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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 **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; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF HOWYO CHI; EXHIBTS 1-3; DECLARATION OF CARL COMSTOCK**

Hearing Date and Time (ChST):
Date: March 25, 2025
Time: 9:00 a.m.

Judge: Hon. Robert J. Faris

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

Imperial Pacific International (CNMI) LLC, the above-captioned debtor and debtor in possession (the "Debtor") and the Official Committee of General Unsecured Creditors (the "Committee") in the above-captioned chapter 11 case (the "Chapter 11 Case"), hereby moves this Court for an order (i) approving sale of all of substantially all of the Debtor's assets (collectively, the "Assets"), free and clear of all liens, claims, and encumbrances, subject to overbids; and (ii) authorizing the assumption and assignment of certain contracts to the successful bidder.

As detailed in the annexed Memorandum of Points and Authorities and the declarations of Howyo Chi (the "Chi Declaration") and Carl Comstock (the "Comstock Declaration"), the Motion seeks to sell the Assets—subject to overbid and Court approval—to Loi Lam Sit, an individual, or his assignee (the "Buyer" or "Mr. Sit") on the terms and conditions set forth in that certain Asset Purchase Agreement, which is attached to the Notice of Designation of Stalking Horse Bidder and Good Faith Deposit (the "APA") filed as ECF No. 359. On January 8, 2025, the Court entered the *Order Approving 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 Procedures* [ECF No. 340] (the "Bid Procedures Order") which approved the bidding procedures (the "Bid Procedures") proposed by Debtor and the Committee.

A true and correct copy of one of the five identical Commitments for Title Insurance (the "Title Report") for the Leasehold Property issued by Security Title, Inc. dated as of August 15, 2024, is attached to the Chi Declaration as **Exhibit 1**. A true and correct copy of a UCC financing report issued by DRT dated September 11, 2024 for the Debtor is attached to the Chi Declaration as **Exhibit 2.** The Assigned Contracts (defined below) along with proposed cure amounts related

to each Assigned Contract are attached to the Chi Declaration as **Exhibit 3**.

WHEREFORE, the Debtor and the Committee respectfully request that the Court enter an order (1) authorizing the sale of the Assets to the Buyer or any successful over-bidder(s) free and clear of all liens, claims, interests and encumbrances; (2) finding that the Buyer or any successful over-bidder(s) are "good faith" purchasers entitled to all of the protections and benefits of 11 U.S.C. § 363(m); (3) authorizing the Debtor to assume and assign the Assigned Contracts upon payment of the proposed cure amounts provided in **Exhibit 3**; (4) approving the Break-up Fee; and (5) waiving the 14-day stay provided in Rule 6004(h); and (6) granting such other and further relief the Court deems just and proper.

Dated: February 13, 2025

ARENTFOX SCHIFF LLP

By: */s/ Aram Ordubegian*
Aram Ordubegian
Christopher K.S. Wong
Attorneys for the Official Committee of Unsecured Creditors

Dated: February 13, 2025

CHOI & ITO ATTORNEYS AT LAW

By: */s/ Chuck C Choi*
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MEMORANDUM OF POINTS AND AUTHORITIES

I.

STATEMENT OF FACTS

A. General Background

On April 19, 2024 (the "Petition Date"), the Debtor commenced this bankruptcy case (the "Case") by filing a voluntary petition under chapter 11 of the Bankruptcy Code in the United States District Court for the Northern Mariana Islands, Bankruptcy Division (the "Court"). The Debtor is a limited liability company organized under the laws of the Commonwealth of the Northern Mariana Islands ("CNMI") and is continuing to manage its property as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. 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. ECF No. 54.

In 2014, the Commonwealth Lottery Commission issued an exclusive casino license (the "Casino License") for the island of Saipan to the Debtor which required, among other things, the payment of $15 million in annual Casino License fees. The Debtor opened its casino in 2014. It made $90 million in Casino License fee payments from 2014 to 2019. The casino is primarily situated on property leased from the CNMI Department of Public Land (the "DPL").

The COVID-19 Pandemic forced the closure of the Debtor's operations in March 2020. In April 2021, the Debtor's Casino License was suspended by the Commonwealth Casino Commission (the "CCC") for nonpayment of fees and other alleged monetary defaults. The Debtor's primary real estate assets consist of (1) a hotel building currently under construction with a casino, (2) a leasehold interest in approximately 19,204 square meters of land leased from the DPL under Lease Agreement No. LA-15-002S (the "Leasehold Property"), and (3) Debtor's ownership interest in Imperial Pacific Properties, LLC, which holds leasehold interests in eight lots adjacent to the Leasehold Property.

B. The Case Status and Marketing Efforts

The Debtor's initial exit strategy involved reinstating its Casino License and resuming operations, forming a plan based on this premise. However, it became clear early that Debtor could

not reach an agreement with the CCC to renew the Casino License and restart operations. Recognizing that the Debtor's original exit strategy was no longer feasible, the Committee worked diligently and collaboratively with the Debtor to implement a comprehensive sale process for the Debtor's business and assets. On October 5, 2024, the Court approved the Committee's application to employ Intrepid Investment Bankers LLC (the "Investment Banker" or "Intrepid") as an investment banker, effective as of September 22, 2024. ECF No. 276. On January 8, 2025, the Court approved the Bid Procedures proposed by the Debtor and the Committee. ECF No. 340.

Since September 2024, the Debtor, the Committee, and Intrepid have diligently crafted comprehensive marketing materials, set up a virtual data room and executed an extensive marketing process, all of which have facilitated a transparent and equitable process for potential buyers to conduct due diligence on the Assets. Intrepid's robust marketing efforts have included contacting nearly 100 potential interested buyers including casino operators and distressed investors in Southeast Asia, Oceania, the United States, and around the world. Of these parties, at least eight (8) remain active under non-disclosure agreements and Intrepid has received one qualified bid (the Stalking Horse Bid) as well as other indications of interest which are expected to be formalized ahead of the Qualified Bid Deadline on February 21, 2025.

As is true in many cases, speed and certainty are critical here. Simply put, the Debtor's current financial condition will not allow for an extensive postpetition sale process. As set forth in detail in the *Final Order Authorizing Debtor to Obtain Postpetition Indebtedness* [ECF No. 173] (the "DIP Loan Order"), the Court approved a total of $1.4 million for debtor in possession financing (the "DIP Loan") pursuant to the approved budget provided in the DIP Loan Order. As the Debtor had ceased operations and no longer generated revenue, the DIP Loan became the sole financial resource available to address the estate's liquidity needs and certain fundamental stabilizing expenses, such as utilities, insurance, payroll, and rent, as well as the professional fees incurred in this case. In short, the Debtor's liquidity position dictates that the sale be consummated on an expedited basis.

C. <u>Sale Negotiations and the Terms of the Proposed Sale to the Buyer</u>

In August 2024, Mr. Sit submitted an initial bid for $10 million for the Assets. The Debtor

filed a *Motion to Approve Bid Procedures for Sale of Substantially All of the Debtor's Assets and Related Relief* [ECF No. 182] (the "Bid Procedures Motion") seeking approval of Mr. Sit's $10 million bid as the stalking horse bid. However, the Court denied the Bid Procedures Motion on October 19, 2024. S*ee* ECF No. 281. Intrepid has undertaken extensive efforts to market the Assets and to identify potential buyers since its engagement. In the meantime, the Debtor and the Committee, with the assistant of Intrepid, have engaged in significant negotiations with Mr. Sit. These negotiations culminated in the APA, whereunder Mr. Sit agreed to purchase the Assets for the Purchase Price of $12.5 million (not including the Casino License) and an additional $2.5 million if he is allowed to assume the Casino License with CCC consent (with related costs to be borne by Mr. Sit), as well as serve as the stalking horse bidder, subject to overbids, under the terms of the approved Bid Procedures. As set forth more fully in the APA itself, Mr. Sit has agreed to purchase the Debtor's real property interest, tangible personal property, inventory, accounts receivables, as well as certain other assets.

On February 10, 2025, Mr. Sit's Good Faith Deposit in the amount of $1,250,000 was made in accordance with Section 2.07 of the APA.

II.

JURISDICTION AND VENUE

This Court has jurisdiction pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O). The statutory predicates for the relief sought herein are 11 U.S.C. §§ 105(a), and 363(b), (m), and Bankruptcy Rules 2002, 6004, and 9014.

III.

PROPOSED SALE TO THE BUYER OR OVERBIDDER(S)

A. The Proposed Sale is Supported by Sound Business Judgment and Should be Approved.

After notice and a hearing, a debtor-in-possession may sell estate assets outside the ordinary course of its business. 11 U.S.C. § 363(b)(1). The Ninth Circuit has held that a sale of a debtor's property should be approved if it is in the best interest of the estate and its creditors. *In re Huntington Ltd.,* 654 F. 2d 578, 589 (9th Cir. 1991); *In re Equity Funding Corp.,* 492 F. 2d 793,

794 (9th Cir. 1974). As a threshold matter, the Ninth Circuit Bankruptcy Appellate Panel has stated that the disposition of a "claim" by way of a compromise that is an asset of the estate is "the equivalent of a sale of the intangible property represented by the claim, which transaction implicates the 'sale' provisions under 11 U.S.C. § 363 as implemented by Bankruptcy Rule 6004 and the compromise procedure of Bankruptcy Rule 9019(a). *Goodwin v. Mickey Thompson Entertainment (In re Mickey Thompson Entertainment)*, 292 B.R. 415, 421 (B.A.P. 9th Cir. 2003).

In evaluating the propriety of a sale of property of the estate, courts have evaluated whether: (i) a "sound business purpose" justifies the sale; (ii) "accurate and reasonable notice" of the sale was provided; (iii) "the price to be paid is adequate, *i.e.*, fair and reasonable"; and (iv) "good faith, i.e., the absence of any lucrative deals with insiders, is present." *In re Slates*, 2012 WL 5359489 (B.A.P. 9th Cir. 2012) (slip op.) citing *In re Wilde Horse Enters., Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Copy Crafters Quick Printing, Inc.*, 92 B.R. 973, 983 (Bankr. N.D. N.Y. 1988). An examination of each of the four relevant factors reveals that the sale here should be approved. *See e.g. Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985) ("as long as [the sale] appears to enhance a debtor's estate, court approval of a [Trustee's] decision to [sell] should only be withheld if the [Trustee's] judgment is clearly erroneous, too speculative, or contrary to the provisions of the Bankruptcy Code . . .").

1. A Sound Business Justification Exists

Section 363(b) of the Bankruptcy Code provides that a trustee, after notice and a hearing, may use, sell or lease property of the estate other than in the ordinary course of business. *See* 11 U.S.C. § 363(b)(1). Although Section 363 does not set forth a standard for determining when it is appropriate for a court to authorize the sale or disposition of a debtor's assets, courts in the Ninth Circuit and others, in applying this section, have required that it be based upon the sound business judgment of the trustee. *See Simantob v. Claims Prosecutor LLC (In re Lahijani)*, 325 B.R. 282, 288-89 (B.A.P. 9th Cir. 2005); *In re Ernst Home Center, Inc.*, 209 B.R. 974, 979 (Bankr. W.D. Wash. 1997); *In re Chateaugay Corp.*, 973 F.2d 141 (2nd Cir. 1992). The trustee is afforded great judicial deference in the exercise of his business judgment. *Lahijani, supra* at 289; *GBL Holding Co., Inc. v. Blackburn/Travis/Cole, Ltd.*, 331 B.R. 251, 254 (N.D. Tex. 2005).

Here, sound business reasons exist for the sale of the Assets as set forth in the APA. The Debtor and the Committee believe that the purchase price to be provided by the Buyer, or a higher and better bid received and approved at the sale hearing, will establish a fair value for the Assets. The Debtor and the Committee, with the assistance of Intrepid, have been seeking potential buyers through a robust marketing process since September 2024. Intrepid has undertaken robust marketing efforts. It has contacted nearly 100 potential interested buyers including casino operators and distressed investors in Southeast Asia, Oceania, the United States, and around the world. Of these parties, at least eight (8) remain active under non-disclosure agreements and Intrepid has received one qualified bid (the Stalking Horse Bid) as well as other indications of interest which are expected to be formalized ahead of the Qualified Bid Deadline on February 21, 2025. The Debtor and the Committee submit that the APA from Mr. Sit represents a floor for recovery to creditors, given his likelihood to close and assurances of ability to fund the purchase price. Moreover, in reaching this proposed sale to the Buyer, the Debtor and the Committee were intimately and directly involved in the negotiation process that ultimately led to the final APA. On February 10, 2025, the Debtor and the Committee verified Mr. Sit's financial wherewithal to consummate the transaction contemplated under the APA. The same day, in accordance with Section 2.07 of the APA, the Debtor received a Good Faith Deposit in the amount of $1,250,000 from the Stalking Horse Bidder. Based thereon, ample evidence exists to demonstrate the Debtor's sound business justification for the sale of the Assets on the terms set forth in the APA.

2. <u>The Debtor has Given Reasonable Notice of the Sale</u>

The purpose of the notice requirement is to provide an opportunity for objections and a hearing before the court if there are objections. *See In re Karpe*, 84 B.R. 926, 930 (Bankr. M.D. Pa. 1988). A notice is sufficient if it includes the terms and conditions of the sale and if it states the time for filing objections. *Id*.

The Debtor and the Committee will comply with all of the applicable provisions of the approved Bid Procedures, the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules. Specifically, the Debtor and/or the Committee will give notice of this Motion in accordance with Bankruptcy Rules 2002(a)(2), 6004(a) and (c), 9007, 9014 and 9019 and Local Bankruptcy

Rules 6004-1 and 9013-1, to all known creditors and parties-in-interest in this bankruptcy case. The Debtor and the Committee believe that such notice constitutes adequate notice pursuant to 11 U.S.C. § 102 and request that such notice be approved by this Court as being adequate under the circumstances.

3. The Purchase Price for the Assets is Adequate

In any sale of estate assets, the ultimate purpose is to obtain the highest price for the property sold. *In re Chung King, Inc.*, 753 F.2d 547 (7th Cir. 1985); *Alpha Indus., Inc.*, *supra* 84 B.R. at 705. Here, the Debtor and the Committee submit that the consideration provided by the Buyer (or any successful overbidder(s)) for the Assets represents adequate and fair consideration.

Under Sections 2.03 and 2.05 of the APA, the Purchase Price is $12.5 million (excluding the Casino License) and an additional $2.5 million if the Buyer assumes the Casino License (at Buyer's sole cost), which the Debtor and the Committee believe to be a fair price based on their discussions with Intrepid as well as their knowledge of the real property lease, inventory, accounts receivables, and other assets being sold.

Further, an investment banker has been retained in this case. The Debtor's intent to sell the Assets has been noticed to all creditors and interested parties since at least September 2024—when the Debtor filed an application to employ Keen-Summit Capital Partners LLC as Real Estate Brokers [ECF No. 222] and the Committee filed its application to employ Intrepid as the Investment Banker [ECF No. 251]. Moreover, on January 8, 2025, the Court approved the Bid Procedures proposed by Debtor and the Committee. Further, Intrepid has publicized the sale and auction for the Assets in a commercially reasonable manner (and will continue to do so through the date of the Auction). Thus, because the sale has been properly noticed to all interested parties, and appropriate notice of the auction has been provided in accordance with the approved Bidding Procedures, the ultimate result of the auction will reflect the true value of the Assets.

In short, the Debtor and the Committee with the assistance of Intrepid have encouraged any and all potential bidders to submit bids and has designed bid procedures to increase the likelihood the Estate will receive the highest and best price for the Assets. Accordingly, since the Assets will be sold in an auction format in accordance with the Bidding Procedures, the Debtor and the

Committee submit that the final purchase price offered for the Assets at the conclusion of the Auction, if any, will establish the fair market value for such assets and provide evidence that such price is adequate.

4. The Sale is Proposed in Good Faith

Finally, the Debtor and the Committee submit that the sale is proposed in good faith. The "good faith" requirement is discussed in greater detail in Section III.B below. However, the Chi Declaration establishes that the negotiations between the Buyer and the Debtor and the Committee, with the assistance of Intrepid, regarding the proposed sale of the Assets were made in good faith and no collusion was involved. Accordingly, based on the foregoing the Debtor and the Committee submit the proposed sale of the Assets is based on their sound business judgment, is proposed in good faith, and therefore should be approved.

B. The Sale Should be Approved Free and Clear of All Liens and Encumbrances

The Debtor and the Committee request that the Court approve the sale of the Assets to Mr. Sit or the successful overbidder(s) free and clear of all lien, claims, interests, and encumbrances. Section 363(f) of the Bankruptcy Code provides that a debtor may sell property free and clear of any interest in such property if one of the following conditions is satisfied:

(1) applicable non bankruptcy law permits sale of such property free and clear of such interest;
(2) such entity consents;
(3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
(4) such interest is in *bona fide* dispute; or
(5) such entity could be compelled, in a legal or equitable proceeding to accept a money satisfaction of such interest.

See 11 U.S.C. § 363(f).

This provision is supplemented by Bankruptcy Code Section 105(a), which provides that "[t]he Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. § 105(a).

Because Bankruptcy Code Section 363(f) is stated in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of the assets "free and clear" of liens and interests. *See In re Kellstrom Indus., Inc.*, 282 B.R. 787, 793 (Bankr. D. Del. 2002) ("Section

363(f) is written in the disjunctive, not the conjunctive, and if any of the five conditions is met, the debtor has the authority to conduct the sale free and clear of all liens.") (*citing Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988)).

According to the Title Report and the UCC Report, there are a total of twelve allegedly secured claims,[1] which are purported to encumber certain portion of the Assets, amounting to an aggregate amount of approximately $20,029,211.64 as follows:

Exception # from Title Report	Name	Description	Filing Date	Asserted Lien / Judgment Amount
14	Commonwealth Department of Finance, Division of Revenue and Taxation ("DRT")	Notice of Tax Lien File No. 20-1111	8/20/2020	$ 9,416,887.09
15	DRT	Notice of Tax Lien File No. 20-1498	10/27/2020	$ 176,880.70
20	DRT	Notice of Tax Lien File No. 21-0392	3/4/2021	$ 812,048.09
21	Winzy Corporation	Judgment in Civil Action No. CV-20-00028	5/18/2021	$ 179,217.50
19	Law Office of Michael W. Dotts	Pending Results in Civil Action No. 21-0277 [Note: per POC filed by Dotts Law Office, judgment filed on 12/29/21]	12/29/2021	$ 397,625.62
23	DRT	Notice of Tax Lien File No. 22-410	3/17/2022	$ 108,475.77
UCC	Visualstar Investment Ltd.	202200135	12/29/2022	Unknown
29	Art Man Corporation	Judgment in Civil Action No. CV-21-00038	1/17/2023	$ 106,890.00
UCC	Bo, Ji Xiao	202300021	3/2/2023	Unknown
UCC	Tzu, Wu Pei	202300020	3/2/2023	Unknown
UCC	Century Estate Investment Ltd.	202300088	6/30/2023	Unknown

[1] Nothing contained herein shall be construed as an admission of the validity, enforceability, and amounts of the purported secured claims, nor shall it constitute a waiver of the rights of the Committee or the Debtor to contest the validity, enforceability, and amounts of these claims.

UCC	Visualstar Investment Ltd.	202300087	6/30/2023	Unknown
UCC	Century Estate Investment Ltd.	202300092	7/3/2023	
UCC	Visualstar Investment Ltd.	202300091	7/3/2023	
8	Joshua Gray	Notice of Writ of Execution in Case No. CV-19-00008	8/16/2023	$ 5,686,182.20
27	James Whang dba South Pacific Lumber Company	Judgment and Amended Judgment in Civil Action CV-21-00027	8/29/2023; 10/25/2023	$ 766,595.33; $795,236.88 (amended amount)
7	Julie Su, Acting Secretary of Labor, U.S. Department of Labor	Notice of Default in Case No. CV-19-00007	9/15/2023	$ 1,537,719.70
UCC	Imperial Pacific International Holdings, Ltd.	202300134	10/2/2023	Unknown
26	DRT	Notice of Tax Lien, Serial Number TLM24-0049	12/12/2023	$ 812,048.09

The Debtor and the Committee submit that one or more of the conditions set forth in Bankruptcy Code section 363(f) will be satisfied with respect to the sale of the Assets. Accordingly, the Debtor and the Committee request that the Assets be sold and transferred to Mr. Sit or the successful overbidder(s) free and clear of all liens, claims, interests, and encumbrances pursuant to Bankruptcy Code section 363(f).

1. Holders of Liens Consent to the Free and Clear Aspect of this Sale.

A debtor may sell property free and clear of an entity's interests in property if such entity consents. 11 U.S.C. § 362(f)(2). Consent in this context may be express or implied. *See FutureSource LLC v. Reuters Ltd.*, 312 F.3d 281 (7th Cir. 2002) , *cert. denied*, 538 U.S. 962, 123 (2003) ("It is true that the Bankruptcy Code limits the conditions under which an interest can be extinguished by a bankruptcy sale, but one of those conditions is the consent of the interest holder, and lack of objection (provided of course there is notice) counts as consent."); *see e.g. Veltman v. Whetzal*, 93 F.3d 517, 521 (8th Cir. 1996) (consent was found where there was a stipulation authorizing sale free of interest and the creditor still failed object to proposed sale); *see also*

Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot), 94 B.R. 343 (E.D. Pa. 1988) (implied consent found).

The Debtor and the Committee anticipate resolving objections to the Motion, if any, to be raised by any purported secured creditors. Indeed, in light of accruing administrative expenses and the Debtor's recognition of the need for an expedited bidding and sale process as set forth in the Bid Procedures Order, the thorough marketing process and the sale sets the foundation for the best possible financial outcome for the estate, thereby maximizing the returns for the secured creditors. Further, any lienholder will be adequately protected by having its liens, if any, in each instance against the Debtor or its estate, attach to the sale proceeds ultimately attributable to the Assets in which such creditor alleges an interest, in the same order of priority, with the same validity, force and effect that such creditor had prior to the Sale, subject to any claims and defenses the Debtor may possess with respect thereto. Thus, the Debtor and the Committee submit that Section 363(f)(2) of the Bankruptcy Code will be met in connection with the proposed sale, and expect that parties holding liens, claims or encumbrances on the Assets will either support the sale or will at minimum not object to this Motion.

2. Certain Liens Are Subject to Bonafide Dispute.

The Debtor may sell assets free and clear of liens, claims, interests and encumbrances if "such interest is in bona fide dispute." 11 U.S.C. § 363(f)(4). Although the term "bona fide dispute" is not defined, numerous cases have found an interest to be subject to a *bona fide* dispute if "there is an objective basis for either a factual or legal dispute as to the validity" of the interest. *In re Gulf States Steel, Inc.*, 285 B.R. 497, 507 (Bankr. N.D. Ala. 2002); *In re Taylor*, 198 B.R. 142, 162 (Bankr. D. S.C. 1996). The court need not resolve the dispute prior to the sale; it need only determine that such a dispute exists. *In re Gaylord Grain LLC*, 306 B.R. 624, 627 (B.A.P. 8th Cir. 2004). In fact, the propriety of the alleged interest does not even have to be the subject of an immediate or concurrent adversary proceeding. *Id*.

"The purpose of § 363(f)(4) is to permit property of the estate to be sold free and clear of interests that are disputed by the representative of the estate so that liquidation of the estate's assets need not be delayed while such disputes are being litigated." *In re Clark*, 266 B.R. 163, 171 (B.A.P.

9th Cir. 2001). In determining whether a factual or legal dispute as to the validity of an asserted interest exists under section 363(f)(4), some factual ground must be provided to show there is an objective basis for the dispute. *See In re Octagon Roofing*, 123 B.R. 583, 590 (Bankr. N.D. Ill. 1991); *In re Collins*, 180 B.R. 447, 452 (Bankr. E.D. Va. 1995).

Based upon its preliminary investigation, the Debtor here disputes the validity and amounts of the following:

UCC	Visualstar Investment Ltd.	202200135	12/29/2022
UCC	Bo, Ji Xiao	202300021	3/2/2023
UCC	Tzu, Wu Pei	202300020	3/2/2023
UCC	Visualstar Investment Ltd.	202300087	6/30/2023

Based on all of the foregoing, there are bonafide disputes with respect to liens asserted by Visualstar Investment Ltd., Ji Xiao Bo, and Wu Pei Tzu, and therefore, grounds exist to approve the Sale free and clear under 11 U.S.C. § 363(f)(4). Notwithstanding the foregoing, the Debtor and the Committee reserve the right to later challenge the amount, priority, and/or validity of any asserted liens.

3. <u>The Party Asserting the Interest Could Be Compelled to Accept a Money Satisfaction.</u>

The Bankruptcy Code also provides that assets may be sold free and clear of liens, claims, interests and encumbrances if "applicable nonbankruptcy law permits sale of such property free and clear of such interest" or the holders thereof "could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of [their] interest[s]." 11 U.S.C. § 363(f)(1), (5). State court foreclosure by any of the secured creditors is clearly a proceeding which would extinguish any and all junior liens, and thereby force junior lienholders to take value less than their secured claims. The Ninth Circuit has held that the possibility of a foreclosure by a senior lienholder allows a bankruptcy estate to sell free and clear of junior interests which would be eliminated under state law. *Pinnacle Rest. at Big Sky, LLC v. CH SP Acquisitions (In re Spanish Peaks Holdings II, LLC)*, 872 F.3d 892, 900 (9th Cir. 2017). Under the law of the Commonwealth of the Northern Mariana

Islands, in a foreclosure sale to transfer unencumbered title to the prospective buyer, junior lien holders must be made a part of the mortgage foreclosure proceeding, and their claims must be resolved as part of the process. *See Commonwealth Development Authority v. Camacho*, 2010 WL 5330503, *4 (N. Mar. I., December 21, 2010). Thus, here a foreclosure a senior lienholder would eliminate the junior liens. *See also* 4 N. Mar. I. Code § 1865; 4 N. Mar. I. Code § 1865 (allowing DRT to compel a tax sale through a civil suit).

Therefore, the Debtor and the Committee submit that approval of the sale of the Assets free and clear of liens, claims, interests or encumbrances is appropriate under Sections 363(f)(1), (f)(2) and/or (f)(5) of the Bankruptcy Code.

C. <u>The Break-Up Fee Is Necessary and Should Be Approved.</u>

The Debtor and the Committee also seek authority, pursuant to Section 8.01 of the APA, to pay the Break-up Fee of $200,000 to the Buyer (the "Break-up Fee"). A "break-up fee" is a fee paid to a potential acquirer of a business or certain assets by the seller, in the event that the transaction contemplated fails to be consummated and certain criteria in the purchase agreement are met. *In re Integrated Resources, Inc.*, 135 B.R. 746, 750 (Bankr. S.D.N.Y. 1992). "A break-up fee should constitute a fair and reasonable percentage of the proposed purchase price, and should be reasonably related to the risk, effort, and expenses of the prospective purchaser. 'When reasonable in relation to the bidder's efforts and to the magnitude of the transaction, break-up fees are generally permissible.'" *In re 995 Fifth Ave. Assoc.*, 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989).

Factors to be considered in determining the propriety of allowing break-up fee provisions include, inter alia, the following: (1) whether the fee requested correlates with a maximization of value to the debtor's estate; (2) whether the underlying negotiated agreement is an arms-length transaction between the debtor's estate and the negotiating acquirer; (3) whether the principal secured creditors and the official creditors committee are supportive of the concession; (4) whether the subject break-up fee constitutes a fair and reasonable percentage of the proposed purchase price; (5) whether the dollar amount of the break-up fee is so substantial that it provides a "chilling effect" on other potential bidders; (6) the existence of available safeguards beneficial to the debtor's estate; and (7) whether there exists a substantial adverse impact upon unsecured creditors, where such

creditors are in opposition to the break-up fee. *In re Hupp Int'l Indus., Inc.*, 140 B.R. 191, 194 (Bankr. N.D. Ohio 1992). Except in extremely large transactions, break-up fees ranging from one to two percent of the purchase price. *Id.*

Here, the Break-up Fee in the amount of approximately 1.6% of the Purchase Price is consistent with termination fees approved by bankruptcy courts in chapter 11 cases. *See, e.g. In re CXM, Inc.*, 307 B.R. 94, 103-04 (Bank. N.D. Ill. 2004) (Court approved break-up fee in amount equal to actual expenses that the stalking horse incurred in connection with its bid to buy the Sale Assets, subject to a maximum cap of $200,000, which equaled 3% of the cash purchase price of $5,914,000); *In re Global Motorsport Group, Inc. et al.*, (Case No. 08-10192 (KJC) (Bankr. D. Del. February 14, 2008) (approving a break-up fee of approximately 4%, or $500,000 in connection with sale); *In re Dan River Dan River, Inc.*, No. 0-10990 (Banker.N.D.Ga. December 17, 2004) (Court approved break-up fee equal to 5.3% of the cash purchase price); and *In re Lake Burton Development, LLC*, No. 09-22830 (Bankr.N.D.Ga. April 1, 2010) (Court approved break-up fee equal to 4.75% of cash purchase price).

More importantly, the Break-up Fee compensates the Buyer as the stalking horse purchaser for his diligence and professional fees incurred in negotiating and documenting the terms of the APA which is the stalking horse agreement on an expedited timeline. The Break-up Fee will be paid only if, among other things, the Debtor enter into a transaction for the Assets with a bidder other than the Buyer. In that case, the Debtor will be receiving a higher or otherwise superior Qualified Bid for the Assets.

Finally, Debtor and the Committee do not believe that the Break-up Fee will have a chilling effect on the sale process. Rather, the stalking horse purchaser will increase the likelihood that the best possible price for the Assets will be received, by permitting other qualified bidders to rely on the diligence performed by the Buyer as the stalking horse purchaser, and moreover, by allowing qualified bidders to utilize the Buyer's APA (*i.e.*, stalking horse agreement) as a platform for negotiations and modifications in the context of a competitive bidding process. Therefore, payment of the Break-up Fee will not reduce the amount paid to the estates and consequently the Debtor will have benefitted from the Buyer to act as a stalking horse bidder. Accordingly, the Break-up Fee

should be approved.

D. <u>The Buyer is Entitled to Section 363(m) Protection</u>

"[W]hen a bankruptcy court authorizes a sale of assets pursuant to § 363(b)(1) of the Bankruptcy Code, it is required to make a finding with respect to the 'good faith' of the purchaser." *In re Abbotts Dairies*, 788 F.2d 143, 149-150 (3d Cir. 1986). The purpose of such a finding is to facilitate the operation of Section 363(m), which provides for certain protections to be provided to good faith purchasers. In this respect, Section 363(m) provides:

> The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m). While the Bankruptcy Code does not define "good faith", the Ninth Circuit has held that:

> [G]ood faith . . . speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser's good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.

Alpha Indus., supra; *Southwest Products, Inc. v. Durkin (In re Southwest Products, Inc.)*, 144 B.R. 100, 103 (B.A.P. 9th Cir. 1992); *Wilsey v. Central Washington Bank (In re Adams Apple, Inc.)*, 829 F.2d 1484, 1489 (9th Cir. 1987).

The Debtor and the Committee submit the negotiations leading to the APA was conducted in good faith and in an arm's length manner and expect that all further negotiations and overbid(s), if any, will similarly be conducted in good faith and in an arm's length manner. As such, the Debtor and the Committee request that the Court make a factual determination that the Buyer, or a successful overbidder(s) at the sale hearing, has purchased the Assets in good faith as defined under Section 363(m). From the Debtor's perspective the attached Chi Declaration supports such a good faith finding and the declaration from the Buyer further supports such a finding.

IV.

THE DEBTOR SHOULD BE AUTHORIZED TO ASSUME AND ASSIGN THE ASSIGNED CONTRACTS

A. Assumption and Assignment of Certain Executory Contracts the Buyer Wishes to Assume is Within the Debtor's Business Judgment

The Debtor and the Committee request pursuant to Section 365, authority to assume and assign its interests in its unexpired leases and executory contracts in the event that the successful bidder wishes to have such agreements assigned to him/her/it concurrently with the closing of the sale contemplated herein.

Section 365 of the Bankruptcy Code provides in relevant part that:

> The debtor-in-possession may assign an executory contract or unexpired lease of the debtor only if –
>
> (A) The trustee assumes such contract or lease in accordance with the provisions of this section; and
> (B) Adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such contract or lease.

11 U.S.C. § 365(f)(2).

Section 365(b)(1), in turn, codifies the requirements for assuming an unexpired lease of a debtor, providing in pertinent part that:

> (b)(1) If there has been a default in an executory contract or unexpired
> lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee –
> (A) cures, or provides adequate assurance that the trustee will promptly cure, such default . . .;
> (B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
> (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

In determining whether to approve a debtor-in-possession's decision to assume an unexpired lease or executory contract, courts have consistently applied a business judgment test.

See In re Chi-Feng Huang, 23 B.R. 798 (B.A.P. 9th Cir. 1982); *see, e.g., Group of Institutional Investors v. Chicago, Milwaukee, St. Paul & Pacific R.R. Co.,* 318 U.S. 523, 550 (1953). A debtor satisfies the business judgment test when it determines, in good faith, that assumption of the lease or executory contract will benefit the estate. *In re FCX, Inc.,* 60 B.R. 405, 411 (Bankr. E.D.N.Y. 1986); *see Official Comm. for Unsecured Creditors v. Aust (In re Network Access Solutions, Corp.),* 330 B.R. 67, 75 (Bankr. D. Del. 2005) ("The standard for approving the assumption of an executory contract is the business judgment rule"); *In re Exide Techs.,* 340 B.R. 222, 239 (Bankr. D. Del. 2006) ("The propriety of a decision to reject an executory contract is governed by the business judgment standard"). Under this standard, a court should approve a debtor's business decision unless that decision is the product of bad faith or a gross abuse of discretion. *See Computer Sales Int'l, Inc. v. Federal Mogul (In re Federal Mogul Global, Inc.),* 293 B.R. 124, 126 (D. Del. 2003); *Lubrizol Enters. v. Richmond Metal Finishers,* 756 F.2d 1043, 1047 (4th Cir. 1985).

Here, the Debtor's assumption and assignment of the Assigned Contracts to the successful bidder meets the business judgment standard and satisfies the requirements of Bankruptcy Code section 365. The assumption and assignment of the Assigned Contracts are necessary for any successful bidder to conduct business going forward, and since no purchaser is likely to take the Assets without at least some of the Assigned Contracts, the assumption and assignment of such Assigned Contracts is essential to inducing the highest and best offer for the Assets. Further, upon consummation of the proposed sale of the Assets, the Debtor will no longer continue to operate its businesses, and will therefore have no use for any of the Assigned Contracts.

The list attached as **Exhibit 3** to the Chi Declaration identifies the Assigned Contracts and provides the proposed amount the Debtor believes is necessary to cure any defaults under each Assigned Contracts based on the Debtor's books and records. In the event any counter party to an Assigned Contract disagrees with the Debtor's proposed cure amounts, it can file a timely response to this Motion and the Court can determine the necessary cure. If no responses are filed, the Court should authorize the Debtor to assume and assign the Assigned Contracts as being within the Debtor's sound business judgment and approve the proposed cure amounts set forth in **Exhibit 3**.

B. Adequate Assurance of Future Performance

A debtor in possession may assign an executory contract or unexpired lease of the debtor if it assumes the agreement in accordance with section 365(a), and provides adequate assurance of future performance by the assignee, whether or not there has been a default under the agreement. 11 U.S.C. § 365(f)(2). The meaning of "adequate assurance of future performance" depends on the facts and circumstances of each case, but should be given a "practical, pragmatic construction." *EBG Midtown S. Corp. v. McLaren/Hart Env. Eng'g Corp. (In re Sanshoe Worldwide Corp.)*, 139 B.R. 585, 592 (S.D.N.Y. 1992); *In re Rachels Indus., Inc.*, 109 B.R. 797, 803 (Bankr. W.D. Tenn. 1990); *see also In re Prime Motor Inns Inc.*, 166 B.R. 993, 997 (Bankr. S.D. Fla. 1994); *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988) ("[a]lthough no single solution will satisfy every case, the required assurance will fall considerably short of an absolute guarantee of performance").

In this case, Mr. Sit has not only provided proof of funds to close the sale contemplated in the APA, it has also timely submitted the Good Faith Deposit in the amount of $1,250,000. Based thereon, and the representation in the Chi Declaration, the Debtor believes Mr. Sit has the financial ability to satisfy future obligations under the contracts it wishes to assume.

Further, this Motion will be served on all counterparties to the Assigned Contracts. Therefore, to the extent any counterparty contends that the Motion lacks evidence of adequate assurance of future performance, each counterparty will be afforded an opportunity to file an objection to that extent.

For all of the reasons set forth above, the Court should authorize the assumption and assignment of the Assigned Contracts as within the Debtor's business judgment and find that adequate assurance of future performance for each of the Assigned Contracts has been satisfied, at least with respect to Mr. Sit.

V.

MANNER AND FORM OF NOTICE

The Debtor and the Committee will comply with all of the applicable provisions of the approved Bid Procedures, the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy

Rules. Specifically, the Debtor and/or the Committee will give notice of this Motion in accordance with Bankruptcy Rules 2002(a)(2), 6004(a) and (c), 9007, 9014 and 9019 and Local Bankruptcy Rules 6004-1 and 9013-1, to all known creditors and parties-in-interest in this bankruptcy case. As such, the Debtor and the Committee believe such notice will constitute adequate notice pursuant to 11 U.S.C. § 102 and request that such notice be approved by this Court as being adequate under all of the circumstances.

VI.

THE COURT SHOULD PERMIT IMMEDIATE RELIEF

The Debtor and the Committee request that the Court waive Bankruptcy Rule 6004(h), which provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Although Rule 6004(h) is silent as to when a court should "order otherwise", the 14-day stay period should be waived "in all cases where there has been no objection to the procedure." 10 COLLIER ON BANKRUPTCY ¶ 6004.11 (Alan N. Resnick & Henry J. Sommer eds., 16th ed.). Here, in light of the Debtor's deteriorating financial position, a waiver of Rule 6004(h) will permit the Debtor to immediately close the sale and realize the value of the Assets. The request to waive Bankruptcy Rule 6004(h) should therefore be granted.

VII.

CONCLUSION

WHEREFORE, the Debtor and the Committee respectfully request that the Court enter an order (1) authorizing the sale of the Assets to the Buyer or any successful over-bidder(s) free and clear of all liens, claims, interests and encumbrances.; (2) finding that the Buyer or any successful over-bidder(s) are "good faith" purchasers entitled to all of the protections and benefits of 11 U.S.C. § 363(m); (3) authorizing the Debtor to assume and assign the Assigned Contracts upon payment of the proposed cure amounts provided in **Exhibit 3**; (4) approving the Break-up Fee; (5) waiving the 14-day stay provided in Rule 6004(h); and (6) granting such other and further relief the Court deems just and proper.

Dated: February 13, 2025

ARENTFOX SCHIFF LLP

By: /s/ Aram Ordubegian
Aram Ordubegian
Christopher K.S. Wong
Attorneys for the Official Committee of Unsecured Creditors

Dated: February 13, 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

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

DECLARATION OF HOWYO CHI

I, Howyo Chi, declare that:

1. I am over 18 years of age. If called as a witness, I could and would competently testify with respect to the matters set forth in this Declaration from my own personal knowledge or from knowledge gathered from others within Imperial Pacific International (CNMI), LLC (the "Debtor" or "Company") and the Company's advisors and attorneys, my review of relevant documents, or my opinion based upon my experience concerning the Company's operations and my involvement in this bankruptcy case.

2. I am the Company's Manager and have worked pre- and post-petition with the Company in various capacities since July 2017. I am authorized to testify on behalf of the Company, and I submit this Declaration in support of 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* (the "Motion"). Any capitalized term not defined herein has the meaning ascribed to it in the Motion.

3. I have reviewed and discussed the factual statements contained in the foregoing Motion with my counsel and based upon such review and discussion, I believe them to be true and correct to the best of my knowledge, information, and belief. I have also reviewed the Motion, and it includes an accurate summary regarding the factual background and the proposed sale of the

Assets.

4. On or about January 29, 2025, the Debtor received a copy of proof of funds issued by Mr. Sit's lender to substantiate his financial capacity to close the sale contemplated in the APA.

5. On February 10, 2025, the Good Faith Deposit in the amount of $1,250,000 was made with escrow in accordance with Section 2.07 of the APA.

6. I believe that the proposed sale contemplated in the Motion, subject to higher and better bids at the auction, is in the best interest of the estate.

7. A signed copy of the APA, which sets forth the terms and conditions of the proposed sale of the Assets to the Buyer, was submitted as ECF No. 359 and incorporated herein by this reference.

8. While I believe that a public sale and auction held pursuant to the Court-Approved Bidding procedures is the best way to truly determine a fair price for the Assets, I also would not have moved forward with the negotiated APA if I did not believe the Purchase Price was fair under the circumstances. Based on my discussions with counsel for the Debtor as well as my knowledge of the real property interest, inventory, accounts receivables, and other assets being sold, I believe the Purchase Price in the APA is within the expected range of the actual fair market value of such Assets.

9. The Debtor and the Committee with assistance of Intrepid conducted a competitive bid-and-sale process for the orderly sale of substantially all of the Debtor's Assets under sections 363(b) and (f) of the Bankruptcy Code and the Bid Procedures approved by the Court. The Debtor through its counsel, the Buyer through its counsel, and the Committee through its counsel engaged in extensive and arms-length negotiations which ultimately culminated in the APA in the form attached to this declaration. Therefore, I submit the instant sale was negotiated in good faith and should be afforded the appropriate protections.

10. On January 8, 2025, the Court entered the Bid Procedures Order, approving the Bid Procedures proposed by Debtor and the Committee. ECF No. 340.

11. Attached hereto as **Exhibit 1** is one of the five identical Commitments for Title Insurance for the Leasehold Property issued by Security Title, Inc. dated as of August 15, 2024.

Attached hereto as **Exhibit 2** is a true and correct copy of a UCC financing report issued by DRT dated September 11, 2024 for the Debtor.

12. In order to effectuate the sale of the Assets, the Debtor also seeks authority to assume and assign the Assigned Contracts to the extent the winning bidder wants to assume some or all of such contracts. I have identified each such contract on **Exhibit 3** as well as specified the proposed cure amount associated with such contract, if any. I believe Mr. Sit has the financial ability to satisfy future obligations under the Assigned Contracts.

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

Executed this 14th day of February, 2025 at Saipan, Northern Mariana Islands.

/s/ Howyo Chi
Howyo Chi

Exhibit 1

Title Report

COMMITMENT FOR TITLE INSURANCE

ISSUED BY

Stewart Title Guaranty Company

NOTICE

IMPORTANT—READ CAREFULLY: THIS COMMITMENT IS AN OFFER TO ISSUE ONE OR MORE TITLE INSURANCE POLICIES. ALL CLAIMS OR REMEDIES SOUGHT AGAINST THE COMPANY INVOLVING THE CONTENT OF THIS COMMITMENT OR THE POLICY MUST BE BASED SOLELY IN CONTRACT.

THIS COMMITMENT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

THE COMPANY'S OBLIGATION UNDER THIS COMMITMENT IS TO ISSUE A POLICY TO A PROPOSED INSURED IDENTIFIED IN SCHEDULE A IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THIS COMMITMENT. THE COMPANY HAS NO LIABILITY OR OBLIGATION INVOLVING THE CONTENT OF THIS COMMITMENT TO ANY OTHER PERSON.

COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I—Requirements; Schedule B, Part II—Exceptions; and the Commitment Conditions, Stewart Title Guaranty Company, (the "Company"), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Policy Amount and the name of the Proposed Insured.

If all of the Schedule B, Part I—Requirements have not been met within 90 days after the Commitment Date, this Commitment terminates and the Company's liability and obligation end.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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Transaction Identification Data for reference only:
Issuing Agent: Security Title, Inc.
ALTA® Universal ID:1055277
File Number: 24-44421-MP
Property Address: Garapan, Saipan, MP 96950

SCHEDULE A

1. Commitment Date: August 15, 2024 8:00AM

   Policies to be issued: Amount:

   a. Owner's Policy TO BE DETERMINED

      Proposed Insured:

      TO BE DETERMINED

   b. Loan Policy

      Proposed Insured:

2. The estate or interest in the Land described or referred to in this Commitment is:

   LEASEHOLD

3. Title to the estate or interest in the Land is at the Commitment Date vested in:

   Imperial Pacific International (CNMI), LLC.

4. The Land is described as follows:

   Lot 104 D 08, Garapan , Saipan

   See Exhibit A

By: _____
Authorized Signatory

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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SCHEDULE B, PART I
Requirements

All of the following Requirements must be met:

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
5. Terms and Provisions of the Lease and Amendments described in Exhibit A herein.
6. Pending results in Civil Action No. 18-0483 styled; Geo Testing Inc., Plaintiff, vs. Best Sunshine International, Ltd., Imperial Pacific International (CNMI) LLC., DOE Entities, and DOE Corporations, I-V, Defendants, filed with the Clerk of Courts, Saipan.
7. Notice of Default in Case No. VC-19-00007, styled; Julie Su, Acting Secretary of Labor, United States Department of Labor, Plaintiff, vs. Imperial Pacific International Holdings, Ltd., and Imperial Pacific International (CNMI) LLC., Defendants, dated 14 September 2023 and filed 15 September 2023 with the Clerk District Court for the Northern Mariana Islands.
8. Notice of Writ of Execution in Case No. 19-CV-00008, styled; Joshua Gray, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, dated 16 August 2023 with the Clerk District Court of the Northern Mariana Islands.
9. Pending results in Civil Action No. 19-0173, styled; Saipan Dream Corporation, Plaintiff. vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.
10. Pending results in Civil Action No. 19-0191, styled; S.U.I Corporation, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.
11. Pending results in Civil Action No. 19-0264, styled; Dong Fang Trading Corporation dba Yuan Xing Garden, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.
12. Order Granting in Part and Denying in Part Plaintiff's Motion for Default Judgment in Civil Action No. 19-0318, styled; American Herbal Essance Group American Create Beauty Corporation and American Dongsheng Corporation, Plaintiffs, vs. Imperial Pacific International (CNMI) LLC., Defendants, filed with the Clerk of Courts, Saipan.
13. Pending Results in Civil Action No. 20-0356, styled; RC, LLC., Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.

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14. Notice of Tax Lien Under Commonwealth of the Northern Mariana Islands Tax Laws, under Serial Number TLM 20-0040, against Imperial Pacific International (CNMI), LLC, for the amount of $9,416.887.09, plus interest and penalties, dated 20 August 2020 and recorded on 20 August 2020 under File No. 20-1111 at Commonwealth Recorder's, Saipan.
15. Notice of Tax Lien Under Commonwealth of the Northern Mariana Islands Tax Laws, under Serial Number TLM 21-0001, against Imperial Pacific International (CNMI), LLC, for the amount of $176,880.70, plus interest and penalties, dated 27 October 2020 and recorded on 27 October 2020 under File No. 20-1498 at Commonwealth Recorder's, Saipan.
16. Pending Results in Civil Action No. 21-0014, styled; Yantze Corporation, Plaintiff, vs Proper Grand (CNMI) LLC and Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.
17. Pending Results in Civil Action No. 21-0100, styled; Donnie Vince Seman Fejeran, Plaintiff, vs. AM Group, LLC., Imperial Pacific International (CNMI) LLC., and Dr. Safety Consultant, LLC., Defendants, filed with the Clerk of Courts, Saipan.
18. Pending Results in Civil Action No. 21-0130, styled; Ecolab (Guam), LLC., Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.
19. Pending Results in Civil Action No. 21-0277, styled; Law Office of Michael W. Dotts, LLC., dba Dotts Law Office, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.
20. Notice of Tax Lien Under Commonwealth of the Northern Mariana Islands Tax Laws, under Serial Number TLM 21-0006, against Imperial Pacific International (CNMI), LLC, for the amount of $812,048.09, plus interest and penalties, dated 03 March 2021 and recorded on 04 March 2021 under File No. 21-0392 at Commonwealth Recorder's, Saipan.
21. Judgment in Civil Action No. 1:20-CV-00028, styled; Winzy Corporation, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, dated and filed 18 May 2021 with the Clerk District Court for the Northern Mariana Islands.
22. Pending Results in Civil Action No. 22-0060, styled; Modica Pro, Ltd., Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.
23. Notice of Tax Lien Under Commonwealth of the Northern Mariana Islands Tax Laws, under Serial Number TLM 22-0040, against Imperial Pacific International (CNMI), LLC, for the amount of $108,475.77, plus interest and penalties, dated 17 March 2022 and recorded on 17 March 2022 under File No. 22-410 at Commonwealth Recorder's, Saipan.
24. Order Denying Acknowledgment of Satisfaction of Judgment in Case No. 1:20-CV-00035, styled; Alfredo J Cabael, dba Fritz Pacific Project Development Services, Plaintiff, vs Imperial Pacific International (CNMI) LLC., Defendant, dated and filed 28 October 2022 with the Clerk District Court for the Northern Mariana Islands.

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25. Motion for Order in Aid of Judgment in Civil Case No. 1:20-CV-00006, styled; Tang's Corporation, Plaintiff, vs. Imperial Pacific International (CNM) LLC., Defendant, dated and filed 07 November 2023 with the Clerk District Court for the Northern Mariana Islands.

26. Notice of Tax Lien Under Commonwealth of the Northern Mariana Islands Tax Laws, under Serial Number TLM 24-0049, against Imperial Pacific International (CNMI), LLC, for the amount of $812,048.09, plus interest and penalties, dated 12 December 2023 and filed 12 December 2023 with Clerk of District Court for the Northern Mariana Islands.

27. Judgment in Civil Action No. 1:21-CV-00027, styled; James Whang dba South Pacific Lumber Company, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, dated and filed 29 August 2023 with the Clerk District Court for the Northern Mariana Islands, as amended by that

    Amended Judgment in Civil Action No. 1:21-CV-00027, styled; James Whang dba South Pacific Lumber Company, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, dated and filed 25 October 2023 with the Clerk District Court for the Northern Mariana Islands.

28. Notice of Writ of Execution in Case No. 1:21-CV-00035, styled; U.S.A. Fanter Corporation, Ltd., Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, dated and filed 20 June 2023 with the Clerk District Court for the Northern Mariana Islands.

29. Judgment in Civil Action No. 1:21-CV-00038, styled; Art Man Corporation, Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, dated and filed 17 January 2023 with the Clerk District Court for the Northern Mariana Islands.

30. Pending Results in Civil Action No. 23-0289, styled; Hughes Hubbard & Reed LPP., Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, filed with the Clerk of Courts, Saipan.

31. Order Granting Stipulation in Case No. 1:20-CV-00031 and Case No. 1:22-CV-00002, styled; Ozcan Genc, Hasan Gokce, and Suleyman Kos, Plaintiffs, vs. Imperial Pacific International (CNMI) LLC., and Imperial Pacific International Holdings Ltd., Defendant, dated and filed 12 January 2024 with the Clerk District Court for the Northern Mariana Islands.

32. Notice of Writ of Execution in Case No. 1:20-CV-00005, styled; U.S.A. Fanter Corporation, Ltd., Plaintiff, vs. Imperial Pacific International (CNMI) LLC., Defendant, dated and filed 22 January 2024 with the Clerk District Court for the Northern Mariana Islands.

33. Furnish a written statement executed by the owner of the fee title to the subject property stating that no default has occurred under the terms of the aforesaid lease; that the leasehold estate created thereby is now in full force and effect and that it has not been further modified, except as shown in this commitment. Note: Said owner, as of the date hereof is Department of Public Lands.

34. Furnish for examination certified copies of the Operating Agreement of Imperial Pacific International (CNMI), LLC.

    Furnish evidence that Imperial Pacific International (CNMI), LLC., is now in good standing with

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the Government of the Commonwealth of the Northern Mariana Islands, or the country of its incorporation

35. Furnish a certified copy of the resolution adopted by the Board of Directors of Imperial Pacific International (CNMI), LLC., authorizing the execution of the proposed transaction.

36. The actual amount of the interest to be insured must be disclosed to the company and, subject to approval of the Company, entered as the amount of the policy to be issued. It is agreed that as between the Company and the applicant for this preliminary title report, the amount of the requested policy will be assumed to be $1,000 and the total liability of the company on account of the preliminary title report shall not exceed that amount.

End of Schedule B, Part I

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SCHEDULE B, PART II
Exceptions

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTITY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I—Requirements are met.
2. Rights or claims of parties in possession not shown by the public records.
3. Easements, or claims of easement, not shown by the public records.
4. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.
5. Any lien, or right to a lien, for services, labor, or material hereto or hereafter furnished, imposed by law and not shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the public records.
7. The liability of the Company by reason of any attack, or claim against, or invalidity of the title herein insured, arising out of, relating to, or as a consequence of any alleged, attempted, or factual violation of any of the provisions of the Article XII of the Constitution of the Commonwealth of the Marianas Islands, together with the duty of the Company to defend the insured by reason of such an attack or claim, are specifically excepted from the coverage of the policy.

   Mineral rights, water rights, roadways, rights of way and other easements upon said land as established in the Lease Agreement (LA 15-002S) between the Department of Public Lands, Lessor, to Imperial Pacific International (CNMI), LLC., Lessee, dated 29 April 2015 and recorded 01 June 2015 under File No. 15-1131 at Commonwealth Recorder's, Saipan.

End of Schedule B, Part II

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Exhibit A

Leasehold estate created by that certain indenture of Lease Agreement, executed by Department of Public Lands, Lessor, to Imperial Pacific International (CNMI), LLC, Lessee, dated 29 April 2015 and recorded on 01 June 2015 under File No. 15-1131 at Commonwealth Recorder's, Saipan, leasing and demising the premises in question for a term of twenty-five (25) years, as amended by the

First Amendment to Lease Agreement executed by and between Department of Public Lands, Lessor, and Imperial Pacific International (CNMI), LLC, Lessee, dated 13 September 2016 and recorded 13 September 2016 under File No. 16-2149 at Commonwealth Recorder's, Saipan, as amended by the

Second Amendment to Lease Agreement executed by and between Department of Public Lands, Lessor, and Imperial Pacific International (CNMI), LLC, Lessee, dated 12 October 2016 and recorded 18 October 2016 under File No. 16-2422 at Commonwealth Recorder's, Saipan, as amended by that

Third Amendment to Lease Agreement executed by Department of Public Lands, Lessor, and Imperial Pacific International (CNMI), LLC., Lessee, dated 10 October 2019 and recorded 30 October 2019 under File No. 19-2691 at Commonwealth Recorder's, Saipan, the following described premises to wit

Lot 104 D 08, Garapan, Saipan, as more particularly described on Drawing/Cadastral Plat No. 104 D 04 the original which was recorded 19 March 2015 under File No. 15-0544 at Commonwealth Recorder's, Saipan.

For Information purpose only, the above referenced map indicates the property contains an area of 720 square meters more or less.

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COMMITMENT CONDITIONS

1. DEFINITIONS

(a) "Knowledge" or "Known": Actual or imputed knowledge, but not constructive notice imparted by the Public Records.

(b) "Land": The land described in Schedule A and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is to be insured by the Policy.

(c) "Mortgage": A mortgage, deed of trust, or other security instrument, including one evidenced by electronic means authorized by law.

(d) "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.

(e) "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.

(f) "Proposed Policy Amount": Each dollar amount specified in Schedule A as the Proposed Policy Amount of each Policy to be issued pursuant to this Commitment.

(g) "Public Records": Records established under state statutes at the Commitment Date for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge.

(h) "Title": The estate or interest described in Schedule A.

2. If all of the Schedule B, Part I—Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company's liability and obligation end.

3. The Company's liability and obligation is limited by and this Commitment is not valid without:

(a) the Notice;
(b) the Commitment to Issue Policy;
(c) the Commitment Conditions;
(d) Schedule A;
(e) Schedule B, Part I—Requirements; [and]
(f) Schedule B, Part II—Exceptions; [and]
(g) a counter-signature by the Company or its issuing agent that may be in electronic form].

4. COMPANY'S RIGHT TO AMEND

The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company shall not be liable for any other amendment to this Commitment.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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5. LIMITATIONS OF LIABILITY

(a) The Company's liability under Commitment Condition 4 is limited to the Proposed Insured's actual expense incurred in the interval between the Company's delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured's good faith reliance to:

(i) comply with the Schedule B, Part I—Requirements;

(ii) eliminate, with the Company's written consent, any Schedule B, Part II—Exceptions; or

(iii) acquire the Title or create the Mortgage covered by this Commitment.

(b) The Company shall not be liable under Commitment Condition 5(a) if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.

(c) The Company will only have liability under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.

(d) The Company's liability shall not exceed the lesser of the Proposed Insured's actual expense incurred in good faith and described in Commitment Conditions 5(a)(i) through 5(a)(iii) or the Proposed Policy Amount.

(e) The Company shall not be liable for the content of the Transaction Identification Data, if any.

(f) In no event shall the Company be obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I—Requirements have been met to the satisfaction of the Company.

(g) In any event, the Company's liability is limited by the terms and provisions of the Policy.

6. LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT

(a) Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.

(b) Any claim must be based in contract and must be restricted solely to the terms and provisions of this Commitment.

(c) Until the Policy is issued, this Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.

(d) The deletion or modification of any Schedule B, Part II—Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.

(e) Any amendment or endorsement to this Commitment must be in writing [and authenticated by a person authorized by the Company].

(f) When the Policy is issued, all liability and obligation under this Commitment will end and the Company's only liability will be under the Policy.

7. IF THIS COMMITMENT HAS BEEN ISSUED BY AN ISSUING AGENT

The issuing agent is the Company's agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is not the Company's agent for the purpose of providing closing or settlement services.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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8. PRO-FORMA POLICY

The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.

9. ARBITRATION

The Policy contains an arbitration clause. All arbitrable matters when the Proposed Policy Amount is $2,000,000 or less shall be arbitrated at the option of either the Company or the Proposed Insured as the exclusive remedy of the parties. A Proposed Insured may review a copy of the arbitration rules at <http://www.alta.org/arbitration>.

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; [and] Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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STG Privacy Notice
Stewart Title Companies

WHAT DO THE STEWART TITLE COMPANIES DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of the Stewart Title Guaranty Company and its title affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as the Stewart Title Companies, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information.	Do we share	Can you limit this sharing?
For our everyday business purposes— to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
For our marketing purposes — to offer our products and services to you.	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and non-financial companies. *Our affiliates may include companies with a Stewart name; financial companies, such as Stewart Title Company*	Yes	No
For our affiliates' everyday business purposes— information about your creditworthiness.	No	We don't share
For our affiliates to market to you – For your convenience, Stewart has developed a means for you to opt out from its affiliates marketing even though such mechanism is not legally required.	Yes	Yes, send your first and last name, the email address used in your transaction, your Stewart file number and the Stewart office location that is handling your transaction by email to optout@stewart.com or fax to 1-800-335-9591.
For non-affiliates to market to you. Non-affiliates are companies not related by common ownership or control. They can be financial and non-financial companies.	No	We don't share

We may disclose your personal information to our affiliates or to non-affiliates as permitted by law. If you request a transaction with a non-affiliate, such as a third party insurance company, we will disclose your personal information to that non-affiliate. [We do not control their subsequent use of information, and suggest you refer to their privacy notices.]

SHARING PRACTICES

How often do the Stewart Title companies notify me about their practices?	We must notify you about our sharing practices when you request a transaction.
How do the Stewart Title Companies protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer, file, and building safeguards.
How do the Stewart Title Companies collect my personal information?	We collect your personal information, for example, when you ■ request insurance-related services ■ provide such information to us We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.
What sharing can I limit?	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

Contact us: If you have any questions about this privacy notice, please contact us at: **Stewart Title Guaranty Company, 1980 Post Oak Blvd., Privacy Officer, Houston, Texas 77056**

Revised 11-19-2013

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Exhibit 2

UCC Report

SUPERIOR COURT

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
Commonwealth Recorder's Office
Guma' Hustisia, Iimwal Aweewe, House of Justice
P.O. BOX 500307, SAIPAN, MP 96950-0307

Telephone: (670) 236-9703
Cellular: (670) 783-4981
Facsimile: (670) 236-9797

Uniform Commercial Code – REQUEST FOR INFORMATION OR COPIES– FORM UCC-3
Fees for request for information and request for copy(ies) are listed under the Northern Mariana Islands Judiciary Fee Schedule [ADMINISTRATIVE ORDER 2017-ADM-0003-MSC].
For the purposes of assessing fees, request for information is treated synonymously with the recording of UCC documents.

Debtor: (Last Name, First Name) and Address:	Party Requesting Information or Copies Name and Address
Imperial Pacific International(CNMI),LLC PMB 918 Box 10000 Saipan, MP 96950	Security Title, Inc. PO Box 5049 CHRB Saipan, MP 96950

☒ INFORMATION REQUEST

Please furnish certificate showing whether there is on file as of _____, 20___, at ____ A.M./P.M (Circle One), any presently effective financing statement naming the above-named debtor and any statement of assignment thereof, and if there is, giving the date and hour of filing of each such statement and the name and address of each secured party therein.

☐ COPY REQUEST

Please furnish copies of presently effective financing statements and statements of assignment listed below which are on file with your office, at the rate of $2.00 per page.

File Number	Date & Hour	Name & Address of Secured Parties & Assignments	
202300134	10/02/2023 11:53 AM	IMPERIAL PACIFIC INTERNATIONAL HOLDINGS, LTD.	UCC-1
202300092	07/03/2023 4:10 PM	CENTURY ESTATE INVESTMENT LTD	UCC-1
202300091	07/03/2023 4:02 PM	VISUALSTAR INVESTMENT LTD	UCC-1
202300088	06/30/2023 2:41 PM	CENTURY ESTATE INVESTMENT LTD	UCC-1
202300087	06/30/2023 2:37 PM	VISUALSTAR INVESTMENT LTD	UCC-1
202300021	03/02/2023 9:41 AM	BO, JI XIAO	UCC-1
202300020	03/02/2023 9:08 AM	TZU, WU PEI	UCC-1
202200135	12/29/2022 8:00 AM	VISUALSTAR INVESTMENT LTD	UCC-1

September 5, 2024
Date

Signature of Requesting Party

CERTIFICATE: The Undersigned hereby certifies that the above listing is a record of all presently effective financing statements and statements of assignment which name the above debtor and which are on file in my office as of Sept. 11, 2024 at 8:00 A.M./P.M. (Circle One)

September 11, 2024
Date

Kelsey G. Aldan
Commonwealth Recorder

SUPERIOR COURT

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
Commonwealth Recorder's Office
Guma' Hustisia, Iimwal Aweewe, House of Justice
P.O. BOX 500307, SAIPAN, MP 96950-0307

Telephone: (670) 236-9703
Cellular: (670) 783-4981
Facsimile: (670) 236-9797

Uniform Commercial Code – REQUEST FOR INFORMATION OR COPIES– FORM UCC-3
Fees for request for information and request for copy(ies) are listed under the Northern Mariana Islands Judiciary Fee Schedule [ADMINISTRATIVE ORDER 2017-ADM-0003-MSC].
For the purposes of assessing fees, request for information is treated synonymously with the recording of UCC documents.

Debtor: (Last Name, First Name) and Address:	Party Requesting Information or Copies Name and Address
Imperial Pacific Properties, LLC PMB 918 Box 10000 Saipan, MP 96950	Security Title, Inc. PO Box 5049 CHRB Saipan, MP 96950

☒ INFORMATION REQUEST

Please furnish certificate showing whether there is on file as of _____, 20___, at ____ A.M./P.M (Circle One), any presently effective financing statement naming the above-named debtor and any statement of assignment thereof, and if there is, giving the date and hour of filing of each such statement and the name and address of each secured party therein.

☐ COPY REQUEST

Please furnish copies of presently effective financing statements and statements of assignment listed below which are on file with your office, at the rate of $2.00 per page.

File Number	Date & Hour	Name & Address of Secured Parties & Assignments
N/A		

September 5, 2024
Date

Signature of Requesting Party

CERTIFICATE: The Undersigned hereby certifies that the above listing is a record of all presently effective financing statements and statements of assignment which name the above debtor and which are on file in my office as of Sept. 11, 2024 at 8:00 A.M./P.M. (Circle One)

September 11, 2024
Date

Kelsey G. Aldan
Commonwealth Recorder

Exhibit 3

Contracts and Leases to be Assumed and Assigned

Description	Counterparty	Proposed Cure Amount
Lease Agreement LA 15-002S for real property located at CPL Derence Jack Road, Orchid Street, Garapan, Saipan, MP 9695	The Department of Public Lands for the Commonwealth of Northern Mariana Islands	$0.00
The Retention Agreement for the Solicitors, Messrs. KCL & Partners approved by the Bankruptcy Court on January 31, 2025	KCL & Partners	$0.00
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	Kangyi Software Limited	$0.00

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

DECLARATION OF CARL COMSTOCK

I, Carl 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 *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* (the "Motion"). Any capitalized term not defined herein has the meaning ascribed to it in the Motion.

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. Intrepid has agreed to provide investment banking services to the Committee pursuant to the terms and conditions set forth in the *Application of the Official Committee of General Unsecured Creditors for Authority to Employ Intrepid Investment Bankers LLC as Investment Banker Effective as of September 22, 2024 Pursuant to 11 U.S.C. §§ 328 and 1103* [ECF No. 251], which was approved by the Court on October 5, 2024 [*See* ECF No. 276].

5. Since September 2024, Intrepid has assisted the Debtor and the Committee to diligently craft comprehensive marketing materials and set up a data room. Intrepid has executed a strategic and extensive marketing campaign, aimed at identifying and engaging potential buyers for the Assets and facilitating a transparent and equitable process for potential buyers to conduct due diligence on the Assets.

6. Intrepid's marketing efforts have been global in scope. Specifically, Intrepid's robust marketing efforts have included contacting nearly 100 potential inpterested buyers including casino operators and distressed investors in Southeast Asia, Oceania, the United States, and around the world.

7. Intrepid's outreach strategy involved leveraging our extensive network and industry expertise to identify and contact potential buyers who could derive strategic value from the acquisition. Intrepid tailored its communications to highlight the unique opportunities presented by the assets, ensuring that each potential buyer received detailed and relevant information to facilitate informed decision-making.

8. As a result of our targeted efforts, of these parties, at least eight (8) remain active

under non-disclosure agreements and Intrepid has received one qualified bid (the Stalking Horse Bid) as well as other indications of interest which are expected to be formalized ahead of the Qualified Bid Deadline on February 21, 2025.

9. Intrepid remains committed to working diligently to convert expressions of interest into formal bids, ensuring that the sale process yields the best possible outcome for all stakeholders.

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

Executed this 13th day of February 2025, at New York.

/s/ Carl Comstock
Carl Comstock