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Attorneys for Joshua Gray

**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

**DECLARATION OF AARON HALEGUA
IN SUPPORT OF OPPOSITION BY JOSHUA
GRAY TO JOINT MOTION TO APPROVE
THE SALE OF DEBTOR'S ASSETS**

Hearing Date: March 25, 2025
Hearing Time: 9:00 a.m.
Judge: Hon. Robert J. Faris



2400002250311000000000004

1 I, AARON HALEGUA, hereby declare:

2 1. I am over eighteen years of age and am fully competent to testify to the facts set forth in this
3 declaration.¹

4 2. I, along with Bruce Berline and J.P. Fritz, represent secured creditor Joshua Gray (“Gray”) in
5 this bankruptcy proceeding. Gray obtained a judgment in the amount of \$5.68 million in the matter
6 *Joshua Gray v. IPI*, No. 19-cv-0008 (“Gray”), before the U.S. District Court for the Northern Mariana
7 Islands, based on the Debtor’s illegal discrimination and retaliation against him.

8 3. Gray has a security interest in the Debtor’s assets, including its personal property, based on the
9 recording of a judgment lien and by having obtained and executed a writ of execution prior to the
10 Petition. The supporting documentation is all set forth in his Proof of Claim. (*See* Claim No. 15).

11
12 **The Debtor’s Obstruction and Manipulation of Prior Auctions**

13 4. Prior to the Petition, Gray had actively been working with Clear Management Ltd. (“Clear”)
14 to inventory and auction the Debtor’s personal property. However, as detailed elsewhere, the Debtor
15 and its associates, including Howyo Chi, repeatedly obstructed these efforts in numerous ways. For
16 instance, the Debtor failed to secure the property, did not provide the keys and title documents for the
17 vehicles, and failed to give accurate inventories of the assets. (*E.g.* ECF No. 50 ¶¶ 9–10; ECF No. 51
18 ¶¶ 7, 11–24; *Gray*, No. 18-cv-0009, ECF No. 283-1 ¶¶ 9–11).

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¹ The dates cited in this Declaration generally state the local time (ChST) for the particular event, unless otherwise noted. Therefore, the time stamp on some of the emails attached as exhibits may sometimes show a different time.

1 5. The obstruction efforts by the Debtor included using its affiliated and related entities and
2 individuals to disrupt any auction of its property and then try to buy back the Debtor's assets at a
3 deeply discounted price.

4 6. During the vehicle auction prior to the Petition, for example, Howyo Chi placed winning bids
5 on a Rolls Royce, Cadillac Escalade, and Lexus RX using funds from Magas Property Management—
6 which, as would later be revealed in the Debtor's schedules, actually held funds on behalf of the
7 Debtor. (ECF No. 74 at 9). Mr. Chi then refused to tender payment as per the auction procedures—
8 but effectively tied up the vehicles from another bidder taking possession of the vehicles. Only after a
9 lawsuit for tortious interference was threatened did Mr. Chi finally tender payment. (These events are
10 set forth in more detail in the Declaration by Clear's principal, Tim Shepherd, filed in this matter at
11 ECF No. 51 ¶¶ 7, 11–24).

12 7. During the auction of the Debtor's liquor inventory, an affiliate of the Debtor, Century Estate
13 Investments Ltd. ("Century Estate"), made the highest single bid of \$644,413 for 294 of the 304 lots
14 of liquor for sale. This caused Clear and Gray to focus efforts on closing the deal with Century Estate.
15 We notified Century Estate of its winning bid several times and received no response. Century Estate
16 then tried to renegotiate its offer and submitted a revised, lower bid. Eventually, we had no choice but
17 to accept the next highest bid of \$250,316 from another Hong Kong-based entity, which we believe
18 may also have ties to the Debtor. (Further details are set forth in the Declaration of Tim Shepherd filed
19 in the *Gray* matter at ECF 283-1 ¶¶ 9–11).

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21
22 **The Debtor's Prior Sale Proposal set an Allocation for the Personal Property**

23 8. Since the Petition was filed, I have been in frequent contact with the Debtor and the Official
24 Committee of General Unsecured Creditors (the "Committee") since they got involved in these
proceedings about Gray's security interest in the Debtor's property, including the personal property.

1 Gray pointed out that these assets had been depreciating for years, and would continue to do so during
2 the bankruptcy, but Gray and Clear had already started the process to liquidate these assets—such as
3 the vehicles, furniture, equipment, etc.—and maximize their value.

4 9. When Gray moved early in the bankruptcy to lift the stay and continue with the auctioning of
5 the Debtor’s personal property that had already been underway, the Debtor and Committee opposed
6 the motion because, *inter alia*, they still argued (without basis) that the Debtor was an operating
7 business and therefore all the assets must be sold together. (*See* ECF No. 78; ECF No. 81-1). The
8 business had not operated for nearly four years at that point.

9 10. I continued to tell the Debtor and Committee that Gray preferred to take possession of his
10 collateral and work with Clear to liquidate that property, as this would obtain the maximum value for
11 these assets. For instance, we communicated that Clear had obtained an offer to purchase only the
12 furniture and equipment for \$1 million, including packing and shipping those items. (*See* ECF No. 51
13 ¶ 24). By contrast, it was obvious that the people bidding to own the entire casino building (and maybe
14 gambling license) were not going to have much use for—or ascribe much value to—the depreciating
15 vehicles, liquor, equipment, furniture, gambling debts, and other personal property.

16 11. Despite initially insisting that all assets must be sold together, the Debtor and Committee later
17 stipulated to completing the auction and sale of 11 of the Debtor’s most valuable vehicles (ECF No.
18 148), and then stipulated to the proceeds of that auction being distributed to Gray and U.S.A. Fanter,
19 another secured creditor. (ECF No. 327).

20 12. Yet, when the Debtor initially moved for approval of its initial plan to sell all assets to Loi Lam
21 Sit, it lumped all the assets together for a sale price of \$10 million. (ECF No. 182). Gray and other
22 secured creditors opposed the plan because it would fail to maximize the value of the tangible personal
23 property and the gambling debts owed to the Debtor (referred to as the “Causes of Action”). (*See, e.g.,*
24

1 ECF No. 215). Gray also objected to the plan to sell the Debtor's assets before an actual inventory of
2 those assets, including the personal property (such as the 90 shipping containers), was completed.
3 (*Id.*).

4 13. In response, the Debtor modified the proposal. (ECF No. 223). First, the Debtor removed the
5 gambling debts from the assets to be sold. (*Id.* at 3 (the "claims against third parties [] are specifically
6 excluded")) (emphasis in original). Second, the Debtor then allocated \$1 million of the total purchase
7 price for the personal property assets. (*Id.* at 5). Upon further objections, the Debtor then raised the
8 allocation of the purchase price attributed to the Debtor's personal property to \$1.5 million. (ECF No.
9 245).

10 14. In support of that initial sale proposal and why \$10 million was a reasonable price, the Debtor
11 also admitted that the Debtor has "no 'going concern' value." (ECF No. 231 at 2).

12
13 **The Auction was Rife with Procedural Problems and Failed to Maximize Value**

14 15. The Court later decided to terminate the Debtor's initial sale plan and permit the engagement
15 of Intrepid Investment Bankers LLC ("Intrepid"), the investment banker. Intrepid was specifically
16 selected to run the auction over the real estate broker preferred by the Debtor because of the argument
17 that the Debtor's assets included more than just real estate that was being sold. Specifically, the
18 Committee argued that the "creditors of this estate agree that the appropriate strategy is to have an
19 investment banker value and market *all* of the Debtor's assets as a casino-hotel enterprise." (ECF No.
20 244 at 3) (emphasis in original).

21 16. The Committee had also objected to the initial sale plan because, amongst other reasons, there
22 was no individualized analysis of the Debtor's various assets. In one of its opposition briefs, for
23 instance, the Committee stated:
24

1 “Importantly, Mr. Sit’s stalking horse bid has been put forward without any accompanying
2 valuation analysis of the Debtor’s assets, which would have ensured that the bid reflects a
3 fair assessment of the assets’ worth. For example, what value is Mr. Sit attributing to each of
4 the aged accounts receivable, to the leasehold interest, to the equipment, etc., such that it
5 arrived at a \$10 million purchase price? Moreover, the Motion lacks clarity regarding what is
6 actually being sold, further indicating the inadequacy of the stalking horse bid. For instance,
7 the inclusion of 90 containers of unknown value, as pointed out in the Commonwealth’s
8 opposition, underscores the need for greater transparency.” (ECF No. 219 at 7).

9 17. During my conversations with Intrepid, and at the hearing before this Court, Intrepid promised
10 that this would be an open, fair, and transparent sale process. I also expressed to Intrepid the concern
11 of the secured creditors that lumping the personal property and gambling debts together with all the
12 other assets would not maximize their value.

13 18. On November 7, 2024, Intrepid sent me a draft of the “presentation” PDF that presumably
14 would be shown to investors. The portion entitled “Section 3: Asset Overview” describes the progress
15 of the construction on the hotel building, but does not mention any of the personal property or the
16 gambling debts. (Intrepid labeled this document as “Confidential,” although it is not clear what
17 contents are confidential. Upon the Court’s request, Gray will provide a copy of this document).

18 19. After visiting Saipan in December 2024, I set up another call with Intrepid on January 2, 2025
19 to express our continued concern that the personal property should be separated out from the other
20 assets. We were assured that partial bids would be permitted in the auction. We were also told that the
21 proposed bidding procedures would be shared with us before they were filed (but they were not).

22 20. During the January 2 call, I also requested permission to view the “Data Room” that had been
23 established by Intrepid. I had already signed the NDA that Intrepid required. After ignoring several
24 follow-up emails about accessing the Data Room, Intrepid then sent an email on January 13, 2025—
after the Stalking Horse bidder had already been approved (ECF No. 340)—stating that they would
not provide Gray access to the Data Room.

1 21. The Stalking Horse bid eventually accepted by Intrepid, the Committee, and the Debtor never
2 precisely defined what personal property “Assets” were being purchased by Mr. Sit, or whoever chose
3 to outbid him. (*See* ECF No. 338). The Asset Purchase Agreement (APA) for the Stalking Horse lists
4 types of personal property, such as “furniture,” “equipment” or “vehicles,” but nowhere exists an
5 actual inventory of those items. (ECF No. 359 at 6). Neither the bid procedures nor the APA reference
6 the fact that 11 of the Debtor’s most valuable vehicles had already been sold. (ECF No. 265).

7 22. On February 21, 2025, without the benefit of viewing the Data Room, Gray submitted a credit
8 bid for all of the Debtor’s liquor, cigars, furniture, equipment, computer hardware, and casino security
9 equipment with an opening bid of \$1.5 million (the “Gray Bid”), which constitutes some, but not all,
10 of the personal property subject to Gray’s writ of execution. Gray followed the procedures for a bid,
11 including by providing a summary of the proposed bid and a redline of the Stalking Horse APA. The
12 email sent by Gray, the bid summary, and redline of the APA are attached as **Exhibit A**.

13 23. The Bidding Procedures for the auction explicitly state: “For avoidance of doubt, the
14 Committee and the Debtor, in consultation with Intrepid, shall have the authority to accept bids for
15 piecemeal asset(s) of the Debtor.” (ECF No. 338 at 8, n.3).

16 24. On February 25, 2025, Intrepid wrote back that “your bid is not a qualified bid as it is not an
17 Overbid under the terms of the bid procedures. Accordingly, you will not be eligible to bid at the
18 auction.” The email is attached as **Exhibit B**.

19 25. The same day, I replied to Intrepid explaining that the assets that we bid for are certainly
20 undervalued by those bidding for all the assets, and therefore the value to the estate is maximized by
21 separating them out, and prohibiting us from participating in the auction precludes even the possibility
22 of obtaining a greater overall value for the Debtor’s assets. This email is attached as **Exhibit C**.
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1 26. On February 26, 2025, my co-counsel, J.P. Fritz, emailed Intrepid to record Gray’s formal
2 objection to not being permitted to bid at the auction. (**Exhibit D**). In the email, Mr. Fritz explained
3 that “the decision to deny partial bids even before the auction starts fails to maximize the overall value
4 that can be obtained.” (*Id.*). Intrepid did not respond to the email.

5 27. After the conclusion of the auction, Intrepid finally agreed to grant me access to view the Data
6 Room. As expected, there was no information concerning the Debtor’s personal property, tangible or
7 otherwise. There was not even a list of categories of personal property, let alone an inventory,
8 photographs, a description of their condition, or any appraisal or information that might allow a bidder
9 to assess their value. Similarly, there was zero information about the Debtor’s gambling debts or other
10 Causes of Action in the Data Room.

11 Gambling Debts

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13 28. Since early in these proceedings, Gray and other creditors have pointed out that the gambling
14 debts totaling over \$1.26 billion owned by the Debtor (*see* ECF No. 74 at 8) are a valuable asset if
15 marketed to the right buyers. (*E.g.*, ECF Nos. 208, 215 at 8–9, 257 at 3).

16 29. It is common sense that the Debtor and its principals, such as Mr. Ji and Ms. Cui, have a strong
17 interest in retaining ownership over the gambling debts owned by their friends and acquaintances, and
18 would not want a third-party to control the legal right to collect these debts. It is also easy to understand
19 why the Debtor would make a showing of filing lawsuits to give the appearance that it wanted to
20 collect these debts, but then not actually follow through on it—which is precisely what happened.

21
22 30. In objecting to the initial plan to designate Mr. Sit as the Stalking Horse, the Committee agreed
23 that one deficiency was a failure to assess the value of the personal property and the gambling debts.
24 (ECF No. 219 at 7–8, n.3).

1 31. Throughout this process, however, the Debtor never responded to requests to provide more
2 detailed information about the gambling debts and the lawsuits that had been filed in the local courts—
3 but were never served—to collect these debts. For example, on September 25, 2024, I emailed counsel
4 for the Debtor to request information about where the Debtor’s litigation to collect the gambling debt
5 stood, and in light of third-party interest in purchasing the rights to these claims, requested that the
6 Debtor look into this “with the greatest urgency.” Having not heard back, approximately one month
7 later, on October 24, 2024, I followed up and requested the information again. (*See Exhibit E*).
8 However, counsel for the Debtor never responded.

9 32. The Committee also seems to have abandoned efforts to do an analysis and evaluation of the
10 value of this asset.

11 33. Nonetheless, the firm DAC Management LLC (“DAC”) submitted a partial bid for the
12 gambling debts at a purchase price of \$150,000, plus 20% of all future recoveries (with a \$5.25 million
13 cap) for the legally enforceable and documented gambling debts. (**Exhibit F**). However, Intrepid
14 denied the partial bid and did not give DAC permission to participate in the auction.

15 34. Based on my review of the Data Room, there was zero mention of the gambling debts or the
16 cases that had been filed to collect them, let alone any analysis or valuation of this asset.

17 35. Presumably, the gambling debts would have been of little value to the Stalking Horse or
18 winning bidder, and therefore it would make sense to maximize value by asking those bidders to give
19 up the asset and accept DAC’s bid—or at least allow DAC to participate in the auction. To the extent
20 that the Stalking Horse or the other bidder, Team King Investment (CNMI) LLC (“Team King”),
21 insisted that the gambling debts *are* important to them, this provides further evidence that they are
22 simply proxies of the Debtor and its principals.
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36. In total, Intrepid’s failure to include any data on the gambling debts or personal property in the sale process is particularly galling in light of the Court’s prior order rejecting the initial sale process proposed by the Debtor. On October 19, 2024, based on the objection from the Committee, Judge Manglona denied the Debtor’s application to employ Keen Summit as real estate broker to operate a sale process:

... the Court favors the Committee’s proposed approach, *which requires valuing* and marketing the Debtor’s assets—including the casino license and *the causes of action*—as a package deal. For this reason, the Court has also approved the Committee’s Application to employ Intrepid as an Investment Banker. (ECF No. 276.) Intrepid will pursue a comprehensive approach, market testing the Debtor’s assets as a “casino/hotel business.” (See ECF No. 251 at 4.) While *Intrepid’s employment to value* and market the Debtor’s assets has been approved, the Court notes that neither the Committee nor Intrepid has the authority to engage in the sale of the Debtor’s assets; that authority rests with the Debtor. (ECF 281 at 3) (emphasis added).

37. Intrepid’s own employment application stated: “The investment banker [Intrepid] will bring the necessary expertise and industry connections to market the business effectively as a holistic business. Should this approach not succeed, the real estate broker proposed by the Debtor [Keen-Summit] can then proceed with a real estate sale.” (ECF No. 251 at 4).

38. As discussed immediately below, based on the insider connections between Team King and the Debtor dating back to at least 2023, Intrepid’s “expertise and industry connections” did not result in a single non-insider submitting a Qualified Bid or participating in the auction.

Only Insiders Participated in the Auction

39. To my knowledge, no employee of Intrepid ever traveled to the CNMI to actually look firsthand at the multi-million dollar assets that they were trying to sell.

40. Intrepid, the Committee, and the Debtor selected as the Stalking Horse bid the offer by Mr. Sit, the DIP lender and a friend of the Debtor’s principal investors, to pay \$12.5 million for all of the Debtor’s assets, except the casino license.

1 41. Previously, the Committee had objected to Mr. Sit serving as the Stalking Horse because the
2 “relationship between Mr. Sit and the Debtor’s owners, as well as his overall intentions, remain murky
3 at best.” (ECF No. 219 at 3).

4 42. After Mr. Sit was selected as the Stalking Horse, the Bidding Procedures provided that the
5 initial overbid would need to exceed the Stalking Horse bid of \$12.5 million by the amount of the
6 breakup fee (\$200,000) and an additional \$250,000. (ECF No. 338 at 8).

7 43. After all of Intrepid’s alleged efforts to garner interest in the auction, there was only a single
8 other bidder at the auction interested in bidding for all of the Debtor’s assets, Team King.

9 44. As set forth in more detail in a declaration being submitted by an attorney for the CNMI, Team
10 King only registered with the relevant CNMI agency on February 4, 2025, just weeks before the
11 auction, and the Manager of Team King is Hiroshi Kaneko. (**Exhibit G**). Hiroshi Kaneko is also the
12 CEO of the Kyosei Group, as shown in a Powerpoint Presentation that was filed as an exhibit by Mr.
13 Howyo Chi in a litigation between the Debtor and various CNMI officials. (**Exhibit H** at 7).² In 2023,
14 the Kyosei Group had signed an MOU with the Debtor’s parent company in 2023 to invest \$300
15 million to help the Debtor negotiate a settlement with the CNMI and complete the casino project, and
16 even paid \$20 million of this amount to Xiaobo Ji. These facts and the supporting documents
17 (including the MOU and wire transfers) are set forth in a prior filing in this matter by Gray. (*See* ECF
18 No. 136).
19

20 45. As discussed in the Declaration of Brendan Layde, Team King did not disclose any of these
21 connections or relationships in their bid package.
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² This document was originally filed in *IPV v. CNMI*, Case No. 24-cv-0001 before the District Court as ECF No. 3-16, but is reproduced here for the convenience of the Court.

No Competitive Bidding at the Auction

46. As revealed at the auction, Team King bid the exact amount of the minimum overbid: \$12.95 million.

47. After Team King's bid was announced at the auction, the attorney for Mr. Sit announced that he would not be submitting any additional bid.

48. No bids other than Mr. Sit's and Team King's were discussed or even mentioned at the auction.

49. To my knowledge, no effort was made to see if either Mr. Sit or Team King would give up the personal property for which Gray had bid in exchange for a reduction in their purchase price of an amount up to \$1.5 million—which would have resulted in a net benefit to the estate.

50. To my knowledge, no effort was made to see if either Mr. Sit or Team King would give up the gambling debts for which DAC had bid in exchange for a reduction in their purchase price—which would have resulted in a net benefit to the estate.

51. Indeed, the attorney for Mr. Sit, Christopher J. Muzzi, communicated to me in an email dated March 10, 2025:

“This confirms that I received a notification from Intrepid that Mr. Sit was a qualified bidder and that Team King submitted a qualified overbid, and that Mr. Sit and Team King would be the only qualified bidders in the auction; however, I did not receive any communications from Intrepid prior to the auction alerting me to any partial bids having been submitted, and I was never asked by Intrepid if Mr. Sit would be willing to submit a combined bid.”

Century Estate Lacks a Valid Lien

52. The title search results presented in the Motion list a UCC filing by Century Estate. As discussed above, Century Estate is an affiliate of the Debtor and owned and operated by the same group of individuals. Century Estate's proof of claim in this action states that its claim is not secured. However, if Century Estate sought to assert its lien—and if the Committee would not seek derivative standing to void this obviously fraudulent insider lien—Gray would seek derivative standing to void

1 the lien under 11 U.S.C. §§ 544 and/or 548 because it is a fraudulent transfer or on similar grounds.
2 After Century Estate sought to intervene in Gray’s application for a writ of execution from the District
3 Court, Gray described the multiple “badges of fraud” present in the transaction granting Century Estate
4 a UCC lien. (**Exhibit I** contains copies of ECF Nos. 267 and 267-1 from the *Gray* case that set forth
5 this evidence.) The District Court denied Century Estate’s application to intervene and granted the
6 writ. (*Gray*, ECF No. 275).

7
8 I declare under penalty of perjury that the foregoing is true and correct. Executed in New York,
9 New York on this 11th day of March, 2025.

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12 _____/s/_____
Aaron Halegua
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Exhibit A



Madeleine McKenzie <mm@aaronhalegua.com>

Imperial Pacific International - APA Bid Package

John-Patrick M. Fritz <JPF@lnbyg.com>

Thu, Feb 20, 2025 at 8:51 PM

To: Carl Comstock <CComstock@intrepidib.com>, Aaron Halegua <ah@aaronhalegua.com>
Cc: Madeleine McKenzie <mm@aaronhalegua.com>, Lucy Yang <luyang@intrepidib.com>, Jacob Grover <JGrover@intrepidib.com>, Lorie Beers <LBeers@intrepidib.com>, "Ordubegian, Aram" <aram.ordubegian@afslaw.com>, "Wong, Christopher K.S." <christopher.wong@afslaw.com>, Chuck Choi <cchoi@hibklaw.com>, Allison Ito <aito@hibklaw.com>, "John-Patrick M. Fritz" <JPF@lnbyg.com>

Dear Sirs and Madams:

This firm is co-counsel to Joshua Gray in the pending bankruptcy case of Imperial Pacific International (CNMI), LLC (the "Debtor"), case number 1:24-bk-00002.

Please find attached to this email Joshua Gray's bid package for certain specified assets in the Debtor's forthcoming scheduled auction sale. Included in this package is (1) a clean APA, (2) a redline against the Stalking Horse APA, and (3) certain required disclosures for bidding.

Should you have any questions or require any additional information, please do not hesitate to call or email me.

Very best regards,

JP Fritz


JOHN-PATRICK M. FRITZ, Esq.**LEVENE, NEALE, BENDER, YOO & GOLUBCHIK L.L.P.**

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The preceding E-mail message is subject to Levene, Neale, Bender, Yoo & Golubchik L.L.P.'s email policies which can be found at <http://www.lnbyg.com/disclaimers.htm>.

3 attachments **IPI - APA - Joshua Gray v2 - REDLINE.pdf**
560K **2025.02.20 - Joshua Gray Bid - APA.pdf**
297K



2025.02.20 - Joshua Gray Bid Disclosure Statement.pdf

393K

JOSHUA GRAY BID

Bidder

Joshua Gray, an individual, is the bidder. Joshua Gray has no connection to the Seller other than a former employee and secured creditor of Seller's bankruptcy estate on account of litigation against Seller. Joshua Gray has no connections with Loi Lam Sit. Joshua Gray has no knowledge of who might otherwise be the other bidders in the proposed auction.

Purchased Assets

All of Seller's liquor, cigars, furniture, equipment, computer hardware, and casino security equipment. No contracts or leases to be assumed or assigned.

No assumption of liabilities.

Form of Consideration.

Credit bid of a portion of Joshua Gray's secured claim. Opening credit bid of \$1.5 million.

Proposed Asset Purchase Agreement.

Enclosed herewith in clean and redline against Stalking Horse APA.

Financial Information.

Not applicable as this is a credit bid.

Good Faith Deposit.

Not applicable as this is a credit bid.

Adequate Assurance

Not applicable as Joshua Gray is not seeking the assumption or assignment of any contracts or leases.

Representations and Warranties.

Joshua Gray acknowledges that the proposed sale is "as-is, where-is." However, Joshau Gray and his counsel were not provided access to the Seller's data room to conduct due diligence, despite Mr. Gray's counsel, Aaron Halegua, providing a signed confidential non-disclosure agreement to the bankruptcy estate's investment banker. Therefore, Joshua Gray has been denied all meaningful opportunities to conduct due diligence regarding the Purchased Assets.

Authorization.

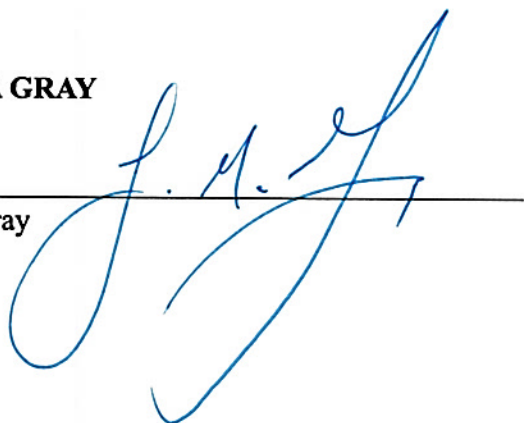
Joshua Gray, an individual, has authority to make the offer in his asset purchase agreement enclosed herewith.

Other Requirements

Joshau Gray agrees to be a "Backup Bidder" for the Purchased Assets. Joshau Gray represents that this is a binding, good-faith, and bona fide offer to purchase the Purchased Assts. However, Joshua Gray reserves his right to revoke this offer on account that he was denied access to the data room to perform due diligence on the Purchased Assets. Joshua Gay is committed to closing the sale transaction for the Purchased Assets as soon as practicable. Joshua Gray waives any claim or right for substantial contribution administrative expense claim under Section 503(b) of the Bankruptcy Code in connection with bidding for any of the Purchased Assets and/or otherwise participating in the Auction or the Sale Process. Joshua Gray has not colluded with any other bidders. Joshua Gray agrees to comply with the terms of the court-approved bidding procedures and order. Joshua Gray consents to the core jurisdiction of the Court to enter an order on the bidding procedures, auction, and sale, and waives a right to jury trial related to the bidding procedures, auction, and sale.

JOSHUA GRAY

Joshua Gray



ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “Agreement”) is made effective this 20th day of January, 2025, by and between LOI LAM SIT JOSHUA GRAY, an individual, or his assignee, as purchaser (“Purchaser”), and **IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC**, a Commonwealth of Northern Mariana Islands limited liability company, as seller (“Seller”). Purchaser and Seller may be individually referred to as a “Party” or jointly as the “Parties”

RECITALS

WHEREAS, on April 19, 2024 (the “Petition Date”), Seller filed a voluntary petition under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as amended (the “Bankruptcy Code”) in the United States District Court for the Northern Mariana Islands, Bankruptcy Division (the “Bankruptcy Court”) as Case No. 1:24-bk-00002 (the “Bankruptcy Case”);

WHEREAS, on May 14, 2024, the Office of the United States Trustee appointed three (3) members to the Official Committee of General Unsecured Creditors (the “Committee”) pursuant to Section 1102 of the Bankruptcy Code;

WHEREAS, Seller obtained an exclusive casino license (the “Casino License”) for the island of Saipan and opened casino operations in 2014. The COVID-19 Pandemic forced the closure of the Debtor’s operations in March 2020. In April 2021, Debtor’s Casino License was suspended by the Commonwealth Casino Commission (the “Casino Commission”) for nonpayment of fees and other alleged monetary defaults;

WHEREAS, Seller has determined that it is in the best interest of Seller’s Chapter 11 bankruptcy estate to effectuate a prompt sale of substantially all of Seller’s assets in connection with Seller’s hospitality and casino business (the “Business”);

WHEREAS, on January 4, 2025, Seller and the Committee entered into the *Stipulation of Debtor and Official Committee of General Unsecured Creditors (A) to Establish Bidding Procedures for the Sale of the Assets of the Debtor, (B) to Designate A Stalking Horse Bidder, (C) to Schedule An Auction and A Sale Hearing, and (D) to Establish Assumption and Assignment Procedure* [Docket No. 338] (the “Bidding Procedures Stipulation”). On January 8, 2025, the Bankruptcy Court entered an order approving the Bidding Procedures Stipulation [Docket No. 340] (the “Bidding Procedures Order”);

WHEREAS, pursuant to the Bidding Procedures Order, the Bankruptcy Court has ordered an auction to be held, if necessary, on February 26, 2025 at 8 a.m. (ChST) to determine the highest and best bid for the assets of the Business (the “Auction”).

WHEREAS, Seller and the Committee anticipate filing a motion (the “Sale Motion”) for entry of orders pursuant to 11 U.S.C. §§ 105, 363 and 365, and Bankruptcy Rules 2002, 6004 and 6006: (a) approving this Agreement, subject to overbids; (b) approving the sale of substantially all of Seller’s respective assets; and (c) approving the sale and assignment of Seller’s assets free and clear of all liens, claims, interests, and encumbrances and granting related relief; and

WHEREAS, in connection with the Bankruptcy Case and the Bidding Procedures Order, and subject to the terms and conditions herein, Seller wishes to sell and assign to Purchaser, and Purchaser desires to purchase and acquire from Seller, pursuant to ~~Sections~~Section 363 ~~and 365~~ of the Bankruptcy Code, free and clear of all liens, claims and encumbrances, ~~substantially all of the assets and assume from Seller the Assumed Liabilities~~ (the “Purchased Assets,” (as hereinafter defined); and

WHEREAS, Purchaser and Seller desire to consummate the asset purchase transaction contemplated herein as promptly as practicable after the entry of a Final Order of the Bankruptcy Court approving the sale contemplated hereunder; and

WHEREAS, the terms of this Agreement are subject to approval by the Bankruptcy Court, and the Parties are not bound to consummate the transactions contemplated hereby until such approval is obtained in an order entered by the Bankruptcy Court.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used in this Agreement shall have the meanings ascribed to them in Annex I hereto or as may be set forth throughout the provisions of this Agreement.

ARTICLE II

PURCHASE AND SALE OF THE ASSETS

Section 2.01. Purchase and Sale of the Assets. Subject to the terms, provisions and conditions of this Agreement, at the Closing referred to in Section 3.01 hereof, pursuant to ~~Sections~~Section 363 ~~and 365~~ of the Bankruptcy Code, Seller shall sell, assign, transfer (without recourse, representation or warranty whatsoever except as expressly set forth herein) and deliver to Purchaser, and Purchaser shall purchase, acquire and accept from Seller, all of Seller’s right, title and interest in and to the following assets and properties of Sellers that are in existence as of the Closing Date, other than any Excluded Assets (collectively, the “Purchased Assets”), free and clear of all Encumbrances:

(a) — ~~all Contracts and unexpired leases set forth on Schedule 2.01(a), including the Lease Agreement LA 15-002S between Seller and the Department of Public Lands for the Commonwealth of Northern Mariana Islands¹ (the “Assigned Contracts”);~~

(b) — ~~all of Seller’s membership interest in the entity named Imperial Pacific Properties, LLC (the “IPP Membership Interest”);~~

(c) — ~~all edifices, construction improvements, and related fixtures, whether completed or in progress, located at the real Tangible property known as CPL Derence Jack Road, Orchid Street, Garapan, Saipan, MP 96950 (the “Infrastructure”);~~

(d) — ~~all construction raw materials, containers, furniture, equipment, machinery, forklifts, tools, vehicles, office equipment, supplies, computers, telephones, and other tangible personal property, wherever located (the “Tangible Personal Property”);~~

(e) — ~~all of Seller’s respective inventory of consisting of all liquor, tobacco, cigars, finished goods, samples, components, in existence on the Closing Date, wherever located (the “Inventory”);~~

(f) — ~~all accounts or notes receivable held by Sellers, and any furniture and equipment, computer hardware, and casino security, claim, remedy or other right related equipment belonging to any of the foregoing (the “Accounts Receivable”);~~

(g) — ~~all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the Business, the Purchased Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise, except as set forth in Section 2.02(e);~~

(h) — ~~all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees relating to Purchased Assets;~~

(i) — ~~all of Seller’s rights under warranties, indemnities and all similar rights against third parties to the extent related to any Purchased Assets;~~

(j)(a) ~~originals, or where not available, copies, of all books and records, including, but not limited to, books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence~~

¹ Such leased property, known as CPL Derence Jack Road, Orchid Street, Garapan, Saipan, MP 9695, is described in the Lease Agreement LA 15-002S between Debtor and the Department of Public Lands for the Commonwealth of Northern Mariana Islands as follows: “Tract No. 21049 R2 containing approximately 328 square meters, more or less, as shown on DLS Check No. 2021/15 recorded at the Commonwealth Recorder’s Office on March 18, 2015, as File No. 15-0542”; and “Lot Numbers 104 D-08, containing an area of approximately 720 square meters, more or less, Lot No. 104 D-10, containing an area of approximately 1,378 square meters, more or less, Lot No. 104 D-11R/W, containing an area of approximately 1,390 square meters, more or less, and Lot No. 104 D-12, containing an area of approximately 15,338 square meters, more or less, as shown on DLS Check No. 104 D-04 recorded at the Commonwealth Recorder’s Office on March 19, 2015, as File No. 15-0844.”

~~with any Governmental Authority), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, and marketing and promotional surveys (“Books and Records”); and those items described in the Seller’s schedules (ECF No. 74) and Purchaser’s Proof of Claim forms (Claim 15).~~

~~(k) — all goodwill of the Business.~~

Section 2.02. Excluded Assets. Notwithstanding the foregoing, the Purchased Assets shall not include the following assets (collectively, the “Excluded Assets”): any and all assets of the Seller that are not explicitly enumerated in Section 2.01(a) above.

~~(a) — cash;~~

~~(b) — contracts, leases, agreement that are not Assigned Contracts;~~

~~(c) — the rights of Seller’s bankruptcy estate or any assignee or designee to bring avoidance actions pursuant to Sections 544-550 of the Bankruptcy Code;~~

~~(d) — the rights which accrue or will accrue to Seller under this Agreement and the Other Agreement; and~~

~~(e) — the corporate seals, organizational documents, minute books, stock books, Tax Returns, books of account or other records having to do with the corporate organization of Seller.~~

~~**Section 2.03. Purchaser’s Option to Acquire the Casino License.** Notwithstanding the foregoing, in conjunction with the sale of the Purchased Assets, Purchaser shall have an exclusive option to acquire the Casino License for a period of nine (9) months after the Closing Date (the “Option Period”). If Purchaser is successful in reaching agreement with the Casino Commission regarding the assignment of the Casino License to Purchaser at Purchaser’s sole expense, Purchaser shall pay the Seller an additional amount of Two million five hundred thousand Dollars (\$2,500,000) (the “Casino License Fee”) within ninety (90) days of the entry of a Final Order by the Bankruptcy Court approving the assignment. If the Option Period expires without agreement between the Purchaser and the Casino Commission for the assignment of the Casino License, the Casino License shall be deemed rejected pursuant to Section 365 of the Bankruptcy Code.~~

Section 2.03. Intentionally Omitted.

Section 2.04. No Assumption of Liabilities. ~~Except as otherwise expressly provided in this Section,~~ Purchaser shall not assume or be responsible for, and shall in no event be liable for any debts, liabilities or obligations of (or Claims against) Seller or any of its Affiliates, whether fixed or contingent, known or unknown, liquidated or unliquidated, suspected or unsuspected, material or immaterial, absolute or contingent, matured or unmatured, determinable or undeterminable, direct or indirect, secured or unsecured, or otherwise. ~~As the sole exception to the first sentence of this Section 2.04, effective as of the Closing Date, Purchaser hereby assumes and agrees to pay, discharge or perform, as appropriate, when due or otherwise on a timely basis, only the following liabilities (collectively, the “Assumed Liabilities”):~~

~~(a) — all liabilities and obligations of Seller accruing, arising out of, or to be performed from and after the Closing Date under the Assigned Contracts; and~~

~~(b) — except as otherwise provided herein, all liabilities and obligations relating to or arising out of the ownership or use of the Purchased Assets from and after the Closing Date.~~

Section 2.05. Purchase Price. ~~In addition to assuming the Assumed Liabilities, as~~ consideration for the purchase of the Purchased Assets, Purchaser shall, subject to the terms and conditions hereof, pay credit bid a portion of his secured claim to Seller in an aggregate amount of approximately Twelve One Million Five Hundred Thousand and No/100 Dollars \$121,500,000.00 (the “Purchase Price”).

~~**Section 2.06. Payments at Closing.** At the Closing, Purchaser shall pay the Purchase Price to Escrow Agent less the Good Faith Deposit and any accrued interest thereon (the “Closing Payment”), by cashier’s check or wire transfer of immediately available funds in accordance with written instructions provided by Seller.~~

~~**Section 2.07. Good Faith Deposit.** If Purchaser is designated as the Stalking Horse Bidder, then no later than February 12, 2025,, Purchaser shall deposit the sum of One Million Two Hundred and Fifty and No/100 Dollars (\$1,250,000) (the “Good Faith Deposit”) with Security Title, Inc. through its address located at Isa Drive, Capitol Hill, P.O. Box 5049, Saipan, MP 96950 (“Escrow Agent”) on terms and conditions acceptable to Purchaser and Seller (the “Escrow”). The Good Faith Deposit shall be held by Escrow Agent as a deposit against the Purchase Price in accordance with the terms and provisions of this Agreement. At all times that the Good Faith Deposit is being held by the Escrow Agent, the Good Faith Deposit shall be invested by Escrow Agent in an interest bearing account, earning interest at readily available, market rates. Escrow Agent shall only dispose of the Good Faith Deposit in accordance with this Agreement.~~

~~**Section 2.08. Disposition of Good Faith Deposit.**~~

~~IF THE TRANSACTION HEREIN PROVIDED DOES NOT CLOSE BY REASON OF SELLER’S DEFAULT UNDER THIS AGREEMENT, OR THE TERMINATION OF THIS AGREEMENT IN ACCORDANCE WITH SECTION 3.02, THEN THE GOOD FAITH DEPOSIT SHALL BE RETURNED TO PURCHASER, TOGETHER WITH ACCRUED INTEREST. HOWEVER, IN THE EVENT THE BANKRUPTCY COURT APPROVES THIS AGREEMENT, AND THE SALE HEREIN DOES NOT CLOSE DUE TO THE DEFAULT OF PURCHASER, THEN SELLER SHALL RETAIN THE GOOD FAITH DEPOSIT TO COMPENSATE SELLER FOR DAMAGES CAUSED BY PURCHASER’S BREACH.~~

Seller’s Initials

Purchaser’s Initials

Section 2.06. No Payment at Closing. No payment is required at Closing because this is a credit bid.

Section 2.07. Good Faith Deposit. No deposit is required because this is a credit bid.

Section 2.08. – Intentionally Omitted

Section 2.09. Method of Conveyance. The sale, transfer, conveyance, assignment and delivery by Seller of the Purchased Assets to Purchaser in accordance with Section 2.01 hereof shall be effected on the Closing Date by Seller's execution and delivery to Purchaser of: (i) a Bill of Sale and Assignment and Assumption Agreement, and assignment to transfer the right, title and interest in and to the Purchased Assets to Purchaser, and (ii) such other duly executed assignments and other conveyance instruments with respect to Seller's transfer of the Purchased Assets as shall be reasonably necessary to be delivered by Seller to effectuate the purchase and sale of the Purchased Assets as contemplated by the terms, provisions and conditions hereof, in form reasonably acceptable to Purchaser and Seller.

ARTICLE III

CLOSING AND TERMINATION

Section 3.01. Closing Date. Subject to the satisfaction of each of the conditions set forth in Article VII hereof (or the written waiver thereof by the party entitled to waive that condition), the closing of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities provided for in Article II hereof (the "Closing") shall take place virtually or in person on April 4, 2025, at 8:00 a.m. ChST at the offices of Escrow Agent (or at such other place as the Parties may mutually agree in writing) one Business Day following the date on which all of the conditions set forth in Article VII hereof have been satisfied (or waived by the party entitled to waive that condition) or such later date that may be mutually acceptable to Purchaser and Seller. The date on which the Closing shall be held is referred to in this Agreement as the "Closing Date."

Section 3.02. Escrow. Except as otherwise specifically indicated herein, at least one (1) business day prior to the Closing Date, Seller and Purchaser shall deliver to Escrow Agent escrow instructions ("Escrow Instructions"). The conditions to the closing of such escrow shall include the Escrow Agent's receipt of the Closing Payment and a notice from each of Purchaser and Seller authorizing Escrow Agent to close the transactions as contemplated herein (each of Purchaser and Seller being obligated to deliver such authorization notice on the Closing Date as soon as it is reasonably satisfied that the other party is in a position to deliver the items to be delivered by such other party herein).

Section 3.03. Termination. Notwithstanding anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

- (a) By Purchaser if:
 - (i) Purchaser is not the winning bidder at the Auction; or

(ii) Seller enters into or consummates a transaction other than that contemplated by this Agreement (an “Alternative Transaction”); or

(iii) Seller breaches any of its representations, warranties or covenants set forth in this Agreement in any material respect or fails to effectuate the Closing when required under this Agreement; or

(iv) ~~the~~ the Conditions to Obligations of Purchaser set forth in Article VII have not been satisfied or waived by Purchaser prior to the Closing Date or

(b) By Seller if:

(i) Purchaser breaches any of its representations, warranties or covenants set forth in this Agreement in any material respect or fails to effectuate the Closing when required under this Agreement.

Section 3.04. Procedure upon Termination. In the event of the termination of this Agreement, written notice thereof shall forthwith be given by the Party so terminating to the other Party, and this Agreement shall terminate, and the transactions contemplated hereby shall be abandoned, without further action by Seller or Purchaser, except that the provisions of this Article and Section 6.04 hereof shall survive any termination of this Agreement and nothing contained in this Agreement shall relieve any party hereto from liability for any breach or inaccuracy of its representations, warranties, covenants or agreements contained in this Agreement prior to such termination.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

Section 4.01. Organization, Good Standing and Due Authorization.

~~(a) Seller is duly organized, validly existing and in good standing under the laws of the Commonwealth of Northern Mariana Islands with full corporate power and authority to conduct the Business as it is now being conducted.~~

(a) Intentionally omitted.

(b) Seller has full ~~corporate power and~~ authority to execute and deliver this Agreement and the Other Agreements to which it is a party, and, subject to Bankruptcy Court approval, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Other Agreements to which Seller is a party and the performance and consummation of the transactions contemplated hereby and thereby by Seller has been duly authorized by all necessary ~~corporate~~ action on the part of Seller.

(c) This Agreement has been duly executed and delivered by Seller, and the Other Agreements to which Seller is a party have been or will be duly executed and delivered by Seller, and subject to Bankruptcy Court approval and the due authorization, execution and delivery of such agreements by the other parties thereto, this Agreement and the Other Agreements constitute, or will constitute, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms.

Section 4.02. As Is, Where Is. Purchaser shall acquire the Purchased Assets at the Closing “as is, where is” and, except as otherwise expressly provided in this Agreement, Seller is making no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Purchased Assets.

Section 4.03. Knowledge. Where any representation or warranty of Seller contained in this Agreement is expressly qualified by reference to the knowledge of Seller, it shall mean the actual knowledge of Howyo Chi, Seller’s Manager, or as each such individual would reasonably be expected to have known after making such due and diligent inquiry as a reasonable person would deem necessary and appropriate as to the matters that are the subject of such representations and warranties.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

Section 5.01. Good Standing and Due Authorization.

(a) Purchaser has full power and authority to execute and deliver this Agreement and the Other Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Other Agreements to which Purchaser is a party and the performance and consummation of the transactions contemplated hereby and thereby by Purchaser have been duly authorized by all necessary action on the part of Purchaser.

(b) This Agreement has been duly executed and delivered by Purchaser, and the Other Agreements to which it is a party have been or will be duly executed by Purchaser, and subject to the due authorization, execution and delivery of such agreements by the other parties thereto, this Agreement and the Other Agreements constitute, or will constitute, the valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their terms.

Section 5.02. Financing. ~~Purchaser shall have on the Closing Date sufficient unrestricted immediately available funds on hand to pay the Closing Payment.~~ Intentionally omitted because this is a credit bid.

Section 5.03. Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Purchaser directly with Sellers without the intervention of any Person on behalf of Purchaser in such manner as to give rise to any valid Claim

by any Person against Sellers for a finder's fee, brokerage commission, success fee, or similar payment.

ARTICLE VI

COVENANTS OF THE PARTIES

Section 6.01. Bankruptcy Court Approval.

(a) Seller and the Committee shall file (or shall have filed) the Sale Motion with the Bankruptcy Court and obtain the entry of an order approving the sale of the Purchased Assets to Purchaser pursuant to the terms and conditions of this Agreement, subject to higher and better bids, in connection with the sale of the Purchased Assets (the "Sale Order").

(b) Seller and Purchaser acknowledge that this Agreement and the sale of the Purchased Assets are subject to Bankruptcy Court approval and that the sale is subject to overbid. Seller and Purchaser acknowledge that to obtain such approval, Seller must demonstrate that it has taken reasonable steps to obtain the highest, best or otherwise financially superior offer possible for the Purchased Assets.

Section 6.02. Employees.

(a) Purchaser shall not be responsible for any wages, salary, severance, termination or any other employee related obligation of Seller. Except for any written employee agreement(s) that may be entered into between Purchaser and any current employee of Seller, any current employee hired by Purchaser shall be considered a new at-will employee of Purchaser and have no rights, benefits, seniority or privileges that carry over from his or her prior employment with Seller.

(b) Following the date of this Agreement Seller shall allow Purchaser reasonable access to meet with and interview those of its employees who Purchaser elects to meet with.

(c) At the Closing, Purchaser may offer employment to those employees of Seller as Purchaser determines in its sole, unfettered and absolute discretion.

Section 6.03. Cooperation. From the date hereof until the Closing, Seller and Purchaser agree (a) to cooperate with each other in determining whether any filings are required to be made or consents are required to be obtained in any jurisdiction in connection with the consummation of the transactions contemplated hereby and in making or causing to be made any such filings promptly and in seeking to obtain in a timely manner any such consent; and (b) to use all commercially reasonable efforts to obtain promptly the satisfaction of the conditions to the consummation of the transactions contemplated herein and to fulfill their respective obligations hereunder. Seller and Purchaser shall furnish to each other all such information as may be reasonably required in order to effectuate the foregoing.

Section 6.04. Confidentiality. The Parties acknowledge that Seller and Purchaser have previously executed a confidentiality agreement (the "Confidentiality Agreement"), which

Confidentiality Agreement will continue in full force and effect in accordance with its terms until the Closing Date; provided, that prior to the Closing, Seller and Purchaser may disclose such information to third parties as is reasonably necessary for the consummation of the transactions contemplated hereby, including communications with secured creditors in the Bankruptcy Case. From and after the Closing Date, the Confidentiality Agreement shall be terminated and of no further force or effect. Notwithstanding the foregoing, upon the entry of the Sale Order approving this Agreement, Purchaser may disclose the transactions contemplated by this Agreement and other information that may be deemed confidential under the terms of the Confidentiality Agreement to employees of Seller in communications regarding Purchaser's potential hiring of such employees, solely to the extent that such disclosure is reasonably required for such purpose.

Section 6.05. Certain Tax Matters.

(a) Seller shall be responsible for and shall pay all Taxes relating to the Purchased Assets ~~or the Business~~ for any period ending prior to the Closing Date, and Purchaser shall be responsible for and shall pay all Taxes relating to the Purchased Assets ~~or the Business~~ for the period from and after the Closing Date. For any period beginning prior to but ending after the Closing Date, Taxes for such period shall be prorated between Seller and Purchaser based on the foregoing, with the amount of all such prorations settled and paid on the Closing Date; provided, that final payments with respect to prorations that are not able to be calculated on the Closing Date shall be calculated and paid as soon as practicable thereafter.

(b) Seller and Purchaser shall cooperate with each other and provide each other with such assistance as reasonably may be requested by either of them in connection with the preparation of any Tax Return or any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to any liability for Taxes under this Agreement. The party requesting assistance hereunder shall reimburse the party providing assistance for all reasonable third-party out-of-pocket expenses incurred in providing such assistance. Nothing in this Section shall require Purchaser to be liable for any income tax liability of Seller.

~~**Section 6.06. Communications; Access.** From the date hereof until the Closing, Seller shall permit Purchaser and its representatives to have reasonable access upon reasonable notice, during normal business hours, to the employees of the Business and Purchased Assets, and to such records, contracts and documents relating to the Business and the Purchased Assets as Purchaser or its representatives shall reasonably request in connection with the transactions contemplated hereby.~~

Section 6.06. Intentionally Omitted.

Section 6.07. Notifications. Purchaser and Seller shall give prompt notice to the other of any representation or warranty made by Purchaser or Seller contained in this Agreement becoming materially untrue or inaccurate or any failure of Purchaser or Seller to comply with or satisfy in any material respect any covenant, condition, or agreement to be complied with or satisfied by it under this Agreement.

Section 6.08. Filings and Authorizations. Seller and Purchaser, as promptly as practicable, (i) shall make, or cause to be made, all such filings and submissions under Laws, rules

and regulations applicable to it or its Affiliates, as may be required to consummate the transactions contemplated herein, in accordance with the terms of this Agreement, (ii) shall use all commercially reasonable best efforts to obtain, or cause to be obtained, all authorizations, approvals, consents and waivers from all governmental and non-governmental Persons necessary to be obtained by it or its Affiliates, in order to consummate the transactions contemplated herein; provided, that neither Purchaser nor Seller shall be obligated to consummate the transactions contemplated by this Agreement absent the prior approval of the Bankruptcy Court, and neither Purchaser nor Seller shall be obligated to modify this Agreement in any material respect to satisfy the Bankruptcy Court, and (iii) shall use all commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfill its obligations hereunder. Seller and Purchaser shall coordinate and cooperate with one another in exchanging such information and supplying such reasonable assistance as may be reasonably requested by each in connection with the foregoing.

Section 6.09. Amendment to List of Assigned Contracts. Notwithstanding anything herein to the contrary, at any time prior to the Closing, (a) Purchaser shall be entitled in its sole discretion to remove or add any executory contracts or unexpired leases from the list of Assigned Contracts by providing written notice thereof to Seller, and any contracts or unexpired leases removed shall not constitute Purchased Assets at Closing, and (b) Purchaser shall be entitled in its sole discretion to request, up to seven (7) days prior to the Sale Hearing, Seller to add to the list of Assigned Contracts any executory contracts or unexpired leases of Seller to the extent solely related to the Business by providing written notice thereof to Seller, and any contracts or unexpired leases so added shall constitute Purchased Assets to the extent that Seller is able to schedule a hearing on the assumption and assignment of these added contracts for the Sale Hearing; provided that Purchaser shall not be entitled to add to the list of Assigned Contracts any executory contracts or unexpired leases of Seller that Seller has rejected by order of the Bankruptcy Court. The Purchase Price shall be subject to adjustment in the event of any addition or removal of an Assigned Contract pursuant to this Section.

Section 6.10. Waiver of Compliance. Purchaser waives compliance by Seller with all applicable bulk sales or bulk transfer laws.

Section 6.11. Conduct of Business by Seller Pending the Closing Date. Between the date of execution of this Agreement and the Closing Date, Seller shall not take any action inconsistent with the timely consummation of the transaction contemplated hereby, and Seller covenants and agrees that:

(a) Seller shall preserve the organization of the Business in substantially the same manner conducted subsequent to the Petition Date and prior to the execution of this Agreement;

(b) Seller shall (i) maintain, preserve and protect all of the Purchased Assets in substantially the same condition in which they exist on the date hereof, and (ii) preserve, protect and prosecute all property rights related to the Business; and

(c) Seller shall not take any action which will have or reasonably be expected to have, individually or in the aggregate, a material adverse effect on the transaction contemplated by this Agreement, the Business, or the Purchased Assets.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF PARTIES

Section 7.01. Conditions to Obligations of Seller. The obligation of Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Closing of each of the following conditions (any or all of which may be waived in whole or in part by Seller):

(a) Representations and Warranties. The representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date (except for such representations and warranties which are made expressly as of a specified date or period, which shall be true and correct or true and correct in all material respects, as herein above required, as of such specified date or period).

(b) Performance. Purchaser shall have performed and complied, in all material respects, with all agreements, obligations and covenants required by this Agreement to be so performed or complied with by Purchaser at or prior to the Closing Date.

(c) Duly Authorized Action. All action necessary to authorize the execution, delivery and performance by Purchaser of this Agreement and any Other Agreements or instruments contemplated hereby to which Purchaser is a party and the consummation of the transactions contemplated hereby and thereby shall have been duly and validly taken by Purchaser.

(d) Closing Documents. Subject to the terms, conditions and provisions hereof, and contemporaneously with the performance by Seller of its obligations set forth in Section 7.02 hereof, Purchaser shall have executed and delivered to Seller each of the following at the Closing:

(i) the Bill of Sale and Assignment and Assumption Agreement in the form attached as Exhibit A hereto (the “Bill of Sale and Assignment and Assumption Agreement”), executed by Purchaser; and

(ii) such other documents as may be reasonably requested by Seller’s counsel as necessary to consummate the transactions contemplated by this Agreement.

(e) Judgments, Decrees and Litigation. There shall not be in effect or exist any judgment, order, injunction or decree issued by a Governmental Entity restraining, prohibiting the consummation of or imposing material modifications on the transactions contemplated by this Agreement or any pending litigation by a Governmental Entity or other third party seeking to restrain, prohibit or impose material modifications on the consummation of the transactions contemplated hereby.

(f) Sale Order. The Bankruptcy Court shall have entered the Sale Order approving the transactions contemplated hereby, in substantially the form annexed to the Sale

Motion as an exhibit thereto and reasonably acceptable to Purchaser and Seller, which shall be a Final Order. Notwithstanding the foregoing, nothing in this Agreement shall preclude Purchaser from consummating the transactions contemplated herein if Purchaser, in its sole and absolute discretion, waives the requirement that the Sale Order shall have become a Final Order.

Section 7.02. Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the transactions contemplated by this Agreement are subject to the fulfillment at or prior to the Closing Date of each of the following conditions (any or all of which may be waived in whole or in part by Purchaser).

(a) Real Property Lease. ~~Purchaser or Seller shall have obtained the agreement, in writing, by lessor under the Real Property Lease that (1) any construction related obligations are tolled during the negotiation period for the Casino License; and (2) if the Casino License is not assigned to Purchaser, then the Purchaser will not be in default under the Real Property Lease for any casino related obligations, including but not limited to, constructing and operating a casino.~~ Intentionally Omitted.

(b) Representations and Warranties. The representations and warranties made by Seller in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date (except for such representations and warranties which are made expressly as of a specified date or period, which shall be true and correct or true and correct in all material respects, as herein above required, as of such specified date or period), except where the failure of such representations and warranties to be true and correct would not result in a material adverse effect on the Business, taken as a whole.

(c) Performance. Seller shall have performed and complied, in all material respects, with all agreements, obligations and covenants required by this Agreement to be so performed and complied with by Seller at or prior to the Closing.

(d) Corporate Action. All corporate action necessary to authorize the execution, delivery and performance by Seller of this Agreement and any Other Agreements or instruments contemplated hereby to which Seller is a party and the consummation of the transactions contemplated hereby and thereby, shall have been duly and validly taken by Seller, and Purchaser shall have been furnished with a certified copy of all applicable resolutions adopted by Seller.

(e) Delivery of Certificates and Documents to Purchaser. Seller shall have delivered, or caused to be delivered, to Purchaser certificates as to the legal existence and corporate good standing of Seller issued or certified by the appropriate governmental official of the jurisdiction of its incorporation.

(f) Closing Documents. Subject to the terms, conditions and provisions hereof and contemporaneously with the performance by Purchaser of its obligations set forth in Section 7.01 hereto, Seller shall have executed and delivered to Purchaser the following, in a form mutually acceptable to Seller and Purchaser, at the Closing:

(i) The Bill of Sale and Assignment and Assumption Agreement executed by Sellers; and

(ii) such other documents as may be requested by Purchaser's counsel as necessary to consummate the transactions contemplated by this Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Breakup Fee. ~~Seller shall pay to Purchaser the amount of \$200,000 (the "Breakup Fee") in the event this Agreement is terminated as a result of either (i) an Event of Default by a Debtor, or (ii) a breach by a Debtor of a material term of, or failure to timely satisfy a condition to closing that is a Debtor's obligation under this Agreement. The Breakup Fee shall constitute an administrative expense claim. If this Agreement is terminated because of a superior bid, then the Breakup Fee shall be payable at the time of Closing from the proceeds of an alternative transaction.~~ Not applicable.

Section 8.02. Fees and Expenses. Except as expressly otherwise provided in this Agreement, Seller and Purchaser shall each respectively pay all fees and expenses incurred by them (including any fees or expenses of any brokers or advisors), or on behalf of them, in connection with, or in anticipation of, this Agreement and the Other Agreements and the transactions contemplated hereby and thereby. Notwithstanding the foregoing, the prevailing party in any suit or action brought against any other party to enforce the terms of this Agreement or any rights or obligations hereunder shall be entitled to receive reimbursement of its reasonable costs, expenses and attorneys' fees (internal and external) and disbursements, including the reasonable costs and expenses of experts and internal resources expended, actually incurred in connection with such suit or action.

Section 8.03. Further Assurances. From time to time after the Closing, at the request of one of the Parties hereto, Seller and Purchaser agree to execute and deliver to such requesting Party such other documents and take such other action as such requesting Party may reasonably request in order to consummate more effectively the transactions contemplated hereby. Seller and Purchaser shall cooperate with each other and provide each other with such assistance as reasonably may be requested by either of them, including with respect to the prosecution and defense of Claims.

Section 8.04. Notices. Any notice or other communication required or permitted to be given to any Party hereunder shall be in writing and shall be given to such Party at such Party's address set forth below or such other address as such Party may hereafter specify by notice in writing to the other Party. Any such notice or other communication shall be addressed as aforesaid and given by (1) certified mail, return receipt requested, with first class postage prepaid, (2) hand delivery, (3) reputable overnight courier or (4) electronic mail provided receipt of such transmission is confirmed by the receiving Party. Any notice or other communication will be deemed to have been duly given (1) on the third Business Day after mailing, provided receipt of delivery is confirmed, if mailed by certified mail, return receipt requested, with first class postage prepaid, (2) on the date of service if served personally, (3) on the Business Day after delivery to an overnight courier service, provided receipt of delivery has been confirmed or (4) on the date of confirmation of receipt if sent via electronic mail.

To Seller: Imperial Pacific International (CNMI), LLC
PMB 895 Box 10001
Saipan, MP 96950
Attn: David Mickelson
ddmickelson@gmail.com

With a copy to: Chuck C Choi, Esq.
Allison Akiko Ito, Esq.
Choi & Ito
700 Bishop Street, Suite 1107
Honolulu, HI 96813
cchoi@hibklaw.com
aito@hibklaw.com

To Purchaser: ~~Loi Lam Sit~~
~~5/F, No. 23, Ming Lun Street To Kwa Wan~~
~~Kowloon, Hong Kong~~ Joshua Gray
c/o Aaron Halegua, Esq.
524 Broadway, 11th Floor
New York, NY 10012
ah@aaronhalegua.com

With a copy to: ~~Joey P. San Nicolas~~ Aaron Halegua, Esq.
~~SAN NICOLAS LAW OFFICE, LLC~~
~~3813 Mestisa Ave. Dandan Village, Saipan~~
~~P.O. Box 505335~~
~~Saipan, MP 96950~~
~~jpsn@sannicolaslaw.net~~

~~Christopher J. Muzzi, Esq.~~
~~TSUGAWA LAU & MUZZI LLC~~
~~55 Merchant Street, Suite 3000~~
~~Honolulu, Hawaii 96813~~
524 Broadway, 11th Floor
New York, NY 10012
ah@aaronhalegua.com

To Escrow Agent: Security Title, Inc.
Attn: Lily Aldan
Kim Anderson
Isa Drive, Capitol Hill
P.O. Box 5049 Saipan, MP 96950
lily@securitytitle.net
kim@securitytitle.net

Section 8.05. Entire Agreement. This Agreement, the Other Agreements, the Schedule, the Exhibit and Annexes hereto and thereto, contain the entire understanding of the Parties hereto with respect to the subject matter hereof and thereof and supersede any and all prior agreements and understandings, oral and written, between the Parties with respect to the subject matter hereof and thereof.

Section 8.06. Survival. All representations and warranties contained in Article IV and Article V herein, and all agreements and covenants contained anywhere else in this Agreement shall be deemed to have been relied upon by the other Party and shall terminate upon Closing.

Section 8.07. Benefit; Risk of Loss. Upon consummation of the Closing, Purchaser will receive the benefits of the Purchased Assets and accrue the obligations of the Assumed Liabilities from and after 12:01 a.m. ChST on the Closing Date. Seller shall retain the benefits of Purchased Assets up to and through the Closing Date. The risk of loss of the Purchased Assets shall be deemed transferred from Seller to Purchaser on the Closing Date, and Seller shall bear all risk of loss or damage with regard to the Purchased Assets until the Closing Date.

Section 8.08. Severability. Should any provision of this Agreement for any reason be declared invalid or unenforceable by a court of competent jurisdiction, such decision shall not affect the validity or enforceability of any of the other provisions of this Agreement, which other provisions shall remain in full force and effect and be enforced to the fullest extent permitted by law.

Section 8.09. Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon, inure to the benefit and be enforceable by, the Parties hereto and their respective legal representatives, successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, directly or indirectly, whether voluntarily, involuntarily, by operation of Law or otherwise, by any Party hereto without the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld, delayed or conditioned.

Section 8.10. No Third-Party Beneficiaries. This Agreement is not intended, and shall not be deemed, to confer upon or give any Person (including any past or current employee of Seller) except the Parties hereto and their respective legal representatives, successors and permitted assigns any remedy, Claim, liability, reimbursement, cause of action or other right under or by reason of this Agreement.

Section 8.11. Counterparts; Delivery. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic mail transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.12. Construction of Agreement; Interpretation. This Agreement has been negotiated by the respective Parties hereto and their legal counsel and the language hereof will not be construed for or against any Party. The article and section headings contained in this Agreement

are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement.

Section 8.13. Governing Law; Venue. This Agreement shall be construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated, the laws of the Commonwealth of Northern Mariana Islands shall govern (without regard to conflicts of law). Any action, Claim, suit or proceeding arising out of, based upon or relating to this Agreement or the transactions contemplated hereby shall be brought solely in the Bankruptcy Court. Each Party hereby irrevocably submits to the exclusive jurisdiction of the Bankruptcy Court in respect of any action, Claim, suit or legal proceeding arising out of, based upon or relating to this Agreement or any of the rights and obligations arising hereunder, and agrees that it will not bring any action arising out of, based upon or related thereto in any other court; provided, that if the Bankruptcy Case is dismissed, any action, Claim, suit or legal proceeding arising out of, based upon or relating to this Agreement or the transactions contemplated hereby shall be heard and determined solely in the appropriate courts located in the Commonwealth of Northern Mariana Islands. Each Party hereby irrevocably waives any Claim that it is not subject to the jurisdiction of the above-named courts for any reason or that the suit, action or legal proceeding in such court is brought in an inconvenient forum. Each Party agrees that the service of process in any action, Claim, suit or legal proceeding arising out of, based upon or relating to this Agreement shall be properly served or delivered if delivered in the manner contemplated by Section 8.04 hereof. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY AND ALL RIGHT SUCH PARTY MAY HAVE TO TRIAL BY JURY IN ANY ACTION, CLAIM, SUIT OR LEGAL PROCEEDING BETWEEN THE PARTIES HERETO ARISING OUT OF, BASED UPON OR RELATING TO THIS AGREEMENT.

Section 8.14. Amendments and Waivers. This Agreement may not be amended, modified or supplemented except pursuant to an instrument in writing signed by each of the Parties hereto. Any failure of Seller to comply with any term or provision of this Agreement may be waived by Purchaser at any time by an instrument in writing signed on behalf of Purchaser and any failure of Purchaser to comply with any term or provision of this Agreement may be waived by Seller at any time by an instrument in writing signed on behalf of Seller, but any such waiver or failure to insist upon strict compliance with such term or provision shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

Section 8.15. Schedule, Exhibit and Annexes. The Schedule, Exhibit and Annexes referred to herein are attached hereto and incorporated herein by this reference.

Section 8.16. Litigation Support. In the event and for so long as any party hereto is actively contesting or defending any action, suit, grievance, arbitration, proceeding, hearing, investigation, charge, complaint, Claim or demand with respect to any third party in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act or transaction on or prior to Closing relating to or involving the Business, the Purchased Assets or the Assumed Liabilities, the other Party will reasonably cooperate with such contest or defense and make reasonably available its personnel, records and information applicable to such

matter as may be necessary in connection with prudent handling of such contest or defense, at the contesting or defending Party's expense.

Section 8.17. Terms Generally. As used in this Agreement (a) words in the singular shall be held to include the plural and vice versa, (b) words of one gender shall be held to include the other genders as the context requires, (c) the terms "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement and not to any particular provision of this Agreement, (d) references to Article, Section, paragraph, Annex, Exhibit and Schedule are references to the Articles, Sections, paragraphs, Annexes, Exhibit and Schedule to this Agreement, unless otherwise specified, (e) the word "including" and words of similar import when used in this Agreement, shall mean "including, without limitation", unless otherwise specified, and (f) the word "or" shall not be exclusive.

Section 8.18. No Successor Liability. The Parties intend that, except where expressly prohibited under applicable law, in no event shall Purchaser be deemed to: (i) be the successor of Sellers; (ii) have, de facto or otherwise, merged with or into Sellers; (iii) be a mere continuation or substantial continuation of Sellers or the enterprises of Sellers; or (iv) be liable for any acts or omissions of Sellers in the conduct of the Business or arising under or related to the Purchased Assets other than as set forth in this Agreement. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, the Parties intend that Purchaser shall not be liable for any bankruptcy claims, other claims, written notices, causes of action, complaints, investigations or other proceedings against Sellers or any of their predecessors or Affiliates, and Purchaser shall have no successor or vicarious liability of any kind or nature whether known or unknown as of the Closing Date, whether now existing or hereafter arising, or whether fixed or contingent, with respect to the Business, the Purchased Assets or any obligations of Sellers arising prior to the Closing Date. The Parties agree that provisions substantially in the form of this Section shall be reflected in the Sale Order.

Section 8.19. Appeal of Sale Order. If the Bankruptcy Court's entry of the Sale Order is appealed by a third party, Seller shall use their best efforts to defend such appeal in accordance with applicable law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

~~LOI LAM SIT~~ JOSHUA GRAY, as Purchaser

~~Loi Lam Sit~~ Joshua Gray

**IMPERIAL PACIFIC INTERNATIONAL (CNMI),
LLC, as Seller**

By: _____
Name: Howyo Chi
Title: Manager

ANNEX I

Definitions

“Accounts Receivable” shall have the meaning ascribed to it in Section 2.01(f) hereof.

“Action” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

“Affiliate” shall mean, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person.

“Assigned Contracts” shall have the meaning ascribed to it in Section 2.01(a) hereof.

“Assumed Liabilities” shall have the meaning ascribed to in in Section 2.04 hereof.

“Bankruptcy Case” shall have the meaning ascribed to it in the recitals.

“Bankruptcy Code” shall have the meaning ascribed to it in the recitals.

“Bankruptcy Court” shall have the meaning ascribed to it in the recitals.

“Bidding Procedures Order” shall have the meaning ascribed to it in the recitals.

“Bill of Sale and Assignment and Assumption Agreement” shall have the meaning ascribed to it in Section 7.01 hereof.

“Books and Records” shall have the meaning ascribed to it in Section 2.01 hereof.

“Business Day” shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of Saipan.

“Claims” shall mean any claim, liability, obligation or right to payment whatsoever, whether or not such right is reduced to judgment, liquidated, fixed, contingent, matured, disputed, legal, equitable, secured or unsecured.

“Closing” shall have the meaning ascribed to it in Section 3.01 hereof.

“Closing Date” shall have the meaning ascribed to it in Section 3.01 hereof.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Encumbrance” shall mean (except for any Lien for Taxes not yet due) any Claim, charge, lease, covenant, encumbrance, security interest, Lien, interest, option, pledge, covenants, license, right of others, mortgage, hypothecation, conditional sale, or restriction (whether on voting, sale, transfer, defenses, set-off or recoupment rights, disposition, or otherwise) against or with respect to tangible or intangible property or rights, whether imposed by agreement, understanding, law,

equity, or otherwise, including any outstanding unfair labor practice charges or complaints, Liens under ERISA or Section 412 of the Code and successor liability with respect to any multiemployer plan to which Seller or any ERISA Affiliate has contributed or been required to contribute, except for any restrictions on transfer generally arising under any applicable federal or state securities law, only to the extent such encumbrances may be released, discharged or otherwise eliminated under Section 363(f) of the Bankruptcy Code.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” shall mean Seller and any trade or business (whether or not incorporated) which are or have ever been under common control, or which are or have ever been treated as a single employer, with Seller under Section 414(b), (c), (m) or (o) of the Code.

“Excluded Assets” shall have the meaning ascribed to it in Section 2.02 hereof.

“Final Order” shall mean an order, writ, injunction judgment or decree of a court of competent jurisdiction, the operation or effect of which has not been reversed, stayed, modified or amended and any and all appeal periods with respect to such order, judgment or other decree have expired, or as to which all appeals have been determined, withdrawn or dismissed with prejudice.

“Governmental Entity” shall mean any court, administrative or regulatory agency or commission or other foreign, federal, state or local governmental authority or instrumentality.

“Inventory” shall have the meaning ascribed to it in Section 2.01(e) hereof.

“Lien” shall mean any lien, mortgage, deed of trust, Claim, charge, pledge, security interest, hypothecation, levy, lease, easement, other real estate declaration or encumbrance of any kind.

“Other Agreements” shall mean the Bill of Sale and Assignment and Assumption Agreement, and any other agreement to be executed, delivered or provided under this Agreement.

“Person” shall mean an individual, corporation, partnership, association, limited liability company, trust, joint venture, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Securities and Exchange Act of 1934, as amended).

“Petition Date” shall have the meaning ascribed to it in the recitals.

“Purchased Assets” shall have the meaning ascribed to it in Section 2.01 hereof.

“Purchase Price” shall have the meaning ascribed to it in Section 2.05 hereof.

“Good Faith Deposit” shall have the meaning ascribed to it in Section 2.07 hereof.

“Purchaser” shall have the meaning ascribed to it in the preamble.

“Sale Hearing” shall have the meaning ascribed to it in the Bidding Procedures Order.

“Sale Motion” shall have the meaning ascribed to it in the recitals.

“Sale Order” shall have the meaning ascribed to it in Section 7.01(g) hereof.

“Seller” shall have the meaning ascribed to it in the preamble.

“Taxes” shall mean all taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state, local or foreign taxing authority, including income, gross receipts, license, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Sec. 59A), custom duty, capital stock, excise, real property, personal property, water and sewer charges, municipal utility district, ad valorem, sales, use, transfer, franchise, payroll, employment, withholding, severance, social security or other tax of any kind whatsoever, including any interest, penalties or additions attributable thereto, whether disputed or not.

“Tax Return” shall mean any return, declaration, report, claim for refund, information return or other document (including any related or supporting information) required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Transfer Taxes” shall have the meaning ascribed to it in Section 6.05(b) hereof.

Exhibit and Schedule

Exhibit A: Form of Bill of Sale and Assignment and Assumption Agreement
Schedule 2.01(a): Assigned Contracts

Exhibit A

Form of Bill of Sale and Assignment and Assumption Agreement

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

This BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT is made and entered into as of March __, 2025 (this “Bill of Sale”) by and **between IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC**, a Commonwealth of Northern Mariana Islands limited liability company, as seller (“Seller”), and **LOHLAM-SITJOSHUA GRAY**, an individual, as purchaser (“Purchaser”). Any capitalized but undefined terms herein shall have the meaning ascribed to such terms in that certain Asset Purchase Agreement, dated January __, 2025 (the “APA”).

WHEREAS, subject to the terms and conditions of the APA, Seller has agreed to sell, convey, transfer, assign, grant and deliver to Purchaser, and Purchaser has agreed to purchase from Seller, all right, title and interest of Seller in the assets set forth in Section 2.01 of the APA (the “Purchased Assets”); and

WHEREAS, pursuant to the terms of the APA, Seller has agreed to assign to Purchaser, and Purchaser has agreed to assume, the Assumed Liabilities (as defined in the Section 2.04 of the APA).

W I T N E S S E T H:

NOW, THEREFORE, in consideration of the promises and other valuable consideration to Seller paid by Purchaser, at or before the execution and delivery hereof, the receipt and sufficiency of which are hereby acknowledged by Seller, the Parties hereto hereby agree as follows:

1. Conveyance. Seller hereby conveys, grants, bargains, sells, transfers, sets over, assigns and delivers to Purchaser, its successors and assigns forever, all right, title, interest equities and privileges of Seller, in and to the Purchased Assets, free and clear of all liens, restrictions, encumbrances and other claims of any kinds or nature whatsoever, except as set forth in the APA.

2. Assumption of Assumed Liabilities. ~~In accordance with, and subject to, the terms and conditions set forth in the APA,~~ Purchaser ~~hereby~~ assumes all no liabilities of the ~~Assumed Liabilities~~ Seller.

3. Purchaser’s Benefit. Nothing in this instrument, express or implied, is intended or shall be construed to confer upon, or give to, any Person, firm or corporation other than Purchaser, its successors and assigns, any remedy or claim under or by reason of this instrument or any terms, covenants or conditions hereof, and all the terms, covenants and conditions, promises and agreements in this instrument shall be for the sole and exclusive benefit of Purchaser, and its successors and assigns.

4. Further Assurances. Each Party shall use their respective commercially reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things reasonably necessary under applicable law, and execute and deliver, or cause to be executed and delivered, such instruments and documents and to take such other actions, as may be required to consummate the transactions contemplated by this Bill of Sale at or after the Closing; provided

that nothing in this Section 4 shall prohibit Seller from ceasing operations or winding up Seller's affairs following the Closing.

5. Effectiveness; Effect of Agreement. This instrument is executed by and shall be binding upon Seller, for the uses and purposes set forth and referred to, effective immediately upon its delivery to Purchaser. Nothing in this Bill of Sale shall, or shall be deemed to, modify or otherwise affect any provisions of the APA or affect or modify any of the rights, obligations, covenants or agreements of the Parties under the APA. In the event of any conflict between the provisions hereof and the provisions of the APA, the provisions of the APA shall govern and control.

6. Governing Law. This Bill of Sale is to be governed by and construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated, the laws of the Commonwealth of Northern Mariana Islands shall govern (without regard to conflicts of law).

7. Parties in Interest; Assignment. This Bill of Sale and all of the provisions hereof shall be binding upon, shall inure to the benefit of, and shall be enforceable by the Parties hereto and their respective successors and permitted assigns, but neither this Bill of Sale or any of the rights, interests or obligations hereunder shall be assigned by either of the Parties hereto without the prior written consent of the other Party; provided, however, that Purchaser shall be permitted, upon prior notice to Seller, to assign without Seller's consent all or part of Purchaser's rights or obligations hereunder to an Affiliate.

8. Severability. If any term or provision of this Bill of Sale is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Bill of Sale or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties hereto shall negotiate in good faith to modify this Bill of Sale so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

9. Counterparts. This Bill of Sale may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Bill of Sale delivered by facsimile, e-mail or other means of electronic transmission (including DocuSign or pdf) shall be deemed to have the same legal effect as delivery of an original signed copy of this Bill of Sale.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Sellers and Purchaser have caused this Bill of Sale to be signed by their duly authorized officers, all on the date and year first above written.

~~LOI LAM SIT~~JOSHUA GRAY, as Purchaser

By: _____

Name: ~~Loi Lam Sit~~Joshua Gray

**IMPERIAL PACIFIC INTERNATIONAL (CNMI),
LLC, as Seller**

By: _____

Name: Howyo Chi

Title: Manager

Schedule 2.01(a)**Assigned Contracts**

Debtor Party	Counterparty	Description of Contract
Imperial Pacific International (CNMI), LLC <u>None</u>	the Department of Public Lands for the Commonwealth of Northern Mariana Islands <u>None</u>	Lease Agreement LA 15-002S for real property located at CPL Derence Jack Road, Orchid Street, Garapan, Saipan, MP 9695 <u>None</u>
Imperial Pacific International (CNMI), LLC	KCL & Partners	The Retention Agreement for the Solicitors, Messrs. KCL & Partners approved by the Bankruptcy Court on January 31, 2025
Imperial Pacific International (CNMI), LLC	Kangyi Software Limited	The Litigation Funding Agreement in connection with the legal action under HCA 75/2018 against Chan Chi Hung before the High Court of Hong Kong approved by the Bankruptcy Court on January 31, 2025

Exhibit B



Aaron Halegua <aaron.halegua@gmail.com>

RE: [External] Re: Imperial Pacific International - APA Bid Package

Carl Comstock <CComstock@intrepidib.com>

Mon, Feb 24, 2025 at 5:42 PM

To: Aaron Halegua <ah@aaronhalegua.com>

Cc: "John-Patrick M. Fritz" <JPF@lnbyg.com>, Madeleine McKenzie <mm@aaronhalegua.com>, Lucy Yang <luyang@intrepidib.com>, Jacob Grover <JGrover@intrepidib.com>, Lorie Beers <LBeers@intrepidib.com>, "Ordubegian, Aram" <aram.ordubegian@afslaw.com>, "Wong, Christopher K.S." <christopher.wong@afslaw.com>, Chuck Choi <cchoi@hibklaw.com>, Allison Ito <aito@hibklaw.com>

Aaron –

After discussion with the Debtor, creditors committee, and their professionals, we have determined that your bid is not a qualified bid as it is not an Overbid under the terms of the bid procedures. Accordingly, you will not be eligible to bid at the auction.

However, as a creditor and party in interest in the case, we are happy to extend an invite to you as a viewer of the auction.

Let us know if there are any questions otherwise, we will forward along the link.

Carl

**Carl R. Comstock**

Phone (929) 678-3078

Intrepid Investment Bankers1221 Avenue of the Americas, 9th Floor

New York, NY 10020

INTREPIDIB.COM

A member of MUFG, a global financial group

From: Aaron Halegua <ah@aaronhalegua.com>
Sent: Monday, February 24, 2025 4:43 PM
To: Carl Comstock <CComstock@intrepidib.com>
Cc: John-Patrick M. Fritz <JPF@lnbyg.com>; Madeleine McKenzie <mm@aaronhalegua.com>; Lucy Yang <lyyang@intrepidib.com>; Jacob Grover <JGrover@intrepidib.com>; Lorie Beers <LBeers@intrepidib.com>; Ordubegian, Aram <aram.ordubegian@afslaw.com>; Wong, Christopher K.S. <christopher.wong@afslaw.com>; Chuck Choi <cchoi@hibklaw.com>; Allison Ito <aito@hibklaw.com>
Subject: [External] Re: Imperial Pacific International - APA Bid Package

*** External email: Please be careful when opening attachments or clicking links. ***

*** External email: Please be careful when opening attachments or clicking links. ***

Hi all --

Can you please provide the instructions for logging into the auction tomorrow, as well as any other relevant updates or instructions. Thank you.

Aaron Halegua

On Thu, Feb 20, 2025 at 9:12 PM Carl Comstock <CComstock@intrepidib.com> wrote:

Thanks JP. We're reviewing and will follow up shortly with any questions / next steps.



Carl R. Comstock

Phone (929) 678-3078

Intrepid Investment Bankers

1221 Avenue of the Americas, 9th Floor

New York, NY 10020

INTREPIDIB.COM

A member of MUFG, a global financial group

From: John-Patrick M. Fritz <JPF@lnbyg.com>

Sent: Thursday, February 20, 2025 8:51 PM

To: Carl Comstock <CComstock@intrepidib.com>; Aaron Halegua <ah@aaronhalegua.com>

Cc: Madeleine McKenzie <mm@aaronhalegua.com>; Lucy Yang <luyang@intrepidib.com>; Jacob Grover <JGrover@intrepidib.com>; Lorie Beers <LBeers@intrepidib.com>; Ordubegian, Aram <aram.ordubegian@afslaw.com>; Wong, Christopher K.S. <christopher.wong@afslaw.com>; Chuck Choi <cchoi@hibklaw.com>; Allison Ito <aito@hibklaw.com>; John-Patrick M. Fritz <JPF@lnbyg.com>

Subject: [External] Imperial Pacific International - APA Bid Package

*** External email: Please be careful when opening attachments or clicking links. ***

*** External email: Please be careful when opening attachments or clicking links. ***

Dear Sirs and Madams:

This firm is co-counsel to Joshua Gray in the pending bankruptcy case of Imperial Pacific International (CNMI), LLC (the "Debtor"), case number 1:24-bk-00002.

Please find attached to this email Joshua Gray's bid package for certain specified assets in the Debtor's forthcoming scheduled auction sale. Included in this package is (1) a clean APA, (2) a redline against the Stalking Horse APA, and (3) certain required disclosures for bidding.

Should you have any questions or require any additional information, please do not hesitate to call or email me.

Very best regards,

JP Fritz

JOHN-PATRICK M. FRITZ, Esq.

LEVENE, NEALE, BENDER, YOO & GOLUBCHIK L.L.P.

[2818 La Cienega Ave.](#) | [Los Angeles, CA 90034](#)

Main 310 229 1234 | Direct 310 229 3395 | Cell 323 240 1174

jpf@lnbyg.com | www.lnbyg.com

The preceding E-mail message is subject to Levene, Neale, Bender, Yoo & Golubchik L.L.P.'s email policies which can be found at <http://www.lnbyg.com/disclaimers.htm>.

--

Aaron Halegua

Aaron Halegua, PLLC

[524 Broadway, 11th Floor](#)

[New York, NY 10012](#)

T: (646) 854-9061

E: ah@aaronhalegua.com

W: www.aaronhalegua.com

Exhibit C



Aaron Halegua <aaron.halegua@gmail.com>

Re: [External] Re: Imperial Pacific International - APA Bid Package

Aaron Halegua <ah@aaronhalegua.com>

Mon, Feb 24, 2025 at 8:47 PM

To: Carl Comstock <CComstock@intrepidib.com>

Cc: "John-Patrick M. Fritz" <JPF@Inbyg.com>, Madeleine McKenzie <mm@aaronhalegua.com>, Lucy Yang <luyang@intrepidib.com>, Jacob Grover <JGrover@intrepidib.com>, Lorie Beers <LBeers@intrepidib.com>, "Ordubegian, Aram" <aram.ordubegian@afslaw.com>, "Wong, Christopher K.S." <christopher.wong@afslaw.com>, Chuck Choi <cchoi@hibklaw.com>, Allison Ito <aito@hibklaw.com>, bruce berline <bberline@gmail.com>

Dear Carl,

Thank you for your response. Yes, please do send the instructions to view the auction.

Concerning our bid, since the beginning of this bankruptcy, we have sought to ensure that maximum value is being obtained for each one of IPI's assets, and particularly the tangible and other personal property. We note that the rules of the sale procedure permit partial bids to be considered. We believe that Intrepid, the Debtor and the Committee should therefore permit our participation in the auction process because it may lead to a group of partial bids that are higher than the overall bid, or a higher overall bid. Our sense is that those making overall bids are not ascribing a very high value (if any at all) to the tangible property, and therefore the value to the estate could be maximized by permitting partial bids for these items. By excluding us from bidding in the auction, it precludes even the possibility of a process that results in greater overall value being obtained. We hope that you will reconsider your position.

Best,

Aaron

On Mon, Feb 24, 2025 at 5:42 PM Carl Comstock <CComstock@intrepidib.com> wrote:

Aaron –

After discussion with the Debtor, creditors committee, and their professionals, we have determined that your bid is not a qualified bid as it is not an Overbid under the terms of the bid procedures. Accordingly, you will not be eligible to bid at the auction.

However, as a creditor and party in interest in the case, we are happy to extend an invite to you as a viewer of the auction.

Let us know if there are any questions otherwise, we will forward along the link.

Carl



Carl R. Comstock

Phone (929) 678-3078

Intrepid Investment Bankers

1221 Avenue of the Americas, 9th Floor

New York, NY 10020

INTREPIDIB.COM

A member of MUFG, a global financial group

From: Aaron Halegua <ah@aaronhalegua.com>

Sent: Monday, February 24, 2025 4:43 PM

To: Carl Comstock <CComstock@intrepidib.com>

Cc: John-Patrick M. Fritz <JPF@lnbyg.com>; Madeleine McKenzie <mm@aaronhalegua.com>; Lucy Yang <luyang@intrepidib.com>; Jacob Grover <JGrover@intrepidib.com>; Lorie Beers <LBeers@intrepidib.com>; Ordubegian, Aram <aram.ordubegian@afslaw.com>; Wong, Christopher K.S. <christopher.wong@afslaw.com>; Chuck Choi <cchoi@hibklaw.com>; Allison Ito <aito@hibklaw.com>

Subject: [External] Re: Imperial Pacific International - APA Bid Package

*** External email: Please be careful when opening attachments or clicking links. ***

*** External email: Please be careful when opening attachments or clicking links. ***

Hi all --

Can you please provide the instructions for logging into the auction tomorrow, as well as any other relevant updates or instructions. Thank you.

Aaron Halegua

On Thu, Feb 20, 2025 at 9:12 PM Carl Comstock <CComstock@intrepidib.com> wrote:

Thanks JP. We're reviewing and will follow up shortly with any questions / next steps.



Carl R. Comstock

Phone (929) 678-3078

Intrepid Investment Bankers

1221 Avenue of the Americas, 9th Floor

New York, NY 10020

INTREPIDIB.COM

A member of MUFG, a global financial group

From: John-Patrick M. Fritz <JPF@Inbyg.com>

Sent: Thursday, February 20, 2025 8:51 PM

To: Carl Comstock <CComstock@intrepidib.com>; Aaron Halegua <ah@aaronhalegua.com>

Cc: Madeleine McKenzie <mm@aaronhalegua.com>; Lucy Yang <luyang@intrepidib.com>; Jacob Grover <JGrover@intrepidib.com>; Lorie Beers <LBeers@intrepidib.com>; Ordubegian, Aram <aram.ordubegian@afslaw.com>; Wong, Christopher K.S. <christopher.wong@afslaw.com>; Chuck Choi <cchoi@hibklaw.com>; Allison Ito <aito@hibklaw.com>; John-Patrick M. Fritz <JPF@Inbyg.com>

Subject: [External] Imperial Pacific International - APA Bid Package

***** External email: Please be careful when opening attachments or clicking links. *****

***** External email: Please be careful when opening attachments or clicking links. *****

Dear Sirs and Madams:

This firm is co-counsel to Joshua Gray in the pending bankruptcy case of Imperial Pacific International (CNMI), LLC (the "Debtor"), case number 1:24-bk-00002.

Please find attached to this email Joshua Gray's bid package for certain specified assets in the Debtor's forthcoming scheduled auction sale. Included in this package is (1) a clean APA, (2) a redline against the Stalking Horse APA, and (3) certain required disclosures for bidding.

Should you have any questions or require any additional information, please do not hesitate to call or email me.

Very best regards,

JP Fritz

JOHN-PATRICK M. FRITZ, Esq.

LEVENE, NEALE, BENDER, YOO & GOLUBCHIK L.L.P.

2818 La Cienega Ave. | Los Angeles, CA 90034

Main 310 229 1234 | Direct 310 229 3395 | Cell 323 240 1174

jpf@lnbyg.com | www.lnbyg.com

The preceding E-mail message is subject to Levene, Neale, Bender, Yoo & Golubchik L.L.P.'s email policies which can be found at <http://www.lnbyg.com/disclaimers.htm>.

--

Aaron Halegua

Aaron Halegua, PLLC

524 Broadway, 11th Floor

New York, NY 10012

T: (646) 854-9061

E: ah@aaronhalegua.com

W: www.aaronhalegua.com

--
Aaron Halegua
Aaron Halegua, PLLC
524 Broadway, 11th Floor
New York, NY 10012
T: (646) 854-9061
E: ah@aaronhalegua.com
W: www.aaronhalegua.com

Exhibit D



Madeleine McKenzie <mm@aaronhalegua.com>

Imperial Pacific International - APA Bid Package

John-Patrick M. Fritz <JPF@lnbyg.com>

Tue, Feb 25, 2025 at 4:58 PM

To: Aaron Halegua <ah@aaronhalegua.com>, Carl Comstock <CComstock@intrepidib.com>

Cc: Madeleine McKenzie <mm@aaronhalegua.com>, Lucy Yang <luyang@intrepidib.com>, Jacob Grover <JGrover@intrepidib.com>, Lorie Beers <LBeers@intrepidib.com>, "Ordubegian, Aram" <aram.ordubegian@afslaw.com>, "Wong, Christopher K.S." <christopher.wong@afslaw.com>, Chuck Choi <cchoi@hibklaw.com>, Allison Ito <aito@hibklaw.com>, bruce berline <bberline@gmail.com>, "Philip A. Gasteier" <PAG@lnbyg.com>, "John-Patrick M. Fritz" <JPF@lnbyg.com>

Chris,

Following up on our telephone call earlier today, this office represents secured creditor Joshua Gray, who submitted a credit bid for \$1.5 million for certain personal property at the auction scheduled for February 25, 2025, at 2:00 p.m. PT. The Debtor, the Committee, and Intrepid responded that Mr. Gray will not be permitted to bid at the auction (but is permitted to observe the auction) because his bid is not a qualified overbid. Thereafter, Mr. Gray was informed that he would not be allowed to bid because allowing him to do so would "chill bidding" and possibly "scare off" the competing bids.

We write to set on the record our formal objection that Mr. Gray is not being permitted to bid at the auction. We believe that if all of the bidders – whether bidding for parts of the assets or for all of the assets as a whole – were permitted to participate in a fair and open auction, then the estate could maximize overall value as the bidders evaluated the progress of competing bids. Therefore, the decision to deny partial bids even before the auction starts fails to maximize the overall value that can be obtained.

I want to inform you that my partner, Phillip Gasteier, will be logging into the auction at 2:00 p.m. PT, as I have a court hearing scheduling conflict, and I will join as soon as my court hearing ends. Mr. Halegua will also be logged in.

In closing, we reiterate that we object that Mr. Gray is not permitted to bid, but, we nonetheless appreciate the opportunity to observe today's auction. All rights are reserved.

Best regards,
JP Fritz

JOHN-PATRICK M. FRITZ, Esq.

LEVENE, NEALE, BENDER, YOO & GOLUBCHIK L.L.P.

2818 La Cienega Ave. | Los Angeles, CA 90034

Main 310 229 1234 | Direct 310 229 3395 | Cell 323 240 1174

jpf@lnbyg.com | www.lnbyg.com

The preceding E-mail message is subject to Levene, Neale, Bender, Yoo & Golubchik L.L.P.'s email policies which can be found at <http://www.lnbyg.com/disclaimers.htm>.

[Quoted text hidden]

Exhibit E



Aaron Halegua <aaron.halegua@gmail.com>

Re: In re IPI -- gambling debts

Aaron Halegua <ah@aaronhalegua.com>

Wed, Oct 23, 2024 at 5:18 PM

To: Chuck Choi <cchoi@hibklaw.com>, Allison Ito <aito@hibklaw.com>, Charles McDonald <charles@mcdonald.law>, Michael Dotts <mdotts@dottslaw.law>, "John-Patrick M. Fritz" <jpf@lnbyg.com>, bruce berline <bberline@gmail.com>

Hi Chuck,

We emailed you one month ago about the gambling debts and the concern that IPI's principals have not taken the necessary steps to move forward the cases pending in superior court. Please advise us this week on the status of these cases. Thank you.

Aaron Halegua

On Tue, Sep 24, 2024 at 11:20 AM Aaron Halegua <ah@aaronhalegua.com> wrote:

Dear Chuck,

Following up on our conversation yesterday, we would like the information about where IPI's litigation to collect the gambling debts stands. It is our understanding that several cases were filed in the CNMI courts some time ago, however, IPI never took the next step to get a summons issued, let alone serve them. If that is the case, there is a risk that the cases will be dismissed for a failure to prosecute. Like I stated, there are third parties that are interested in purchasing the rights to these claims, and that value would be much higher if there is a default judgment and much lower if there is no viable route to getting a default judgment because the case was dismissed with prejudice. Accordingly, we request that you and IPI look into this with the greatest urgency. Thank you.

Best,

Aaron

--

Aaron Halegua
Aaron Halegua, PLLC
524 Broadway, 11th Floor
New York, NY 10012
T: (646) 854-9061
E: ah@aaronhalegua.com
W: www.aaronhalegua.com

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Aaron Halegua
Aaron Halegua, PLLC
524 Broadway, 11th Floor

New York, NY 10012
T: (646) 854-9061
E: ah@aaronhalegua.com
W: www.aaronhalegua.com

Exhibit F

DAC Management LLC
875 North Michigan Avenue, Suite 3115
Chicago, IL 60611

February 19, 2025

Ms. Lorie Beers
Managing Director
Intrepid Investment Bankers LLC
1175 Wilshire Blvd.
Los Angeles
CA 90025

Dear Ms. Beers,

BID FOR CERTAIN ASSETS OF IPI

Identification of Bidder: DAC Management LLC ("DAC") hereby submit its bid (the "Bid") for all IPI gaming debts.

Purchase Price: US\$ 150,000 (United States Dollars) plus 20% of all future recoveries (with a \$5.25 million USD cap on the 20%) for all 100% currently legally enforceable and documented gaming debts (Purchase Price to be reduced pro rata for any debts not currently 100% legally enforceable and documented). The Purchase Price is \$1 per debt plus 10% of future recoveries for any IPI gaming debt that is not currently 100% legally enforceable and documented.

Good Faith Deposit: 10% (US\$ 15,000) to Be paid on acceptance of this Bid and receipt of wire instructions from Intrepid and confirmation of legally enforceable status.

Purchased Assets: All IPI gaming debts. We acknowledge and represent the "As-Is, Where-Is" basis and have completed our due diligence ourselves and have not relied on any other party for any information.

Structure: IPI must agree to transfer title/complete debtor files of all existing gaming debts, including any contracts, KYC files, prior collection/ dunning notices and all correspondence with the debtors. This bid represents a binding, good-faith, and bona fide offer to purchase the assets noted above and is irrevocable unless rejected.

Contemplated Transaction Document: Will be provided on acceptance of the Bid.

DAC Management LLC: A limited liability corporation organized under the laws of the State of Delaware, USA. The bidder consents to the core jurisdiction of the Court and waives any right to a jury trial and consents to the entry of the final order or judgement.

Source of Financing: DAC assets. We are committed to closing the sale transaction contemplated in this bid by April 4, 2025. There is no financing contingency. We also covenant to comply with the terms of the Bidding Procedures and Order.

DAC Management LLC
875 North Michigan Avenue, Suite 3115
Chicago, IL 60611

Key Contracts: We are not bidding on the property or casino license nor have interest in any other item.

No Collusion: We can confirm there is no collusion. We also state and acknowledge that we are not entitled to any bidding protection or payment or any expense claim under section 503(b) of the Bankruptcy Code.

Review and Approvals: I am the DAC Founder and current owner and fully approve this bid.

Team and Advisors: Please discuss our bid directly with me and our attorney:

Allen Guon
Cozen O'Connor
123 North Wacker Drive
Chicago, IL 60606
Tel. 1 312 3823100

Please confirm acceptance of this Bid.

Thank you in advance for your assistance.

Regards,

A handwritten signature in blue ink, appearing to read 'Philip G. Groves', with a long horizontal flourish extending to the right.

Philip G. Groves
Founder and Owner

Exhibit G



REGISTRAR OF CORPORATIONS
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
P.O. Box 5795 CHRB, 12054 Pohnpei Way Capitol Hill
Saipan, MP 96950
Tel: (670) 664-8024
Web: www.commerce.gov.mp
email: registrar.reyes@commerce.gov.mp



February 4, 2025

Please Read

TEAM KING INVESTMENT (CNMI), LLC
PMB 575 Box 10000
Saipan MP 96950

Dear Sir/Madam:

Enclosed, please find the completed documents for your Articles of Organization.

Please be advised that the enclosed initial report form must be delivered to the Registrar of Corporations for filing within sixty (60) days after a domestic or foreign corporation is authorized to transact business, as per P.L. 10-7, now codified at 4 CMC § 4692(c). Failure to file the initial report within sixty (60) days may result in dissolution or revocation by order of the Registrar of Corporations. Additionally, subsequent annual reports must be delivered to the Registrar of Corporations between January 1 and March 1 of each following year.

As of May 1, 2021, Public Law 21-37 imposes a revised fee structure for the Registrar of Corporations, including a late filing penalty fee and a penalty per day fee that follows thereafter. For more information on the revised fee structure, please visit:
https://commerce.gov.mp/sites/default/files/new_fee_structure_for_late_filing_and_penalty_per-day.pdf

Furthermore, effective January 1, 2024, all new registered corporations are required to file with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). This is a no-cost, one-time filing requirement. For more information about this requirement, please visit: <https://www.fincen.gov/boi>

Sincerely,

A handwritten signature in blue ink, appearing to read "John David A. Reyes".

JOHN DAVID A. REYES
Registrar of Corporations

Enclosures: (1) Certificate of Organization
(2) Initial Report Form



Office of the Registrar of Corporations

CERTIFICATE OF ORGANIZATION

This is to Certify that the Articles of Organization of

TEAM KING INVESTMENT (CNMI), LLC

Have been duly filed and entered in accordance with the laws of the Commonwealth of the Northern Mariana Islands with the Office of the Registrar of Corporations, Commonwealth of the Northern Mariana Islands. *This Limited Liability Company is **MANAGER-MANAGED** and the duration is "INDEFINITE".*

Effective **4:00pm** Northern Mariana Islands time on the **04th** Day of **February, 2025**. The persons signing said Articles of Organization and their members and successors shall constitute a body organized under the name of


TEAM KING INVESTMENT (CNMI), LLC

For the term specified in the Articles of Organization unless sooner legally dissolved.



IN WITNESS

WHEREOF, I have hereunto subscribed my name officially and have herein impressed my Seal of Office, Saipan, Commonwealth of the Northern Mariana Islands on this
04th day of February, 2025



JOHN DAVID A. REYES
REGISTRAR OF CORPORATION

REGISTRAR OF CORPORATIONS
 Department of Commerce
 COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
 P.O. Box 5795 CHRB, 12054 Pohnpei Way Capitol Hill Saipan, MP 96950
 Tel: (670) 664-8024 • Fax: (670) 664-3067
 Web: www.commerce.gov.mp
 email: registrar.reyes@commerce.gov.mp



ANNUAL LIMITED LIABILITY COMPANY ("LLC") REPORT

Filing Fee: \$75.00

Make Check Payable to: CNMI TREASURY

File Original and Two Copies

FILING: THE INITIAL REPORT MUST BE FILED WITHIN 60 DAYS OF INCORPORATION.
 ANNUAL REPORT MUST BE FILED ON OR BEFORE MARCH 1ST OF EACH YEAR.

INITIAL REPORT ☒

REPORT FOR THE YEAR 2025

CHECK ONE: ☒ Domestic LLC ☐ Foreign LLC

Name, Mailing and Physical Address of Designated Office of LLC

Name: Team King Investment (CNMI) LLC Telephone No.: 670-785-7777 Email Address: songxiaoxing521@gmail.com
 Mailing Address: PMB 575 Box 10000 SAIPAN MP 96950
 Physical Address: BEACH ROAD, SAN JOSE, SAIPAN MP 96950
 State or Country of Organization of LLC: CNMI
 Address of Principal Office (if different from Designated Office):
BEACH ROAD SAN JOSE SAIPAN MP 96950

Name, Mailing and Physical Address of Agent for Service of Process

Name: Ning Ning Song Telephone No.: 670-785-7777 Email Address: songxiaoxing521@gmail.com
 Mailing Address: PMB 575 Box 10000 SAIPAN MP 96950
 Physical Address: BEACH ROAD, SAN JOSE, SAIPAN MP 96950

MANAGERS (IF MANAGER-MANAGED):

<u>NAME</u>	<u>NATIONALITY</u>	<u>ADDRESS</u>
<u>Hiroshi Kaneko</u>		

MEMBERS (IF MEMBER-MANAGED):

<u>NAME</u>	<u>NATIONALITY</u>	<u>ADDRESS</u>
<u>TEAM KING INVESTMENT LIMITED</u>	<u>BVI</u>	

DATE:

1/15/2025

Signature:

NING NING SONG - ORGANIZAER

PRINT NAME & TITLE OF PERSON SIGNING

(Must be Member of Member-Managed LLC or Manager of Manager-Managed LLC)

Exhibit H

EXHIBIT

13

RIPPLE EFFECTS ON LOCAL SAIPAN ASSOCIATED WITH BUSINESS INVESTMENT

September 2023

KYOSEI-BANK GROUP

Objective.

THE GROUP'S INVESTMENT IN THIS PROJECT IS NOT MERELY FOR PROFIT, BUT TO **CONTRIBUTE TO THE RESOLUTION, DEVELOPMENT, AND PROSPERITY OF THE Environment, Energy, Food (Agriculture, Aquaculture industry), then reestablish the Tourism (including Integrated market and Transportation system) in Saipan with Advanced technologies hold by the Group.**

Energy



Carbon neutral synthetic fuel

Aquaculture industry



A major center of inshore aquaculture

Agriculture



New Local Products

Garbage disposal



High-temperature, high- pressure water splitting treatment (ORP)

Tourist trade



Glamping market expansion

General market



Opened "General Market Street

Marine sports



Outdoor experience utilizing the water

Traffic system



Transportation infrastructure development using synthetic fuels

THE GOAL IS TO CREATE INDUSTRIES IN EACH REGION AND TO INCREASE EMPLOYMENT FOR 10,000 PEOPLE IN 10 YEARS.

About Us About Kyosei-Bank Group

Case 2:13-cv-00020 Document 33-1 Filed 03/06/23 Page 5 of 12

Kyosei-Bank Group's management philosophy is **"Co-synthesis"** – living together with people and living in harmony with the environment.

We see the essential human need as spiritual joy and spiritual growth.

The philosophy is based on **"living for"** people and the environment.

About Us

Establishment

August 1998

Chairman of the
Board : Kenichi Yanase
CEO: Hiroshi Kaneko

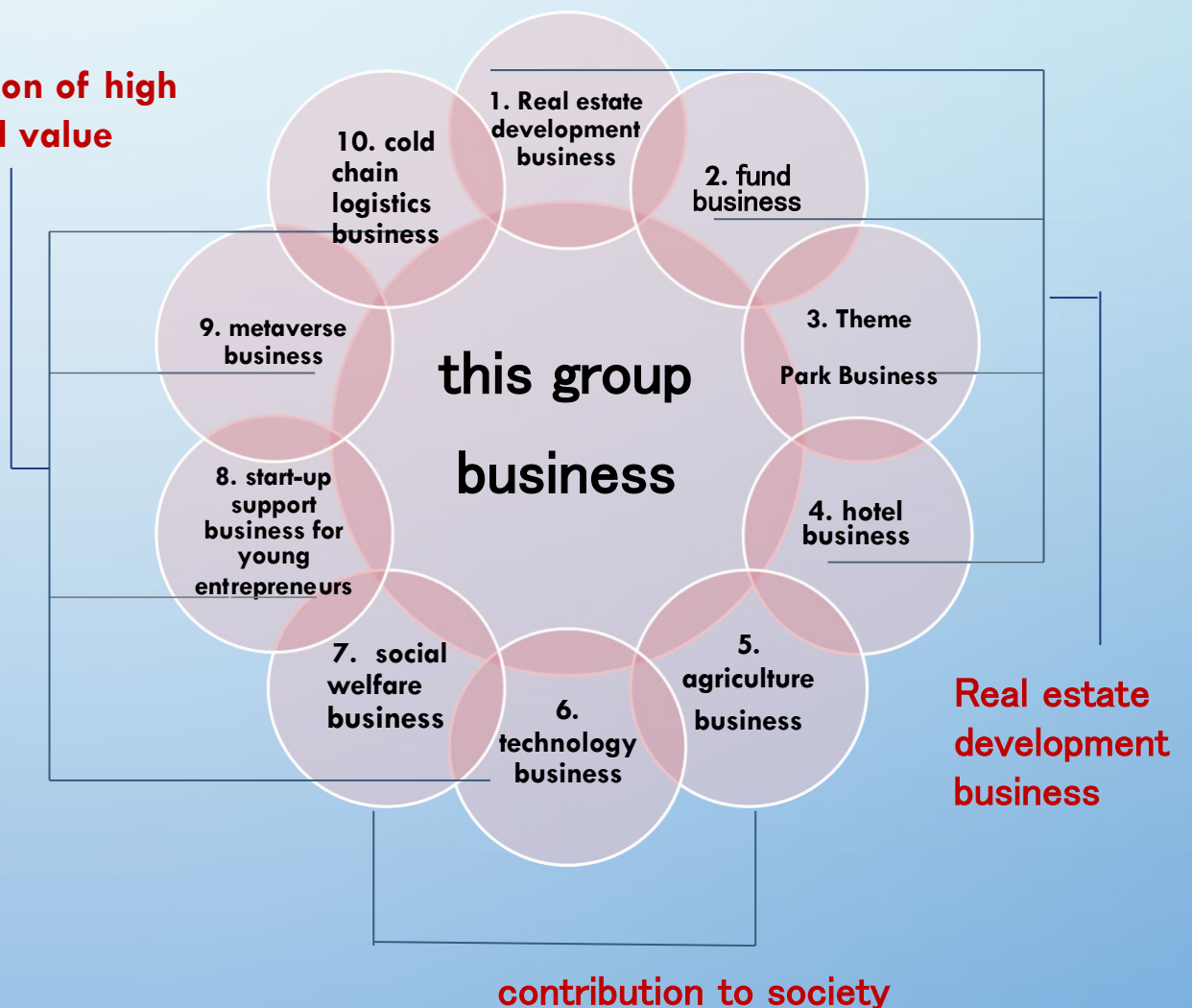
capital stock
379.5 million yen

address (e.g. of house)
Kojimachi, Chiyoda-ku, Tokyo
3, 5-chome

Home Page: <https://www.kyosei-bank.co.jp/>

Business

Creation of high
added value



Today, there are more than 20 group companies providing services expanding to Theme Park, Hotel, Tourism Resources Development, Technology, Agriculture, Social Welfare, Metaverse and Cold-chain Logistics Businesses.

Our Mission and Vision

Case 2:24-bk-00000 Document 33-1 Filed 08/23/25 Page 1 of 19

Based on the idea of "symbiosis" of "living for the sake of people and the environment"

We will create a prosperous society through corporate activities.

Our Mission

The Kyosei Bank Group's mission lies in "Symbiosis," where people seek true health, live together with others, and live in harmony with the environment. As social structure changes, people's desires change, and the time is coming when the economic ideas and values of a capitalist economy that pursues materialistic desires will no longer work. We call it "Symbiosis" or "Tomoiki-ism".

Our Vision

We aim to become a world-class real estate developer with innovative technology, such as cold-chain logistics and data centers, which has been proving by our Narita Project.



Our Leadership Team

Deep and proven industry experience



Kennichi Yanase



**Founder &
Chairman**

he was born in **1966** in **Hyogo** Prefecture, Japan. After graduating from high school, he joined the **Self-defence Forces**. Subsequently, he started **wealthy consulting** in 1992. Afterwards, in 1998, he established the **Kyosei Bank Group**.



Hiroshi Kaneko



CEO

After earning a **PHD** from the Advanced Science Research Center of the **University of Tokyo**, he began to serve as a visiting professor at the Sustainable Research and Development Center of **Peking University** in 1998. Subsequently, he joined the **Kyosei Bank Group** in 2019.

Message from the Founder

Our goal is to create a society based on the philosophy and concept of 'symbiosis,' where the essential human desire is for spiritual joy and spiritual growth, and where 'living for the sake of others and the environment' is the basic principle.



CEO, Hong Wei (Asia) Holdings Company Limited (8191.HK)



CEO, Institute of Man and Science Inc.



CEO, Aijex Pharma International Inc.



CEO, Smart Wood Japan Inc.

Our Business example: Narita Project

Narita Project is expected to be our representative model in future's business deployment

Valuation:

Phase1: \$4B

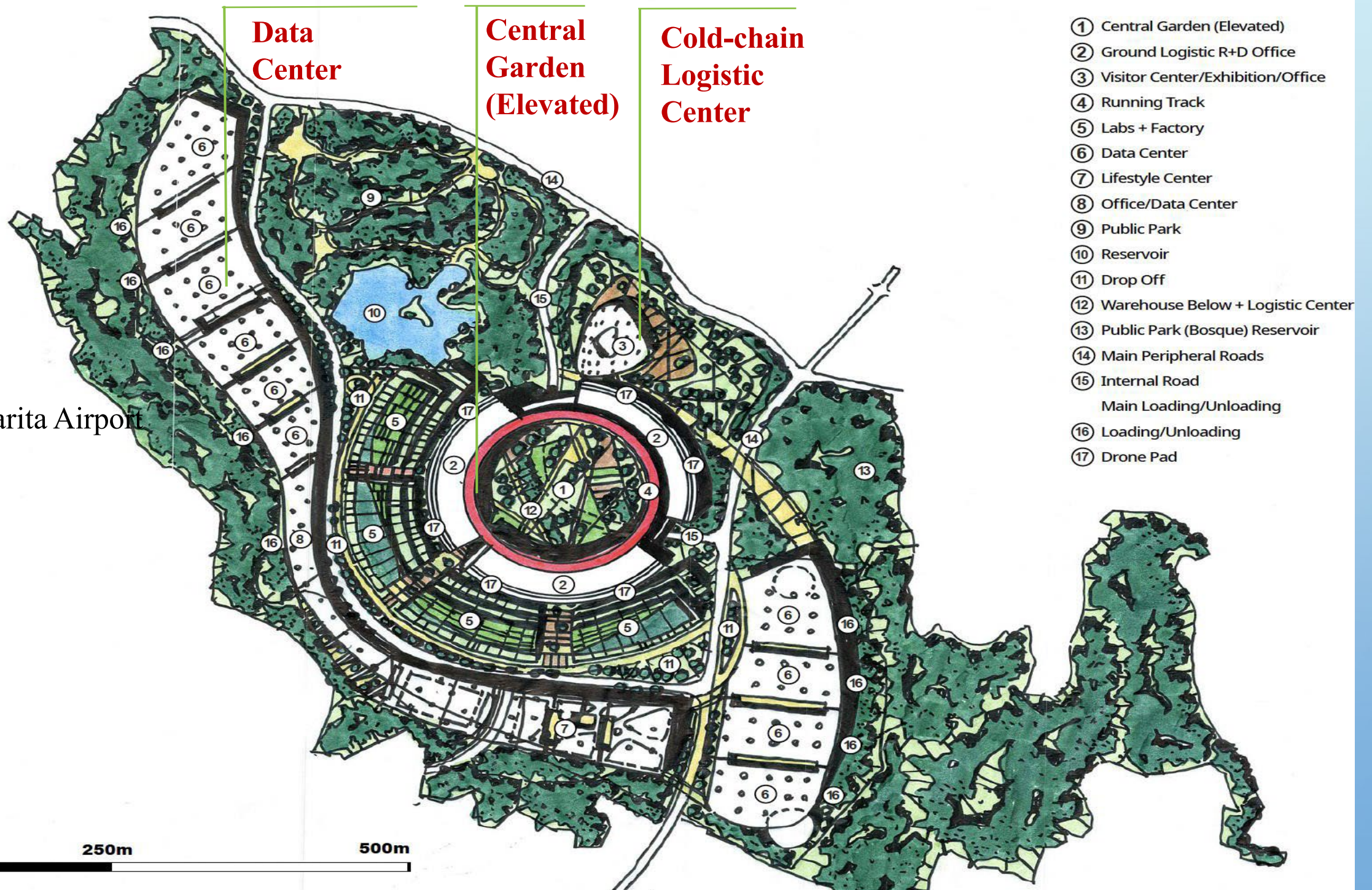
Phase2: \$4B

Location:

2Km from Narita Airport

Total Area:

445,000m²



The Kyosei-Bank Group has some advanced technologies:

Environment:

Organic Recycle Plant (ORP): This steam plant uses high heat and pressure to turn organic and plastic waste into useful materials like fertilizer and cattle feed.

Energy

E-fuel: It's an eco-friendly fuel made from carbon dioxide (CO₂) and hydrogen (H₂). It's carbon-neutral because it uses renewable hydrogen and captures CO₂ from power plants and the air, reducing production costs.

Food

Hybrid Ice: This new ice-making tech instantly freezes concentrated saltwater, creating high-quality frozen products at a lower cost than traditional methods. It only needs salt, water, and electricity.

Tourism

Smart wood: This technology makes wood more resistant to decay, insects, heat, and damage by immersing it in a chemical solution.

TOURISM INDUSTRY

Tourism_Current Situation and Issues

Saipan is a major island in the Northern Mariana Islands, and

tourism is an important part of the island's economy

2007~2022 Tourist Trends (Total)



From 2005 to 2006, Saipan was a popular destination for Japanese travelers, but **visa restrictions and fluctuations in air traffic caused the number of Japanese visitors to decline**. On the other hand, the number of visitors from China and Korea increased, and promotions and the easing of visa restrictions also contributed to the increase in visitor numbers.

The coronavirus caused an overall decline in the number of tourists, but **recently** there have been signs of **recovery**, especially in South Korea and Japan.

Year 2023

Overwhelming majority of Korean travelers.

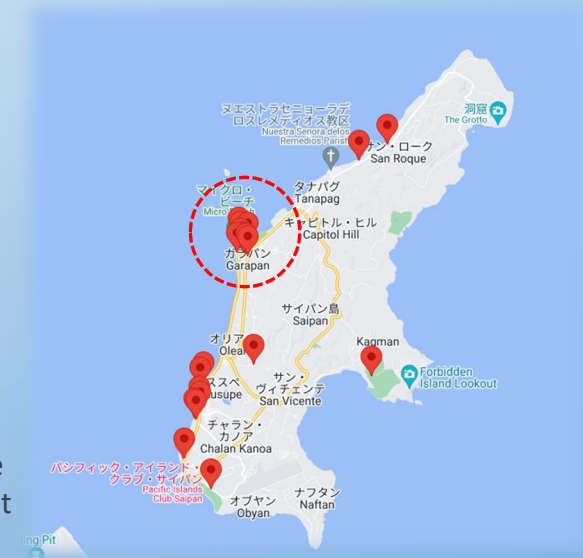
Japanese are also recovering

	Feb.	Mar.	Apr.
JAPAN			
FY 2022	57	15	49
FY 2023	605	471	479
% change	961.4%	3040.0%	877.6%
KOREA			
FY 2022	2,821	2,832	4,251
FY 2023	12,025	9,356	11,189
% change	326.3%	230.4%	163.2%
CHINA			
FY 2022	17	7	4
FY 2023	73	58	164
% change	329.4%	728.6%	4000.0%

Hotel Trends

Beachfront: Saipan has many beautiful beaches and many hotels are located on the beachfront. Many hotels are located on the beachfront and offer sandy beaches and ocean views.

Garapan District: Many hotels are concentrated in the Garapan District, the tourist center of Saipan. It is a convenient location for shopping, restaurants, and other tourist facilities.



Issues: Many of the hotels were built in the 1980s~1990s, and there are concerns about their aging.

Tourism _ Proposal 1_Glamping Hotel

Low cost, high quality, value-added, fully villa-style hotel

Opening a new glamping hotel that adds "comfort," "high added value," and "high quality" to the worldwide popularity of glamping.

A completely all-inclusive hotel offering a variety of services and activities along with upscale presentation.



Potential employment (1 area: 20 sites)

Facility Staff

Front desk staff: 3
Cleaning staff: 10 and more
Cooks: 3 to 4
Maintenance staff: 2

Target: Total 2000 sites in 100 areas

Within the new Marianas

Jobs created: 1,500 to 2,000

Guide and activity staff

2~4 guides/instructors

Marketing and sales staff

Staff responsible for marketing and sales activities. 1 to 2

Project Development and Management Staff

Staff in charge of planning, development and project management of glamping projects. 2 to 3

Glamping is on the rise in popularity.

Japanese tourists are expected to be acquired!

Due in part to the influence of social networking and Instagram, glamping is popular among people seeking a photo-worthy location and experience, including luxurious facilities and comfortable accommodations. With the number of glamping facilities increasing in Japan, further expansion of demand is expected.

Typhoon-proof.

Utilize toughened wood!



This technology is also excellent in water resistance, and can be applied to trailer houses. This technology is owned by the Group and has a proven actual record.

Tourism_Proposal_2-1_Japanese-Style Hotels

Proposal for a concept hotel that combines Japanese spirituality with Saipan's unique location

精神的な資源

日本人の精神性

Japanese mentality



カテゴリー

養生ホテル

日本の古来から伝わる、日本ならではのウェルネス方法のそのすべて体験できる場所

Category: **Curing Hotels**

Where you can experience all the ancient and unique Japanese wellness traditions



Approach Area - 蒸気を浴びて心身を浄める体験の提供



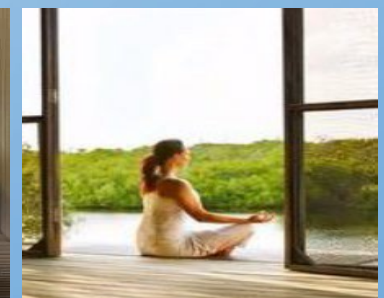
Lobby Area - 診断して個々の体調に合わせた体験の提供



Outer Public Area - 体内を温めて吸収力を高める体験の提供



Inner Public Area - 体内にエネルギーを蓄える体験の提供



Guest Room Area - デトックスして心身を静養する体験の提供

Tourism_Proposal_2-2_Japanese-Style Hotels



※This photo is a representation and does not depict the actual work completed by our group.

Contributing to the enhancement of food products and satisfaction

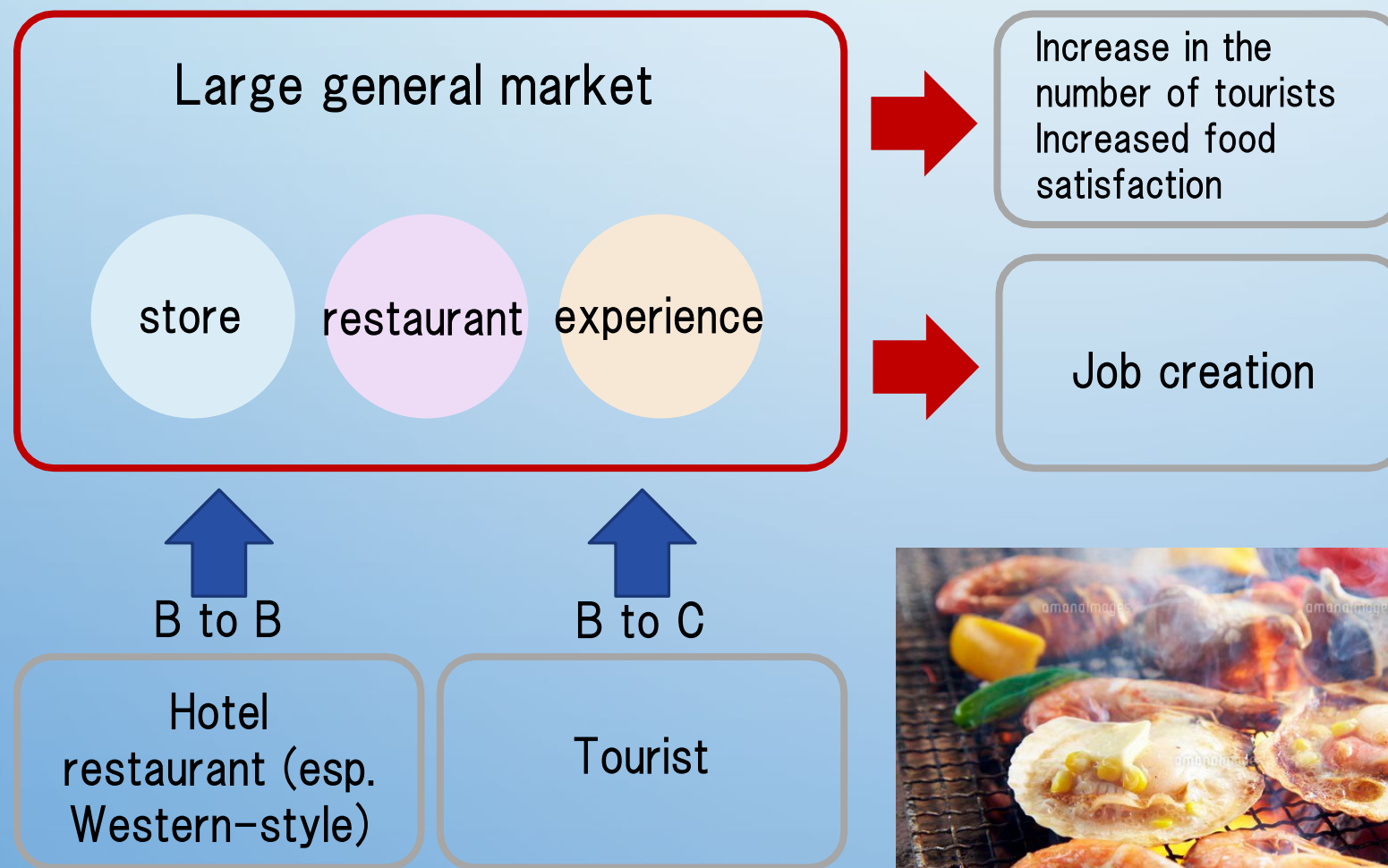
The Group's superior **freezing technology** allows us to handle Japanese meat, fish, and vegetables.

Opening **"Comprehensive Market Street"** (*wholesale area (PRO market)/tourist market).

Many sales stores and restaurants will be opened in the market area to form a town district. This attracts **tourists** and **creates many jobs**.

The target customers aim not only to tourists, but also to hotels, restaurants, and other businesses.

To add value of the gourmet experience throughout Saipan.



Tourism_Proposal_3_1 Market Example: Toretore marché



Toretore marché (market) is one of the ongoing project to establish a facility of combinations for fish wholesale market, supermarket, and restaurants promoted by Kyosei-Bank Group in Ise, Mie province of Japan. People can enjoy buying and eating fresh fish that processed through Hybrid Ice cold-chain.



Tourism _ Proposal 4_Marine Sports

Obtain a license to operate marine sports to further enhance of entertainment

We will also focus on developing new activities and programs to provide tourists with new experiences.

Our goal is to increase customer satisfaction by offering a variety of choices and excitement.



JOYPOLIS, a subsidiary of the Group, has been involved in a number of outstanding leisure facilities in Japan and abroad.

By working with them and proposing new experiential activities, we will help increase the number of travelers.

SUMMARY

Assumed area: PUBLIC LANDS

Through this plan, we will promote economic revitalization and job creation in Saipan and contribute to the overall development of this region.



Exhibit I

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Attorneys for Plaintiff

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

JOSHUA GRAY,

Plaintiff,

v.

IMPERIAL PACIFIC INTERNATIONAL
(CNMI), LLC,

Defendant.

Case No. 19-cv-0008

**REPLY BRIEF IN SUPPORT OF
PLAINTIFF'S PETITION FOR AN
ORDER TO SHOW CAUSE TO APPOINT
A LIMITED RECEIVER TO SELL IPI'S
PERSONAL PROPERTY**

Hearing Date: October 19, 2023

Hearing Time: 9:00 a.m.

Judge: Hon. Ramona V. Manglona

I. INTRODUCTION

After the USMS executed the writ issued by this Court in favor of Plaintiff, on September 7, 2023, Plaintiff petitioned the Court (ECF No. 254, the "Petition") for an order to show cause to appoint Clear as Limited Receiver to effectuate the liquidation of IPI's personal property subject

to that writ.¹ On September 18, 2023, third-party Century Estate Investment Ltd. (“Century Estate”) filed a motion to intervene in this action, claiming a security interest in some of the property subject to Plaintiff’s writ. (ECF No. 261). Three days later, on September 21, 2023, Century Estate filed an opposition to Plaintiff’s Petition. (ECF No. 264, “Century Estate Opp.”).² The same day, IPI filed its own opposition to the Petition (ECF No. 263, “IPI Opp.”), supported by the Declaration of Howyo Chi (ECF No. 263-1 (“Chi Decl.”)). Plaintiff now submits this reply brief to explain why neither IPI’s nor Century Estate’s opposition—both mere efforts to obstruct and delay the necessary and proper liquidation of IPI’s assets—provides any reason to deny the Petition to appoint Clear as the Limited Receiver. This reply is supported by the Second Declaration of Aaron Halegua, dated September 27, 2023 (“Second Halegua Decl.”), and the Declaration of Christopher Lee Craney, dated September 27, 2023 (“Craney Decl.”).

II. ARGUMENT

A. IPI’s objections are without merit.

In its opposition, IPI takes “no position” as to the appointment of a receiver. (IPI Opp. at 2). However, IPI opposes Clear being appointed as the Limited Receiver because of its “experience” working with Clear and IPI’s “*potential* claims [sic] over 9 million in property damages caused by Clear while serving as the Receiver” in *U.S.A. Fanter v. IPI*, No. 20-cv-0003 (“*Fanter*”) (*Id.* (emphasis added)). IPI argues that Clear “may be negligent” by allowing auction bidders to “use heavy machinery to transport heavy items across the marble floor of IPI’s casino, which resulted in significant property damages [sic] to IPI.” (*Id.* at 3). IPI then states that there is a “clear conflict between IPI and Clear” and therefore not appointing Clear is necessary to “avoid the appearance of impropriety” and “maintain confidence in the impartiality of the judiciary....”

¹ The defined terms set forth in Plaintiff’s petition for an order to show cause (ECF No. 254) have the same meaning here, unless otherwise noted.

² The deadline for Plaintiff to oppose Century Estate’s motion to intervene has not yet expired, and the Court has not granted the motion to intervene; rather, the Court scheduled a hearing on the motion for October 26, 2023. Therefore, Century Estate’s standing to submit an opposition to Plaintiff’s petition for an order to show cause is questionable.

(*Id.*). In support of that contention, IPI cites to the rules governing judicial conduct. (*Id.*). However, these objections are without merit and should be rejected.

First, IPI's claim that Clear "caused" over \$9 million in damage to IPI's floor is highly dubious and Mr. Chi's affidavit lacks credibility. (IPI Opp. at 2). The fact is that IPI's tile floor was damaged long before Clear ever got involved as the receiver in the *Fanter* case; Mr. Craney recalls that the tile was cracking by the time he left IPI in April 2019. (Craney Decl. ¶¶4, 7–8). Mr. Chi's claims that Clear itself requested permission to use IPI's forklift and that Chi told Clear that it would be responsible are inaccurate—and contradicted by written evidence. Mr. Craney has produced the WhatsApp communications showing that Mr. Chi gave permission for the shipping company, Cargo Express, to use the forklift, and that Mr. Chi said that Cargo Express (not Clear) would be liable for any damages. (Craney Decl. ¶¶13–14, Ex. A). By contrast, Mr. Chi has produced no documentary evidence to support his account of events.

Second, IPI's credibility is undermined by the fact that they have not brought a proceeding against Angel Playing Cards, Cargo Express, or Clear for the alleged damage to the floor. Based on Mr. Chi's own affidavit, the damage occurred in February, 2023—more than seven months ago. In that time, IPI has brought on several new attorneys to handle cases, including the attorneys who filed its opposition to the Petition. Further, this matter was discussed as part of the *Fanter* proceedings. During a May 31, 2023 hearing, the Court overruled IPI's objection that Clear should not receive payment from the auction because of the damage that Clear allegedly caused to IPI's floor. (*See Fanter*, ECF Nos. 368, 370). Furthermore, paragraph 13 of the "Terms and Conditions" that every auction bidder agrees to before bidding on any gaming equipment states that shipping and removing the items is entirely the buyer's responsibility: "The buyer assumes all responsibility for shipping and packing of the products from Saipan. The successful bidder must remove any Property purchased from the place of sale as soon as reasonably possible at its own risk and expense." (Halegua Decl. ¶3). IPI provides no explanation for why it still has not instituted any

litigation to recover for the damage allegedly caused by Clear. This further undermines the credibility of its accusations against Clear.³

Third, IPI's objections based on a "conflict," or the "appearance of impartiality," are unclear and also not yet ripe. The arguments that IPI makes are all based on the assumption that IPI will file a lawsuit against Clear based on the alleged damage to the floor. For the past seven months, however, IPI has not done so. Therefore, these alleged conflicts or appearances of impartiality remain hypothetical. IPI provides no legal authority, or persuasive reasoning, why the Court should deny the Petition based on this hypothetical scenario. Moreover, IPI does not actually explain its argument that a receiver must be "impartial" between the parties. (IPI Opp. at 4). As receiver, Clear is not adjudicating or deciding any disputes between Plaintiff and IPI. Clear will have a singular mission to sell IPI's assets for the greatest value possible. IPI does not identify any "conflict" that would impact this process. The legal authority cited by IPI relates to judicial conduct and is irrelevant to the current scenario.

For the above reasons, the Court should overrule IPI's objections to the Petition and appoint Clear as a Limited Receiver to liquidate IPI's assets.

B. Century Estate's objections are without merit.

In the event that the Court decides to consider Century Estate's opposition, the Court should nonetheless overrule its objections to the Petition. Century Estate essentially objects to appointing a Limited Receiver based on its alleged senior security interest on some of the IPI property subject to Plaintiff's writ. However, there are serious questions as to the validity of Century Estate's alleged security interest because it appears to arise from a fraudulent conveyance intended to defraud IPI's creditors. Further, even if Century Estate does have a senior claim to this

³ IPI's evidence that the cost to repair the alleged damage is over \$9 million is also highly dubious. (Chi Decl., Ex. A). IPI merely provides a one-page quotation for the project that includes enormous numbers but virtually no explanation of their basis. For instance, the quotation states that materials will cost \$6.4 million without breaking down the price of marble, the amount of marble needed, or the shipping cost. Similarly, the quotation states that "second pavement cost" will be \$3.2 million without breaking down the cost of "labor" (let alone the number of workers and workdays required), "auxiliary materials," or "repair tools." The quotation for \$9 million is neither on letterhead nor signed by anyone from "Dengs Enterprise L.L.C."

collateral, this only means that any proceeds of the liquidation should first go to satisfy its debts. But Century Estate provides no reason why the liquidation should not proceed.

1. There is strong, unrefuted evidence that the alleged security interest constitutes a fraudulent conveyance between interrelated parties designed to obstruct creditors.

First, the validity of Century Estate's alleged senior mortgage interest is highly questionable because the situation exhibits many of the "badges of fraud" indicative of a fraudulent conveyance and Century Estate has not provided evidence to the contrary. The CNMI courts have held that the common law rules on the fraudulent conveyance of property to defraud creditors, as expressed in the Restatement, are applicable in the CNMI. *Sullivan v. Tarope*, No. 98-1293D, "Order Granting Motion for Summary Judgment," at *8 (N. Mar. I. Sup. Ct. Mar. 19, 2003), *rev'd on other grounds*, No. 03-0018-GA, 2006 WL 1109449 (N. Mar. I. Apr. 18, 2006).⁴ In determining whether a debtor has transferred its assets "with the intent to delay or defraud his creditor," since direct evidence of intent is hard to ascertain, courts consider the presence of "badges of fraud" from which such intent can be inferred. *Id.* at *9. Where a "badge of fraud" is present, "[i]t raises an inference that the conveyance was fraudulent, and throws upon the parties to the transaction the burden of making a satisfactory explanation by more persuasive proof of good faith than is ordinarily required." *Id.* (citing *Leonardo v. Leonardo*, 251 F.2d 22, 26 (D.C. Cir.1958)).

The Century Estate transaction presents numerous such "badges of fraud."⁵ First, the alleged conveyance of the security interest is between closely related parties. The signatory for Century Estate in the few documents that were provided is Xu Zhongxiang (ECF No. 261-4 at 6,

⁴ A copy of the Superior Court decision is attached to the Halegua Declaration (Exhibit C), but is also available online at: <https://www.cnmilaw.org/pdf/superior/03-03-19-CV98-1293.pdf>.

⁵ The CNMI court identified eight possible badges of fraud: "(1) The transferor is indebted or insolvent; (2) The conveyance is general, i.e., the debtor's entire estate is diminished, thereby leaving him insolvent; (3) Consideration for the conveyance is absent; (4) The conveyance is secret and concealed; (5) The conveyance is made to a family member or to one of close relationship; (6) The conveyance is made while a suit against the debtor is pending or threatening; (7) The transferee takes the property in trust for the debtor; (8) The debtor remains in possession, reserves the use and benefit, and deals with the property as his own." *Id.* at *10 (citing *Sherry v. Ross*, 846 F. Supp. 1424, 1429 (D. Haw. 1994)).

53), who is also the Executive Director of IPI’s parent company, Imperial Pacific International Holdings. (Halegua Decl., Ex. A). Second, the timing of IPI’s alleged transactions demonstrates an intent to obstruct creditors. When the first loan was allegedly made, on December 15, 2022 (ECF No. 261-4 at 5), Plaintiff’s motion for a default judgment requesting \$2.9 million in compensatory damages and multiple times that amount in punitive damages had already been pending for two months (ECF No. 177). Further, IPI only made its first UCC filing related to the alleged security interest on December 21, 2022 (ECF No. 261-4 at 2), just a few days after IPI dropped its appeal in the *Fanter* case, meaning that the auctioning of its assets would proceed. The second UCC filing was made by IPI on July 3, 2023 at 4:10 p.m. (ECF No. 261-4 at 48)—*just hours* after Plaintiff made its petition for a writ of execution (ECF No. 231). Third, the conveyance is “secret and concealed.” Despite all the litigation and proceedings over IPI’s assets, this alleged \$10 million loan and corresponding security interest was never mentioned. Fourth, IPI has remained in possession of the collateral property, and Century Estate has never sought to take possession or liquidate this property. Fifth, IPI has long decried its financial difficulties, but transferring an interest in virtually all of its real and personal property to Century Estate only leaves IPI closer to insolvency. Thus, numerous “badges of fraud” are clearly present.⁶

Since Century Estate provided *only* the template mortgage documents and UCC filings for this alleged \$10 million loan, Plaintiff gave Century Estate an opportunity to provide other evidence to substantiate the validity of this transaction. On September 24, 2023 (New York time), Plaintiff sent an email to the attorneys for Century Estate and IPI stating the concern that this was a fraudulent conveyance and requesting that it provide documents to substantiate the transaction, such as the actual loan agreement, evidence of money transferred to IPI (i.e. consideration for its security interest), and evidence of Century Estate’s efforts to collect the allegedly unpaid debt from

⁶ Century Estate also claims that its loan agreement was not made with IPI, but rather was made with an entity under a different name, “Bohua (Saipan) Co., Ltd.”—without any explanation as to why. (Century Estate Opp. at 3, fn. 1). This further suggests an intent to hide the transaction and defraud other creditors.

IPI.⁷ (Halegua Decl., Ex. B). Neither Century Estate nor IPI ever acknowledged the email, let alone responded. (*Id.* ¶5). Thus, Century Estate has utterly failed to refute the evidence that the security interest constitutes a fraudulent conveyance for an improper purpose and the transfer should be deemed void. *See Sullivan*, No. 98-1293D at *12–13; *see also First Franklin Fin. Corp. v. Merch.*, 188 A.D.3d 564, 565 (2020) (finding badges of fraud and concluding transfer was fraudulent). Accordingly, this alleged security interest should not provide any basis to deny Plaintiff’s Petition to appoint a Limited Receiver to liquidate these assets.

2. Century Estate has not articulated any reason why the appointment of Clear and liquidation of IPI’s assets is inconsistent with its own interests.

Even assuming that Century Estate holds a senior security interest (which Plaintiff does not concede), Century Estate has not articulated why liquidating IPI’s assets is inconsistent with its own interests. Century Estate makes the vague claim that appointing a receiver “would hinder Century Estate’s efforts to recoup its superior interest in the secured collateral.” (Century Estate Opp. at 2). However, it offers no explanation for this. If the collateral property is liquidated, Century Estate, if found to hold the senior mortgage, would be the first party to receive the proceeds from that liquidation. While Century Estate claims there is a “conflict” between Plaintiff’s request to appoint a receiver and its own interests, it does not provide any explanation as to the nature of that conflict. (*Id.* at 4).

Century Estate relies heavily on the *Giancaspro* opinion to support its argument; however, the case is distinguishable and does not support Century Estate’s position. *Giancaspro v. Network Travel Experiences, Inc.*, No. CV 22-5745-JFW(EX), 2022 WL 19569513 (C.D. Cal. Nov. 3, 2022). In that case, the senior creditor, Global Growth, had already begun “working ... to find third-party buyers to acquire [the debtors’] assets,” *id.* at *2, and the Court therefore found that “Global Growth *has demonstrated* that there may be a practical impairment of its interest” if the

⁷ Century Estate’s attorney Patricia L. Ray did not include an email address on her *pro hac vice* motion. Plaintiff therefore sent the email to the email address (ray.patricia@yahoo.com) listed on the ECF docket for this matter. However, the email was bounced back as undeliverable. The email to Mr. Gregory, however, was not bounced back.

1 Court appointed a receiver over Global Growth’s objection, *id.* at *5 (emphasis added). By
 2 contrast, Century Estate has not demonstrated that it has taken any action to maximize the value
 3 of the IPI assets in which it claims to hold an interest, or even articulated a plan by which it expects
 4 IPI to use those assets to repay the \$10 million allegedly owed to Century Estate.⁸ (In fact, if
 5 Century Estate did actually have a valid security interest, that means it has been sitting idly by and
 6 allowing IPI’s wine collection, cigar collection, and automobiles to spoil, depreciate, and lose
 7 value rather than protecting or maximizing the recovery from those assets). In short, whereas the
 8 senior creditor in *Giancaspro* demonstrated prejudice if the Court were to appoint a receiver to
 9 liquidate assets without its participation, Century Estate has made no such showing. Accordingly,
 the *Giancaspro* opinion does not support denying Plaintiff’s Petition to appoint a receiver.

10 3. Century Estate claims some collateral not subject to the writ, and the writ includes some
 11 collateral not claimed by Century Estate.

12 Although its arguments and positions are far from clear, Century Estate appears to be
 13 arguing that its alleged collateral includes IPI’s “real estate” and “buildings under construction”
 14 as detailed in the Mortgage Agreement. (Century Estate Opp. at 3, fn. 2). While Plaintiff disputes
 15 the validity of this alleged security interest, this real property is not subject to Plaintiff’s writ of
 16 execution and thus appointing a receiver would not disturb this portion of Century Estate’s alleged
 17 collateral. Conversely, even amongst IPI’s personal property, Century Estate does not claim any
 18 interest in IPI’s crystal dragons or artwork. Thus, Century Estate’s interests should not be
 19 prejudiced by appointing a receiver to liquidate those assets. Any serious argument by Century
 20 Estate as to the prejudice it would suffer if Clear were appointed to liquidate IPI’s assets would
 21 have analyzed precisely what assets that it claims are or are not subject to the writ. The fact that
 22 Century Estate does not even address this issue only underscores that its opposition is a mere effort
 at delay rather than a serious argument as to why the Petition to appoint a receiver prejudices
 Century Estate vis-à-vis its alleged collateral. Accordingly, its objection should be overruled.

23 ⁸ Furthermore, unlike here, the validity of Global Growth’s claim to the property in question was
 24 “undisputed,” *id.* at *3, and Global Growth had acted like a real creditor—such as by issuing
 formal written notices of default when the debtor failed to pay, *id.* at *2.

III. CONCLUSION

In light of the above, Plaintiff requests that the Court not permit IPI and Century Estate to obstruct and delay Plaintiff's right to seek to collect on its judgment. If Century Estate is able to establish its priority to the collateral, it may make a motion as to how the proceeds of any liquidation should be distributed. However, the liquidation should proceed.

Dated: September 28, 2023

Respectfully submitted,

/s/

Aaron Halegua

Bruce Berline

Attorneys for Plaintiff

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Attorneys for Plaintiffs

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

JOSHUA GRAY,

Plaintiff,

v.

IMPERIAL PACIFIC INTERNATIONAL
(CNMI), LLC,

Defendant.

Case No. 19-cv-0008

**SECOND DECLARATION OF AARON
HALEGUA IN SUPPORT OF
PLAINTIFF'S PETITION FOR AN
ORDER TO SHOW CAUSE TO
DESIGNATE A LIMITED RECEIVER
TO LIQUIDATE IPI'S PERSONAL
PROPERTY**

Hearing Date: October 19, 2023

Hearing Time: 9:00 a.m.

Judge: Hon. Ramona V. Manglona

I, AARON HALEGUA, hereby declare:

1. I am over eighteen years of age and am fully competent to testify to the facts set forth in this declaration. I, along with Bruce Berline, represent Plaintiff in this action.

2. I submit this second declaration in support of Plaintiff's petition for an order to show cause why a Limited Receiver should not be appointed to liquidate IPI's Personal Property.¹

3. On September 27, 2023, I accessed the website setup by Clear to auction IPI's gaming equipment: <https://gamingequipmentauction.com>. In order to view the actual items for sale, one must click on the "Live Auction" tab. When I clicked on that tab, I was presented with a screen that listed "Terms and Conditions." In order to proceed, I needed to click the "I AGREE" button at the bottom of that screen. Paragraph 13 of the "Terms and Conditions" states:

Shipping Terms. All items of Property are offered for sale on an ex-works basis at its existing location in Saipan. The buyer assumes all responsibility for shipping and packing of the products from Saipan. The successful bidder must remove any Property purchased from the place of sale as soon as reasonably possible at its own risk and expense. To the best of the Receiver's knowledge there are no export duties or other taxes involved in exporting the Property out of Saipan, though the Receiver makes no warranty or claim in this regard.

4. **Exhibit A** is a copy of a notice by Imperial Pacific International Holdings Limited available on the Hong Kong Stock Exchange website: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0207/2023020700567.pdf>.

5. **Exhibit B** is a copy of an email that I sent to counsel for Century Estate and IPI on September 24, 2023. I never received an email back from any of those lawyers acknowledging my email, let alone providing any of the requested information.

6. **Exhibit C** is a copy of the "Order Granting Plaintiff's Motion for Summary Judgment," dated March 19, 2003, issued by the CNMI Superior Court in the case of *Sullivan v. Tarope*, Civil Action No. 98-1293D. I downloaded the decision from the www.cnmilaw.org website.

Executed in New York, New York, on this 27th day of September 2023.

/s/
Aaron Halegua
Attorney for Plaintiff

¹ The defined terms in this declaration have the same meaning as in Plaintiffs' petition and memorandum of law in support (ECF No. 254), unless otherwise stated.

Exhibit A

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



IMPERIAL PACIFIC INTERNATIONAL HOLDINGS LIMITED

博華太平洋國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1076)

RESIGNATION OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

The board (the “**Board**”) of directors (the “**Directors**”) of Imperial Pacific International Holdings Limited (the “**Company**”) hereby announces that Ms. Lee Yuen Ting (“**Ms. Lee**”) has resigned as (i) the company secretary (the “**Company Secretary**”); and (ii) an Authorised representative (the “**Authorised Representative**”) of the Company under Rule 3.05 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 6 February 2023 due to her other personal commitments. Ms. Lee has confirmed that she has no disagreement with the Board and there is no other matter in relation to her resignation that needs to be brought to the attention of the shareholders of the Company.

The Company will identify a suitable candidate to fill the vacancies of the Company Secretary and Authorised Representative as soon as practicable to ensure compliance by the Company with Rules 3.28 and 3.05 of the Listing Rules. The Company will make further announcement as and when appropriate.

By order of the Board
Imperial Pacific International Holdings Limited
Xu Zhongxiang
Executive Director

Hong Kong, 7 February 2023

As at the date of this announcement, the Board comprises Mr. Xu Zhongxiang and Mr. Chen Feng as executive Directors and Mr. Robert James Woolsey, Mr. Chi Yuan and Mr. Luk Chi Shing as independent non-executive Directors.

Exhibit B



Aaron Halegua <aaron.halegua@gmail.com>

19-cv-0008: Gray v. IPI -- Request to Century Estate for documents

Aaron Halegua <ah@aaronhalegua.com>

Sun, Sep 24, 2023 at 3:52 PM

To: ray.patricia@yahoo.com, matt@gregoryfirm.com, MICHAEL CHEN <michael@michaelchenlaw.com>, "Stephen J. Nutting (stephen_nutting@yahoo.com)" <stephen_nutting@yahoo.com>, bruce berline <bberline@gmail.com>

Cc: Katherine Zhang <kz@aaronhalegua.com>

Bcc: Yi Shi <yshi4@uchicago.edu>

Dear Attorneys Gregory and Ray:

As you may be aware, I, along with Bruce Berline, am counsel for Plaintiff Joshua Gray in this matter against Defendant Imperial Pacific International (CNMI), LLC ("IPI"). We have reviewed both the motion by your client Century Estate Investment Limited (hereinafter, "Century Estate") to intervene in this case (ECF No. 261), as well as Century Estate's opposition to Plaintiff's petition to appoint a limited receiver (ECF No. 264).

There is a concern that the alleged security interest held by Century Estate, which forms the basis of its right to intervene and its objection to appointing a limited receiver, is the product of a fraudulent conveyance between related parties designed to impede IPI's creditors. Accordingly, we request that you provide the following information to help us evaluate the validity of the alleged security interest, and thus determine whether Plaintiff will oppose your motion to intervene and how to evaluate your objection regarding the limited receivership.

In particular, Plaintiff requests that you provide the following documentation related to your purported security interest and filings:

1. The loan agreement or any other documents evidencing the loan that was purportedly made by Century Estate to IPI on February 1, 2022 or any other date.
2. Documents evidencing any payments relating to the loan, including those allegedly made from Century Estate to IPI and any repayment of the loan made by IPI.
3. Documents related to Century Estate's efforts to recover the funds loaned to IPI, including all notices of default and evidence that those notices were transmitted to IPI.
4. Century Estate corporate documents exhibiting its formation, the source of funds it loaned to IPI, and documents exhibiting all of its owners, board members, directors, officers, shareholders, and beneficiaries.
5. All documents and communications between Century Estate and IPI relating to any other existing claims or interests in the property that was provided as collateral.

Since Century Estate and IPI filed their opposition to Plaintiff's petition for a limited receiver on September 21, 2023, Plaintiff's reply is therefore due on September 28, 2023. (Although Plaintiff does not waive any objection that Century Estate's opposition is improper since your motion to intervene has not been granted.) Accordingly, Plaintiff requests that you provide the documents requested in this letter on or before September 26, 2023 (ChST). If more time is needed, Plaintiff proposes that the parties stipulate to grant Plaintiff an additional week to file his reply regarding the order to show cause so that Century Estate may gather these documents. I look forward to hearing from you.

Sincerely,
Aaron Halegua

—
Aaron Halegua
Aaron Halegua, PLLC
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Exhibit C

FOR PUBLICATION

IN THE SUPERIOR COURT
OF THE
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

DANIEL J. SULLIVAN,

Plaintiff,

v.

YVONNE I. TAROPE and JOSE T. TAROPE
(98-1293D),

Defendants.

CIVIL ACTION NO. 98-1293D and
consolidated cases
(C.A. Nos. 98-1294B and 98-1295D)

ORDER GRANTING PLAINTIFF'S
MOTION FOR SUMMARY
JUDGMENT

DANIEL J. SULLIVAN,

Plaintiff,

v.

MARIE JO ESPIRITU TAROPE and JOSE T.
TAROPE (98-1294B),

Defendants.

DANIEL J. SULLIVAN,

Plaintiff,

v.

LANI LANE ESPIRITU TAROPE and JOSE
T. TAROPE (98-1295D),

Defendants.

I. INTRODUCTION

THIS MATTER came on for hearing on November 19, 2001, in Courtroom 205A at 10:00 a.m. on Plaintiff's Motion for Summary Judgment. Michael A. White, Esq. and Stephen J. Nutting, Esq. appeared on behalf of Daniel J. Sullivan ("Plaintiff"). Pedro M. Atalig, Esq. appeared on behalf of all three Defendants: Yvonne I. Tarope ("Yvonne"), Marie Jo Espiritu Tarope ("Marie Jo"), and Lani Lane Espiritu Tarope ("Lani") (collectively "Defendants").¹ The Court, having reviewed the documents on file, having heard the arguments of counsel, and being fully advised, now renders its decision.

II. BACKGROUND

In October 1990, Frances A. Mullins ("Frances") filed for divorce against Jose T. Tarope ("Jose"), in the Superior Court of the State of California, County of San Diego ("California Superior Court"). On April 18, 1991, the California Superior Court entered a default judgment ("California Judgment") granting the divorce, effective June 28, 1991, and ordering child support payments in the amount of \$3591.00 per month, commencing May 1, 1991. In 1996, Frances retained Plaintiff to collect child support in accordance with the California Judgment. On December 19, 1996, the California Superior Court ordered Jose to pay \$218,179.81 in attorney fees to Plaintiff. *See Francisca A. Tarope v. Jose T. Tarope*, DN. 61200 (Cal. Super. Ct. Dec. 19, 1996) (Order for Child Supp. Arrears, Interest and Penalty, Att'y Fees and Costs) ("California Order").²

On April 23, 1998, Plaintiff filed the California Order in the N.M.I. Superior Court as a Foreign Judgment pursuant to the Uniform Enforcement of Foreign Judgments Act of 1994, 7 CMC §§ 4401, *et seq.* *See Sullivan v. Tarope*, Civ. No. 98-0151 (N.M.I. Super. Ct. 1998). On May 6, 1998, Plaintiff moved for an Order in Aid of Judgment and a hearing on the motion was heard on August 17, 1998. *See Tr. of Proceedings on Pl.'s Mot. for an Order in Aid of J.* ("Trans."). On June 4, 1998, the Court granted

¹ Jose T. Tarope had ten children: five children from his first wife, Catalina Igisomar, (Jose Jun Tarope, Jr., Yvonne, Lucy Igisomar Tarope, Lloyd Vincent Tarope, and Roy Eric Tarope); three children from his second wife, Frances A. Mullins, (Cherilyn Argualas Tarope, Michelle Argualas Tarope, and Jose Argualas Tarope, Jr.); and two daughters from his third wife, Marivic Tarope, (Lani and Mary Jo). (*See Tr. of Proceedings on Pl.'s Mot. for an Order in Aid of J.* at 4 ¶¶ 18-25, 5 ¶¶ 1-6, 7 ¶¶ 12-17, 8 ¶¶ 14-22.)

² The California Superior Court entered judgment against Jose as follows: \$301,266.20 as child support arrears plus interest; \$135,093.42 in penalties pursuant to CAL. FAMILY CODE §§ 4720-4733; \$319.09 in costs; and \$218,179.81 in attorney fees. *See California Order.* The California Order also stated that all amounts were to be paid to the Client Trust Account of Daniel J. Sullivan. *Id.*

Plaintiff's Motion for a Writ of Execution on various properties, including: Tracts 21866-18, 21866-19, and 21866-20. *See* Am. Writ of Execution of Nov. 30, 1998. On December 7, 1998, Plaintiff filed three complaints against Jose and his three daughters: Yvonne, Mary Jo, and Lani. Plaintiff asked the Court to set aside Jose's conveyance of his properties by deed of gift to each of them, as being fraudulent and therefore null, void, or without effect. *See Sullivan v. Tarope*, Civ. No. 98-1293 (N.M.I. Super. Ct.), *Sullivan v. Tarope*, Civ. No. 98-1294 (N.M.I. Super. Ct.), *Sullivan v. Tarope*, Civ. No. 98-1295 (N.M.I. Super. Ct.). In each complaint, Plaintiff alleged that Jose conveyed his property on January 27, 1997, after the issuance of the California Order. On January 6, 1999, Defendants filed their Answers. On April 16, 1999, the Court consolidated the three complaints for further proceedings.

On October 22, 1999, Plaintiff moved for Partial Summary Judgment on the issue of whether the California Superior Court had jurisdiction over Jose when it entered the California Order ordering him to pay child support. *See* Pl.'s Mot. for Partial Summ. J. On August 29, 2000, the Court ruled that the California Superior Court had jurisdiction and granted Plaintiff's Motion for Partial Summary Judgment and denied Defendant's Motion to Dismiss. *See Sullivan v. Tarope*, Civ. No. 98-1293 (N.M.I. Super. Ct. Aug. 29, 2000) ([Unpublished] Order Re Pl.'s Mot. for Summ. J. and Def.'s Mot. to Dismiss).

On September 17, 2001, Plaintiff moved for summary judgment and asked the Court to declare the deeds of gift from Jose to his three children void, thus permitting the properties to be subject to execution. *See* Pl.'s Mem. of Law in Supp. of Mot. for Summ. J. On September 28, 2001, Defendants opposed the motion. *See* Defs.' Opp'n to Mot. for Summ. J. The Court heard oral arguments on Plaintiff's motion on November 19, 2001.

III. UNDISPUTED FACTS

The Court finds that there is no genuine issue as to the following facts:

1. In 1995, Jose suffered a heart attack. *See* Decl. of Jose Tarope ("Jose's Decl.").
2. On October 2, 1996, Jose wrote a letter to his former wife and his three children who were living in California at that time. *See* Pl.'s Memo. in Supp. of Mot. for Partial Summ. J., Ex. E ("Letter Ex. E"). In this letter, Jose explained his inability to pay Plaintiff's fees, his poor health condition, and his love and affection towards his children. *Id.*

3. On December 19, 1996, the California Superior Court ordered Jose to pay attorney fees to Plaintiff. *See* Pl.'s Mot. for Summ. J. at 2; California Order.

4. On January 7, 1997, eighteen days after the entry of the California Order, Jose conveyed his properties to Lani, Mary Jo, and Yvonne for his natural love and affection. *See* Pl.'s Mot. for Summ. J. Ex. 2.

5. Without any consideration, Jose deeded Tract 22628-E-1 to Lani, who was about three years old at the time of the conveyance. *See* Trans. at 9 ¶¶ 6-14, 41 ¶¶ 4-7. At the time of the Order in Aid of Judgment hearing, Jose continued to live in the house on said property, and continued to maintain possession and control over it, despite the conveyance to Lani. *See* Trans. at 10 ¶¶ 14-23, 39 ¶¶ 18-23, 41 ¶¶ 8-10.

6. Without any consideration, Jose deeded Tract 1691-2 to Mary Jo, who was about five years old at the time of the conveyance. *See* Pl.'s Mot. for Summ. J. Ex. 3; Trans. at 9 ¶¶ 2-5, 14 ¶¶ 1-8, 39 ¶¶ 4-17. Prior to the transfer, Jose did business on the property as Chemiboy Enterprises, which also passed to his daughter with the property. *See* Trans. at 13 ¶¶ 11-15, 14 ¶¶ 1-4. At the time of the Order in Aid of Judgment hearing, the business was leased out for \$500.00 a month. Furthermore, Jose offset one month's rental payment in consideration for the payor's service in repairing Jose's car. *Id.* at 28 ¶¶ 7-16. There were also four rooms at the back of the business that Jose rented out. *Id.* at 19 ¶¶ 16-25, 20 ¶¶ 2-4, 36 ¶¶ 7-19. In addition, there was a third building on the property that Jose used to operate as a fast-food and pool hall. *Id.* at 36 ¶¶ 14-25, 37 ¶¶ 1-24.

7. Jose also deeded Tract 22886 to his daughter Yvonne, who was over the age of eighteen, without any consideration. *See* Pl.'s Mot. for Summ. J. Ex. 4; Trans. at 43 ¶¶ 2-6. In March 1998, Jose leased the property, under his name, for \$500.00 a month to be used as a barracks. *See* Trans. at 43 ¶¶ 15-25, 44 ¶¶ 12-17, 45 ¶¶ 17-19. At the time of the Order in Aid of Judgment hearing, Jose continued to collect the rental payments from said lease. *Id.* at 45 ¶¶ 9-15.

8. At the time of conveyance, Jose owed at least \$520,000.00 to different individuals, including Frances, for back child support and Plaintiff for attorney fees. *See* Trans. at 64 ¶¶ 2-8. Jose's conveyance of his properties to his three daughters left him insolvent. He was left without any land and he had no money in the bank. *Id.* at 60 ¶¶ 5-6, 63 ¶¶ 17-18. Furthermore, he had no assets other than his

personal things in his house. *Id.* at 28-34. Both he and his wife were unemployed. *Id.* at 11 ¶¶ 12-16. At the time of the hearing, Jose was applying for food stamps. *Id.* at 57 ¶¶ 10-15. During this same period, he received no income from Social Security or retirement. *Id.* at 12 ¶¶ 14-17, 23 ¶¶ 1-2. The only income Jose had was from the rental payments from the properties he purportedly conveyed to his children. *Id.* at 17 ¶¶ 14-25, 18 ¶¶ 1-9. In fact, Jose did not have enough money for food and clothing for his family. *Id.* at 57 ¶¶ 8-12, 59 ¶¶ 24-25, 60 ¶ 1.

IV. QUESTION PRESENTED

Whether the Court should void Defendant's conveyances of Lots 22628-E-1, 1691-2, and 22886 to his three daughters, where Defendant had constructive notice of the default judgment in favor of Plaintiff.

V. ANALYSIS

A. Summary Judgment Standard

The standard for summary judgment is set forth in Rule 56 of the Commonwealth Rules of Civil Procedure. Rule 56(a) provides:

[a] party seeking to recover upon a claim . . . may . . . move with or without supporting affidavits for a summary judgment in the party's favor upon all or any part thereof.

Com. R. Civ. P. 56(a). Rule 56(c) continues:

[t]he judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.

Com. R. Civ. P. 56(c). Once a movant for summary judgment has shown that no genuine issue of material fact exists, the burden shifts to the opponent to show that such an issue does exist. *Riley v. Pub. Sch. Sys.*, 4 N.M.I. 85, 89 (1994). The opponent, by affidavit or otherwise, must set forth specific facts showing a genuine issue for trial. *Id.* A fact in contention is considered material only if its determination may affect the outcome of the case. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248-49, 106 S. Ct. 2505, 2510, 91 L. Ed. 2d 202, 212 (1986). The party opposing summary judgment must show the existence of a genuine dispute of material fact in the context of any substantive evidentiary burdens of proof that would apply at a trial on the merits. *Id.* at 253, 106 S. Ct. at 2512, 91 L. Ed. 2d at 214; *see also Romano v. Merril Lynch, Pierce, Fenner & Smith*, 834 F.2d 523, 527 (5th Cir. 1987); *Idaho v. Hodel*, 814

F.2d 1288, 1292-93 (9th Cir. 1987). “Thus, in ruling on a motion for summary judgment, the judge must view the evidence presented through the prism of the substantive evidentiary burden.” *Anderson*, 477 U.S. at 254, 106 S. Ct. at 2513, 91 L. Ed. 2d at 215. Defendants cannot oppose summary judgment merely by making conclusory statements or stating legal conclusions that plaintiffs have failed to state a claim upon which relief can be granted.³ See *Gov’t of the N. Mariana Islands v. Micronesian Ins. Underwriters, Inc.*, 2 CR 760, 770 (Trial Ct. 1986) (citing *Fontenot v. Upjohn Co.*, 780 F.2d 1190, 1195-96 (5th Cir. 1986)). Defendants must substantiate the broad allegations of their answer with a “competent, meaningful, or factual response which would necessitate a trial [on the issues presented], with the attendant time and expense.” *Id.* at 771.

B. Affidavits Re “Partida” Stricken

Plaintiff moved for summary judgment, claiming that there are no genuine issues of material facts in dispute. Plaintiff contends that Jose’s conveyances of all of his property to his children, without valuable consideration, and without relinquishing possession and control over the properties, after the entry of the California Order, constituted fraud upon Plaintiff. Defendants counter by averring that Jose’s conveyances in 1997 were a “partida” and thus, summary judgment should be denied, as there are genuine issues of material facts in dispute.

To shift the burden of proof to Defendants, Plaintiff, as the movant in a summary judgment motion, need not support his motion with affidavits or similar materials that negate the opposing party’s claim, but need only point out to the trial court the absence of evidence to support the nonmoving party’s claims. Plaintiff asked the Court to consider that fact that Jose never raised the issue of “partida” in his letter to his family prior to the conveyances, at the Order in Aid of Judgment hearing conducted in the N.M.I. Superior Court, or anywhere in his pleadings, prior to filing his opposition to Plaintiff’s motion for summary judgment. See Letter Ex. E; Trans. at 2. In addition, Plaintiff also argues that the statements in Jose’s and Yvonne’s affidavits were nothing more than conclusory statements made without any supporting facts that Jose

³ See *Cabrera v. Heirs of De Castro*, 1 N.M.I. 172, 176-77 (1990) (holding that a party opposing a motion for summary judgment cannot merely make conclusive statements); see also *Griggs-Ryan v. Smith*, 904 F.2d 112, 115 (1st Cir. 1990) (holding that mere conclusions will not suffice); *Santos v. Santos*, 4 N.M.I. 206, 211 (1994) (holding that “merely stating that it was his belief that he owned the land as the result of a partida did not create a factual dispute on the issue of ownership”).

performed a “partida”. *See* Pl.’s Reply Mem. at 2-3. By showing that there is no evidence to support Defendants’ claims, the burden shifts to Defendants to prove the existence of an element essential to their claim that Jose conducted a “partida.”

Here, the only evidence Defendants presented were Jose’s and Yvonne’s affidavits in support of Jose’s claim of “partida.” Commonwealth Rules of Civil Procedure 56 (e) sets the standard for affidavits, and provides, in pertinent part: “[s]upporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein.” Commonwealth case law has long held that the court may strike an affidavit that does not comply with Rule 56(e). *See Gov’t of the N. Mariana Islands v. Micronesian Ins. Underwriters, Inc.*, 2 CR 760, 763 (Trial Ct. 1986) (striking affidavit and granting summary judgment where affidavit contradicted prior deposition statements of affiant and affidavit also not relevant to dispositive issues); *see also Concepcion v. Am. Int’l Knitters Corp.*, 2 CR 939, 942 (Dist. Ct. 1986) (*citing Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 254, 106 S. Ct. 2505, 2513, 91 L. Ed. 2d 202, 215 (1986) (holding that “[t]here is no genuine issue of material fact if the evidence presented in opposing affidavits is of insufficient caliber or quantity to allow a rational finder of fact to find for the opponent by clear and convincing evidence”)).

In their affidavits, Jose and Yvonne made a general claim that Jose performed the Chamorro custom of “partida,” but they failed to state any facts that a “partida” was performed in a manner consistent with the law of “partida.” *See* Jose’s Decl.; Yvonne’s Decl.; *see also Pangelinan v. Tudela*, 1 CR 708 (Dist. Ct. App. Div. 1983). Jose stated in his affidavit, simply that “[d]ue to my ailing health in 1995, I performed the Chamorro custom of ‘partida.’ I divided my lands as follows” *See* Jose’s Decl. ¶¶ 8, 9. Yvonne stated in her affidavit, “[m]y father before giving me the deed of gift performed a ‘partida.’” *See* Yvonne’s Decl. ¶ 4. The affidavits did not state the time, place, or family members present when the “partida” was made. Both affidavits simply made general, conclusive statements that Jose conducted a “partida” without any proper factual support. The Court, therefore, strikes Jose’s and Yvonne’s affidavits pursuant to Com. R. Civ. P. 56(e). As such, in the absence of any factual evidence supporting Defendants’ claim of “partida,” the Court finds that Defendants failed to show that there are genuine issues of material facts.

1 C. Defendants Conveyed Properties in Fraud of Creditors

2 The Court next addresses Plaintiff's claim that Jose's conveyances of Lots 22628-E-1, 1691-2,
3 and 22886 to his daughters were done to defraud creditors. As stated earlier, Plaintiff argues that Jose's
4 actions in conveying the properties to his children constituted a fraud upon Plaintiff. See Pl.'s Mot. for
5 Summ. J. at 7. Plaintiff further contends that such conveyances are subject to rescission and cancellation under
6 the common law doctrine of fraudulent conveyances: specifically, badges of fraud. *Id* at 11. On this issue,
7 Defendants argue that there is no need to apply the common law principle of fraudulent conveyances in this
8 case because the Commonwealth does not have a statute governing the transfer of real property in fraud of
9 creditors, and even if fraudulent conveyance was applied through the badges of fraud, Defendants' actions
10 did not give rise to the level of fraud contemplated by the common law. See Def.'s Opp'n at 2-4.

11 The Commonwealth has no statutory law regarding a transfer of real property in fraud of creditors.
12 In the absence of written law or local customary law to the contrary, the Court turns to the rules of the
13 common law, as expressed in the restatements of the law as approved by the American Law Institute, and
14 to the extent not so expressed, as generally understood and applied in the United States. See 7 CMC §
15 3401; *Trinity Ventures, Inc. v. Guerrero*, 1 N.M.I. 54, 61 (1990); *Ada v. K. Sadhwani's, Inc.*, 3 N.M.I.
16 303, 308 (1992); *Castro v. Hotel Nikko Saipan, Inc.*, 4 N.M.I. 268, 275 (1995), *appeal dismissed*, 96
17 F.3d 1259 (9th Cir. 1996).⁴ The Restatement provides, in pertinent part, "[a]n *inter vivos* donative transfer
18 of property, which property is not exempt from the claims of creditors of the donor, that leaves the donor
19 unable to meet the claims of creditors is subject to the statute in the controlling state on transfers in fraud of
20 creditors." See RESTATEMENT (SECOND) OF PROPERTY (DONATIVE TRANSFERS) § 34.3(1) (1992).

21 "The history of the law of fraudulent conveyances shows that, from the earliest times, transfers of
22 *personal* property in fraud of creditors have been deemed void at common law." *Ocklawaha River Farms*
23 *Co. v. Young*, 74 So. 644, 648 (Fla. 1917). A creditor is defined as one who has a claim, i.e., a right to
24 payment, "whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent,
25 matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured." UNIF. FRAUDULENT

27 ⁴ With regards to Defendants' claim that the common law principle of fraudulent conveyances should not be
28 applied because the Commonwealth does not have such a statute, the Court finds that Defendants' claim is meritless.

TRANSFER ACT § 1(3)-(4) (1984). The principle underlying the common law was that, the creditor “had a claim upon the property of his debtor constituting the fund from which the debt should be paid.” *Young*, 74 So. at 648. If the debtor, in disposing of his property, ignores the equitable right of his creditors to be paid out of the property in his hands, with the intent to delay or defraud his creditor, such disposition is deemed inequitable and void. *Id.* at 649.

The question of fraud involves the element of intent. *See In re Gafco, Inc. v. H.D.S. Mercantile Corp.*, 263 N.Y.S. 2d 109, 114 (N.Y. Civ. Ct. 1965). Because it is difficult to look into a person’s mind for purposes of ascertaining intent, it is often necessary to consider the circumstances surrounding the assignment and to determine the intent from what he did or failed to do.⁵ *Id.* By reason of its nature, fraud is usually very difficult to prove by direct evidence. *See Pergrem v. Smith*, 255 S.W.2d 42, 44 (Ky. 1953); *see also Battjes v. United States*, 172 F.2d. 1, 5 (6th Cir. 1949).

Surrounding circumstances which usually accompany an intent to hinder, delay or defraud creditors, and from which fraud may be inferred are called “badges of fraud.” *See Timmer v. Pietrzyk*, 261 N.W. 313, 314 (Mich. 1935). The “term ‘badge of fraud’ means any fact tending to throw suspicion upon the questioned transaction. It raises an inference that the conveyance was fraudulent, and throws upon the parties to the transaction the burden of making a satisfactory explanation by more persuasive proof of good faith than is ordinarily required.” *Leonardo v. Leonardo*, 251 F.2d 22, 26 (D.C. Cir.1958). *See also United States v. Edwards*, 572 F. Supp. 1527 (D. Conn. 1983); *Pergrem*, 255 S.W.2d at 44; *Bentley v. Caile*, 286 N.W. 163, 164 (Mich. 1939); *Payne v. Gilmore*, 382 P.2d 140 (Okla. 1963). Inadequacy of consideration is a badge of fraud. *See Granger v. Granger*, 296 N.W. 288 (Mich. 1941); *Harris v. Shaw*, 272 S.W.2d 53, 55 (Ark. 1954). The grantor’s continued possession of the property following conveyance to another is also held to be a badge of fraud. *See Renn v. Renn*, 179 S.W.2d 657, 660 (Ark. 1944); *Godfrey v. City of Cochran*, 65 S.E.2d 605, 611 (Ga. 1951). Among the indicia, or badges, of

⁵ Generally, the only method of determining actual intent is by a consideration of the circumstances surrounding the transaction. *Bentley v. Caile*, 286 N.W. 163, 164 (Mich. 1939). The court in *De West Realty Corp. v. I.R.S.*, 418 F. Supp. 1274, 1279 (S.D.N.Y. 1976) discussed additional circumstances from which fraudulent intent would be inferred as follows: “[actual intent to hinder, delay, or defraud] need not be proven by direct evidence but may be inferred (a) where the transferor has knowledge of the creditor’s claim and knows that he is unable to pay it; (b) where the conveyance is made without fair consideration; or (c) where the transfer is made to a related party (i.e., husband to wife, corporation to stockholder).”

1 fraud, are: inadequacy of consideration, insolvency of transferor, relationship of the transferor and
 2 transferee, pendency or threat of litigation, and transfer of the debtor's entire estate. *See Payne*, 382 P.2d
 3 at 142-43. The court in *Sherry v. Ross*, 846 F. Supp. 1424, 1429 (D. Haw. 1994) identified eight badges
 4 of fraud:

- 5 (1) The transferor is indebted or insolvent;
- 6 (2) The conveyance is general, i.e., the debtor's entire estate is diminished, thereby leaving
 him insolvent;
- 7 (3) Consideration for the conveyance is absent;
- 8 (4) The conveyance is secret and concealed;
- 9 (5) The conveyance is made to a family member or to one of close relationship;
- 6 (6) The conveyance is made while a suit against the debtor is pending or threatening;
- 7 (7) The transferee takes the property in trust for the debtor;
- 8 (8) The debtor remains in possession, reserves the use and benefit, and deals with the
 property as his own.

10 The application of any or all of these badges of fraud, however, depends upon whether a creditor
 11 is a subsequent creditor or a pre-existing creditor. "Although a pre-existing creditor need only show badges
 12 of fraud to establish an inference of fraud, a subsequent creditor must show fraud in fact or actual intent to
 13 defraud." *Id.*; see also 37 AM. JUR. 2D *Fraudulent Conveyances* §§ 139, 143 (1968); *Lippi v. City*
 14 *Bank*, 955 F.2d 599, 607 (9th Cir. 1992). Here, Plaintiff is clearly a pre-existing creditor. Jose's debt to
 15 Plaintiff arose before the alleged fraudulent conveyance occurred. On December 19, 1996, the California
 16 Superior Court ordered Jose to pay attorney fees to Plaintiff. *See California Order*. Eighteen days later,
 17 on January 7, 1997, Jose conveyed his properties to his daughters. *See Ex. 2, 3, 4*.

18 The Court, therefore, finds that Plaintiff has the burden of showing only badges of fraud to prove
 19 fraudulent conveyance. *See Benavente v. Marianas Pub. Land Corp.*, 2000 MP 13 ¶ 40 (holding that the
 20 burden of proving fraud or misrepresentation is upon the party aggrieved thereby); *see also Sherry*, 846 F.
 21 Supp. at 1428 (holding that utilization of the badges of fraud is favorable to the creditor, because by simply
 22 showing the existence of badges of fraud, a creditor's burden is satisfied). Having determined that Plaintiff
 23 needs only to prove badges of fraud, we now turn to the facts to decide whether any of the eight badges
 24 listed in *Sherry* exist in this case, thereby casting suspicion about whether a fraudulent conveyance took
 25 place. After a careful review of the record, the Court finds the presence of at least six badges of fraud in
 26 the case at issue.

27 First, the transferor is indebted or insolvent. Jose owed at least \$520,000.00 to different individuals,
 28

including child support and attorney fees, prior to conveying his properties to his daughters. *See* Trans. ¶¶ 2-8. When Jose conveyed his properties to his daughters, he was left without any land. *See* Trans. ¶¶ 17-18. He had no assets other than his personal things in his house. *Id.* at 28-34. As a result of the transfer, Jose's debts were greater than the assets reachable by his creditors, thereby, leaving him insolvent.⁶

Second, the conveyance is general, thereby causing the debtor's entire estate to be diminished and leaving him insolvent. *See* Ex. 2, 3, 4. As a result of the transfer, Jose was left without any land or assets other than his personal things. *See* Trans. at 63 ¶¶ 17-18, 28-34. Jose and his wife are unemployed and without any government assistance. *Id.* at 11 ¶¶ 12-16, 12 ¶¶ 14-17, 23 ¶¶ 1-2. The only income Jose has is from the rental payments from the properties he purportedly conveyed to his children. *Id.* at 17 ¶¶ 14-25, 18 ¶¶ 1-9. He has no other source of money. *Id.* at 60 ¶¶ 5-6, 26 ¶¶ 16-20. In fact, he does not have enough money for food and clothing for his family, and is currently applying for food stamps. *Id.* at 57 ¶¶ 8-15, 59 ¶¶ 24-25, 60 ¶ 1.

Third, consideration for the conveyance is absent. Jose conveyed his properties for love and affection and without any consideration. The love and affection of one's children is insufficient to support a conveyance as against the creditors of an insolvent grantor. *See Terre Haute Brewing Co., Inc. v. Linder*, 7 N.W.2d 16, 18 (Iowa 1943); *see also Roddam v. Martin*, 235 So. 2d 654, 656 (Ala. 1970). *See* Trans. at: 41 ¶¶ 4-7 and Ex. 2 (for Lani); 39 ¶¶ 10-11 and Ex. 3 (for Marie Jo); 43 ¶¶ 2-6 and Ex. 4 (for Yvonne).

Fourth, the conveyance was made to family members. Jose conveyed the properties to his three daughters, two of which were minors. *See* Trans. at 9 ¶¶ 9-14, 9 ¶¶ 2-6; Ex. 2-4.

Fifth, the conveyance was made while a suit against the debtor was pending or threatening. The conveyance was made just eighteen days after the California Superior Court issued the California Order

⁶ The Iowa Supreme Court in *First Nat'l Bank in Fairfield v. Frescoln Farms, Ltd.*, 430 N.W.2d 432, 436 (Iowa 1988) held that the test for insolvency is the test embodied in the common law, as well as the Uniform Fraudulent Transfer Act, i.e., "an individual debtor is insolvent if the sum of the debtor's debts is greater than all of the debtor's assets at fair valuation." UNIF.FRAUDULENT TRANSFER ACT § 2(a) (1984). *See also*, UNIF.FRAUDULENT CONVEYANCE ACT § 2(1) (1918); 37 AM. JUR. 2D *Fraudulent Conveyances* § 15 (1968) at 704-05; 37 C.J.S. *Fraudulent Conveyances* § 106 (1948) at 945-47.; *United States v. Lombardi*, 924 F. Supp. 361, 363 (D. R.I. 1996) (holding that a person is insolvent if the sum of his debts is greater than all of his assets and he is presumed insolvent if he fails to pay his debts as they become due).

against Jose. *See* California Order; Ex. 2-4.

Lastly, Jose, despite the conveyance, remains in complete control and possession of the properties, and continues to receive benefits from these properties. Here, Jose conveyed Lot 22628-E-1 to Lani on January 7, 1997 but he still lives on said property with his third wife. *See* Trans. 8 ¶¶ 14-15; Ex. 2. In fact, when he was asked where he lived, he responded, “my house,” referring to Lot 22628-E-1. *See* Trans. at 9 ¶¶ 15-17. In addition, Jose conveyed Lot 1691-2 to Marie Jo along with the business on it, Chemiboy Enterprises. *Id.* at 13 ¶¶ 11-15, 14 ¶¶ 1-4. Though the business is being leased out for \$500.00 a month payable to Marie Jo, Jose keeps the money. *Id.* at 14 ¶¶ 18-25, 15 ¶¶ 1-15, 27 ¶¶ 1-7. Jose even offset one-month’s payment in consideration for the payer’s service in repairing Jose’s car. *Id.* at 28 ¶¶ 7-16. Furthermore, there are four rooms at the back of the business that Jose rents out to his friends. *Id.* at 19 ¶¶ 23-24, 20 ¶¶ 2-4, 36 ¶¶ 7-19. There is also a second building on the property that Jose uses to operate as a fast-food and pool hall. *Id.* at 36 ¶¶ 14-25, 37 ¶¶ 1-24. Moreover, on March 1998, one year and fourteen months after conveying Lot 22886 to Yvonne, Jose leased out this property under his name for \$500.00 a month to be used as a barracks. *See* Trans. at 43 ¶¶ 15-25, 44 ¶¶ 12-17, 45 ¶¶ 17-19. Jose negotiated and signed the lease and continues to collect rental payments. *Id.* at 45 ¶¶ 9-15. Lastly, Jose testified that he took it upon himself to give whatever he had to his daughter instead of paying the people he owes. *Id.* at 39 ¶¶ 14-21.

The Court finds that the presence of even one of these “badges of fraud” may stamp the transaction as fraudulent. *See Payne v. Gilmore*, 382 P.2d 140, 143 (Okla. 1963). Thus, a concurrence of several of these badges will always make a strong case for fraud. *See United States v. Leggett*, 292 F.2d 423, 427 (6th Cir. 1961). As it is apparent that numerous “badges of fraud” arise from the undisputed facts established by the record, these badges show that the conveyances were made to avoid creditors, such as Plaintiff. The Court, therefore, finds that Jose conveyed his interests in all three properties to Lani, Marie Jo, and Yvonne with the intent to defraud Plaintiff.⁷

VI. CONCLUSION

⁷ With regards to Plaintiff's argument that Jose constructively defrauded Plaintiff, such argument has already been addressed in the "badges of fraud" section above.

1 For the foregoing reasons, this Court finds: (1) there are no genuine issues of material fact in dispute
2 regarding Defendants' claim of "partida," and (2) there are no genuine issues of material fact regarding
3 Jose's conveyance of his properties to his daughters to defraud creditors. As such, Jose's deeds of gift to
4 his children are deemed void and, thus, the properties are subject to execution by Plaintiff as a judgment
5 creditor. Therefore, Plaintiff's Motion for Summary Judgment is hereby **GRANTED**.

6 **SO ORDERED** this 19th day of March 2003.

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9 /s/
VIRGINIA SABLON-ONERHEIM, Judge *Pro Tempore*
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