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11 UNITED STATES DISTRICT COURT
DISTRICT OF THE NORTHERN MARIANA ISLANDS
12 BANKRUPTCY DIVISION

13
14 In re
15 IMPERIAL PACIFIC
INTERNATIONAL (CNMI), LLC,
16
17 Debtor and
Debtor-in-possession.

Case No. 24-00002

(Chapter 11)

DEBTOR'S REPLY TO OPPOSITIONS TO
JOINT SALE MOTION

Hearing

Date: April 28, 2025

Time: 9:00 a.m.

Judge: Hon. Robert J. Faris

[Relates to ECF 367, 388, 390]



1 IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC, debtor and debtor-in-
2 possession herein (the “Debtor”), by and its undersigned counsel, hereby files its Reply to
3 the *Opposition to Sale and Objection to Sale for Lack of Adequate Assurance from*
4 *Winning Bidder and Backup Bidder* (the “Commonwealth Opposition”)¹ filed by the
5 Commonwealth of The Northern Mariana Islands (the “Commonwealth”) and the
6 *Opposition by Joshua Gray to the Joint Motion of the Debtor and the Committee to*
7 *Approve the Sale the Debtor’s Assets* (the “Gray Opposition”) filed by Joshua Gray.

9 **I. INTRODUCTION**

10 This Debtor’s primary asset has been a literal “eyesore” in Saipan’s tourist district
11 since 2020 when it stopped operating. Removable property like gambling machines and
12 vehicles have been auctioned off by aggressive judgment creditors, but a foreclosure sale
13 of the hotel has not been attempted by the Commonwealth or Mr. Gray. The cost of
14 renovating the hotel is estimated to exceed \$100 million.

15
16 Loi Lam Sit submitted two bids for the Hotel. His first bid of \$10 million was
17 attached to the Debtor’s *Motion to Approve Bid Procedures for Sale of Substantially All*
18 *of the Debtor’s Assets and Related Relief* (the “Debtor’s Bid Procedures Motion”). See
19 ECF 182 at Exhibit A. Mr. Sit’s initial offer excluded the Casino License. *Id.* at pdf 16-
20 17 (paragraph 7 – Excluded Assets).

24 ¹ Capitalized terms not herein defined shall have the meaning set forth in the *Joint*
25 *Motion of Debtor and Official Committee of General Unsecured Creditors for Order (I)*
26 *Approving the Sale of Substantially All of the Debtor’s Assets Free and Clear of All*
27 *Liens, Claims, and Encumbrances Pursuant to 11 U.S.C. § 363, Subject to Overbids; and*
28 *(II) Authorizing the Assumption and Assignment of Certain Executory Contracts and*
Cure Amounts Associated Therewith (the “Sale Motion”).

1 The Committee, Joshua Gray and the Commonwealth objected to the Debtor's
2 Bid Procedures Motion. Mr. Gray argued for a separate auction of the personal property.
3 *See* ECF 215 at pdf 13-15. The Commonwealth argued that the “evidence should be
4 provided to show that this is an arms-length transaction.” *See* ECF 219 at pdf 7. The
5 Commonwealth also suggested that the Debtor was not getting the best possible price.
6 *Id.* at pdf 3. The Committee urged a “package” sale, including the Casino License. *See*
7 ECF 219 at pdf 7.

9 The Court denied the Debtor's Bid Procedures Motion and approved the
10 Committee's employment of Intrepid to market the assets. (“The Court finds that it is in
11 the best interest of the estate to pursue the sale of its assets as a package. Accordingly, the
12 Court favors the Committee's proposed approach, which requires valuing and marketing
13 the Debtor's assets—including the casino license and the causes of action—as a
14 package deal. For this reason, the Court has also approved the Committee's Application
15 to employ Intrepid as an Investment Banker. Intrepid will pursue a comprehensive
16 approach, market testing the Debtor's assets as a “casino/hotel business.” *See* ECF 281 at
17 pdf 3, citations omitted.

18 Loi Lam Sit subsequently submitted a second bid for \$12.5 million plus a possible
19 \$2.5 million for the estate for the Casino License. It was crafted to assure that the
20 Debtor's pending litigation with the Commonwealth and Casino Commission would be
21 mooted upon the closing of the sale. *See* ECF 359 at pdf 7 (“If Purchaser is successful in
22 reaching agreement with the Casino Commission regarding the assignment of the Casino
23 License to Purchaser at Purchaser's sole expense, Purchaser shall pay the Seller an
24 additional amount of Two million five hundred thousand Dollars. . . within ninety (90)
25
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28

1 days If the Option Period expires without agreement between the Purchaser and the
2 Casino Commission for the assignment of the Casino License, the Casino License shall
3 be deemed rejected pursuant to Section 365 of the Bankruptcy Code.”).

4
5 **II. THE SALE PROCESS WAS THOROUGH AND TRANSPARENT**

6 Intrepid ran a thorough and transparent process in accordance with the Bid
7 Procedures Order. As noted in the Committee’s Reply, Intrepid shopped Mr. Sit’s \$12.5
8 million bid to nearly 100 prospects worldwide. No other bid for the “package” was
9 submitted. Only one qualified bid was submitted, by Team King Investment (CNMI)
10 LLC, for \$12.95 million. Gray’s purported “credit bid” of \$1.5 million for the Debtor’s
11 Liquor, cigars, furniture, equipment, computer hardware, and casino security equipment
12 was submitted minutes before the bid deadline, with a view to upsetting the sale. *See*
13 ECF 391-1.²

14
15 **III. NO EVIDENCE OF COLLUSION HAS BEEN PRESENTED.**

16 Mr. Sit did not bid at the auction. His attorney explained the reasons for Mr. Sit’s
17 decision. Hiroshi Kaneko of Team King was apparently interested in the Debtor’s
18 business before the Petition Date which led to the corporate appointments. However,
19 these facts combined do not render Team King an insider under the Bankruptcy Code or
20 establish collusion. The Commonwealth and Gray have noticed up the depositions of
21 Hiroshi Kaneko and Howyo Chi. The Debtor reserves the right to supplement the record.
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27 ² The credit bid is coincidentally the amount that Sit allocated to all of the Debtor’s
28 personal property in his revised term sheet. *See* ECF 245 at pdf 6 (Section 9 – Allocation).

1 IV. **TEAM KING SHOULD BE AFFORDED TIME TO PROVIDE**
2 **ADEQUATE ASSURANCE.**

3 The Commonwealth argues that the Sale Motion should be denied because of a
4 lack of adequate assurance of Team King’s ability to complete the project. The
5 Commonwealth also argues that the proposed sale ignores the provisions regarding the
6 transfer or assignment in the DPL Lease.

7 The Debtor is informed that Team King is diligently working to fulfill DPL’s
8 requirements to provide adequate assurance of future performance under the lease
9 agreement with the DPL. The Debtor reserves the right to further brief this issue in its
10 Supplemental Reply which is due April 8, 2025.

11
12 V. **CONCLUSION**

13 The Court is familiar with the administrative insolvency of this case. Another
14 auction will not generate a “better or fairer” outcome as suggested by Joshua Gray and
15 the Commonwealth. It is fantasy to suggest another auction will result in a different
16 outcome. Approval of the Sale Motion is in the best interest of the estate and its
17 (unsecured) creditors, even if subjected to heightened scrutiny. Conversion to Chapter 7
18 is not an option given there are no funds to pay for security or insurance. The Court
19 should approve the Sale Motion.
20
21

22 DATED: Honolulu, Hawaii, March 20, 2025.

23 */s/ Chuck C. Choi*
24 _____
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