

**Virgin Islands Economic Development Commission**  
**Decision Meeting of Thursday, February 24, 2022**  
**Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Thursday, February 24, 2022, the Governing Board heard recommendations from staff regarding six (6) compliance matters, and voted as follows:

**Regular Session:**

**Action Items:**

**Compliance:**

**1. Third Extended VIEDC Resolution 001-2020 - Administrative Waiver of Employment and Other Employment Related Special Conditions or Voluntary Suspension of Tax Incentive Benefits**

The Governing Board voted (5 – 0) to:

Approve the Third Extended VIEDC Resolution 001-2020 - Administrative Waiver of Employment and Other Employment Related Special Conditions or Voluntary Suspension of Tax Incentive Benefits which:

Grants of authority to the CEO to administratively grant or deny petitions for employment waivers, other employment-related special conditions, and voluntary suspensions of tax incentive benefits for the period extending from July 1, 2021 and terminating December 31, 2022, unless earlier terminated by the Board, for VIEDC beneficiaries that file petitions based upon the negative impact of COVID-19;

Requires the term of any employment waiver, other employment-related special condition, or voluntary suspension of tax incentive benefits granted by the CEO hereunder shall not extend beyond December 31, 2022;

Requires the CEO to periodically report actions taken thereunder to the Board; and

Allows the Board to extend or amend the Resolution at any time based on changing COVID-19 circumstances.

**2. Alpha Mortgage Advisors, Inc. – Resolution on Non-Compliance Matters**

*On April 2, 2016, Alpha Mortgage Advisors, Inc. (“AMA”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits to conduct the operation of a Category IV designated services business providing management, consulting and hedging services to clients primarily within the mortgage servicing industry. The Economic Development Certificate was granted for a period of twenty (20) years commencing January 1, 2016 and terminating December 31, 2035. ANA is located on the island of St. Thomas.*

*By letter dated July 5, 2019, Legal Counsel to the AMA informed the VIEDC that the AMA is requesting termination of its Certificate of Incentives effective August 15, 2019. Per the letter, within the last 18 months the AMA's client lost over half of its bank client trading volume and the management agreement between the AMA and its client was terminated as of June 30, 2019. As a result, effective August 15, 2019, AMA will cease operations in the Territory.*

The Governing Board voted (5 – 0) to:

1. Find Alpha Mortgage Advisors, Inc. was out of compliance with Special Condition No. 1 (Charitable Contribution) during 2016 and 2019 and No. 2 (Educational Assistance) during 2019.
2. Accept Alpha Mortgage Advisors, Inc.'s excess charitable contributions in 2017 and 2018 and apply these excess contributions to 2016 and 2019.
3. Find Alpha Mortgage Advisors, Inc. was out of compliance with Special Condition No. 5 (401(k) plan) for 2017 and 2018.
4. Require Alpha Mortgage Advisors, Inc. to compensate each former employee who was employed during 2017 and 2018 the amount of 3% of the employees' salary during 2017 and 2018 which totals \$12,344.89, for failure to contribute to a 401k or similar plan during that year.
5. Find Alpha Mortgage Advisors, Inc. failed to provide a transfer pricing study or comparable study to the Economic Development Commission as required in Special Condition No. 9, to provide documentation to adequately support that the fees charged for services met applicable pricing standards or to satisfy that a study was not applicable, and that VIEDC shall notify the Bureau of Internal Revenue of same.
6. Find that Alpha Mortgage Advisors, Inc. had until the end of the certificate period to comply with Standard Condition No. 4 (Management Training Program).
7. Find that Alpha Mortgage Advisors, Inc. did not substantiate compliance with Standard Condition No. 7 (Donated Leave), which was not provided in its employee handbook, and forgive Alpha Mortgage for non-compliance since no employees were adversely affected by the lack of this benefit during the period January 1, 2016 to August 15, 2019.
8. Grant Alpha Mortgage Advisors, Inc. a termination of its Certificate of Tax Incentives pursuant to 29 V.I.C. § 719 (b) and (c) effective August 15, 2019 conditioned upon receipt of proof of compensation made to employees to satisfy Special Condition No. 5 as required by the Board within 30 days of February 24, 2022.
9. Require an Order to Show Cause why its VIEDC Certificate of incentives should not be summarily revoked shall be issued pursuant to 29 V.I.C. § 722, should Alpha Mortgage Advisors, Inc. not comply with its required obligations within the time period.

### **3. Black Diamond Advisors, LLLP – Resolution on Non-Compliance Matters**

*On July 7, 2012, Black Diamond Advisors, LLLP ("BDA") was granted Virgin Islands Economic Development Commission ("VIEDC") tax incentive benefits to conduct the operation of a Category IIA designated service*

*business providing asset and business management, consulting services, investment management and advisory services. The Certificate was granted for a period of 10 years commencing October 1, 2012 and terminating September 30, 2022. BDA is located on the island of St. Thomas.*

The Governing Board voted (5 – 0) to:

1. Acknowledge Black Diamond Advisors, LLLP was out of compliance for the period January 1, 2017 to December 31, 2019 with the requirement for engaging in business with an entity not holding a valid current U.S.V.I business license.
2. Release Black Diamond Advisors, LLLP from any penalty and fines to the VIEDC pursuant to 29 VIC Section 723(c) for the period 2017.
3. Assess Black Diamond Advisors, LLLP a fine in the amount of Five Hundred Seventy-two Dollars (\$572.00) to satisfy its failure to purchase all goods and services from entities duly licensed in the U.S. Virgin Islands in 2018 and 2019.
4. Require the action by the Commission not release Black Diamond Advisors, LLLP from any other obligations, contractual agreements, laws, or regulations related to the beneficiary's activities with any other federal or local governmental entity or its obligation contractual or otherwise with other entities.
5. Require Black Diamond Advisors, LLLP to fulfil its aforementioned payment obligation within 10 days of receipt of formal notice of VIEDC Governing Board action.
6. Require an Order to Show Cause why its VIEDC Certificate of incentives should not be summarily revoked shall be issued pursuant to 29 V.I.C. § 722, should Black Diamond Advisors, LLLP not comply with its payment obligation within the time period.
7. Deem Black Diamond Advisors, LLLP in compliance with the terms and conditions of its Certificate of Tax Incentives for the period January 1, 2014 to December 31, 2019, upon receipt of payment of the assessed fine.

#### **4. Black Diamond Holdings, LLLP – Resolution on Non-Compliance Matters**

*On March 27, 2012, Black Diamond Holdings, LLLP (“BDH”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits to conduct the operation of a Category IIA designated service business providing asset and business management, consulting services, investment management and advisory services. The Certificate was granted for a period of 10 years commencing January 1, 2012 and terminating December 31, 2021. BDH is located on the island of St. Thomas.*

The Governing Board voted (5 – 0) to:

1. Acknowledge Black Diamond Holdings, LLLP was out of compliance for the period January 1, 2017 to December 31, 2019 with the requirement for engaging in business with an entity not holding a valid current U.S.V.I business license.
2. Release Black Diamond Holdings, LLLP from any penalty and fines to the VIEDC pursuant to 29 VIC Section 723(c) for the period 2017.

3. Access Black Diamond Holdings, LLLP a fine in the amount of Five Hundred Seventy-two Dollars (\$572.00) to satisfy its failure to purchase all goods and services from entities duly licensed in the U.S. Virgin Islands in 2018 and 2019.
4. Require the action by the Commission not release Black Diamond Holdings, LLLP from any other obligations, contractual agreements, laws, or regulations related to the beneficiary's activities with any other federal or local governmental entity or its obligation contractual or otherwise with other entities.
5. Require Black Diamond Holdings, LLLP to fulfil its aforementioned payment obligation within 10 days of receipt of formal notice of VIEDC Governing Board action.
6. Require an Order to Show Cause why its VIEDC Certificate of incentives should not be summarily revoked shall be issued pursuant to 29 V.I.C. § 722, should Black Diamond Holdings, LLLP not comply with its payment obligation within the time period.
7. Deem Black Diamond Holdings, LLLP in compliance with the terms and conditions of its Certificate of Tax Incentives for the period January 1, 2014 to December 31, 2019, upon receipt of payment of the assessed fine.

#### **5. Southern Trust Company, Inc. – Resolution on Non-Compliance Matters**

*On May 31, 2013, Southern Trust Company, Inc. ("Southern Trust") was granted tax incentives to conduct the operation of a Category IIA designated financial services business, providing extensive DNA database and to develop a datamining platform for the database to be available through the internet. Services included the development of financial and biomedical informatics. All clients were to be located outside the U.S. Virgin Islands. Southern Trust is located on the island of St. Thomas.*

*By letter dated December 11, 2019, Legal counsel to Southern Trust, requested voluntary termination of Southern Trust's VIEDC benefits effective December 31, 2019.*

The Governing Board voted (5 – 0) to:

1. Find Southern Trust Company, Inc. satisfied the 10 full-time employment requirement by the end of the sixth year of operations, January 31, 2019.
2. Find Southern Trust Company, Inc. provided medical, dental, and life insurance coverage but failed to substantiate that it contributed 100% to the medical, dental, and life insurance coverage as required by Special Condition Nos. 4 and 5 for the period January 1, 2018 to December 31, 2018, and require Southern Trust Company, Inc. to pay One Thousand Dollars (\$1,000.00), \$500 for Condition No. 4 and \$500 for Condition No. 5, to the Industrial Promotion Fund.
3. Find Southern Trust Company, Inc. provided a SEP-IRA but failed to substantiate that the employees each received a 3% employer match to their SEP-IRA plan as required by Special Condition No. 6. However, internal documents were reconciled to Southern Trust's tax returns showing that the contribution was made in total.
4. Find Southern Trust Company, Inc. failed to provide documentation to attest that employees were notified of Special Condition No. 10 (additional leave) for the period

January 1, 2018 to December 31, 2018, and require Southern Trust Company, Inc. to pay Five Hundred Dollars (\$500.00) to the Industrial Promotion Fund.

5. Find Southern Trust Company, Inc. failed to provide documentation substantiating compliance with Special Condition No. 12 (requirement that contractors purchase insurance from resident insurance companies) for the period January 1, 2018 to December 31, 2018 and require Southern Trust Company, Inc. to pay Five Hundred Dollars (\$500.00) to the Industrial Promotion Fund.
6. Require an Order to Show Cause why its VIEDC Certificate of incentives should not be summarily revoked shall be issued pursuant to 29 V.I.C. § 722, should Southern Trust Company, Inc. not comply with its payment obligations within the time period.
7. Grant Southern Trust Company, Inc. a termination of its Certificate of Tax Incentives pursuant to 29 V.I.C. § 719 (b) and (c) effective December 31, 2018 conditioned upon receipt of payment of all fees and fines assessed by the Board within 30 days of February 24, 2022.

## **6. Standard Pacific Capital Holdings, LLLP – Resolution on Non-Compliance Matters**

*On April 3, 2007, Standard Pacific Capital Holdings, LLLP (“Standard Pacific”) 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.*

The Governing Board voted (\_\_\_ – 0) to:

1. Find Standard Pacific Capital Holdings, LLLP did not provide documentation to support compliance with the investment requirement of the VIEDC Certificate of Tax incentives for the period January 1, 2006 to January 1, 2010.
2. Find Standard Pacific Capital Holdings, LLLP failed to comply with the annual charitable contribution requirement for the year 2008.
3. Qualify in-kind contribution totaling \$11,656.00 (\$1,400.00 -2008; \$10,256.00 - 2009) towards public school program and initiatives.
4. Qualify excess cash contributions substantiated as made in 2006 towards Standard Pacific Capital Holdings, LLLP’s remaining shortfall of \$10,400.00 for 2008 general cash contribution and \$9,744.00 for 2009 public school programs and initiatives; and find Standard Pacific Capital Holdings, LLLP. in compliance with Special Condition No. 1 of its Certificate of Tax incentives for the period January 1, 2006 to January 1, 2010.

5. Find Standard Pacific Capital Holdings, LLLP failed to substantiate compliance with the specified certificate requirements of Special Condition Nos. 2, 3, and 4 for the period January 1, 2006 to January 1, 2010.
6. Waive Standard Pacific Capital Holdings, LLLP requirement that 80% of all employees be residents of the U.S. Virgin Islands during 2006 due to the representation made at Public Hearing that the owner will be included as an employee although he was not yet a resident of the U.S. Virgin Islands.
7. Find Standard Pacific Capital Holdings, LLLP in compliance with the filing requirements of the VIEDC.
8. Release Standard Pacific Capital Holdings, LLLP from any penalty and fines to the VIEDC pursuant to 29 VIC Section 723(c) and administratively close the file.
9. Require the action by the VIEDC not release Standard Pacific Capital Holdings, LLLP from any other obligations, contractual agreements, laws, or regulations related to Standard Pacific Capital Holdings, LLLP's activities with any other federal or local governmental entity or its obligation, contractual or otherwise, with other entities.