



**BANKING & INSURANCE BOARD MEETING MINUTES**

**Monday, February 28, 2022 at 2:00pm**

**Zoom Virtual Conference: Meeting ID: 864 7819 0453, Passcode: 256761**

**<https://us02web.zoom.us/j/86478190453?pwd=SkdCWGNyMzU4L0o04YjRNeHBVNkdqUT09>**

**Facebook Live: [facebook.com/drt.isbre](https://www.facebook.com/drt.isbre)**

**BOARD MEMBERS PRESENT:**

**Michelle B. Santos**, Banking & Insurance Commissioner

**Roland Biscoe**, Insurance Producer

**West Cassidy**, EVP/General Manager, Pacific Indemnity Ins. Co.

**John McKinnon**, VP Regulatory Risk Officer, Bankpacific

**Raymond Schnabel**, Chief of Operations, Calvo's Insurance Underwriters

**Danilo Rapadas**, SVP/Chief Risk Officer, Bank of Guam

**Michael Sgro**, Fitness General Manager, Paradise Fitness

**Dean Manglona**, Attorney, Civile & Tang, PLLC

**ALSO PRESENT:**

**Dafne Mansapit-Shimizu**, Director of the Department of Revenue and Taxation

**Alice Sebastian-Cruz**, Regulatory Programs Administrator, Acting

**Monica Franquez**, Business License Supervisor, Acting

**Nemencio David Briones**, Regulatory Examiner II

**Michele Marie R. Rabago**, Regulatory Examiner I

**Glenn Meno**, Representative from the Office of Senator Sabina Perez

**Sandra Miller**, Attorney at the Office of the Attorney General

**Anita Arriola**, Attorney at Arriola Law Firm

**Vanessa Williams**, Attorney at Law Offices of Vanessa Williams P.C. and Chairwoman of the Cannabis Control Board

**Adrian Cruz**, Deputy Director of the Department of Agriculture and Member of the Cannabis Control Board

**GENERAL PUBLIC ATTENDANCE VIA ZOOM:**

**Jerome Aguon**

**Ashley**

**Cid Mostales-BPCS**

**Compliance Branch**

**DRT-ISBRE**

**Philip Flores**

**Galaxy Note 10+**

**Braddock Huesman-Fisherman-Huesman P.C.**

**George Lujan**

**Sabina**

**J**

- I. **CALL TO ORDER** – The meeting started around 2:05pm. The Commissioner did a roll call.
- II. **APPROVAL OF MINUTES (APRIL 09, 2021)** - A motion to approve April 09, 2021 minutes was made by Member McKinnon and seconded by West Cassidy. Motion was passed.

### III. NEW BUSINESS

A. **BANK PACIFIC APPLICATION** – The Commissioner gave a brief background of BankPacific having been organized as a savings and loan since July 1953, serving the people of Guam for 67 years, and remaining locally owned. The Commissioner reported they changed their name to BankPacific in May 1999 because Public Law 25-17 allowed them to. The Commissioner reported that in June 2021, BankPacific wanted to convert from a savings and loan to a commercially chartered bank and in October 2021, BankPacific submitted an application for conversion. The Commissioner reported that her and her staff at the Department of Revenue and Taxation (DRT) reviewed the application and based on their findings, BankPacific has met all the requirements to convert and become a Guam chartered commercial bank. The Commissioner recommended the approval of BankPacific's conversion application from a savings and loan to a Guam chartered commercial bank. Member Rapadas stated that he and Bank of Guam had no issues with the conversion approval. Member Manglona wanted to know if there was precedence to the conversion from savings and loan to a commercial bank, to which the Commissioner responded not in the history of Guam. Member Manglona commended BankPacific for growing and getting to this conversion point; however, he expressed his concern that there was not enough time allotted to review BankPacific's conversion application and that there may not be a statutory mechanism or guidance that allows for the conversion from a savings and loan to a commercially bank. The Commissioner asked Attorney Sandra Miller of the Office of Attorney General (OAG) to give insight on the matter. Attorney Miller stated that BankPacific approached this as if they were a new commercial bank applicant and not necessarily converting from a savings and loan to a commercial bank; and based on their application, BankPacific does meet all the requirements to become a commercial bank. Member Manglona stated his confusion with BankPacific applying as a new bank applicant versus a conversion applicant as the two may have different mandates and requirements. Member Manglona stated he does not have an issue with BankPacific's conversion application, his only concern is ensuring the Board complies with the statutory mandates of the Banking Code and the Savings and Loan Association Act. Member Manglona stated that he would like more time to review the application as he was only given a business day to look at it to feel comfortable with his vote to approve the conversion. Member Manglona stated that this may be an issue that the Legislature may need to act on as there is no precedent or Guam Law regarding this conversion. Member Manglona asked if the OAG could submit an opinion that BankPacific's conversion application is in compliance with the Savings and Loan Act and Banking Code. The Commissioner reported that she reached out to other state institutions that converted to banks via Zoom meeting and these banks shared their paperwork and processes. The Commissioner stated that the FDIC will have to approve the conversion application and then an investigation which focuses on the management of the institution will be conducted next. Member Cassidy wanted to clarify what the Board was voting on as there is a clear distinction between: (1) approving the Commissioner's recommendation for approval of conversion and (2) approving the conversion application. Member Cassidy expressed his opinion not to object to the Commissioner's recommendation. Member Manglona recommended a subcommittee be formed to go over the application as soon as possible as BankPacific has an upcoming deadline. Attorney Anita Arriola, representing BankPacific, was given the opportunity to speak and expressed there is a mechanism to allow the Commissioner and the Board to approve the conversion and that mechanism is the approval of an amendment to BankPacific's Charter to which she made reference to 11 GCA Section 103103, 103102, 100104, and 106301. Member Manglona questioned that the Guam Banking Code is cited as a statutory basis to allow for a conversion of territorial banks in BankPacific's application; however, the Articles apply to three limited situations which do not apply to BankPacific's conversion: (1) mergers

between two territorial banks, (2) national banks wanting to do business with territorial banks, and (3) a third situation he could not recall but did not apply as well. Attorney Arriola recommended to look into 11 GCA Articles 106100 to 106313, specifically 106214 and 106307, which are specific to allowing charter conversions involving territorial banks; and based on other jurisdictions, the mechanism of conversion was through amending their charter. The Commissioner suggested tabling BankPacific's conversion application to which all Board Members agreed. The Commissioner mentioned she would set up a working session within the week as BankPacific has a statutory deadline March 10, 2022.

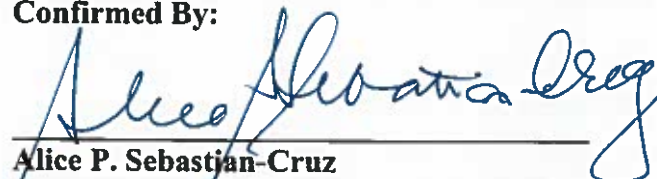
- B. CANNABIS (BANKING)** – The Commissioner brought up email correspondences she had with the Commissioner of Hawaii, Iris Ikeda, regarding how Hawaii manages their cannabis banking. Attorney Vanessa Williams, Chairwoman of the Cannabis Control Board (CCB), reported that the Cannabis Rules and Regulations have been approved by the Office of the Governor and the Office of the Attorney General; and that the Rules and Regs have been transmitted today to the Speaker's Office for the Legislature's review and approval, hopefully within 90-days. Chairwoman Williams asked a two-part question: (1) how is Government of Guam going to be able to accept cannabis businesses payments and (2) are there going to be local banks willing to bank these cannabis businesses. The DRT Director Dafne Mansapit-Shimizu reported she reached out to the Department of Administration regarding this matter and is working to get some RFP for cannabis banking. Adrian Cruz, Deputy Director of Agriculture, reported there are a couple of cannabis labs willing to start business; however, if there is no bank willing to accept their business, they will not invest or start business. The Commissioner recommended the scheduling of a Zoom meeting with Hawaii Commissioner regarding CanPay vendor and also recommended the meeting of Guam banks to discuss cannabis banking. Member McKinnon and Member Rapadas reported that institutions doing business with the cannabis industry are taking significant risks and need to be diligent and cautious as recommended by their California regulators.
- IV. DISCUSSION / OTHER MATTERS** - Attorney Miller mentioned that it should not be an issue to extend BankPacific's statutory deadline; however, it would be a request at the very last minute if it was needed. Member Rapadas requested a copy of the Cannabis Rules and Regulations. The Commissioner mentioned that the BankPacific conversion application is 300+ pages and if anyone wanted a copy for review that it would be available upon request.
- V. MEETING ADJOURNMENT** - The Commissioner thank everyone for the attendance and input and adjourned the meeting at 3:07pm.

**Prepared and Submitted By:**



**Michele Marie R. Rabago**  
Regulatory Examiner I

**Confirmed By:**



**Alice P. Sebastjan-Cruz**  
Regulatory Programs Administrator, Acting