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Northern Mariana Islands*

**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)**

**OPPOSITION TO DEBTOR'S MOTION
FOR ORDER AUTHORIZING DEBTOR
TO OBTAIN POSTPETITION SECURED
INDEBTEDNESS**

Creditor Commonwealth of the Northern Mariana Islands (the "Commonwealth"), by and through its undersigned counsel, Chief Solicitor J. Robert Glass, Jr., hereby submits its Opposition to Debtor's Motion for Order Authorizing Debtor to Obtain Postpetition Secured Indebtedness (ECF 12) ("Debtor's Motion for Postpetition Debt").¹ Debtor's Motion for Postpetition Debt should be denied on the grounds stated in the filed objections by other creditors; because the Commonwealth cannot adequately evaluate the impact of Debtor's proposed postpetition financing without complete disclosures in Debtor's required statements and schedules or without additional information regarding the DIP Lender; and because Debtor represents that the financing will be used to fund a settlement and the Commonwealth does not intend to accept the settlement offered by Debtor.

¹ Although the Court set May 27, 2024 as the deadline for the parties to file objections to the interim portion of the Debtor's motions, the Commonwealth has set forth all of its objections at this time. However, the Commonwealth reserves the right to file further objections by the June 6, 2024 deadline set by the Court.



I. FACTUAL AND PROCEDURAL BACKGROUND

1. Debtor filed its Chapter 11 Petition in this action on April 19, 2024. (ECF 1.)

2. On that same date, the Court issued its Deficiency Notice notifying Debtor that additional filings were needed by May 4, 2024. (ECF No. 1-1.)

3. Also on April 19, 2024, Debtor filed a number of First-Day Motions, including Debtor's Motion for Postpetition Debt. (ECF 12.) Debtor's Motion for Postpetition Debt proposes to obtain a post-petition loan of up to \$7,000,000.00 (the "DIP Facility") from Loi Lam SIT (the "DIP Lender"). Up to \$400,000.00 would be immediately available upon entry of an interim order by the Court approving the DIP Facility, with the balance available upon entry of a final order.

4. On April 24, 2024, the United States Trustee filed its Statement Regarding Debtor's First Day Motions. (ECF 19.)

5. On April 25, 2024, two creditors filed objections to Debtor's First Day Motions, including the Opposition by Judgment Creditor Joshua Gray to Debtor IPI's First-Day Motions (ECF 30) and The Law Office of Michael W. Dotts' Joinder in Opposition Filed by Judgment Creditor Joshua Gray to Debtor IPI's First-Day Motions (ECF 31).

6. An interim hearing on Debtor's first-day motions was held on April 26, 2024.

7. The Court continued the interim hearings to May 22, 2024. (ECF 32.) In addition, the Court gave Debtor until May 10, 2024 to file supplemental information to support its motion, and gave the parties until May 17, 2024 to file any objections. *Id.*

8. Several creditors have since filed notices of joinder in the opposition filed by judgment creditor Joshua Gray. (ECF 41 & 45.)

9. Debtor filed its Submission of Redlined Loan Term Sheet and Debtor in Possession Loan Agreement (ECF 47) on May 10, 2024, but failed to provide the supplemental information requested by the Court, specifically any testimony or information directly from the DIP Lender.

10. The United States Trustee filed its Supplemental Statement Regarding Debtor's

1 Submission of Redlined Loan Term Agreement (ECF 53) on May 14, 2024. The United States
2 Trustee noted that the issue of the DIP Lender as a “non-insider” is still to be determined. (ECF
3 52).

4 11. The Court entered its Order Granting in Part Emergency Motion to Extend Time
5 (ECF 63) on May 16, 2024, setting May 31, 2024 as the deadline for any objections to Debtor’s
6 Motion for Postpetition Debt. The hearing on the motion is continued to June 21, 2024.

7 12. Then, on May 23, 2024, the Court entered its Sua Sponte Order Resetting Interim
8 and Final Hearings, resetting the interim hearings on Debtor’s motion for Postpetition Debt to
9 May 30, 2024, with the objections to the interim portion of the motions due May 27, 2024.
10

11 **II. ARGUMENT**

12 As an initial matter, the Commonwealth shares the concerns raised in the objections
13 already filed by other creditors. Specifically, the Commonwealth agrees with the United States
14 Trustee’s statement that additional information about DIP Lender’s relationship (if any) to
15 Debtor should be provided. (ECF 19 at 10-12.) In addition, the Commonwealth agrees with
16 judgment creditor Joshua Gray’s opposition on the grounds that more information on Debtor’s
17 relationship to the DIP Lender is needed; that any arrangement in which the DIP Lender would
18 receive priority is objectionable; and that Debtor has not presented any information that it will
19 ever be able to repay the DIP Lender. (ECF 30 at 4-5.) The Commonwealth also agrees with the
20 additional concerns raised by The Law Office of Michael W. Dotts, including that almost all of
21 IPI’s foreign workers have been repatriated, construction work stopped on the hotel, there has
22 been no progress on the building for the last two years, and the building has been left open to the
23 elements and vulnerable to mildew. (ECF 31.) The Commonwealth joins in those oppositions
24 and supports denial of Debtor’s Motion for Postpetition Debt on those grounds. The
25 Commonwealth’s additional grounds for denial of the Motion are stated herein.

26 First, the Commonwealth cannot adequately evaluate the impact of Debtor’s proposed
27 postpetition financing. Although the Court informed Debtor on April 19, 2024, that its
28

1 statements and schedules were required to be filed by May 4, 2024, Debtor failed to timely
2 make those filings. In fact, Debtor did not file the required documents until May 23, 2024 (ECF
3 74), giving the parties only one business day to review them before interim objections are due.
4 Without sufficient time to review Debtor's filings, the Commonwealth cannot adequately
5 evaluate the impact of the proposed post-petition financing on the creditors or the Estate.
6 However, after only a cursory review, the Commonwealth notes that Debtor has failed to
7 identify any value associated with real property assets (ECF 74 at 2), notwithstanding that it
8 also lists an interest in various leasehold improvements. (ECF 74 at 7.) Its filings therefore
9 appear to be incomplete. In addition, Debtor has identified \$284,353,211.16 in total liabilities,
10 but only \$6,474,768.71 in assets. *Id.* Debtor's ability to repay the DIP Facility is therefore
11 uncertain.

12 In addition, the Commonwealth cannot adequately evaluate the impact of Debtor's
13 proposed postpetition financing without additional information regarding the DIP Lender. The
14 Amended Loan Term Sheet identifies only the name of the Lender (Loi Lam SIT) and its Hong
15 Kong passport number. (ECF 47-1 at 2.) Despite a diligent search using numerous internet search
16 engines (including Google, Bing, and Yahoo!), the Commonwealth was unable to find any
17 information on Loi Lam SIT, other than an article published in the Marianas Variety on April 26,
18 2024 (as updated April 28, 2024) titled "IPI seeks \$7m loan from HK resident." *See* Declaration
19 of J. Robert Glass, Jr. at ¶5. The Commonwealth was unable to locate any additional information
20 regarding the DIP Lender, including an address, telephone number, or other contact information,
21 or other information regarding its credit rating or other experience as a lender. *Id.*

22 Finally, obtaining postpetition financing in the amount of \$6,150,000.00 is unnecessary.
23 Debtor's Motion states that the Debtor needs additional capital "to, among other things, pay its
24 licensing fee to CCC." (ECF 12 at 3.) In addition, Debtor's cashflow forecast projects payments
25 to the Commonwealth Casino Commission/CNMI Treasury in June 2024 in the amount of
26 \$3,150,000.00, and in July 2024 in the amount of \$3,000,000. (ECF 15 at Ex. B.) The forecast
27 further notes that the proposed payments are "[s]ubject to approval of settlement by CNMI and
28 Court." *Id.* However, no settlement has been approved by the Commonwealth, and no acceptable

1 settlement terms have been presented to the Commonwealth. *See* Declaration of J. Robert Glass,
2 Jr. at ¶6. Debtor's Motion for Postpetition Debt comes too late and offers too little in the way of
3 either information or payment to satisfy the Commonwealth.

4 **III. CONCLUSION**

5 For the foregoing reasons, Debtor's Motion for Postpetition Debt should be denied.

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7 Respectfully submitted: May 27, 2024

OFFICE OF THE ATTORNEY GENERAL
EDWARD MANIBUSAN
ATTORNEY GENERAL

8
9 /s/ J. Robert Glass, Jr.
10 J. ROBERT GLASS, JR. (F0523)
11 Chief Solicitor

12 **CERTIFICATE OF SERVICE**

13 I hereby certify that the above and foregoing was electronically filed on May 27, 2024,
14 with service requested to all parties of record.

15 /s/ J. Robert Glass, Jr.
16 J. ROBERT GLASS, JR. (F0523)
17 Chief Solicitor
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**DECLARATION OF J. ROBERT
GLASS, JR.**

I, J. ROBERT GLASS, JR., hereby declare under penalty of perjury, that:

1. I am over the age of eighteen (18) and not a party to this action.

2. I am employed as the Chief Solicitor for the Office of the Attorney General for the Commonwealth of the Northern Mariana Islands.

3. I represent the Commonwealth of the Northern Mariana Island as a Creditor in this action.

4. I reviewed Debtor's Motion for Postpetition Debt (ECF 12), which proposes to obtain a post-petition loan of up to \$7,000,000.00 (the "DIP Facility") from Loi Lam SIT (the "DIP Lender"). I also reviewed the Submission of Redlined Loan Term Sheet and Debtor in Possession Loan Agreement (ECF 47) identifying the Hong Kong Passport number for the DIP Lender (ECF 47-1).

5. On various dates up to and including May 26, 2024, I performed internet searches

1 using various search engines including Google, Bing, and Yahoo! in an attempt to locate any
2 additional information regarding the DIP Lender. The only information I could find was an
3 article published in the Marianas Variety on April 26, 2024 (as updated April 28, 2024) titled
4 “IPI seeks \$7m loan from HK resident.”¹ My searches did not locate any additional information
5 regarding the DIP Lender, including an address, telephone number or other contact information,
6 any information on Loi Lam SIT as a company, or information regarding its credit rating or other
7 experience as a lender.

8 6. As of the date of this Declaration, no settlement with Debtor has been approved by
9 the Commonwealth, and no acceptable settlement terms have been presented to the
10 Commonwealth.

11 I declare under penalty of perjury that the foregoing is true and correct. This Declaration
12 was executed on the 27th day of May, 2024, in Capitol Hill, Saipan, Commonwealth of the
13 Northern Mariana Islands.

14 /s/ J. Robert Glass, Jr.
15 J. ROBERT GLASS, JR. (F0523)
16 Chief Solicitor
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¹ This article is available online at https://www.mvariety.com/news/local/ipi-seeks-7m-loan-from-hk-resident/article_7a2d2946-02dc-11ef-af9f-af279c81a3e0.html.