

Propst cautions govt on spending

By [Jon Perez](#) | Posted on [Aug 24 2018](#)

A minority lawmaker believes the CNMI government should be cautious with its spending, citing possible cash flow problems with the young casino industry of the Commonwealth

Rep. Edwin K. Propst (Ind-Saipan) said he met with Commonwealth Casino Commission executive director Edward Deleon Guerrero, legal counsel Michael Ernest, and some of their staff last June 5 to clarify certain issues concerning the casino-hotel of Imperial Pacific International (CNMI) LLC.

He told Saipan Tribune that the meeting did not delve into confidential matters. "I just had some questions for them. As elected officials, we represent the public. We have to speak to the people and be as transparent as possible."

"If there's privileged information that I can't talk about, I won't release it. It was just a meeting with the [CCC] executive director and their legal counsel."

Among the subjects Propst asked the CCC about was IPI's casino-hotel project being 10th out of 25,000 worldwide on international research provider RepRisk's most controversial projects of 2017. He said the CCC failed to response to his query.

RepRisk is a Switzerland-based private company that specializes in environmental, social, and corporate governance, and business conduct risks. RepRisk's head office is in Zurich.

Propst said it was a CCC staff who mentioned that IPI is having some problems with their cash flow. He, however, chose not to name the CCC staffer. "I was advised by [CCC] that taxing the casino [gaming] is not a good time because they have cash flow problems. [IPI] is having trouble collecting their debts and everything."

"That's very concerning when [CCC] told me that [IPI] is having difficulty. If something happens, we're not prepared for it."

Dependent on casino

Propst added that the signs should not be ignored and CNMI officials should be concerned about the way things are going on with IPI's multi-million dollar project. "We see the fact that the [chief executive officer] left and one week later another member of the board of directors resigned."

CEO Marco Teng resigned as IPI chair last week; a few days ago Cai Lingli stepped down as director of the company and chair of the executive committee. Cai is a relative of majority owner Cui Li Jie.

"These are telltale signs of a company in trouble. The fact that they weren't able to pay their vendors is a huge concern. Because, if a company is profitable and doing well, they won't have cash flow problems and they won't have any problems paying their bills on time."

"If we say and do nothing, and just continue to pretend everything is great, what if something happens down the road and we're not prepared for it? Because of these signs, all the more reason why we should cancel the 80-percent salary increases and the big salary increases of the Cabinet. We must be very cautious on spending."

Propst said that the CNMI has become dependent on the casino-hotel. "We must be careful with all the travel that's going on, and the government purchasing new cars left and right. We became so dependent on the casino-hotel for paying all of our bills.

"If something happens, we're not prepared. What we can do, to know what's going on, is we should have an open and honest discussion. Do we look at other potential licenses to come in? Open up so there's competitors?"

"We're the only place I know that allows only one casino. If we're going to do the casino, let's do it the right way. Macau, the Philippines, Singapore, and Las Vegas have competitors. Here on Saipan, we only have one."