

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

January 16, 2026

First Regular, 2025

H.L.B. 24- 44

**A LOCAL BILL FOR AN ACT
FOR THE FIRST SENATORIAL DISTRICT**

To amend Title 10, Division 1, Chapter 12 (Rota Casino Act of 2007) of the Commonwealth Code to: (1) establish a clear separation between the investigative and compliance functions of the Rota Casino Gaming RCGC (RCGC) and the adjudicatory/decision-making functions of the Commissioners; (2) establish an Investigations and Enforcement Division under the Executive Director; (3) authorize the procurement of qualified independent third-party investigative and professional services for criminal and financial due diligence of casino license applicants and related persons; (4) establish a Casino Regulatory Fee and a dedicated regulatory fund/account to provide stable annual funding for regulatory operations, including enforcement and monitoring; (5) strengthen conflicts of interest, disclosure, and recusal requirements for Commissioners; and for other purposes.

**BE IT ENACTED BY THE FIRST SENATORIAL DISTRICT DELEGATION
PURSUANT TO CHAPTER 4, DIVISION 1, TITLE 1 OF THE COMMONWEALTH
CODE:**

1 **SECTION 1. FINDINGS AND PURPOSE.**

2 (a) The First Senatorial District Delegation finds that the integrity of casino licensing and
3 public confidence in gaming regulation are strengthened when suitability investigations,
4 background checks, financial probity reviews, and ongoing compliance monitoring are
5 performed by dedicated professional staff and/or qualified independent third-party firms, while

1 Commissioners serve in a deliberative, quasi-adjudicatory role in noticed proceedings and act on
2 the record.

3 (b) The Delegation further finds that stable, predictable funding is necessary for the
4 operations of the Rota Casino Gaming RCGC (RCGC), including inspections, audits,
5 investigations, enforcement readiness, and ongoing monitoring of casino operators and related
6 persons.

7 (c) The purposes of this Act are to: (1) reduce conflicts of interest and the appearance of
8 conflicts of interest by separating investigative functions from adjudicatory decision-making; (2)
9 establish staff and third-party mechanisms to perform investigations and compliance work; (3)
10 provide dedicated funding for regulatory operations through a Casino Regulatory Fee and a
11 dedicated fund/account; and (4) direct conforming regulations to implement these reforms.

12 **SECTION 2. AMENDMENT.** Title 10, Division 1, Chapter 12, Article 1, § 12103 of
13 the Commonwealth Code is amended to read as follows:

14 “§ 12103. Local Appropriations.

15 (a) All license fees and gambling revenue taxes derived under this chapter ~~shall be local~~
16 ~~revenues and any Casino Regulatory Fee authorized~~ shall be local revenues to be expended for
17 local public purposes, as specified herein. The Mayor of Rota shall submit a budget for
18 consideration and approval of the Rota Municipal Council, which shall thereafter transmit said
19 budget with any amendments to the Rota Legislative Delegation for consideration, amendment,
20 and enactment pursuant to the "Local Law Act of 1983" - 1 CMC Div. 1 (as amended) [~~1 CMC~~
21 ~~§§ 1401-1408~~].

1 (b) The revenues derived under this chapter shall first be appropriated for the operations
2 of the RCGC Commission and for repayment of any start-up appropriations pursuant to the Local
3 Law Act of 1983.

4 ~~(c) Of the revenues remaining after the appropriation of funds under subsection (b) of this~~
5 ~~section, the lesser of five percent or \$200,000 shall be appropriated for health programs,~~
6 ~~including grants to one or more non-governmental organization (including faith-based~~
7 ~~organizations and mental health providers), to ameliorate any negative social effects of gambling~~
8 ~~or for other health and welfare purposes. All revenues derived under this chapter shall thereafter~~
9 ~~be appropriated for local public purposes, including economic development on Rota.~~

10 ~~(d) Of revenues remaining after the appropriation of funds under previous subsections of~~
11 ~~this section, if any, not less than one-half shall be appropriated for the benefit of the people of~~
12 ~~Rota only for the purposes of:~~

- 13 ~~(1) Medical health insurance coverage for all legal domiciliary of Rota as defined~~
14 ~~in 10 CMC § 12102(h);~~
- 15 ~~(2) Scholarships;~~
- 16 ~~(3) Youth and senior citizens programs;~~
- 17 ~~(4) Housing or utilities assistance; (5) Business development loans.~~

18 The Rota Legislative Delegation shall ensure that the revenues derived under this chapter
19 are appropriated so as not to reduce Commonwealth appropriations to Rota by any amount
20 relative to the year before the receipt of such revenues.

1 (e d) ~~The remaining half of the revenues referred to in subsection (f) of this section* may~~
2 ~~be appropriated for any public purposes, as defined, following the issuance of duly promulgated~~
3 ~~regulations. The RCGC and other agencies of the Commonwealth and the municipality are~~
4 ~~prohibited from imposing any additional taxes, fees, or rules on the operation of a casino for~~
5 ~~which a license has been issued that are not specifically authorized by the casino law and the~~
6 ~~regulations promulgated thereunder.”~~

7 **SECTION 3. AMENDMENT.** Title 10, Division 1, Chapter 12, Article 2, § 12117 of
8 the Commonwealth Code is amended by adding new subsections (d) and (e) to read as follows:

9 “(d) Separation of Functions; Investigations and Enforcement.

10 (1) The RCGC’s suitability investigations, background checks, compliance
11 monitoring, inspections, audits, and enforcement preparation work under this chapter
12 shall be performed by the Executive Director and RCGC staff and/or by contracted
13 qualified independent third-party investigative or professional firms.

14 (2) Commissioners, acting in their official capacity as Commissioners, shall not
15 conduct field investigations, background investigations, surveillance, audits, inspections,
16 compliance examinations, or evidence-gathering activities in any licensing or
17 enforcement matter pending before the RCGC, except as necessary to preside over
18 hearings, rule on the admission of evidence, and deliberate and decide matters on the
19 record.

1 (3) Commissioners may approve investigative scope, budgets, and deadlines by
2 RCGC action, but day-to-day investigative directions shall be administered by the
3 Executive Director.

4 (e) Conflicts of Interest; Disclosure and Recusal.

5 (1) The RCGC shall adopt regulations requiring written disclosure of actual or
6 potential conflicts of interest by Commissioners and requiring recusal where a
7 Commissioner's impartiality could reasonably be questioned due to financial interest,
8 family relationship, close business relationship, or other conflict.

9 (2) The RCGC shall maintain a recusal log and shall document recusals in the
10 record of the matter.”

11 **SECTION 4. AMENDMENT.** Title 10, Division 1, Chapter 12, Article 4, § 12141 of
12 the Commonwealth Code is amended by adding new subsections (c), (d), (e), (f), and (g) to read
13 as follows:

14 “(c) Casino Regulatory Fee (Annual Regulatory Assessment).

15 (1) In addition to any license fees, taxes, or other charges authorized under this
16 chapter or regulation, each casino licensee shall pay an annual Casino Regulatory Fee to
17 fund the regulation of casino activities and the operations of the RCGC, including
18 enforcement, monitoring, investigations, inspections, audits, and compliance
19 examinations.

20 (2) The Casino Regulatory Fee shall be due on or before October 1 of each year
21 for the license year and may be paid in equal monthly installments due on or before the

1 seventh (7th) day of each month. The RCGC may establish a true-up process by
2 regulation to reconcile installment payments with the final annual amount due.

3 (3) The RCGC may require an initial regulatory assessment deposit upon
4 application and may require supplemental deposits as needed to ensure completion of
5 suitability and financial probity reviews, including third-party due diligence.

6 (d) Amount; Structure.

7 (1) The Casino Regulatory Fee shall be the greater of:

8 (A) Three Hundred Thousand Dollars (\$300,000.00) per year; or

9 (B) One percent (1.0%) of the casino's gross revenues for the prior
10 calendar year, as defined by regulation consistent with this chapter.

11 (2) The RCGC may recommend, and the Rota Legislative Delegation may enact
12 by local law, adjustments to the minimum amount and percentage every five (5) years
13 based on demonstrated regulatory needs and casino scale. Any adjustment by regulation
14 shall not exceed the authority granted under this chapter.

15 (e) Dedicated Use.

16 The Casino Regulatory Fee shall be used solely for regulatory purposes, including
17 staffing, training, investigations, enforcement, monitoring, compliance systems, and
18 procurement of independent third-party investigative and professional services.

19 (f) Failure to Pay.

1 Failure to pay the Casino Regulatory Fee or installments may be treated as a regulatory
2 violation subject to penalties, suspension, or other remedies as provided by regulation consistent
3 with this chapter.

4 (g) Regulations.

5 The RCGC shall adopt regulations to implement this section, including calculation
6 methodology, reporting requirements, payment schedule, delinquency procedures, and audit
7 rights.”

8 **SECTION 5. AMENDMENT.** Title 10, Division 1, Chapter 12, Article 4, § 12144 of
9 the Commonwealth Code is amended to read as follows:

10 “§ 12144. Rota Municipal Treasurer.

11 (a) RCGC Regulatory Fund/Account. There is hereby established a ~~Rota Municipal~~
12 ~~Treasure within the Office of the Mayor whose primary responsibility is to collect and hold all~~
13 ~~license and registration fees, any taxes levied any taxes levied on a casino pursuant to the~~
14 ~~initiative and the regulation issued pursuant hereto, excluding taxes and fees levied by the~~
15 ~~Commonwealth Government. This position shall be a bonded position in an amount set by a duly~~
16 ~~promulgated regulation.~~ dedicated account (the “Rota Casino Gaming RCGC Regulatory Fund”
17 or “RCGC Fund”) to be held by the Rota Municipal Treasurer as a separate, segregated account.

18 (b) Deposits. The following shall be deposited into the RCGC Fund:

19 (1) Casino Regulatory Fees collected under 10 CMC § 12141(c)-(g);

20 (2) any deposits and reimbursements for investigation expenses made under 10

21 CMC § 12145(c) and related provisions;

1 (3) any other regulatory fees, administrative penalties, or recoveries designated
2 by local law or RCGC regulation as payable to the municipality and not otherwise
3 required by law to be deposited elsewhere.

4 (c) Authorized Uses; Appropriation. Monies in the RCGC Fund are earmarked for the
5 RCGC's operations and regulatory purposes, including enforcement and monitoring,
6 and shall be expended only pursuant to appropriation enacted in accordance with
7 applicable local appropriation law and Section 12103 of this chapter. The RCGC shall
8 prepare an annual report regarding receipts and expenditures from the RCGC Fund for
9 submission to the Rota Municipal Council and the Rota Legislative Delegation.

10 **SECTION 6. AMENDMENT.** Title 10, Division 1, Chapter 12, Article 4, § 12145 of
11 the Commonwealth Code is hereby amended to read as follows:

12 § 12145. Investigations.

13 ~~(a) Prior to issuing any license under this chapter, the Commission shall investigate the~~
14 ~~applicant for such license and any related person, as the Commission determines, either by~~
15 ~~regulation or in an individual case, is necessary to protect the public interest. If such person holds~~
16 ~~a similar license from any United States jurisdiction, the investigation shall be limited to~~
17 ~~determining the validity of that license and inquiring of the issuer of such license regarding any~~
18 ~~germane information relating to the issuance of such license(s) to such person. The Commission~~
19 ~~may request the assistance of the United States federal government for investigation, examination~~
20 ~~or other related questions for any casino applicant, and any applicant shall waive in writing any~~
21 ~~objection to the release of information from any governmental entity pursuant to the~~

1 ~~investigation.~~ Executive Director, through RCGC staff and/or through contracted qualified
2 independent third-party investigative or professional firms, shall investigate the applicant for
3 such license and any related person, as the RCGC determines by regulation or in an individual
4 case is necessary to protect the public interest. The RCGC shall act as the adjudicatory decision-
5 maker and shall consider investigative reports and evidence presented in the licensing record.

6 (b) ~~The Commission~~ RCGC shall, at the request of the holder of any license under this
7 chapter, investigate ~~any person any person involved in the potential sale, lease, transfer, change~~
8 ~~in ownership, or other change related to the license as necessary to protect the public interest in~~
9 ~~future activities under such lease~~ matter relating to the integrity of the casino industry, a casino
10 licensee, the applicant for any license, or any person or entity associated with such a licensee or
11 applicant.

12 (c) ~~The Commission~~ RCGC may require that the applicant reimburse the RCGC for its
13 expenses incurred in the conduct of an investigation under ~~10-CMC § 12145(a)~~ subsection (a) or
14 (b), provided that no expense for any member or staff of the ~~Commission~~ RCGC, including any
15 travel or transportation expense of such a member or staff, shall be reimbursed. ~~The Commission~~
16 ~~may require the applicant to deposit the estimated amount of such expenses with the Commission~~
17 ~~before the investigation begins and shall return any unused balance to the applicant when the~~
18 ~~investigation is completed or otherwise terminated. The Commission may require additional~~
19 ~~deposits, if previous deposits are insufficient to cover the actual cost of the investigation. Any~~
20 ~~amount reimbursed under this subsection shall be deposited as a credit against the applicable~~
21 ~~appropriation account and shall once again be available for obligation without further~~

1 ~~appropriation.~~ The Reimbursable investigation expenses shall include reasonable third-party
2 investigative, forensic accounting, and professional due diligence services authorized by this
3 chapter, and may be secured through deposits as provided by law and regulation.

4 (d) ~~The Commission may at any time investigate the holder of any license under this~~
5 ~~chapter or any related person, with or without notice to such holder or person, when it determines~~
6 ~~that such investigation is warranted, but the expenses of such an investigation shall not be subject~~
7 ~~to reimbursement, The expenses of such investigation shall not be subject to reimbursement and~~
8 shall be funded through appropriations and/or the RCGC Fund, as applicable.

9 **SECTION 7. Amendment.** Title 10, Division 1, Chapter 12, Article 4, of the
10 Commonwealth Code is hereby amended by adding sections 12146 and 12147 to read as follows:

11 “§ 12146. Investigations and Enforcement Division; Third-Party Due Diligence.

12 (a) Establishment. The Executive Director shall establish and administer an Investigations
13 and Enforcement Division (“Division”) responsible for suitability investigations, compliance
14 monitoring, inspections, audits, enforcement preparation, and related regulatory functions under
15 this chapter.

16 (b) Staffing and Contracts. The Executive Director may hire investigators, compliance
17 officers, inspectors, auditors, analysts, and other professionals, and may procure qualified
18 independent third-party investigative, forensic accounting, and due diligence services where
19 specialized expertise, capacity, or independence is required.

1 (c) Independence from Adjudication. Division personnel and contractors shall not vote
2 on licensure or enforcement outcomes. Commissioners shall not participate in investigative field
3 work in any licensing or enforcement matter pending before the RCGC.

4 (d) Minimum Standards for Third-Party Firms. The RCGC shall adopt regulations
5 requiring, at a minimum:

- 6 (1) vendor independence and conflict screening;
- 7 (2) chain-of-custody and confidentiality controls;
- 8 (3) written investigative reports suitable for RCGC adjudication; and
- 9 (4) retention, auditability, and secure handling of investigative files.

10 (e) Record Integrity. The Executive Director shall maintain an investigative
11 record log for each casino license application and major enforcement matter, including
12 key actions, dates, and custodianship of confidential materials.

13 § 12147. Licensing Integrity Safeguards.

14 (a) Ex Parte Communications Prohibited. During any pending casino license application,
15 renewal, transfer, suitability determination, or enforcement proceeding, no Commissioner shall
16 knowingly engage in off-the-record communications with an applicant, licensee, or related
17 person regarding the merits of the matter, except during properly noticed public meetings or
18 hearings. Administrative scheduling communications may occur through the Executive Director
19 or staff and shall be logged.

20 (b) Mandatory Disclosures and Recusal. A Commissioner shall disclose any actual or
21 potential conflict and shall recuse where impartiality could reasonably be questioned. The RCGC

1 shall adopt regulations establishing minimum recusal standards and procedures for documenting
2 recusals in the record.

3 (c) Training. Commissioners shall receive annual ethics and administrative adjudication
4 training distinct from investigative, enforcement, or compliance staff training.”

5 **SECTION 8. REGULATIONS.**

6 The RCGC shall promulgate and/or amend regulations as necessary to implement this
7 Act within one hundred eighty (180) days of the effective date, including:

8 (a) the establishment and operating procedures of the Investigations and Enforcement
9 Division;

10 (b) minimum standards for third-party due diligence and investigative contracting;

11 (c) the methodology and schedule for calculating, collecting, and enforcing the Casino
12 Regulatory Fee; and

13 (d) reporting, auditing, and transparency requirements consistent with confidentiality
14 laws.

15 **SECTION 9. SEVERABILITY.**

16 If any provision of this Act or the application of any such provision to any person or
17 circumstance should be held invalid, the remainder of this Act or the application of its provisions
18 to persons or circumstances other than those to which it is held invalid shall not be affected
19 thereby.

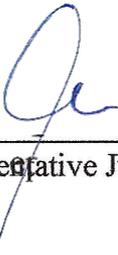
20 **SECTION 10. EFFECTIVE DATE.**

1 This Act shall take effect upon its approval by the Governor, or upon its becoming law
2 without such approval.

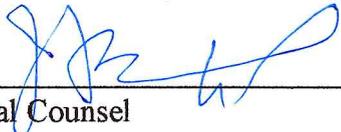
Prefiled: 1/16/2024

Date: _____

Introduced by: _____


Representative Julie Ogo

Reviewed for Legal Sufficiency by:



Legal Counsel