

Fiscal Year 2021

COMMONWEALTH CASINO COMMISSION

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Citizen-Centric Report (Pursuant to PL 20-83)



COMMISSIONERS

Edward C. DeLeon Guerrero
Chairman

Rafael Demapan
Vice Chairman

Ramon M. Dela Cruz
Secretary

Mariano Taitano
Treasurer

Diego M. Songao
Public Affairs

MANAGEMENT

Andrew Yeom
Executive Director

Ruth Ann P. Sakisat
Executive Assistant
to the Commission

Thelma Mizer
Acting Manager,
Divisions of Enforcement &
Investigations/
Permit & Licensing

Ian Morrell
Information Technology

Leonard Leon
Division of Compliance

Catherine C. Licop-Mendoza
Finance & Accounting

Legal Counsel/
Assistant Attorney General

ABOUT US

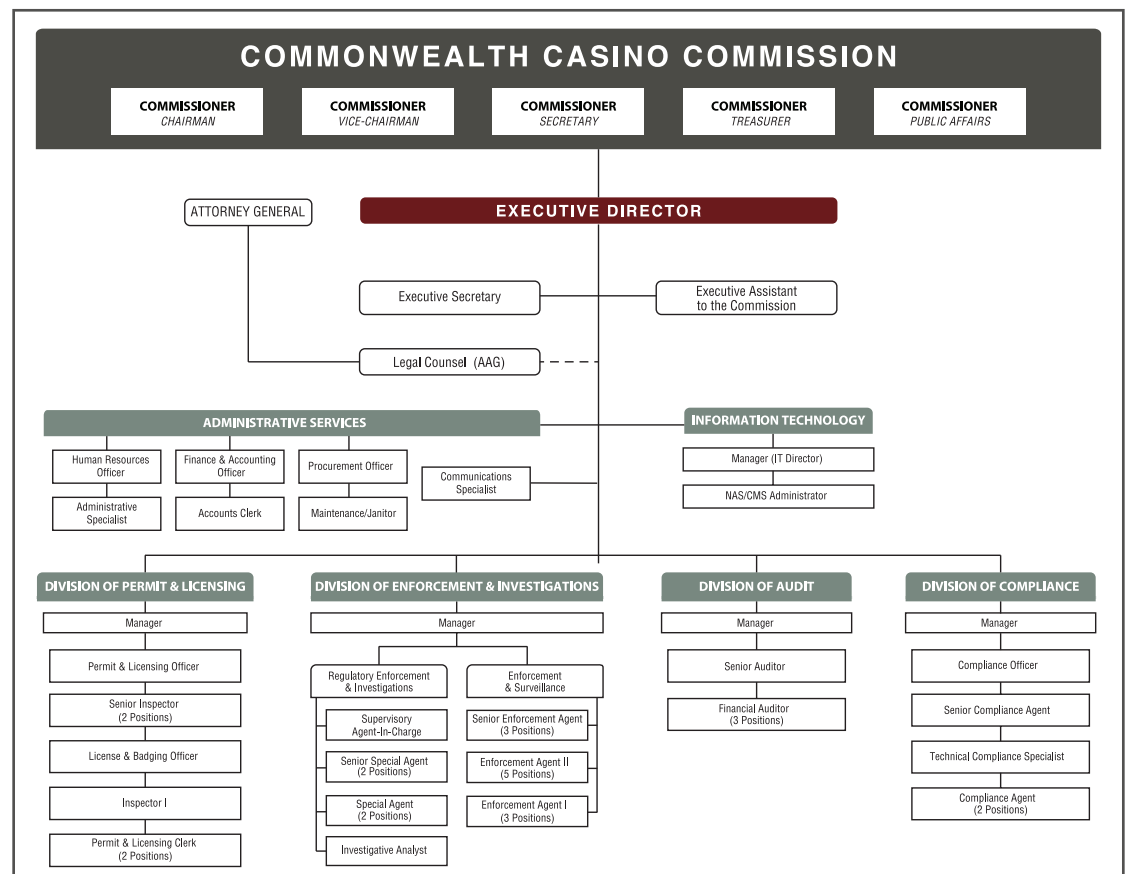
The Commonwealth Casino Commission ("Commission") is the casino gaming regulatory agency of the Commonwealth of the Northern Mariana Islands ("CNMI") government that oversees and regulates the activities of the exclusive casino licensee operating in Saipan. The Commission is comprised of five divisions — Executive Division, Division of Enforcement & Investigations, Division of Permit & Licensing, Division of Compliance, and Division of Audit.

GOALS

- Protect the integrity of casino games, equipment, and accessories;
- Monitor the movement of funds entering and exiting the casino to ensure compliance with statutes pertaining to Anti-Money Laundering and Counter-Terrorist Financing under Title 31 of the U.S. Code;
- Prevent unsuitable persons and vendors from doing business with the Casino Licensee;
- Monitor the financial suitability and viability of the casino licensee and other vendors licensed by the Commission;
- Monitor the Casino Licensee's compliance with Federal and CNMI laws, regulations, and the Minimum Internal Control Standards (MICS);
- Assist in the implementation of responsible gaming programs and activities to safeguard gaming patrons from problem gambling; and
- Implement enforcement actions against the casino licensee's unsuitable method(s) of operation.

ABOUT US

The Commission Organizational Structure is comprised of five divisions headed by the Executive Director, while the five Commissioners function as the policy-making body.





OUR VISION:
TO ESTABLISH AND OVERSEE A WELL-REGULATED AND SUCCESSFUL CASINO GAMING INDUSTRY ON SAIPAN.

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PERFORMANCE REPORT

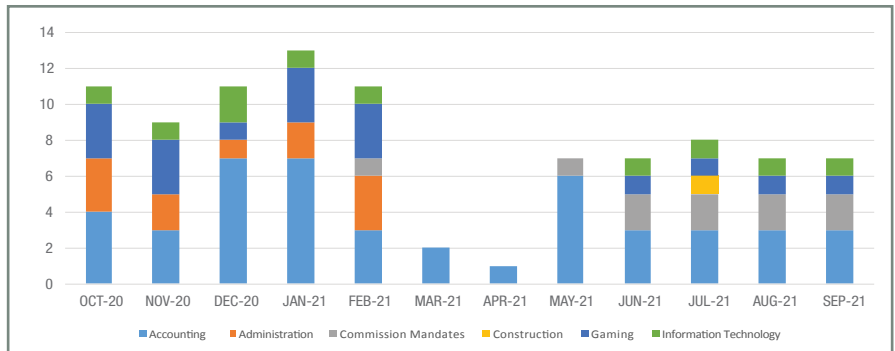
In Fiscal Year 2021 (“FY-2021”), there was minimal issuance of licenses for casino employees, key employees, service providers and vendors. A reduction in casino employee license issuance in comparison to FY-2020 is largely due to the COVID-19 Pandemic and the suspension of gaming operations caused by the casino licensee’s failure to pay the mandatory annual casino regulatory fees.

	ISSUED OR RENEWED IN FY-2021	ACTIVE LICENSE As of 9/30/2021
LICENSE		
Casino Key Employee	0	0
Casino Regular Employee	0	49
Casino Junket Operator	0	2
Casino Service Provider (Gaming)	2	12
Casino Vendor (Non-Gaming)	0	15
PERMITS		
Junket Operator Representatives	0	0
Service Provider Representatives	0	0
Vendor Representatives	0	0
REGISTRATIONS		
Non-Gaming Employees	0	0

Below tables detail the number of casino games at the Imperial Pacific Resort & Hotel (“IPR”) in Garapan, Saipan.

GAMING TABLES			ELECTRONIC GAMING MACHINES (EGMs)	
GAME	MASS	VIP	MANUFACTURER	QTY
Baccarat	18	30	AlfaStreet	10
Blackjack	4	0	Aristocrat	100
Sic Bo	8	0	Aruze	40
Roulette	2	0	Bally	24
Saipan Stud	2	0	IGT	12
Texas Hold'em	4	0	Konami	38
Three Card Poker	2	0	Shuffle Master	44
Bull Bull Poker	4	0		
TOTAL	44	30	TOTAL	268

In FY-2021, the Commission has reviewed, processed and acted on a total of 94 IPI compliance-related requests, inquiries and concerns.



Throughout FY-2021, the Commission has issued the following orders and promulgated the following regulations:

COMMISSION ORDERS	
NUMBER	DESCRIPTION OF ORDERS
2020-005	Order Temporarily Suspending/Adjusting Minimum Bankroll Requirement and Suspending Commission Order 2019-002.
2021-001	Order Authorizing the Executive Director to Require Employees to Provide Proof of COVID-19 Vaccination.
2021-002	Final Order for Enforcement Actions 2020-001 (consolidated) and 2020-003 (consolidated).
2021-003	Order Prohibiting the Issuance of New or Renewal Licenses for Junket Operations Pending a Review by the Commission of Part 2600 of the Regulations.

COMMISSION ENFORCEMENT ACTIONS (CEA)/COMPLAINT PROCESSED		
NUMBER	DESCRIPTION OF ORDERS	CONSOLIDATED/REMARKS
2020-001	Failure to Meet Community Benefit Fund Obligations	Consolidated in CEA 2020-001
2020-002	Failure to Pay Annual Casino License Fee for FY-2020	Consolidated in CEA 2020-001
2020-003	Failure to Comply with Commission Order 2020-003 (maintain minimum payroll reserve)	Consolidated in CEA 2020-003
2020-004	Failure to Comply with CCC Order 2020-004 (settle all accounts payables)	Consolidated in CEA 2020-003
2020-005	Failure to comply with Commission Order 2021-002—Annual Casino License Fee for FY-2020	Consolidated in CEA 2020-003
2021-001	Failure to Pay the Annual Casino Regulatory Fee for FY-2020	Filed for Appellate Hearing
2021-002	Failure to comply with Commission Order 2021-002—Maintain Payroll Reserve for 3 months	Filed for Appellate Hearing
2021-003	Failure to comply with Commission Order 2021-002—Annual Casino Regulatory Fee for FY-2020	Filed for Appellate Hearing
2021-004	Failure to Pay Annual Casino License Fee for FY-2021	Filed for Appellate Hearing



OUR MISSION:

TO ENFORCE AND IMPLEMENT THE CASINO GAMING LAWS, REGULATIONS, AND CASINO LICENSE AGREEMENT. TO PROVIDE REGULATORY OVERSIGHT OVER SAIPAN'S CASINO GAMING INDUSTRY.

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FINANCES

For FY-2021, the Commission's revenue was limited to only \$20,215 due to the Casino Licensee's failure to pay the annual Casino Regulatory Fee of \$3.15M which was due on October 1, 2020.

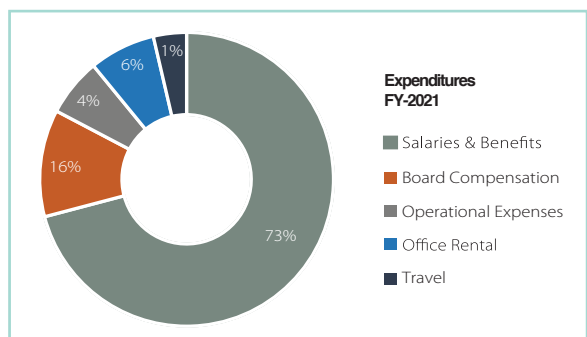
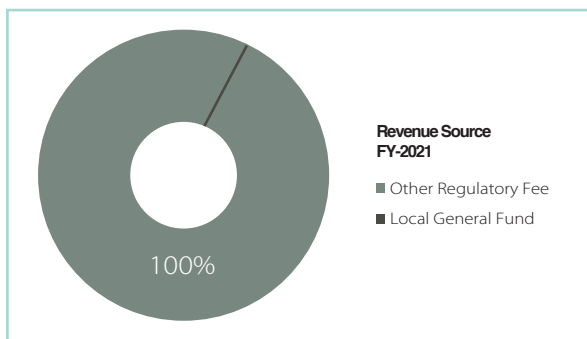
The Commission's expenses are primarily for employee salaries and benefits and board compensation.

TABLE 1: REVENUE SOURCES

	FY-2020	FY-2021
CCCRF Fund	\$3,000,000	\$0
Other Regulatory Fees	\$106,500	\$20,214
Local General Fund	\$1	\$1
TOTAL	\$3,106,501	\$20,215

TABLE 2: EXPENDITURES

	FY-2020	FY-2021
Salaries & Benefits	\$1,904,767	\$1,424,606
Board Compensation	\$316,871	\$322,234
Operational Expenses	\$93,149	\$70,287
Office Rental	\$120,000	\$120,000
Travel	\$13,830	\$18,156
TOTAL	\$2,448,617	\$1,955,283



2021 Commission Members. (Left to Right) Secretary Ramon M. Dela Cruz, Treasurer Mariano Taitano, Chairman Edward DeLeon Guerrero, Vice Chairman Rafael Demapan, Public Affairs Diego M. Songao

REGULATION AMENDMENTS

- Commonwealth Register Volume 42 Number 12 "Various Changes"
- Commonwealth Register Volume 43 Number 08 Part 175-10.1.2655 "Sunset Provision"



Commonwealth Casino Commission Executive Director Mr. Andrew Yeom (6th from left) poses with Commission division managers.



CHALLENGES:

THE COMMISSION STRIVES TO OVERCOME MANY OBSTACLES ON THE PATH TO BUILDING A SUCCESSFUL CASINO INDUSTRY IN THE CNMI.

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CHALLENGES AND OUTLOOK

ABOUT US

The primary challenge that greatly affected this FY-2021 and the foreseeable future for the Commission and the rest of the Commonwealth of the Northern Mariana Islands (“CNMI”) remains to be the Covid-19 pandemic. Since the Covid-19 outbreak, tourist arrivals into the CNMI continued to Remain minimal.

Heading into FY2022, the Commission anticipates continued minimal tourist arrivals, due to global travel challenges in response to Covid-19. This has greatly affected the gaming industry in the CNMI, particularly VIP patrons traveling from Asia.

ENFORCEMENT

On January 7, 2021, Public Law (“P.L.”) 21-38 was signed into law amending P.L. 18-56 and P.L. 19-24 and further clarifying the powers and duties of the Commission. The new law also strengthens the Commission’s ability to regulate the Casino industry on Saipan.

Listed below are some of the more significant changes authorized by P.L. 21-38.

- Establishes the Commission as an autonomous public agency of the CNMI Government.
- Changes the authority on the appointment of commissioners.
- Deems Commission agents as essential.
- The release of the exclusive licensee documents only permitted upon lawful court order, upon request by the Public Auditor or by the Attorney General.
- Enables the Commission the authority to promulgate its own procurement and personnel policies, personnel classification structure, and salary schedules.
- Grants the Commission authority to grant new gaming license(s).
- Grants the Commission sole jurisdiction to resolve disputes between patron and casino operator.
- Mandates the Commission to maintain a listing of all vendors doing business with the casino licensee available for public inspection.
- Categorizes Commission Investigators, enforcement officers and inspectors as law enforcement officers with arresting powers within licensee premise(s).
- Criminalizes unlawful gambling practices.
- Removes the Statute of Limitation on filing of violations.
- Waives liability for member or employees from lawsuits when acting in official capacity.

Additionally, the vast majority of the Commission’s focus for FY-2021 were the enforcement actions against the exclusive licensee for their failure to comply with certain commission orders pertaining to the payment of financial obligations including but not limited to the payment of the annual license fee and regulatory fee.

JUNKET OPERATORS

In FY-2021, global media publications naming the CNMI as one of China’s potential travel destination ban, as means to eliminate offshore gambling promotion (Junket Program) amongst Chinese Nationals has created concerns to our tourism industry for a possible loss of a large number of Chinese inbound tourists. As a result, in FY-2021, the Commission issued Commission Order 2021-003 which included a Sunset Provision of the Junket Program.

INTERNET GAMBLING

On March 23, 2021, the CNMI’s 22nd Legislature, introduced the Internet Gaming bill, House Bill 22-47. This bill would have allowed the three Senatorial Districts to establish and regulate internet gaming in the CNMI. According to research conducted by the Commission staff, the bill has the potential to generate meaningful revenue for the CNMI. However, the bill has yet to pass the House of Representative’s Committee on Gaming.

CAPACITY

The Commission has been prudent in its expenditures due to the implementation of the Governor’s Directives of FY-2020 that mandated austerity measures for all government agencies which includes, but is not limited to, work-hour reduction, temporary freeze of hires, and promotions. Furthermore, the Commission’s budget was severely limited due to the casino licensee’s non-payment of the annual regulatory fee which the Commission heavily relies on to fund its operations. As a result, the Commission was forced to reduce its workforce by more than sixty percent (60%) in FY-2021.

COMPLIANCE

The Licensee’s compliance with Public Law 18-56, the Casino License Agreement, Casino Regulations, and Commission Orders and mandates continues to be a challenge for the Commission.

In FY-2021, the Commission filed a total of 10 enforcement actions against the casino licensee, 5 of which have been consolidated into Commission Order 2021-002. The particular order resulted in a fine of \$6,600,00 against the casino licensee and the suspension of gaming operations until such time the casino licensee complies with the order 2021-002.

OTHER FACTORS

The CNMI economy continues to struggle with the amendment to the CNMI Visa Waiver Program (Discretionary Parole Program) made effective July 14, 2020. The Visa Waiver program allowed individuals from eligible countries to stay in the CNMI from two weeks to up to 45 days for either business or pleasure using only their passports. Barring any country from this program is a huge dent to the CNMI since it limits potential tourist markets (particularly patrons from Asia) and new business potentials.

On October 23, 2020, a Notice of Debarment was issued by the US Department of Labor suspending IPI from receiving H2B labor certifications for a period of five years, thus exacerbating the Licensee’s inability to complete construction of the initial gaming facility in Gapanan, Saipan.

Despite the increasing number of challenges, the Commission steadfastly looks at the long-term horizon for potential risks to implement preventative measures and plans to mitigate these risks all while regularly reviewing and exploring possible opportunities that could expand or better improve Saipan’s casino gaming industry.

Recently, the CNMI introduced a Travel Bubble program with South Korea to increase the number of tourists visiting the islands. In line with this approach, the CNMI needs to actively engage the Travel Bubble program with other countries. This will facilitate the revitalization of the casino industry in the near future.

Lastly, should the current exclusive license be revoked by the Commission, or the exclusivity is amicably waived by the Casino Licensee, the Commission will work with the CNMI Legislature to amend the law to open the gaming industry to several possible casino applicants.

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