

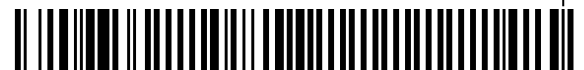
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8 **IN THE UNITED STATES DISTRICT COURT**
9 **FOR THE NORTHERN MARIANA ISLANDS**
10 **BANKRUPTCY DIVISION**

11 In re: 12 IMPERIAL PACIFIC 13 INTERNATIONAL (CNMI) LLC, 14 Debtor and Debtor in Possession.	Case No. 1:24-bk-00002 Chapter 11 <u>Hearing Date and Time (ChST):</u> Date: April 29, 2025 Time: 9:00 a.m. Judge: Hon. Robert J. Faris [Related to ECF Nos. 367, 388, 390]
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18 **STIPULATION RESOLVING SECTION 363 OBJECTIONS**
19 **TO SALE MOTION**

20 This Stipulation Resolving Section 363 Objections to Sale Motion is subject to Court
21 approval and is made between the Imperial Pacific International (CNMI) LLC (the “Debtor”), the
22 Official Committee of Unsecured Creditors General Unsecured Creditors (the “Committee”), the
23 Commonwealth of the Northern Mariana Islands (the “Commonwealth”), the Commonwealth
24 Casino Commission (the “CCC”), Joshua Gray (“Gray”), U.S.A. Fanter Corporation, Ltd.
25 (“Fanter”), and the Law Office of Michael W. Dotts (“Dotts”) (together, the “Parties”) with
26 reference to the following circumstances.¹

27
28 ¹ The Debtor, the Committee, the Commonwealth, the CCC, Gray, Fanter, and Dotts shall hereinafter be referred to individually as a “Party” or collectively as the “Parties.”



RECITALS

WHEREAS, in February 2024, the Debtor filed two civil lawsuits against the Commonwealth and other defendants regarding the annual casino license fee and casino regulatory fee in Case Nos. 24-0001 and 24-0002, before the U.S. District Court for the Northern Mariana Islands (the “District Court Lawsuits”);

WHEREAS, on April 19, 2024 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States District Court for the District of the Northern Mariana Islands, bankruptcy division (the “Court”);

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

WHEREAS, the Debtor holds an exclusive casino license (the “Casino License”) for the island of Saipan;

WHEREAS, on October 5, 2024, the Court approved the Committee’s application to employ Intrepid Investment Bankers LLC (“Intrepid”) as an investment banker, effective as of September 22, 2024;

WHEREAS, the Department of Revenue & Taxation of the Commonwealth filed POC No. 26 in the claims register maintained by the Debtor’s claims agent, Verita Global (the “Claims Register”) asserting a secured claim in the total amount of approximately \$7,656,225.69 (the “DRT Claim”);

WHEREAS, the CCC filed POC No. 25 in the Claims Register asserting a general unsecured, non-priority claim in the amount of \$17,625,000.00 (the “CCC Claim”);

WHEREAS, the Commonwealth filed POC No. 27 in the Claims Register asserting a general unsecured claim in the amount of approximately \$77,512,850.00 (the “DRT Unsecured Claim”);

WHEREAS, Gray filed POC No. 19 in the Claims Register asserting a secured claim in the total amount of approximately \$5,467,083.29 (the “Gray Claim”);

WHEREAS, Dotts filed POC No. 18 in the Claims Register asserting a secured claim in

1 the total amount of approximately \$247,973.70 (the “Dotts Claim”);

2 **WHEREAS**, Fanter filed POC Nos. 39 and 76 in the Court’s claims register asserting
3 secured claims in the total amount of approximately \$425,408.08 (the “Fanter Claim”);

4 **WHEREAS**, the Gray Claim and Fanter Claim have been reduced by the cumulative
5 amount of \$267,267.16 from the distribution of the vehicle auction proceeds;

6 **WHEREAS**, on January 8, 2025, the Court entered an *Order Approving Stipulation Of*
7 *Debtor And Official Committee Of General Unsecured Creditors (A) To Establish Bidding*
8 *Procedures For The Sale Of The Assets Of The Debtor, (B) To Designate A Stalking Horse Bidder,*
9 *(C) To Schedule An Auction And A Sale Hearing, And (D) To Establish Assumption And Assignment*
10 *Procedures* (“Bid Procedures Order”) [ECF No. 340] which approved bidding procedures
11 proposed by Debtor and the Committee for the sale of substantially all of the Debtor’s assets;

12 **WHEREAS**, on February 14, 2025, the Debtor and the Committee filed their *Joint Motion*
13 *of Debtor and Official Committee of General Unsecured Creditors for Order (I) Approving the*
14 *Sale of Substantially All of the Debtor’s Assets Free and Clear of All Liens, Claims, and*
15 *Encumbrances Pursuant to 11 U.S.C. § 363, Subject to Overbids; and (II) Authorizing the*
16 *Assumption and Assignment of Certain Executory Contracts and Cure Amounts Associated*
17 *Therewith* (the “Sale Motion”) [ECF No. 367] seeking approval for the sale of substantially all of
18 the Debtor’s assets to Loi Lam Sit for \$12,500,000.00 plus an additional \$2,500,000.00 if the
19 Casino License is assigned to the buyer under certain conditions, subject to overbid;²

20 **WHEREAS**, Loi Lam Sit has deposited \$1,250,000.00 into escrow at Security Title, Inc.
21 (“Escrow Agent”) in accordance with the Bid Procedures Order;

22 **WHEREAS**, in accordance with the Bid Procedures Order, on February 26, 2025 (ChST),
23 Intrepid conducted an auction for the sale of substantially all of the Debtor’s assets;

24 **WHEREAS**, on February 28, 2025, the Debtor and the Committee filed a Notice of
25 Successful Bidder and Back-Up Bidder [ECF No. 374] which provided notice of a \$12,950,000.00
26 successful overbid by Team King Investment (CNMI) LLC (“Team King”) which has made the
27 requisite deposit of \$1,295,000.00 with Escrow Agent in accordance with the Bid Procedures
28

² Any capitalized term not defined herein has the meaning ascribed to it in the Sale Motion.

1 Order;

2 **WHEREAS**, Asset Purchase Agreement entered into by Team King and the Debtor is filed
3 as ECF No. 427 (the “APA”);

4 **WHEREAS**, under Section 2.03 of the APA, Team King holds an option to acquire an
5 exclusive casino license for the island of Saipan for a payment of \$2,500,000.00 to the Debtor,
6 which is in addition to the Purchase Price (as applicable the “Casino License Option” and the
7 “Casino License Fee”).

8 **WHEREAS**, on March 11, 2025, the Commonwealth filed its *Opposition to Sale and*
9 *Objection to Sale for Lack of Adequate Assurance from Winning Bidder and Backup Bidder* (the
10 “Commonwealth Objection”) [ECF No. 388] objecting to the proposed sale to Team King under
11 Sections 363(f) and 365 of the Bankruptcy Code;

12 **WHEREAS**, on March 11, 2025, Gray filed his *Opposition by Joshua Gray to the Joint*
13 *Motion of the Debtor and The Committee to Approve the Sale of the Debtor’s Assets* (the “Gray
14 Objection”) [ECF No. 390] objecting to the Sale Motion;

15 **WHEREAS**, Gray asserted in the Gray Objection that the amounts of the liens of the
16 secured creditors’ claims, including the Commonwealth, Gray, and Dotts, exceeded the total
17 consideration of the Team King’s proposed purchase price, leaving Gray with a deficiency claim
18 in the amount of approximately \$618,648.81;

19 **WHEREAS**, on March 21, 2025, the Debtor and Committee filed their respective replies
20 (each a “Reply”) [ECF Nos. 410 and 411] to the Commonwealth Objection and the Gray Objection;

21 **WHEREAS**, the Committee’s Reply challenged the assertions in the Commonwealth
22 Objection and Gray Objection; and

23 **WHEREAS**, subject to Court approval, the Commonwealth, Gray, Dotts, and Fanter (Gray,
24 Dotts and Fanter being collectively referred to as the “Secured Creditors”), the CCC, the Debtor,
25 and the Committee have reached a resolution of their secured claims and have agreed to withdraw
26 their objections to the Sale Motion, conditioned on approval of this Stipulation, and except as
27 provided below.
28

STIPULATION

NOW, THEREFORE, in consideration of the foregoing, which are hereby incorporated, it is agreed that, upon entry of an order approving this Stipulation:

1. Resolution of Sale Objections. The Commonwealth and Secured Creditors agree to withdraw their objections to the Sale Motion if and only if the Court approves this Stipulation simultaneously with the Court's approval of the Sale Motion.

2. Adjournment of Briefing and Discovery Deadlines. All further briefing deadlines and discovery related to the Sale Motion among the Commonwealth, Secured Creditors, Debtor, and the Committee are immediately suspended and adjourned until the hearing on this Stipulation and the Sale Motion on April 29, 2025, at 9:00 a.m. (ChST).

3. Earmarking of Sale Proceeds. Upon the Closing of a sale contemplated in the Sale Motion and the APA, the Escrow Agent shall earmark, set aside and pay from the sale proceeds (the "Sale Proceeds"):

- a. \$5,000,000.00 (the "DRT Payment") to the Commonwealth in complete satisfaction of the DRT Claim, but without prejudice to the distribution of any proceeds from any pre-Petition sale of the Debtor's assets;
- b. \$1,500,000.00 (the "Secured Creditor Payment") for distribution to the Secured Creditors (as they instruct in writing) in complete satisfaction of any and all secured claims the Secured Creditors have asserted or may assert in the Debtor's Chapter 11 Case, but without prejudice to their resulting unsecured deficiency claims set forth in paragraph 4 below or the distribution of any proceeds from any pre-Petition sale of the Debtor's assets; and
- c. the remaining assets to be held in trust by the Escrow Agent and to be distributed in accordance with the priority scheme under applicable law or Bankruptcy Court order, including but not limited to: (i) the remaining Sale Proceeds (the "Remaining Sale Proceeds"), (ii) the Excluded Assets as defined in the APA (including avoidance actions under chapter 5 of the Bankruptcy Code), and (iii) the Casino License Fee in the event Team King exercises the

Casino License Option.

4. Secured Creditor Payment. Upon receipt of the Secured Creditor Payment of no less than \$1,500,000.00, the Secured Creditors shall, within fourteen (14) days of receipt of payment, amend their respective POCs to assert general unsecured claims only which shall be deemed allowed for all purposes in the Debtor's Chapter 11 Case.

5. DRT Payment. Upon receipt of the DRT Payment of no less than \$5,000,000.00, the Commonwealth shall, within fourteen (14) days of receipt of payment, amend the DRT Claim to the amount of \$0; provided that in the event DRT fails to file an amended POC, the DRT Claim shall nevertheless be deemed amended in accordance with this provision.

6. DRT Unsecured Claim. DRT agrees to subordinate 70% of the DRT Unsecured Claim (the "Subordinated DRT Portion") and will be entitled to 30% of the DRT Unsecured Claim for purposes of receiving its *pro rata* distribution to general unsecured creditors from the Remaining Sale Proceeds and the Excluded Assets (the "Initial DRT Distribution"). Additionally, in the event the Casino License Option is exercised, DRT shall be paid a catch-up payment on account of the Subordinated DRT Claim from the distribution of the Casino License Fee, which is calculated based on the *pro rata* distribution it would have received on account of the Subordinated DRT Portion (the "DRT Catchup Payment"), and DRT shall be entitled to the full amount of the DRT Unsecured Claim (minus the Initial DRT Distribution and the DRT Catchup Payment) for purposes of receiving its *pro rata* distribution to general unsecured creditors from the Casino License Fee.

7. CCC Claim. The CCC Claim shall be entitled to receive a *pro rata* distribution from the Remaining Sale Proceeds and the Excluded Assets; however, it shall not be entitled to receive any distribution from the Casino License Fee. Notwithstanding the foregoing, in the event the buyer exercises the Casino License Option and an agreement as to the Casino License is reached, the CCC will waive its right to receive any distributions from the Debtor or the estate and it shall amend the CCC Claim to the amount of \$0; provided that in the event the CCC fails to file an amended POC, the CCC Claim shall nevertheless be deemed amended in accordance with this provision.

8. Dismissal of Appeal. Upon approval of the Stipulation, the Debtor agrees to execute a stipulation dismissing its appeal of Joshua Gray's judgment against the Debtor, Case No. 23-15956, before the Ninth Circuit Court of Appeals.

9. Dismissal of Pending District Court Cases. Upon approval of this Stipulation, the Debtor agrees to execute a stipulation dismissing with prejudice the District Court Lawsuits regarding the annual casino license fee and casino regulatory fee.

10. Break-up Fee. The request in the Sale Motion for the approval and payment of a Break-up Fee is withdrawn, without prejudice to Loi Lam Sit seeking its approval in a separate motion.

11. Sale Hearing. In the event that the Court does not approve this Stipulation simultaneously with the Sale Motion currently set for hearing on April 29, 2025, then the hearing on April 29, 2025 shall be a scheduling conference to reschedule the remaining deposition and briefing deadlines related to the Sale Motion and to set a further hearing on the Sale Motion as a contested matter.

12. Limitation on Applicability. This Stipulation is only effective and binding in the event that Team King's bid of \$12,950,000.00 remains as the winning bid. In the event that Team King wins based on a higher bid, or that another party is deemed the winning bidder, then the terms of this Stipulation shall be null and void.

STIPULATED AND AGREED AS TO THE ABOVE:

Dated: April 23, 2025

CHOI & ITO ATTORNEYS AT LAW

By: /s/ Chuck C. Choi

Chuck C. Choi

Allison A. Ito

Attorneys for Imperial Pacific International (CNMI), LLC, the debtor and debtor in possession

1 Dated: April 23, 2025

ARENTFOX SCHIFF LLP

2
3 By: /s/ Christopher K.S. Wong

Aram Ordubegian

4 Christopher K.S. Wong

Sophia R. Wang

5 Attorneys for the Official Committee of
6 Unsecured Creditors

7 Dated: April 23, 2025

8 By: /s/ Aaron Halegua

Aaron Halegua

9 John Patrick M. Fritz

10 Attorneys for Joshua Gray

11 Dated: April 23, 2025

12 By: /s/ J. Robert Glass, Jr.

13 J. Robert Glass, Jr.

14 Chief Solicitor

15 Attorney for the Commonwealth of the
Northern Mariana Islands

16 Dated: April 23, 2025

17 By: /s/ J. Robert Glass, Jr.

18 J. Robert Glass, Jr.

19 Chief Solicitor

20 Attorney for Commonwealth Casino
Commission

21 Dated: April 23, 2025

22 By: /s/ Michael W. Dotts

23 Michael W. Dotts

24 Law Office of Michael W. Dotts

25 Dated: April 23, 2025

26 By: /s/ Colin Thompson

27 Colin Thompson

28 Attorney for U.S.A. Fanter Corporation,
Ltd.

CERTIFICATE OF SERVICE

I hereby certify that on April 23, 2025, I caused the forgoing document 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 pleading has been served on all counsel of record via the Court's CM/ECF System.

Executed this 23rd day of April, 2025.

/s/ Christopher K.S. Wong
CHRISTOPHER K.S. WONG