



SUPPLEMENTAL REPORT OF THE TRUSTEE

Civille & Tang PLLC

Joyce C.H. Tang

Betty Johnson v. David M. Apatang, et al., CV 09-00023

For the Period FY 2015 through FY 2025

November 1, 2025

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I. INTRODUCTION

The Trustee, pursuant to the Court's Order (ECF No. 884), submits the Settlement Fund's supplemental report regarding the audit of the 400 member files that were identified by the benefit audit software program in March 2015 with issues. Because one member was counted twice, the number of member files containing issues decreased by one (399). *See Report of the Trustee Combined FY 2016 through Third Quarter FY 2017* (ECF No. 767, at 9 n.1).

The audit review process for a member file can take an average of 8 hours to 3 months. Although the Settlement Fund has endeavored to complete audits efficiently and diligently, the lack of information contained in member files and the manual-based nature and age of member files, compounded by the amount of time and effort the Settlement Fund spends in obtaining information from the NMI Government and autonomous agencies and/or members for the purpose of completing an audit, creates challenges in expediting the audit review process.

In addition to the audit of the 399 member files identified with issues ("Benefit Software Audits"), priority audits of other files are completed concurrently based on any of the following triggering events: (a) the death of a retiree, (b) a new application for retirement or survivor's benefits, (c) a retiree's return to government service or reinstatement of retirement benefits upon termination of government reemployment, (d) an administrative appeal, or (e) probate.

The total number of completed priority audits and Benefit Software Audits between FY 2015 to FY 2025 is broken down as follows:

FY	Priority Audits Completed	Benefit Software Audits Completed	Total Audits Completed
2015	40	10	50
2016	51	12	63
2017	44	10	54
2018	34	2	36
2019	32	6	38
2020	40	12	52
2021	56	11	67
2022	49	15	64
2023	80	18	98
2024	137	28	165
2025	79	17	96
	642	141	783

Between March 2015 through February 2022, the Settlement Fund had one staff auditor dedicated to audits. A qualified auditor not only had to have auditing credentials and experience, but also must be familiar with NMI Retirement Fund laws. Over the years, the Settlement Fund has continued to seek additional qualified and experienced applicants for this role; however, due to the limited pool of qualified applicants for this position on Saipan, the Settlement Fund has encountered difficulties in procuring additional support for its audit needs. The Settlement Fund currently has two auditors.

Despite these challenges, the Settlement Fund continues to work diligently in completing the audits of member files, collecting and settling overpayments and underpaid contributions, and settling underpayments.

II. AUDIT OF MEMBER FILES

Between FY 2015 through FY 2025, the audit of 783 member files have been completed. Of these audits, 141 Benefit Software Audits have been completed.

To complete an audit, the Settlement Fund spends considerable time and effort in obtaining information from the NMI Government, autonomous agencies, and/or members. For instance, responses to the following requests for information can take anywhere from 2 weeks to 6 months:

- Leave or salary history – 2 to 3 weeks
- Contribution Payment – 1 month
- Contribution Payment History – 1 month
- Updated marriage records – 3 to 6 months

A significant part of the delay in auditing the files is due to the delay and lack of response from the NMI Government, government agencies, and/or members from the time the Settlement Fund makes a request for information to the response. Almost every request for information requires several follow ups. The delay in response is due to lack of access to paper files, the need to locate the requested information, and lack of follow through. Thus, the completion of an audit can take months.

A. BENEFIT AUDIT SOFTWARE

In March 2015, the benefit audit software identified 276 members with potential overpayments¹ and 124 members with potential underpayments, as detailed in the tables below:

¹ As indicated *supra* in Section I of this Report, one member was counted twice as a Class 2 member.

Overpayment

Class 1	75 members	\$617,293
Class 2	193 members	\$820,068
Disability	8 members	\$56,448
TOTAL	276 members	\$1,493,809

Underpayment

Class 1	33 members	\$58,201
Class 2	80 members	\$209,182
Disability	11 members	\$63,143
TOTAL	124 members	\$330,526

See Report of the Trustee Combined FY 2016 through Third Quarter FY 2017 (ECF No. 767, at 8).

Audits of these member files are broken down as follows:

FY	Audits Required	Audits Conducted	Benefit Overpayment	Benefit Underpayment	EE Contribution Underpayment	Other
			Status	Status	Status	Status
2015	399	10	4 Settled 5 Appeals Pending			1 Pending Legal Review
2016	389	12	8 Settled 1 Appeal Pending			3 No Issues
2017	377	10	1 Settled 3 Appeals Pending 1 Pending Collection			5 No Issues
2018	367	2	2 Settled			
2019	365	6	2 Settled 1 Pending Collection		1 Settled	2 No Issues

FY	Audits Required	Audits Conducted	Benefit Overpayment	Benefit Underpayment	EE Contribution Underpayment	Other
			Status	Status	Status	Status
2020	359	12	2 Settled			10 No Issues
2021	347	11	3 Settled 1 Appeals Pending 1 Pending Collection		1 Settled	4 No Issues
2022	336	15	6 Settled 2 Appeals Pending 2 Pending Collection	1 Settled	1 Settled	1 Pending Legal Review 3 No Issues
2023	321	18	1 Settled 2 Appeals Pending 2 Pending Collection	1 Settled	1 Pending Collection	2 Pending Legal Review 9 No Issues
2024	303	28	6 Settled 10 Appeals Pending 4 Pending Collection	1 Settled 2 Payments Pending	1 Settled	1 Pending Legal Review 3 No Issues
2025	275	17	3 Settled 1 Appeals Pending 5 Pending Collection	2 Settled	1 Settled	2 Pending Legal Review 3 No Issues

1. Overpayments

Of the 275 members identified with overpayments in March 2015, the audit of 85 member files have been completed, resulting in 3 confirmed underpayments, 47 confirmed overpayments, 3 contribution underpayments, 26 with no issues, and 6 under legal review.

With respect to the 25 files with overpayments pending appeal, 19 involve the inclusion of overtime hours in the computation of retirement benefits, and the remaining 6 involve multiple issues relating to reemployment, age penalties, and/or earnings.

The 16 member files with overpayments pending collection include probate matters pending final disposition by the NMI Probate Court and those that will be collected from the survivors or the estate. The Settlement Fund has filed claims in probate cases and anticipates that overpayments will be collected from the estate.

2. Underpayments

With regard to the 124 member files originally identified as underpayments, the Settlement Fund has completed the audit of 56 member files, resulting in 4 confirmed underpayments, 32 confirmed overpayments, 2 contribution underpayments, 17 with no issues, and 1 under legal review.

With respect to the 2 confirmed underpayments pending payment, computations were recently finalized and will be processed soon.

3. Underpayments of Employee Contributions

The audit of files involving the underpayment of employee contributions will be completed when information relating to the amount of contributions due from the agencies are confirmed.

4. Other Files

Of the 7 member files pending legal review, 3 involve multiple issues; 3 relate to an issue on policy under review; and 1 was recently re-audited for another issue.

The audits of the remaining 258 member files will be prioritized based on whether the file has been identified as an underpayment and/or the occurrence of any of the following triggering events: (a) the death of a retiree, (b) a new application for retirement or survivor's benefits, (c) a retiree's return to government service or reinstatement of retirement benefits upon termination of government reemployment, (d) an administrative appeal, or (e) probate.

B. NEXT STEPS

To minimize delay in the completion of audits due to the lack of information contained in member files, the Trustee has met with the larger government agencies, such as the CNMI Public School System and the Commonwealth Healthcare Corporation, to assist in providing retiree

employee information. The Settlement Fund has also reached out to active members, who have not yet retired, regarding documents required for completion of their file, and the NMI Government and other autonomous agencies, regarding the annual submission of personnel documents, including, but not limited to, payroll and tax documents. The Settlement Fund has received positive responses from these communications and will continue outreach efforts.

Furthermore, the Settlement Fund will aggressively seek to hire additional auditors to complete these audits.

Respectfully submitted this 1st day of November 2025.

CIVILLE & TANG, PLLC

/s/

Joyce C.H. Tang
Trustee