOURNMENT:

Vice Chairman Reyes moved to adjourn, seconded by Commissioner Manglona. The motion was put to a vote and unanimously approved. The meeting was adjourned at 4:55 pm on Thursday, October 26, 2017.

Prepared by: for R. Sablan Date: 11/17/17
Carmen Ann B. Sablan
Executive Secretary

Concurred by: [Signature] Date: 11/17/17
Justin S. Manglona
Commission Secretary

APPROVED AND ADOPTED ON: 29th day of November, 2017.

[Signature] Date: 11/29/17
Justin S. Manglona
Commission Secretary