

## Political Reviews

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*Micronesia in Review: Issues and Events,*  
1 July 2019 to 30 June 2020

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## NORTHERN MARIANA ISLANDS

Former British Prime Minister Harold MacMillan—so the story goes—was once asked to name the greatest difficulty facing a leader. His (supposed) reply was, “Events, dear boy, events” (Will 2002). During the period in review in the Commonwealth of the Northern Mariana Islands (CNMI), it was just one event after the other.

In the summer of 2019, the Marianas Public Land Trust threw the CNMI government a lifeline by approving a \$15 million loan. The trust manages the government’s earnings from public land leases. With the tourism-based economy bruised and battered by two typhoons that pummeled the three main islands in September–October 2018, the CNMI government needed the money to pay some of its most pressing obligations: pension and bond payments (MV, 1 July 2019).

Two days later, it was reported that for the rest of fiscal year 2019, which would end on 30 September 2019, the government had \$30.3 million left. The austerity measures implemented in April and expanded in May included a reduction in work-hour schedule to seventy-two hours from eighty hours per pay period (MV, 3 July 2019). As in most US territories and insular areas, government is the main employer of local residents in the CNMI (MV, 27 April 2020).

Tourist arrivals were down 11 percent in June 2019 compared to the same period in the previous year, the Marianas Visitors Authority (MVA) said (MV, 18 July 2020). In a board meeting, the tourism agency announced that because the central government wasn’t remitting funds to the MVA, it might suspend some of its promotion and marketing programs in Japan, South Korea, and China—the CNMI’s top three tourism markets (MV, 1 Aug 2020).

In August, it was reported that July visitor arrivals were down 5 percent compared to the same period in the previous year (MV, 15 Aug 2019).

Also in August, disgruntled members of the community—including members of the political opposition and the islands’ delegate to the US Congress, Gregorio Kilili Camacho Sablan—staged a peaceful assembly to “demand answers and action” from the Republican administration of Governor Ralph DeLeon Guerrero Torres. Local Democratic Party chairwoman Nola Hix said it was “time to take action” and that the “people need to find the courage to rise up” (MV, 19 Aug 2019).

Saipan’s lone casino operator, Impe-

rial Pacific International (IPI), paid the remaining \$10.5 million of the \$15.5 million annual casino license fee on 27 August 2019, providing much needed funds for the CNMI government (MV, 28 Aug 2019). But IPI lost its appeal to the US Court of Appeals for the Ninth Circuit, which allowed the public disclosure of the casino investor's income tax information (MV, 28 Aug 2020). In addition, IPI had to pay a \$375,000 fine for late payment of the \$15.5 million casino license fee (MV, 5 Sept 2019).

For its part, the central government said it was expecting to end the fiscal year with a \$19 million shortfall (MV, 6 Sept 2019).

As the Public School System (PSS) struggled to repair its typhoon-damaged schools and address a budget shortfall, Education Commissioner Glenn Muna announced his resignation for "personal reasons" on 12 September 2019 (MV, 13 Sept 2019). For her part, Board of Education (BOE) member MaryLou Ada said the CNMI government should be sued for not remitting funds to the Public School System. "Pay up or we close schools," she added (MV, 13 Sept 2019).

Visitor arrivals were down 16 percent in August, but the administration of Governor Torres was commended by the federally appointed Settlement Fund trustee for "diligently" paying \$1 million each week (MV, 23 Sept 2019). In 2009, a retiree, Betty Johnson, sued the CNMI government for its failure to make mandated payments to the Retirement Fund since 2005. In September 2013, the parties agreed to settle the lawsuit, and the federal court approved a \$779 million consent judgment in case the CNMI government

does not meet its obligations to the Settlement Fund (MV, 24 June 2020).

In September 2019, casino operator IPI was sued by a contractor, Pacific Rim Land Development, LLC, which said that IPI had not paid the \$5.65 million it owed Pacific Rim (MV, 23 Sept 2019). IPI was likewise accused by the US Equal Employment Opportunity Commission of sexual harassment and unfair employment practices. The commission filed the complaint in federal court on behalf of a casino VIP hostess and "other similarly aggrieved employees" (MV, 25 Sept 2019).

Four days before the end of fiscal year (FY) 2019, Governor Torres signed the FY 2020 government budget, amounting to \$148.8 million. It included a provision retaining the seventy-two-hour (instead of eighty-hour) work schedule for the next two months. The amount represented the projected revenue available for government appropriation. In FY 2019, that amount was \$171.5 million (MV, 28 Sept 2018).

The month ended with an announcement that, effective 3 October 2019, Chinese tourists who enter the CNMI through the parole program will only be able to stay in the Commonwealth for fourteen days. Previously, they could stay in the CNMI for up to forty-five days. The new policy aimed to address concerns regarding the "recent increase in Chinese 'birth tourism,'" in which women travel to the CNMI to give birth so their children can have US citizenship (MV, 30 Sept 2019).

Two more lawsuits were filed against casino operator IPI by two companies claiming that IPI had

not paid rent—amounting to over \$290,000, including late charges—for the apartment units it had leased from the plaintiffs (*MV*, 2 Oct 2019).

To be sure, there was some good news in the CNMI during the period in review, and one of them was Super Typhoon Hagibis’s sparing the main island of Saipan from its 203 kilometers/hour (162 mph) winds. “Our prayers were heard,” a CNMI Homeland Security and Emergency Management official said (*MV*, 9 Oct 2019). Another typhoon, Bualoi, was forecast to approach Saipan on 22 October, but it veered north, and an “all clear” was announced at eleven in the morning of the same day (*MV*, 23 Oct 2019).

The forecast for the tourism industry, however, was still not good. The Marianas Visitors Authority reported that September arrivals were down 15 percent, while the FY 2019 arrivals were down 30 percent. But the administration said a Japanese airline, Skymark, would soon provide a daily Narita-Saipan flight service, which many hoped would revive what used to be the CNMI’s top tourism market, Japan (*MV*, 1 Nov 2019).

On Thursday morning, 7 November 2019, the CNMI learned that the Federal Bureau of Investigation (FBI) had raided the governor’s office and other locations on Saipan, including the governor’s home, his siblings’ law offices, and IPI’s finance and human resources offices. In a statement, Governor Torres said he would fully cooperate with investigators. “In every opportunity I have been given to serve this community,” he added, “I have raised my hand and have sworn an oath to uphold the Constitution.

A part of this oath is to respect our system of laws and to allow these processes to take their course.” IPI said it had “nothing to hide,” and that it was a “law-abiding and good corporate citizen” (*MV*, 8 Nov 2019).

Based on documents obtained from the federal court, the search and seizure warrant signed by a federal judge targeted “all documents, records, and property (whether in the form of printed documents or stored in electronic or digital form) that constitute evidence of violations of 18 U.S.C. §§ 1343, 1346, 1349, 1956 and/or 52 U.S.C. §30121” by Governor Torres; his brothers, attorneys Vincent Torres, Victorino Torres, and Joaquin Torres; Alfred Chi-Yam Yue of Marianas Consultancy, LLC; or Ron Li Anderson of Legend Realty (*MV*, 15 Nov 2019). Alfred Chi-Yam Yue was a consultant of IPI (*MV*, 14 Jan 2020), while Ron Li Anderson also worked for the casino investor (Stradbroke 2019). The US laws cited in the search warrant pertain to fraud by wire, radio, or television; scheme or artifice to defraud; attempt and conspiracy; laundering of monetary instruments; and contributions and donations by foreign nationals (*MV*, 15 Nov 2019).

The CNMI’s delegate to the US Congress, Gregorio Kilili Camacho Sablan, said it was “sad and embarrassing for the people of the Northern Marianas to know that our governor is under investigation by the FBI.” Kilili, who many believe will run for governor in 2022, said the people “have a right to be protected from corruption no matter where it occurs; particularly if it’s at the highest office of our Commonwealth” (*MV*, 11 Nov 2019). As of this writing (15

July 2020), there have been no new announcements about the federal investigation.

On 10 December 2020, the six members of the House minority bloc asked Speaker Blas Jonathan Attao to form a “special committee” that would investigate the governor. The Speaker, a party-mate of the governor, tasked the House Committees on Judiciary and Governmental Operations and Ways and Means to look into the governor’s alleged misuse of public funds. In a statement, the governor’s office stated: “The Legislature is within their prerogative to conduct an oversight. This administration has been transparent and has complied to every Open Government Act request, and we are confident that the governor will be cleared of any further concerns” (MV, 13 Dec 2019).

Heinous crimes are rare in the CNMI, but, sadly, they do happen. On the morning of 13 December 2019, the bodies of two women were found inside a Korean restaurant (MV, 16 Dec 2019). The victims were Lim Hua Choi, fifty-three, the operator of Rice Cake Best Food Restaurant, and Ria Na Lim, forty-three, Choi’s employee. Police said both were shot (MV, 17 Dec 2019). As of this writing (15 July 2020), the double-homicide case remains unsolved.

As for casino investor IPI, the hits just keep on coming. During a meeting of the Commonwealth Casino Commission, IPI’s vendors, including construction companies, said the commission should take “disciplinary action” against IPI for not paying its bills. Representative Tina Sablan, a member of the House minority bloc,

reminded the commission that it could revoke IPI’s license (MV, 20 Dec 2019).

As 2019 ended, CNMI officials sounded upbeat about the tourism-based economy, which they believed was already in recovery mode (MV, 31 Dec 2019). Meanwhile, in Wuhan, Hubei Province, China—the CNMI’s second largest tourism market after South Korea—the Wuhan Municipal Health Commission reported a cluster of cases of “pneumonia.” They would later be identified as Coronavirus Disease 2019 (COVID-19) (MV, 1 May 2020).

In January 2020, it was reported that visitor arrivals were up 95 percent in December 2019 compared to the same period in 2018, when Saipan was still cleaning up the mess that Super Typhoon Yutu left behind (MV, 20 Jan 2020). At the island’s international airport, however, the Commonwealth Healthcare Corporation had begun screening arriving passengers for potential cases of coronavirus (MV, 20 Jan 2020).

Before the end of the month, Governor Torres would declare a “state of significant emergency” to, among other things, “strengthen ongoing emergency protocols and quarantine measures at the ports” of entry (MV, 30 Jan 2020). His administration also informed lawmakers that because of the suspension of flights from China, the CNMI government would lose up to \$40 million in projected revenue in FY 2020 (MV, 30 Jan 2020). In February, the administration said the decline in projected revenue would be \$48 million (MV, 10 Feb 2020). New across-the-board budget cuts were announced (MV, 14 Feb 2020).

For its part, the Board of Educa-

tion, which has five members elected on a nonpartisan basis, voted 3–2 to take the administration to court over the Public School System’s budget.

Three BOE members wanted more funding for the Public School System, citing a CNMI Supreme Court ruling on the annual budget. The administration said the Board of Education’s decision “will further exacerbate our ongoing struggles to keep all public services afloat, including educational services and salaries of teachers at PSS” (MV, 27 Feb 2020).

“Prepare for the Worst” was the headline of *Marianas Variety*, the CNMI’s oldest newspaper, on 3 March 2020.

In a letter to US President Donald Trump, Governor Torres said the loss of the CNMI’s two largest tourism markets—China and South Korea—due to the COVID-19 outbreak “should be considered as the unequivocal and complete collapse of the foundations of our private sector in the islands” (MV, 4 March 2020).

In a meeting with the Board of Education, one of the governor’s economic advisors, Matt Deleon Guerrero, said: “We have never been in a position like this with our economy before. And we are just at the onset of this most recent economic crisis. . . . The [small] size and scale of our economy doesn’t give us a whole lot of tools to work with.” He told the BOE members that the CNMI must “brace for what could be terrible circumstances that are going to be painful—we need to start considering what is the appropriate policy that will be able to protect the entirety of the system” (MV, 6 March 2020).

On the same day, Governor Torres declared a price freeze “to protect

CNMI residents during the COVID-19 . . . outbreak and the unexpected economic downturn” (MV, 6 March 2020).

*Marianas Variety*’s news headlines on 12 and 13 March 2020 were no less dreary: “NMI Tourism Revenue Losses: \$50.5M and Counting”; “Labor Official: Hundreds of CW-1 [guest worker] Contracts Terminated”; “MVA: Arrivals down 30% in February”; and “Hotel Occupancy Lowest in Recorded History, says HANMI [Hotel Association of the Northern Mariana Islands].”

In mid-March, Governor Torres declared “a state of public health emergency and a continued state of significant emergency to establish response, quarantine, and preventive containment measures concerning COVID-19.” The governor said he had received notice from Guam “about three confirmed cases [there]. We do not take this lightly.” He said effective immediately, “and until further notice, all government offices and all non-essential government functions are shut down for two weeks” (MV, 17 March 2020).

Eleven days later, the governor’s COVID-19 Task Force and the Commonwealth Healthcare Corporation announced two confirmed COVID-19 cases in the CNMI. The patients were a forty-two-year-old male and a forty-nine-year-old female, and both had been quarantined at Kanoa Resort. One of them traveled from Guam on 12 March, while the other traveled to Tinian on 13 March and returned to Saipan on 14 March (MV, 28 March 2020).

A seventy-year-old man who had “multiple underlying medical con-

ditions” became the CNMI’s first COVID-19 fatality. He was considered a person under investigation on 25 March and was brought to Kanoa Resort, where he passed away on 30 March (MV, 31 March 2020). Test results from the Guam Public Health Laboratory confirmed that he had succumbed to COVID-19 (MV, 2 April 2020).

In April, US President Donald Trump approved the CNMI’s request for a major disaster declaration and authorized additional federal emergency aid to support the islands’ COVID-19 response (MV, 3 April 2020).

Citing safety requirements and COVID-19’s economic impact, which included shuttering most small businesses in the CNMI, *Marianas Variety* said it was “going online only temporarily” starting Monday, 6 April (MV, 3 April 2020). It would resume its print edition on 27 April.

“Tough decisions have to be made,” the governor said. “Revenues are down 50% so we need to make those adjustments now.” He said the CNMI government had to cut personnel costs by 50 percent (MV, 9 April 2020).

In federal court, Saipan casino operator IPI was found in contempt of court for violating two of its previous orders in the lawsuit filed by seven construction workers from China. They have alleged that they were victims of a forced labor and human trafficking scheme while employed by IPI’s former construction contractor and subcontractor, MCC International Saipan Ltd Co and Gold Mantis Construction Decoration (CNMI) (MV, 16 April 2020).

A COVID-19 patient died on 7 April

2020 at the islands’ only hospital. It was the CNMI’s second COVID-19-related death. The patient was seventy-seven years old and had underlying medical conditions (MV, 7 April 2020).

On 18 April 2020, *Marianas Variety*’s founding publisher, Abed E Younis, passed away peacefully at home from natural causes, surrounded by his family. He was eighty-three. “Mr. Younis’ influence in Marianas and Micronesian journalism and history cannot be overstated” (MV, 18 April 2020).

More sad news: Froilan Cruz Tenorio, the CNMI’s fourth governor (1994–1998) and the last Democrat to win a gubernatorial election in the Northern Marianas, passed away on 4 May 2020 in Fort Worth, Texas. He was eighty. Governor Torres said the Commonwealth “will forever remember one of its most devoted public servants as a man who helped pave the way for our islands’ progress.”

COVID-19, its massive impact on the economy, and the rapidly shrinking revenue base of the CNMI government were the top local news throughout May and June 2020. And even though the number of CNMI COVID-19 cases was well below what was initially projected, Governor Torres said his administration would continue to “prepare for the worst” (MV, 4 June 2020). The Federal Emergency Management Agency had projected that by 20 May 2020, the number of sick would reach 6,500, with 470 cases serious enough to require hospitalization (MV, 15 May 2020). As of 21 May 2020, the CNMI had 22 confirmed and 7 active cases. (MV, 22 May 2020)

With the first half of a dreadful



year about to end, Finance Secretary David Deleon Guerrero Atalig informed lawmakers that the CNMI had incurred over \$90 million in revenue loss since Super Typhoon Yutu slammed into Saipan and Tinian on 25 October 2018 (MV, 26 June 2020).

For its part, the Commonwealth Casino Commission ordered Saipan's beleaguered casino investor, IPI, to meet its obligations to private vendors and the CNMI government, to deposit money in reserve for three-month payroll, and to hire a new chief executive officer (MV, 26 June 2020).

Good luck with that.

ZALDY DANDAN

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