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**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. 1:24-bk-00002

**OPPOSITION BY JOSHUA GRAY TO
DEBTOR IPI'S MOTION FOR
APPROVAL OF DIP FINANCING AND
OTHER FIRST-DAY MOTIONS**

Hearing Date: June 21, 2024
Hearing Time: 8:30 a.m.
Judge: Hon. Ramona V. Manglona

On April 19, 2024, Imperial Pacific International (CNMI), LLC (the "Debtor" or "IPI") filed a Chapter 11 voluntary petition for bankruptcy (the "Petition"). The Debtor then immediately filed a series of First-Day Motions, including a request for the Court to approve a DIP financing arrangement. (ECF No. 12). As the specific procedural history of the First-Day Motions is set forth elsewhere, it is not recited again here. Instead, Judgment Creditor Joshua Gray ("Gray") notes that on April 25, 2024,



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1 he objected to the First-Day Motions on several grounds (ECF No. 30 (the “Gray Opposition”)), and
2 after the Debtor made some modifications, Gray filed another objection on May 27, 2024 (ECF No.
3 86 (“Gray Supplemental Opposition”)). Since then, the Debtor has submitted a declaration by the
4 proposed lender Loi Lam SIT (the “Lender”), dated June 10, 2024 (ECF No. 111 (“SIT Declaration”)).
5 On June 17, 2024, the Official Committee of Unsecured Creditors (the “Committee”) filed its
6 supplemental opposition to the Debtor’s motion for final approval of DIP financing. (ECF No. 116
7 (the “Committee’s Supplemental Opposition”)).

8 Gray now files this third opposition to the First-Day Motions filed by the Debtor, including the
9 motion for final approval of the DIP financing (“DIP Loan Motion”). In doing so, Gray hereby
10 incorporates the arguments he previously set forth in the Gray Opposition and Gray Supplemental
11 Opposition, which the Debtor has still failed to address. Gray also hereby joins in the arguments set
12 forth in the Committee’s Supplemental Opposition, which describes the numerous problems with the
13 DIP Loan Motion, even after the submission of the SIT Declaration, and prudently suggests that the
14 DIP Loan Motion be denied until the Debtor, *inter alia*, presents a plan for reorganization, explains
15 the need for the DIP financing, shows that the terms of the proposed DIP loan are fair and reasonable,
16 and explains the relationship between the Debtor and Mr. SIT. Without making such a showing,
17 permitting the Debtor to take this loan and then giving repayment of that loan any form of priority
18 over the claims of the existing creditors is grossly inequitable and illogical.
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20 Gray also seeks to point out another important fact to be considered in evaluating the DIP Loan
21 Motion. Previously, the Debtor noted that it received \$20 million from Kyosei Bank. (*See Gray v. IPI*,
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1 No. 19-cv-0008, ECF No. 290-2 at 55).¹ Indeed, in his declaration in support of the Debtor's request
2 for a TRO to stop the revocation of its license, Howyo Chi stated that Kyosei had made \$300 million
3 available to the Debtor and "made the first \$20 Million available to IPI" in August 2023. (*See IPI v.*
4 *CNMI, et al.*, No. 24-cv-0001, ECF No. 3 at 13-14, ECF No. 3-2 ¶¶ 32-34). Now, the Debtor and
5 Howyo Chi make no mention of this loan offer or the \$20 million that was already loaned. Nor does
6 the Debtor account for the \$20 million that was already loaned on the schedules that it filed. (ECF No.
7 74). Why does the Debtor need Mr. SIT if Kyosei already committed \$300 million? What happened
8 to the \$20 million already loaned? What were the terms of that loan? These are just more questions
9 that must be answered before the DIP loan can be seriously considered.

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11 Gray also notes that, despite earlier objections, the Debtor has persisted in refusing to provide
12 any payroll information, schedules, or job descriptions to support its proposed budget for its continued
13 operations. This is consistent with the Debtor's practice of trying to provide only the most minimal
14 amount of information related to its requests for relief.

15 As the Committee's Supplemental Opposition notes, and Gray has pointed out before, the law
16 is clear that the Debtor bears the burden to justify the DIP loan and the Court is not here to simply
17 rubber-stamp whatever financing arrangement the Debtor submits. Since the Debtor has plainly failed
18 to provide the necessary evidence to show that the proposed terms are necessary, fair, and reasonable,
19 the DIP Loan Motion must be denied.
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¹ This citation is to a *Saipan Tribune* story, which is also available here:
https://www.saipantribune.com/news/local/ipi-yeom-agree-on-49m-settlement-but-palacios-said-to-have-rejected-it/article_c091b0d2-d933-11ee-a15c-c3c5a7dcddb4.html.

Dated: June 16, 2024

Respectfully submitted,

/s/

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