SUMMARY

FINANCIAL TRUST COMPANY, INC

HISTORY:

On November 6, 1998, Financial Trust Company, Inc. filed Articles of Incorporation with the Office of the Lieutenant Governor. On November 30, 1998, they were issued a Certificate of Incorporation authorizing them to conduct business in the Unites States Virgin Islands.

Financial Trust Company, Inc. was granted tax exemption incentives to conduct the business of financial and economic consulting, money management, investment advisory and fiduciary services for its clients. Such clients will include individuals, trusts, foundations and business entities. Incentive benefits were granted for a period of ten (10) years commencing and terminating as follows:

	PERCENTAGE	COMMENCEMENT	TERMINATION
Income Taxes	90%	April 1, 1999	March 31, 2009
Gross Receipt Taxes	100%	April 1, 1999	March 31, 2009
Excise Taxes (Raw Materials)	100%	January 1, 2000	December 31, 2009
Excise Taxes (Equip., Mach.)	100%	January 1, 2000	December 31, 2009
Dividend Withholdings		April 1, 1999	March 31, 2009
Interest Withholdings		April 1, 1999	March 31, 2009

After completing an extension application to the Virgin Islands Economic Development Commission on January 28, 2009, tax incentive benefits were approved by the Governor of the Virgin Islands on February 13, 2010. The extension tax incentive certificate was executed by the Chairman of the Virgin Islands Economic Development Commission on October 3, 2010. An orientation meeting was performed on December 14, 2010 and a certificate of tax incentives was issued to Financial Trust Company, Inc., “Financial Trust”, “FTC”, or “the Beneficiary”.

Financial Trust Company, Inc. was granted tax exemption incentives “to conduct the operation of a Category IIA designated service business that provides financial and economic consulting, money management, investment, investment advisory and fiduciary services for its clients. Clients may include individuals, trusts, foundations and business entities. All of its clients are located outside the U.S. Virgin Islands.”

Tax incentive benefits were granted for a period of five (5) years commencing and terminating as follows:

	PERCENTAGE	**COMMENCEMENT**	**TERMINATION**
Income Taxes	81%	April 1, 2009	March 31, 2014
Gross Receipt Taxes	90%	April 1, 2009	March 31, 2014
Excise Taxes (Raw Materials)	90%	N/A	N/A
Excise Taxes (Equip., Mach.)	90%	January 1, 2010	December 31, 2014
Real Property Tax	90%	N/A	N/A
Customs Duties	1%	N/A	N/A
Dividend Withholdings		April 1, 2009	March 31, 2014
Interest Withholdings		April 1, 2009	March 31, 2014

By letter dated March 7, 2012 to the Virgin Islands Economic Development Commission "VIEDC", the Beneficiary through its legal counsel requested that the tax incentive certificate be clarified to only reflect the activities in which they were engaged as of January 1, 2012. They specifically requested that the language of the certificate be amended to read as follows:

"*FTC will conduct the operation of a Category IIA designated service business that provides financial and economic consulting to its clients which will include multinational business organizations.*"

The letter also stated, under the terms of the Dodd-Frank Act, to the extent FTC was holding itself out as an investment advisor or engaged in providing investment advisory services they would be required to register and report on an ongoing basis to the Securities and Exchange Commission and / or the Virgin Islands Department of Banking and Insurance. Further stating that FTC is not currently engaged in the provision of investment advisory services, nor does it intend to engage in such activities going forward.

Certificate amended effective January 1, 2012 to read: "The grant of benefits hereinafter described is for the Beneficiary or any successors approved by the Commission to conduct the operation of a Category IIA designated service business that provides financial and economic consulting to its clients which include multinational business organizations. All of its clients are located outside the U.S. Virgin Islands."

By letter dated April 4, 2012, FTC through its legal counsel, Erika Kellerhals, notified the VIEDC that they will no longer take benefits as of March 23, 2012. Additionally, they advised the VIEDC they would suspend the current extension certificate of benefits, effective March 23, 2012, reserving the right to extend the period of suspension should they determine that the economic climate is not sufficient to support their intended operations.

By letter dated June 27, 2012, the VIEDC advised FTC that on June 21, 2012 the Commission met to consider their request. The Commission after careful consideration approved the following:

1. To grant a suspension of benefits effective March 23, 2012 to March 22, 2013.

2. To require FTC to provide proof of its compliance with severance pay within 30 days of the Board's decision.

3. To require FTC to provide notice to the VIEDC within 30 days of the expiration of the suspension of tax incentive benefits on the business intent to (1) reactivate its business operations, (2) terminate its certificate or (3) extend its suspension of benefits.

4. To hold FTC responsible for non-compliance with the terms and conditions of its certificate of tax incentive benefits for the period commencing January 1, 2007 to May 23, 2012.

5. To require FTC to provide preference in hiring to all employees laid off during the suspension period and provide proof to the VIEDC within ten (10) days upon rehiring staff.

6. To require FTC to provide the name and contact information of its resident agent; name, forwarding address and, telephone numbers of the principals of the company.

7. Upon reinstatement, FTC must be in full compliance with requirements of its certificate, to include ten (10) full-time employees and appropriate benefits, as of the date the suspension went into effect.

By letter dated April 4, 2012, Financial Trust Company, Inc. requested and was granted a termination of its tax incentive Certificate effective March 23, 2013.

OTHER FINDINGS:

On September 21, 2007, Mr. Jeffrey Epstein relinquished the title of Financial Trust's Director/President to Mr. Darren Indyke. Mr. Epstein then assumed the title of the company's Director/President, on January 1, 2010.

During the second quarter of 2013, seven employees of Financial Trust Company, Inc were transferred to the VIEDC Beneficiary Southern Trust Company, Inc.; documentation for severance pay was provided as required. Mr. Epstein is the Director/President of Southern Trust Company, Inc.

COMPLIANCE:

I. Compliance Review:
Period April 1, 1999 to December 31, 2006

A compliance review was completed on April 17, 2008, covering the period of April 1, 1999 through December 31, 2006. VIEDC determined that Financial Trust complied with the terms and conditions of the certificate. By letter dated July 17, 2008, Financial Trust responded to the report that it found no significant issue with it, deemed it to be accurate and a general representation of the years covered. On October 24, 2008, VIEDC issued compliance clearance letter for the review period.

II. Compliance Review: Period January 1, 2007 to March 23, 2012

On January 31, 2014, the Virgin Islands Economic Development Commission completed two compliance reviews on Financial Trust Company, Inc. for the periods January 1, 2007 to December 31, 2008, and January 1, 2009 to March 23, 2012.

For the period of January 1, 2007 to December 31, 2008, VIEDC found that Financial Trust met the investment, full-time employment, residency and management requirement; and complied with the special conditions and reporting requirements but did not comply with the procurement requirements. At a meeting on Wednesday February 19, 2014 with then Compliance Director and Compliance Officer, Financial Trust confirmed there were no single purchases in excess of $25,000 and was therefore not required to provide proof of solicitation of bids for quotes on a competitive basis.

For the period January 1, 2009 to March 23, 2012, VIEDC found that Financial Trust was out of compliance with the capital investment requirement, and Special Condition #1 and #2. By letter dated February 19, 2014 Financial Trust indicated that although it did not make the required contributions to the WorkForce Development and Territorial Scholarship Fund (as required by Special Condition #2), it should be noted that its contributions towards academic scholarships for the years 2012 and 2013 far exceeded the total amount required under Special Condition #2.

By letter dated April 23, 2014, Financial Trust provided evidence to the VIEDC substantiating that the previously noted shortfalls had been satisfied. Subsequently, by letter dated May 23, 2014, the VIEDC informed Financial Trust that it was determined to be in compliance with the capital investment requirement and special condition #1 of its VIEDC Certificate. However, they remained out of compliance with special condition #2 – WorkForce Development and Territorial Scholarship Fund. Additionally, the letter stated that upon discussion with VIEDC legal counsel, it was opined that the VIEDC could not negotiate statutory requirements, namely consideration of other donations in lieu of donations to the Territorial Scholarship Fund. (See 29 V.I.C. § 708(m); 17 V.I.C. § 171.) With regard to the VIEDC Workforce Development Fund, which was created on or about August 28, 2008, the VIEDC Board of Directors adopted Resolution No. 007-2011 in May 2011 for the implementation of violations related to employment under 29 V.I.C. §§ 710 and 712. At the time of the compliance review, FTC's obligations to the Workforce Development Fund under Special Condition #2 had not been met. The VIEDC then notified the Beneficiary that the previously noted shortfalls have been satisfied. Accordingly the letter dated May 23, 2014 amended the letter and compliance report of January 31, 2014.