



COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

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MINUTES

October 28, 2021

I. PRELIMINARIES:

A. Call to Order

Chairman Edward DeLeon Guerrero called the meeting to order at 10:04 am on Thursday, October 28, 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.

The Chairman welcomed Legal Counsel Keith Chambers, AAG, who is in attendance on behalf of Ms. Keisha Blaise and IPI Representatives.

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). The Chairman noted that Vice Chairman Demapan is off island but is present via video conference which is permitted by the CCC Regulations. The Chairman added that the Casino Commission should have five members, however, one member resigned as of September 15, 2021, therefore, the remaining four members constitutes a quorum.

C. Adoption of Agenda

Commissioner Taitano made a motion to adopt the agenda as presented, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved. The agenda was adopted.

D. Adoption of Minutes: September 29, 2021

Commissioner Dela Cruz made a motion to adopt the Minutes of meeting for September 29, 2021 as presented, seconded by Commissioner Taitano.

The Chairman pointed out that several sections in the minutes require IPI to provide related documents or updated statuses to the Commission. He asked the Director to apprise the Commissioners on the status of those matters.

The motion to adopt the minutes was put to a vote and unanimously approved.

II. PUBLIC COMMENTS. None

III. REPORTS:

A. Report by the Chairman

The Chairman explained that in response to some of the community's comments on the existence of the Commission, it must be understood that the Commission has a continuing responsibility to monitor and ensure that IPI is following the casino gaming laws. He emphasized that despite the casino's closure, the Commission has regulations that are still in effect which has nothing to do with the gaming operations, rather part of the license requirement which still needs to be monitored. The Commission is also part of the

government, working with the Lottery Commission, to monitor and ensure compliance with the casino license agreement which is an integral contract between the CNMI Government and IPI. He then shared that IPI has pending requests with the Lottery Commission and is still waiting to meet with that body. He noted that he would like to hear from IPI on the status of their extension request during the appropriate part of the agenda.

The Chairman reported that IPI has yet to pay its Annual Exclusive Casino License Fee for 2020 and 2021, which totals over \$31M. He said that IPI has also failed to pay the Annual Casino Regulatory Fee for 2020 and 2021, which totals to approximately \$6.3M. The Annual Casino Regulatory Fee, the Chairman explained, is the fee which covers the licensing of employees, key employees, Electronic Gaming Machine (EGM) licenses, Gaming Table licenses, and other related regulatory fees. As it stands, there is over \$37M due for these license fees combined.

The Chairman reported that the Commissioners are in receipt of five different enforcement actions. He noted that unlike the previous consolidated actions filed, the remedy being sought now is the revocation of the exclusive license. He added that the Commission is the body that has the authority to decide whether IPI is deserving to retain its casino license or not. He stated that he would like to hear from IPI, under the agenda of financial matters, about the statement in their audit report which indicated that there is \$350M available to them "as needed".

The Chairman shared that the legislature recently passed a law mandating all government agencies, including the autonomous agencies, to compile a four-page Citizen-Centric report like an annual report. He noted that the report should cover the period of October 1, 2020 through September 30, 2021, therefore, the information will have to include employees who are no longer with the Commission, but who were onboard during this specific period. He further noted that the organizational chart includes the Attorney General, without specifying who the assigned counsel is, as there were two during this period, AAG Michael Ernest and AAG Keisha Blaise.

The Chairman reiterated that IPI has not paid the Casino Regulatory Fee for two years, which caused the Commission to request for funding from the Governor. He stated that the Commission requested for at least \$1M from the \$6M that is going to the Saipan and Northern Island Legislative Delegation, but a response has yet to be received on that request. He said that he is not optimistic about receiving funding as the Commission only received \$1,090 from the general fund for FY2022. He stated that the Commission will need to figure out how to keep the Commission afloat, otherwise, may have to pull back and depend on other government agencies to carry out certain functions as required by the statute.

The Chairman shared that with the ongoing pandemic, the CNMI continues to remain one of the safest communities. He mentioned that the government and the Marianas Visitors Authority are attempting to revisit the Travel Bubble program, possibly implementing the same type of program with Japan and other similar places. This is in attempt to bring in more tourists and to boost the economy, he said.

The Chairman announced that he would like to hear from DPW, if their representative is present on video conference, regarding the status of the crane removals at the IPR. He requested to also discuss the matter with Mr. Eric Poon.

The Chairman reported that as of October 1, 2021, the executive branch and the autonomous agencies who are linked to the Department of Finance have moved away from the JD Edwards system to the newly implemented Munis system. As of October 1st, he said, purchase requisitions and other procurement processes have been done through Munis. He added that although PL 21-38 allowed the Commission to operate its own financial system, it is still relying on the Department of Finance for payroll and other financial matters. He explained that this was done through a Memorandum of Agreement with DOF and will remain this way until such time the Commission is able to identify additional financial resources and procure additional

personnel.

The Chairman went on to briefly discuss the new House Local Bill 22-26, which seeks to authorize, establish, and regulate casino gambling within the third senatorial district. He noted that the act is also known as the Saipan and Northern Islands Casino Act of 2021. He said that this is a matter that he would like to further discuss with the Legal Counsel during executive session. He further added that the local delegation is attempting to create a local law, instead of doing it through a commonwealth law or through an initiative.

The Chairman shared that he is in possession of a copy of House Representative Celina Babauta's September 30, 2021 letter to the AG and the Office of the Public Auditor. The letter, he said, is a complaint from Rep. Babauta claiming that the Casino Commissioners are double-dipping into the retirement fund program, which is in violation of the CNMI Constitution and applicable statutes. The Chairman explained that the statute itself clearly specifies that the Commissioners are not employees of the CNMI government and that their compensation are not salaries, rather board honorarium. He added that consequently, Commissioners are not entitled to any of the benefits that the government offers to its employees such as health insurance, life insurance, paid leave, and others. The Chairman asked AAG Chambers to keep the Commission abreast of the AG or OPA's opinion in response to Rep. Babauta's letter. He commented that he expects that every member of the legislature has an attorney who should review this type of inquiry before sending it out as it portrays a picture that the Commissioners are double dipping, which in his opinion, is incorrect. He stated that he is not a retiree and is not affected with this issue, but some former and current Commissioners are.

Commissioner Taitano asked if there was a legal opinion issued by the AG in the past regarding this topic. Executive Assistant to the Commission, Ms. Ruth Ann Sakisat answered that it was made clear in the past that the Commissioners are not government employees, but in reference to double dipping, an opinion has never been sought on the matter.

The Chairman mentioned that the Commission usually meets on the last Thursday of the month. However, with Thanksgiving approaching, he suggested that the November meeting be scheduled for Wednesday, November 24, 2021 instead.

B. Report by the Executive Director

The Director reported the following:

- **CCC Budget:** For the month of September 2021, the Commission's total expense was \$97,264.00.
 - 59.04% Personnel Wages and Benefits
 - 40.96% Board Compensation, Office Rental, and Other Operational Costs
- **Staff Reduction:** The Director reported that Mr. Leonard Leon, Compliance Manager, has submitted his resignation to take effect November 5, 2021. With his resignation, the Director noted, he and the Commission staff will have to pick up the work as much as they can in the meantime. He said he hopes to quickly hire at least one person with Audit and Compliance experience to fill the crucial position.
- **Status of Judicial Review of IPI's Appeal:** The Director shared that IPI's appeal on the suspension order resumed with a status conference that was held on October 5, 2021. During the status conference, the judge ordered IPI to forward their written briefing within 30 days from the date of confirmation from the Commission's legal counsel, which was done the following day, on October 6th. He explained that the confirmation was basically to review the accuracy of the Commission's meeting minutes. He noted that they should hear from IPI's representatives by November 5, 2021 in the form of a written briefing. Subsequently, the Commission would likely be given 15 days to respond to the

briefing, he said.

- **CCC Enforcement Actions:** The Director reported that one more complaint has been filed with the Commission:

Filed on October 14, 2021

- **2021-005: Non-payment of Regulatory Fee (for 2021)**
**IPI has been given 30 days to respond with the 15-day extension being granted to them. As a result, it is due by November 15, 2021

The Director reported that the responses to Complaints 2021-001 to 2021-004 have been forwarded to the Commissioners. However, he noted that the responses were not signed by an attorney. He said he would like to seek clarity and legal guidance on the matter, since each of the 4 complaints are seeking revocation. Therefore, the Commission has to be extra careful in the steps it takes and ensuring that they are in accordance with the law.

The Director divulged that he had a brief discussion before the meeting with representatives of IPI regarding the possibility of granting them a 15-day extension to submit a new response, which would be signed by their new legal counsel. He said that with the Commission's approval, IPI would be granted an extension with the final due date being Monday, November 15, 2021.

- **Citizen-Centric Report:** The Director shared that the report has been completed and submitted for the Commission's review. He thanked the Commission staff for their time and effort in compiling the report. He offered to answer any questions the Commissioners may have on the report.

The Chairman stated that in his opinion, when a formal document is filed against the licensee, the CCC Regulations and gaming statutes requires that the person appearing before the Commission to answer the complaints must be a licensed attorney or a financial officer. He added that in this case, the four answers provided by IPI in response to the complaints was signed by a non-attorney and a non-financial officer. Because of this, he stated that in his opinion, those four answers can technically be considered as not submitted. The Chairman further emphasized that one of the conditions of being non-responsive on a timely basis, is that all rights afforded are waived. However, he added, that the Commission may allow additional time even if the respondent did not submit its responses on a timely basis. With that said, the Chairman asked the other Commissioners if they are willing to entertain granting IPI additional time to allow an attorney to review their answers and to ensure that IPI resubmits their answers with a licensed attorney as the signatory. Upon receipt of the answers, the Commission will then move forward in scheduling the administrative hearing dates, he said. The Chairman stated that because of the severity of the outcome being sought, it is critical that IPI retain proper legal representation to review the enforcement actions.

Commissioner Dela Cruz made a motion to grant IPI up to November 15, 2021, to submit its answers to Complaint No. 2021-001 through 2021-005 and to ensure that its legal counsel reviews and signs the answers. The motion was seconded by Commissioner Taitano and was put to a vote with all Commissioners voting yes.

IV. MISCELLANEOUS MATTERS:

- 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.

Mr. Tao Xing, IPI VP of Marketing, reported that there's still no response from the Lottery Commission on IPI's extension request. He noted that they have no information as to when they plan to hold their next meeting. The Chairman asked what would happen if the Lottery Commission were to deny their request, to which Mr. Tao replied that they will have to consult with their legal counsel to come up with a plan. The Chairman asked Ms. Ruth Ann Sakisat, Executive Assistant to the Commission, to inquire about the next scheduled Lottery Commission meeting and whether IPI is on their agenda.

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

Mr. Eric Poon, IPI Construction, reported that the jib removal project started on Monday, October 25, 2021. He noted that IPI issued a public notice on October 21, 2021, which was posted in the local newspaper. Additionally, DPS, DPW, and the Commission were notified about project's commencement. The Chairman asked if all employees involved in the project as indicated on the list that was provided are certified. Mr. Poon answered yes, adding that they have been in constant communication with DPW, so they are aware of what is happening and who is working on the project.

The Chairman mentioned that in a previous Commission meeting, IPI shared that the US Department of Labor (USDOL) demanded IPI to provide workman's compensation for the employees working on the tower crane removal project. He noted that to his recollection, IPI was denied coverage by five different local insurance companies. He also recalled that IPI was granted approval by the Workman's Compensation Commission (WCC) to proceed, provided that IPI assumes financial responsibility for any injury-related costs. The Chairman asked Ms. Redie Dela Cruz to include in her report whether IPI received anything in writing from the WCC on the matter. The Chairman voiced his concern on how IPI can assume financial responsibility for injuries when it has failed to pay many of its other obligations.

The Chairman asked if it is safe to remove tower crane 6 and if tower crane 5 will need to be operated to do so. He referred to a statement made in a previous meeting that tower crane 5 cannot be used unless it is recertified because it has not been used for the over six months. Mr. Poon answered that there are plans to use tower crane 5 to remove tower crane 6. He explained that they will remove just the arm first and that they will discuss later whether there is a need to dismantle the entire mass. He shared that for now, nothing will be removed as they are still assessing the structures to ensure safety. Mr. Poon elaborated that the anticipated date of completion is November 19, 2021, but that will all depend on the condition of the crane.

The Chairman asked if DPW is present on the project site. Mr. Poon replied that they haven't seen anyone from DPW, but that daily reports are being submitted to them which documents the activities. The Chairman asked if IPI's Safety Officer is certified, to which Mr. Poon replied yes. The Chairman inquired what IPI plans to use to rebuild the cranes, to which Mr. Poon answered that spare parts are available from tower crane 4.

Commissioner Taitano recognized Mr. Keith Ada's presence and asked what his role is in the removal of the crane. Mr. Poon replied that Mr. Ada is working for Smithbridge, a company out of Guam.

Commissioner Dela Cruz asked when tower crane 5 was last operated and if an inspection was conducted on the crane's condition. Mr. Poon replied that the last time it was in use was at the beginning of 2021 prior to the shutdown. He divulged that there were assessments done and certifications issued but that it was from

before. Commissioner Dela Cruz stated that the removal of the crane must be done safely. Vice Chairman Demapan added that to his understanding, DPW and IPI should work together to ensure the safe removal of the tower cranes. The Chairman asked the Director to work with Mr. Poon to obtain the notification to DPW on the use of tower crane 5 and to also work with Mr. Isagani Salazar, DPW Technical Services Director to compile all the necessary records for IPI to proceed with the removal project. The Chairman stated that he is very worried because it's been over three months since IPI's own personnel disclosed that the crane should be removed within three months.

Commissioner Dela Cruz asked if the mobile crane was delivered to the IPR site on October 25, 2021, as stated in IPI's public notice. Mr. Poon answered that the crane is situated at the back of the construction site as it is not needed at this time. He added that the purpose of the mobile crane is to lift the section of the arm onto the tractor trailer.

Commissioner Taitano asked if IPI is working in collaboration with Smithbridge on this project, to which Mr. Poon answered no. Commissioner Taitano shared that Smithbridge had stated that no company on the island had the capability to dismantle the crane. Mr. Poon explained that they met with Mr. Ada a few weeks ago to discuss the project, but after that he did not hear anything back from him. He stated that IPI chose to move forward with the project.

The Chairman asked Ms. Thelma Mizer, DEI Acting Manager, to provide a brief update on her investigative findings on the matter. Ms. Mizer reported that in reference to tower crane 5, a lot of work is being done such as chipping and hammering of all the rust and welding. IPI began welding work on tower crane 6 to allow the workers somewhere to stand. Electrical and welding work are ongoing on tower crane 5, as which had several other issues. IPI got tower crane 5 to work on Tuesday, October 26 but was shut down the next day due to electrical problems. IPI's electrician is working on resolving the issues. She noted that there is still a lot of work to be done on tower crane 5.

The Chairman asked if it is possible for IPI to dismantle tower crane 6 by November 19, 2021. Ms. Mizer replied that it would all depend on the type of work that needs to be done. She added that there's a lot of pounding of pins, welding, and there's the need to replace and reinforce the catwalk. The Chairman asked who would recertify tower crane 5 once the repairs are completed. Mr. Poon shared that it was IslandCerts that did the certification the last time and it will most likely be them again once they are ready to resume construction. The Chairman recommended that a third-party be retained to recertify the tower cranes as indicated by DPW.

Mr. Keith Ada, Independent Contractor with Smithbridge, shared that in his opinion and based on what he has seen, both tower cranes need to be dismantled immediately. He said that he had one of his engineers look at the mass tower crane. He said that his engineer was able to tell that the cranes had not been operated for a long time and he also questioned why they're still erected. Mr. Ada stated that he believes tower crane 6 to be about 60,000 pounds top heavy and tower crane 5 about 100,000 pounds. He said that it's very dangerous especially in this typhoon season. He noted other factors that pose a great danger such as the live volcano erupting and earthquakes that would easily knock down the tower cranes. Mr. Ada announced that Smithbridge are NCCCO certified and have over 66 tower cranes under their company. He stated that his company has the expertise in the field and are knowledgeable on how to take the tower cranes down safely. He asked that Smithbridge be considered for the job should IPI fail to complete it.

The Chairman thanked Mr. Ada and informed him that the Commission reviewed Ms. Mizer's extensive report on the matter which included a report on his involvement and the services he offered. He explained that the Commission does not have any direct jurisdiction over the building code that is handled by DPW. The Chairman explained that what the Commission is doing is ensuring that IPI follows all the regulations including the building codes as it affects the safety of the people. He thanked Mr. Ada for his presence in the meeting and assured him that all the issues he raised are on record.

Commissioner Dela Cruz asked if Mr. Ben Cabrera, Safety Officer, is no longer with IPI. Mr. Poon replied saying that Mr. Cabrera is no longer with IPI and was replaced by Mr. Carlos Camacho.

2. IPI Personnel Matters:

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

Ms. Redie Dela Cruz, IPI HR Director, reported that IPI continues to pay the active employees on a timely basis with no issues. When asked by Commissioner Dela Cruz about the furloughed, terminated, and repatriated employees, Ms. Dela Cruz reported that the furlough expiration date was extended to March 31, 2022. She stated that she has no updates on the benefit payouts for the inactive employees who are still owed. The Chairman asked how much money is owed to the separated employees, to which Ms. Dela Cruz answered that she is unsure. She noted that although it is HR's responsibility, she has not had the chance to calculate how much is owed from February 2020 onward, but that it amounts to over a million dollars. The Chairman asked the Director to obtain information as to how many employees have separated and are still unpaid. The Director mentioned that IPI had recently provided the Commission with the same document it submitted to the court, which detailed the headcount of unpaid employees, but excluded the names of the employees. The Chairman said that while he understands IPI's financial difficulties, the company still has responsibilities that need to be honored and resolved.

The Chairman asked if IPI is currently utilizing the local banks for payroll distribution, to which Ms. Dela Cruz replied yes. In response to the Chairman's inquiry on where the funds are coming from, Ms. Dela Cruz disclosed that the funding is received from Hong Kong. The Chairman asked if IPI currently has sufficient funding to cover three months' payroll for its employees, Ms. Dela Cruz replied that she does not have the answer to the question and that it would be best directed to the Finance Department.

Ms. Dela Cruz reported that Ms. Frances Mafnas, IPI Treasury Director, resigned which was effective October 25, 2021. She noted, however, that an agreement was reached to extend the effective date to allow time to transition some of Ms. Mafnas' responsibilities to other active team members. The Chairman asked how many individuals are currently on IPI's payroll, Ms. Dela Cruz said 49 active employees including the tower crane team.

The Chairman asked Ms. Dela Cruz to clarify if the WCC had in fact allowed IPI to proceed with the tower crane projects based on the statement that the company will absorb and take full responsibility for any injuries requiring workman's compensation benefits. Ms. Dela Cruz confirmed and noted that IPI has it in writing. The Chairman then asked how IPI can assure funding to cover these costs when it appears that they have not honored a lot of their other commitments. Ms. Dela Cruz responded by saying that safety is the utmost priority of IPI, especially since the commencement of the tower crane removal project. She said that it is her personal opinion that there will be funds available should there be injury related costs. She added that IPI hopes no injuries occur because the current

project team members are all certified and are aware of the safety aspects of the job. The Chairman asked if there is any penalty by the WCC for not following the local law, Ms. Dela Cruz replied that she is not aware of any.

B. IPI Financial Matters:

1. Status of IPI's FINAL Annual Audit Report (for the year ended December 31, 2020)
2. Status of the 2020 & 2021 Annual Exclusive Casino License Fees. Due Aug 12th each year
3. Status of the 2020 & 2021 Annual Casino Regulatory Fees. Due Oct 1st each year

Ms. Frances Mafnas, IPI Director of Treasury, reported that the 2020 audit will not be ready until the end of November 2021. She further noted that she had no updates on the payments of the 2020 and 2021 license fees and regulatory fees. In reference to the annual audit by Burger Comer and Magliari (BCM), the Chairman said that the last time the Commission reviewed the report it was still in draft form. He reminded IPI that the regulations require that the final audit report be submitted to the Commission for review. He asked if there is a reason why the local audit has not been finalized. Ms. Mafnas responded that it has yet to be finalized but that she was informed that it should be completed by the end of November. The Chairman said that he saw IPIH's announcement to its shareholders about the availability of the Hong Kong audit report, as well as the announcement regarding the impact the suspension has had and how its net worth has collapsed. He asked Ms. Mafnas if she is aware of this, and of how IPI's total value diminished, which she replied to no.

The Chairman asked if there is anyone within IPI that could step up to the plate and assume Ms. Mafnas' responsibilities. Ms. Mafnas replied no, adding that she can transition some of her approval responsibilities to the CEO or other managers, but as far as audit, she has not been informed who will take over. The Chairman asked if IPI currently has a CFO, which was previously held by Mr. Ed Chen. Ms. Mafnas replied no.

The Chairman, on behalf of the Commission, thanked Ms. Mafnas for her diligent efforts in coming in every month to try to update the Commission on IPI's financial matters. He expressed that he is sorry that the people that should be talking to her about funding issues, in his opinion, are not more forthcoming. He explained that it was through a Commission order that required IPI to have a CFO on island which brought Ed Chen. The Commission needed someone on island capable of speaking on behalf of the board because this is where the gaming operation is. The Chairman reminded IPI that this is its only gaming operations and if it's lost, there will be no other.

Ms. Mafnas thanked the Commission for its support during her time with IPI, especially with the financial challenges being faced and the shutdown of the casino operations. She explained that although she did not assume the duties and responsibilities of the former CFO, she did her best to handle as much as she could in that area. She shared that she's dealt with a lot of challenges from vendors seeking payment, court judgments, and the Commission, and it frustrates her when she appears in front of the Commission with no update to report. She expressed her appreciation to the Commission for the support shown to IPI staff including herself.

The Chairman referenced IPI's last audit report which mentioned a \$500M loan facility, of which \$350M is still available, as needed. He said the Commission has asked IPI every month about the status of the \$350M that is needed to satisfy IPI's financial obligations, otherwise it could lose the license. He once again posed the question to Mr. Tao who responded that he had no updates on the terms of the loan for the infrastructure. Mr. Tao said that he also asks the Hong Kong finance office every month but there's no additional information on the matter. The Chairman asked if the corporate office understands that there are five pending complaints seeking revocation. Mr. Tao answered yes, noting that

they are fully aware of the challenges IPI CNMI is facing.

Mr. Tao disclosed that he does not have an update on the collection efforts for the gaming receivables when asked by the Chairman. The Chairman asked if anybody within IPI CNMI has formally asked the board about the money that was generated in the CNMI, which should be reverted to the CNMI, to pay its obligations here in the CNMI. Mr. Tao explained that IPI used to have an accounts receivable operation in Macau, but to his knowledge, that entire team no longer exists. The Chairman reminded IPI that it is against the regulations for IPI not to show good faith efforts to collect gaming receivables that are over 365 days. He mentioned that the last time he checked, there was over \$300M that could potentially be collected from the receivables and the \$350M loan facility. The combination of these funds, he said, would be sufficient to complete the IPR and pay off any outstanding obligations. The Chairman commented that he is having a hard time understanding why those funds are not moving. He added that month after month, IPI shows up to the meetings only to report that they "are working on it". Somewhere along the line, he said, the same answer will no longer be accepted, and a non-response would be a violation of the regulations.

The Director pointed out that the latest news indicated that IPI's loss is about \$574M USD due to the Commission's suspension order which was reported in the Hong Kong stock market and the Inside Asia Gaming news. He elaborated that what used to be a valuation of close to \$1B USD, is now down to \$341M USD in terms of the valuation of the company. He commented that he can't imagine what the valuation would be if the license is revoked. He inquired if the parent company has any plan in terms of moving forward if the valuation is reduced even more and would IPIH be able to sell any of its properties or the company in general. Mr. Tao reiterated the Chairman's earlier statement that the company is only operating a casino under the parent company, so the focus is on operations in the CNMI while all the financing tasks are done in Hong Kong. He further mentioned that the stock market is unpredictable, and an example of it is in the past month, stocks went up from 4 cents to 13 cents which is a lot. Mr. Tao said is hard to tell how the investors will react and that the overall valuation actually went up. The Director stated that it could be a result of the consolidation and not so much because the valuation went up. He said that the loss of \$574M USD was reported to the Hong Kong stock exchange came by the parent company which is as transparent as it gets. The Chairman asked Mr. Tao if the IPI CNMI is consulted on matters that are reported to the Hong Kong stock exchange. Mr. Tao replied that IPI has Berger as the local auditor and an auditor in Hong Kong who provide information as third-party auditors.

Vice Chairman Demapan mentioned that during the last meeting, IPIH was also holding a board meeting. He asked Mr. Tao if he was able to get any positive information from that meeting to share with the Commission. Mr. Tao replied that the in-person meeting did occur, but there was no line open for the Commission or IPI CNMI to join in remotely. He shared that from what he was told, the meeting was primarily for information sharing and that there was no vote or action taken on any matters. The Chairman asked if during that meeting, the shareholders were made aware of the current suspension and the possible revocation of the license. Mr. Tao replied that he is sure that the information was shared as it is public information. The Chairman suggested that each time a management decision is to be published, IPI CNMI should be made aware of what is about to happen. He said that an organization cannot be operated without knowing where the resources will be coming from.

The Chairman inquired when IPI will comply with the licensure requirement of its employees. Ms. Dela Cruz responded saying that she can't say at this point but noted that IPI does not have plans to onboard any future employees, or at least not for the remainder of the year. The Chairman asked if IPI is aware that unlicensed employees receiving pay is a violation of the regulations and the law. Mr. Tao added that the crane removal project

is paramount and a matter of public safety.

The Chairman asked if there is any good news to report regarding IPI's future, and if the prohibition by the US Marshal to enter the site has any effect on the current crane removal project. Mr. Tao replied that their attorney would have to be notified every time they need to enter the building so he could work with the plaintiff's attorney and the US Marshal.

The Chairman mentioned that there is a new receivership that is looking into the possibility of auctioning the gaming equipment. Mr. Tao explained that it is a limited receivership which was approved about two months ago with the addition of other items. The Chairman asked if IPI will auction off the slot machines and other items, to which Mr. Tao replied that IPI has yet to be made aware of the plans. He said that an evaluation must be done first in order for the receiver to come up with a plan. The Chairman asked how IPI plans to restock the gaming equipment should the existing ones be sold. Mr. Tao responded that once a reopening timeline is identified, IPI will come up with a purchasing plan.

The Chairman asked Mr. Tao if he is aware of the process required by the Commission in purchasing and bringing in new gaming equipment. The Chairman noted that the manufacturers must be licensed, every single equipment must be tested to meet GLI standards, there must be a facility available to open, inspect and test the equipment upon arrival, and each machine has to be certified. He explained that the machines will need to run for at least 24 hours to determine its ability to link to the casino case management program. The Chairman stressed that once IPI loses its gaming machines, the lengthy process starts all over again which a lot of people don't understand. He explained that although the auction of the machines is a federal court order, it must be understood that those machines are licensed and regulated by the Commission, and it's necessary that the Commission be informed where the machines are going. He stated that this is a matter that warrants further discussion with the Commission's legal counsel.

The Chairman elaborated that he sees no problem if the machines are going to a licensed gaming facility or are being exported but his concern is if they go to private individuals who may use it for private slot machine parties. Additionally, each gaming equipment bears a Commission seal which would need to be removed before it is sold. He further referenced the casino regulations which requires the licensee to notify the Commission of its disposition plan of any gaming chips or equipment. He then asked Mr. Tao if the group of people who are supposed to assess the value of the equipment are still expected to arrive. Mr. Tao replied yes. Mr. Tao added that the deadline for the annual report was pushed back to allow time for the equipment information to be included.

The Chairman suggested that IPI consult with its legal counsel to see if there is any objection to having the five enforcement actions consolidated. Mr. Tao acknowledged.

C. Other Miscellaneous Matters

V. OLD BUSINESS:

A. Fiscal Year 2021 CCC Citizen-Centric Report. Due on Oct 30th annually

The Chairman reported that the Citizen-Centric Report is mandated by local law to be submitted annually and no later than October 30th. He noted that the Commission has done a good job in providing the information in the report, all of which are required by OPA in terms of the format and content.

Commissioner Dela Cruz made a motion to approve the FY 2021 CCC Citizen-Centric Report as presented, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved.

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 12:10 pm.

VI. NEW BUSINESS:

A. Public Law No. 22-08 (FY 2022 Budget - Appropriations and Budget Authority Act of 2022)

The Chairman explained that this item was entered in the agenda to let the Commission know that its budget from the general fund has increased from \$1 to \$1,090. He advised that the Commission should use the appropriated funds in full if it's not disbursed in quarterly allotments. Commissioner Taitano thanked the responsible party who thought of increasing the Commission's budget.

The Chairman elaborated that the reason why the Commission is not receiving much support from the local appropriations is due to the compromise of having its autonomy, which allows the Commission to be self-supporting. He added that the Commission relies heavily on the annual regulatory fee as other license fees from vendors are insufficient for its survivability. He said that the current financial position indicates that the Commission's funding is enough to carry operations beyond April 2022 as originally projected. He, however, advised that the Commission remain very frugal in its expenditures, including putting careful thought into the staff recruitment for the Division of Audit & Compliance. The Chairman divulged that if worse comes to worst and the Commission completely runs out of funds with no means of a rescue, then all staff would have to be released because it would not make sense to retain staff if there's no funding to compensate them.

Commissioner Taitano commented that he's hopeful the amount of \$1,090 will be increased since it will soon be election year. The Chairman replied that this budget year ends on September 30, 2022, which is before election. He reminded the Commission that its FY 2023 budget must be prepared in January 2022, acted on in the Commission's February 2022 meeting and submitted at the end of February 2022. This will allow the Governor time to review and submit the budget requests to the legislature by April 1, 2022, as required by the Planning and Budgeting Act, said the Chairman. The Chairman advised the Director to review P.L. 22-08 thoroughly as there are requirements that may be applicable to the Commission as far as reporting is concerned.

B. Notification of Issuance of Provisional Casino Gaming Vendor Licenses:

1. **International Game Technology ("IGT").** Manufacturer and distributor of electronic gaming equipment and related products and services. Issued Date: 10/24/21
Expiration Date: 1/31/22
2. **Konami Gaming, Inc.** Manufacturing, development, sales, installation and service of gaming equipment and custom Casino Management Systems. Issued Date: 10/24/21
Expiration Date: 1/31/22
3. **Gaming Laboratories International, LLC ("GLI").** Development of electronic gaming machine standards and related gaming service provider. Issued Date: 10/24/21
Expiration Date: 1/31/22

The Director reported that the Commission issued three provisional casino gaming vendor licenses to the above-mentioned vendors. He said that the applicants already paid the required license fee and that the Commission must now do its due diligence as part of the renewal process for a regular casino gaming vendor license. He explained that this period of provisional licensure would allow the Commission to complete the necessary vetting before a regular license is issued. He then summarized the functions of each gaming vendor.

The Chairman added that the issuance of provisional licenses, which are signed by the Chairman and the Director, is announced at the next Commission meeting. He explained that the three vendors listed on the agenda were issued a two-year regular gaming vendor license to provide services to IPI. However, their licenses have expired but the Commission has communicated with the vendors who have since submitted their application for a regular casino gaming vendor license. He elaborated that the issuance of provisional licenses up to the end of January 2022 is to allow the vendors time to complete and submit all the required information for the processing of another two-year regular casino gaming vendor license.

The Chairman commented that he is curious to know if the vendors are aware that IPI is facing some problems and that their license may be up for revocation. Agent Thelma Mizer responded that the vendors are aware of IPI's challenges but that she is unsure if they are aware about the possibility of IPI's license being revoked. The Director reiterated Agent Mizer's comments and added that the vendors are indeed fully aware of the licensee's issues.

C. Recommended for Approval for a two (2) year Regular Casino Gaming Vendor License.

1. **Dallmeier electronic GmbH & Co. KG ("Dallmeier") Manufacturer and Distributor of Electronic Monitoring & Surveillance Equipment & related services.
Existing License Issued on 09/20/19 and expired on 09/19/21**

The Chairman announced that the Commission has done its due diligence and is ready to issue a two (2) year Regular Casino Gaming Vendor License to Dallmeier Electronic GmbH & Co. KG. He shared that when IPI first purchased the surveillance system, a few of the Commission's staff were sent to Germany for training on the same system as part of its regulatory function. Only one Commission staff remains from the six that received training in Germany on the Dallmeier system, he said.

Commissioner Dela Cruz made a motion to approve the issuance of a two (2) year Regular Casino Gaming Vendor license to Dallmeier electronic GmbH & Co. KG ("Dallmeier"), seconded by Commissioner Taitano. The motion was put to a vote and was unanimously approved.

VII. EXECUTIVE SESSION:

Commissioner Dela Cruz moved to rise into executive session to consult with Legal Counsel and to receive reports from the Commission's Compliance, Audit and Enforcement Divisions, and to discuss some personnel matters. The motion was seconded by Commissioner Taitano, was put to a roll call vote with three Commissioners voting yes. Vice Chairman Demapan was not present during voting time.

The Chairman announced that there's a majority vote for the Commissioners to enter executive session which may take a little less than an hour. [Enter: 2:17 pm]

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

Commissioner Dela Cruz moved to exit executive session and return to plenary session, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved. [Exit: 3:48 pm]

That Chairman summarized that during the executive session, the Commissioners consulted with the new Legal Counsel on some of the pending issues that IPI is facing. He added that the head of the Compliance Division provided his final report, and that the Division of Enforcement and Investigation updated the Commission on the status of their investigation into the removal of the

cranes. The Chairman shared that there were some discussions regarding the Commission's employees and contract renewals.

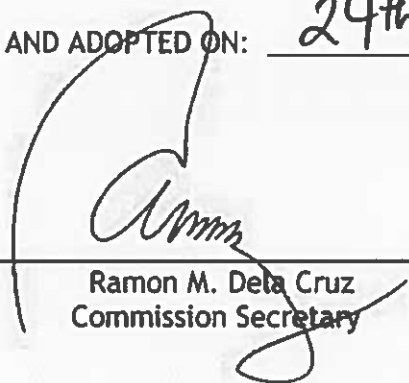
VIII. ADJOURNMENT

Commissioner Taitano moved to adjourn the meeting, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved. The meeting was adjourned at 3:49 on Thursday, October 28, 2021.

Prepared by:  Date: 11/17/2021
Elicia San Nicolas, Executive Secretary

And  Date: 11/17/2021
Ruth Ann P. Sakisat, Executive Assistant

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

 Date: 11/24/2021
Ramon M. Dela Cruz
Commission Secretary