

FILED  
Clerk  
District Court

DEC 18 2015

for the Northern Mariana Islands  
By \_\_\_\_\_  
(Deputy Clerk)

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN MARIANA ISLANDS

BETTY JOHNSON, on behalf of herself, and as  
a representative of a class of similarly-situated  
persons,

CIVIL CASE NO. 09-00023

Plaintiffs,

v.

**ORDER**

ELOY S. INOS, Governor of the  
Commonwealth of the Northern Mariana Islands  
("CNMI"), *et al.*,

Defendants.

On December 15, 2015, this case came before the court for a status hearing, at which time the Settlement Fund Trustee (the "Trustee"), Civile & Tang, PLLC, acting by and through its principal representative Joyce C.H. Tang, presented her Report and update on the status of the Settlement Fund for the Second, Third and Fourth Quarters of FY2015. *See* E CF No. 731. Consistent with the various matters discussed at the hearing, the court orders the following:

- Judicial Building Loan - The Trustee reported that the Judicial Building Loan matured on March 1, 2015, and the outstanding principal balance as of December 14, 2015, was approximately \$4.5 million, in addition to over \$47,000 in interest. The CNMI Government has asked the Settlement Fund to reinstate and extend the term of repayment, and the Trustee proposed extending the term of the loan with certain conditions. The CNMI Government has not acted on the Trustee's proposal to date. The court orders the Trustee and the counsel for the Government to work to expedite the resolution of the proposed reinstatement and extension of the term of the loan. The Trustee shall also work closely with Secretary of Finance Larissa Larson with regard to the possibility that the Government

1 will obtain another loan to pay off the debt to the Settlement Fund for the Judicial Building  
2 Loan. The Trustee shall keep Class Counsel advised of any resolution reached as to this  
3 matter.

4 • Government's Annual Payments - Under the terms of the Final Amended Stipulation and  
5 Agreement of Settlement (the "Settlement Agreement"), the CNMI Government agreed to  
6 pay the Settlement Fund a minimum of \$27 million in fiscal year 2015. *See* Settlement  
7 Agreement at ¶4.0, ECF No. 468-1. The Trustee reported that the CNMI Government  
8 timely made the \$27 million annual payment. Nevertheless, the Trustee expressed her  
9 concern about the regularity of the interim payments remitted to the Settlement Fund.  
10 Ms. Larson agreed to participate in weekly conference calls with the fund's administrator  
11 Lillian Pangelinan to discuss the schedule of the Government's interim payments.  
12 Additionally, the Trustee expressed her concern that if the Government continues to pay  
13 the 25% additional pension payments to the retirees, said funds have to be lawfully  
14 appropriated by the Legislature. The court orders both the Governor and Lieutenant  
15 Governor to expeditiously work on this issue with the Trustee to ensure that if these  
16 payments are to continue, that appropriate arrangements are made to also handle the various  
17 pension deductions (*e.g.*, medical insurance, mortgage payments).

18 • Settlement Fund's Tax Status - The Trustee asked the court to confirm the non-profit tax  
19 exempt status of the Settlement Fund, since this issue has delayed the completion of the  
20 F?Y2014 audit. The court believes that this matter should be fully briefed. Accordingly,  
21 Class Counsel and the Trustee shall file a joint motion on this issue no later than  
22 December 29, 2015. The CNMI Government shall file its response to the motion no later  
23 than January 5, 2016, and a reply brief thereto shall be filed no later than January 12, 2016.  
24 Said motion shall be set for hearing on Thursday, January 21, 2016, at 9:00 a.m. The court  
25 and counsel on Guam shall participate in the hearing by VTC, and Class Counsel may  
26 participate in the hearing by telephone.

27 • Motion to Enforce Final Judgment Approving Class Action Settlement Agreement Against  
28 Northern Marianas College ("NMC") - The hearing on this motion (ECF No. 700) shall be

1 held on January 21, 2016, as well, following the oral argument on the issue regarding the  
2 Settlement Fund's tax status. Counsel for the NMC may appear at the courthouse in Saipan,  
3 and the court will participate in said hearing by VTC.

- 4 • Administrative Appeal Rules and Procedures - The Trustee finalized the Settlement Fund's  
5 Administrative Appeal Rules and Procedures ("Appeal Rules"). *See* Report at 15, ECF NO.  
6 731 and Ex. 14 thereto. The Trustee requested the court approve these Appeal Rules. The  
7 court, having reviewed the Appeal Rules, finds them to be reasonable and accordingly  
8 approves the implementation of said rules.
- 9 • Appointment of Hearing Officers and Arbitrator - The Settlement Fund selected three  
10 administrative hearing officers and one arbitrator, all of whom are attorneys licensed to  
11 practice law in the CNMI.<sup>1</sup> *See* Report at 15, ECF No. 731. The court hereby approves the  
12 Trustee's selection and appointment of said officers and arbitrator.
- 13 • Newsletter - The Trustee's report indicates the Trustee will send out the first issue of a  
14 newsletter to the Class members in November 2015. The Trustee is ordered to ensure that  
15 a copy of the newsletter is made available on the Settlement Fund's website.

16 IT IS SO ORDERED.



**/s/ Frances M. Tydingco-Gatewood**  
**Designated Judge**  
**Dated: Dec 18, 2015**

---

<sup>1</sup> The hearing officers are Maya Kara, Josh Berger and Leevin Camacho. Richard Johnson was selected as the arbitrator.