

**Virgin Islands Economic Development Commission**  
**Decision Meeting of Thursday, January 13, 2022**  
**Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Thursday, January 13, 2021, the Governing Board heard recommendations from staff regarding seven (7) application matters and one (1) compliance matter, and voted as follows:

**Executive Session:**

**Application:**

• **Tycheros Capital Management VI, Inc. – Petition of Reconsideration**

*Tycheros Capital Management VI, Inc. (“Tycheros”) was granted tax incentive benefits on July 22, 2021 for a 20-year term of tax incentive benefits to operate a Category IV – Family Office Financial Service Platform, that will leverage Tycheros experience in direct investing, mergers, and acquisitions, financial structuring, technology and data systems development, implementation, licensing and other areas to (i) provide its portfolio companies access to private equity and debt capital, financial, technology and management consulting; (ii) provide its clients with discretionary investment advice, full range of management and reporting; (iii) to liaise with a broad range of third party service providers and professional services, commercial leasing and lending services; and (iv) offer investment services, administrative business, asset and wealth management as well as concierge and other personal services amongst other activities to clients outside the USVI. The Governing Board also denied the inclusion of the four (4) entities – PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP, and Illiquid Capital, LP under the grant of tax incentives based on the following:*

*On October 21, 2021, Tycheros submitted a petition to reconsider the VIEDC Governing Board’s decision to include PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP and Illiquid Capital, LP in the Certificate to granted tax incentives to Tycheros in accordance with VIRR 717-403 based on the following grounds:*

- 1. VIEDC’s action was based on a finding, conclusion, or other matter upon which the Tycheros has not previously had the opportunity to comment; and*
- 2. VIEDC’s action was based on a substantive error in material fact or law.*

**MOTION – Reconsideration; Inclusion of Entities in VIEDC Certificate**

The Governing Board voted (5 – 0) to:

- Table its decision on the matter regarding inclusion of the four (4) entities – PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP and Illiquid Capital, LP under the grant of tax incentives to Tycheros Capital Management VI, Inc.

**Regular Session:**

**Action Items:**

**Application:**

**1. Centripetal VI, LLLP – Corrected Grant of Incentives**

*On November 16, 2021, Centripetal VI, LLLP (“Centripetal”) was granted VIEDC tax incentive benefits as a Category II – Manufacturing and also own and operate a Category IV – Designated Service Business developing, manufacturing and offering technical support for state-of-the-art cyber security solutions for customers across*

*the globe. Centripetal committed to make a minimum capital investment of Three Hundred Seventy Thousand Dollars (\$370,000.00) in the benefitted business, and employ a minimum of 10 full time employees. Centripetal is located on the island of St. Croix.*

The Governing Board voted (5 – 0) to:

1. Approve an Amended Grant of Tax Incentives to Centripetal, which shall now state, in relevant part, as follows:

Excise Tax (Raw Materials):	100% Exemption
Customs Duty:	1% Exemption

2. All other terms and provisions of the tax incentives granted at the November 16, 2021 Decision Meeting shall remain in full force and effect.

## **2. Cypress Mortgage Capital, Inc. – New Application**

*On July 12, 2021, Cypress Mortgage Capital, Inc. (“CMC”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Barrier seeks VIEDC tax incentive benefits as a Category IV - Designated Services, Financial Service Business providing business and management consulting services, financial management services, and venture capital management and investment to clients primarily within the residential and commercial loan industries pursuant. In particular, CMC will acquire, service, hold, manage, and sell residential loans and other secured and unsecured debts nationwide, to include buying, selling, holding, originating, servicing, and financing consumer and commercial loans, including rights, obligations, hedges and other financial assets. All clients will be located outside the USVI.*

*CMC commits to employ a minimum of 10 full-time employees within one (1) year from the date the Chairman signs the Certificate or within one (1) year of commencement of tax incentives, whichever is later. CMC states it will invest a minimum of One Hundred Thousand Dollars (\$100,000.00) in the benefitted business in accordance with Act. No. 8032 and ending within one year from the date of commencement of benefits or one year from the date the Chairman signs the Certificate, whichever is later. CMC will be located on the island of St. Croix.*

The Governing Board voted (5 – 0) to:

1. Find that Cypress Mortgage Capital, Inc. is deserving of a grant of tax incentives.
2. Granted Cypress Mortgage Capital, Inc. tax exemptions at one hundred percent (100%) of the incentives authorized by law for a period of 30 years in accordance with the provisions of V.I. CODE ANN. tit. 29, chapter 12.
3. Granted Cypress Mortgage Capital, Inc. a waiver of the eighty percent (80%) residency requirement to allow for the employment of five (5) non-residents during the first year of incentives. Applicant/Beneficiary shall also pay Two Thousand Five Hundred Dollars (\$2,500.00) to the Territorial Scholarship Fund for each non-resident employed pursuant to 29 V.I.C. § 710(b).

## **3. GGM Group, LLC – New Application**

*On March 15, 2021, GGM Group, LLC (“GGM”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. GGM seeks VIEDC tax incentive benefits as a Category IV – Designated Services, Financial Service Business for its provision of financial advisory services, business management and consulting services, family office, and back office and related services to clients, with a focus on serving clients within the nutraceuticals industry. All of GGM’s clients will be located outside the USVI. GGM’s*

*services may be provided through one or more wholly owned, disregarded subsidiaries in accordance with V.I. CODE ANN. tit. 29, § 714(c).*

*GGM commits to employ a minimum of seven (7) full-time employees within five (5) years of the date that its Certificate is signed by the Chairman, or within five (5) years of commencement of benefits, whichever is later. GGM commits to investing One Hundred Thousand U.S. Dollars (\$100,000) in the benefited business within one (1) year from the date of commencement of benefits or one (1) year from the date the Chairman signs the Certificate, whichever is later. GGM will be located on the island of St. John.*

The Governing Board voted (5 – 0) to:

1. Find that GGM Group LLC is deserving of a grant of tax exemption incentives.
2. Grant GGM Group LLC tax exemptions at one hundred percent (100%) of the incentives authorized by law for a period of 20 years in accordance with the provisions of V.I. CODE ANN., tit. 29, chapter 12.
3. Find pursuant to 29 V.I.C. § 708(f)(1) that it is not practicable at this time for GGM Group LLC to employ the minimum of 10 full-time employees and that the desirability of the GGM Group LLC 's enterprise outweighs the fact that it is not labor intensive.
4. Grant GGM Group LLC a temporary waiver of the minimum full-time employment requirement pursuant to 29 V.I.C. § 708(f) and V.I.R.R. 708-602 for a period of three (3) years as set forth in paragraph 5 below.
5. GGM Group LLC be granted a an extension of time to satisfy the minimum full-time employment requirement due to the ongoing coronavirus disease 2019 (COVID-19) pandemic as follows:

Applicant/Beneficiary shall employ a minimum of three (3) full-time employees within one year from the date of commencement of incentives or one year from the date the Chairman signs the Certificate, whichever is later; thereafter, starting the second year of incentives, four (4) additional full-time employees; and starting the third year of incentives, three (3) additional full-time employees, for a total of 10 full-time non-owner employees in the third year.

#### **4. Red Bay Holdings, LLC – Corrected Grant of Incentives**

*On November 16, 2021, Red Bay Holdings, LLC (“Red Bay”) was granted Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits as a Category IV – Designated Service Business providing consulting, technology, venture capital and investment management services to clients located outside the USVI. Red Bay will provide an array of financial and business management services, to include accounting, financial data analytics, finance, compliance, customer service, marketing risk management, and vendor management as needed by its clients, and as directed by management. Red Bay has established two (2) wholly owned, disregarded subsidiaries, St. Thomas Servicing, Inc. and Ocean Capital, Inc., through which it will carry out its business activities. Red Bay committed to make a minimum capital investment of One Hundred Thousand U.S. Dollars (\$100,000) in the benefited business and employ a minimum of five (5) full-time employees. Red Bay is located the island of St. Thomas.*

The Governing Board voted (5 – 0) to:

1. Approve an Amended Grant of Tax Incentives for Red Bay Holdings, LLC, which shall now state, in relevant part, as follows:

Business: RED BAY HOLDINGS, LLC (“Applicant/Beneficiary” or “RBH”) shall own and operate a Category IV designated services business providing consulting, technology, venture capital and investment management services to clients located outside the U.S. Virgin Islands. RBH shall provide an array of financial and business management services to include accounting, financial data analytics, finance, compliance, customer service, marketing risk management, and vendor management. RBH has established two (2) wholly-owned, disregarded subsidiaries, St. Thomas Servicing, Inc. and Ocean Capital, Inc., through which it will carry out its business activities.

2. All other terms and provisions of the Grant of Tax Incentives approved by VIEDC at the Decision Meeting on December 14, 2021 shall remain in full force and effect.

## **5. Systilogic, LLC – Corrected Grant of Incentives**

*On November 16, 2021, Systilogic, LLC (“Systilogic”) was granted Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits as a Category IV – Designated Service Business for business management and consulting services, business operations software and support services to clients, and its provision of ecommerce services, including without limitation clients within the ecommerce sector. In addition, Systilogic will engage in family office services. All of Systilogic’s clients will be located outside the USVI. Systilogic’s services may be provided through one or more wholly owned, disregarded subsidiaries. Systilogic committed to make a minimum capital investment of One Hundred Thousand U.S. Dollars (\$100,000) in the benefited business and employ a minimum of 10 full-time employees. Systilogic is located on the island of St. Croix.*

The Governing Board voted (5 – 0) to:

1. Approve an Amended Grant of Tax Incentives to Systilogic, LLC which shall now state, in relevant part, as follows:

Retirement: Applicant/Beneficiary shall provide each eligible employee with a defined contribution plan such as a 401(k) or similar plan after one year of employment. Applicant/Beneficiary shall match each employee’s contributions to the plan up to three percent (3%) of the employee’s annual salary.

2. All other terms and provisions of the Grant of Tax Incentives approved by VIEDC at the Decision Meeting on November 16, 2021 shall remain in full force and effect.

## **6. United Electronics Industries Services, LLC – Modification Application**

*On March 27, 2012, United Electronic Industries Services, LLC (“UEIS”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits to conduct the operation of a Category II Manufacturing and Assembly Business. UEIS manufactures and tests electronic assemblies tailored to the automotive, aerospace, military, medical, and semiconductor industries. Additionally, UEIS provides sales, marketing, support and product servicing component for itself and its clients. The VIEDC Certificate was granted*

for a period of 10 years commencing January 1, 2012 and terminating December 31, 2021. UEIS is located on the island of St. Thomas.

On March 15, 2021, UEIS filed a modification application with the VIEDC to take advantage of a longer benefit period as provided by Act No. 7651. UEIS commits to continue developing the skills of Virgin Islands residents by employing 10 full-time employees, and investing One Hundred Thousand Dollars (\$100,000.00) in the benefited business.

**MOTION – Modification; Longer Benefit Period**

The Governing Board voted (5 – 0) to:

1. Find that United Electronic Industries Services, LLC is deserving of an extension and modification of its tax incentives.
2. Find that United Electronic Industries Services, LLC shall continue to promote the economic development of the U.S. Virgin Islands.
3. Grant United Electronic Industries Services, LLC a modification of its tax incentives to take advantage of a longer benefit period at one hundred percent (100%) of the incentives authorized by law for a period of 10 years in accordance with the provisions of V.I. CODE ANN. tit. 29, §§ 713a(b)(1), 713a(d) and 715.
4. Require the tax incentives to commence consecutively from the expiration date of the previous certificate.

**MOTION – Modification; Amend Business Activities**

The Governing Board voted (5 – 0) to:

- Table its consideration of United Electronic Industries Services, LLC’s petition to amend its approved business activities to include the design, development, and sale of intellectual property, regardless of whether that intellectual property is installed in its products for sale to third parties pending additional information to include the following:
  - Information on the impact of this activity on the Territory; and
  - Financial projections that reflect the income and expenses specific to the sale of intellectual property.

**Compliance:**

• **Sugar Bay Club & Resort Corp – Petition for Reconsideration**

*Sugar Bay Club & Resort Corp. (“Sugar Bay”) was originally granted Virgin Islands Economic Development Authority (“VIEDC”) tax incentive benefits on February 1, 2005. Sugar Bay was granted VIEDC tax incentives to own and operate a Category III – Hotel/Guesthouse Business and Other Ancillary Services connected to the hotel and resort. On May 11, 2006, Sugar Bay submitted an extension application which was approved on November 5, 2010. On November 20, 2013, Sugar Bay submitted a second extension application that was denied on May 5, 2015. Sugar Bay then reapplied for an extension of the grant of VIEDC tax incentives on December 27, 2016. On or about June 8, 2018, Sugar Bay was approved for VIEDC tax incentive benefits commencing no earlier than January 1, 2015*

*On December 17, 2021, Sugar Bay filed a petition requesting the Board reconsider its decision of Section 3(C) of its November 19, 2021 Notice of Board Action, and allow Sugar Bay to direct the charitable contribution to a qualified organization of its choosing, namely The Quelbe Institute for the Preservation of Traditional Music and Dance, Inc.*

**MOTION 1 – Reconsideration; VIEDC Waiver of Rules**

The Governing Board voted (5 – 0) to:

- Find that Sugar Bay has not satisfied the requirements of V.I.R.R. 717-403. However, that VIEDC exercise its prerogative, under these circumstances, to rehear this matter and waive its rules and regulations to rehear Sugar Bay’s petition for reconsideration at its November 16, 2021 decision meeting pursuant to V.I.R.R. 701-5 and 717-402.

**MOTION 2 – Reconsideration; Special Condition No. 1 - Charitable Contribution**

The Governing Board voted (5 – 0) to:

1. Reaffirm its decision of November 16, 2021 to include Section 3C which states that: Sugar Bay Club & Resort Corp. shall pay to the VIEDC, within 10 days of the closing of the sale, a total of Two Hundred Twenty-Five Thousand Dollars (\$225,000.00) to be directed to the Industrial Promotion Fund for Special Condition No. 1- Charitable Contribution.
2. VIEDC shall redirect, within five (5) working days of receipt of the payment to the VIEDC, Two Hundred Twenty-Five Thousand Dollars (\$225,000.00) of the funds for the period 2017 to The Quelbe Institute for the Preservation of Traditional Music and Dance, Inc.
3. Require an Order to Show Cause why its VIEDC Certificate of incentives should not be summarily revoked to be issued pursuant to 29 V.I.C. § 722 should Sugar Bay Club & Resort Corp. not comply with its payment obligations within the time period required by the VIEDC Board on November 16, 2021.