



# COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

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## MINUTES

September 29, 2021

### I. PRELIMINARIES:

#### A. Call to Order

Chairman Edward DeLeon Guerrero called the meeting to order at 10:09 am on Wednesday, September 29, 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), and Mariano Taitano (Treasurer). Commissioner Diego Songao (Public Affairs) was not present in the meeting due to personal matters off-island. The Chairman announced that Commissioner Songao's absence is excused and that he has submitted his resignation to be effective this month (September).

#### 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. The agenda was adopted as presented.

#### D. Adoption of Minutes: August 26, 2021

Commissioner Taitano made a motion to adopt the minutes of the August 26, 2021 meeting, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved. The minutes of the August 26, 2021 meeting was adopted as presented.

### II. PUBLIC COMMENTS. None

### III. REPORTS:

#### A. Report by the Chairman

The Chairman shared that the Commission has been hearing a lot of comments from the community saying that since the casino gaming is closed, therefore the Commission should close. He said that regardless of IPI's suspension of gaming operations and whether or not it is related to the COVID-19 pandemic, the Commission continues to monitor, report, and enforce IPI's compliance with the CNMI gaming laws as stated in Public Laws 18-56, 19-24 and 21-38. He further added that the Commission continues to monitor IPI's compliance with the Commission Orders and Directives, the Casino License Agreement, and other applicable federal laws and regulations. He stated that there is an added component to all of these requirements, in which the Commission is obligated to monitor and enforce IPI's requirement to be financially suitable. Financial suitability, he noted, is defined by the Attorney General as paying your debts as they become due, adding that this has been an ongoing issue for the Commission. The Chairman then stated that the Commission must also ensure that IPI complies with its contractual agreements, even if that responsibility does not fall directly under the Commission's jurisdiction. This would include any contracts that IPI has with its vendors.

The Chairman reported that IPI still has not paid its Annual Exclusive Casino License Fee of \$15,502,570 which was due on August 12, 2020. As of August 12, 2021, he added, the same amount is due again. As of today, he reiterated, IPI is delinquent in its payments of the Annual License Fee for two years, totaling over \$31M. The Annual Casino Regulatory Fee, which is the fee that covers IPI's regular and key employee licenses, Electronic Gaming Machine (EGM) licenses, Gaming Table licenses, and other related regulatory fees was due last October 1, 2020 and also remains unpaid, the Chairman stated. He noted that two days from now, another \$3,150,000 is due for the Annual Casino Regulatory Fee, which would mean that if not paid by October 1, 2021, IPI would be delinquent on this fee as well, totaling to \$6,300,000. As it stands, there is over \$37M due for these license fees combined.

The Chairman reported that on September 17, 2021 the Commission received two enforcement actions from the Executive Director, with two additional enforcement actions filed as of yesterday, September 28, 2021. He said that the difference in these enforcement actions from the previous consolidated actions is that the remedy being sought is revocation. He noted that each individual complaint is critical to the continued existence of IPI's casino gaming operations. He then stated that based on the Administrative Procedures Act and the gaming laws, there is a due process requirement of 15 days notice, which is still in effect, that allows IPI an opportunity to respond and provide an answer.

The Chairman shared that the Citizen-Centric Report (CCR), which is similar to an Annual Report, is due on October 30, 2021. He noted that it would be nice to see the legislature included in this required submission so that the community can have an opportunity to see what the House of Representatives and the Senate have done during the year. He further stated that the next Commission meeting will be held on October 28, 2021 and he would like for the Commission to review and approve the final version before transmittal to OPA.

The Chairman stated that due to IPI's failure to pay the 2020 Casino Regulatory Fee of \$3.1 million dollars, the Commission has been operating out of its own existing budget since October 2020. He shared that the Commission previously submitted a funding request to the Governor in hopes of obtaining funding through the American Rescue Plan Act (ARPA), but unfortunately, it did not go through. He said he was informed that even the Tinian and Rota Gaming Commissions would not receive funding from the ARPA. The chairman noted that the Commission also requested the Governor and the Saipan and Northern Island Legislative Delegation (SNILD) for \$1 million dollars. The money requested is from the Third Senatorial District's share of the 2019 Casino License Fee paid by IPI. Saipan received \$6 million dollars while Tinian and Rota received \$1 million dollars each. The Chairman said that there hasn't been any official response, but he is hopeful that the SNILD would consider appropriating a portion of the \$6 million. He stated, however, that part of being an autonomous agency is surviving on your own funding without assistance from the General Fund. He said that the Commission, unfortunately, is experiencing the unanticipated consequences of having a single entity as the licensee as well as the lack of appropriations from the General Fund.

The Chairman stated that due to the ongoing threat from the COVID-19 pandemic, Pfizer booster shots are now being offered for those 65 years and older and/or those with existing health issues.

The Chairman said he is interested to find out more today about the update on DPW's orders regarding the removal of the cranes.

The Chairman shared that starting this Friday, all executive branch and autonomous agencies will be switching over from the JD Edwards financial systems to the newly implemented Munis financial system. He asked the Director to ensure that all of the executive division staff are up to speed with the new system, as the entire purchase requisition process will now be done through Munis, which is a paperless system. He noted that he hopes the Office of the Public

Auditor will be monitoring this system to ensure that the agencies are in compliance and that there be no unlawful drawdowns. He then mentioned that the private vendors that want to do business with the government must register onto the system, adding that it would be helpful to have this advertised perhaps by the Department of Finance or the Chamber of Commerce so that those vendors who do business with the government would be adequately informed. The Chairman shared that the Commission is unfortunately losing more of its staff due to resignations. As such, he mentioned that it is the last day for Mr. Marc Venus, Compliance Agent. He welcomed everyone to join in on the luncheon that would be held in the next room to show appreciation to Mr. Venus for his contributions to the Commission.

## B. Report by the Executive Director

The Director reported the following:

- **CCC Budget:** For the month of August 2021, the Commission's total expense was \$107,211.00.
  - 59.32% Personnel Wages and Benefits
  - 40.68% Board Compensation, Office Rental, and Other Operational Costs
- **Staff Reduction:** The Director reported that as of today the Commission is down to 12 employees excluding legal counsel after the recent separations of Mr. Vince Babauta, Manager of the Division of Enforcement & Investigations (DEI), and Mr. Marc Venus, Compliance Agent. He added that he has designated Ms. Thelma Mizer, Special Agent, to be the Acting Manager of DEI and the Division of Permit & Licensing (DPAL) for the next 90 days. He shared that although it is sad to see these key employees leave, they will have to pick up the pieces and move on as best as they can.
- **House Bill 22-47:** The Director shared that on September 17, 2021, he attended the House Gaming Committee session along with Mr. Ian Morrell, IT Manager, and Mr. Leni Leon, Acting Compliance Manager. In the session, the Director explained the Internet Gambling revenue potential for the CNMI and the most up-to-date information on the Federal Wire Act and its final court ruling in the first circuit, as well as some meaningful industry samples. He noted that although they ran out of time during the session, he believed he provided meaningful and factual information for the House Gaming Committee to allow them to weigh the pros and cons of the bill. He said the Commission has done their part in expressing their concerns as well as the revenue potential, and it is now up to the Committee on how they would like to proceed. He noted that the Commission stands ready to assist if the Committee needs further assistance.

Commissioner Taitano asked the Director if the House Gaming Committee appears to be in support of the bill. The Director responded that he had the impression that the Committee was not pleased to move forward with the bill, that they seemed cautious, which is entirely reasonable given that the revenue potential is based on hypothetical numbers, and other related factors. The Chairman said that from his observation of the session and the questions presented to the Director, he believes the Committee would not be in support of the bill. He then asked the Director if any of the Committee members expressed their support for the intent of the bill, to which he replied no, adding that he sensed the Committee was trying to critique or discredit his presentations. The Chairman asked if the author of the bill, Rep. Joseph Lee Pan Guerrero, was present during the session, to which the Director replied no.

Vice Chairman Demapan asked the Director if he was able to discuss the appeal process that went on in the mainland regarding the Wire Act. The Director replied that he attempted to explain to the Committee about the recent event in which the Department of Justice decided not to proceed with any further appeal to the US Supreme Court, adding that the Biden administration discouraged further action on any of the appeals on the matter. The Chairman explained that the Wire Act prohibits the use of wire, telephone, or internet for gambling, and that the US Department of Justice filed a suit at the Federal Court against the New

Hampshire Lottery Commission for operating their state lottery. New Hampshire prevailed on this case but the US Attorney's Office appealed this matter to the First Circuit Court of Appeals. The First Circuit Court of Appeals subsequently decided that the Wire Act does not apply to lottery and other gaming and that it only applies to sports betting. He then said that Rep. Tina Sablan's question to the Director was somewhat unfair, because although the ruling came from the First Circuit and not the 9<sup>th</sup> Circuit, it would be highly unlikely that the CNMI and Guam's Office of the Attorney General would go against the US Attorney General's position not to appeal the decision to the US Supreme Court. He stated that it would appear that full-fledged online casino gambling can be done in the CNMI, but it would be dependent on who the operators would be and how the internet casino would operate. This is where H.B. 22-47 would need further clarification.

The Chairman said that another question in regard to the bill would be who the potential beneficiaries or licensees would be, as far as whether or not it would be restricted to an operator with an existing brick-and-mortar casino. If that's the case, the only operator would be IPI, and if there are additional potential licensees, they would need to establish policies and regulations for the application and licensing process. He said at the end of the day, they aren't anticipating to generate additional revenue from players within the CNMI, so they would expect other jurisdictions to be able to call in and play, but again, that would depend on how the licensees decide to operate.

- **Status of Judicial Review of IPI's Appeal:** The Director shared that IPI's appeal on the suspension order will resume with another status conference that has been set for 10:00 am on October 5, 2021 at the Superior Court. He said it is with hope and anticipation that the judge will order a summary of written complaint to IPI, at which time the Commission would get ready to reply to that complaint. He further stated that this would be the time when the Commission will find the actual content and reasons for their appeal. Ms. Keisha Blaise, AAG and Commission's Legal Counsel, explained that the judge is going to give a briefing schedule and IPI will go first in stating their facts and the law that supports it. After this, the Commission will then be able to respond. The Chairman asked if IPI managed to retain counsel on island, to which Counsel Blaise replied that they are still represented by Attorney Juan Lizama, adding that they also have two or three New York Attorneys. The Chairman then asked if the four recent enforcement actions were forwarded to Attorney Lizama. Counsel Blaise responded saying she believes he was served in time.
- **CCC Enforcement Actions:** As mentioned by the Chairman, it has been over five months since the Commission's suspension order 2021-002, which is the final order for Enforcement Actions 20-001 (consolidated) and 20-003 (consolidated). Unfortunately, the Director noted, the violations that triggered the suspension are still mounting, while IPI has done nothing to indicate any willingness to come into compliance with the aforementioned final order.

The Director reported that he has filed four enforcement actions, each of them seeking revocation as follows:

Filed on September 17, 2021

- 2021-001: Non-payment of the Annual License Fee (Due August 12, 2020)
- 2021-002: Non-compliance on Working Capital for Three Months' Payroll  
\*\*IPI has been given 15 days to respond, which ends on October 2, 2021

Filed on September 28, 2021

- 2021-003: Non-payment of the Annual Casino Regulatory Fee (Due October 1, 2020)
- 2021-004: Non-payment of the Annual Casino License Fee (Due August 12, 2021)  
\*\*IPI has been given 15 days to respond, which ends on October 13, 2021

The Director stated that these are all major violations and as such, the Commission is seeking revocation. He said that unless IPI comes into compliance, there will be more critical

enforcement actions that will be filed in October, all of which are also major violations. He further added that the Commission has taken careful steps to give IPI full due process in accordance with the law, in hopes that they will come into compliance, but to no avail. Therefore, he noted, it is time that they move forward with these actions.

#### IV. MISCELLANEOUS MATTERS:

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

###### 1. Imperial Pacific Resort & Hotel ("Initial Gaming Facility/IGF"):

- a) Status of IPI's request for extension of the IGF construction deadline of February 2021 per the Casino License Agreement -- Amendment #6.

Mr. Tao Xing, IPI VP of Marketing, reported that they have not received a response from the Lottery Commission. The Chairman asked if they have contacted the Lottery Commission to find out when the next meeting is. Ms. Ruth Ann Sakisat, Executive Assistant to the Commission, shared that she spoke to the Commerce Secretary yesterday who informed her that there will be a meeting during the first week of October, but that hasn't been finalized yet.

The Chairman said that the most critical aspect that IPI is facing now is the lack of funding. He said he is having a difficult time understanding why anyone would entertain their request without them providing substantive information as to the source of funding, how they plan to proceed, and how long it will take. Mr. Tao responded saying that the local team isn't in charge of raising the capital, that there is a whole team in Hong Kong working on that - the local team would be in charge of spending. He said he is sure that the Hong Kong office is actively reaching out to the banks and creditors and if he hears anything, he will inform the Casino and Lottery Commission.

The Chairman asked Mr. Tao to stay until they get to IPI Financial Matters, as he would like to discuss the audit ended June 30 from IPI Holdings.

- b) Status of Tower Cranes 1, 5 and 6 at IGF (IPR)

Mr. Tao reported that the last update they provided was that IPI would hire a team of ten people, instead of utilizing a third-party vendor, to work on the removal of the cranes. He said the reason for this is that the team they will be hiring is from AM Group and they have experience and extensive knowledge about the site and the equipment, as they had worked on the cranes before. He further stated that they are working to get these people on board, but they are still trying to obtain workman's compensation. He noted that the Workman's Compensation Commission (WCC) under the Department of Commerce suggested that IPI look for an insurance provider off-island so they can move forward and get started on the project.

Commissioner Dela Cruz asked if IPI still has the money that was set aside for the removal of the cranes, to which Mr. Tao replied yes. Commissioner Dela Cruz then asked if IPI is in agreement with the DPW Secretary's condition, in which DPW will dismantle the crane themselves and charge it to IPI in the event that IPI cannot obtain workman's compensation. Mr. Tao replied that they will consider that as an option, but their plan to hire a team to dismantle the cranes is still in effect.

Mr. Isagani Salazar, Director of DPW Technical Services, was available via videoconference. The Chairman asked Mr. Salazar for an update on the status of the crane removal. Mr. Salazar shared that in the last communication DPW had with IPI, they were informed that IPI is ready to dismantle the crane, but they still had not

obtained workman's compensation. He said IPI was appealing this to the Department of Commerce to request assistance but they are still waiting. He noted that the target date to begin this project is mid-October. The Chairman asked if DPW has access to existing manpower that could remove the cranes. Mr. Salazar answered that they could contract Island Certs for the project since they were the ones who removed tower crane four.

Mr. Ray Yumul, representing himself as IPI's CEO, shared that he engaged with the WCC directly and submitted the four denial letters from local insurance carriers for workman's compensation. He said the Commissioner accepted it and notified him in writing that they would allow IPI to continue forward, with no added violations aside from the minor penalties of \$100 and \$1500. Mr. Yumul noted that they have already processed the payment for these penalties. He further shared that they are required to seek international coverage such as from Guam or the US mainland, but they concluded that they are also unable to get coverage from those areas. In the absence of that coverage, he added, IPI is wholly responsible, and that was made clear by the WCC. He noted that he will be notifying the Hong Kong office that he cannot start on the onboarding process for the crane project until they fully understand the meaning of being wholly responsible. He shared that if the corporate office agrees, then he will give HR the green light to begin the hiring process.

The Chairman asked why IPI doesn't just contract Island Certs for the removal of the crane. Mr. Yumul answered saying that is an issue being looked at. He reiterated that Hong Kong is driving the funding situation, and they are at zero income. The Chairman said he was under the impression that IPI had \$168,000 from the payment to the US Department of Labor that was withheld. Mr. Yumul replied that the money technically should have been available to them, but it was not. He said they are in a severe financial crisis and he had to put all the staff, including himself, on austerity Fridays. The Chairman asked if this is a violation of the agreement with USDOL, to which Mr. Yumul answered IPI has an attorney looking into the matter. He further noted that the fee was not waived, but rather pushed back, so it is still due and payable.

The Chairman asked when IPI is going to pay its Exclusive Casino License Fee so that the Commission can entertain his application for CEO. Mr. Yumul answered that he and his staff are periodically reminding the Hong Kong office of this, but they can only do so much. The Chairman mentioned that there is an organizational chart that IPI provided to the Commission, but none of the people on the chart seem to be licensed. He stated that this is a violation of the casino regulations, as well as the previous Commission Order which instructs IPI to appoint a CEO who meets the licensing requirements. Mr. Yumul responded saying IPI does understand that it is driven based on the license fee, adding that at any given time, he is more than willing to step aside if there is a potential CEO in the near future to take over.

The Chairman mentioned that based on the audit reports, it appears that there is \$350M funding available as needed, and IPI is very much in need of funding. Mr. Yumul replied that this agreement is between the lending company in Japan and the holding company, IPI CNMI is not privy to that, they would just be the beneficiary in any case. The Chairman said that if IPI loses its license as a result of any of the four enforcement actions, the only option they would have to use the money would be for the hotel. Mr. Yumul said that Hong Kong is aware of that fact. He said as far as the financial matters, Ms. Frances Mafnas is available to answer the Commission's questions.

The Chairman stressed the importance of having the cranes dismantled, as typhoon season in the CNMI is approaching. He mentioned that members of the legislature, the community, and the businesses surrounding IPI have expressed their concerns to the Commission and urging that IPI take care of the issue as soon as possible. He then asked



how IPI expects the Lottery Commission to entertain their extension request when they cannot even remove the crane. Mr. Yumul answered saying that is a challenge they are going to deal with when they cross that road. He said they haven't received any information from the Lottery Commission as to additional information or clarification on the letter he sent, but once they do, they will take appropriate action.

The Chairman asked if Ms. Frances Mafnas is still a licensed casino employee, to which the Director answered yes, noting that her license will expire sometime next year.

Commissioner Dela Cruz mentioned that with the recent tropical disturbance that passed, he found it disappointing to see that IPI put out a notice in the paper to steer clear of the areas surrounding the casino. He said this notice should have come days before the disturbance was expected to pass, as it was only put out after it went away. Commissioner Dela Cruz recommended that Mr. Tao work closely with Mr. James Ada, DPW Secretary, so they can come to an agreement on the best course of action to have the cranes dismantled as soon as possible. Mr. Tao agreed, adding that he will have Ms. Mafnas set a meeting with the Secretary.

## 2. IPI Personnel Matters:

- a) Updated Organizational Chart
- b) Status of Employee Payroll
- c) Status of unpaid payroll & severance pay for employees already off-island
- d) Others

Ms. Redie Dela Cruz, IPI HR Director, reported that they submitted an updated organizational chart to the Commission this morning. She stated that the organizational chart identifies the core management team during closure, which is led by CEO Ray Yumul, and broken down into three categories: construction, gaming, and non-gaming. The Chairman asked how many of the employees listed on the organizational chart are on furlough, noting that he is aware of the furlough of the Surveillance department. Ms. Dela Cruz replied saying that is correct, adding that the Gaming Operations Interim Director is on furlough as well.

The Chairman asked how IPI is doing with the FinCEN requirements, mainly since there is a vacant position under Compliance, which would typically be responsible for this task. Ms. Dela Cruz replied that she has no knowledge on the FinCEN matters, adding that she will refer it to Mr. Tao.

The Chairman asked if Ms. Mylanie Basa is the contact person for Compliance, to which Ms. Dela Cruz replied that she is under the Legal Department. She added that Ms. Basa would be the person to accept incoming correspondences and release outgoing. He then asked if the Executive Assistant and the Assistant to the CEO are on island, and if they are CW or US workers. Ms. Dela Cruz answered that they are on island, and they are both US-qualified workers. The Chairman asked her why they aren't on furlough, to which she responded that they assist in operations. She noted that they are really short-staffed, so they all pitch in to do what they can. The Chairman asked if Mr. Hanqin Liu, Interim Manager for Facility Management, is still on the board, to which Ms. Dela Cruz replied yes. He then asked if Mr. Liu is involved in the removal of the crane. Ms. Dela Cruz replied no, adding that Mr. Liu is in charge of the facilities such as the barracks, warehouses and housing properties. When asked by the Chairman, she noted that Mr. Liu isn't involved on IPR matters at the moment due to the US Marshal seal. The Chairman asked the Director to keep track of the organizational chart and ensure that those listed are properly licensed and IPI is in compliance with the existing regulations.

The Chairman asked if the employees are getting paid on time, to which Ms. Dela Cruz replied yes. He then asked if the separated employees have received their severance pay or any outstanding payrolls they were owed. Ms. Dela Cruz replied that she does not have an update on that matter due to the lack of funding available. The Chairman asked Ms. Dela Cruz to keep the Commission informed on the status of the unpaid payroll and severance pay.

Vice Chairman Demapan asked if the 36 active employees reflected on the HR Dashboard are under the Security division, to which Ms. Dela Cruz replied yes. The Chairman said there is an inconsistency in the number of active employees reported. Ms. Dela Cruz said that she would look into it and revise the report.

The Chairman asked if IPI is using a local bank for payroll purposes, or if they are still relying on the Guam's payroll company. Ms. Dela Cruz responded that they are banking with Bank of Saipan. He then referenced one of the Commission orders that mandates IPI to have three months' payroll reserved and asked if that has occurred. Ms. Dela Cruz answered that she has no knowledge on that and will refer that to the financial section of the meeting.

#### **B. IPI Financial Matters:**

1. Status of IPI's final Annual Audit Report (for the year ended December 31, 2020)
2. Status of the 2021 Annual Exclusive Casino License Fee due on August 12, 2021
3. Imperial Pacific International Holdings, Limited Interim Results for the Six-Months Ended June 30, 2021

Ms. Frances Mafnas, IPI Director of Treasury, shared that Mr. Tao Xing will be reporting on the three items under financial matters. The Chairman asked if she has knowledge as to how much money IPI currently has in its account, to which Ms. Mafnas replied yes. The Chairman then asked if IPI has funds available for the removal of the crane. Ms. Mafnas responded saying that they set aside a portion of the \$164,000 that was supposed to go towards the payment to the USDOL as part of the agreement. She explained that although the payment was waived, the funding isn't necessarily available.

Ms. Mafnas stated that she has no further updates to share with the Commission aside from payroll, which she reported is being paid out on a timely basis.

Commissioner Taitano asked Ms. Mafnas if she is aware of the annual general meeting being held in Hong Kong today, to which she replied no.

Mr. Tao reported that Hong Kong issued an announcement of the delay in dispatch of the 2020 annual report. He noted that it will be available before the end of October, adding that the CNMI portion has been finalized and the Commission was provided a copy.

As asked by the Chairman, Mr. Tao stated that they do not have an update on the status of the Casino License Fee that was due on August 12, 2021. The Chairman asked if the corporate office is aware of the four enforcement actions that are seeking revocation of the casino license. Mr. Tao responded saying that they will notify the corporate office today.

The Chairman referenced the interim results for six months ended June 30, stating that there are a couple of statements made that he found interesting and somewhat misleading. He said one concern is the accounts receivable that has not been actively collected, and the other is the remaining \$350M available to IPI as needed. He asked if Mr. Tao could explain what they mean by 'as needed', since the revocation of their casino gaming license would definitely be considered a need. Mr. Tao said he isn't aware of the specific terms, but he will look into it and report back to the Commission. The Chairman asked Mr. Tao to express this concern to their board and ask that they clarify what is meant by 'as needed'.



Mr. Tao said he will do so, but he was not informed about their board meeting, so he isn't sure if he will attend.

The Chairman asked if there is anyone advising the board in Hong Kong, to which Mr. Tao replied yes, that they still have a couple of attorneys in the Hong Kong office. The Chairman asked if the attorney handling the FinCEN inquiry is still working for IPI. Mr. Tao replied yes, adding that they just communicated with him about a week ago to discuss the document submission. The Chairman asked if the attorney is getting paid, Mr. Tao answered that they are working on the payment.

The Chairman asked who IPI communicates with in Hong Kong in reference to the outstanding accounts receivables. He noted that IPI has collected in the past, but neglected to inform IPI CNMI. He then asked if there has been any collection in the recent months that IPI CNMI did not get. Mr. Tao replied that Hong Kong has a finance director, and they have had a number of lawsuits filed against players in the local court. The Chairman asked for a list of all the lawsuits that were filed, to which Mr. Tao said that he will provide it. He further noted that they are in the process of hiring an in-house attorney, at which time they will notify the Commission and update the organizational chart.

Vice Chairman Demapan suggested that the Commission join in on the IPIH board meeting. Mr. Tao said he will find out more about the meeting and share any information he has.

#### **C. Other Miscellaneous Matters**

The Chairman asked Mr. Tao about the status of the auction to satisfy the court's judgments, to which Mr. Tao answered they haven't received any concrete auction plan. The Chairman referenced Mr. Tao's previous comment about how IPI will buy new machines if all of the gaming equipment are auctioned off. He shared the lengthy process of buying new machines from the manufacturers and then undergoing equipment audit certification prior to reaching the gaming floor is not that simple. Mr. Tao acknowledged that he understands.

#### **V. OLD BUSINESS. None**

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 12:02 pm.

Chairman DeLeon Guerrero called the meeting back to order at 2:00 pm on September 29, 2021.

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

##### **A. Notification of Issuance of a Provisional Casino Gaming Vendor License (30 days).**

- 1. Dallmeier Electronic GmbH & Co. KG. Manufacturer & Distributor of Electronic Monitoring & Surveillance Equipment & related services. Issued Date: 09/19/21  
Expiration Date: 10/30/21**

The Chairman shared that the typical provisional licensing process involves having the Executive Director and the Chairman sign off on the license, with notification to the Commission on the next meeting. He noted that the unusual part of this case is that the vendor was required to submit an application for renewal, but the license expired in September. To that effect, they are being issued a provisional license to allow them ample time to submit the application for the next two-year license. He said they anticipate Dallmeier would have their application submitted before the end of October, and asked if that is enough time for the Commission to do its due diligence and issue out the license. Ms. Thelma Mizer, Acting DEI Manager, replied saying Dallmeier has informed her they will have everything submitted before the next meeting.

- B. Resignation of Commissioner Diego M. Songao, CCC Commissioner representing the CNMI's First Senatorial District. Effective September 2021.

The Chairman noted that he received a copy of a written resignation letter from Commissioner Songao, dated September 6, 2021, addressed to the Governor. He stated that he has discussed the matter with the Governor and updated him on the new appointment procedures pursuant to P.L. 21-38. Under P.L. 21-38, the Governor appoints with the advice and consent of the Senate members of the Commission. Prior to this new law, the Mayor of Rota appoints the Rota Commission member with the advice and consent of the First Senatorial District delegation.

The Chairman noted that he also requested the Governor for funding assistance to cover the costs of board honorarium if he decides to proceed with the appointment of a replacement. He further shared that whoever is appointed would serve only the remainder of Commissioner Songao's term that ends on April 30, 2024, as opposed to serving an entire term of 6 years. Ms. Sakisat asked if Commissioner Songao could have gone on medical leave without pay instead of resigning, so as to keep his position on the board, the Chairman replied that he voluntarily resigned, noting that nobody asked him to step down.

The Chairman stated that Commissioner Songao is an important member of the Commission who had contributed much to the fulfillment of CCC's mandates, and he hopes and prays for his speedy recovery and continued well-being.

#### VII. EXECUTIVE SESSION:

Commissioner Dela Cruz moved to rise into Executive Session to consult with the Legal Counsel, to receive reports from the Compliance, Audit and Enforcement divisions and to discuss personnel matters. The motion was seconded by Commissioner Taitano, put to a roll call vote with all members voting yes. (Enter 2:13 pm)

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

Commissioner Taitano made a motion to exit Executive Session, seconded by Vice Chairman Demapan. The motion was put to a vote and unanimously approved. (Exit 3:14 pm)

The Chairman shared that during the Executive Session, the Commissioners consulted with the Legal Counsel and the Director on pending legal issues involving the casino operator and the industry. He noted that the Commission also heard reports from the different divisions and held some discussions on personnel matters.

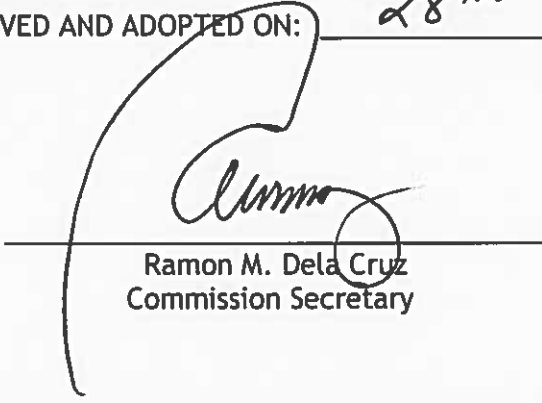
#### VIII. ADJOURNMENT

Commissioner Dela Cruz made a motion to adjourn the meeting, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved. Meeting was adjourned at 3:22 pm on Wednesday, September 29, 2021.

Prepared by:  Date: 10/20/2021  
Elicia San Nicolas, Executive Secretary

And  Date: 10/20/2021  
Ruth Ann P. Sakisat, Executive Assistant

APPROVED AND ADOPTED ON: 28<sup>th</sup> day of October, 2021.



A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to read 'Ramon M. Dela Cruz'.

Ramon M. Dela Cruz  
Commission Secretary

Date: 10-28-2021