



COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

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Minutes May 27, 2021

I. PRELIMINARIES:

A. Call to Order

Chairman Edward DeLeon Guerrero called the meeting to order at 10:03 am on Thursday, May 27, 2021 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 adopt the agenda, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved.

D. Adoption of Minutes: April 22, 2021

Commissioner Taitano made a motion to adopt the minutes of the April 22, 2021 meeting, seconded by Commissioner Dela Cruz.

Discussion: The Chairman mentioned that throughout the minutes, there are some sections that require updates from IPI. He advised the Commissioners to keep their copy of the minutes readily available so follow up discussions and or explanations from IPI can take place at the appropriate section in the agenda.

The motion was put to a vote and unanimously approved. The minutes of the April 22, 2021 meeting was adopted as presented.

II. PUBLIC COMMENTS

Assistant Attorney General Michael Ernest, the CCC's Legal Counsel, stated that upon review of the Commission's published final order in consolidated cases 2020-001 and 2020-003, he noticed technical errors. He asked the Commission to reconsider the final order to correct the technical errors, which he believed to be his doing. He apologized for the oversight, adding that he and the Executive Director regret the errors. He further stated that although it is only a technical amendment and the substance would be unaffected, two separate votes by the Commissioners might still be needed as it effects two of the separate consolidated cases. Counsel Ernest further explained that the order sometimes referenced the findings of violations that allegedly occurred in January 2021 through either February or March 2021. However, the order incorrectly referenced January through February or March 2020. He noted that paragraphs 11, 17, and 18 are the only portions affected. The Chairman thanked Counsel Ernest and noted that his concerns will be entertained in the appropriate section of the agenda.

III. REPORTS:

A. Report by the Chairman

The Chairman alerted the Commissioners of the serious budget crisis that the Commission is currently facing. He noted that he and the Executive Director had previously discussed a possible reduction in force in order to scale back on expenses until a resolution is identified. He explained that if this should happen, he will recommend that future Commission meetings be attended through video conference in order to save the very limited funds available. He noted that further discussion on the matter will be taken up in the executive session.

The Chairman announced that he is very concerned about IPI's compliance with the orders issued to them and noted that further discussion can take place in the appropriate section in the agenda. However, as part of his report, he stressed that in the final orders, the licensee was required to immediately pay the annual license fee and the regulatory fee. He noted that he is unaware whether an opinion from the Attorney General "AG" is necessary in defining the word "immediately". The Chairman said that everyone is well aware that the annual license fee was due since August 12, 2020 and that the regulatory fee was due on October 1, 2020. He reiterated that the Commission's final order reminded IPI that those must be paid immediately, but to date, they still remain unpaid. He stressed that the lack of payment raises a serious concern that warrants further discussion.

The Chairman raised a concern that he is unsure if there remains any Casino Key Employees "CKE" currently licensed by the Commission. He pointed out that the people before the Commission representing the company may not in fact be CKE's, and if they're not, the matter needs to be further examined. He stated that the Commission will discuss, in executive session, the legal authority that the non-CKE has in decision making powers over the company, as well as the Commission receiving official correspondences from an unrecognized CKE.

The Chairman explained that part of the requirements of the exclusive license is the completion of the Initial Gaming Facility "IGF", which is supposed to be just a training site. He noted that to his understanding, the Kan Pacific property was originally anticipated to be the future site but IPI never submitted a bid. He divulged that in IPI's most recent request to Governor Torres, it asked for a 6-year extension and made no reference to Phases I and II. The Chairman expressed that he would like for IPI to discuss that matter during the meeting.

B. Report by the Executive Director

The Director reported the following:

- **CCC Budget:** For the month of April 2021, the Commission's total expense was \$162,862.00.
 - 72.93% Personnel Wages and Benefits
 - 16.62% Board & Other Compensation
 - 10.45% Office Rental & Other Operational Costs

He noted that the current head count at the end of April is at 39 FTEs including the Legal Counsel. He stated that the head count will further decrease due to recent resignations. He shared that Mr. Donald Camacho, the CCC's Procurement Officer has already left as of May 15, 2021 and that Mr. Benjamin Hocog, the current Acting Manager of Permit & Licensing who resigned will be separated on June 5, 2021. The Director shared that it is sad to see these wonderful and capable people leave, but he can only hope for their success in their future career maneuvers. He added that in the interim, Mr. Arden Sablan, will be the Procurement Officer, working with Ruth Ann and Catherine Mendoza, the Accountant. He further announced that the Acting Manager of the Division of Permit and Licensing will be announced soon. The Director stated that just as the Chairman earlier

alluded, he has prepared a presentation with regards to personnel matters that he would like to discuss with the Commissioners during the executive session.

- **IPI Payroll Monitoring:** The Director announced that IPI's payroll is up to date for employees who are on island as per IPI Finance who he had a meeting with on Wednesday, May 26, 2021. IPI is also in the middle of processing around 400 exit interviews for the CW's who will be repatriated. He noted that the affected workers are a mixture of Malaysians, Chinese, and Filipinos. He asked that IPI give an accurate status update during their presentation.
- **CCC Comments on Senate Bill 22-23:** The Director shared that SB 22-23 intends to authorize a second casino license, in the event that the exclusive casino license is revoked by the Commission; and for other purposes. He stated that the Acting Executive Director who filled in during his absence, Mr. Vince Babauta, sent the Commission's response to Chairman Hocog on May 10, 2021. In the Commission's response letter, it requests that the bill be redrafted as it had several flaws that need to be adequately addressed. One specific area is the issuance of a casino license. In the recently passed Public Law 21-38, the CCC is the entity that would issue new licenses moving forward, not the Lottery Commission. He pointed out that it may have been an oversight, but it needed to be mentioned so that it can be corrected. The Director noted that there are other flaws in the proposed bill that the Commission mentioned in its comments. He then offered to address any questions or concerns the Commissioners may have regarding the proposed bill and the Commission's comments on them.
- **CCC Comment on Senate Bill 22-42:** The Director summarized that SB 22-42 intends to authorize the respective Casino Commission of each senatorial district to regulate the maintenance of poker and pachinko machines; and for other purposes. He stated that the Acting Chairman Demapan replied to Chairman Hocog on May 11, 2021, expressing opposition to the bill as currently drafted. He further noted that the Commission's opposition includes the lack of mention of any funding for the regulatory effort to begin. In addition, the bill fails to mention any authority the Commission may have in the promulgation of regulations or in amending existing regulations for the operation of the machines. The Director also pointed out that although omitted in the response letter, the bill further fails to grant the Commission the authority to audit the machines or devices to verify data validity, accuracy, interoperability, and integrity to make sure all data, including financial data, is true and valid. He explained that this will be a similar concept to the Commission's right to audit the slot machines for the exclusive casino licensee, regardless of the Department of Finance's actual collection of the BGRT. He noted that he hopes there will be future opportunities to comment as the bill goes through the channels and if redrafted.
- **Annual Audit Report by BCM (Burger Comer Magliari):** The Director divulged that on May 21, 2021, the Commission received IPI's 2020 Final Audited Financial Report. He stated that the report had several discrepancies that require further clarification which could likely occur when a revision is done for the true final report. In parallel to the report, he noted that the related corporate tax returns for 2019 and 2020 have yet to be completed. The Director informed the Commission that a meeting was held on Wednesday, May 26 2021, to review the problematic areas, areas of concern, and to make the necessary corrections with IPI and BCM for consideration in their final audit report and the filing of their 2019 and 2020 tax.

The Director informed the Commission that he requests that Ms. Frances Mafnas clarify the reference made to the Casino License Fee, which shows \$15M instead of the rightful \$15.5M, which purpose is clearly stated in the Casino License Agreement. He elaborated further his concern about how an audit firm of BCM's caliber can simply neglect or misunderstand this term. In light of Ms. Mafnas' absence in the meeting, the Director noted that he will await a response from her at a later date, as promised.

IV. MISCELLANEOUS MATTERS:

Chairman DeLeon Guerrero announced that he was informed by Ms. Frances Mafnas that she was unable to attend the meeting and that Mr. Tao Xing will sit in to discuss finance matters. He asked that Mr. Tao also cover the other areas of IPI's matters as listed in the agenda.

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

1. Imperial Pacific Resort & Hotel ("IPR").

a) Status of IPI's request for extension of the IGF construction deadline per CLA Amendment #6. Update on documents submitted to the Office of the Governor per Governor Torres' February 26, 2021 letter.

b) Status of IPI's IGF, Phase I, and Phase II projects

In regards to the construction updates, Mr. Tao stated there is nothing to report as there is no work being done. He disclosed that their request for an extension on the construction of the Initial Gaming Facility is pending at the Governor's Office. He shared that on April 26, 2021, IPI submitted their intent in package containing their plans for HR, Finance, and Construction and are now awaiting a response.

The Chairman stated that in his review of IPI's extension request to the Governor's Office, he noticed that IPI is requesting for another 5-years to complete IPR. He noted that the request indicates a deadline of 2026 but in the same letter, a completion date of September 2027 was indicated. He noted that there's a whole section dedicated to finance, but he did not see any income identified that would assist in the completion of the IPR. The only reference to income, he added, was that funds that would be released from the crane insurance. He asked Mr. Tao who prepared the report and if there is a reason why no funding source was identified.

Mr. Tao responded that the finance department put together the plan, and that he will need to note down the Chairman's questions and provide a follow-up at a later time. The Chairman suggested that when IPI submits something, it should be submitted as a final product, instead of submitting a draft hoping that no one would notice the details. He said that in looking at the request, there is no reference at all to funding, although there is an entire section on finance. He pointed out that there is no reference to the \$350M loan in the request, and asked how IPI is going to pay for all of their court ordered fees, regulatory fees, and fines. Mr. Tao replied that some of these fees will rely on the loans from creditors, adding that they are actively seeking additional creditors. He added that once they have a commitment, they will update the report.

The Chairman asked where the reference to Phase I and Phase II of the project is in the extension request. He stated that the expected completion of the IGF comes very close to the date of completion initially stated for Phases I and II. He asked if anyone at IPI is thinking about submitting a request for these phases and where they plan to build, since IPI did not submit a bid for the public land that was supposed to be used for this project. Mr. Tao answered that there are three prerequisites for the plan to be put together. The first is the timing of the IGF, IPI wants to make sure they have a firm date from the government so they can map out the rest of the project. The second is the funding commitment, IPI wants to ensure that there is enough interest in terms of investors and creditors to sponsor the projects. The third is evaluating the market to make sure they rebuild the facility to the size of the market.

The Chairman stated that he would agree that the facility needs more time to be fixed, since he is aware of the major damages sustained as stated in the damage assessment. However, he does not believe seven years is needed to do this, and even so, IPI does not have the financial capability to do it. He said that IPI cannot expect the government to just look the other way and grant the seven years without demonstrating their financial capabilities.

2. Status on the receivership

Attorney Juan Lizama, who identified that he represents the Chairlady in a personal capacity, stated that he was asked to join today's meeting by Mr. Tao, so that he can give a brief update on the status of the receivership. He first stated that he was hired by the Chairlady sometime in January or February 2021 and noted that he can only speak on her behalf in regard to the status of the case. Attorney Lizama clarified that the Chairlady is not a defendant in that case and that it had already been cleared on record in the district court. He added that the Chairlady was just a third-party witness and that he represented her in her individual capacity. Mr. Lizama explained that there was a deposition that was taken by the plaintiff's attorney, which he believes to be the reference made in today's agenda. He added that he can't speak about the statement made by the Chairlady as the matter is still under litigation. He noted, however, that the case is coming to a closure and as of this week, they are checking on whether or not there had been payments made. He stated that in a week or two, they will find out what the figure is, which he believes is around \$4,000. Attorney Lizama said that he is becoming more involved in the IPI cases and he can assure the Commission that his role is to try and decipher the status of each case in order to recommend actions.

In reference to the receivership, Attorney Lizama stated that a receivership does not exist as it was prevented. He then noted that he reviewed the Commission's consolidated orders and explained that the usual case is to go back to the board for discussion on filing motion for reconsideration. Counsel Ernest objected Attorney Lizama's statement, stating that he is not counsel to any party in the enforcement actions and it's therefore improper for him to make any motions before the Commission.

The Chairman shared that the Commission's concern in regards to the receivership is that if IPI does not satisfy the requirements of the sanction, the gaming equipment may possibly be auctioned off. He then voiced his concern that the Chairlady, who also signs off on a lot of IPI's documents, has said things that surprised him. He said the Chairlady's statements were something to the effect that she has no knowledge of IPI's obligations regarding the Community Benefit Fund, and no knowledge of certain individuals. The Chairman further noted that the Commission is greatly concerned about how she could have the authority to sign off on documents and yet have no knowledge of what is going on.

The Chairman said that he appreciates Attorney Lizama's update on the matter, but the Commission would like to defer to the other attorney handling the enforcement actions. Attorney Lizama said that he believes he was misunderstood in his initial statement. He reiterated that the extent of his representation of the Chairlady is in a personal capacity, not an entity of IPI, and that she is not a party to any of the lawsuits. With respect to the orders, Attorney Lizama stated that he was trying to say that he is hopeful that there is something in the procedures that could allow them to take an alternative route as opposed to the route taken on Friday, May 21, 2021, where there was a judicial appeal filed. Counsel Ernest asked who filed the appeal, Attorney Lizama answered that he filed the appeal. Counsel Ernest expressed his apologies for being confused about his initial statement.

The Chairman stated that the normal licensing process does not require that attorneys be licensed, but noted that IPI is still required to notify the Commission about which attorney is representing them and in which particular case. He noted that IPI never did that and that the Commission only found out through the newspaper. The Chairman asked Counsel Ernest if further discussion on the matter can be taken up in the executive session, to which he replied that the discussion should be with the Commissioner's Legal Counsel, Mr. John Lowrey.

3. IPI Personnel:

- a) Status of Employee Payroll
- b) Status of unpaid payroll & severance pay for employees already off-island
- c) Weekly report to the Federal Court

Mr. Tao disclosed that in the matter of the installment payment plan for the former IPI employees, IPI would not be able to provide separation details as the matter is currently in litigation and the details submitted to the court are under seal. Commissioner Dela Cruz reminded Mr. Tao that he has been requesting for IPI to provide the list of employees that have separated and repatriated without receiving their last wages and severance pay. He asked what the status is of that submission. Mr. Tao explained that because the matter is under adjudication with the US Department of Labor, the federal court has sealed the information. Therefore, IPI cannot provide the information at this time. He noted that once it is unsealed, the report will be submitted to the Commission. The Chairman said that the Commission will follow up with Legal Counsel in executive session as the regulatory body has the authority to obtain the information it needs from the entity it regulates. He noted that a lot of the information the Commission receives from IPI is not necessarily public, and in many cases, is kept confidential. He added that this information was requested for long before the federal court sealed the information.

B. Status on IPI's compliance with Commission Order No. 2021-002

The Chairman asked what the corporate office's position is on the final Commission orders. He pointed out that the audit report states that they have identified the sanctions by the Commission and that the company is performing what it needs to satisfy the matter. Mr. Tao replied that this matter will be covered by Attorney Lizama.

C. Annual Audit Reports and IPI Financial Matters

Mr. Tao reported on the \$350M bond that was made available to the company. He stated that they communicated with the finance department from Hong Kong, who manages the relationship with the bank. He said that they were informed that the withdrawal of the funds is contingent upon payment of interest, which is reflected in their annual report. Mr. Tao noted that the company's ability to pay it back further complicates the issue, as at this point, the company's license is being suspended. He stated that this could be a major concern for the bank and so they are evaluating the situation.

The Chairman asked for clarification on whether the issuance of the money is dependent on the possible suspension. Mr. Tao answered yes, that is the bank's concern. Mr. Tao further noted that they are evaluating the financial strains of the company and whether they can release some more funds to cover IPI's liabilities. The Chairman asked if they have identified how much interest needs to be paid, to which Mr. Tao answered that it is stated in the annual report and details will be provided at a later date. The Chairman then asked if the corporate audit is being amended to reflect the information since it is not currently reflected. Mr. Tao answered yes, noting that the issue is at the listed company level, not at the local level. He added the matter is handled entirely by the finance department in Hong Kong.

In reference to the annual report, Mr. Tao reported that as mentioned earlier by the Executive Director, they had a discussion yesterday with the finance department and will be providing answers to the questions posted sometime in the next week or two.

The Chairman said he noticed on the audit report that IPI is seeking tax relief from the federal CARES Act. He asked Mr. Tao if IPI received any assistance thus far. Mr. Tao replied no, but they are still in the process, noting that they are working with their attorney to identify opportunities.

D. Other Miscellaneous Matters

In regards to the junket operations, Mr. Tao said it is their understanding that the new proposed regulations will be published tomorrow, May 28, 2021, at which time they will review and provide the necessary comments.

The Chairman asked Mr. Tao if he knows Mr. Dong Zhengting, to which he replied yes. The Chairman said it appears that he is the sole director of IPI CNMI and the sole director of the company that owns the property being put up as collateral, to which Mr. Tao replied correct. The Chairman asked if Mr. Zhengting is currently on island, or when was the last time he was on island. Mr. Tao answered that he is currently off island and hasn't been back since 2019. The Chairman stated that Mr. Zhengting has provided assurance in the form of a certification, that IPI is in good financial standing and is capable of fulfilling its financial obligations. Mr. Tao responded that to his knowledge, this certification was provided at the beginning of 2020, when COVID-19 had just started. He added that the certification was based on the evaluation of the Hong Kong and local finance teams.

The Chairman stated that quite a lot of IPI's financial problems predate the COVID-19 pandemic. He said that while it has made a bad situation worse, blame cannot be placed entirely on the COVID-19 pandemic as the company's only financial stress. He stated that Mr. Zhengting's certification was false, and he needs to be reminded of the legal necessity to submit truthful statements to the regulators. The Chairman asked when Mr. Zhengting plans to visit the CNMI again. Mr. Tao responded that he doesn't have any plans as of yet because of the flight restrictions. The Chairman encouraged the Executive Director and the enforcement team to set up a meeting with Mr. Zhengting.

V. OLD BUSINESS:

A. Consideration of technical amendments to CCC Order 2021-002 "*Final Order in Enforcement Actions 2020-001 (consolidated) and 2020-003 (consolidated)*".

The Chairman asked Counsel Ernest if the Commission should proceed to act on the matter based on the information that was presented. Counsel Ernest, on behalf of the Executive Director, stated that the jurisdiction is now within the Superior Court and that the Commission probably does not have jurisdiction to further amend the order. He said he believes there may be a motion that can be filed in the court to allow it to be sent back just for the technical correction. He noted that they will also be dealing with Attorney Lizama on the matter.

Counsel Tiberius Mocanu agreed, noting he doesn't believe it's effectuated, as they haven't been served. Counsel Ernest stated that he does not have the document or anything from the court, but he does have a representation from the attorney acting. He asked if Attorney Lizama ever stated that he is representing IPI, to which the Chairman replied no. Counsel Ernest then asked if Attorney Lizama can be called back to the meeting, as he had left immediately after his presentation.

The Chairman asked Counsel Mocanu, in matters where the court hears a case, if it is customary that all administrative procedures be exhausted first, and if a request for reconsideration is one of those procedures. Counsel Mocanu responded that a request for reconsideration is not

a prerequisite to going on appeal, and that in the Commission's regulations, there is no actual procedure. He further explained that there are generic motions that are common to hearings, but there is no specific section that deals with motions or reconsideration in this type of case. The Chairman asked for Counsel Mocanu's opinion about whether or not it will be a problem if the Commission acts on the technical amendments today, since they are just correcting a typographical error. Counsel Mocanu answered that he doesn't believe there is an issue and that they could proceed with the amendment. He noted that the worst that can happen is that the timing is off and the court does not acknowledge it. He said that as Counsel Ernest earlier stated, it could get kicked back for the error.

Counsel Ernest expressed his displeasure with the licensee's actions. He stated that he was working with and had agreements and discussions with Counsel Mocanu, and they were treating this like a motion for reconsideration which would make the appeal untimely and inappropriate. The Chairman asked Mr. Tao if he is aware of who authorized Attorney Lizama to file the appeal. Mr. Tao did not answer but noted that Attorney Lizama should be on his way back to the meeting. The Chairman then asked Counsel Lowrey if it would be problematic for the Commission to act on correcting the technical amendment. Counsel Lowrey answered that he tends to be of the opinion that it is better to play it safe under circumstances like this. He stated that it is probable that the jurisdiction has already gone to the Superior Court since they have had representation from Attorney Lizama that an appeal has been filed and that he is the attorney for that appeal. He added that if Attorney Lizama returns to explain that the scope of his representation is somehow limited, in such a way that would prevent jurisdiction from having already moved, then it would make more sense for the Commission to note that there had been a request for a technical amendment. However, since jurisdiction has gone to the Superior Court, deferring action until such time that permission is granted by the Superior Court to make a settlement is advisable. Counsel Ernest requested that a five-minute recess be taken to allow for Attorney Lizama's return.

Upon return from the recess, Counsel Ernest shared that during the break, the counsels met with Mr. Tao and that it was clarified that Attorney Lizama does indeed represent IPI on the appeal and that an appeal was filed. He noted that IPI did what it explicitly agreed not to do, and that he believes the Commission probably lacks jurisdiction to entertain the order at this time.

The Chairman asked Counsel Ernest if he is aware of who assigned Attorney Lizama to represent IPI, to which he replied no, but he would like to find out. He stated that this display of action is once again one side of IPI doing something and the Commission dealing with another side of IPI. He said that he would like to reserve the right to fully investigate it more later. The Chairman asked Mr. Tao if he or anyone at IPI requested Attorney Lizama to appeal the order, to which he replied no and that he also intends to find out who. Mr. Tao stated that he was just informed the morning before the meeting that it was appealed on Friday, May 21, 2021, and that's the reason why he wanted Attorney Lizama to attend the meeting to provide an update on the process to the Commission.

Commissioner Taitano made a motion to defer action on Old Business A. Consideration of technical amendments to CCC Order 2021-002. The motion was seconded by Commissioner Dela Cruz, was put to a vote and unanimously approved.

- B. CCC Comments on Senate Bill No. 22-23 *"To authorize a second casino license in the event that the exclusive casino license is revoked by the Commonwealth Casino Commission; and for other purposes"*.

The Chairman shared that this item was already discussed by the Executive Director in his report. Commissioner Songao asked for clarification on whether this will be a second exclusive license. The Director stated that the way it is written is confusing and noted that if the current license is revoked, that would bring it down to zero, which in effect would mean that another exclusive license needs to be issued. Mr. Vince Babauta, CCC Manager of the Division of

Enforcement and Investigations, stated that the Commission raised that particular concern in its comments to the Senate. He said that his understanding is that the bill seeks to authorize an additional license, which would make it a total of two casino licenses.

Chairman DeLeon Guerrero shared that the current issue of exclusivity is contingent upon IPI's continued compliance with the agreement. He said that if IPI continues to be in violation of that agreement, then it would be his opinion to allow the legislature to do as they see fit. He added that it is the Commission's concern that if more licenses are granted, a discussion should be taken up in its totality of that agreement so that no single entity would have to be burdened by a large annual license fee. The Chairman further stated that should there be future expansion of the license, the consideration of instituting some sort of gaming tax and possibly removing the CBF would likely be a scenario. He noted that the legislature has the authority to do what it chooses, and that the Commission will assess what needs to be done in terms of regulating. Under the current law, PL 21-38, the Commission has the authority to revoke the license, as well as to issue new licenses. He said this would mean that PL 21-38 would need to be amended if the legislature makes any reference to more licenses.

VI. NEW BUSINESS:

- A. CCC Comments on Senate Bill No. 22-42 *"To amend 4 CMC § 1503(h) to authorize the respective casino commission of each senatorial district to regulate the maintenance of poker and pachinko machines; and for other purposes"*.

The Chairman shared that there is interest from the CNMI government to improve revenue collection from the poker and pachinko machines. However, the bill only discusses the maintenance and repair of the poker machines and that it would be under the Commission's authority. He clarified that the Commission does not repair and maintain the machines at the casino and that the operators are responsible for that. The Chairman further shared that one of the concerns the Commission has is the auditing of the machines and the revenue it collects. He said that if they were to improve revenue collection, they would need to look at the technology of the machines and rely on the record of collections. As of right now, he stated, the Department of Finance has jurisdiction; and if the Commission were to take over, it would require the authority to promulgate regulations to oversee the operator, the facilities, surveillance systems, etc. He said that there was a memorandum of understanding for the Commission to assist with the poker and gaming establishments, but the MOU was put on hold.

- B. Other New Business Matters

Commissioner Songao asked if there is an update on the procurement regulations. The Chairman answered that in light of the Commission's severe budget crisis, it was decided to put the procurement regulations on hold. He added that once the licensee pays its obligations, the matter can be revisited. In the meantime, the Chairman informed everyone that the Commission is utilizing the Department of Finance for procurement matters.

The Chairman asked Mr. Tao if he found any information as to who appointed Attorney Lizama. Mr. Tao answered that the CEO, Mr. Ray Yumul, has the information and can provide that to the Commission. The Chairman clarified that IPI does not have a CEO licensed by the Commission. Mr. Tao then stated that he will get the information and report back.

VII. EXECUTIVE SESSION:

Vice Chairman Demapan made a motion to enter into executive session to consult with Legal Counsel, to hear reports by the CCC's Compliance, Audit and Enforcement 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 11:39 am.

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

Commissioner Dela Cruz made a motion to exit from the 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 1:40 pm.

The Chairman summarized that during the executive session, the Commission had the opportunity to discuss with its Legal Counsels some of the pending legal cases that are affecting IPI and the anticipated resolutions of those cases. He added that the Commissioners also received reports from the different divisions of the CCC including a lengthy discussion on the personnel matters. He stated that they still have pending issues to follow through such as scheduling a meeting with the governor to discuss the Commission's financial situation.

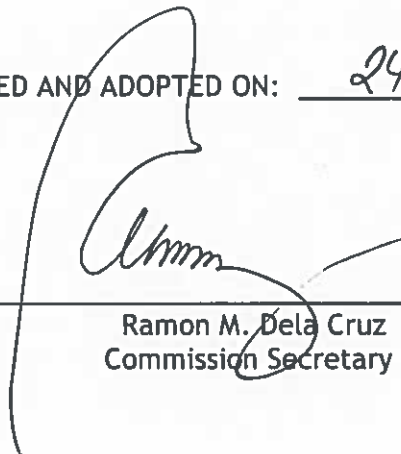
VIII. ADJOURNMENT

Vice Chairman Demapan made a motion to adjourn the meeting, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved. Meeting was adjourned at 1:48 pm.

Prepared by:  Date: 6/18/2021
Elicia San Nicolas, Executive Secretary

And  Date: 6/18/2021
Ruth Ann P. Sakisat, Executive Assistant

APPROVED AND ADOPTED ON: 24th day of June, 2021.

 Date: 6/24/2021
Ramon M. Dela Cruz
Commission Secretary