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HHR Helps Imperial Pacific Holdings Score Key Win in Battle With Casino Commission

News & Events

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July 12, 2022 – The firm helped investors score multiple victories against the Casino Commission of the Commonwealth of the Northern Mariana Islands in a long-running dispute over an exclusive license.

On May 23, Chief Judge Ramona V. Manglona of the U.S. District Court for the Northern Mariana Islands issued a temporary restraining order that barred the Commonwealth Casino Commission from revoking a casino license issued to Imperial Pacific International LLC (IPI) because it failed to pay tens of millions of dollars in annual license and regulatory fees.

In 2014, Best Sunshine, a Hong Kong-based company wholly owned by IPI, agreed to make a long-term investment of \$3.14 billion in the Commonwealth of the Northern Marianas Islands for the development of a casino and hotel complex after it was awarded an exclusive license to operate a casino.

The government of the Commonwealth issued the license because it faced significant economic challenges, which included a substantial reduction of government revenues, unfunded government retirement obligations, reduction of the economy and lack of economic opportunity for residents. The Commonwealth determined that the exclusive casino license would provide immediate economic stimulus and long-term benefits to the community.

Arguing before Judge Manglona, HHR attorneys pointed out that the casino license included a force majeure provision that excused IPI from meeting its payment obligations due to certain events beyond its control, including "Acts of God," wars or labor strikes. The firm went on to point out that the provision applies because of the precipitous COVID-related decrease in IPI's revenue over the last few years, which made it unable to pay the Commonwealth the license fee. IPI also requested arbitration with the International Centre for Dispute Resolution to resolve whether the license agreement excuses IPI from its obligation to pay the fees.

Speaking with [Law360](#) regarding the fact that the British Virgin Islands and IPI already put \$1 billion out of their \$3.1 billion commitment into the project, Kevin Abikoff said, "To us, this is fundamental fairness at work. Having put a billion dollars into this, if they simply strip the license – we think it's grossly unfair."

On June 1, the court extended the temporary restraining order to July 8, based on a joint stipulated motion to stay the briefing on the plaintiffs' motion. The order was originally set to expire on June 8.

In addition to Law360, the case was also reported on by [Marianas Variety](#).

Abikoff is representing IPI with assistance from Sam Salyer. The arbitration team was led by Jim Boykin, who was supported by Alex Bedrosyan, Evan Cooper and Jonathan Zygielbaum.

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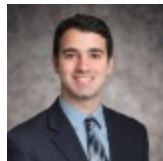
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