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Proposed Attorneys for Debtor and
Debtor-in-Possession

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN MARIANA ISLANDS
BANKRUPTCY DIVISION**

In re

IMPERIAL PACIFIC
INTERNATIONAL (CNMI), LLC,

Debtor and Debtor-in-
Possession.

Case No. 24-00002
(Chapter 11)

88086

**DECLARATION OF HOWYO CHO IN
SUPPORT OF DEBTOR’S FIRST DAY MOTIONS**



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I, Howyo Cho, declare under penalty of perjury that:

1. I am the Manager of Imperial Pacific International (CNMI) LLC, debtor and debtor-in-possession (the “Debtor”). I am also the custodian of records for the Debtor and I am familiar with its books and records. I have been employed by the Debtor in various capacities since July, 2017.

2. Except as otherwise indicated, all of the facts set forth in this Declaration are based upon my personal knowledge and my review of relevant documents. I am competent to testify to the matters herein set forth and, if called upon to do so, I could and would testify to the facts set forth herein.

3. On April 19, 2024 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States District Court for the District of the Northern Mariana Islands, bankruptcy division (the “Court”).

4. This Declaration is submitted in Support of the Debtor’s First Day Motions as follows:

- (a) Motion in Support of the Motion for Order Establishing Interim Fee Application and Expense Reimbursement Procedures (the “Interim Fee Procedures Motion”);
- (b) Application to Employ Choi & Ito and McDonald Law Office as Co-counsel for the Debtor (the “Joint Employment Application”);
- (c) Application to Employ Michael Chen Law Offices as special litigation counsel for the Debtor;

1 (d) Motion for Order Authorizing Debtor to Pay Pre-petition Wages and Other
2 Employment Related Costs and Expenses (the “Wage Motion”); and

3 (e) Motion for Order Authorizing Debtor to Incur Post-Petition Secured
4 Indebtedness (the “DIP Financing Motion”).
5

6 GENERAL BACKGROUND

7 5. The Debtor is a limited liability company organized under the laws of the
8 Commonwealth of the Northern Marian Islands (the “Commonwealth”). Its sole member
9 is Best Sunshine International Ltd. (“Best Sunshine”), a British Virgin Islands
10 corporation. Best Sunshine is owned by Imperial Pacific International Holding Ltd.
11 (“Holdings”), which was incorporated under the laws of Hong Kong, China.

12 6. On or about August 12, 2014, the Debtor, Best Sunshine and and the
13 Commonwealth Lottery Commission entered into an exclusive casino license (the
14 “Casino License”) for the island of Saipan which required, among other things, the
15 payment of \$15 million in annual Casino License fees. The Debtor made \$90 million in
16 Casino License fee payments from 2014 to 2019.
17

18 7. Notwithstanding the fact that IPI was obligated to pay \$15 million per
19 annum to the Commonwealth Treasurer, on December 4, 2015, the Commonwealth
20 enacted Public Law 19-24 which imposed an annual “Casino Regulatory Fee” on the
21 Debtor of \$3 million due on or before October 1, 2015. The Debtor made \$15 million in
22 Casino Regulatory Fee payments from 2015 to 2019.
23

24 8. The Debtor’s casino is primarily situated on property leased under the
25 DPL lease. The casino opened at a temporary site in 2014, then at this location in 2017,
26
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1 until it was shuttered in 2020 due to the pandemic.

2 9. Currently, the Debtor has approximately 15 employees, 12 of whom are
3 full-time workers, three of whom are part-time workers. The majority of employees
4 provide security services.
5

6 10. The Debtor leases approximately 19,204 square metres of land leased
7 from the Department of Public Land (“DPL”) pursuant to Lease Agreement No. LA-15-
8 002S.
9

10 11. Unfortunately, the onset of the COVID-19 Pandemic forced the closure of
11 the Debtor’s operations in March, 2020.

12 12. In April, 2021, the Commonwealth Casino Commission (the “CCC”)
13 suspended the Casino License for nonpayment of fees and other alleged monetary
14 defaults.
15

16 13. Although the Debtor has not operated its business since 2020, as of the
17 Petition Date, the Debtor was engaged in intensive negotiations with the CCC regarding
18 the Casino License.

19 14. The Debtor is optimistic that as part of its reorganization, it will be able to
20 reach agreement with the CCC regarding the terms of reinstatement of the Casino
21 License.
22

23 FIRST DAY MOTIONS

24 15. WAGE MOTION: I have reviewed the Wage Motion. The facts
25 regarding the operation of the Debtor, particularly those facts pertaining to the wages and
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1 benefits paid to the Debtor's employees as set forth in the Wage Motion, are true and
2 correct to the best of my knowledge, information, and belief.

3
4 16. Payment of the employee wages and benefits as requested will prevent
5 disruption to the Debtor's operations and preserve the goodwill of the Debtor for the
6 benefit of all of the Debtor's creditors.

7
8 17. Attached to the Wage Motion as Exhibit A is a true and correct copy of a
9 list showing the net pay received by the Debtor's employees for the period ending April
10 14, 2024.

11
12 18. Attached to the Wage Motion as Exhibit B is a true and correct copy of a
13 list showing the total accrued vacation pay for the Debtor's employees as of April 14,
14 2024.

15
16 19. EMPLOYMENT MATTERS: In connection with the administration of
17 this Chapter 11 case, the Debtor seeks authority to hire the McDonald Law Office as
18 local bankruptcy co-counsel, Choi & Ito as lead bankruptcy co-counsel, and the Law
19 Offices of Michael Chen as special litigation counsel, effective as of the Petition Date.

20
21 20. I understand that Choi & Ito has substantial bankruptcy experience as set
22 forth in the C&I Employment Application. Further, Charles McDonald has experience
23 with the Debtor, having served in the past as in-house counsel. Finally, the Debtor was
24 represented by attorney Michael Chen in negotiations with CCC. Mr. Chen is also lead
25 counsel in a lawsuit commenced by the Debtor against the Commonwealth and other
26 defendants which is pending in the United States District Court for the Northern Mariana
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1 Islands regarding the constitutionality of the Regulatory Fee and the suspension of the
2 Casino License.

3 21. The Interim Fee Procedures Motion is important to ensure that the
4 foregoing professionals (as well as any other professional employed at the expense of the
5 bankruptcy estate) are paid on a timely basis rather than being forced to “finance” this
6 case.
7

8 22. DIP FINANCING MOTION: The Debtor has had no meaningful income
9 since March, 2020, when it ceased operations due to the Pandemic. During the first three
10 months of this Chapter 11 case, the Debtor anticipates making payments for, among other
11 things, operating expenses such as wages and insurance, and Chapter 11 expenses such as
12 US Trustee fees and professional fees. In addition, if the Debtor and CCC are able to
13 finalize their settlement, the Debtor may also be required to pay millions of dollars to the
14 Commonwealth.
15

16 23. The Debtor has arranged for DIP Financing from Loi Sam Sit as set forth
17 in the DIP Financing Motion. To the best of my knowledge, Mr. Sit is not an owner or
18 creditor of the Debtor.
19

20 Saipan, Northern Mariana Islands April 23, 2024.

21
22 /s/ Howyo Chi
23 HOWYO CHI
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