



# COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

P.O. Box 500237

Saipan, MP 96950

Tel: 1 (670) 233-1857/58

Fax: 1 (670) 233-1856

Website: [www.cnmicasinocommission.com](http://www.cnmicasinocommission.com)

Email: [info@cnmicasinocommission.com](mailto:info@cnmicasinocommission.com)



## Minutes

January 20, 2021

### I. PRELIMINARIES:

#### A. Call to Order

Chairman Edward DeLeon Guerrero called the meeting to order at 10:04 am on Wednesday, January 20, 2021 at the Commission's 2<sup>nd</sup> 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 Taitano made a motion to adopt the agenda, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved.

#### D. Adoption of Minutes. December 22, 2020

Commissioner Dela Cruz made a motion to adopt the minutes of the December 22, 2020 meeting, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved.

Chairman DeLeon Guerrero commended the CCC staff for working diligently to prepare the minutes of the meeting, as well as the Commissioners for their effort in reviewing the minutes in detail. He noted that the minutes are filed as the official document in the archive for the permanent record of the Commission meetings.

### II. REPORTS:

#### A. Report by the Chairman

The Chairman shared that the Governor has extended the COVID-19 Emergency Declaration and commended him and the Task Force for keeping the Commonwealth safe throughout the pandemic. He noted that a lot of people around the world have perished from the pandemic, with close to 400,000 individuals in the US alone. He said that the Commonwealth is very fortunate to not have suffered as much as the rest of the world, including the neighboring island of Guam. He thanked the community for cooperating with the procedures put in place.

The Chairman reported that the Lottery Commission approved Amendment No. 9 to the Casino License Agreement and noted that the amendment affected the Community Benefit Fund and the method of payment or payment schedule. He shared that he would like to discuss the matter further during Executive Session with Mr. John Lowrey, Assistant Attorney General and the Commissioners' Legal Counsel.

Chairman DeLeon Guerrero reported that the Commission's bill, HB 21-11, HS1, SD1, SD3 finally passed in the legislature and signed into law by the Governor becoming Public Law 21-38. He elaborated that

the Commission has begun the process of preparing the budget for FY2022 and will put it on next month's agenda for the Commission's approval. He noted that a closer examination may be necessary to review the sources of funding and the need to seek alternative funding outside of the CCC Regulatory Fee.

The Chairman reported that the status conference for the upcoming administrative hearings will be tomorrow, January 21, 2021 at the Commission's 2<sup>nd</sup> Floor Main Conference Room. He noted that the first two enforcement actions, consolidated into one, will be entertained at 10:00 am and the remaining three, also consolidated into one, will be entertained at 2:00 pm.

The Chairman shared that after the resignation of Mr. Mark Brown as IPI Chief Executive Officer (CEO), the Commission issued Commission Order No. 2020-002, which ordered IPI to appoint a CEO. The Order specified the duties and responsibilities expected, including the overseeing construction, finance, marketing and other aspects of the casino operations. As a result, IPI subsequently appointed Mr. Donald Browne as CEO, the Chairman said. He explained that unfortunately, the Commission did not entertain Mr. Browne's application for the CKE license for two reasons: the non-payment of the Regulatory Fee (Application Fee) and the apparent non-compliance of the duties and responsibilities of the CEO as required by Commission Order No. 2020-002.

The Chairman continued by explaining that to his knowledge, there is someone being considered for the position of CEO in replacement of Mr. Browne. He stated that this individual should ensure that he fully reads and understands the gaming laws (Public Laws 18-56, 19-24, and the recently passed Public Law 21-38), the CCC Regulations, the Minimum Internal Control Standards (MICS), the Casino License Agreement and all amendments, and all the Commission Orders. He added that he would like to have a personal meeting, if possible, with the newly appointed CEO to assist him in understanding the full extent of what is required from IPI, such as the CNMI and Federal Laws, inclusive of the Title 31, the Bank Secrecy Act.

**B. Report by the Executive Director**

The Director reported the following:

- **CCC Budget:** For the month of December 2020, the Commission's total expense was \$161,637.00.
  - 73.31% Personnel Wages and Benefits
  - 16.76% Board & Other Compensation
  - 6.19% Office Rental
  - 3.74% Other Operational Costs

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

Commissioner Dela Cruz asked how far the remaining funding will take the Commission. The Director answered that it should be sufficient for a couple of months, adding that there is an agreement with the Secretary of Finance (SOF) to ensure that funding is available to continue the Commission's operations.

- **IPI Payroll Monitoring:** The Director reported that IPI's payroll delay pattern has continued as follows:

PP#	Original Due Date	Pay Date Status - Non Payment
21	10/09/2020	As of today, 01/20/2021 (104 days)
22	10/23/2020	As of today, 01/20/2021 (90 days)
23	11/06/2020	As of today, 01/20/2021 (76 days)
24	11/20/2020	As of today, 01/20/2021 (62 days)
25	12/04/2020	As of today, 01/20/2021 (48 days)
26	12/18/2020	As of today, 01/20/2021 (34 days)

27	01/01/2021	As of today, 01/20/2021 (20 days)
28	01/15/2021	As of today, 01/20/2021 (6 days)

He stated that according to Ms. Frances Mafnas, IPI Finance Manager, the funds to cover pay periods 21-26 were sent back to China by the Bank of Saipan due to the lack of documentation to satisfy the requirements of the Bank Secrecy/AML Act. The Director divulged that he had a meeting with IPI on January 19, 2021 in which a copy of the \$2M fund transfer was provided to him which is sufficient to satisfy payroll for pay periods 21-26. Furthermore, he informed the Commission that according to IPI, the fund transfer is coming from the Hong Kong holding company sometime this week and they expect that this time, all AML requirements will be met. The Director then assured the Commission that he will provide updates as they become available.

The Director shared that the US Department of Labor petitioned the court for contempt and for an order for IPI to show cause, regarding the contempt judgement against Ms. Cui Li Jie and Mr. Donald Browne, for violating a consent judgement in April 2020. He noted that the hearing is scheduled for January 21, 2021.

- **Public Law 21-38:** The Director reported that on January 7, 2021, House Bill 21-11, which clarifies the Commission's regulatory oversight of the casino industry, was signed into law by Governor Torres. He said that he is grateful to the legislature and the governor for passing the law, which is now Public Law 21-38. He emphasized that there is much to do in transitioning as far as establishing a bank account, cashier, payroll, along with the HR and procurement regulations. He further stated that since there is no grace period mentioned in the passage of the law, the Commission had to quickly meet with the Secretary of Finance (SOF) to discuss a Memorandum of Agreement (MOA) to allow the continuance of payroll processing under the Department of Finance until such time the Commission has a system in place. He noted that a draft of the MOA is ready for the Commission's review and with their approval, they can proceed operations without disruption. The Director further shared that the Commission expects to have the payroll system in place by mid-March and the Procurement Regulations should be ready for the Commission's review and approval by the February meeting. He added that the bank account should also be available for use within the next few weeks, although the funding issue still needs to be ironed out and decided with the assistance of the SOF.
- **CCC Administrative Hearing/Status Conference:**
  - A. Thursday, January 21, 2021 - Status conference starts 10:00am
    - Complaint # 20-001 & Complaint # 20-002 (consolidated)
  - B. Thursday, January 21, 2021 - Status conference starts at 2:00pm
    - Complaint # 20-003, Complaint # 20-004, & Complaint # 20-005 (consolidated)
- **Verbal Agreement of IPI's CEO appointment:** The Director reported that during his January 19, 2021 meeting with IPI, he was informed that IPI has reached a verbal agreement with former Senator Mr. Ray Yumul to be their CEO. He informed IPI that Mr. Yumul must apply for a CKE license immediately for review and approval by the Commission.

### III. PUBLIC COMMENTS

#### 1. Ed Propst

House Representative Ed Propst expressed his appreciation to the Commission and the Executive Director, noting that he is in support of the five enforcement actions against IPI. He shared that he was appointed by Speaker Edmund Villagomez as the Chairman of the House Standing Committee on Gaming, and that he is accompanied by the former Gaming Chairman, Representative Ralph Yumul. He stated that he looks forward to working with the Commission in addressing the tremendous issues, one of them being the guest workers who are currently stranded on island. Representative Propst said

that workers have informed him that although they want to return home, they are reluctant to do so because they have not gotten paid what they are owed. Rep. Propst shared that there were workers who left the island in September and October of last year who still haven't been paid. He explained that IPI promised these workers that the money would be wired. He said that he met with these workers before they left Saipan and has remained in contact with them only to find out that IPI still has not sent them anything. Because of this, the workers who remain on island are reluctant to leave because they are afraid the same thing will happen to them.

Representative Propst said that it is criminal and inhumane and that these employees are not slaves. They have provided the work and were promised fair wages, which they deserve. He said he calls upon the Commission to work with the Legislature to ensure that this is a top priority. He added that the Turkish workers' visas will be expiring on January 30, 2021 and that they are extremely worried about overstaying and being considered illegal as it might ruin their chance of returning to any US territory. He further shared that these workers are eating only one meal a day just to try and survive, and that they have no family on island to ask for help.

Representative Propst said the workers are relying on the goodness of the community, but the ultimate responsibility actually lies with IPI. The fact that they have not had electricity and running water at their housing units is inhumane, he said, noting that it's time to hold IPI responsible and take care of these workers. IPI needs to pay them what they are owed, and allow them to return home. Representative Propst stated that he has great faith in the work the Commission does and that his office is always open. He added that he hopes his committee and the Commission can all meet in a week's time to further discuss these issues.

## 2. Glenn Bell

Mr. Glenn Bell, member of the public, echoed Representative Propst's concerns about the guest workers left behind. He divulged that when these workers ask for something from IPI, they are told to employ a lawyer who should speak to IPI's lawyer. He said they've been threatened not to go on to the property, including the side of the road. Mr. Bell then asked the Commission if a forensic order on what IPI does with their money was ever received. He said that such document should be part of what IPI is required to provide to the Commission which he believes will be a very interesting document. He questioned if DPW has ever come back to the Commission to report on what is happening at the construction site. He said that DPW has an obligation to ensure that the construction area runs properly and within the law. Mr. Bell asked for the Commission to paint and leave a picture in their minds of when they drive past the front entry of the casino. He said to take note of the cheap burnished child figures standing at the front with their hands in the air facing the doors. He said that those children are not rejoicing at the casino; they are the children of the island, imploring IPI to stand up and be accountable.

## IV. MISCELLANEOUS MATTERS:

### A. 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. Eric Poon, Chief Engineer of Construction, presented the Commission with the Imperial Pacific Resort Construction Progress Report which covers up to the period of January 19, 2021.

Mr. Poon first reported on the manpower by noting that there is a total of 171 H2B workers which consist of 34 Taiwanese, 3 Thai, 106 Mongolian and 28 Turkish. In addition, there is a total of 15 local manpower employees, which amounts to an overall total of 186 workers at the construction site.

Mr. Poon reported that the Department of Public Works issued a notice of stop work order on December 29, 2020. He noted that this is the second time DPW issued IPI a stop work order; the first order completely shut down the entire job site; the second stop order specified the following:

1. All work on Level 14 is suspended until shop drawings and revised plans are submitted to and approved by the Building Safety Officer.
2. All electrical, mechanical and structural works are suspended until a special inspector is on board and approved by the Building Safety Officer.
3. IPI is allowed to work on landscaping and the installation of partitions provided that IPI follows the drawings submitted and approved by the Building Safety Officer.

Mr. Poon noted that IPI has been working with a third-party special inspector out of Guam, but the contract agreement has not been executed.

Mr. Poon reported that they are now working on dismantling tower crane number 4. He shared that IPI received the required building permits for dismantling the crane on December 5, 2020. He said that the counter weights, tower crane jams and the operator cap have been removed. He then introduced Mr. Jesse Aquiningoc, IPI Construction Site Manager, to provide further updates on the tower crane removal project.

Mr. Aquiningoc reported that they have completed 60% of the removal of tower crane 4. He stated that they are working on the turn table which holds 69 nuts and bolts that need to be removed. He added that they are splitting the turn table in half because it is too heavy for them to lift at 14 tons and the tower crane can only lift 7 tons.

Chairman DeLeon Guerrero asked how many people are working on site for this particular project. Mr. Aquiningoc replied that there are 6 people working on the turn table and that there are 2 riggers below ready to receive the lift. The Chairman asked if there are safety officers on site and if they are certified. Mr. Aquiningoc replied that Mr. Ben Cabrera and his team are the certified safety officers on site. When asked by the Chairman how long the project will take, Mr. Aquiningoc replied that the removal of the turn table will be completed in two days (48 hours), but Mr. Poon interjected to clarify that the removal of the entire tower crane 4 will be completed by the end of the month (January 2021). The Chairman asked if IPI gave adequate notice to the tenants in the surrounding areas to stay clear, to which Mr. Aquiningoc replied absolutely. The Chairman inquired if there have been any accidents since the inception of the project, Mr. Aquiningoc responded no.

Commissioner Dela Cruz commented that he thought the shop drawings and revised plans were done ahead of time and are already in place for review by the Building Safety Officer at DPW. Mr. Poon answered that they had already provided the original drawings, but minor revisions were necessary which should be worked on with the Engineer of Records (EoR) and reviewed, approved and stamped before it can be resubmitted for review to DPW.

Vice Chairman Demapan asked Mr. Poon if IPI expects to install another crane to finish the roof. Mr. Poon replied no, adding that they are also working on how to complete the middle part of the roof. He said they may need to have heavy equipment lifted onto the roof to work on the roof installations, but they would first need to ensure that it will be safe and logistically sound with the help of the EOR. He added that they still have tower cranes 1, 5 and 6 which should be sufficient to complete the project.

The Chairman asked Mr. Poon if he has any idea as to when they will provide the revised shop drawings to satisfy DPW's pending requirements. Mr. Poon replied that he does not have the information at the moment, but hopes to do so by the next Commission meeting. He explained IPI's in-house engineer already prepared the drawing and that they are waiting for the new EOR team to come in and review the drawings.

The Director shared his concern about the changing dates on the Construction Milestone Schedule. He said that although he understands that IPI is trying to be realistic, there is a date specified in Amendment No. 6 for the completion of the Initial Gaming Facility (IGF), which to his knowledge is February 28, 2021. He said that the dates now stated in the schedule are beyond the period allowed in CLA, and if no request for an amendment is submitted, it would be a serious breach of contract. He advised Mr. Poon to resolve the issue as soon as possible.

The Chairman stated that he echoes the Director's earlier comment that IPI needs to be more realistic in their projections and that they must provide a detailed final completion plan that reflects the expected date of December 20, 2022. The plan should also include their financial ability to carry out those plans, he said. He stressed to Mr. Poon that the Commission would be forced to file another enforcement action by the end of February 2021 for IPI's failure to comply with the CLA if they do not take action to request for another extension.

Mr. Vince Babauta, Manager of the Division of Enforcement and Investigations, inquired if IPI has complied with the conditions stated in the stop work order that was issued by DPW on December 29, 2020. He said that he is aware that IPI was given 15 days to resolve the issue. Mr. Poon answered that they already submitted the package to DPW for their review and are now waiting to hear from them, if any additional information is required. Mr. Babauta stated that he verified with Mr. Isagani Salazar from DPW who made it clear that a complete shut-down order will be issued today (January 20, 2021). He advised Mr. Poon to reach out to DPW to get a status update to which Mr. Poon acknowledged and stated that he will follow up immediately after the meeting.

2. IPI Personnel:
  - a) Organizational Chart Update
  - b) Resident Employment Objectives
  - c) Status of Employee Payroll
  - d) Status of Employee Housing

Ms. Redie Dela Cruz, HR Director, presented to the Commission a snapshot of the HR Dashboard (Exhibit 2) as of January 19, 2021. She asked for the Commission's patience and understanding as HR has not been able to provide the full details of the consolidated report which is usually submitted to the Commission on a monthly basis. She explained that the license for the database that HR had been using in the past had expired leaving IPI with no access to all the information held in the database. She said that HR continues to work closely with a vendor to extract information that they had saved on their server so they can resume with the monthly submission of the reports. She highlighted the following information on the snapshot:

- The total headcount as of January 19, 2021 is 804, with a breakdown of 43% US and 57% Non-US.
- The headcount by category:
  - 262 US
  - 79 US Permanent Residents
  - 14 FAS Citizens
  - 22 EAD
  - 223 CW
  - 204 H2B
- Employment Status for Operations:
  - 50 active employees
  - 506 employees on furlough or leave status

- Employment Status for Construction:
  - 235 active employees
  - 13 on furlough or leave status

Ms. Dela Cruz reminded the Commission that the numbers she's reporting as of meeting date are only interim numbers derived from her manual audit of the headcount. She stated that it will take her some time to complete the audit and provide final numbers. She elaborated that she no longer has access to IPI's HR database, so what she is doing is going back to each department to make sure their numbers match with HR's records. She explained that there could be cases where an employee departed but HR had not yet received the separation documents. She informed the Commission that she will resubmit the consolidated report as soon as she confirms the headcount numbers. Commissioner Dela Cruz asked how many CW workers are still on island that have been furloughed. Ms. Dela Cruz answered that she does not have an exact number as she is still conducting a manual audit.

Chairman DeLeon Guerrero reminded Ms. Dela Cruz that the Commission has been asking IPI for an updated version of their organizational chart since the departure of Mr. Mark Brown. He asked Ms. Dela Cruz if she can update the Commission on the status of the appointment of a new CEO. Ms. Dela Cruz answered that negotiations are ongoing on the employment terms and conditions of the potential candidate, and that the Organizational Chart will be revised and resubmitted to the Commission once it is approved and signed.

The Chairman asked Ms. Dela Cruz if she is still on furlough status, to which she replied no and that she had just recently reported back to work. However, like everyone else, she is also affected by the payroll delays, she disclosed.

The Chairman asked Ms. Dela Cruz to ensure that the new CEO receives the proposed Organizational Chart as he will need to play an active role in how the organization operates. He then asked if all of the employees waiting to be paid will be receive their payroll today (January 20, 2021). Ms. Dela Cruz asked if the question on payroll can be deferred for Ms. Frances Mafnas because she would have an update on the matter. The Chairman informed Ms. Dela Cruz that HR should also be involved in payroll matters as it relates to the preparation of compensation package. He then asked Ms. Dela Cruz if HR is involved in housing issues, to which she replied no, and shared that the Projects, Property and Facility management team is responsible for all housing units. The Chairman asked if housing is a part of an employee package, to which Ms. Dela Cruz replied yes.

Vice Chairman Demapan asked if there are any discussions with the management team on what is happening to the H2B and CW-1 workers. Ms. Dela Cruz answered that the dialogue continues on how to go about handling the impending exit of the workers who remain on island and whose visas will expire at the end of January 2021. She further noted that most of the CW-1 have decided to return to their home countries to wait out the visa extension approvals and the pending casino reopening, but there are a few who remain on island that are awaiting departure. She also noted that the situation is out of IPI's control as the home countries of some of these workers either still remain on lock down or the prices of their airline tickets are way too high for the company to afford. However, she acknowledged that these workers are still a priority and that IPI is committed to sending the workers back as soon as possible.

Vice Chairman Demapan inquired if these workers have a point of contact at IPI whom they can communicate with should there be an urgent need or require immediate assistance. Ms. Dela Cruz responded that she can only speak for HR and added that for HR, a sign is posted on their office main door stating that HR is closed. On the same signage, an email address is indicated for the employees to contact for assistance, she said. However, she disclosed that since HR has been on furlough status, they haven't been keeping up with checking the emails daily. The Vice Chairman urged Ms. Dela Cruz to work with management to ensure that employees are provided a point of contact at IPI.

Commissioner Songao referenced the Construction Progress Report that was presented by Mr. Poon and asked Ms. Dela Cruz why there are inconsistencies in the numbers Mr. Poon reported on manpower in comparison to HR's report. He noted that the inconsistencies could affect the percentage of US and Non-US workers that is stated in HR's report. Ms. Dela Cruz explained that the HR report captures all IPI employees whether active or furloughed, so the percentage reported is based on that. She further explained that the inconsistency between the HR and construction headcount is mainly due to the separation status of the workers as they remain active in the system until such time HR receives the separation paperwork. Ms. Dela Cruz informed the Commission her audit will focus on the headcount numbers in and that she will work with Mr. Poon and Mr. Jonathan Tsai to ensure they have corresponding numbers in their report.

Commissioner Songao inquired if HR has a listing of all the employees who left the island and the amounts they are still owed for unpaid wages. Ms. Dela Cruz replied yes. The Chairman announced that the Commission would like to see the report as soon as possible, preferably before the next Commission meeting. He pointed out that he would like to see a report that states a list of names, how much is owed in wages, severance pay, reimbursement for plane tickets, and any other benefit or compensation owed to the employee by the company. Ms. Dela Cruz confirmed that they do have that report and will provide it to the Commission.

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

Ms. Frances Mafnas, Treasury Director of IPI, shared that employee payroll for pay period numbers 21 through 26 are scheduled to be released on January 21, 2021 in the afternoon, and that payroll 1 and 2 are currently in process. She also disclosed that the payment for the annual lease was made on January 15 to the Department of Public Lands. She then apologized that she did not have an update on the annual license fee and the casino regulatory fee.

Commissioner Dela Cruz informed Ms. Mafnas that at each Commission meeting the issue of non-payment of wages surfaces. He voiced his concern about some of the public comments where it was disclosed that some of IPI's employees have left the CNMI without their wages being paid. The comments also indicated that there are still some workers who remain on island without being paid, he said. He asked if the \$2M being sent from Hong Kong is sufficient to cover the payroll of these employees. Ms. Mafnas replied that the funds will only cover the payroll for the active employees adding that the payroll for the inactive employees is in process and that IPI Finance is working with HR on identifying the numbers. Furthermore, Ms. Mafnas disclosed that she cannot provide an exact date on when the payments will be made to the inactive employees. Commissioner Dela Cruz asked Ms. Mafnas if she has the exact number of employees who are currently on furlough status and are still on Saipan. Ms. Mafnas replied that that type of information would need to come from HR. Commissioner Dela Cruz asked Ms. Mafnas to provide the Commission a report on how many workers are still on island and when they will be paid. Commissioner Taitano commended and thanked Ms. Mafnas and Ms. Dela Cruz for their hard work and reminded them that the Commission is there to support them.

The Chairman asked Ms. Mafnas for an update on IPI's compliance with the Commission order requiring a payroll reserve and the payment of all uncontested accounts that are 90 days or older. Ms. Mafnas replied that she does not have an update on the matter and that she had already shared a payment list with management which includes those that are categorized as critical, but no schedule for payment has been identified as of yet. The Chairman asked Ms. Mafnas who she is referring to when she says management to which she replied that it includes the CEO, but presently without a CEO, she would confer with Mr. Tao Xing.



The Chairman reiterated a statement Ms. Dela Cruz earlier made about a third-party entity that holds the HR database that IPI no longer has access to. He asked which company specifically was IPI utilizing. Ms. Mafnas informed him that Ceridian is the name of the payroll service provider that IPI was using but the service expired on December 31, 2020. She explained that IPI will need to send a request to them to allow one final access so that they can download the reports in the database. Ms. Mafnas divulged that they are now looking into a different payroll service provider out of Guam called Stafford Technology Group (STG).

The Chairman advised the Director to verify if Ceridian was ever licensed by the Commission and if they fall within the \$250K threshold. The Chairman asked if IPI plans to renew the contract with Ceridian and if that company had access to any gaming related information. Ms. Mafnas replied no, and added that the services they provided and the information they had access to were only related to payroll. She disclosed that IPI is trying to obtain STG as their payroll provider, but if unsuccessful, the options are to go back to Ceridian or find another provider.

Commissioner Dela Cruz asked if IPI has made any progress in collecting on the accounts receivables. Ms. Mafnas answered that she does not have access to that information, adding that it is normally handled by Hong Kong office. Commissioner Dela Cruz advised Ms. Mafnas to look into the matter because it is critical to their operations. He stated that if IPI were to collect on the accounts receivables, they would be able to pay some of the arrears that are long overdue. Commissioner Dela Cruz asked who at IPI is handling the FinCEN request. Ms. Mafnas replied that it should be the compliance division, but to her knowledge, there are currently no employees to handle it. She assured the Commission that she will bring the matter up to the new CEO's attention. The Chairman asked if IPI was able to obtain funding to hire a legal counsel, to which Ms. Mafnas had no knowledge of and could not provide an answer.

The Chairman asked Ms. Mafnas if she is aware of the amendment to the Chinese criminal code which makes it illegal for anyone in China to invest in, pay or own a casino, or even to entice Chinese into playing in any cross-border casinos. He asked Ms. Mafnas how the amendment will affect the transfer of funds to IPI CNMI. Ms. Mafnas replied that she not familiar with the matter, but that she understands that any funding coming from China into a casino bank account is unacceptable. The Chairman emphasized that it is now a criminal act to move money from China into the CNMI for purpose of gaming. He elaborated that unlike before, Hong Kong is now under the control of the Chinese communist party. He asked Ms. Mafnas if management keeps her updated on the movement of funds. Ms. Mafnas divulged that she only finds out where the money comes from when it arrives because she would need to provide supporting documents to the bank.

The Chairman asked Mr. Tao if he's aware of IPI's financial status as it pertains to account receivables, the payments of the casino regulatory and annual license fee, compliance with the payroll reserve and the payment of unpaid vendors. Mr. Tao responded that he can only disclose information in general terms because of the pending enforcement actions against IPI which relates to some of the financial information. He said that he has no knowledge of the accounts receivable but based on past experience, it is handled in Hong Kong and Macau and the information would have to be requested from them. The Chairman asked why IPI CNMI has not requested the information as it is brought up every meeting by Commissioner Dela Cruz. Mr. Tao acknowledged and stated that they will make the request and provide the information to the Commission. The Chairman asked Mr. Tao if IPI has retained a new legal counsel, to which he answered no.

Commissioner Dela Cruz commented that he hopes IPI, specifically Mr. Tao or Ms. Mafnas, is able to provide the Commission with concrete evidence that action is being taken to collect on the account receivables. He reiterated that collecting what's due to IPI will help cure its financial situation.

The Chairman asked who the highest ranking IPI CNMI officer is on island. Mr. Tao answered that based on the organizational chart, he and Mr. Donald Browne hold Senior Vice President positions which makes them the highest ranking officials. Mr. Tao explained that he handles marketing and public affairs, while Mr. Browne handles security and surveillance. The Chairman asked if there is one specific person handling management, Mr. Tao answered replied no. Mr. Tao then explained that they are still trying to regroup after the resignation of Mr. Browne as CEO. He said that once they have the new organizational chart in place, it will be shared with the Commission. The Chairman referenced the Vice Chairman's earlier suggestion that a specific point of contact be identified for employees and former employees to communicate with. He asked Mr. Tao and Mr. Browne if they can be that person and if their contact numbers can be provided to the employees. He suggested that Mr. Tao and Mr. Browne make themselves available to any employee who needs information from IPI. Mr. Tao agreed and advised that he will have HR work on disseminating the information.

The Chairman reminded Mr. Tao of the five enforcement actions against IPI and that there are consequences if IPI does not take serious measures to address and resolve them. He stated that tomorrow, January 21, 2021, is the status conference for the hearings that IPI requested which he hopes to see IPI with legal representation.

The Director referenced Commissioner Dela Cruz's statement on the importance of collecting on the accounts receivable. He reminded Mr. Tao that IPI does not have a choice in the matter and that they have an obligation to collect. The Director elaborated that it is stated in the regulations that any debts over 360 days will require legal action or evidence as to why they are not going after the patron. He advised Mr. Tao to have someone from their office gather the list of all the people that owe IPI for over 360 days and provide an update as well on the collection efforts on each individual. The Director brought up that the Commission also expects an update on the AML complaints and IPI's communication with FinCEN on the matter. The Chairman echoed the Director's concerns and informed Mr. Tao that not making an effort to collect on accounts over 360 days old is an automatic violation and could result in another enforcement action.

The Chairman asked Mr. Tao if he is aware of who could potentially be appointed CEO. Mr. Tao replied that there are some candidates who are going through the process. The Chairman reminded Mr. Tao that the new CEO will need to submit an application for a Casino Key Employee, however, the Commission cannot entertain the application if the regulatory fee is not paid. Mr. Tao confirmed his understanding of the Chairman's statement.

B. Other Miscellaneous Matters - None.

## V. OLD BUSINESS:

### A. Passage of H.B. 21-11, HS1, SD1 & SD3 -- Public Law No. 21-38

The Chairman, as earlier reported, shared that HB 21-11 was signed into law by the Governor, becoming Public Law 21-38. He noted that the new law clarifies some of the issues surrounding the Casino Commission by strengthening its autonomy which now allows the Commission to handle its own finance, including opening a bank account and handling its own procurement. The Chairman added that since the law did not provide a grace period, the Commission needs to act quickly, with the help of Counsel Ernest, to work on procurement and law enforcement regulations, and any other procedural changes affected by the law pertaining to its autonomy. He emphasized that the new law puts significant responsibility on the Commission to be more accountable as there are requirements for the Commission to report to the legislature and the Governor. The Chairman pointed out that one of the changes in the law is the removal of the local government and the local delegation's participation in the appointment and confirmation of Commissioners as the power was granted to the Governor and the Senate. Another change in the law is limiting the role of the Lottery Commission in reference to amending the regulations and the authority to issue any new licenses, which now lies

with the Commission. The Chairman commended the legislature and the Governor for finally passing and enacting into law the Commission's bill which has been around for the past five years.

The Chairman stated that he understands that IPI is trying its best to satisfy the obligation of the casino regulatory fee. He said that when that happens, the Commission will need to look into using the resources to allow it to achieve the new challenges brought forth by the new law as a lot of training will be required. He said that there's been a lot of discussion within the legislature regarding internet gaming which he feels the Commission should start looking into to prepare its ability to regulate the activity. He divulged that the SOF has been in dialogue with the Commission in reference to working together to look into a more efficient enforcement and implementation of the poker and e-gaming activities, noting that those will be challenges ahead that will require additional resources, hopefully from both the licensee and the CNMI government. The additional resources, he stressed, will enable the Commission to perform what is expected to implement and that the Commission cannot be expected to expand its responsibility without the resources.

Commissioner Songao asked how the travel policy is affected by this law. The Chairman explained that the Commission still needs to comply with the CNMI Government Travel Policy which is being managed by the Department of Finance. He added that the Commission Executive Director and Legal Counsel should look into how the Commission can go about adopting the government travel policy but doing the processing in-house.

The Chairman noted that another section on the agenda is the establishment of a bank account for the Commission. The Commission was informed by the SOF that the Department of Finance already has a separate account for the Commission in the bank. He explained that rather than the Commission opening a new bank account, Finance and the Commission can work together to transfer the existing account to the Commission, to be placed under the Commission's name. He asked Legal Counsel to assist in preparing a short resolution authorizing the Commission to open a bank account and transferring funds from DOF to the CCC.

#### **B. Other Old Business Matters**

Legal Counsel Ernest asked if the order to open a bank account would be needed for today's (January 20, 2021) meeting, the Chairman answered yes.

Commissioner Dela Cruz made a motion to recess until 2:00 pm, seconded by Commissioner Songao. The motion was put to a vote and unanimously approved. Recess was called by the Chairman at 12:04 pm.

Chairman DeLeon Guerrero called the meeting back to order at 2:03 pm on Wednesday, January 20, 2020. All Commissioners were present.

### **VI. NEW BUSINESS:**

- A. Authorization to establish a CCC Checking Account at the Bank of Guam. P.L. 21-38 established the CCC as an autonomous public agency and allows the Commission to establish and maintain its own bank accounts.**

The Chairman explained that this item was placed on the agenda because banks would require a resolution or some sort of official action by the board or its corporate directors. Counsel Ernest announced that he provided the Chairman a draft last week on the matter and he went ahead and drafted an order over lunch. However, Counsel Ernest, disclosed that the Attorney General has expressed a legal question about the order authorizing the Commission to open a bank account. The Chairman asked Counsel Ernest if he is recommending that the Commission defer action on the opening of a bank account. Counsel Ernest responded that the order should wait and as caution, the Memorandum of Agreement (MOA) with the Department of Finance should also wait. However, Counsel Ernest explained that since the MOA is only a statement that the Commission and DOF will work together to effectuate the law, and

it does not call for any laws to be broken, he believes it should not be a problem as it maintains a status quo. He recommended that the Commission proceed with the MOA but defer action on the order until such time the Attorney General clarifies his thoughts on the matter. The Chairman agreed, and noted that this matter will be revisited in the February meeting and there's time to see what transpires between now and then.

Commissioner Dela Cruz made a motion to defer action on authorizing the establishment of a bank account until the next Commission meeting to allow time for Commission to hear the Attorney General's concerns on the matter. The motion was seconded by Vice Chairman Demapan, was put to a vote and unanimously approved.

- B. Authorization to allow the CCC Chairman and the Executive Director to enter into a Memorandum of Agreement with the Secretary of Finance to have the Department of Finance continue to provide payroll and procurement processing pending promulgation of CCC's own procurement regulations and the establishment of its bank accounts.

The Chairman shared that since Public Law 21-38 did not provide a grace period to transition into autonomy, he feels it is necessary for the Commission to establish a Memorandum of Agreement with the Secretary of Finance to have them continue the processing of payroll and procurement matters in the absence of the necessary regulations. He explained that the Commission would first need to promulgate its own regulations for payroll and procurement and that he envisions that this process will take about 90 days from promulgation, publication in the Commonwealth Register, and final adoption. While these are in the working, the Commission can seek clarification from the AG on the legality of opening a bank account under the Commission, he said. The Chairman then asked Counsel Ernest if he sees any legal issues regarding the MOA, to which Counsel Ernest replied no.

Commissioner Dela Cruz made a motion to authorize the CCC Chairman and Executive Director to enter into an MOA with the Secretary of Finance to have the Department of Finance continue to provide payroll and procurement processing service pending the promulgation of the Commission's own regulations and the establishment of its bank account. The motion was seconded by Commissioner Taitano.

Discussion: Vice Chairman Demapan asked if these regulations are in addition to the recently promulgated regulations that were approved in December 2020. Counsel Ernest clarified that it will be a different section. He explained that 10.1 covers gaming controls, 10.2 is the code of conduct, and 10.3 discusses personnel matters. He added that he envisions 10.4 would cover procurement regulations, and another section would be added for enforcement. He further noted that he foresees that the enforcement regulations will take a great deal of time to promulgate as it will require the review of the different divisions of the Office of the Attorney General and the AG himself, as it deals with the use of deadly force and the restraint of people's liberties. He commented that the time to work on it is now, given that the casino is closed, so that there is no rush when the casino finally does open.

The Chairman announced that one of the discussions he would like to take up in executive session is the implications of the new gaming crimes and offenses as it applies to the CNMI. Counsel Ernest informed him that describing and discussing the law is not necessarily confidential. The Chairman shared that the new crimes and offenses affect poker, e-gaming and casino gambling in the three senatorial districts as it is now a crime to cheat. He mentioned that the implications go beyond the Commission and that the Commission should perhaps look into drafting an MOA with the Tinian and Rota Gaming Commissions in reference to how they handle the enforcement section. Counsel Ernest advised that it should be an MOA between the DPS and OAG of each gaming jurisdiction, which they should handle themselves.

The Chairman asked Counsel Ernest what the timeline is for promulgating the Commission's procurement regulations. Counsel Ernest replied that Mr. Donald Camacho, CCC's Procurement Officer, is currently reviewing the regulations to make the necessary changes. Counsel Ernest noted that as long as the changes are tracked, he can review it in two days and it should be ready for the Commission to adopt for public comments in the February meeting. The Chairman agreed that it would make sense to look at the

Department of Finance's regulations and making the necessary changes to meet the Commission's needs.

Commissioner Taitano pointed out a minor typographical error on the second page of the MOA, that the Chairman's middle initial should be "C." instead of "D.". He also asked if they could include the SOF's middle initials, "DLG". Counsel Ernest suggested that the MOA be numbered as 2021-001.

The motion to approve the authorization to allow the CCC Chairman and the Executive Director to enter into a Memorandum of Agreement with the Secretary of Finance was put to a vote and unanimously approved.

#### VII. EXECUTIVE SESSION:

Commissioner Dela Cruz made a motion to enter into Executive Session to consult with Legal Counsel and to hear a report by the CCC's Enforcement, Compliance and Audit Divisions. The motion was seconded by Commissioner Songao and was put to a roll call vote with all Commissioners voting yes. Executive session began at 2:30 pm.

- A. Consult with Legal Counsel
- B. Report by the CCC Divisions (Enforcement, Compliance, and Audit)

Commissioner Songao made a motion to exit from executive session, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved. Chairman DeLeon Guerrero called the public meeting back to order at 4:36 pm.

The Chairman shared that during Executive Session, the Commission had the opportunity to consult with Counsel Ernest and Counsel Lowrey, the Commissioner's legal counsel, regarding the upcoming administrative hearings and the status conferences that were set for tomorrow (January 21, 2021). The Chairman disclosed that there were also some discussions on issues that the CNMI is facing and the implications of the new gaming laws. The Commission briefly heard from the CCC's Enforcement, Compliance and Audit staff regarding their areas of concerns.

#### VIII. ADJOURNMENT

Commissioner Dela Cruz made a motion to adjourn the meeting, seconded by Commissioner Songao. The motion was put to a vote and unanimously approved. Meeting was adjourned at 4:39 pm on January 20, 2021.

Prepared by:  Date: 2/18/2021  
Elicia San Nicolas, Executive Secretary

And  Date: 2/18/2021  
Ruth Ann P. Sakisat, Executive Assistant

APPROVED AND ADOPTED ON: 24<sup>th</sup> day of February, 2021.

 Date: 2/24/2021  
Ramon M. Dela Cruz  
Commission Secretary



**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 19-JAN-2021**

### A. Construction Milestones Schedule

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

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**

### B. Labor Summary

LABOR SUMMARY
<ul style="list-style-type: none"> <li>• Management Staff: 14</li> <li>• H2B Workers: 171 Taiwanese: 34, Thailand: 3, Mongolian: 106, Turkish: 28</li> <li>• Local manpower: AM Group 15</li> </ul> <p><u>Total Workers: 186</u></p>



**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 19-JAN-2021**

---

**C. Progress**

**Progress:**

1. DPW issued Notice of Stop Work Order on December 29, 2020.
  - 1.1 Suspend all work on Level 14 until shop drawings and revised plans are submitted to and approved by Building Safety Officer.
  - 1.2 Suspend all electrical, mechanical and structural works until special inspector are on board and approved by Building Safety Officer.
  - 1.3 IPI is allowed to work on landscaping and installation partitions provided that IPI to follow the drawings submitted and approved by Building Safety Officer.
  
2. Tower Crane #4 dismantle and removal project.
  - IPI received a building permit of TC #4 dismantle/removal project on Dec 05, 2020.
  - All counter weights, tower crane jib and operator cab have been removed.
  - Mast removal is scheduled on Jan 20, 2021.
  - Targeted to complete the tower crane removal project by the end of January 2021.



**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 19-JAN-2021**

Site Progress Photos

Tower Crane #4







**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 19-JAN-2021**

Tower Crane #4



-END-



# HR Dashboard

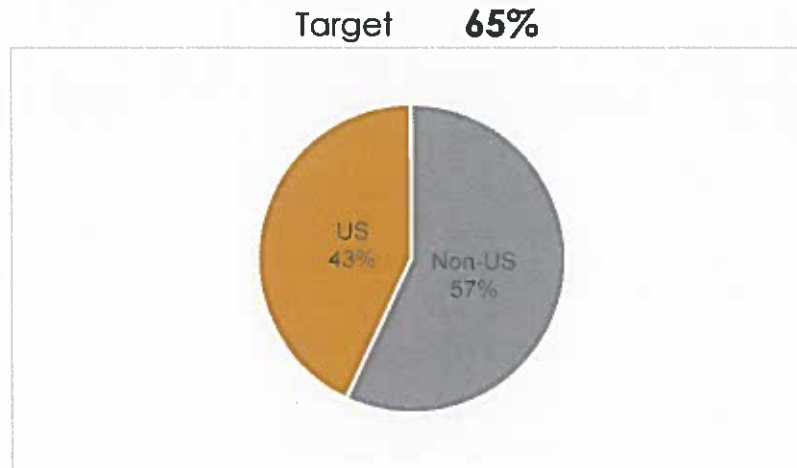
as of 1.19.2021

## Snapshot

### Headcount

<b>US</b>	US	262	<b>Total 804</b>
	US Permanent Resident	79	
	FAS Resident	14	
<b>Non-US</b>	EAD	22	
	CW	223	
	H-2B	204	

### Resident Employment Objective



### Employment Status

<b>Operations</b>	<b>556</b>		<b>Construction</b>	<b>248</b>	
	Active	50		Active	235
	Furlough/Leave	506		Furlough/Leave	13