



COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

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MINUTES

December 22, 2020

I. PRELIMINARIES:

A. Call to Order

Chairman Edward DeLeon Guerrero called the meeting to order at 10:11 am on Tuesday, December 22, 2020 at the Commission's 2nd Floor Main Conference Room at the Springs Plaza in Gualo Rai, Saipan. The meeting was also on video conference.

B. Roll Call

Commissioners present at the meeting were: Edward DeLeon Guerrero (Chairman), Rafael Demapan (Vice Chairman), Ramon Dela Cruz (Secretary), Mariano Taitano (Treasurer) and Diego Songao (Public Affairs).

C. Adoption of Agenda

Commissioner Dela Cruz made a motion to amend the agenda under IV. Miscellaneous Matters, to include 'CCC Enforcement Actions' under item A, therefore shifting the next two items to B and C. The motion was seconded by Vice Chairman Demapan. The motion with the amendment was put to a vote and unanimously approved.

D. Adoption of Minutes. November 24, 2020

Commissioner Taitano made a motion to adopt the minutes of the November 24, 2020 meeting, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved.

II. REPORTS:

A. Report by the Chairman

Chairman DeLeon Guerrero reported that House Bill 21-11, which has been with the legislature for the last four years has finally passed. He noted that the matter is listed on the agenda under Old Business so further discussion can be taken up in that section.

The Chairman announced that the COVID-19 vaccine is available on-island, noting that healthcare workers and the elderly can now register online if they want to get vaccinated.

The Chairman shared that the Commission has five different enforcement actions against IPI, and the Commission will be sitting as the tribunal to hear the complaints. He noted that the licensee requested for a hearing for each complaint, and that the Commission is going to set hearing dates for January 21st and 22nd. He announced that the next Commission meeting will be held on January 20, 2021.

The Chairman mentioned that he was asked to recuse himself on the first complaint, as he was still employed with Commission as the Executive Director during the time that the complaint was being processed. He said that he agreed to his recusal which would leave Vice Chairman Demapan

to preside over the hearing for the first complaint. The Chairman stated that he would likely preside over the hearing for complaints 20-002 through 20-005, which he expects to be consolidated into one hearing. He noted that the Commission can discuss the matter further under agenda item IV. Miscellaneous Matters, A. Enforcement Actions.

Commissioner Dela Cruz asked if the Commission still plans to hire a Hearing Officer. The Chairman replied no, adding that during his discussion with AAG John Lowrey, the Commission will not be able to participate or ask questions if a hearing officer is to preside over the cases. He noted that it is best that the Commissioners conduct the hearings with the guidance of Mr. Lowrey.

Chairman DeLeon Guerrero reported that the Saipan Chamber of Commerce wrote to him and the Acting Executive Director, Mr. Andrew Yeom, on December 8, 2020. The Chamber requested that the Commission enforce its regulations and hold the casino operator responsible for their alleged violations. The Chairman noted that he and the Acting Director responded to the Chamber on December 10, 2020, outlining what the Commission is doing.

The Chairman shared that he is delighted to hear that the US Department of Labor (USDOL) has finally decided to enforce actions that the Commission has been blamed for over the past few years. He noted that the Commission does not have any authority to enforce federal laws. He shared that it is also his understanding that the CNMI Department of Labor (DOL) does not have jurisdiction either because of the number of employees IPI has. He stated that the matter is active and ongoing so he will defer any further comments.

Chairman DeLeon Guerrero shared that tomorrow, December 23, 2020, is the CCC's Annual Christmas gathering. He asked the Commission members, including the members from Tinian and Rota to join the event to be held at the Rey Lounge at the Aqua Resort at 6:00 pm.

B. Report by the Acting Executive Director

- **CCC Budget:** For the month of November 2020, the Commission's total expense was \$164,705.00.
 - 73.25% Personnel Wages and Benefits
 - 16.44% Board & Other Compensation
 - 6.07% Office Rental
 - 4.24% for Other Operational Costs

He noted that the current head count of FTEs is at 41 including the Legal Counsel.

- **Employee Separation:** The Director reported that Ms. Velma Lore, the Division Manager of Permit & Licensing has resigned from her position due to personal reasons and is separated from the Commission as of December 4, 2020. He shared that it is sad to see her go after working together for over 5 years building the Commission from scratch. He added that the Commission wishes her the best of luck in her future endeavors. He further stated that Mr. Frank Ada "Senior" has been appointed the Acting Manager for the division until the position is permanently filled.
- **Payroll Monitoring:** The Director reported that IPI's payroll delay pattern has continued as follows:

PP#	Original Due Date	Actual Pay Date
21	10/09/2020	TBD, 12/22/2020 (75 days)
22	10/23/2020	TBD, 12/22/2020 (61 days)
23	11/06/2020	TBD, 12/22/2020 (47 days)
24	11/20/2020	TBD, 12/22/2020 (33 days)
25	12/04/2020	TBD, 12/22/2020 (19 days)
26	12/18/2020	TBD, 12/22/2020 (05 days)

He stated that due to these repeated payroll delays, the USDOL has petitioned for contempt and for an order for IPI to show cause regarding contempt of judgement, which was filed on 12/16/2020 against Ms. Cui Li Jie and Mr. Donald Browne. The Director noted that the case file is included in the Commissioner's package for their review. The Director shared that in the morning of the meeting (December 22, 2020), he received a message from Ms. Frances Mafnas, informing him that the funds for PP21 to PP26 payroll should be received by tomorrow (December 23, 2020), depending on the flight schedule from Guam.

- **House Bill No. 21-11, HS1, SD1, SD3:** The Director shared that on December 10, 2020, the bill was unanimously passed at the House and is now waiting the Governor's review and approval. He stated that while the Commission is extremely happy to see the bill finally passed by the legislature, there is now much work to be done in transitioning the Commission such as establishing its own bank accounts, cashier, payroll, HR, procurement system and others. He stated that currently, the Commission is looking at every angle to determine what the most effective and efficient solutions are to handle all these tasks. He said that although there are current solutions, the Commission is studying deeper to find the most cost-effective approach that will work for the next 10 years. He added that the Commission hopes to address the matter by the end of January 2021 and that in the meantime, the Commission has temporary solutions.
- **IPI Furloughed Employees:** The Director reported that on December 15, 2021, three individuals who are currently furloughed by IPI and residing at Vestcor came to the Commission office to request for assistance. The three individuals made it clear that they did not want to file a complaint, but are at the Commission simply to seek help in resolving the loss of power at their current housing location. They stressed that all they want is to ask the Commission to speak to IPI's top management to have the power restored whether from CUC or a company owned generator. The Director noted that these individuals asked to remain anonymous in order to avoid any type of retaliation by IPI's management or owners. The Director also pointed out that just a few minutes ago, he was informed by a member of the legislature that the Turkish employees are also experiencing loss of power at their housing location.
- **Executive Session:** The Director reported that the Compliance Division will present a report during executive session on their findings of the Massachusetts Gaming Commission's penalty structure. He stated that combining their penalty structure into the Commission's regulations may be something to look into to diversify the penalty scheme.
- **CCC Christmas Dinner:** The Director shared, as previously mentioned by the Chairman, that the CCC's Annual Christmas party will be held tomorrow, December 23, 2020 at 6:00 pm at Aqua Resort's Rey Lounge. He asked the Commissioners to join in and enjoy the Christmas season together.

Commissioner Dela Cruz asked the Director to provide the Commission with a written report for future Commission meetings.

III. PUBLIC COMMENTS

1. **David Rillera, President of DR Safety Consultants,** shared that he would like to clear some issues and to share some truth into what's been happening at the construction site. He disclosed that he's been off island but now he's back and feels the need to clear his name. Mr. Rillera explained that DR Consultants issued a termination letter for their Safety Inspector and Engineer of Records on December 10, 2020 or probably even earlier. He noted that IPI still continues to operate without the two required and important positions for the construction project. He confirmed that DR Consultants still holds a valid contract as the safety management for the project and

that they have not received a contract termination letter from IPI. However, he explained that work can't be done because they were chased off of the job site. He further noted that IPI is now in the process of taking down tower cranes 4 and 5 without a competent person on site to oversee the project as it relates to all the safety issues that DR Consultants is not in support of.

Mr. Rillera reported that on December 18, 2020, he had a meeting with Mr. Isagani Salazar, DPW Technical Service Supervisor, who informed him that DPW has plans to issue a stop work order to IPI on December 21, 2020, but that did not happen as the construction work continued. He then stated that DR Consultants received a letter from IPI informing them that they would pay them in order to avoid the termination of contract by DR Consultants but still no payment from IPI was received. Mr. Rillera stated that he is appearing before the Commission to express his company's concerns especially during the holiday season and their inability to pay their employees. In addition, he shared that his office has no power and that he is working out of the hotel. He stressed that although the newspaper stated that IPI had no money, the construction work continues without safety management, Safety Inspector and Engineer of Record.

IV. MISCELLANEOUS MATTERS:

A. CCC Enforcement Actions

Assistant Attorney General Michael Ernest, the Commission's Legal Counsel, first informed the Commission that he was not aware that the date for the hearings had been set, as the Chairman earlier stated during his report. He stated that the Acting Executive Director only has one motion, which is to ask the Chairman to recuse himself on the first two cases, Complaint No. 20-001 and 20-002. He shared that his investigation of the facts led him to believe that the Chairman is a fact witness for both cases and would need him to testify on behalf of the Acting Executive Director.

Attorney Michael Dotts informed the Commission that he has been withdrawing from court cases and suspending work for IPI because of nonpayment. He explained that these types of things happen with attorneys whose client is in financial distress. He shared that there's a process for an attorney to withdraw when they haven't been paid, which is to go to the hearing officer or judge to ask for permission to withdraw. He shared that he has conferred with Counsel Ernest, who agreed not to oppose a motion to withdraw.

Counsel Dotts stated that he does not want to leave IPI hanging, and so suggested that the January 21st hearing instead be turned into a status conference and motion hearing date. He said that by doing it this way, all the motions can be brought forth by January 21st in case he is no longer IPI's Legal Counsel. He noted that IPI would need an attorney to appear because a corporation cannot represent itself. He recommended that the actual evidentiary hearing be set for a month later in late February or after the motions are heard. He said that this will give IPI time to find a new counsel, and for its new counsel to work out any motions to disqualify, recuse and to identify who will be witnesses in the case.

Counsel Ernest stated that the Executive Director does not oppose the withdrawal of Attorney Dotts provided that the hearing be set and scheduled for February 2021, and that IPI agree that it now has over two months to seek new counsel. He added that if IPI shows up at the hearing date without counsel, they would automatically default the case.

Chairman DeLeon Guerrero asked the Commissioners if January 21, 2021 is good for them to hold the status conference and the hearing sometime in the first week of February. Counsel Dotts recommended to have the hearing at the end of February 2021. He further stated that they can't be sure what's going to happen during the status conference and the Commission may not be able to make decisions on motions immediately. The Chairman responded by saying that the matter has been dragging on for too long, and that both parties were given

ample time to prepare for the hearings. He stated that it is unreasonable to expect the Commission to hold on until the respondent is ready. He advised that the respondent plan for the hearings in the first week or mid part of February 2021. Counsel Ernest expressed his apology as it was a joint motion between he and Counsel Dotts, so he is equally responsible for requesting the unreasonable hearing schedule.

Counsel Dotts recommended that because this case could end up in court and the records of the Commission can be reviewed, it might be better for the motion for recusal to be heard on January 21st and a decision can be made at that time. The Chairman asked if that would be a part of the status conference, to which Counsel Dotts replied yes.

Commissioner Dela Cruz asked Counsel Dotts if he will be sitting in as IPI's Counsel for the status conference. Counsel Dotts explained that if he can work things out with IPI, he would like to stay and see them succeed. He elaborated that these hearings are a lot of work and demands a lot of time and if IPI has no funds to pay, he would more than likely be withdrawing on the 21st leaving IPI without an attorney. He stressed that IPI would be defaulted if it tries to proceed without an attorney. The Chairman said that he hopes IPI understands the severity of this matter and begins looking for another attorney to represent them in the hearings.

B. Casino Licensee -- Imperial Pacific International (CNMI), LLC ("IPI") -- Updates:

1. Imperial Pacific Resort & Hotel ("IPR"). Update on the construction project. (Please see Exhibit 1)

Mr. Howyo Chi, IPI's Senior Property Manager, reported and interpreted on behalf of Mr. Jonathan Tsai, IPI's Engineer. He informed the Commission that DPW authorized IPI to resume working on levels 3 and 13 as of November 24, 2020. He added that tower crane 4 is currently being dismantled and its expected completion date is at the end of December 2020. Chairman DeLeon Guerrero asked who is overseeing the removal, and if there are certified safety officers on site. Mr. Chi responded that Island CERTS Corporation out of Guam company is handling the crane project and they have certified safety officers. The Chairman asked where Mr. Jing and Mr. Poon are, to which Mr. Chi replied that they have been furloughed.

Commissioner Dela Cruz referenced one of the public comments where it was mentioned that IPI does not have a safety officer and asked Mr. Chi if he can corroborate the public statement. Mr. Chi answered that they have a certified safety officer on board who goes by the name of Ben, but that he isn't sure of his last name. Mr. Dave Rillera interjected to state that Mr. Chi is referring to Mr. Ben Cabrera. Commissioner Taitano mentioned that he is familiar with Mr. Cabrera as a former employee of DPW, but he isn't sure of his credentials.

The Chairman asked if tower cranes 5 and 6 were repositioned as mentioned in the last meeting as being necessary to do in order to remove tower crane 4, Mr. Chi answered yes. He asked how many people are working on dismantling the crane to which Mr. Chi replied about 8 or 9. The Chairman asked if that number is enough to meet safety requirements from an engineer's perspective. Mr. Chi, interpreting for Mr. Tsai, replied yes, it is a sufficient number. The Chairman asked Mr. Chi to ask Mr. Tsai if he is licensed in the CNMI. Mr. Chi informed the Commission that Mr. Tsai is a Fit Out Engineer and that he is licensed in Taiwan but not in the CNMI. The Chairman asked if DPW authorized Mr. Tsai to work at the site to which Mr. Chi responded saying he doesn't think DPW has asked for Mr. Tsai's credentials. The Chairman asked the Director to check with DPW about Mr. Tsai's credentials. He expressed that he is gravely concerned of the crane's safe removal and that no one below get injured.

Commissioner Dela Cruz informed Mr. Chi that IPI must ensure that any future engineer

assigned to work at IPR is licensed and certified to do business or practice their engineering skills in the CNMI as there may be a legal requirement for that. He said that the cranes are very dangerous objects and should anything happen, he is concerned for the safety of the people living below. Mr. Chi responded saying that Island CERTS is the company they hired who are dismantling the crane and that they have all the necessary certifications.

Commissioner Dela Cruz commented that he finds it unacceptable that IPI decided to terminate the contracts of the Safety Inspector and Engineer of Record from DR Consultants and bring in someone who is an unlicensed engineer. Mr. Chi stated that Mr. Tsai is the engineer for IPI, and that he is not the one dismantling the crane nor does he have any involvement in the supervision of the project. The Chairman instructed the Director to verify the certifications of the individuals working for Island CERTS.

The Chairman asked if there are any other ongoing construction work at the facility, to which Mr. Chi replied no, adding that they do not have enough manpower at this time. The Chairman then asked if the H2B workers are being paid or if they are being told to work without compensation. Mr. Chi responded that to his knowledge, money is coming in for them to get paid this week.

Vice Chairman Demapan asked if Mr. Chi had any updates on the status of the housing and the utility payments. Mr. Chi disclosed that the units that were disconnected have generators which are cheaper to run than CUC due to the high security deposit required. He shared that the occupants now have power and water at the Vestcor, Queens and Sugar King housing units. The Director asked about the housing for the Turkish workers. Mr. Chi shared that the power for the Turkish housing was disconnected just today (December 22, 2020) and that he is looking into moving the Turkish workers to another dorm with power and water. He anticipates for the relocation to happen by the end of the day.

2. IPI Personnel: (Please see Exhibit 2)
 - a) Organizational Chart Update
 - b) Resident Employment Objectives
 - c) Status of Employee Payroll & Employee Housing

Mr. Donald Browne, IPI CEO, shared that Ms. Redie Dela Cruz was furloughed but was able to prepare and send out a snapshot of IPI's HR standing. He reported that the snapshot states there are active employees but noted that this just means active in the system, not actively working. He added that there's only a handful of exempt employees doing work, including himself. He said that to comply the best they can with the FLSA, IPI has to bring in hourly staff to get the records being requested. He stated that this is a matter that IPI will have to discuss later on with the workers' attorneys.

Mr. Browne shared that there are issues with the power and water at the staff housings. He said that if IPI were to pay for such expenses, it is quite possible that they would be held in contempt again, because there are other charges the court has asked them to pay. He commented that IPI cares about humanitarian issues but if those issues are addressed, IPI might be subjected to more problems which is how the generators came about.

3. IPI Financial Matters.
 - a) Annual Casino License Fee
 - b) Annual Casino Regulatory Fee

Commissioner Dela Cruz asked for the status of the FinCEN's request for documents since the key employees working on it were furloughed. He stressed that it would be

very detrimental should FinCEN take aggressive steps to enforce the matter. Commissioner Dela Cruz said that this matter is very serious and should not be taken lightly. Mr. Browne acknowledged Commissioner Dela Cruz's concern and explained to the Commission that the FinCEN matter is an active investigation and that their attorney in California is confident that things are going well. He disclosed that IPI would need to hire another set of attorneys to conduct a Look Back into the year 2015, 2016, and 2017 before the Imperial Pacific Resort (IPR) was opened. The data for those years would have to be provided, however, the hiring of the new set of attorneys has not been initiated because it would require funding. Mr. Browne stated that according to their attorney, there's no mandatory time limit on getting this done. When the time comes to initiate it, he acknowledged that staff will be needed.

Commissioner Dela Cruz stated that in almost every meeting, he asks IPI about their accounts receivables and effort to collect on them. He asked for an update on the matter. Mr. Browne explained that most of the account receivables are over a year old or even a couple of years. He stated that at this point, they might have been written off but he is not quite sure where IPI is with that. He added that although he would like to pay more attention to it, there are a lot of other issues that require his attention. Mr. Browne disclosed that he signed an agreement for funding for payroll which should be deposited by today (December 22, 2020), so that checks can be processed for employees before Christmas. He clarified that the deposit is for 6 pay periods for PP#21 through PP#26 and will be about \$2.2M.

Commissioner Dela Cruz referenced the minimum bankroll requirement that was waived in the previous meeting. He asked if that money has been transferred to a bank account that they can access and use for payroll or other obligations. Mr. Browne responded that the money was used to pay winning patrons who are owed money.

Chairman DeLeon Guerrero reiterated a statement made by Mr. Browne in the last meeting in which he said that the moment any money is available, it will be used to pay the employees first. He asked if any amount of the money released from the cage was used for that purpose. Mr. Browne explained that some of the money went to pay the court sanctions, as the court had already stated that it has priority over payroll. The Chairman asked where the \$2.2M will come from, Mr. Browne answered that it was a loan from a third party. He said that once they execute the loan agreement, the Commission be provided a copy.

The Chairman asked what the status is of the Annual Casino License Fee and the Regulatory Fee. Mr. Browne announced that IPI is doing a cursory due diligence with a lender to make them whole on all their obligations, including the license fee. He noted that the lenders are in the middle of a risk and liability assessment.

The Chairman referenced Counsel Dotts' earlier comment in the meeting where he mentioned that he may be withdrawing as IPI's counsel. He then asked if IPI is prepared to seek another Legal Counsel to represent them in the administrative hearing for the 5 enforcement actions. Mr. Browne answered that Counsel Dotts will only withdraw as counsel if he is not paid. He noted that if they do not have the money to pay him, they would more than likely not have the money to pay another attorney. The Chairman asked Mr. Browne if he understands that he, as an individual, cannot represent IPI and if he understands that if they do not find representation, they will enter into a default. Mr. Browne confirmed that he understood the Chairman's statements. The Chairman further noted that the default could possibly result in the suspension or revocation of the license. Mr. Browne acknowledged, adding that they are working diligently to get money to pay Counsel Dotts, the court, the current and former employees, the utilities, and the vendors.

The Chairman asked Mr. Browne, as the CEO, how he can operate an organization with no knowledge on where the money is coming from. Mr. Browne said that he is nervous every day and that aside from a few parking tickets, he has never been to court, and he understands the seriousness of the situation.

The Chairman asked if the recent Chinese Communist Party ruling that disallows any kind of investment on overseas casinos has any impact on IPI's ability to collect the receivables. Mr. Browne answered that he has no knowledge about it. The Chairman asked Mr. Browne if he has opened any communication between IPI CNMI and IPI Hong Kong in reference to updates on the receivables. He shared that all he knows is that the June 2020 audit reported over \$127M in receivables and that he will have to discuss the matter further with Ms. Mafnas.

Commissioner Taitano commented that it seems that the parent company refuses to draw down funds for IPI CNMI. Mr. Browne responded that the parent company is involved in securing a lender and that IPI CNMI is the one that would execute the document with the holding company.

The Chairman asked if construction is still expected to be completed by February 2021 and if not, does IPI plan to go before the Lottery Commission submit a request for an extension. Mr. Browne answered that he isn't sure, but that he does not anticipate going before them again.

Commissioner Songao asked about the HR snapshot which states that there is a total of 557 operations employees and only 106 active. He also noted that the construction report stated there are 250 workers, which does not match HR's snapshot that says there are 252 active. Mr. Browne explained that the 'active' workers are only active in the system and are not actively working.

Commissioner Dela Cruz asked if the 200 H2B workers reported are still currently with the company, to which Mr. Browne replied yes. The Chairman inquired what the workers do every day if they're not working. Mr. Browne answered that he is not aware. He further explained that construction is not in his jurisdiction and he has made it clear to the company that he wants nothing to do with it. Mr. Browne noted that going forward, the goal is to get a contractor that can handle the construction.

Commissioner Dela Cruz shared his concern about the well-being of the H2B workers whose power and water were disconnected and who are not currently working. Mr. Browne replied that the water is running, but the power is on only on a scheduled basis. The Chairman informed Mr. Browne that he needs to revisit his duties and responsibilities. He reminded everyone that the Commission did not license the previous CEO because he was not responsible for construction, marketing, finance and a few others. He asked Mr. Browne what exactly is he responsible for. Mr. Browne answered that it is highly unusual to require the CEO to have all those responsibilities and that it is not seen anywhere in the world except in Saipan. He added that he only agreed for a six-month term as CEO which is soon to expire.

Commissioner Dela Cruz asked if Mr. Eric Poon is still with IPI, Mr. Browne answered that he is on furlough. Commissioner Dela Cruz said that since he first joined the Commission, Mr. Poon seemed to be the most knowledgeable on the construction aspect but now it seems that every other month, there is a new individual who comes before the Commission to report. He said there needs to be continuity because the Commission is lost on where IPI is with the project and who is doing what because no one can answer the Commission. Mr. Browne mentioned that Mr. Tsai is handling construction now with the help of Mr. Chi.

C. Other Miscellaneous Matters - None.

V. OLD BUSINESS:

A. Update on House Bill No. 21-11, HS1, SD1, SD3.

The Chairman shared that the bill was passed by the House, where they accepted the Senate amendments and that on December 11, 2020, the bill was transmitted to the governor. He noted that the governor is in full support of the bill and informed him that he will sign if there are no unconstitutional issues found after being reviewed by the Office of the Attorney General. The Chairman stated that if the bill becomes law, the Commission would have to develop its own procurement policy and form its own finance division to handle payroll and other related financial matters. He asked Counsel Ernest if he heard anything from the AG about the bill. Counsel Ernest said that he hasn't heard from the AG himself, noting that there may be two minor sections that would be policy issues, but he doesn't believe that any part of the bill would be unconstitutional.

The Chairman asked if it is a normal administrative procedure that the transition to autonomy occur through a memorandum of agreement, particularly as it relates to payroll and procurement processing. Counsel Ernest said he doesn't believe there is any transition period or effective date set and that it comes into effect as soon as the governor signs it. He noted that the Commission can immediately thereafter enter into an MOU with the other agencies to keep things going until such time that the necessary regulations are promulgated.

Counsel Ernest shared that in reference to the nonpayment of the fees and a potential appropriation from the legislature, the bill does provide an account by which the legislature can appropriate operational funds to the Commission, which becomes effective as soon as the bill becomes law. The Chairman stated that even though they have the statutory authority, what the Commission needs is the annual appropriation. He added that the Commission only receives one dollar which does not go very far and is still subject to continuing appropriation.

Commissioner Taitano asked where the Lottery Commission comes into the picture as far as Amendment No. 9 is concerned. Counsel Ernest stated that to his knowledge, under PL 18-56, the Lottery Commission was never given the explicit authority to make amendments to the CLA. He said it authorizes them to issue the license and states that once issued, their authority goes away and is transferred to the governor. However, the licensee needed Amendment No. 1 to happen quickly, and everyone went along which then set the precedent that the Lottery Commission could amend the CLA. Counsel Ernest further stated that he is unaware if the final version of the bill continued to strike out where it's stated that the Lottery Commission is authorized to issue the license. He noted that the strike out was not a change made by the Commission, but rather the legislature, possibly in an attempt to prevent them from making future amendments. In short, Counsel Ernest added the Lottery Commission would be divested of its authority if the bill becomes law.

The Chairman, in reference to the 3 required signatures for Amendment No. 9, asked if there is a provision stating that it automatically becomes law if the AG doesn't sign it by a certain date. Counsel Ernest said that the commonwealth law only stated that the AG must review, but there is no date by which he must approve it.

Commissioner Taitano made a motion to recess until 2:00 pm, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved. Recess was called by the Chairman at 12:01 pm.

Chairman DeLeon Guerrero called the meeting back to order at 2:00 pm on Tuesday, December 22, 2020. All Commissioners were present.

- B. Commission's Response to Public Comments Concerning Proposed Amendments to CCC Regulations Published in the Commonwealth Register, Volume 42, Number 10 at 447 - 044275 on October 28, 2020. (Please see Exhibit 3)

The Chairman shared that two comments were received by the Commission in response to the proposed amendments to the casino regulations. One was from IPI and the other was a follow up from Commissioner Songao. He noted that all of the Commissioners have reviewed both comments and the Commission's position on them. He asked Counsel Ernest to briefly provide the Commissioners a rundown of the comments.

Counsel Ernest stated that some of IPI's comments were not about changes, so the Commission didn't feel the need to address them, and that the rest were basically policy positions. He shared that there was one legal challenge, which involves a matter that is currently the subject of an enforcement action. He noted that the proposed change did not affect that particular matter, and that they were making a comment on the regulatory fee which was part of the fee section. However, he explained that the proposed change did not affect the fee at all.

Counsel Ernest shared that his only legal input would be that he does believe that this response should be the official record of the Commission and that his comments and responses should be included in the Commission's public file. He also recommended that a copy of IPI's comment and the Commission's response be attached to the minutes and submitted to the archives.

Counsel Ernest informed the Commission that all of the suggestions were dealt with negatively except for one; IPI had a comment regarding one of the changes and which they felt was unduly restrictive. The proposed regulation stated that:

(2) (b) Neither the casino gaming licensee nor any casino key employee licensee nor any casino licensee shall give, suffer, permit or allow in any way any person who is not licensed as a casino key employee access to view or obtain any information not obtainable by a member of the general public.

Counsel Ernest explained that the intent behind that was to have the Commission get control over who's looking at the information. IPI objected and said that it should at least a "casino employee". The Chairman asked if it is common to receive comments that touch on regulations that are not being proposed or amended. Counsel Ernest said that the public is always free to comment, but the Commission does not need to address it if it isn't something being proposed for changes.

Counsel Ernest referenced and explained IPI's comment on the regulatory fee, where they stated "This fee is a tax. The tax was illegal. The licensee never agreed to the fee and it is not in the CLA. The understanding of IPI was that the \$15M included the cost of regulators. The Tinian Casino License Fee is \$500K annually and there is no separate regulatory charge. When IPI objected to the added tax, they were advised that it would be in the law and that nothing can be done." Counsel Ernest noted that the proposed Commission response is "The Commission notes that the proposed regulatory change does not affect the regulatory fee imposed by commonwealth law" and says nothing further at this time. He stated that he does not believe a response was required but there was one provided anyway. The Chairman thanked the Legal Counsel, the Director, Mr. Leonard Leon and the other managers for going over the public comments and preparing the responses.

C. Adoption of CCC Permanent Regulations.

Commissioner Dela Cruz made a motion to accept the submission and the recommended changes to section 175-10.1-310(2)(b) and deny the rest of the comments made by IPI. The motion was seconded by Vice Chairman Demapan, was put to a vote and unanimously approved.

D. Appointment of the CCC Executive Director position

The Chairman recommended that this matter be discussed in executive session and that when a decision is ready to be made, that the decision be made in open meeting after executive session.

Upon returning from executive session and after a lengthy discussion, Commissioner Dela Cruz made a motion to appoint Mr. Andrew Yeom as the permanent Executive Director for the Commonwealth Casino Commission for a term of one year. The motion was seconded by Commissioner Songao, was put to a vote and unanimously approved.

E. Other Old Business Matters - None.

VI. NEW BUSINESS:

A. Update on the Covid-19 Pandemic - Availability of Vaccine

The Chairman asked if CCC staff were able to obtain information about the vaccination registration, or if anyone spoke to Mr. Warren Villagomez. Mr. Vince Babauta said that he contacted Mr. Villagomez but has not heard back from him regarding the vaccination scheduling. The Chairman said he wanted to discuss creating a schedule for the Commission when the time comes for first responders. Mr. Babauta mentioned that he invited Mr. Villagomez to come and give some insight on the program but Mr. Villagomez was unable to set a schedule to meet with him.

B. Other New Business - None.

VII. EXECUTIVE SESSION:

Commissioner Taitano made a motion to enter into executive session to consult with Legal Counsel, to hear a report by the CCC's Audit and Compliance Divisions, and to discuss personnel matters. The motion was seconded by Commissioner Dela Cruz and was put to a roll call vote with all Commissioners voting yes. Executive session began at 2:34 pm.

- A. Consult with the Legal Counsel
- B. Report by the CCC Audit and Compliance Division
- C. CCC Personnel Matters

Vice Chairman Demapan made a motion to exit from executive session, seconded by Commissioner Songao. The motion was put to a vote and unanimously approved. Chairman DeLeon Guerrero called the meeting back to order at 4:08 pm.

The Chairman shared that the Commission discussed with Counsel Ernest some of the pending and ongoing legal cases IPI is facing and discussed with Counsel Lowrey the upcoming administrative

hearings that the CCC is attempting to schedule. He noted that they agreed to have a status conference on January 21, 2021. He also mentioned that during executive session, the Commission received a report from the CCC's Compliance Division regarding some of their findings on other jurisdictions' penalty provisions. The Commission also discussed the appointment of the Executive Director and other personnel matters.

VIII. ADJOURNMENT

Commissioner Dela Cruz made a motion to adjourn the meeting, seconded by Commissioner Demapan. The motion was put to a vote and unanimously approved. Meeting was adjourned at 4:15 pm on December 22, 2020.

Prepared by:  Date: 01-15-2021
Elicia San Nicolas, Executive Secretary

And  Date: 01/15/2021
Ruth Ann P. Sakisat, Executive Assistant

APPROVED AND ADOPTED ON: 20th day of January, 2021.

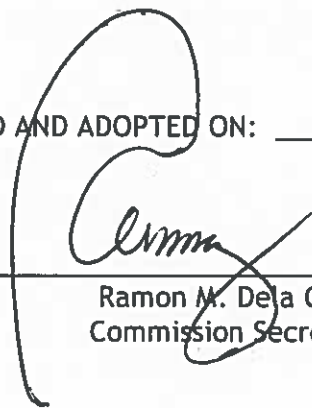
 Date: 1/20/21
Ramon M. Dela Cruz
Commission Secretary

Exhibit 1



IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC
IMPERIAL PACIFIC RESORT
PROGRESS REPORT AS OF 21-DEC-2020

A. Construction Milestones Schedule

KEY MILESTONES	Start	Forecast / Actual
Phase 1 - Resort Hotel	In Progress	Completed
Phase 2 - Tower Hotel L3-L13	In Progress	31-DEC-21**
Phase 3 - L2 VIP Gaming & L14 Sky Level	L14 Sky Level in Progress	30-APR-22**
Phase 4 - Beach Club	1-FEB-22**	31-DEC-22**

**Depends on manpower condition, forecasted schedule as per 2000 workers estimated.

B. Labor Summary

LABOR SUMMARY
<ul style="list-style-type: none">• Management Staff: 14• H2B Workers: 200 Taiwanese: 63, Thailand: 3, Mongolian: 106, Turkish: 28• Local manpower: AM Group 15
<u>Total Workers: 215</u>



**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC
IMPERIAL PACIFIC RESORT
PROGRESS REPORT AS OF 21-DEC-2020**

C. Progress

Progress:

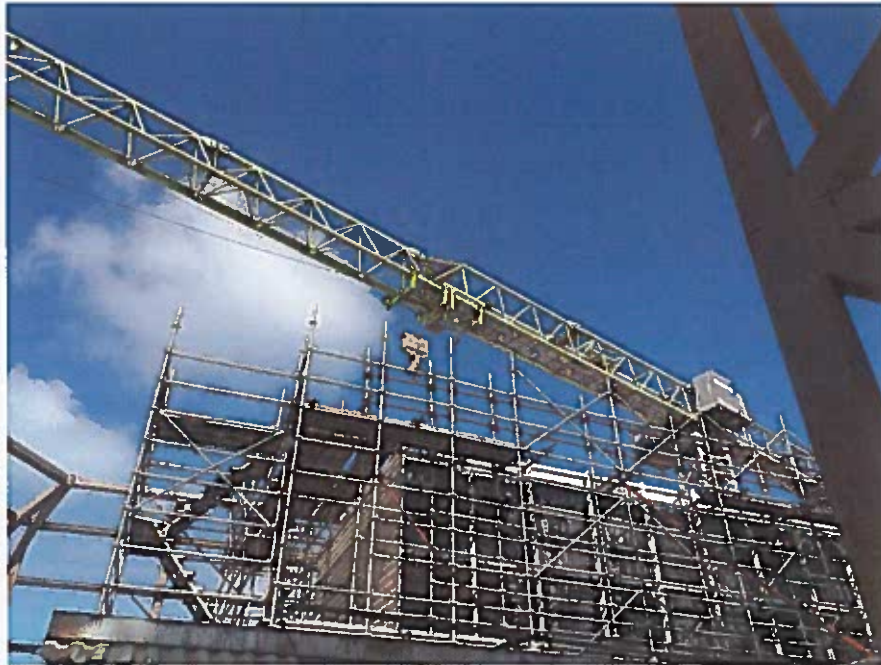
1. DPW authorize IPI to resume working on Level 3 to Level 13 on November 24, 2020.
2. Tower Crane #4 dismantle and removal project is in progress, targeted to complete the project by the end of December 2020.



**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC
IMPERIAL PACIFIC RESORT
PROGRESS REPORT AS OF 21-DEC-2020**

Site Progress Photos

Tower Crane #4





**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC
IMPERIAL PACIFIC RESORT
PROGRESS REPORT AS OF 21-DEC-2020**

Tower Crane





**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC
IMPERIAL PACIFIC RESORT
PROGRESS REPORT AS OF 21-DEC-2020**

Tower Crane



-END-



HR Dashboard

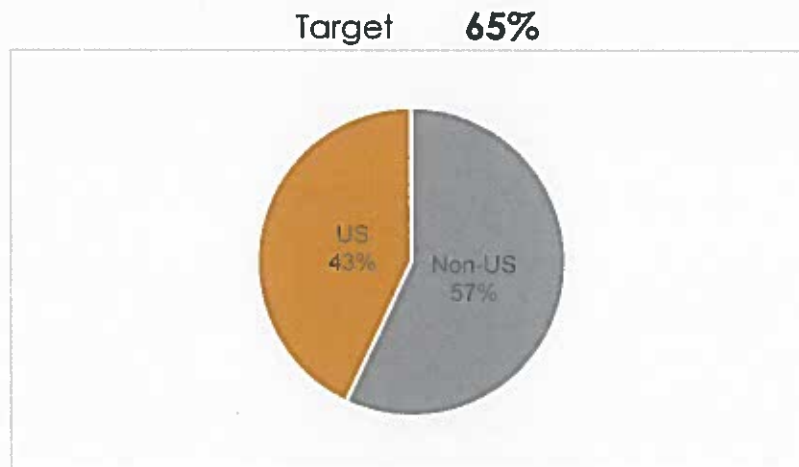
as of 12.21.2020

Snapshot

Headcount

US	US	259	Total 825
	US Permanent Resident	79	
	FAS Resident	14	
Non-US	EAD	22	
	CW	223	
	H-2B	228	

Resident Employment Objective



Employment Status

Operations	557		Construction	268	
	Active	106		Active	262
	Furlough/Leave	451		Furlough/Leave	6



IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC

Corporal Derence Jack Rd.

PO Box 10001 PMB 918

Saipan MP 96950

November 21, 2020

Commonwealth Casino Commission
Attn.: New Casino Commission Rules and Regulations
Springs Plaza
Chalan Pale Arnold PO Box 500237
Saipan, MP 96950
info@cnmicassioncommission.com

Re: New Casino Commission Rules and Regulations

Dear Executive Director and Commissioners,

Attached please find the comments compiled by Imperial Pacific International (CMMI) LLC ("IPI") to the proposed Regulations. For the most part IPI does not have comments. However, IPI was were expecting the existing Regulations to be relaxed because of the economic devastation to the worldwide economy caused by the pandemic. The majority of jurisdictions are relaxing regulations so the Gaming Industry can survive. These changes proposed actually add additional and burdensome constraints in the middle of a worldwide economic collapse. The CNMI should follow in the footsteps of President Trump whose pro-business platform was centered on de-regulation. De-regulation is needed now more than ever.

As an example, I would like to highlight the proposed changes to the licensing of vendors. IPI should be able to purchase anything other than gambling devices equipment and software without regulatory oversight.

I would like to highlight that no agency in the CNMI Government itself has any requirement for vendors to register other than by requiring local businesses to acquire a business License.

Until such time as the other gambling establishments and Government Procurement Departments are held to the same standards, this is overregulation and it is not equal treatment under the law. Vendors do not want the CCC or any government agency to have unfettered access to their records. They enjoy due process of law.

Additionally, restricting our ability to deal with vendors places an undue burden on the IPI operation and the operation of vendors, who don't want to be held to such scrutiny. It will be difficult to purchase trash cans, lettuce or gasoline under the stricter regulations.

I would also like to highlight that Saipan has very limited resources and purchasing goods is extremely difficult. We try to purchase as much locally as possible but vendors don't want to deal with the red tape. Vendors from other jurisdictions will not place themselves under this scrutiny at any cost. Therefore we pay top dollar for everything.

Finally, IPI suggest that the government take this opportunity to bring under the supervision of CCC the other casinos operating on Saipan (poker parlors and e-gaming centers). IPI does not agree that these businesses are allowed to exist as IPI paid the CNMI for an exclusive casino license, but they do exist. So long as they exist, they should be regulated. The scope of the new regulations should be broadened to apply to them.

Sincerely,



Donald R. Browne

cc.: Office of the Attorney General

SUMMARY OF COMMENTS

§ 175-10.1-205 Official Records; Fees for Copies.

(i) The Casino Licensee must provide to the Executive Director an exact copy of every tax or other document, form, or return filed with or provided to the Commonwealth's Secretary of Finance, the Department of Finance, or the Division of Revenue and Taxation within three days of such filing or provision, without regard as to whether the document, form or return was filed or provided by the Casino Licensee or on behalf of the Casino Licensee by an agent or third party.

These is duplicative of what IPI has to file with Revenue and Taxation and will place additional costs and administrative burdens on IPI. The records sought by CCC can be obtained from Revenue and Taxation or a specific request can be made of IPI.

§ 175-10.1-310 Licenses or Registration Generally Required.

(2) (b) Neither the casino gaming licensee nor any casino key employee licensee nor any casino licensee shall give, suffer, permit or allow in any way any person who is not licensed as a casino key employee access to view or obtain any information not obtainable by a member of the general public.

The addition of the term "key" makes this provision too restrictive. The majority of the employees that have access to confidential information are line level employees. Most of this information in is protected under the Privacy Act and there is no exemption to provide anything to the public.

Additionally, the number of key licenses required would be is overwhelming. This would require, clerks, administration assistants, cashiers, HR employees, food servers to obtain a key license. Key license should be restricted to CEO, CFO, COO or those with great discretionary powers.

§ 175-10.1-325 Mandatory License Requirement

Eliminate Altogether

Instead of making regulations more restrictive at a time when Saipan is essentially closed to business for the foreseeable future, it make common sense to remove or relax restrictive regulations. Eliminate these statutes altogether as current vendors find this offensive. Any potential new licensee would agree to such scrutiny. None of the other casino gambling sites have any standards whatsoever for registration of vendors. No agency in the CNMI Government itself has any requirement for vendors to register other than by acquiring a business License. Until such time as the other gambling establishments and Government Procurement Departments are held to the same standards, this is overregulation and not equal treatment under the law. Vendors do not want agencies having unfettered access to their records.

This places an undue burden on IPI's operation. Vendors, who don't want to pay the costs of complying will not do business with IPI.

§ 175-10.1-560 Minimum Bankroll Requirements.

(d) The casino licensee shall maintain an unencumbered irrevocable letter of credit from a financial institution acceptable to the Commission in the amount of fifteen million dollars (**\$ 1 5,000,000**), or some other higher amount required by the Commission, to ensure payment to winning players.

Unreasonable. This is not a universally accepted calculation which is 1.0% of the previous year's GGR + a per active gaming unit fixed cost. In our case the minimum bankroll would be \$710,000 in the cage plus and additional \$571,000 for per game requirements for a total of \$1,271,000 cage cash with access to an additional \$1,852,000 which is available the next business from an outside source such as a bank or LOC. \$3,123,000 total requirement all sources.

See Exhibit 1, a summary of the Bankroll Calculation for Nevada under 6.150 of the Nevada Regulations which is universally accepted.

§ 175-10.1-595 Additional Documents for Ongoing Financial Suitability.

(b) On the tenth of each month, the Casino Gaming Licensee shall submit to the Commission all monthly capital investment expenditures with supporting documentations to satisfy the two billion dollar (\$2,000,000,000) minimum initial investment requirement as mandated by 4 CMC § 2306(e).

Impossible due to past record keeping. Additionally will require the hiring of an entire team to track this and there are no guidelines for the investment qualifications.

§ 175-10.1-1215 Special Fee Assessments for Other Purpose. All investigation fees required of the casino licensee, persons who have ownership of the entity which owns or controls the casino licensee, potential transferees, gaming vendors, non-gaming vendor, junket operators, casino key employees, and casino employee must be shouldered by the applicant or employer of the applicant. In cases where further investigation is warranted, the Commission may require additional funds for the completion of the investigation process.

The Licensee already pays for employee Key License fees through the Regulatory Fee. This will increase the cost burden on IPI when the government should be relaxing regulations that add to costs.

§ 175-10.1-905 Casino Gaming Vendor Licenses.

§ 175-10.1-1120 Inspection, Monitoring, and Periodic Investigations.

§ 175-10.1-930 Casino Non-Gaming Vendor

All 3 of these regulation just increase the burdensome red tape and are unreasonable and unnecessary.

§ 175-10.1-1225 Schedule of Fees.

- (a) Calculation of casino regulatory fee: The casino regulatory fee will be a flat fee at a fixed rate of three million dollars annually (\$3,000,000) with a 5% increase every five years for the following twenty years. After the twentieth year, the maximum casino regulatory fee will be reached and maintained for the remaining duration until the end of the exclusive casino license term, including all extensions of the casino license.

This "fee" is a tax. The tax was illegal. The licensee never agreed to the fee and is not in the CLA. The understanding of IPI was that the \$15,000,000 included the costs of regulators. The Tinian Casino License fee is \$500K annually and there was no separate regulatory charge. When IPI objected to the added tax they were advised that it will be in the law and nothing can be done.

Part 1300

§ 175-10.1-1301

§ 175-10.1-1305

§ 175-10.1-1310 through 1390

Instead of making Part 1300 more restrictive at a time when Saipan is essentially closed to business for the foreseeable future, it make common sense to remove or relax restrictive regulations. Eliminate these statutes altogether as current vendors find this offensive. Any potential new licensee would agree to such scrutiny. None of the other casino gambling sites have any standards whatsoever for registration of vendors. No agency in the CNMI Government itself has any requirement for vendors to register other than by acquiring a business License. Until such time as the other gambling establishments and Government Procurement Departments are held to the same standards, this is overregulation and not equal treatment under the law.

This places an undue burden on IPI operation and the operation of vendors.

§ 175-10.1-1535 Commencement of Action

It is not clear what this means.

§ 175-10.1-1865 Working Capital Requirement

Over regulation. Equal Treatment. No other business, whether a gambling establishment or not is subjected to such strict oversight. This will impair future operations and potential new applicants form applying.

§ 175-10.1-2405 Closing due To Natural Disasters

2401b. FEES

The proposal is not Reasonable. The regulations should be relaxed if anything for the next several years. There should be a waiver of fees.

§ 175-10.1-2635 Payments

How will operators comply? This could severely harm the industry.

Part 2900 – Self Exclusion List

IPI agrees with the change. IPI has already been performing this

**Nevada Gaming Control Board
Regulation 6.150 Bankroll Calculation
Formula Effective 10/01/17
Nonrestricted Licensees and Slot Route Operators**

Date Prepared For:

		On Hand	Next Business Day
Cash Available			
1	Cash in cage	1a 1,000,000	1b -
2	Cash on casino floor	2a -	2b -
3	Cash in bank (use of Column 3a requires prior approval)	3a -	3b -
4	Gross Cash available	4a 1,000,000	4b -
5	Less: customer deposits	5a -	5b -
6	Net Cash available	6a 1,000,000	6b -
Required Bankroll			
7	Gross gaming revenue (prior business year) <input style="width: 100px;" type="text" value="71,000,000"/> X 1.00%	7a 710,000	7b 710,000
8	Per game / per machine requirement (50% - On Hand; 100% - Next Business Day)	8a 571,000	8b 1,142,000
9	Variable amounts requirement	9	-
10	Total bankroll requirement	10a 1,281,000	10b 1,852,000
11	Cash excess / (deficiency)	11a (281,000)	11b (1,852,000)
12	Corporate treasury funds (if waiver granted)	12 \$	-
13	Adjusted cash excess / (deficiency)	13	(1,852,000)

NOTE:

All shaded cells contain formulas and cross references and do not require input. All other cells should be completed.

Per game, per machine gaming requirements

14 Slot Requirement	Denomination	a	b	c
		# of Machines	Per Machine Requirement	Requirement
	\$.01-\$.50 & multi	264	\$500	132,000
	\$1.00		\$1,000	-
	> \$1.00		\$3,000	-
	Slot Route Operators Only		\$250	-
d	Total slot requirement			132,000

15 Table Games Requirement	Game	a	b	c
		# of Tables	Per Table Requirement	Requirement
	"21" & Roulette	8	\$10,000	80,000
	Craps		\$20,000	-
	Baccarat (includes midi baccarat)	30	\$30,000	900,000
	Other games (includes mini baccarat)	6	\$5,000	30,000
d	Total table games requirement			1,010,000

16 Other Gaming Areas		Game Offered?	
		(Y/N)	
a	Race book	N	N/A
b	Pari-mutuel wagering	N	N/A
c	Sports pool	N	N/A
d	Keno		
e	Bingo		
f	Total other gaming area requirement		-

17 Total per game, per machine gaming requirement 1,142,000

18 Variable Amounts Requirements

a	Highest slot payout	
b	Race and sports book progressive	
c	Table and card games progressive	
d	Other progressives	
e	Contest / tournament payout liability	
f	Miscellaneous promotions	
g	Regulation 5.225 (20)(b) liability	
h	Regulation 22.040 liability	
i	Regulation 5A.125 reserve amount	
j	Periodic payment liabilities	
k	Total variable amounts requirement	-

NOTE:

All shaded cells contain formulas and cross references and do not require input. All other cells should be completed.