



# COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands  
P.O. Box 500237, Saipan, MP 96950  
Tel: 1 (670) 233-1857/58 \*\* Fax: 1 (670) 233-1856  
Website: [www.cnmicasinocommission.com](http://www.cnmicasinocommission.com)  
Email: [info@cnmicasinocommission.com](mailto:info@cnmicasinocommission.com)



## Minutes April 28, 2022

### I. PRELIMINARIES:

#### A. Call to Order

Chairman Edward DeLeon Guerrero called the meeting to order at 10:11 am on Thursday, April 28, 2022 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).

#### C. Adoption of Agenda

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

#### D. Adoption of Minutes: March 30, 2022

Commissioner Taitano made a motion to approve the Minutes of meeting for March 30, 2022 as presented, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved. The Minutes of meeting for March 30, 2022 was approved.

### II. PUBLIC COMMENTS - None.

### III. REPORTS:

#### A. Report by the Chairman

The Chairman commented that his report will be brief, but repetitive of the same topics that the Commission continues to discuss every monthly meeting. He stated that the Exclusive Casino License Fee of \$15,502,570 which was due on August 12, 2020 and August 12, 2021 remains unpaid. This fee, he added, is to retain IPI's exclusive license as mandated by law. Further, the Annual Casino Regulatory Fee of \$3,150,000 that was due on October 1, 2020, and October 1, 2021, also remains unpaid. He noted that this fee covers the gaming related portions that the licensee is responsible for, including the employee license fee, table fees, slot machine fee, and other regulated fees. The total amount due for these license fees is now over \$37M, he said, which is the subject of the five enforcement actions before IPI to be discussed later in the agenda.

The Chairman shared that he would also like to discuss a few other matters in detail further along in the meeting, such as the evidentiary hearing procedures, IPI's recent

extension request submission, and the Commission's finances. He mentioned that the Commission is still facing a financial dilemma and noted that the issue will be discussed further during executive session.

The Chairman reported that the CNMI government has been operating its procurement process through the Munis system, and that they have recently implemented a purchase card to be used in the place of purchase orders. He mentioned that the purchase card can be used by any full-time employee, adding that the travel card, which is similar, will be specific to one employee only. He noted that at this time, the only travel card he foresees the Commission using would be issued to Commissioner Dela Cruz.

The Chairman shared that the Commission was invited to attend the Cannabis Stakeholder Presentation on April 20, 2022 at Saipan World Resort, which he attended. He recommended that if the casino industry survives the current dilemma, the Commission should also have meetings in a similar format in which an explanation should be provided to the community as to where the casino currently is and how it's foreseen moving forward. He said it would be beneficial to have stakeholders, key government officials, offices, and agencies participate in what's going on with the industry. Commissioner Taitano asked if the Commissioners meeting together in a similar type of forum would violate the ethics code since it will be a quorum. The Chairman answered that it wouldn't, adding that he doesn't envision this plan happening anytime soon, but rather when the current issues with IPI have been resolved.

The Chairman announced that further into the agenda, a schedule of future CCC's monthly meetings has been prepared for the remainder of the year, in which a copy has been presented to the Commissioners. He said this was done so that everyone can have adequate notice to ensure that any travel plans do not conflict with the established meeting schedule.

## B. Report by the Executive Director

- **Suspension Appeal in Supreme Court:** The Director shared that on April 25, 2022, he received a notice of transmittal and docketing of the notice of appeal from the Supreme Court. He said it states that IPI, the appellant, has 15 days to file a docketing statement after the Supreme Court docket the notice of appeal. He noted that he hopes to receive update on the matter in the coming days.
- **Crane Removal Project:** The Director shared that on April 13, 2022, the Commission sent a letter to the DPW Secretary, Mr. James Ada, urging him to exercise his authority to resume the crane removal project at IPI's expense. Unfortunately, the Commission has neither received a response from the Secretary, nor have they observed that has work resumed. He noted that the Commission's Manager of Enforcement and Investigations, Ms. Thelma Mizer, has made several attempts to contact the Secretary, to no avail.
- **Payroll Delay:** The Director shared that IPI has reported another payroll delay. He shared the following information:

PP#	Pay Period	Status
2022-05	2/7/22 - 2/20/22	PAID
2022-06	2/21/22 - 3/6/22	PAID

2022-07	3/7/22 - 3/20/22	PAID
2022-08	3/21/22 - 4/3/22	DELAYED (4/8 Pay Date)
2022-09	4/4/22 - 4/17/22	DELAYED (4/22 Pay Date)

- **Social Security Withholding Non-Remittance Issue:** The Director stated that he hopes to hear an update from Mr. Tao Xing today on the Social Security issue.
- **Administrative Hearing for Revocation:** The Director shared that a joint stipulation was submitted to the Commission on April 26, 2022 to continue the hearing from May 3, 2022 to May 24, 2022. He said he is sure the Commission will have questions about the matter, which they will address during the appropriate part of the agenda under Old Business.

Commissioner Taitano asked the Director to look into the issue of income tax withholdings that were deducted from former IPI employees and have not been remitted to the Revenue and Taxation Office. Commissioner Taitano elaborated that this has affected the employees' eligibility for child tax and the earned income tax credit. The Chairman stated that the matter should also be brought up to Mr. Tao during his presentation.

#### IV. MISCELLANEOUS MATTERS:

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

###### 1. Removal of Tower Cranes #1 and #5 at IPR

Mr. Tao Xing, IPI VP of Marketing, shared that he and the rest of the IPI team are currently reporting to work on a voluntary basis because the company is behind two payroll periods. He said as a result, their ability to answer the Commission's questions is limited. He stated that Mr. Kafun Ho, IPI Assistant Director of Construction, will be providing an update on the crane situation.

Before Mr. Ho began his presentation, Commissioner Taitano asked him if he registered with the Commission. The Director informed the Commissioners that Mr. Ho has not yet been registered, which was further confirmed by Ms. Redie Dela Cruz, IPI HR Director, who was present via videoconference. Ms. Dela Cruz explained that IPI has yet to process Mr. Ho's registration mainly due to payroll issues. She pointed out that Mr. Ho would have to obtain a police clearance, which is an expense he cannot afford at this time. In response to Commissioner Dela Cruz's inquiry, the Chairman clarified that it costs \$25 to obtain a police clearance. Ms. Dela Cruz further mentioned that Mr. Ho is on a limited work schedule at 10 hours per week. The Chairman asked if Mr. Ho has the necessary legal documents to be present on island, to which Ms. Dela Cruz answered yes.

Mr. Ho began his report by explaining that the tower crane removal project is still on hold due to funding issues as of March 14, 2022. He shared that the construction team prepared a monitoring plan, removal schedule and budget plan which was submitted but has yet to be approved. He said the monitoring plan includes weekly monitoring of the tower crane conditions and its maintenance, adding that the plan is to bring Mr. Aquiningoc back to work to assist with it. The Chairman asked Mr. Ho if he believes the cranes continue to pose a significant danger to the community, and if he has spoken directly to anyone from the parent company on the matter. Mr. Ho replied yes,

stating that it is a risk, but noted that he has only spoken to Mr. Tao about the situation.

Mr. Tao informed the Commission that the letter from DPW was forwarded to the Hong Kong office, but a response has not been received. He further shared that IPI CNMI is reaching out to other government offices to request if anyone can aid in removing the cranes. He stated that IPI will cover the cost through a reimbursement at a later time. He noted that the company does not have the financial means at this time to get it done. The Chairman asked Mr. Tao if the Hong Kong office is aware that IPI is requesting approval from the Lottery Commission for an extension of the project, to which Mr. Tao replied to yes.

The Chairman referenced the 2020 audit report which mentions that IPI has a total of 401 employees; he asked where those employees are. Mr. Tao answered that he believes they're on furlough, and that Ms. Dela Cruz would be better suited to answer the question.

The Chairman asked if the Hong Kong office is aware that IPI currently has five pending enforcement actions that may lead to the revocation of their gaming license, Mr. Tao replied yes. The Chairman asked why the former Chairlady isn't stepping forward to provide funding for the removal of the cranes. Mr. Tao replied that the Chairlady, who is the majority shareholder, has been reaching out to different investors to try and secure funding. The Chairman then referenced the audit report which indicates that Inventive Star would assume the responsibility of attempting to provide the necessary capital to take care of its obligations in the CNMI. He asked Mr. Tao if he is aware of any progress in that direction. Mr. Tao responded that they are first trying to complete the 2021 audit report, and once that is finished, they anticipate that the trading of stock would resume in Hong Kong sometime in mid-May, so that they can try and raise funds.

The Chairman asked Mr. Tao if he is familiar with the details of the 2020 audit report, as it refers to the \$350M remaining loan facility from the \$500M initially granted to IPI, as well as the \$100M available for IPI to use no later than September 2022. Mr. Tao answered that he is not privy to the information on such matters. The Chairman then mentioned that the audit report references a contract between IPI and a construction company, who would complete the IPR within two years. He inquired which construction company IPI is working with, but Mr. Tao answered that he does not have the information.

The Chairman asked if the audit report is falsifying information, since Mr. Tao doesn't seem to have knowledge of most of these matters. Mr. Tao clarified that the audit report was finalized by the parent company, and that as the subsidiary, they only provided financial information on IPI CNMI and the valuation of the properties. He further explained that IPI CNMI is operating on a limited, part-time basis, with focus on legal, compliance, and security. He noted that they also have about 40 cases that they have to address, which they are working on with both local and off-island attorneys. As for the audit report, Mr. Tao stated that he believes most of the partnerships being referred to are off island, who IPI CNMI does not have contact with.

The Chairman asked if the IPR facility has security personnel, to which Mr. Tao replied yes, and that there's 24/7 security, but shared that their resources in the area are also limited. The Chairman shared a story of an individual who was able to gain access

through an opening into the casino because there was no one in sight, not even security personnel.

The Chairman asked when the 2021 audit will be completed, and if IPI has secured a new auditor. Mr. Tao replied that the target completion date is mid-May, but he is not aware of who the new auditor will be. The Chairman reminded Mr. Tao that the local audit is due by April 30, as required by the regulations.

The Chairman expressed his disappointment in Mr. Tao for not being more informed on matters of the company, as he is currently the highest-ranking individual at IPI CNMI. He reiterated that IPI has several issues pending, including the request for extension for the completion of the facility, and the enforcement actions which seek the revocation of their exclusive license. He further stated that the information provided in the audit report does not seem to match the situation in the local office, as IPI CNMI is in a financial strain. However, the audit report mentions that there are various financial opportunities and contracts that IP will engage in, the Chairman said.

The Director echoed the Chairman's statements, noting that one of the two IPI offices is not being truthful. Mr. Tao expressed his resentment at being called a liar and responded by stating that no one is lying. He explained that the audit report must be validated by an auditor, and that the local IPI office is focused mainly on legal, security, and compliance. Anything beyond that, he added that he is happy to set up a meeting with the board. He further shared that even he is only working on a part-time basis, so he doesn't have the time to speak with the corporate office, as he is also tending to several cases against IPI.

Commissioner Dela Cruz stated that he doesn't understand how Mr. Tao cannot find the time to communicate the issues of IPI CNMI to the Board of Directors, especially since it seems that he is the only bridge between the two offices. The Chairman asked Mr. Tao to contact the Hong Kong office today and inform them that the Casino Commission would like to know the status of the \$100M that's available for their use. Mr. Tao acknowledged the Chairman's request and confirmed that he will do so.

Vice Chairman Demapan recommended that someone speak directly to DPW Secretary Ada regarding his letter to IPI and to request his assistance in removing the crane. Mr. Tao replied that IPI has reached out to DPW and were informed that they are unable to assist as they are only a regulatory body. DPW stated that it is still upon IPI to work with other government agencies to identify the funding source for the project. The Chairman informed Mr. Tao that the crane removal is not DPW's responsibility; it is IPI's. He then shared that he spoke to the Chairman of the Lottery Commission about IPI's request for extension. The Chairman informed him that he has never seen the letter of request, and that nobody from IPI has ever approached him about it. The Chairman suggested that IPI contact the Lottery Commission Chairman to set a meeting with him to find out where IPI's request stands.

Commissioner Taitano referenced the 2020 audit report which mentions that Ms. Cui Li Jie is the ultimate controlling party of Inventive Star. He asked if there is any way they can ask her to meet the Commission to discuss the financial state of IPI, since she appears to be on island. The Chairman agreed and asked the Director to work with Mr. Tao in setting up a meeting with Ms. Jie, along with the Chairman and one other member of the Commission. The Director confirmed that he will work with Mr. Tao in setting up a meeting, adding that he would also like to get an update on the audit,

line by line, as to where IPI currently stands. Mr. Tao acknowledged the Commissioners' recommendation and agreed to also set up a call with Hong Kong.

The Chairman commented that the Chairlady may be able to answer questions regarding the section that commits Inventive Star as a majority shareholder. He further noted that she should be made aware of the questions the Commission plans to ask, because if she doesn't have the answers, it would be pointless to meet with her. The Director agreed and stated that it is for this same reason that the Commission should also meet with the Hong Kong office, so they can provide clarification as to the replacement agreement and to find out more information on who is supposed to raise another \$102M (\$800M HKD), which is specifically mentioned in the audit report. The Chairman added that a translator would be needed, noting that he hopes all questions and concerns could be clarified before the hearing, as it will be too late for IPI once the Commission makes a decision on May 24<sup>th</sup>.

Commissioner Dela Cruz shared his concern about the crane removal project. He inquired if Mr. Tao was granted authority by the Board to engage DPW for the removal of the crane. Mr. Tao answered that they have communicated with DPW but were informed by them that they are only a regulatory body. Mr. Tao said that as of right now, IPI is trying to secure someone with the right expertise and funding source. The Chairman mentioned that Mr. Jesse Aquiningoc appears to be the only expert right now. Mr. Tao elaborated that DPW expects to receive a certification of the status of the cranes which should include an assessment as to whether it can stand alone or if it must be taken down. Mr. Tao further divulged that in order to engage Mr. Aquiningoc, funding will be needed to compensate him, which is why he mentioned earlier that IPI is trying to work with the government to identify funding, as it is also a public safety issue.

Commissioner Dela Cruz brought up the \$100M funding that's supposedly available up until September 2022 and asked why the company has not tapped into that source for the removal of the cranes. Mr. Tao replied that he will have to refer the question to the Hong Kong office. He stated that IPI CNMI has done its part in terms of articulating the urgent issues to the parent company, such as the IRS and other serious matters. Mr. Tao stated that he believes the Hong Kong office fully understand the concerns, and that it's just the issue of providing funding to the local company at this point.

The Chairman announced that the audit report has certain sections that mention risk management or risk anticipation with FinCEN penalties. He asked if IPI has ever discussed the risks with the parent company, as far as what would happen if the crane collapses and people get hurt. Mr. Tao replied that it's been articulated in Mr. Aquiningoc's statements, in the newspaper, and in DPW's letter, which have all been forwarded to the parent company. The Chairman commented that the audit report appears to be optimistic about what IPI plans to do once the pandemic is over, but it doesn't seem to address the possibility of its exclusive license being revoked.

## 2. Employee Payroll and Related Benefits Obligations

In response to the Chairman's question, Ms. Dela Cruz reported that she has yet to receive information as to when the employees will be fully paid, nor does she have an update on the \$250K deposit that the US Department of Labor is holding for payroll.

The Chairman asked Ms. Dela Cruz at what point in time would she recommend to IPI

that it should throw in the towel and let employees know that it's closing shop. Ms. Dela Cruz responded saying that she had already made that recommendation to the company. When asked by the Chairman if her recommendation was in writing, Ms. Dela Cruz responded no.

The Chairman emphasized that one of the conditions for IPI to be allowed to retain its license is that it must be financially suitable. He said that IPI's continued delay in meeting payroll obligations is proof that it is not financially suitable. He asked Ms. Dela Cruz if she agreed with his observation, to which she replied yes.

Ms. Dela Cruz clarified that she did not inform the employees to throw in the towel, rather made a recommendation to management that it should cease operations if payroll can no longer be afforded. She said IPI presently has a very small team working in the office with focus on legal and compliance matters, as well as the security team to secure all the assets and properties. She further stated that she and the security supervisor have reminded the security officers that they are not obligated to come to work as scheduled, but if they do show up, the company promises that their hours will get logged in and IPI will be obligated to pay them. She stated that security has three shifts, and that they are informed each shift of the situation with payroll. She further mentioned that the employees are at a point where they cannot even afford gas to come to work, and that IPI can't and won't hold that against them, which is the responsible thing for IPI to do.

The Chairman asked Mr. Tao if he is aware of the conditions imposed by the USDOL for the release of the \$250K to IPI. Mr. Tao answered that there are no conditions in the agreement, only that the case has come to an end. He said that he is assuming that the \$250K is being held perhaps for other matters. Mr. Tao pointed out that he has not seen any action in terms of paying employees. The Chairman inquired if anyone from IPI has officially requested for USDOL to release the money. Mr. Tao replied that IPI's US based attorney made the request through email, and that he believes negotiations are ongoing because there still other pending cases. He stated that he has not seen any communication on the matter.

The Chairman asked if the reason the corporate office is not providing funding is because they are anticipating that the \$250K from USDOL would be available. Mr. Tao responded that he can only speculate on the matter, but he feels it is unrelated. He noted that funds were wired for payroll 5, 6, and 7, however, payrolls 8 and 9 are delayed.

Commissioner Taitano shared his recollection that during one of the previous meetings, Mr. Tao mentioned that IPI may be open to an amendment to the public law to remove the exclusivity of the casino license. He asked if IPI is working and lobbying with the legislature to do that. Mr. Tao replied that his attorney was not present to answer the question but said that the matter is part of the negotiation and that IPI may indeed be open to the idea.

3. Unpaid payroll & severance pay for employees already off-island - None.
4. 2020 & 2021 Annual Exclusive Casino License Fees. Due Aug 12<sup>th</sup> each year - None.
5. 2020 & 2021 Annual Casino Regulatory Fees. Due Oct 1<sup>st</sup> each year - None.

## B. Other Miscellaneous Matters.

### 1. IPI CNMI's FINAL Annual Audit Report (for the year ended December 31, 2020)

The Chairman shared that he reviewed the audit report that was issued by Mr. David Burger and found it alarming that IPI's current liabilities amount to \$1.7B, while its current revenue is only around \$1M. He stated that it is clear that IPI is not a going concern and that its financial picture is bleak. He asked Mr. Tao if he read Mr. Burger's audit report and if he had the chance to talk to Ms. Frances Mafnas about it. Mr. Tao replied that he read the audit, adding that he understands that it is a summary of all the data IPI CNMI provided.

The Chairman raised IPI's liabilities and revenue once again, and asked Mr. Tao if he believes IPI is financially suitable. Mr. Tao replied that he is unsure how much can be written off since he doesn't have the full picture. The Chairman elaborated that Mr. Burger's report is in coordination with the corporate office's audit. He said Mr. Burger did not give an opinion because he has never seen anything like this before. Mr. Tao stated that in 2020 and 2021, the company paid a substantial amount in salary and judgements, which amounts to probably tens of millions of dollars. He added that IPI is still trying to raise funds, but it is working with limited resources.

The Chairman asked if there's any information to report on the collection of IPI's receivables. Mr. Tao answered that the matter is being handled by the corporate office. The Chairman stated that the corporate office has an obligation to let the local office know what's going on because all those funds are supposed to revert to the Commonwealth. The Chairman touched on the accounts payable, noting that the report seems to be inaccurate because all the amounts are under the currently owed column. The Director explained that Ms. Mafnas clarified in an email that all the payables, which totals over \$38M, are over 90 days due. The Chairman informed the Director that IPI is in violation of the Commission Order that states that any uncontested payable older than 90 days must be paid. He stressed that the casino license fee and regulatory fee aren't even included on the payables list, that it only consists of vendors. When asked by the Chairman when the vendors will be paid, Mr. Tao replied that Ms. Mafnas would best answer that question.

The Chairman asked if Ms. Mafnas is still IPI's financial advisor, the Director replied yes, noting however that she is no longer a full-time employee.

### 2. IPI's Notice of Appeal, Civil Case No. 21-0173

The Chairman shared that to his understanding, after a decision has been made, the other party is granted 30 days to file an appeal. He said Judge Bogdan, in his original concurrence, agreed with the Commission's Order. He said when he called the Supreme Court Clerk to ask if IPI has filed an appeal, he was told that they have not received it. The Chairman asked if IPI met the statutory deadline to appeal, to which Counsel Blaise replied to yes. Counsel Blaise explained a little on the appeal process, stating that IPI was given 30 days to give notice that they will be filing an appeal, which then gets transmitted to the Supreme Court. A docketing statement will then be provided, which lists dates and other information, and then the records will be certified, followed by the filing of a brief. Counsel Blaise noted that at that point, the Commission will file its opposition.



The Chairman asked what's the turnaround for the Supreme Court to make a decision. Counsel Blaise replied that it could take anywhere from six months to a year, stating that there's no set timeline so it could take as long as they need. When asked by the Chairman about the reason for the appeal, Counsel Blaise replied that IPI is just exercising its right to an appeal.

The Chairman mentioned that to his understanding, the Superior Court reviews the process the Commission took during the hearing as to whether due process was afforded. He then inquired if the Commission did everything that should have been done and inquired what the Supreme Court would have to review. Counsel Blaise explained that just as the Commission's process was reviewed, the Supreme Court will be reviewing the Superior Court's process to determine whether they abused their discretion by affirming the Commission's judgement.

3. IPIH Corporate Substantial Shareholder Notice, March 31, 2022

The Chairman shared that he's been monitoring the events happening in the People's Republic of China (PRC) and that in the last two years since they took over Hong Kong, they seem to have different policies for all corporations operating in China. He said to his understanding, it was ordered that the government must be partial owner of every corporation in China. He asked Mr. Tao if he has any knowledge if IPI rendered part of its shares to the PRC, to which Mr. Tao replied to no. The Chairman said he also noticed that the Huarong Investment is partially owned by the Chinese government, and that Huarong is also a substantial holder of IPI. He recalled that two years ago, the Chairman of Huarong company was arrested, convicted, and sentenced to death and eventually executed in January 2021. He shared his concern about IPI possibly being a company of the PRC. Mr. Tao said he doesn't believe that to be true, especially since China has criminalized gambling.

4. IPIH Suspension of Trading in shares of the company on the Hong Kong Stock Exchange, April 1, 2022

The Chairman shared that it is uncommon to see a major multi-billion-dollar company suspended from trading. However, he said he understands that it was done because the 2021 audit was not completed. He asked Mr. Tao if he's aware of any other reasons aside from the audit to which Mr. Tao answered no. The Chairman inquired why the audit was not completed. Mr. Tao explained that to his understanding, it is due to the pending valuation of the current property and the cases the company is faced with. He said more time is needed to evaluate. The Chairman asked Mr. Tao to keep the Commission updated with any new events.

The Chairman thanked Mr. Tao for showing up every month to the Commission meetings and for trying his best to make sure that IPI is still in existence to address the major issues it's faced with. The Chairman acknowledged that Mr. Tao is a busy man but noted that IPI is looking at a very a dire situation in the next month or so. He reiterated a few issues at hand which includes the dangerous cranes, the lack of payment of government fees, the mounting payables, and the unpaid payroll. The Chairman noted that from what everyone and Mr. Tao himself, is seeing in the report, there seems to be answers. He urged Mr. Tao and his team to communicate with their Hong Kong office and inquire how IPI can tap into the funding that's showing to be available only up until September 2022. The Chairman emphasized that time is not on IPI's side.

Mr. Tao confirmed that he will set a meeting with the majority shareholder and the Secretary of the Board. He requested that the Commission submit their questions ahead of time. The Chairman noted a few concerns that the Commission plans to raise such as IPI's mounting obligations, the stream of revenue provided by Inventive Star (as noted in the audit), the \$100M in funding available until September 2022, the \$350M loan facility, and the completion of the building.

## V. OLD BUSINESS:

### A. CCC Order Continuing Evidentiary Hearing: May 3-4, 2022 - Complaints #2021-001 through #2021-005

The Chairman shared that the Commission has tried several times to schedule a hearing since December 2021, then again in January and February 2022. A hearing date of March 28-29 was finally decided on, but IPI had requested to push it back to May 3-4 to allow their US-based attorney to participate. Then, after the Commission already issued the Order for both parties to appear on May 3<sup>rd</sup>, a joint stipulation was filed with the Commission on April 26, 2022, requesting to continue the hearing to May 24<sup>th</sup>. The Chairman explained that the Order that was issued for the May 3<sup>rd</sup> hearing included a list of required documents to be submitted on or before April 22 by both parties such as a list of witnesses, evidence, stipulation, and agreements. He commended the Petitioner's Counsel for not only listing the witnesses' names but the potential information to be provided by each witness. He said that the Respondent did not indicate what information each witness on their list will provide. In addition, the Respondent failed to identify their expert witness.

The Chairman expressed that it is very upsetting that both parties decided on this matter without first consulting the Commission. He stated that he will discuss the joint stipulation and the three motions filed by the Attorney General on behalf of the Executive Director later in the meeting. He briefly shared that the motions are requesting that the Commission prohibit the Respondent from using force majeure as a defense on the five enforcement actions. The Commission has not received a response from the Respondent with regards to the three motions. The Chairman inquired with Counsel Dela Cruz when the appropriate time would be for the Commission to act on the three motions and can the Commission proceed to meet on May 3<sup>rd</sup>, not in a hearing but more specifically to discuss and entertain the three motions. He asked Counsel Dela Cruz if he preferred discussing his inquiries in executive session to which Counsel Dela Cruz nodded yes.

The Chairman reiterated that the Commission ordered the parties to identify their expert witnesses, but he does not know who the witness is or what he/she plans to testify on. He stated that if the witness' testimony has something to do with force majeure, what would happen if the Commissioners rule, presumably on May 3<sup>rd</sup>, that it cannot be used as a defense. He asked Counsel Blaise if this is something being envisioned to be entertained on May 24<sup>th</sup> instead. Counsel Blaise explained that just as stated in the stipulated motion, both parties agreed because of the unexpected designation of an expert witness. She added that normally in civil litigations, attorneys are well-aware of the name, resume and the report of the expert witness so that the parties are very prepared for trial and pretrial motions. She noted that these are based on the rules of civil procedures, therefore, both sides felt that they would not be adequately prepared for May 3<sup>rd</sup>. The Chairman returned to the question of what would happen if the Commission decides to proceed with the hearing on May 3<sup>rd</sup> and determine that force majeure cannot be used. Counsel Blaise

responded that all she can do is prepare herself and her client for whatever decision the Commission plans make.

Commissioner Dela Cruz mentioned that Attorney San Nicolas indicated that the US-based attorneys that will represent IPI have not been admitted in the Commonwealth. He asked if that was part of the reason for the request to continue hearing. Counsel Blaise stated that she believes the US-based attorneys are already admitted in the District and Superior Courts of the CNMI because they've been filing and answering pleadings.

The Chairman said that Attorney San Nicolas submitted on April 22<sup>nd</sup> that the admission of the attorneys is pending, but the Commissioners have not received the Motion for Admission. Both Counsel Blaise and the Director confirmed that they do recall receiving the Motion for Admission. The Chairman asked the Director to look into it and make sure the Commissioners are made aware of any related documents. The Chairman then posed the question whether the Commission could accept their admission to participate in the hearing, absent their admission to the CNMI required bar. Counsel Blaise replied that based on the regulations, they can be underneath an attorney in the CNMI.

Vice Chairman Demapan referenced Counsel Blaise's comment about the parties not being adequately prepared for the scheduled May 3-4 dates. He asked if it's because the government, for its part, is not comfortable with the date or is having issues with the witnesses, to which Counsel Blaise replied to no. She explained that because the respondent did not designate an exact person in their expert witness list or provide a report, as required in the rules of civil litigation, which both parties should have known months prior to an actual trial, it was agreed that it wouldn't be productive to be surprised. She clarified that the government (Petitioner) is not having any issues with its own witnesses.

The Chairman stated that the Commission will address the request for the May 24<sup>th</sup> hearing date after executive session. He said if the Commission decides to honor the joint stipulation, he would like Counsel Dela Cruz to help draft a new order with the new hearing date and request once again in the order that a list of witnesses be indicated and what each witness is expected to testify on. The Chairman added that the Commission would also like to entertain the government's motions to exclude force majeure as a defense. Counsel Blaise noted that the Commission can decide on the motion prior to the hearing or provide a ruling on the bench, which is also an option. She explained that it is not necessary to orally argue every motion on the table. The Commissioners agreed to deliberate on the three motions in executive session and to return to plenary session with its decision.

Upon return from executive session, the Stipulated Motion to continue hearing to May 24, 2022 was granted. Counsel Dela Cruz will prepare a new Order on behalf of the Commissioners.

## **VI. NEW BUSINESS:**

- A. Election of Officers for the Commonwealth Casino Commission: Chairman, Vice Chairman, Secretary, Treasurer, and Public Affairs/Media Relations (Term of Office: May 1, 2022-April 30, 2023).

Commissioner Taitano made a motion to maintain status quo with the officers of the Commission, seconded by Vice Chairman Demapan. The Chairman clarified that the

**motion is to retain the same individuals with the Public Affairs/Media Relations position being vacant until such time someone is appointed.**

**Commissioner Dela Cruz suggested that the Treasurer assume the position of Public Affairs/Media Relations for the time being. The motion to maintain the current set of officers for the term of office beginning May 1, 2022 to April 30, 2023 was put to a vote and unanimously approved. The position of Public Affairs/Media Relations can be voluntarily assumed by any of the officers. Therefore, by unanimous vote, the composition of the Board remains as follows:**

- 1. Edward C. DeLeon Guerrero - Chairman**
- 2. Rafael S. Demapan - Vice Chairman**
- 3. Ramon M. Dela Cruz - Secretary**
- 4. Mariano Taitano - Treasurer**
- 5. Vacant - Public Affairs/Media Relations**

**Commissioner Taitano shared that he received word from Governor Torres that Mr. Martin Mendiola may be former Commissioner Diego Songao's replacement. The position also holds the responsibility of the Public Affairs/Media Relations Officer. Commissioner Dela Cruz suggested that the Governor be asked to hold off on the nomination of Mr. Mendiola until such time that the Commission secures additional funding. The Chairman echoed the Commissioner's suggestion and noted that he had previously made the same recommendation to the Governor, noting that he was in agreeance at the time.**

#### **B. Scheduling of Future Calendar Year 2022 CCC Meetings**

**The Chairman shared that he requested Commission staff to put together a schedule of future meetings for the remainder of the year to ensure that all members will be in attendance. He noted that for the June meeting, a schedule of Thursday, June 23, 2022 was proposed instead of the 30<sup>th</sup>, which is the last Thursday of the month. He explained that the meeting will be held a bit earlier because the Director expects to be off island at the end of June. He added that he advised the Director to exercise caution in granting leave to staff because only a few remain.**

### **VII. EXECUTIVE SESSION:**

**Commissioner Dela Cruz made a motion to enter into Executive Session to consult with Legal Counsel, to hear reports by the CCC's divisions, and to discuss personnel matters. The motion was seconded by Commissioner Taitano and was put to a roll call vote with all Commissioners voting yes. [Enter: 12:02 pm]**

- A. Consult with Legal Counsel**
- B. Report by the CCC Divisions**
- C. CCC Personnel Matters**

**Commissioner Dela Cruz made a motion to exit executive session and return to plenary session, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved. [Exit: 1:44 pm]**

**The Chairman summarized that during the executive session, the Commissioners consulted with both the Commission's Legal Counsel and the Counsel assigned to the Commissioners for the upcoming administrative hearings. He added that the Commissioners also hear reports**

from the Commission staff and briefly discussed personnel matters.

The Chairman extended the Commission's appreciation to Attorney Carl Dela Cruz for coming forward to assist the Commission in the administrative hearing. He noted that the Commission appreciates his legal advice and looks forward to working with him as they provide IPI with the necessary due process. He elaborated that the remedy being sought by the Director is the revocation of the exclusive license and that the Commission is taking the motions very seriously as required by the law and administrative procedures. He stated that with Counsel Dela Cruz's guidance, he is sure that the Commission can provide the due process to the Respondent and that their decisions will be made with the best possible judgement.

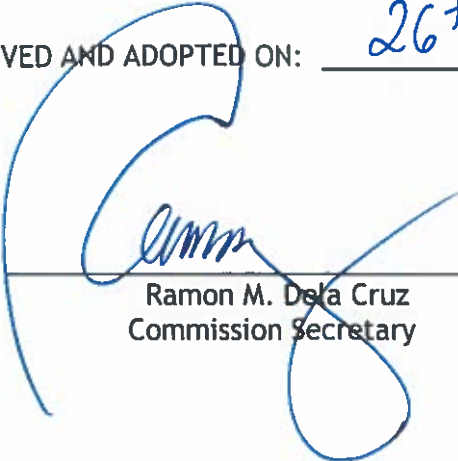
**VIII. ADJOURNMENT**

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 1:46 pm on Thursday, April 28, 2022.

Prepared by:  Date: 5/19/2022  
Elicia San Nicolas, Executive Secretary

And  Date: 5.19.2022  
Ruth Ann P. Sakisat, Executive Assistant

APPROVED AND ADOPTED ON: 26<sup>th</sup> day of May, 2022.

 Date: 5/26/2022  
Ramon M. Dela Cruz  
Commission Secretary