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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. 24-00002
(Chapter 11)

Hearing

Date: June 27, 2024

Time: 8:30 a.m.

Judge: Hon. Ramona V. Manglona

[Relates to ECF 12, 15, 47, 98, 136]

SUPPLEMENTAL DECLARATION OF HOWYO CHI IN
SUPPORT OF DIP FINANCING MOTION; EXHIBIT 1



1 I, Howyo Chi, declare under penalty of perjury that:

2 1. I am the Manager of Imperial Pacific International (CNMI) LLC, debtor
3 and debtor-in-possession (the “Debtor” or “IPI”). I am also the custodian of records for
4 the Debtor and I am familiar with its books and records. I have been employed by the
5 Debtor in various capacities since July, 2017.
6

7 2. Except as otherwise indicated, all of the facts set forth in this Declaration
8 are based upon my personal knowledge and my review of relevant documents. I am
9 competent to testify to the matters herein set forth and, if called upon to do so, I could
10 and would testify to the facts set forth herein.
11

12 3. I make this declaration in support of the Motion for Order Authorizing
13 Debtor to Incur Post-Petition Secured Indebtedness (the “DIP Financing Motion”) filed
14 by the Debtor on April 23, 2024 as ECF 12. Capitalized terms not herein defined shall
15 have the meaning set forth in the Motion.
16

17 4. On April 23, 2024, IPI filed a proposed budget as ECF 15 pdf 6 (the
18 “Original Budget”). The Original Budget was for \$7 million, of which \$6.15 million was
19 earmarked for a potential (partial) settlement with the Commonwealth Casino
20 Commission (the “Commission”).
21

22 5. On May 10, 2024, IPI submitted a revised DIP Term Sheet in which the
23 DIP Lender, among other things, agreed to unsecured administrative priority for the loan.
24 *See* ECF 47.
25
26
27
28

1 6. At an interim hearing held on May 30, 2024, the Court approved \$400,000
2 in interim DIP financing for the Debtor from the DIP Lender, Loi Lam Sit. *See* ECF 98
3 (minutes).
4

5 7. On June 11, 2024, the Debtor filed a *Declaration of Loi Lam Sit in*
6 *Support of [DIP Financing Motion]* wherein Mr. Sit confirmed that he has no interest in
7 the Debtor or its affiliates, and agreed to waive certain default provisions. *See* ECF 111.
8

9 8. At the June 21st final hearing, the Debtor asked the Court to approve just
10 \$1 million in additional DIP Financing rather than \$6.6 million. During the hearing,
11 counsel for Joshua Gray argued that the Court should not authorize financing because
12 “the Debtor [failed to] account for the \$20 million that was already loaned on the
13 schedules that it filed.” *See* ECF 117 at 3. The Court approved an additional \$150,000 in
14 DIP Financing on an interim basis and set a further final hearing for June 27, 2024. *See*
15 ECF 134 (minutes).
16

17 9. On June 25, 2024, Gray filed a *Notice Concerning \$20 million Transfer to*
18 *Debtor IPI* (“\$20 million Notice”). *See* ECF 136. Attached to the Notice as exhibits are:
19 (a) *Declaration of Howyo Chi in Support of Plaintiff’s Emergency Motion for Temporary*
20 *Restraining Order* filed in *IPI v. CNMI, et al.*, No. 24-cv-0001 (“TRO Declaration”); (b)
21 *Wiretransfer record and Shareholder Record* dated August 1, and August 2, 2023
22 (“Transfer Record”) filed in *IPI v. CNMI, et al.*, No. 24-cv-0001, (c) *Memorandum of*
23 *Understanding* (“MOU”) dated July 23, 2023 between Kyosei Bank Group and Imperial
24 Pacific International Holdings Limited (“Holdings”) filed in *IPI v. CNMI, et al.*, No. 24-
25 cv-0001.
26
27
28

1 10. Attached hereto as Exhibit 1 is a revised Budget for the proposed DIP
2 Financing. The Budget has been revised to reflect the following:

3 (a) Revenues

4 (i) Inclusion of beginning (actual) Cash Balance for May 1,
5 2024 of \$58,939.34 (down from approximately \$137,000 as of
6 petition date) rather than \$0.

7 (ii) Reduction of DIP Loan: additional draws totaling \$1
8 million for total DIP Financing of \$1.4 million from Mr. Sit.

9 (b) Operating Expenses:

10 (i) Expanded budget period through the end of 2024 by adding
11 recurring monthly expenses for August -December 2024.

12 (ii) No payments to Commonwealth Casino Commission /
13 CNMI Treasury and higher professionals' fees in fourth quarter,
14 2024.

15 (iii) Reduction of UST Quarterly Fees to reflect lower
16 expenditures.

17 11. With regard to Joshua Gray's allegations, I acknowledge that during
18 the License Revocation Hearing before the Commission, the Debtor submitted the
19 MOU between Holdings and Kyosei Bank Group ("Bank") dated July 18, 2023.

20 12. Under the MOU, the Bank agreed to lend to Holdings (not IPI) \$300
21 million for the following purposes:

22 (a) \$150 million to pay Holding's debts;

(b) \$100 for Debtor to finish hotel construction and operation of the casino; and

(c) \$50 million to settle the Debtor's disputes.

13. During the License Revocation Hearing, the Debtor also submitted the Transfer Records showing: (1) "\$10M payment to Ji on August 1, 2023," and (2) "\$10M payment to Ji on August 2, 2023," and (3) "Shareholder Info of Toshisouken Investment Bank." A critical condition to the funding was that the Debtor hold "a valid exclusive and sole gaming license in CNMI." *See* MOU, at ¶ 3. Furthermore, for the full investment to be made, IPI was required to satisfy other conditions, including the transfer of Ms. Cui Lijie's 50% interest in Holdings to the Bank. *Id.* These conditions were never satisfied.

14. The Transfer Records show that Bank arranged for \$20 million to be deposited into Ji Xiao Bo's bank account in early August, 2023. However, Mr. Ji never transferred \$20 million into any of the Debtor's bank accounts. More importantly, the conditions set forth in the MOU were not satisfied. I understand that the MOU was cancelled, and that Mr. Ji returned the \$20 million.

Saipan, Northern Mariana Islands June 26, 2024.

/s/ Howyo Chi
HOWYO CHI

EXHIBIT 1

CASHFLOW FORECAST

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Total
Beginning cash balance	136,859.31	344,981.81	146,104.31	102,063.79	60,186.29	18,308.79	(25,279.89)	(17,157.39)	
SALES	-	-	-	-	-	-	-	-	-
DIP Loan	400,000.00	150,000.00	100,000.00	100,000.00	100,000.00	150,000.00	200,000.00	200,000.00	1,400,000.00
GROSS PROFIT	400,000.00	150,000.00	100,000.00	100,000.00	100,000.00	150,000.00	200,000.00	200,000.00	1,400,000.00
OPERATING EXPENSES									
AUTO EXPENSES	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	1,600.00
BANK FEES	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	300.00
COMMONWEALTH CASINO COMMISSION/ CNMI Treasury*	-	-	-	-	-	-	-	-	-
EQUIPMENT LEASES	-	-	-	-	-	-	-	-	-
INSURANCE	50,000.00	-	-	-	-	-	-	-	50,000.00
PROFESSIONAL SERVICES (NONBANKRUPTCY)	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	24,000.00
RENT - DPL	-	207,000.00	-	-	-	-	-	-	207,000.00
REPAIRS & MAINTENANCE	950.00	950.00	950.00	950.00	950.00	950.00	950.00	950.00	7,600.00
SALARIES & WAGES	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	240,000.00
GENERAL ADMIN EXPENSES	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	2,400.00
TAX - GENERAL EXCISE	-	-	-	-	-	-	-	-	-
TAX - PAYROLL	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	36,000.00
TAX - REAL PROPERTY	-	-	-	-	-	-	-	-	-
TAX - OTHERS	-	-	-	-	-	-	-	-	-
UTILITIES (ELECTRICITY/WATER)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	20,000.00
UTILITIES (COMMUNICATIONS / PHONE / INTERNET)	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	2,400.00
UTILITIES (GARBAGE)	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	720.00
CHAPTER 11 EXPENSES (UST Quarterly Fees)	-	-	2,163.02	-	-	1,711.18	-	-	-
CHAPTER 11 PROFESSIONALS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	150,000.00	150,000.00	150,000.00	950,000.00
TOTAL EXPENSES	191,877.50	348,877.50	144,040.52	141,877.50	141,877.50	193,588.68	191,877.50	191,877.50	1,545,894.20
NET OPERATING INCOME (LOSS)	208,122.50	(198,877.50)	(44,040.52)	(41,877.50)	(41,877.50)	(43,588.68)	8,122.50	8,122.50	
Ending cash balance	344,981.81	146,104.31	102,063.79	60,186.29	18,308.79	(25,279.89)	(17,157.39)	(9,034.89)	