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

In re:  
**IMPERIAL PACIFIC INTERNATIONAL  
(CNMI) LLC,**

Debtor and Debtor in Possession.

Case No. 1:24-bk-00002

Chapter 11

**OFFICIAL COMMITTEE OF GENERAL  
UNSECURED CREDITORS' OMNIBUS  
REPLY TO OPPOSITIONS BY JOSHUA  
GRAY AND THE COMMONWEALTH  
OF THE NORTHERN MARIANA  
ISLANDS TO THE JOINT MOTION OF  
THE DEBTOR AND THE COMMITTEE  
TO APPROVE THE SALE OF THE  
DEBTOR'S ASSETS; DECLARATIONS  
OF ARAM ORDUBEGIAN AND CARL  
COMSTOCK IN SUPPORT THEREOF**

Hearing Date and Time (ChST):

Date: April 15, 2025

Time: 9:00 a.m.

Judge: Hon. Robert J. Faris



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**TO THE HONORABLE ROBERT J. FARIS, UNITED STATES BANKRUPTCY  
JUDGE; AND ALL INTERESTED PARTIES:**

The Official Committee of General Unsecured Creditors (the “Committee”) of Imperial Pacific International (CNMI) LLC, the debtor and debtor in possession (the “Debtor”) in the above-captioned chapter 11 case (the “Case”) hereby submits this omnibus reply to the oppositions filed by Joshua Gray (“Gray”) [ECF Nos. 390-392] (“Gray Opposition”) and the Commonwealth of the Northern Mariana Islands (“CNMI”) [ECF No. 388] (“CNMI Opposition,” together with Gray Opposition, the “Oppositions”) to the *Joint Motion of Debtor and Official Committee of General Unsecured Creditors for Order (I) Approving the Sale of Substantially All of the Debtor’s Assets Free and Clear of All Liens, Claims, and Encumbrances Pursuant to 11 U.S.C. § 363, Subject to Overbids; and (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Cure Amounts Associated Therewith* [ECF No. 367] (the “Motion”).<sup>1</sup> In further support of the reply, the Committee respectfully represents as follows:

**I.**

**INTRODUCTION**

Throughout this case, the Committee has taken an active role in ensuring that the tortured history behind the Debtor, on one hand, and CNMI and Gray, on the other hand, does not interfere with the disposition of the estate’s assets for the benefit of unsecured creditors. With assistance of Intrepid Investment Bankers LLC (“Intrepid”) as the Investment Banker, the Committee has undertaken a vigorous marketing campaign of the Debtor’s assets over the past few months, and as a result, two all-asset “Qualified Bids” were received by the bid deadline: (1) Team King Investment (CNMI) LLC: an all-cash bid of \$12.95 million for substantially all of the Debtor’s Assets with an option to purchase the Casino License for additional \$2.5 million, accompanied by the required good faith deposit; and (2) Loi Lam Sit: an all-cash bid of \$12.5 million for substantially all of the Debtor’s Assets with an option to purchase the Casino License for additional \$2.5 million, accompanied by the required good faith deposit. Ultimately, Mr. Sit elected not to bid further at the auction as he had been informed by CNMI that they would not approve the lease

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<sup>1</sup> Any capitalized term not defined herein has the meaning ascribed to it in the Motion.

1 with DPL if he were the Successful Bidder. Team King was designated the winning bidder, and as  
2 a result, this case evolved from being administratively insolvent to now a case that can result in  
3 distribution to general unsecured creditor. However, the Committee is concerned that CNMI  
4 inappropriately impacted the auction by unnecessarily chilling the bid of Mr. Sit to the detriment  
5 of creditors.

6 While Intrepid conducted a comprehensive search to find interested buyers, based on Gray  
7 and CNMI's representation that there are potential overbidders who would pay more for the estate's  
8 assets, the Committee is not necessarily opposed to reopening bidding and letting the process  
9 unfold. However, any interested bidder (including Mr. Wickline) must satisfy all requirements of  
10 the Bid Procedures and demonstrate its willingness to submit a bid and the financial and operational  
11 wherewithal to close a sale that would bring into the estate more value than the Team King bid and  
12 on a similar closing timeline as the Successful Bid.

13 The Committee understands that Gray and CNMI are dissatisfied with the outcome of the  
14 auction. However, the record shows that the Committee and Intrepid have followed the Court-  
15 approved Bid Procedures and utilized their business judgement each step of the way. Any decision  
16 to reopen bidding must reject Gray's contention that the partial bids from Gray and DAC  
17 Management LLC ("DAC") were qualified. Neither Team King nor Mr. Sit were willing to carve-  
18 out portions of their bid to be paired with the partial bids. Further, Gray's partial bid of \$1.5 million  
19 for certain personal property was offered as a credit bid, without the submission of a good faith  
20 deposit; and DAC's partial bid of \$150,000 initial payment for the gambling debts with  
21 contingencies for evidence that the debts are fully documented and enforceable (which could be  
22 reduced to a negligible amount should some or all of the gambling debts be found to not be  
23 documented or legally enforceable) necessitates years of estate monitoring and administration.  
24 Simply put, the Committee could not risk the withdrawal of the complete eight-figure bids from  
25 Mr. Sit and Team King for the small partial bids submitted by Gray and DAC, which would have  
26 resulted in de minimis value for the estate.

1 II.

2 **PROCEDURAL HISTORY**

3 **A. The Initial Proposal of Loi Lam Sit as A Stalking Horse Bidder Was Rejected Because**  
 4 **It Was Not Market-Tested.**

5 The Debtor's initial exit strategy involved reinstating its Casino License and resuming  
 6 operations, forming a plan based on this premise. However, it became clear early that Debtor could  
 7 not reach an agreement with the Commonwealth Casino Commission (the "CCC") to renew the  
 8 Casino License and restart operations. Recognizing that the Debtor's original exit strategy was no  
 9 longer feasible, the Committee worked diligently and collaboratively with the Debtor to implement  
 10 a comprehensive sale process for the Debtor's business and assets.

11 As set forth in detail in the Final Order Authorizing Debtor to Obtain Postpetition  
 12 Indebtedness [ECF No. 173] (the "DIP Loan Order"), the Court approved a total of \$1.4 million  
 13 for debtor in possession financing (the "DIP Loan") pursuant to the approved budget provided in  
 14 the DIP Loan Order. As the Debtor had ceased operations and no longer generated revenue, the  
 15 DIP Loan became the sole financial resource available to address the estate's liquidity needs and  
 16 certain fundamental stabilizing expenses, such as utilities, insurance, payroll, and rent, as well as  
 17 the professional fees incurred in this case. The Debtor's lack of liquidity dictates that the sale be  
 18 consummated on an expedited basis.

19 On August 9, 2024, the Debtor filed the *Motion to Approve Bid Procedures for Sale of*  
 20 *Substantially All of the Debtor's Assets and Related Relief* [Dkt. No. 182] ("Debtor's Bid  
 21 Procedures Motion"). The Committee opposed the Debtor's Bid Procedures Motion because the  
 22 proposal of Loi Lam Sit as a stalking horse bidder was not a market-tested result and thus proposed  
 23 to engage an investment banker to properly market the assets. *See* ECF No. 219. As a result, the  
 24 Debtor's Bid Procedures Motion was denied. ECF No. 281.

25 **B. The Marketing Efforts and the Bids Submitted to the Debtor**

26 On October 5, 2024, the Court approved the Committee's application to employ Intrepid as  
 27 an investment banker. ECF No. 276. Since September 2024, the Debtor, the Committee, and  
 28 Intrepid have diligently crafted marketing materials, set up a virtual data room and executed an



1 extensive marketing process. Intrepid conducted robust marketing efforts including contacting  
 2 nearly 100 potential interested buyers including casino operators and distressed investors in  
 3 Southeast Asia, Oceania, the United States, and around the world. Given the minimal operations  
 4 of the Debtor since the revocation of the casino license and the few employees remaining, certain  
 5 data requests were not able to be obtained from the Debtor. However, Intrepid was still able to  
 6 provide prospective buyers with a fulsome data room including historical financials, construction  
 7 plans, site images and floorplans, title and insurance information, and other diligence information.

8 By the Bid Deadline of February 21, 2025, at 12:00 p.m. (ChST), Intrepid received the  
 9 following bids (including the stalking horse bid):

- 10 (1) **Loi Lam Sit** for substantially all the Debtor's assets for \$12.5 million and an option  
 11 to purchase the Casino License for an additional \$2.5 million, and the assumption  
 12 and assignment of (i) the Lease Agreement with the Department of Public Lands  
 13 (the "DPL"), (ii) the Retention Agreement for KCL & Partners, and (3) the  
 14 Litigation Funding Agreement with Kangyi Software Limited (collectively, the  
 15 "Assigned Contracts");
- 16 (2) **Team King Investment (CNMI) LLC** ("Team King") for substantially all the  
 17 Debtor's assets for \$12.95 million and an option to purchase the Casino License for  
 18 an additional \$2.5 million, and the assumption and assignment of the Assigned  
 19 Contracts;
- 20 (3) **Joshua Gray** for certain personal property for a credit bid of \$1.5 million; and
- 21 (4) **DAC Management LLC** ("DAC") for all of the Debtor's gambling debts for  
 22 \$150,000.00 plus 20% of all future recoveries (with a \$5.25 million cap on the 20%)  
 23 contingent upon such debts being 100% currently legally enforceable and  
 24 documented gaming debts (purchase price to be reduced pro rata for any debts not  
 25 currently 100% legally enforceable and documented); and \$1 per debt plus 10% of  
 26 future recoveries for any Debtor's gaming debt that is not currently 100% legally  
 27 enforceable and documented.

28 In addition to the aforementioned bidders, in early October 2024, Intrepid and Michael

Dotts were in discussion to actively explore David Wickline’s potential interest in acquiring the Debtor’s Assets. Mr. Wickline claims that he was unable to gain access to the data room because Intrepid refused to accommodate even reasonable modifications to its Non-Disclosure Agreement (the “NDA”) and requests to reopen the bidding process. Mr. Wickline’s assertion is simply not true. On October 18, 2024, Intrepid promptly scheduled a meeting with Mr. Wickline to discuss his interest. Immediately following the meeting, Intrepid provided Mr. Wickline with an NDA. On October 31, 2024, Mr. Wickline returned a redlined version of the NDA. By November 5, 2024, Intrepid addressed Mr. Wickline’s comments and sent back an updated draft of the NDA. Without receiving Mr. Wickline’s response, Intrepid proactively followed up on November 13 and November 25, 2024, offering to discuss the NDA further but did not receive a response. Intrepid handles thousands of NDAs on annual basis and has extensive expertise in ensuring that our NDA terms align with market standards (as well as reviewing NDAs from prospective buyers with Debtor and Committee counsel to ensure proper confidentiality for the Debtor’s Assets). In nearly all instances, Intrepid is able to successfully reach mutually agreeable terms with interested parties. Here, despite the diligent efforts to accommodate and engage Mr. Wickline in the process, he unfortunately did not respond to multiple attempts to move forward collaboratively to finalize the NDA and submit a bid.

**C. The Approved Bid Procedures Afford the Debtor and the Committee the Discretion to Reject Bids.**

On January 8, 2025, the Court approved the Bid Procedures (the “Bid Procedures”) jointly prepared by the Debtor and the Committee (the “Bid Procedures Order”). ECF No. 340. The Bid Procedures, which are incorporated into the Bid Procedures Order, set forth a transparent process for potential buyers to conduct due diligence on the Assets, which provide, among other things, the following:

- In valuing “qualified bids,” the Debtor and the Committee may take into consideration any and all, including (among other things), including the amount of the proposed purchase price and proposed form of consideration; any Assets included in, or excluded from, the bid; the net economic effect on the Debtor’s estate; and the structure of the proposed sale transaction and any attendant execution risk, including conditions to, timing of, and certainty of closing.

- The Debtor and the Committee will evaluate timely bids and will (i) determine which bids qualify as Qualified Bids and which Qualified Bid has been selected as the Baseline Bid.
- Each Qualified Bid must be accompanied by a good faith deposit (each, a “Good Faith Deposit”) in the form of cash in an amount equal to ten percent (10%) of the proposed purchase price for the Assets.
- The Auction will include open bidding in the presence of all other Qualified Bidders.
- The Debtor and the Committee shall have the right to reject, at any time, without liability, any bid that the Debtor and the Committee deem to be inadequate, insufficient, or not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, these Bidding Procedures, any order of the Court, or the best interests of the Debtor’s estate.
- Representations and Warranties (*As-Is, Where-Is*). Each Qualified Bid must include a written acknowledgement and representation that (a) the Prospective Bidder has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its Qualified Bid, (b) ***the Prospective Bidder has relied solely upon its own or its advisors’ independent review, investigation, and/or inspection of any documents and/or the Assets in making its Qualified Bid***, (c) the Prospective Bidder did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Prospective Bidder’s Proposed Asset Purchase Agreement; and (d) ***the Assets will be conveyed “as is, where is, with all faults,”*** with limited representations and warranties, and no indemnification or guarantees by the Debtor.

#### **D. The Auction**

In accordance with the Bid Procedures Order, on February 26, 2025 (ChST), Intrepid as the Investment Banker, in consultation with the Debtor and the Committee, conducted an Auction for the Sale of the Assets. The Bid Procedures Order provides that the Debtor and the Committee will provide instructions setting forth how to attend the Auction to the participants and other attendees ***via electronic mail***. ECF No. 340. Accordingly, the notice of the Auction was sent to the identified Qualified Bidders and other parties who requested to observe the Auction, including the counsel for Gray and CNMI via electronic mail.

At the Auction, Team King’s bid of \$12,950,000.00 bid was established as the baseline bid. Intrepid provided detailed instructions for the auction procedures specifying a minimum overbid

1 increment of \$150,000.00. As the bidding commenced, Mr. Sit's counsel announced that he had  
 2 been informed by CNMI that they would not approve the lease with the DPL if he were the  
 3 successful bidder, and consequently, Mr. Sit decided not to submit an overbid. As a result, Team  
 4 King was designated as the Successful Bidder.

5 At the conclusion of the Auction, the Debtor and the Committee selected (i) Team King as  
 6 the Successful Bidder for the Assets, with a Bid comprised of a \$12,950,000.00 cash purchase price  
 7 plus an option to purchase the Casino License and assumption of certain liabilities of the Debtor;  
 8 and (ii) Loi Lam Sit as the Back-Up Bidder for the Assets, with a Bid comprised of a  
 9 \$12,500,000.00 cash purchase price plus an option to purchase the Casino License and assumption  
 10 of certain liabilities of the Debtor.

### 11 III.

#### 12 ARGUMENT

#### 13 A. The Committee Followed the Court-Approved Bid Procedures, and Any Contention 14 that Intrepid Did Not Exercise Proper Discretion in its Management of the Marketing 15 and Sale Process Must Be Outright Rejected.

16 Following the instructions on this Court at the November 6, 2024 status conference, the  
 17 Debtor and the Committee engaged in a month-long negotiation to develop bid requirements and  
 18 sale milestones. The Court's approval of the Bid Procedures marked a key milestone serving to  
 19 establish a fair and equitable process by which distressed assets can be market-tested and auctioned;  
 20 and in return, creditors can be assured that the sale proceeds in return have been maximized for the  
 21 benefit of the estate. The virtual data room provided available information primarily related to the  
 22 Debtor's casino asset, including detailed information on the casino hotel building, the leasehold  
 23 interest in the land lease with the Department of Public Lands (the "DPL"), and an analysis of the  
 24 Saipan market. Intrepid diligently negotiated the NDAs with potential interested parties and timely  
 25 provided them access to the data room once the NDAs were executed.

26 Contrary to what is presented in the Oppositions, the sale process has been conducted in  
 27 accordance with the Court-approved Bid Procedures to ensure fairness and transparency. Indeed,  
 28 "a court must not blindly follow the hue and cry of the most vocal special interest groups; rather he

1 should consider all salient factors pertaining to the proceeding and, accordingly, act to further the  
2 diverse interests of the debtor, creditors, and equity holders, alike.” *Comm. of Equity Sec. Holders*  
3 *v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir.1983)). The sale and auction for  
4 the Assets has been publicized in a commercially reasonable manner through the date of the  
5 Auction. The sale has been properly noticed to all interested parties, and appropriate notice of the  
6 auction date and time has been provided in accordance with the approved Bid Procedures. The  
7 Debtor and the Committee submitted that the APA from Mr. Sit as a floor for recovery to creditors,  
8 have encouraged any and all potential bidders to submit overbids, and verified their financial  
9 wherewithal to consummate the transaction.

10 Next, Gray asserts that the data room lacks information of specific personal property and  
11 related appraisal and valuation. First, pursuant to the Bid Procedures Order, the Debtor’s Assets  
12 are sold “As-Is, Where-Is.” The Bid Procedures Order explicitly provides that the Prospective  
13 Bidder has relied solely upon its own or its advisors’ independent review, investigation, and/or  
14 inspection of any documents and/or the Assets in making its Qualified Bid. Thus, there is no  
15 requirement that competing purchasers be given precise valuations of each component of their bids.  
16 Second, the Debtor’s dire financial condition and its lack of liquidity has prevented it from  
17 conducting a comprehensive valuation given the condition and complex nature of the Assets, and  
18 thus, proposed to sell the Assets on an “As-Is, Where-Is” basis. Furthermore, both Gray and CNMI  
19 have actively pursued the collection of their claims even prior to the Debtor’s bankruptcy filing.  
20 Both of them are represented by competent legal counsel and possess the sophistication necessary  
21 to evaluate the risks and benefits associated with their bids.

22 Finally, Gray’s claim that he was denied access as a bidder is misleading. Gray never  
23 indicated interest in submitting a bid throughout the entire due diligence process. Instead, using  
24 his standing as a creditor, Gray asked for access to the data room, which was rightfully rejected by  
25 Intrepid. Rather, at 5:51 p.m. (Pacific Time) – merely 9 minutes before the Bid Deadline, Gray  
26 submitted a limited, non-disqualifying credit bid for only selected personal properties, and without  
27 abiding by the good faith deposit requirement. This was the first indication of Gray’s interest in  
28 submitting a bid, and now, counterfactually, he spuriously seeks to overturn the sale based on being

1 denied access to the data room. This untenable position must be outright rejected to preserve the  
2 integrity of the sale process.

3 Gray and CNMI assert that the auction notice was improper, alleging that the Debtor and  
4 the Committee failed to provide access instructions to all potential bidders, including Mr. Wickline,  
5 and did not publish the access instructions on the case website. However, this claim misinterprets  
6 the Bid Procedures Order, which does not mandate the Debtor and the Committee to serve auction  
7 access instructions to all potential bidders. The Bid Procedures explicitly state that the auction will  
8 include open bidding in the presence of all other Qualified Bidders, and instructions on how to  
9 attend the auction will be provided to participants and other attendees via *electronic mail*.  
10 Consequently, the auction access instructions was appropriately sent to the identified Qualified  
11 Bidders and other parties who requested to observe the auction, including the counsel for Gray and  
12 CNMI, via electronic mail. Therefore, the notice of the auction was both sufficient and proper.

13 Therefore, the sale process has been undertaken a vigorous marketing campaign and in full  
14 compliance with the Bid Procedures Order.

15 **B. The Partial Bids Submitted by Gray and DAC Were Properly Rejected.**

16 The Committee, with the assistance of Intrepid, have exercised sound business judgment in  
17 selecting the Qualified Bidders. Gray's assertion that the partial bids from him and DAC were  
18 improperly rejected is baseless. *See In re Bakalis*, 220 B.R. 525, 532 (Bankr. E.D.N.Y.  
19 1998)(finding that proper business judgment was exercised where one declined "the temptation of  
20 jeopardizing virtually assured benefits by supporting a bid that exposes the estate to a much greater  
21 risk of, among other things, a failed closing and the associated chance of being left with a devalued  
22 asset.")

23 The Committee engaged in thorough and extensive discussions with Intrepid and the  
24 Debtor to evaluate all bids and identify the qualified bidders. Both Mr. Sit and Team King  
25 submitted all-cash offers to acquire nearly all of the Debtor's Assets, along with an option to  
26 purchase the Casino License for an additional \$2.5 million. Furthermore, each made a good faith  
27 deposit equaling to 10% of their proposed purchase price as required by the Bid Procedures Order.  
28 Moreover, both Mr. Sit and Team King also submitted documentations supporting the financial

1 capacity to consummate the sale including bank account statements.

2 On the other hand, Gray's bid presented multiple concerns. Gray submitted a partial bid  
3 for specific personal property in the form of a credit bid, which overlaps with the bid from Mr. Sit  
4 and Team King. The Debtor's counsel actively conferred with the counsel for Mr. Sit and Team  
5 King to explore the possibility of carving out the overlapping personal property. Neither Mr. Sit  
6 nor Team King agreed to the carve-out. Gray's assertion that no effort was made to see if either  
7 Mr. Sit or Tea King would carve out the personal property is simply incorrect. Moreover, Gray  
8 failed to provide a good faith deposit as required by the Bid Procedures Order.

9 Additionally, his credit bid introduces further complexity due to the existence of at least  
10 four senior secured claims, which necessitates a comprehensive analysis of the validity and scope  
11 of these claims, as well as the valuation of their respective collaterals, to ascertain Gray's rightful  
12 entitlement to the credit bid. However, Gray did not provide any evidence to substantiate his  
13 entitlement under the Bankruptcy Code. Although a secured creditor has a right to credit bid at any  
14 sale of estate property subject to the creditor's security interest, the credit bid right is not absolute.  
15 See 11 U.S.C. § 363(k). Courts prohibit the junior lienholder from credit bidding at the sale where  
16 the junior lien has no economic value based upon the value of the collateral and the amount of the  
17 senior lien. See *In re Lahaina Venturers*, 41 B.R. 357, 358 (D. Haw. 1984) (Where it appears  
18 unlikely that a sale of the property sufficient to fully pay the secured creditors will be consummated,  
19 a bid-in of 5% of the secured lien of the junior secured creditors is a meaningless offer on the part  
20 of the creditor, with no benefit to debtor or actual loss to such creditor if the sale is not  
21 consummated). Here, it appears that Gray's lien is secured solely by the Debtor's personal  
22 property. There are at least four senior secured creditors, including CNMI, the Law Office of  
23 Michael W. Dotts, LLC, GT Building Systems International Ptd., Inc., and U.S.A. Fanter  
24 Corporation, Ltd., collectively holding claims totaling \$9 million encumbering the personal  
25 property. As such, Gray's may have no economic value, and thus, is not entitled to credit bid.

26 Similarly, DAC also submitted a partial bid for only Debtor's gambling debts. DAC offered  
27 to provide the required good faith deposit should it be deemed a Qualified Bidder. However, after  
28 discussion between the Debtor's counsel and the counsel for Mr. Sit and Team King, neither Mr.



Sit nor Team King agreed to exclude the gambling debts from their bids. DAC's bid contains two layers of contingencies: (1) for all 100% currently legally enforceable and documented gaming debts, 20% of all future recoveries (with a \$5.25 million cap on the 20%)(purchase price to be reduced pro rata for any debts not currently 100% legally enforceable and documented); and (2) for any Debtor's gaming debt that is not currently 100% legally enforceable and documented, \$1 per debt plus 10% of future recoveries. The conditions and contingencies introduce significant uncertainty and risk. It renders the estate's future recoveries speculative and unpredictable, as the realization of contingent payments often spans several years and depends on the outcome of litigation. It also necessitates ongoing monitoring by the estate, and such prolonged oversight inevitably results in increased administrative expenses, potentially diminishing the creditors' recovery and their willingness to support the bid.

Recognizing the strategic importance of retaining interest from Mr. Sit and Team King, the estate acknowledged the risk of deterring these key bidders if they were forced to restructure their offers to accommodate the partial bids from Gray and DAC. Such restructuring would necessitate extensive negotiations, compromises, and potential valuation disputes over the personal property and gambling debts involved. The extended timeline required for these adjustments, coupled with the inherent risks of losing bids from Mr. Sit and Team King if negotiations faltered, underscored the necessity for certainty and expediency. After a comprehensive and strategic analysis, the Debtor and the Committee rightfully determined that the bids from Mr. Sit and Team King to be the most promising path forward at this critical juncture and identified them as the Qualified Bidders.

Therefore, sound business reasons exist for rejecting the partial bids from Gray and DAC and concluding the bids from Mr. Sit and Team King were the Qualified Bids.

**C. To the Extent the Court Finds that Bidding Need Not Be Reopened and the Sale to Team King is in the Best Interest of the Estate, the Sale Should be Approved Free and Clear of All Liens and Encumbrances.**

Gray and CNMI contend that the sale of the Assets cannot be approved free and clear of their liens because none of the five requirements under section 363(f) are met. These include the



1 absence of their consent under section 363(f)(2), the lack of bona fide disputes regarding their  
 2 claims under section 363(f)(4), the purchase price not exceeding the aggregate value of all liens  
 3 under section 363(f)(3), and the fact that CNMI has not actually pursue foreclosure on its tax lien  
 4 under sections 363(f)(1) and (f)(5). Notably, because Bankruptcy Code Section 363(f) is stated in  
 5 the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of the  
 6 assets “free and clear” of liens and interests. *See In re Kellstrom Indus., Inc.*, 282 B.R. 787, 793  
 7 (Bankr. D. Del. 2002) (“Section 363(f) is written in the disjunctive, not the conjunctive, and if any  
 8 of the five conditions is met, the debtor has the authority to conduct the sale free and clear of all  
 9 liens.”) (*citing Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa.  
 10 1988)).

11 As demonstrated in detail below, even if Gray and CNMI withhold their consent, the  
 12 Committee submits that the sale of the Assets can be approved free and clear of their liens at least  
 13 under sections 363(f)(4) and (f)(5).

14 1. Both Gray and CNMI’s Claims Are Subject to Bona Fide Disputes.

15 The Debtor may sell assets free and clear of liens, claims, interests and encumbrances if  
 16 “such interest is in bona fide dispute.” 11 U.S.C. § 363(f)(4). “The purpose of § 363(f)(4) is to  
 17 permit property of the estate to be sold free and clear of interests that are disputed by the  
 18 representative of the estate so that liquidation of the estate’s assets need not be delayed while such  
 19 disputes are being litigated.” *In re Clark*, 266 B.R. 163, 171 (B.A.P. 9th Cir. 2001). Although the  
 20 term “bona fide dispute” is not defined, numerous cases have found an interest to be subject to a  
 21 *bona fide* dispute if “there is an objective basis for either a factual or legal dispute as to the validity”  
 22 of the interest. *In re Gulf States Steel, Inc.*, 285 B.R. 497, 507 (Bankr. N.D. Ala. 2002); *In re Taylor*,  
 23 198 B.R. 142, 162 (Bankr. D. S.C. 1996). The court need not resolve the dispute prior to the sale;  
 24 it need only determine that such a dispute exists. *In re Gaylord Grain LLC*, 306 B.R. 624, 627  
 25 (B.A.P. 8th Cir. 2004). In fact, the propriety of the alleged interest does not even have to be the  
 26 subject of an immediate or concurrent adversary proceeding. *Id.*

27 Here, there are bona fide disputes with respect to the liens asserted by Gray and CNMI  
 28 because both the substantial punitive damages included in Gray’s claim and the tax penalties in

1 CNMI's claim are subject to avoidance and subordination under section 724(a) and 726(a)(4).  
 2 Therefore, grounds exist to approve the Sale free and clear under 11 U.S.C. § 363(f)(4).

3 Section 724(a) states a "trustee may avoid a lien that secures a claim of a kind specified in  
 4 section 726(a)(4) of this title". 11 U.S.C. § 724(a). While Section 726 deals generally with the  
 5 distribution of property of the estate, section 726(a)(4) provides that the fourth priority in  
 6 distribution of property of the estate is "in payment of any allowed claim, ***whether secured or***  
 7 ***unsecured***, for any fine, penalty, or forfeiture, or for multiple, exemplary, or punitive damages,  
 8 arising before the earlier of the order for relief or the appointment of a trustee, to the extent that  
 9 such fine, penalty, forfeiture, or damages are not compensation for actual pecuniary loss suffered  
 10 by the holder of such claim". 11 U.S.C. § 726(a)(4) (emphasis added). When read together,  
 11 sections 724(a) and 726(a)(4) establish a statutory basis to allow a trustee to avoid and subordinate  
 12 liens of tax penalty and punitive damages. *See Simonson v. Granquist*, 369 U.S. 38 (1962); *In re*  
 13 *Comstock Financial Services, Inc.*, 111 B.R. 849 (Bankr. C.D. Cal. 1990); *In re Rosebud Farm,*  
 14 *Inc.*, 660 B.R. 222 (Bankr. N.D. Ill, 2024). "Enforcement of penalties against the estates of  
 15 bankrupts, however, would serve not to punish the delinquent taxpayers, but rather their entirely  
 16 innocent creditors." *Simonson v. Granquist*, 369 U.S. at 38. The congressional intent to protect  
 17 innocent creditors from delinquent taxpayers and to provide an equitable distribution of assets has  
 18 been preserved by section 724(a).

19 Although section 726(a) is applicable by its literal terms only to chapter 7 cases, due to  
 20 requirements under section 1129(a)(7), it is applicable to Chapter 11 cases as well. *See In re Erlin*  
 21 *Manor Nursing Home, Inc.*, 36 B.R. 672 (Bankr. Mass. 1984) ("A contrary conclusion would be  
 22 inconsistent with Section 1129 of the Code. This section requires, as a prerequisite to confirmation  
 23 of a Chapter 11 plan, that the plan provide creditors, including unsecured claimants, the amount  
 24 they would receive if the debtor were liquidated under Chapter 7."); *In re Compton Corp.*, 40 B.R.  
 25 875 (Bankr. N.D. Texas 1984) (finding that section 726(a)(4) was applicable to the chapter 11 case)  
 26 (reversed on different grounds); *Owens Corning v. Credit Suisse First Boston*, 322 B.R. 719 (D.  
 27 Del. 2005) (Punitive damage claims should be subordinated under the best-interest test under  
 28 section 1129(a)(7)); *see also*, 3 Collier on Bankruptcy para. 726.01 (15th ed. 1987). Alternatively,

1 under the circumstances of this case, the Committee submits grounds exist for the subordination of  
 2 penalties and punitive damages under the principle of equitable subordination under section 510(c).  
 3 *See In re Cassis Bistro Inc.*, 188 B.R. 472 (Bankr. S.D. Fla. 1995) (The tax penalties could be  
 4 equitably subordinated to other general unsecured claims against chapter 11 debtor under section  
 5 510(c)).

6 Here, Gray's claim contains approximately \$4.2 million punitive damages. The proof of  
 7 claim submitted by Gray (Claim No. 19) asserts a secured claim of \$5,467,083.29. The judgment  
 8 enclosed in the proof of claim explicitly states the following: "[t]he total of compensatory damages  
 9 amounts to \$1,421,545.55. With a ratio of 3:1 of ***punitive damages*** to compensatory damages, the  
 10 Court awards \$4,264,636.65 in ***punitive damages***." *See* Claim No. 19 (emphasis added). Similarly,  
 11 CNMI's claim contains approximately \$1.7 million penalties. CNMI's proof of claim asserts a tax  
 12 lien of \$7,656,225.69 for outstanding business gross revenue taxes, employer withholding taxes,  
 13 and the related penalties and interest. Its tax claim includes penalties amounting to approximately  
 14 \$1,756,000. A copy of spreadsheet of a breakdown of CNMI's taxes is attached to the Declaration  
 15 of Aram Ordubegian as **Exhibit 1**.

16 Undoubtedly, the substantial punitive damages in Gray's claim and the tax penalties in  
 17 CNMI's claim are subject to avoidance and subordination to general unsecured creditors under  
 18 sections 724(a) and 726(a)(4). Moreover, these punitive damages and tax penalties can also be  
 19 subordinated under section 510(c). Section 1129(a)(7), the commonly called "best interest of  
 20 creditors test", requires creditors to receive a distribution not less than they would receive if the  
 21 debtor were liquidated under Chapter 7 on the effective date of the plan. *See In re Erlyn Manor*  
 22 *Nursing Home, Inc.*, 36 B.R. at 678; *In re Cassis Bistro Inc.*, 188 B.R. at 475. The punitive damages  
 23 and the tax penalties at issue here would be subordinated to the other allowed unsecured claims  
 24 under § 726(a)(4) if this estate was liquidated under Chapter 7. Thus, unsecured creditors would  
 25 fare better in a Chapter 7 unless they were subordinated for distribution under the Chapter 11.

26 Based on all of the foregoing, there are bona fide disputes with respect to the liens asserted  
 27 by Gray and CNMI, and therefore, grounds exist to approve the Sale free and clear under 11 U.S.C.  
 28 § 363(f)(4). Notwithstanding the foregoing, the Committee reserve the right to later challenge the

1 amount, priority, and/or validity of any asserted liens.

2       2.       The Sale Can Also Be Approved Free and Clear under Section 363(f)(5).

3       The Sale can also be approved free and clear of Gray and CNMI's liens pursuant to section  
4 363(f)(5), which permits a sale of property free and clear of liens and interests if "such entity could  
5 be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest".  
6 *See* 11 U.S.C. § 363(f)(5). Section 363(f)(5) does not require full payment to the lien or interest  
7 holder if the trustee can demonstrate the existence of another legal or equitable proceeding by which  
8 the holder may be compelled to accept less than full satisfaction of the secured debt. *In re Grand*  
9 *Slam U.S.A., Inc.*, 178 B.R. 460 (E.D. Mich. 1995) (holding that the "money satisfaction" language  
10 in Section 363(f)(5) does not require full payment to the lienholder); *In re Healthco Int'l Inc.*, 174  
11 B.R. 174 (Bankr. D. Mass. 1994)(construing "money satisfaction of such interest" to mean a  
12 payment constituting less than full payment of the underlying debt because any lien can always be  
13 discharged by full payment of the underlying debt pursuant to Section 363(f)(3)); *Scherer v.*  
14 *Federal National Mortgage Association (In re Terrace Chalet Apartments, Ltd.)*, 159 B.R. 821  
15 (Bankr. N.D. Ill. 1993).

16       The Ninth Circuit has held that the **possibility** of a foreclosure by a senior lienholder allows  
17 a bankruptcy estate to sell free and clear of junior interests which would be eliminated under state  
18 law. *Pinnacle Rest. at Big Sky, LLC v. CH SP Acquisitions (In re Spanish Peaks Holdings II, LLC)*,  
19 872 F.3d 892, 900 (9th Cir. 2017) (emphasis added). The bankruptcy court *In re Urban Commons*  
20 *2 West LLC, et al.*, 2025 WL 717024 (Bankr. S.D.N.Y. Mar. 4, 2025) adopts a "realistic **possibility**"  
21 standard, in contract to the "hypothetical" standard which would encompass any hypothetical action  
22 a third party might take that would compel interest holders to accept a money satisfaction, including  
23 the government's taking of property by eminent domain. *Id.* at \*4-5 (emphasis added). Notably,  
24 the court explicitly found that reading section 363(f)(5) to include foreclosure sales and UCC sales  
25 comports with this subsection's purposes and concluded that "the availability of a foreclosure  
26 proceeding under state law satisfies Bankruptcy Code § 365(f)(5)." *Id.* at \*6-7.

27       It is important to note that to satisfy section 363(f)(5), the Debtor and the Committee only  
28 need to show that the availability of a mechanism that would extinguish the lien without paying the

1 interest in full. It is irrelevant whether CNMI intends or has actually commenced a tax sale. Under  
 2 the law of the Commonwealth of the Northern Mariana Islands, a mechanism for extinguishing the  
 3 lien without paying the interest in full exists. Section 1875 of Northern Mariana Islands Code  
 4 provides such a mechanism for CNMI to collect and sell seized property in order to satisfy the taxes  
 5 owed. 4 N. Mar. I. Code § 1875. Under sections 1865 and 1866, CNMI shall give consideration  
 6 to the value of liens that have priority over the lien of the CNMI for determining that the value of  
 7 the interest of the CNMI to be valueless and discharged. 4 N. Mar. I. Code §§ 1865 and 1866.

8 Furthermore, Gray and several other lienholders have initiated a receivership proceeding  
 9 under CNMI law in the District Court to foreclose on the Debtor's assets. This involves issuing a  
 10 writ of execution followed by an auction. This is another mechanism under CNMI law that allows  
 11 for extinguishing the lien without fully paying the interest, and was already in progress before the  
 12 Debtor's bankruptcy filing.

13 Additionally, as a reflection of his lack of understanding of bankruptcy asset sales, Gray's  
 14 argument that using CNMI tax lien to wipe out the junior liens is unconstitutional is misplaced.  
 15 The sale of the Debtor's Assets free and clear of any interest in such property under section  
 16 363(f)(5) does not deprive any junior secured creditors of their rights. The validity, priority, and  
 17 amount of their claims will be attached to the sale proceeds to the extent that they maintain the  
 18 same validity, priority, and amount.

19 Therefore, the Committee submits that approval of the sale of the Assets free and clear of  
 20 liens, claims, interests or encumbrances is appropriate under Sections 363(f)(5) of the Bankruptcy  
 21 Code.

#### 22 **D. Adequate Assurance of Future Performance**

23 A debtor in possession may assign an executory contract or unexpired lease of the debtor if  
 24 it assumes the agreement in accordance with section 365(a), and provides adequate assurance of  
 25 future performance by the assignee, whether or not there has been a default under the agreement.  
 26 11 U.S.C. § 365(f)(2). The meaning of "adequate assurance of future performance" depends on the  
 27 facts and circumstances of each case, but should be given a "practical, pragmatic construction."  
 28 *EBG Midtown S. Corp. v. McLaren/Hart Env. Eng'g Corp. (In re Sanshoe Worldwide Corp.)*, 139

1 B.R. 585, 592 (S.D.N.Y. 1992); *In re Rachels Indus., Inc.*, 109 B.R. 797, 803 (Bankr. W.D. Tenn.  
 2 1990); *see also In re Prime Motor Inns Inc.*, 166 B.R. 993, 997 (Bankr. S.D. Fla. 1994); *Carlisle*  
 3 *Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988)  
 4 (“[a]lthough no single solution will satisfy every case, the required assurance will fall considerably  
 5 short of an absolute guarantee of performance”).

6 In this case, CNMI has outlined a list of documents that Team King is required to provide,  
 7 along with specific conditions that need to be met. The Committee has been informed that Team  
 8 King is diligently working to fulfill CNMI’s requirements to provide adequate assurance of future  
 9 performance under the lease agreement with the DPL.

#### 10 IV.

#### 11 CONCLUSION

12 The Committee’s focus has been and continues to be running a fair and equitable sale  
 13 process for the sole purpose of maximizing the value of the Assets for the estate. The Oppositions  
 14 contend that the overbidders were deprived of the opportunity to bid at the auction. Again, the  
 15 Committee is open to restarting the bidding process to maximize value for general unsecured  
 16 creditors. However, the Committee cannot be required to give up Team King’s successful bid  
 17 unless a third party bidder (including Mr. Wickline) is ready to promptly top Team King with a bid  
 18 which fully satisfies the Bid Procedures.

19  
 20 Dated: March 20, 2025

**ARENTFOX SCHIFF LLP**

21  
 22 By: /s/Aram Ordubegian  
 23 Aram Ordubegian  
 24 Christopher K.S. Wong  
 25 Attorneys for the Official Committee of  
 26 General Unsecured Creditors  
 27  
 28

**DECLARATION OF CARL R. COMSTOCK**

I, Carl R. Comstock, declare that:

1. I am a Director of Special Situations at Intrepid Investment Bankers LLC (“Intrepid”). I am authorized to make this declaration on behalf of Intrepid in support of the *Official Committee of General Unsecured Creditors’ Omnibus Reply to Oppositions by Joshua Gray and the Commonwealth of the Northern Mariana Islands to the Joint Motion of the Debtor and the Committee to Approve the Sale of the Debtor’s Assets* (the “Reply”). Any capitalized term not defined herein has the meaning ascribed to it in the Reply.

2. Unless otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge, my discussions with the Debtor’s management and other professionals, members of the Intrepid team, or other interested parties, my review of relevant documents, or my opinion based upon my experience, knowledge, and information concerning the Debtor’s operations and financial affairs. I am over 18 years of age and competent to make this Declaration. If called upon to testify, I would testify competently to the facts set forth in this Declaration. To the extent that any information disclosed herein requires subsequent amendment or modification upon Intrepid’s completion of further analysis or as additional creditor information becomes available to it, one or more supplemental declarations will be submitted to the Court reflecting the same.

3. Intrepid is an investment bank that provides M&A advisory, buy-side target search, capital advisory, and special situations advisory services to entrepreneur and family-owned companies, private equity sponsors, and major corporations, through dedicated teams with over four decades of deep industry sector experience. Intrepid has a dedicated restructuring investment banking group with extensive experience advising corporations, creditors’ committees and other constituents in complex situations involving underperforming or unsuitably capitalized businesses facing difficult financing conditions, liquidity crises, out of court restructurings, and bankruptcy proceedings.

4. Since September 2024, Intrepid conducted robust marketing efforts including contacting nearly 100 potential interested buyers including casino operators and distressed



1 investors in Southeast Asia, Oceania, the United States, and around the world.

2 5. Intrepid also diligently crafted marketing materials and set up a virtual data room.  
3 The online data room included hundreds of files covering the following diligence areas:  
4 Construction Plan, Financials, Floorplans, Insurance, Leases, Permits, Photos and Videos of the  
5 Property, and Title Reports. Despite limited employee resources for the Debtor, Intrepid worked  
6 with the Debtor and Debtor's professionals to obtain all available information and respond to  
7 additional data requests from prospective purchasers.

8 6. Considering the Debtor's potential in the casino and hospitality industry, the virtual  
9 data room provided comprehensive information primarily related to the Debtor's casino asset,  
10 including detailed information on the casino hotel building, the leasehold interest in the land lease  
11 with the Department of Public Lands (the "DPL"), and an analysis of the Saipan market.

12 7. Intrepid diligently negotiated the NDAs (with the assistance of Debtor and  
13 Committee counsel when necessary) with potential interested parties and timely provided them  
14 access to additional marketing materials and the data room once the NDAs were executed.

15 8. Joshua Gray never indicated as interest in submitting a bid throughout the entire due  
16 diligence process. Instead, using his standing as a creditor, Mr. Gray asked for access to the data  
17 room, which was rightfully rejected by Intrepid.

18 9. Rather, at 5:51 p.m. (Pacific Time) – merely 9 minutes before the Bid Deadline, Mr.  
19 Gray submitted a limited credit bid for only selected personal properties, and without abiding by  
20 the good faith deposit requirement. This was the first indication of Mr. Gray's interest in submitting  
21 a bid.

22 10. Intrepid was contacted by Michael Dotts in early October 2024 to actively explore  
23 David Wickline's (Mr. Dotts' client) potential interest in acquiring the Debtor's Assets.

24 11. On October 18, 2024, Intrepid promptly scheduled a meeting with Mr. Wickline to  
25 discuss his interest. Immediately following the meeting, Intrepid provided Mr. Wickline with a  
26 Non-Disclosure Agreement (the "NDA").

27 12. On October 31, 2024, Mr. Wickline returned a redlined version of the NDA. By  
28 November 5, 2024, Intrepid addressed Mr. Wickline's comments and sent back an updated draft of



1 the NDA.

2 13. Without receiving Mr. Wickline's response, Intrepid proactively followed up on  
3 November 13 and November 25, 2024, offering to discuss the NDA further.

4 14. Intrepid handles thousands of NDAs on annual basis and has extensive expertise in  
5 ensuring that NDA terms align with market standards and approximately protect company  
6 confidentiality. In nearly all instances, we successfully reach mutually agreeable terms with  
7 interested parties.

8 15. Despite the diligent efforts to accommodate and engage Mr. Wickline in the process,  
9 he unfortunately did not respond to our attempts to move forward collaboratively to finalize the  
10 NDA.

11 16. By the bid deadline of February 21, 2025, at 12:00 p.m. (ChST), Intrepid received  
12 the following bids (including the stalking horse bid):

13 (1) **Loi Lam Sit** for substantially all the Debtor's assets for \$12.5 million and an option  
14 to purchase the Casino License for an additional \$2.5 million, and the assumption  
15 and assignment of (i) the Lease Agreement with the Department of Public Lands  
16 (the "DPL"), (ii) the Retention Agreement for KCL & Partners, and (3) the  
17 Litigation Funding Agreement with Kangyi Software Limited (collectively, the  
18 "Assigned Contracts");

19 (2) **Team King Investment (CNMI) LLC** ("Team King") for substantially all the  
20 Debtor's assets for \$12.95 million and an option to purchase the Casino License for  
21 an additional \$2.5 million, and the assumption and assignment of the Assigned  
22 Contracts;

23 (3) **Joshua Gray** for certain personal property for a credit bid of \$1.5 million; and

24 (4) **DAC Management LLC** ("DAC") for all of the Debtor's gambling debts for  
25 \$150,000.00 plus 20% of all future recoveries (with a \$5.25 million cap on the 20%)  
26 for all 100% currently legally enforceable and documented gaming debts (purchase  
27 price to be reduced pro rata for any debts not currently 100% legally enforceable  
28 and documented); and \$1 per debt plus 10% of future recoveries for any Debtor's

1 gaming debt that is not currently 100% legally enforceable and documented.

2 17. The Debtor and the Committee, with consultation with Intrepid, conducted a  
3 thorough evaluation to assess the viability and potential benefits of each bid, both individually and  
4 in the aggregate when possible, to the estate and decided to identify Mr. Sit and Team King as the  
5 Qualified Bidders.

6 18. The Bid Procedures Order provides that the Debtor and the Committee will provide  
7 instructions setting forth how to attend the Auction to the participants and other attendees *via*  
8 *electronic mail*. ECF No. 340. Accordingly, the notice of the Auction was sent to the identified  
9 Qualified Bidders and other parties who requested to observe the Auction, including the counsel  
10 for Mr. Gray and CNMI via electronic mail.

11 19. In accordance with the Bid Procedures Order, on February 26, 2025 (ChST),  
12 Intrepid as the Investment Banker, in consultation with the Debtor and the Committee, conducted  
13 an Auction for the Sale of the Assets.

14 20. At the Auction, Team King's bid of \$12,950,000.00 bid was established as the  
15 baseline bid. Intrepid provided detailed instructions for the auction procedures specifying a  
16 minimum overbid increment of \$150,000.00 . As the bidding commenced, Mr. Sit's counsel  
17 announced that Mr. Sit had decided not to submit an overbid, as he had been informed by CNMI  
18 that they would not approve the lease with the DPL if he were the successful bidder. As a result,  
19 Team King was designated as the Successful Bidder and Mr. Sit was the Back-Up Bidder.  
20

21 I declare under penalty of perjury under the laws of the United States of America that the  
22 foregoing is true and correct.

23 Executed this Thursday, March 20, 2025, at New York.

24  
25 /s/ Carl R. Comstock  
26 Carl R. Comstock  
27  
28

**DECLARATION OF ARAM ORDUBEGIAN**

I, Aram Ordubegian, declare that:

1. I am a partner of the firm ArentFox Schiff LLP (“AFS”), a law firm that employs approximately 600 attorneys and maintains an office for the practice of law at 555 West Fifth Street, 48th Floor, Los Angeles, CA 90013-1065, as well as offices in San Francisco, CA, Washington, DC, Chicago, IL, Ann Arbor, MI, Boston, MA, and New York, NY.

2. AFS is the general bankruptcy counsel to the Committee. I submit this Declaration in support of the *Official Committee of General Unsecured Creditors’ Omnibus Reply to Oppositions by Joshua Gray and the Commonwealth of the Northern Mariana Islands to the Joint Motion of the Debtor and the Committee to Approve the Sale of the Debtor’s Assets* (the “Reply”). Any capitalized term not defined herein has the meaning ascribed to it in the Reply.

3. I am fully familiar with the facts hereinafter stated, and I am authorized to and hereby make this declaration (the “Declaration”) on behalf of AFS. The information contained in this Declaration is of my personal knowledge or is derived from discussions with my partners or my review of the files in this case.

4. I have reviewed the Reply and the facts presented within it, which are incorporated here by reference. Based on such review, the factual recitations are true and correct to the best of my knowledge, information, and belief.

5. CNMI filed a proof of claim (Claim No. 26) which asserts a tax lien of \$7,656,225.69 for outstanding business gross revenue taxes, employer withholding taxes, and the related penalties and interest. Its tax claim includes penalties amounting to approximately \$1,756,000.00. A copy of spreadsheet of a breakdown of CNMI’s taxes is attached hereto as **Exhibit 1**.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this Thursday, March 20, 2025, at Los Angeles, CA.

/s/ Aram Ordubegian  
Aram Ordubegian

## **Exhibit 1**

IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC													
AS OF 12/6/23													
Year	Form ID	Pd	Chapter 2 Tax	Chapter 2 FTF	Chapter 2 FTP	Chapter 2 INT	Chap 2 Balance	Chapter 7	Chapter 7	Chaper 7 FTP	Chapter 7	Chap 7 Balance	TOTAL 2 & 7
2021	OS-3705	1	114,653.09	15,478.17	18,917.91	21,634.87	170,684.04	943.10	127.32	155.76	178.01	1,404.19	172,088.23
2021	OS-3705	2	66,332.40	-	9,949.80	10,429.45	86,711.65	5.00	-	0.90	0.75	6.65	86,718.30
2021	OS-3705	3	2,290.74	515.40	309.15	401.14	3,516.43	-	-	-	-	-	3,516.43
2021	OS-3705	4	2,588.47	-	310.56	352.16	3,251.19	-	-	-	-	-	3,251.19
			185,864.70	15,993.57	29,487.42	32,817.62	264,163.31	948.10	127.32	156.66	178.76	1,410.84	265,574.15
Year	Form ID	Pd	Chapter 2 Tax	Chapter 2 FTF	Chapter 2 FTP	Chapter 2 INT	Chap 2 Balance	Chapter 7	Chapter 7	Chaper 7 FTP	Chapter 7	Chap 7 Balance	
2017	OS-3105	12	-	-	307,795.40	1,912,789.50	2,220,584.90	-	-	-	-	-	
2018	OS-3105	12	-	-	1,105,822.71	1,099,350.29	2,205,173.00	-	-	-	-	-	
2019	OS-3105	12	2,577,871.38	-	289,575.68	249,949.63	3,117,396.69	-	-	-	-	-	
2020	OS-3105	12	160,106.70	-	8,068.54	4,959.23	173,134.47	-	-	-	-	-	
			2,737,978.08	-	1,711,262.33	3,267,048.65	7,716,289.06						

**CERTIFICATE OF SERVICE**

I hereby certify that on March 20, 2025, I caused the forgoing documents to be filed with the Clerk of Court for the United States District Court for the Northern Mariana Islands, Bankruptcy Division, using the CM/ECF System. A true and correct copy of the said pleadings and all attachments thereto have been served on all counsel of record via the Court's CM/ECF System.

Executed this 20th day of March, 2025.

/s/ Aram Ordubegian  
ARAM ORDUBEGIAN