

1 CHOI & ITO
2 Attorneys At Law
3 CHUCK C. CHOI
4 ALLISON A. ITO
5 700 Bishop Street, Suite 1107
6 Honolulu, Hawaii 96813
7 Telephone: (808) 533-1877
8 Facsimile: (808) 566-6900
9 E-Mail: cchoi@hibklaw.com
10 aito@hibklaw.com

11 McDONALD LAW OFFICE
12 Charles H. McDonald II (F0494)
13 2nd Floor ICC, Room 203
14 Gualo Rai, Saipan, MP 96950
15 Telephone: (866) 967-7567
16 E-Mail: charles@mcdonald.law

17 Attorneys for Debtor and Debtor-in-possession

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

21 In re

22 IMPERIAL PACIFIC INTERNATIONAL
23 (CNMI), LLC,

24 Debtor and Debtor-in-Possession.

Case No. 24-00002
Chapter 11

PRE-STATUS CONFERENCE REPORT

Hearing Date and Time

June 13, 2025, 9:00 a.m. (ChST)
June 12, 2025, 1:00 p.m. (HST)
Judge: Honorable Robert J. Faris

25 **PRE-STATUS CONFERENCE REPORT**

26 Imperial Pacific International (CNMI), LLC, the debtor and debtor-in-possession
27 herein (the “Debtor”) hereby files its Pre-Status Conference Report for the above case.

28 On April 29, 2025, after many months of marketing by the estate’s investment
banker, an auction and negotiations among the major stakeholders, substantially all of the



1 estate's assets were sold to Team King Investment (CNMI), LLC ("Team King") for
 2 \$12.95 million pursuant to the *Joint Motion of Debtor and Committee for Order (I)*
 3 *Approving the Sale of Substantially All of the Sale of the Debtor's Assets Free and Clear*
 4 *of All Liens, Claims, and Encumbrances Pursuant to 11 U.S.C. § 363, Subject to*
 5 *Overbids; and (II) Authorizing the Assumption of Certain Executory Contracts and Cure*
 6 *Amounts Associated Therewith* (the "Sale Motion").¹

8 At the sale hearing, all parties who had objected to the Sale Motion, including the
 9 Commonwealth of the Northern Mariana Islands (the "Commonwealth") and Joshua
 10 Gray ("Gray"), withdrew their oppositions and consented to the sale by way of a detailed
 11 stipulation filed as Docket No. 428 (the "Sale Stipulation").²

13 The Debtor, the Committee, Team King, Gray, and the Commonwealth then
 14 negotiated and agreed to the form of *Order Granting [Sale Motion]* filed as Dkt. No. 433
 15 (the "Sale Order") wherein, the Court found that, *inter alia*, Team King had provided
 16 adequate assurance of future performance and that no cure costs or other types of
 17 compensation were required to be paid upon assumption of the Assigned Contracts. *See*
 18 *Sale Order*, ¶¶ 23-25, 26-28, 30; *see also* Dkt. No. 344 (*Notice of Cure Costs and*
 19 *Potential Assumption and Assignment of Executory Contracts and Unexpired Leases*).

21 The Sale Order was entered six weeks ago, on May 1, 2025.³ It included a waiver
 22 of Rule 6004(h). Yet the sale has not closed. The Debtor understands that Team King
 23

25 ¹ Terms used herein and not otherwise defined shall have the meaning given them in
 26 the Sale Motion.

27 ² The Debtor, Commonwealth, Committee, Commonwealth Casino Commission and
 28 two other secured creditors associated with Gray are parties to the Sale Stipulation.

³ The Sale Order is final and non-appealable.

1 and the Commonwealth are at an impasse with respect to the assignment of the Debtor's
2 ground lease agreement (LA 15-002S) with the Department of Public Lands ("DPL") for
3 approximately 19,204 square meters of land and the obligations of Team King
4 thereunder.

5
6 Specifically, the Debtor understands that the DPL has declined to execute an
7 assignment of the DPL ground lease that must be recorded at closing. On the other hand,
8 the Debtor also understands that Team King has not provided certain requested
9 information to the Commonwealth and has yet to fully fund escrow.

10
11 Regardless of whether the Commonwealth or Team King (or both) is/are at fault
12 for this delay, their failure has placed the estate in a precarious position. The Debtor has
13 no cash. Its Hotel security personnel have not been paid since early May. The Debtor's
14 liability insurance recently lapsed. Annual ground rent of approximately \$207,000 for
15 the DPL ground lease (which should have been paid in May) is delinquent. In short, the
16 administrative insolvency hole has gotten deeper.

17
18 This delay harms all creditors. The impetus for the Sale Stipulation was the fact
19 that the sale price was insufficient to pay secured creditors and administrative claimants
20 in full. The Committee negotiated down the secured claims (and even subordinated the
21 unsecured claims of the Commonwealth Casino Commission) to allow for a recovery to
22 general unsecured creditors. However, each day of delay in closing threatens the
23 prospects of that meager recovery.

24
25 The disputes between Team King and the Commonwealth remain unresolved. As
26 it appears some progress is being made, however, the Debtor requests that the Court
27 continue the status conference for fourteen (14) days and order Team King and the
28

1 Commonwealth to file a joint status report (or separate reports if a joint report cannot be
2 reached) indicating what issues remain outstanding and what efforts each party has
3 undertaken to comply with the Sale Order, at least three days before the next status
4 conference, if the sale has not closed prior to the next status conference.
5

6 DATED: Honolulu, Hawaii, June 11, 2025.

7 /s/ Chuck C. Choi

8 CHUCK C. CHOI

9 ALLISON A. ITO

CHARLES H. McDONALD II

Attorneys for Debtor and

Debtor-in-Possession