

**GOVERNMENT OF THE VIRGIN ISLANDS
OF THE UNITED STATES
OFFICE OF THE LIEUTENANT GOVERNOR**

VIRGIN ISLANDS BANKING BOARD

CERTIFICATE OF LICENSURE

This is to certify that in accordance with Title 9, Virgin Islands Code, Chapter 25, Subchapter 1, Section 721, which provides for the licensure of international financial services entities in the Virgin Islands by the Virgin Islands Banking Board.

**SOUTHERN COUNTRY INTERNATIONAL, LTD
6100 Red Hook Quarter, Suite B3
St. Thomas, VI 00802**

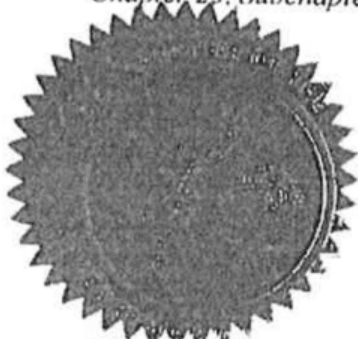
has filed with the Office of the Lieutenant Governor, Division of Banking, Insurance and Financial Regulation, all the documents required by law; has complied with the terms of its Incorporation and laws of the Virgin Islands as well as federal law, where applicable; and has furnished satisfactory evidence of such character as to entitle it to conduct business as an:

INTERNATIONAL FINANCIAL SERVICES ENTITY

Now, Therefore, I, Tregenza A. Roach, Esq., Lieutenant Governor and Chairman of the Virgin Islands Banking Board, pursuant to the authority vested in me, do hereby issue this Certificate of Licensure in the Virgin Islands of the United States as an international financial services entity.

*This Certificate of Licensure is valid from **January 1, 2019 to December 31, 2019**. Renewal of this Certificate of Licensure is required annually upon its expiration on the 31st day of December, and it may be suspended or revoked as provided in Title 9, Virgin Islands Code, Chapter 25, Subchapter 1, Section 730.*

Given under this Seal of the Government of the Virgin Islands of the United States, at Charlotte Amalie, St. Thomas, this 1st day of March, 2019.



FEE: \$75,000

Tregenza A. Roach

TREGENZA A. ROACH, Esq.

Lieutenant Governor/

Chairman of the Virgin Islands Banking Board



KELLERHALS FERGUSON FLETCHER KROBLIN LLP

9100 HAVENSIGHT
SUITE 15
ST. THOMAS, VI 00802
340.779.2564
FAX 888.316.9269
KFFKLAW.COM

March 21, 2013

Via Hand Delivery

Mr. John McDonald
Director
Office of the Lieutenant Governor
Division of Banking & Insurance
5049 Kongens Gade
St. Thomas, VI 00802

RECEIVED
13 MAR 25 PM 12: 54
DIVISION OF BANKING & INSURANCE

Re: International Banking Center Regulatory Act

Dear Mr. McDonald:

Enclosed please find the updated application for permission to organize an International Banking Entity ("IBE") filed on behalf of Financial Strategy Group, Ltd. ("FSG").

FSG respectfully requests, in addition to a waiver of the employment requirement which is discussed in Appendix 11, that it be permitted to commence business with authorized shares of 1,000,000 with a par value of \$1.00 of which at least 100,000 shares shall be issued upon incorporation and \$100,000.00 of capital will be fully paid in at the time the license is issued.

We previously submitted the required application fee.

Please do not hesitate to contact me should you have any questions.

Very truly yours,

Erika Kellerhals



ORIGINAL APPLICATION FOR PERMIT AND LICENSURE OF INTERNATIONAL BANKING ENTITY

1. **Name of Proposed International Banking Entity:**
Financial Strategy Group, Ltd.
2. **E.I.N.:** To be provided upon formation.
3. **Parent or Affiliate:**
None
4. **Business Entity and Organization Form:** (Attach copies of Article of Incorporation, Article of Organization, or partnership agreement or other written document establishing the IBE) (cannot be an individual)
 Corporation Association Partnership Subsidiary Affiliate
 Unit Other (explain) _____
Please see attached.
5. **Place of Organization or Incorporation and Date:** _____
USVI - to be formed
6. **Proposed Location (street and city/town):**
9100 Port of Sale Mall, Ste 15, St. Thomas, VI 00802

7. **Principal Business Address:**

a) **PHYSICAL:** Street To be determined Apt/Suite # _____

City _____ State _____ Zip Code _____

Telephone number () _____ - _____ Fax number () _____ - _____

b) **MAILING:** Street/P.O. Box 9100 Port of Sale Mall

Office/Suite# Ste 15 City St. Thomas State VI

Zip Code 00802

8. Will the organization use a fictitious (DBA) name to transact business? Yes No
If yes, please indicate such name:

9. **Activities that will be engaged by the proposed International Banking Entity:**

transaction-related funds, demand, fixed term and interbank deposit of funds

Commercial lending Financial Leasing

Money Services Activities

Brokerage Management services

Insurance Brokerage

Trade financing

Financial Services

Securities and Investment Advice

Clearinghouse

Provide a brief description of these activities:

See attached.

(If additional space is needed you may provide additional page)

10. Authorized representative designated by the applicant to file this application and/or to act as its authorized agent for service of process in the Virgin Islands and/or to obtain information regarding the management of the Company.

Name: Erika A. Kellerhals

Address: 9100 Port of Sale Mall, Suite 15, St. Thomas, VI 00802

Telephone: 340.779.2564

Name: _____

Address: _____

Telephone: _____

Name: _____

Address: _____

Telephone: _____

11. Explain the organizational structure of the proposed International Banking Entity, including the number and title of the employees who will commence operations.

See attached.

(If additional space is needed you may provide additional page)

12. List the name(s), occupation, address(es), telephone number(s) and facsimile number(s) of each officer and director of the International Banking Entity: (Attach additional pages if necessary)

<i>NAME</i>	<i>OCCUPATION</i>	<i>ADDRESS</i>	<i>TELEPHONE & FACSIMILE</i>
Jeffrey Epstein	President	See attached	See attached.
Darren Indyke	Secretary	See attached	See attached.
Richard Kahn	Treasurer	See attached	See attached.

13. The name, address, telephone number of any person who, directly or indirectly, possesses or controls or intends to possess or control 10 percent or more in the capital of the proposed international banking entity. (Biographical affidavit required for persons meeting this criteria)

<i>NAME</i>	<i>OCCUPATION</i>	<i>ADDRESS</i>	<i>TELEPHONE & FACSIMILE</i>	<i>% OF CAPITAL</i>
Jeffrey Epstein	President	See attached.	See attached.	100

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14. (a) Capital and Surplus:

- (a) Stock Company
 - (1) Capital \$ 100,000.00
 - (2) Surplus \$ 0.00
- (b) Mutual
 - (1) Capital \$ _____
 - (2) Surplus \$ _____

(c) Type of Stock(s) to be Authorized	Number of Shares
(1) <u>Common Stock</u>	<u>100,000</u>
(2) <u>Preferred Stock</u>	_____

(d) Par Value of Each Share by Type	Selling Price
(1) <u>Common Stock</u>	<u>\$1.00</u>
(2) _____	_____

- (e) Location of Shares of Shock
- (1) _____
 - (2) _____

(b) If other than a corporation, describe capital structure:

Not applicable

(If additional space is needed you may provide additional page)

15. Briefly describe the nature of the applicant's business activities.

See attached

(If additional space is needed you may provide additional page)

16. State the name of the entity, location and name of directors and main executive officers of any other applicant's affiliates engaged in offshore international financial business.

Name of Entity	Location	Directors / C.E.O.
None		

ADDITIONAL INFORMATION:

Submit herewith as part of this application the following documents:

- A. Nonrefundable application fee of \$10,000 made payable to the Government of the Virgin Islands and;
- B. Proposed articles of incorporation, partnership agreement or other written document establishing the International Banking Entity if such is the case, or the certificate pursuant to Section 719(c) of Title 9, VI Code, if the International

Banking Entity is to be organized as a unit of another entity.

- C. Upon receiving certificate from the Division of Corporations and Trademarks, a certified copy of the articles of incorporation, partnership agreement or other written document establishing the International Banking Entity or the certification of the person of which the International Banking Entity is a unit.
- D. A copy of the bylaws or internal governing agreements adopted by the board of directors or similar governing body of the international banking entity, which must be certified before a notary public by its secretary or an individual acting in similar capacity.
- E. Corporate resolution authorizing the designated person by the applicant to file this application.
- F. Biographical affidavit of all proposed directors, officers, owners and persons who intend to act in a managerial capacity, and of those who possess or intend to possess or control ten percent (10%) or more of the interest in the capital of the proposed International Banking Entity. (Background investigation will be done by the Division)
- G. Copy of the applicant's audited financial statements for each of the Three (3) years preceding the application.
- H. Evidence that the capital of the international banking entity has been subscribed to, issued and paid-in, to the extent and under such condition as the director may establish at the Director's sole discretion.
- I. Statement of Assets and Liabilities form
- J. A statement authenticated before a notary public, by the Secretary of the Board of Directors or the person acting in a similar capacity for the international banking entity, or for the person of which the international banking entity is a unit.

NOTE: The applicant hereby agrees as long as the application is under consideration that

it will:

- A. Notify the Director of Banking and Insurance of any change in the information contained herein or in any of the documents submitted with or as part of this application.
- B. Furnish all such additional information and documents in respect to the Applicant as may be requested by the Director of Banking and Insurance.

This application is an official document and any misrepresentation or failure to reveal information requested by the Commissioner of Financial Institutions may be deemed to be sufficient cause for the denial or revocation of a permit or license.

I ERIKA KELLERHALS THE UNDERSIGNED, BEING DULY SWORN ACCORDING TO LAW AND UNDER THE PENALTIES OF PERJURY, STATE THAT THE INFORMATION GIVEN IN THIS APPLICATION IS TRUE AND CORRECT AND THAT ALL ESTIMATES GIVEN TRUE ESTIMATES BASED UPON FACTS WHICH HAVE BEEN CAREFULLY CONSIDERED AND ASSESSED


Name ERIKA KELLERHALS

Date: 03.18.13

Signature

Subscribed and sworn to before me this 18th day of March 2013.

Gregory J. Ferguson
NOTARY PUBLIC LNP 012-10
Commission Expires 05/02/2014
Territory of the U.S. Virgin Islands



Notary Public

State of: _____
Commission expires on: _____

QUESTION 4 ATTACHMENT
Draft Articles of Incorporation

ARTICLES OF INCORPORATION
OF
FINANCIAL STRATEGY GROUP, LTD.

We, the undersigned, for the purposes of associating to establish a corporation for the transaction of the business and the promotion and conduct of the objects and purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the Virgin Islands of the United States (hereinafter called the "Virgin Islands"), and particularly the General Corporation Law of the Virgin Islands (Chapter 1, Title 13, Virgin Islands Code), as the same may be amended from time to time, do make and file these Articles of Incorporation in writing and do certify:

ARTICLE I

The name of the Corporation (hereinafter referred to as the "Corporation") is **FINANCIAL STRATEGY GROUP, LTD.**

ARTICLE II

The principal office of the Corporation in the Virgin Islands is located at 9100 Port of Sale Mall, Suite 15, St. Thomas, U.S. Virgin Islands, 00802 and the name of the resident agent of the Corporation is Business Basics VI, LLC, whose physical and mailing address is 9100 Port of Sale Mall, Suite 15, St. Thomas, U.S. Virgin Islands 00802.

ARTICLE III

Without limiting in any manner the scope and generality of the allowable functions of the Corporation, and subject to the provisions of Title 9, chapter 25 of the Virgin Islands Code, it is hereby provided that the Corporation shall have the following purposes, objects and powers:

- (1) To engage in any lawful business in the Virgin Islands.
- (2) To enter into and carry out any contracts for or in relation to the foregoing business with any person, firm, association, corporation, government or governmental agency.
- (3) To conduct its business in the Virgin Islands and to have offices within the Virgin Islands.
- (4) To borrow or raise money up to any amount permitted by law by the sale or issuance of obligations of any kind, to guarantee loans, other types of indebtedness and financing obligations, and to secure the foregoing by mortgages or other liens upon any and all of the property of every kind of the Corporation.
- (5) To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of any of the objects or the exercise of any of the powers herein set forth, either alone or in connection with other firms, individuals, associations or corporations in the Virgin Islands and elsewhere in the United States and foreign countries, and to do any other acts or things incidental or appurtenant to or

growing out of or connected with the said business, purposes, objects and powers, or any part thereof, not inconsistent with the laws of the Virgin Islands, and to exercise any and all powers now or hereafter conferred by law on business corporations whether expressly enumerated herein or not.

The purposes, objects and powers specified in this Article shall not be limited or restricted by reference to the terms of any other subdivision or of any other article of these Articles of Incorporation.

ARTICLE IV

The total number of shares of all classes of stock that the Corporation is authorized to issue is One Million (1,000,000) shares of which One Hundred Thousand (100,000) shares of common stock at \$1.00 par value shall be issued upon incorporation. The remaining authorized shares shall be issued by the Board of Directors of the Corporation who shall determine all rights, preferences and designations at the time of issuance. The minimum amount of capital (including additional paid in capital) with which the Corporation will commence business is One Hundred Thousand Dollars (\$100,000).

ARTICLE V

The names and places of residence of each of the persons forming the Corporation are as follows:

<u>NAME</u>	<u>RESIDENCE</u>
Erika A. Kellerhals	2E-19 Estate Caret Bay, St. Thomas, VI 00802
Brett A. Geary	2-11B St. Joseph & Rosendahl, St. Thomas VI 00802
Nicole Miller	6E Estate Hull, St. Thomas, VI 00802

ARTICLE VI

The Corporation is to have perpetual existence.

ARTICLE VII

For the management of the business and for the conduct of the affairs of the Corporation, and in further creation, definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders, it is further provided:

- (1) The number of directors of the Corporation shall be fixed by, or in the manner provided in, the by-laws, but in no case shall the number be fewer than three (3) unless the Corporation has fewer than three stockholders. In this case, the number of directors may be equal to the number of stockholders. The directors need not be stockholders.
- (2) In furtherance and not in limitation of the powers conferred by the laws of the Virgin Islands, and subject at all times to the provisions thereof including specifically the provisions of Title 9, chapter 25 of the Virgin Islands Code, the Board of Directors is expressly authorized and empowered: To make, adopt and amend the by-laws of the Corporation, subject to the powers of the stockholders to alter, repeal or modify the by-laws adopted by the Board of Directors.
 - (a) To authorize and issue obligations of the Corporation, secured and unsecured, to include therein such provisions as to redeemability, convertibility or otherwise, as the Board of

Directors in its sole discretion may determine, and to authorize the mortgaging or pledging of, and to authorize and cause to be executed mortgages and liens upon any property of the Corporation, real or personal, including after acquired property.

- (b) To determine whether any and, if any, what part of the net profits of the Corporation or of its net assets in excess of its capital shall be declared in dividends and paid to the stockholders, and to direct and determine the use and disposition thereof.
- (c) To set apart a reserve or reserves, and to abolish such reserve or reserves, or to make such other provisions, if any, as the Board of Directors may deem necessary or advisable for working capital, for additions, improvements and betterments to plant and equipment, for expansion of the business of the Corporation (including the acquisition of real and personal property for this purpose) and for any other purpose of the Corporation.
- (d) To establish bonus, profit-sharing, pension, thrift and other types of incentive, compensation or retirement plans for the officers and employees (including officers and employees who are also directors) of the Corporation, and to fix the amount of profits to be distributed or shared or contributed and the amounts of the Corporation's funds or otherwise to be devoted thereto, and to determine the persons to participate in any such plans and the amounts of their respective participations.
- (e) To issue or grant options for the purchase of shares of stock of the Corporation to officers and employees (including officers and employees who are also directors) of the Corporation and on such terms and conditions as the Board of Directors may from time to time determine.
- (f) To enter into contracts for the management of the business of the Corporation for terms not exceeding five (5) years.
- (g) To exercise all the powers of the Corporation, except such as are conferred by law, or by these Articles of Incorporation or by the by-laws of the Corporation upon the stockholders.
- (h) To issue such classes of stock and series within any class of stock with such value and voting powers and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as is stated in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors and duly filed with the office of the Lt. Governor of the Virgin Islands in accordance with Sections 91 and 97, Chapter 13, Virgin Islands Code, as the same may be amended from time to time.

ARTICLE VIII

No stockholder shall pledge as collateral for indebtedness any shares of stock without first obtaining the written consent of a majority of the disinterested members of the Board of Directors of the Corporation.

ARTICLE IX

At all elections of directors, each stockholder shall be entitled to as many votes as shall equal the number of votes that (except for such provision as to cumulative voting) the stockholder would be entitled to cast for the election of directors with respect to his or her shares of stock multiplied by the number of directors to be elected. The stockholder may cast all votes for a single director or distribute them among any two or more of them as he or she may see fit. At least ten (10) days prior notice shall be given of any meeting of stockholders, including, without limitation, a meeting for the election of directors; provided, however, that the stockholders are entitled to waive notice of the meeting as provided by law. Furthermore, the meeting and vote of stockholders may be dispensed with, if all of the stockholders who would have been entitled to vote upon the action, if such meeting were held, shall consent in writing to such corporate action being taken.

ARTICLE X

Subject to the provisions of Section 71, Title 13, Virgin Islands Code, and Title 9, chapter 12, Virgin Islands Code, the Corporation may enter into contracts or otherwise transact business with one or more of its directors, officers or stockholders, or with any firm or association of which one or more of its directors, officers or stockholders are members or employees, or with any other corporation or association of which one or more of its directors, officers or stockholders are stockholders, directors, officers, or employees, and no such contract or transaction shall be invalidated or in any way affected by the fact that such director or directors, officer or officers, or stockholder or stockholders have or may have interests therein that are or might be adverse to the interests of the Corporation even though the vote of the director or directors, or stockholder or stockholders having such adverse interest is necessary to obligate the Corporation on such contract or transaction, provided that in any such case the fact of such interest shall be disclosed or known to the directors or stockholders acting on or in reference to such contract or transaction. No director or directors, officer or officers, or stockholder or stockholders having such disclosed or known adverse interest shall be liable to the Corporation or to any stockholder or creditor thereof or to any other person for any loss incurred by it under or by reason of any such contract or transaction, nor shall any such director or directors, officer or officers, or stockholder or stockholders be accountable for any gains or profits realized thereon. The provisions of this Article shall not be construed to invalidate or in any way affect any contract or transaction that would otherwise be valid under law.

ARTICLE XI

- (a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if:
- (1) he or she acted
 - (A) in good faith and
 - (B) in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation; and
 - (2) with respect to any criminal action or proceeding, he or she had no reasonable cause to believe that his or her conduct was unlawful.

The termination of any action, suit, or proceeding by judgment order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

- (b) Any indemnification under subparagraph (a) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that he or she had met the applicable standard of conduct set forth in subparagraph (a). Such determination shall be made:
 - (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or
 - (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or
 - (3) by the majority vote of the stockholders.
- (c) Expenses incurred in defeating a civil or criminal action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amounts unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article XI.
- (d) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.
- (e) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE XII

The Corporation reserves the right to amend, alter or repeal any of the provisions of these Articles of Incorporation and to add or insert other provisions authorized by the laws of the Virgin Islands in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the Board of Directors and the stockholders by these Articles of Incorporation are granted subject to the provisions of this Article.

IN WITNESS WHEREOF, we have hereunto subscribed our names this ____ day of January, 2013.

Erika A. Kellerhals, Incorporator

Brett A. Geary, Incorporator

Nicole Miller, Incorporator

TERRITORY OF THE UNITED STATES VIRGIN ISLANDS)
DISTRICT OF ST. THOMAS AND ST. JOHN)

The foregoing instrument was acknowledged before me this ____ day of January, 2013, by Erika A. Kellerhals, Brett A. Geary and Nicole Miller.

Notary Public

QUESTION 9 ATTACHMENT

Upon the Director's approval, FSG will engage in the allowable activities as provided for under section 726 of Title 29, chapter 12 of the Virgin Islands statute, including but not limited to:

- make, arrange, guarantee, secure, bond or service loans or other financial undertakings provided that none of the loans or financial undertakings may be granted to a domestic person and in the case of financial securities for debt, issue transactions in the U.S. Virgin Islands;
- issue, confirm, give notice, negotiate or refinance letters of credit if the client and the beneficiary requesting the letter of credit is not a domestic person;
- issue confirm, give notice, negotiate, or refinance letters of credit in transactions for financing of exports, even if the beneficiary is a domestic person;
- underwrite insurance for risks or objects outside of the Virgin Islands;
- engage in financial and business management services;
- make commercial loans in excess of \$1,000,000 to U.S. Virgin Islands borrowers that (i) have been rejected, or not approved within 30 days from submission, by any U.S. Virgin Islands financial institution; or (ii) bear interest at an interest rate of not less than five percentage points above the Federal Home Loan Mortgage Corporation's posted yield on the last business day of the month on a thirty-year standard conventional fixed rate mortgage;
- make capital contributions in excess of \$1,000,000 to U.S. Virgin Islands business entities in the U.S. Virgin Islands;
- carry out banking transactions permitted by this chapter in the currency of any country, or in gold or silver, and participate in foreign currency trade;
- underwrite, issue, distribute, and otherwise deal in securities, notes, debt, instruments, drafts, bills of exchange, issued by the international banking entity, or by a foreign person, for final purchase by a person outside of the U.S. Virgin Islands;
- after obtaining a special permit from the Director, act as fiduciary, executor, administrator, registrar of stocks and bonds, property custodian, assignee, trustee, agent or in any other fiduciary capacity; but, such fiduciary services may not be offered to, nor inure to the benefit of domestic persons;
- acquire and lease personal property to a person who is a foreign person including any transactions, at the request of a lessee or seller/lessee who is a foreign person, pursuant to a financial lease agreement, rent-to-own, or sale/leaseback agreement, subject to any regulations adopted by the Director;
- buy and sell securities and non-life insurance annuities for clients outside the U.S. Virgin Islands, and provide investment advice in relation to such transactions or separate therefrom, to such persons, and in addition offer these services and products to the Government of the U.S. Virgin Islands and any of its instrumentalities, agencies and investment vehicles;
- organize, manage and provide management services to international financial entities, such as investment companies and mutual funds, on the condition that the stock or participation in the capital of such companies is not distributed directly by the IBE to domestic persons; and
- with prior authorization from the Director, provide to other IBEs or to foreign persons or entities outside of the Virgin Islands, those services of financial nature, as these are defined and generally accepted in the banking industry of the United States and the U.S. Virgin Islands.

QUESTION 11

Title 9, chapter 35, §727(a) requires FSG to employ three persons on a full-time basis at its main office. Section 738 requires that FSG hire one additional employee for every \$1,000,000 of net income prior to salaries. Pursuant to §727(a) however, the Director has the ability to waive this requirement and authorize a lesser number of employees.

FSG respectfully requests that the requirement that FSG hire one additional employee for every \$1,000,000 of net income be waived. This requirement should be waived due to the fact that the activities to be undertaken by FSG, although they may be profitable, are not labor intensive. Advances in technology have made businesses like FSG less reliant on human capital.

The initial positions at FSG will include an administrative assistant, a financial analyst and an asset manager.

QUESTION 12

Directors And Officers

Jeffrey E. Epstein, President

Darren K. Indyke, Secretary

Richard Kahn, Treasurer

Background Information:

Jeffrey E. Epstein is the initial investor in FSG.

Identifying Information:

Address: 6100 Red Hook Quarter, B3, St. Thomas, VI 00802
Date of Birth: 01/20/1953

Business History of Applicant:

Mr. Epstein's was educated at The Cooper Union for the Advancement of Science and Art. He began his business career in 1976 at Bear Stearns & Company. He subsequently started his own financial consulting firm in 1981, which he subsequently moved to the U.S. Virgin Islands in 1999, when he opened Financial Trust Company, Inc. ("FTC"). Mr. Epstein is the Chairman, President and sole shareholder of FTC, a financial consulting firm that has been an EDC beneficiary for the past 13 years. In addition to his and FTC's significant contributions to the U.S. Virgin Islands economy over the past 13 years, Mr. Epstein, FTC and the philanthropic foundation he founded, funded and organized have given over \$2.3 million to U.S. Virgin Islands charitable interests, including \$1.1 Million to educational pursuits, and scholarship and enrichment programs, and approximately \$650,000 to local U.S. Virgin Islands charities and U.S. Virgin Islands youth sporting organizations. The philanthropic foundation has provided and continues to provide opportunities for scientific and technological exploration and development in the U.S. Virgin Islands by sponsoring several scientific symposiums in the U.S. Virgin Islands enabling local interaction among Nobel Laureates and faculty, postdoctoral researchers, graduate and undergraduate students, educators and the public.

Mr. Epstein is an experienced and successful financier and businessman. He is universally renowned for his complex mathematics skills and is an exceptional entrepreneur who has built several highly profitable companies. He has successfully transferred these skills to the world of high finance, having been one of the pioneers of derivative and option-based investing. He looks now to shift his focus to the dynamic discipline of international banking. His global relationships in the upper echelon of international finance and business, and his highly sophisticated knowledge of finance, science and mathematics will enable the Applicant to thrive in this competitive environment.

Mr. Epstein was formerly a Trustee of the Scholar Rescue Fund of the Institute of International Education Inc. Mr. Epstein was formerly a member of each of the Trilateral Commission, the Council on Foreign Relations, and the New York Academy of Science and is also a former Rockefeller University Board Member. Mr. Epstein has been actively involved in the Santa Fe Institute, the Theoretical Biology Initiative at the Institute for Advanced Study, and the Quantum Gravity Program at the University of Pennsylvania, and also sat on the Mind, Brain & Behavior Advisory Committee at Harvard.

Darren K. Indyke:

575 Lexington Avenue, 4th Floor
New York, New York 10022

EDUCATION

Colgate University, Hamilton, New York
Bachelor of Arts, May 1986
Economics and Education

Cornell Law School, Ithaca, New York
Juris Doctor, May 1991
Business Law Concentration

Admission to Practice Law - New York State, 1992

ASSOCIATIONS

New York State Bar Association

Richard Kahn

575 Lexington Avenue, 4th Floor
New York, New York 10022

EDUCATION

Pace University, New York, New York
Masters in Taxation, May 1999
Syracuse University, Syracuse, New York
Bachelor of Science, May 1994

Certified Public Accountant, 1995

ASSOCIATIONS

American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

QUESTION 13

See Jeffrey E. Epstein information in response to Question 12.

QUESTION 15

See response to Question 9.

**BIOGRAPHICAL AFFIDAVIT
(International Banking Entity)**

Full Name and Address of Company (Do Not Use Group Names.)

Financial Strategy Group, Ltd.

In connection with the above-named company, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) *IF ANSWER IS "NO" OR "NONE", SO STATE.*

1. Affiant's Full Name (Initials Not Acceptable) Jeffrey Edward Epstein
2. a. Have you ever had your name changed? No.
If yes, give the reason for the change.
b. Other names used at any time.
3. Affiant's Social Security Number. XXXXXXXXXX
4. Date and Place of Birth. 01/20/1953 New York
5. Affiant's Business Address. 6100 Red Hook Quarter B3, St. Thomas, VI 00802
Business Telephone. 340.779.2564
6. List your residences for the last ten (10) years starting with your current address, giving:

DATE	ADDRESS	CITY AND STATE
1996-Present	Little St. James	St. Thomas, VI

Current Residence Telephone. 340.775.2525
7. A. Please provide details of your education:

College/School Name:	DATE	DEGREE	LOCATION
College: No degree awarded.			

Graduate: N/A

Other: N/A

B. Indicate if you have any particular training related to banking business and/or securities, investment or finance.

Mr. Jeffrey Epstein began his career teaching calculus and physics at the high school level and transitioned in 1976 to his lucrative business career at Bear Stearns & Company. He later

founded his own financial consulting firm in 1981 in which he brought to the Virgin Islands in 1999 when he opened Financial Trust Company, Inc. ("FTC"). FTC was a successful Virgin Islands business and a beneficiary of the Economic Development Commission ("EDC"). Mr. Epstein is also the sole shareholder of Southern Trust Company, Inc. ("STC") which has been recommended for benefits from the EDC and is awaiting the signature of the Governor. Mr. Epstein has been a resident of the US Virgin Islands since 1996.

Mr. Epstein is an experienced and successful financier and businessman. He is universally renowned for his complex mathematics skills and is an exceptional entrepreneur who has built several highly profitable companies. He has successfully transferred these skills to the world of high finance, having been one of the pioneers of derivative and option-based investing. He looks now to shift his focus to the dynamic discipline of international banking. His global relationships in the upper echelon of international finance and business, and his highly sophisticated knowledge of finance, science and mathematics will enable the Applicant to thrive in this competitive environment.

8. List Membership in Professional Societies and Associations.

Mr. Epstein was formerly a Trustee of the Scholar Rescue Fund of the Institute of International Education Inc. Mr. Epstein was formerly a member of each of the Trilateral Commission, the Council on Foreign Relations, and the New York Academy of Science and is also a former Rockefeller University Board Member. Mr. Epstein has been actively involved in the Santa Fe Institute, the Theoretical Biology Initiative at the Institute for Advanced Study, and the Quantum Gravity Program at the University of Pennsylvania, and also sat on the Mind, Brain & Behavior Advisory Committee at Harvard.

9. Present or Proposed Position with the Applicant Company. President and Sole Stockholder

10. State the estimated amount of time you will devote working for the financial institution (e.g. director, partner, manager, officer, stockholder). 20 hours per week.

11. List complete employment record (up to and including present jobs, positions, directorates or officerships) for the past twenty (20) years. Self-employed.

12. Present employer may be contacted. N/A

Former employers may be contacted. N/A

13. Indicate assets and liability of any applicant and of any person who possesses or controls or intends to possess or control 10 percent or more in the capital of the proposed international banking entity, or of the person of which the proposed international banking entity is to be a unit for each of the three years preceding the application. (see attached Statement of Assets and Liability form to be completed).

In order to preserve the confidential nature of Mr. Epstein's financial information, we are respectfully requesting that we be afforded the opportunity to meet with representatives of

the Division of Banking and Insurance and provide a statement of assets and liabilities for review.

14. (a) Have you ever been in a position, which required a fidelity bond? If any claims were made on the bond give details.

No.

- (b) Have you ever been denied an individual or position schedule fidelity bond, or had a bond cancelled or revoked?

No.

15. List any professional, occupational, and vocational licenses issued by any public or governmental licensing agency or regulatory authority, which you presently hold or have held in the past (place and date, license issued, issuer of license, date terminated, reasons for termination)

At the beginning of his career, Mr. Epstein held various professional certifications, including the Series 7 and Series 63. He has not held these certifications in over thirty years.

16. During the last ten (10) years, have you ever been refused a professional, occupational, or vocational license by any public or governmental licensing agency or regulatory authority or has any such license held by you ever been suspended or revoked? No.

17. List any financial institution in which you control directly or indirectly or own legally or beneficially outstanding stock, participation or have an interest and the percentage of ownership.

If any of the stock is pledged or hypothecated in any way, give details.

18. Will you or members of your immediate family subscribe to or own, beneficially or of record, shares of stock of the applicant financial institution or its affiliates? If any of the shares of stock are pledged or hypothecated in any way, give details.

Mr. Epstein will be the initial sole shareholder.

19. Have you ever filed bankruptcy? No.

20. a. Have you ever been arrested, detained, charged, convicted or had a sentence imposed or suspended or had pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty or nolo contendere to an information or indictment charging any felony, or charging a misdemeanor involving embezzlement, theft, larceny, or mail fraud, or

charging a violation of any corporate securities statute or any insurance law, or have proceedings of any federal or state regulatory agency?

For a relatively brief period in what has otherwise been a productive and accomplished life, Mr. Epstein did face some legal difficulties relating to matters alleged to have taken place seven years ago exclusively within Palm Beach County, Florida. The Palm Beach County Sheriff's Office and the Palm Beach County State Attorney commenced a local investigation of Mr. Epstein in 2005 relating to such matters. An investigation was also conducted by the United States Attorney's Office for the Southern District of Florida and the Federal Bureau of Investigation in 2007 relating to the same local matters investigated by the Palm Beach authorities. The Federal investigation was discontinued in 2008 without the issuance of any Federal charges. Nothing for which Mr. Epstein was investigated had any relation whatsoever to the business or industry of Mr. Epstein or the Applicant.

On June 30, 2008, before the Florida Circuit Court for the 15th Judicial Circuit located in Palm Beach, Florida, Mr. Epstein pleaded guilty to and was convicted of, one count of solicitation of prostitution and one count of procuring prostitution of a person under the age of 18. He served 13 months of an 18-month sentence in the Palm Beach County Jail, followed by enhanced probation, which he completed over two years ago. There have been no similar allegations or charges of any misconduct by Mr. Epstein since that period of time seven years ago. Nothing to which Mr. Epstein pleaded guilty and was convicted had any relation whatsoever to the business or industry of Mr. Epstein or the Applicant.

b. Has any company been so charged, allegedly as a result of any action or conduct on your part?

No.

21. Have you ever been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of any financial institution which, while you occupied any such position or capacity with respect to it, become insolvent/bankrupt or was under supervision or in receivership, rehabilitation, liquidation or conservatorship?

No.

22. Have you declared bankruptcy, or has an assignment ever been made for the benefit of your creditors?

No.

23. Have you been permanently or temporarily enjoined from engaging in or continuing any conduct or practice related to any business by any competent court or government entity in any country?

No.

24. Provide two (2) references of persons who have known you for (5) five years or more. Do not include relatives, present employer or employees or bank references.

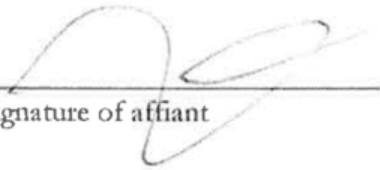
James E. Staley
Andrew Farkas

25. Provide three (3) bank references:

J.P. Morgan Chase & Co.
First Bank

[signature page to follow]

Dated and signed this 20th day of March 2013 at New York. I hereby certify under penalty of perjury that I am acting on my own behalf and that the foregoing statements are true and correct to the best of my knowledge and belief.



Signature of affiant

STATE OF NEW YORK

)

) ACKNOWLEDGMENT

COUNTY OF NEW YORK

)

The foregoing instrument was acknowledged before me this 20th day of March, 2013, by Jeffrey E. Epstein, who is personally known to me.



Notary Public
My Commission Expires:

HARRY I. BELLER
Notary Public, State of New York
No. 018E4853924
Qualified in Rockland County
Commission Expires Feb. 17, 2014

Corp No. 584624

**GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES**

— 0 —

CHARLOTTE AMALIE, ST. THOMAS, VI 00802

To All To Whom These Presents Shall Come:

I, the undersigned, LIEUTENANT GOVERNOR, DO hereby certify that

FINANCIAL STRATEGY GROUP, LTD.

Business Corporation

of the Virgin Islands filed in my office on **April 4, 2014** as provided for by law, Articles of Incorporation, duly acknowledged.

WHEREFORE the persons named in said Articles, and who have signed the same, and their successors, are hereby declared to be from the late aforesaid, a Business Corporation by the name and for the purposes set forth in said Articles, with the right of succession as therein stated.



Witness my hand and the seal of the Government of the Virgin Islands of the United States, at Charlotte Amalie, St. Thomas, this 10th day of September, 2014.

GREGORY R. FRANCIS
Lieutenant Governor of the Virgin Islands



FORM -

THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE LIEUTENANT GOVERNOR
DIVISION OF CORPORATIONS AND TRADEMARKS

Territory of the U.S. Virgin Islands
Creation - Corporation - Domestic 7 Page(s)



T1425318102

**RESIDENT AGENT FORM
CONSENT OF AGENT FOR SERVICE OF PROCESS**

This writing witnesseth that I, the undersigned Business Basics VI, LLC
having been designated by Financial Strategy Group, Ltd.
as resident agent of said company, upon whom service of process may be made in all suits
arising against said company in the Courts of the United States Virgin Islands, do hereby consent
to act as such agent and that service of process may be made upon me in accordance with
Title 13, Virgin Islands Code.

IN WITNESS WHEREOF, I have hereunto set my signature this 3rd day of
April 2014

I DECLARE, UNDER PENALTY OF PERJURY, UNDER THE LAWS OF THE UNITED STATES VIRGIN ISLANDS, THAT ALL STATEMENTS CONTAINED IN THIS APPLICATION, AND ANY ACCOMPANYING DOCUMENTS, ARE TRUE AND CORRECT, WITH FULL KNOWLEDGE THAT ALL STATEMENTS MADE IN THIS APPLICATION ARE SUBJECT TO INVESTIGATION AND THAT ANY FALSE OR DISHONEST ANSWER TO ANY QUESTION MAY BE GROUNDS FOR DENIAL OR SUBSEQUENT REVOCATION OF REGISTRATION.

SIGNATURE OF RESIDENT AGENT \$300.00
2541794
2541813
Check # 1508

DAYTIME CONTACT NUMBER	340.776.8812
MAILING ADDRESS	9100 Port of Sale Mall, Ste 15, St. Thomas, VI 00802
PHYSICAL ADDRESS	9100 Port of Sale Mall, Ste 15, St. Thomas, VI 00802
EMAIL ADDRESS	info@businessbasicsvi.com

NOTARY ACKNOWLEDGEMENT

Subscribed and sworn to before me this 3rd day of April, 2014 at
St. Thomas

Brett A. Geary
Notary Public NP-124-11
St. Thomas / St. John, USVI
My Commission Expires: December 21, 2015

Notary Public
12/21/2015
My Commission Expires

**ARTICLES OF INCORPORATION
OF
FINANCIAL STRATEGY GROUP, LTD.**

We, the undersigned, for the purposes of associating to establish a corporation for the transaction of the business and the promotion and conduct of the objects and purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the Virgin Islands of the United States (hereinafter called the "Virgin Islands"), and particularly the General Corporation Law of the Virgin Islands (Chapter 1, Title 13, Virgin Islands Code), as the same may be amended from time to time, do make and file these Articles of Incorporation in writing and do certify:

ARTICLE I

The name of the Corporation (hereinafter referred to as the "Corporation") is *FINANCIAL STRATEGY GROUP, LTD.*

ARTICLE II

The principal office of the Corporation in the Virgin Islands is located at 9100 Port of Sale Mall, Suite 15, St. Thomas, U.S. Virgin Islands 00802, and the name of the resident agent of the Corporation is Business Basics VI, LLC, whose physical and mailing address is 9100 Port of Sale Mall, Suite 15, St. Thomas, U.S. Virgin Islands 00802.

ARTICLE III

Without limiting in any manner the scope and generality of the allowable functions of the Corporation, and subject to the provisions of Title 9, chapter 25 of the Virgin Islands Code, it is hereby provided that the Corporation shall have the following purposes, objects and powers:

- (1) To engage in any lawful business in the United States Virgin Islands, including the operation of an international banking entity in accordance with Title 9, chapter 25.
- (2) To enter into and carry out any contracts for or in relation to the foregoing business with any person, firm, association, corporation, government or governmental agency.
- (3) To conduct its business in the United States Virgin Islands and to have offices within the United States Virgin Islands.
- (4) To borrow or raise money to any amount permitted by law by the sale or issuance of obligations of any kind, to guarantee loans, other types of indebtedness and financing obligations, and to secure the foregoing by mortgages or other liens upon any and all of the property of every kind of the Corporation.
- (5) To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of any of the objects or the exercise of any of the powers herein set forth, either alone or in connection with other firms, individuals, associations or corporations in the Virgin Islands and elsewhere in the United States and foreign countries, and to do any other acts or things incidental or appurtenant to or growing out of or connected with the said business, purposes, objects and powers of any part thereof not inconsistent with the laws of the Virgin Islands, and to exercise any and all powers now or hereafter conferred by law on business corporations whether expressly enumerated herein or not.

The purposes, objects and powers specified in this Article shall not be limited or restricted by reference to the terms of any other subdivision or of any other article of these Articles of Incorporation.

ARTICLE IV

The total number of shares of all classes of stock that the Corporation is authorized to issue is One Million (1,000,000) shares of common stock at \$5.00 par value; no preferred stock authorized.

The minimum amount of capital with which the Corporation will commence business is Five Hundred Thousand Dollars (\$500,000.00).

ARTICLE V

The names and places of residence of each of the persons forming the Corporation are as follows:

<u>NAME</u>	<u>RESIDENCE</u>
Erika A. Kellerhals	2E-19 Estate Caret Bay, St. Thomas, VI 00802
Brett A. Geary	2-11B St. Joseph & Rosendahl, St. Thomas, VI 00802
Nicole Miller	6E Estate Hull, St. Thomas, VI 00802

ARTICLE VI

The Corporation is to have perpetual existence.

ARTICLE VII

For the management of the business and for the conduct of the affairs of the Corporation, and in further creation, definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders, it is further provided:

- (1) The number of directors of the Corporation shall be fixed by, or in the manner provided in, the by-laws, but in no case shall the number be fewer than three (3) unless the Corporation has fewer than three shareholders. In this case the number of directors may be equal to the number of shareholders. The directors need not be stockholders.
- (2) In furtherance and not in limitation of the powers conferred by the laws of the Virgin Islands, and subject at all times to the provisions thereof, the Board of Directors is expressly authorized and empowered:
 - (a) To make, adopt and amend the by-laws of the Corporation, subject to the powers of the stockholders to alter, repeal or modify the by-laws adopted by the Board of Directors.
 - (b) To authorize and issue obligations of the Corporation, secured and unsecured, to include therein such provisions as to redeemability, convertibility or otherwise, as the Board of Directors in its sole discretion may determine, and to authorize the mortgaging or pledging of, and to authorize and cause to be executed mortgages and liens upon any property of the Corporation, real or personal, including after acquired property.

OCTOBER 4 11 11
 ST. THOMAS
 VI. GOV. OFFICE

- (c) To determine whether any and, if any, what part of the net profits of the Corporation or of its net assets in excess of its capital shall be declared in dividends and paid to the stockholders, and to direct and determine the use and disposition thereof.
- (d) To set apart a reserve or reserves, and to abolish such reserve or reserves, or to make such other provisions, if any, as the Board of Directors may deem necessary or advisable for working capital, for additions, improvements and betterments to plant and equipment, for expansion of the business of the Corporation (including the acquisition of real and personal property for this purpose) and for any other purpose of the Corporation.
- (e) To establish bonus, profit-sharing, pension, thrift and other types of incentive, compensation or retirement plans for the officers and employees (including officers and employees who are also directors) of the Corporation, and to fix the amount of profits to be distributed or shared or contributed and the amounts of the Corporation's funds or otherwise to be devoted thereto, and to determine the persons to participate in any such plans and the amounts of their respective participations.
- (f) To issue or grant options for the purchase of shares of stock of the Corporation to officers and employees (including officers and employees who are also directors) of the Corporation and on such terms and conditions as the Board of Directors may from time to time determine.
- (g) To enter into contracts for the management of the business of the Corporation for terms not exceeding five (5) years.
- (h) To exercise all the powers of the Corporation, except such as are conferred by law, or by these Articles of Incorporation or by the by-laws of the Corporation upon the stockholders.
- (i) To issue such classes of stock and series within any class of stock with such value and voting powers and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as is stated in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors and duly filed with the office of the Lt. Governor of the Virgin Islands in accordance with Sections 91 and 97, Chapter 13, Virgin Islands Code, as the same may be amended from time to time.

ARTICLE VIII

No stockholder shall pledge as collateral for indebtedness any shares of stock without first obtaining the written consent of a majority of the disinterested members of the Board of Directors of the Corporation.

ARTICLE IX

At all elections of directors, each stockholder shall be entitled to as many votes as shall equal the number of votes that (except for such provision as to cumulative voting) the stockholder would be entitled to cast for the election of directors with respect to his or her shares of stock multiplied by the number of directors to be elected. The stockholder may cast all votes for a single director or distribute them among any two or more of

them as he or she may see fit. At least ten (10) days notice shall be given, however the shareholders are entitled to waive notice of the meeting as provided by law. Furthermore, the meeting and vote of stockholders may be dispensed with, if all of the stockholders who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such corporate action being taken.

ARTICLE X

Subject to the provisions of Section 71, Title 13, Virgin Islands Code, the Corporation may enter into contracts or otherwise transact business with one or more of its directors or officers, or with any firm or association of which one or more of its directors or officers are members or employees, or with any other corporation or association of which one or more of its directors or officers are stockholders, directors, officers, or employees, and no such contract or transaction shall be invalidated or in any way affected by the fact that such director or directors or officer or officers have or may have interests therein that are or might be adverse to the interests of the Corporation even though the vote of the director or directors having such adverse interest is necessary to obligate the Corporation on such contract or transaction, provided that in any such case the fact of such interest shall be disclosed or known to the directors or stockholders acting on or in reference to such contract or transaction. No director or directors or officer or officers having such disclosed or known adverse interest shall be liable to the Corporation or to any stockholder or creditor thereof or to any other person for any loss incurred by it under or by reason of any such contract or transaction, nor shall any such director or directors or officer or officers be accountable for any gains or profits realized thereon. The provisions of this Article shall not be construed to invalidate or in any way affect any contract or transaction that would otherwise be valid under law.

ARTICLE XI

- 2019 F.R.
C. C. C. C.
L. F. C. C.
- (a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if:
- (1) he or she acted
 - (A) in good faith and
 - (B) in a manner reasonably believed to be in or not opposed to the best interests of the Corporation; and
 - (2) with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.


The termination of any action, suit, or proceeding by judgment order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

- (b) Any indemnification under subparagraph (a) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that he or she had met the applicable standard of conduct set forth in subparagraph (a). Such determination shall be made:
- (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or
 - (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or
 - (3) by the stockholders.
- (c) Expenses incurred in defeating a civil or criminal action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amounts unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this article.
- (d) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.
- (e) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article.


ARTICLE XII

The Corporation reserves the right to amend, alter or repeal any of the provisions of these Articles of Incorporation and to add or insert other provisions authorized by the laws of the Virgin Islands in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the Board of Directors and the stockholders by these Articles of Incorporation are granted subject to the provisions of this Article.

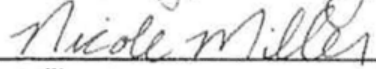
IN WITNESS WHEREOF, we have hereunto subscribed our names this 3rd day of April, 2014.



Erika A. Kellerhals, Incorporator



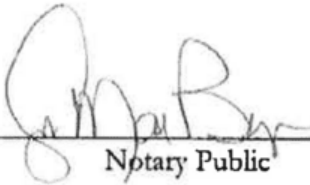
Brett A. Geary, Incorporator



Nicole Miller, Incorporator

TERRITORY OF THE UNITED STATES VIRGIN ISLANDS)
DISTRICT OF ST. THOMAS AND ST. JOHN)

The foregoing instrument was acknowledged before me this 3rd day of April, 2014, by Erika A. Kellerhals, Brett A. Geary and Nicole Miller.



Notary Public

**GINA MARIE BRYAN
NOTARY PUBLIC NP-76-13
COMMISSION EXPIRES 09/05/17
ST. THOMAS/ST. JOHN, USVI**

2014 APR 4 PM 1 17
0900 0:00:00.000 -STT
LT. GOV. OFFICE

GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES

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CHARLOTTE AMALIE, ST. THOMAS

To All To Whom These Presents Shall Come:

I, the undersigned, LIEUTENANT GOVERNOR, do hereby certify that

FINANCIAL STRATEGY GROUP, LTD.

of the Virgin Islands filed in my office on March 25, 2015 as provided for by law, Amended Articles of Incorporation, duly acknowledged; and that a duplicate original thereof has been filed in the Office of the Clerk of the District Court of the Virgin Islands;

WHEREFORE the said Amended Articles are hereby declared to have been duly recorded in this Office on the date aforesaid, and to be in full force and effect from that date.

Witness my hand and Seal of the Government
of the Virgin Islands of the United States, at
Charlotte Amalie, St. Thomas, this 13th day
of May 2015.



OSBERT E. POTTER
Lieutenant Governor for the Virgin Islands



GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES

-0-

CHARLOTTE AMALIE, ST. THOMAS, VI 00802

To Whom These Presents Shall Come:

I, the undersigned, LIEUTENANT GOVERNOR, do hereby certify that

FINANCIAL STRATEGY GROUP, LTD.

a Virgin Islands corporation, filed in the Office of the Lieutenant Governor on March 25, 2015 as provided for by law, Certificate of Amendment Articles of Incorporation, duly acknowledged; changing its name to

SOUTHERN COUNTRY INTERNATIONAL, LTD.

WHEREFORE the said Amendment is hereby declared to have been duly recorded in this office on the aforesaid and to be in full force and effect from that date.



Witness my hand and the seal of the Government of the United States Virgin Islands, at Charlotte Amalie, this 13th day of May, A.D. 2015.

OSBERT E. POTTER
Lieutenant Governor of the Virgin Islands

**CORRECTED
AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
FINANCIAL STRATEGY GROUP, LTD.**

We, the undersigned, do hereby adopt the following amendments to the Articles of Incorporation of Financial Strategy Group, Ltd.:

Article I shall be deleted in its entirety and amended to read as follows:

ARTICLE I

The name of the Corporation (hereinafter referred to as the "Corporation") is *SOUTHERN COUNTRY INTERNATIONAL LTD.*

Article IV shall be deleted in its entirety and amended to read as follows:

ARTICLE IV

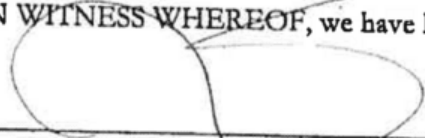
The total number of shares of all classes of stock that the Corporation is authorized to issue is One Hundred Thousand (100,000) shares of common stock at \$5.00 par value and One Hundred Thousand (100,000) shares of preferred stock at \$1.00 par value with an 8% coupon.

The minimum amount of capital with which the Corporation will commence business is Five Hundred Thousand Dollars (\$500,000).

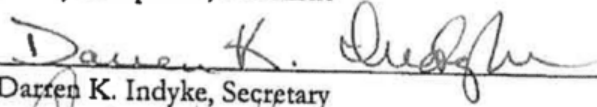
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[signature page follows]

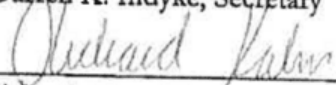
IN WITNESS WHEREOF, we have hereunto subscribed our names this 18th day of December, 2015.



Jeffrey E. Epstein, President




Darren K. Indyke, Secretary



Richard Kahn, Treasurer

TERRITORY OF THE UNITED STATES VIRGIN ISLANDS)
DISTRICT OF ST. THOMAS AND ST. JOHN)

The foregoing instrument was acknowledged before me this 19th day of December, 2015, by Jeffrey E. Epstein.

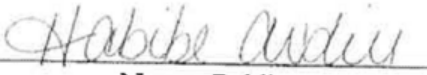


Notary Public

2015 DEC 29 PM 12:17
COUNTY OF NEW YORK - CDT

STATE OF NEW YORK)
COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 18th day of December, 2015, by Darren K. Indyke and Richard Kahn.



Notary Public

HABIBE AVDIU
NOTARY PUBLIC-STATE OF NEW YORK
No. 01AV6313116
Qualified in Richmond County
My Commission Expires October 14, 2018



00A-00
CK# 1040
Recpt # 3881153

THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE LIEUTENANT GOVERNOR
DIVISION OF CORPORATIONS AND TRADEMARKS

5049 Kongens Gade
Charlotte Amalie, Virgin Islands 00802
Phone - 340.776.8515
Fax - 340.776.4612

1105 King Street
Christiansted, Virgin Islands 00820
Phone - 340.773.6449
Fax - 340.773.0330

FRANCHISE TAX REPORT - DOMESTIC CORPORATION
CORPORATE FILINGS AND REQUISITE TAXES ARE DUE, EACH YEAR, ON OR BEFORE JUNE 30th.
AVOID PENALTIES AND INTEREST BY PAYING ON TIME.

TODAY'S DATE	6/30/2018
TAX CLOSING DATE	12/31/2017
EMPLOYER IDENTIFICATION NO. (EIN)	66-0821138

SECTION 1

CORPORATION NAME	Southern Country International, Ltd. (formerly Financial Strategy Group, Ltd.)
PHYSICAL ADDRESS	6100 Red Hook Quarter, B3, St. Thomas, U.S. Virgin Islands 00802
MAILING ADDRESS	6100 Red Hook Quarter, B3, St. Thomas, U.S. Virgin Islands 00802
DATE OF INCORPORATION	4/4/2014
NATURE OF BUSINESS	International Banking Entity

SECTION 2

CAPITAL STOCK AUTHORIZED ON LAST FILED REPORT
CAPITAL STOCK AUTHORIZED ON THIS DATE

1,000,000 shares, of common stock \$5.00 per share
100000 shares common \$5 per 100000 shares preferred \$1 share

SECTION 3 - PAID-IN CAPITAL STOCK USED IN CONDUCTING BUSINESS

- A. AS SHOWN ON LAST FILED REPORT
- B. ADDITIONAL CAPITAL PAID SINCE LAST REPORT
- C. SUM OF 'A' AND 'B' ABOVE
- D. PAID-IN CAPITAL WITHDRAWN SINCE LAST REPORT
- E. PAID-IN CAPITAL STOCK AT DATE OF THIS REPORT
- F. HIGHEST TOTAL PAID-IN CAPITAL STOCK DURING REPORTING PERIOD

LT. GOV. CORP - STT
JUN 30
RECEIVED

\$500,000
\$ 34,662
\$534,662
\$ 0
\$534,662
\$534,662

SECTION 4 - COMPUTATION OF TAX

- A. AT RATE OF \$1.50 PER THOUSAND (PLEASE ROUND DOWN TO THE NEAREST THOUSAND)
ON HIGHEST TOTAL PAID-IN CAPITAL STOCK AS REPORTED ON LINE 3F ABOVE
- B. TAX DUE (4A OR \$150.00 (WHICHEVER IS GREATER))

\$802.00
\$802.00

SECTION 5 - PENALTY AND INTEREST FOR LATE PAYMENT

- A. PENALTY - 20% OR \$50.00 (WHICHEVER IS GREATER) OF 4B
- B. INTEREST - 1% COMPOUNDED ANNUALLY FOR EACH MONTH,
OR PART THEREOF, BY WHICH PAYMENT IS DELAYED BEYOND
THE JUNE 30th DEADLINE
- C. TOTAL PENALTY AND INTEREST

SECTION 6 - TOTAL DUE (TAXES, PENALTY, INTEREST)

SUM OF 4B AND 5C

\$802.00

I DECLARE, UNDER PENALTY OF PERJURY, UNDER THE LAWS OF THE UNITED STATES VIRGIN ISLANDS, THAT ALL STATEMENTS CONTAINED IN THIS APPLICATION, AND ANY ACCOMPANYING DOCUMENTS, ARE TRUE AND CORRECT, WITH FULL KNOWLEDGE THAT ALL STATEMENTS MADE IN THIS APPLICATION ARE SUBJECT TO INVESTIGATION AND THAT ANY FALSE OR DISHONEST ANSWER TO ANY QUESTION MAY BE GROUNDS FOR DENIAL OR SUBSEQUENT REVOCATION OF REGISTRATION.

TREASURER
Richard Kahn
SIGNATURE
DATE: 6/20/2018
Richard Kahn
PRINTED FIRST NAME AND LAST NAME

PRESIDENT
Jeffrey E. Epstein
SIGNATURE
DATE: 6/20/2018
Jeffrey E. Epstein
PRINTED FIRST NAME AND LAST NAME

2881153

**REPORT OF STOCKHOLDERS
ON TAX EXEMPTED ENTITIES**
(Due on or before June 30th of each year.)

-0-

Pursuant to Title 29, Chapter 12, Section 716 (a) of the Virgin Islands Code, requiring the filing stockholders, the following statement is filed with the Office of the Lieutenant Governor.

NAME OF ENTITY Southern Country International, Ltd

TYPE OF ENTITY: (Please select one.)

- | | | | |
|--------------------------|---------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | Sole Proprietor/Partnership | <input type="checkbox"/> | Domestic Limited Partnership |
| <input type="checkbox"/> | Foreign Limited Partnership | <input type="checkbox"/> | Domestic Limited Liability Partnership |
| <input type="checkbox"/> | Foreign Limited Liability Partnership | <input checked="" type="checkbox"/> | Domestic Corporation |
| <input type="checkbox"/> | Exempt Corporation | <input type="checkbox"/> | Foreign Corporation |
| <input type="checkbox"/> | Domestic Limited Liability Company | <input type="checkbox"/> | Foreign Limited Liability Company |

MAILING ADDRESS 6100 Red Hook Quarter, B3, St. Thomas, USVI 00802

PERIOD OF TAX EXEMPTION January 1, 2015 to December 31, 2025

NAMES AND ADDRESSES OF ALL PERSONS (ENTITIES) OWNING FIVE (5) OR MORE PERCENT OF THE STOCK OR EQUITABLE OWNERSHIP:

Name	Address	Percent %	Bona fide Residents
Jeffrey Epstein	6100 Red Hook Quarter, B3, St. Thomas USVI 00802	100	<input checked="" type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>

Note: This report must also include the names and addresses of all legal or equitable owners of such benefited business who have or will claim benefits under this chapter as bona fide residents of the Virgin Islands, pursuant to Act No. 6748.

DATED 6/23/17

VERIFIED _____
President or Vice President

Doreen Dunphy
Secretary or Asst. Secretary

Manager or Managing Partner

RECEIVED
LT. GOV. OFFICE
JUN 26 PM 11 26
CORPORATIONS - IT

SOUTHERN COUNTRY INTERNATIONAL, LTD.

Government of the Virgin Islands

Annual fees for 2019 renewal

2/6/2019

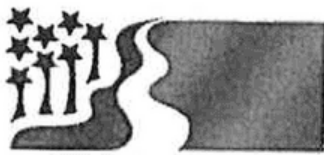
75,000.00

1018

ROUND FEB 14 11 19
LT. ADV. BANKING, INS & FIN. REGS

First Bank

75,000.00



ST. CROIX 116 King Street, Frederiksted, VI 00840
(340) 773-6499 FAX (340) 773-7701

ST. THOMAS 8000 Nisky Shopping Center, Suite 620, St. Thomas, VI 00802
(340) 714-1700 FAX (340) 777-1103

UNITED STATES VIRGIN ISLANDS
Economic Development Authority www.USVIEDA.org

November 19, 2018

Via Electronic and Certified Mail

Mrs. Cecile R. de Jongh
Manager
Southern Trust Company, Inc.
6100 Red Hook Quarter, B3
St. Thomas, VI 00802-1348

Re: Southern Trust Company, Inc.

Dear Mrs. de Jongh:

The Virgin Islands Economic Development Commission ("VIEDC") Division of Compliance completed a compliance report of Southern Trust Company, Inc. ("Southern Trust") for period February 1, 2013 through December 31, 2017

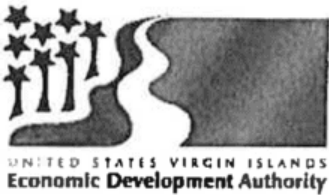
For the compliance period covering February 1, 2013 through December 31, 2017 the VIEDC has determined that Southern Trust has complied with the Standard Conditions, Special Conditions and Reporting Requirements of its tax incentive Certificate. As of the completion date of this report, the Division of Compliance has not received a response from the Virgin Islands Department of Labor ("VIDOL"). Upon receipt of compliance clearance from the VIDOL, the Division of Compliance will issue a compliance clearance letter to Southern Trust for the above mentioned compliance period.

You may provide a response to this compliance report within 30 days of receipt of this correspondence. If we do not receive a response from you by this date, we will conclude that you are in agreement with the compliance report findings. Questions or concerns regarding this matter shall be directed to Claude S.M. Gerard, Director of Compliance at 340-773-6499 ext. 2621 or email csngerard@usvieda.org.

Cordially,

Claude S.M. Gerard
Director of Compliance

cc. Kamal I. Latham, Chief Executive Officer, USVIEDA
Wayne L. Biggs Jr., Assistant Chief Executive Officer, USVIEDA
Sandra Bess, Compliance Officer II, VIEDC
Joy Penn, Senior Compliance Officer, VIEDC



ST. CROIX 116 King Street, Frederiksted, VI 00840 (340) 773-6499 FAX (340) 773-7701
ST. THOMAS 8000 Nisky Shopping Center, Suite 620, St. Thomas, VI 00802 (340) 714-1700 FAX (340) 715-2753
WWW.USVIEDA.ORG

**CONFIDENTIAL
COMPLIANCE REPORT
SOUTHERN TRUST COMPANY, INC
As of December 31, 2017**

SUMMARY HIGHLIGHTS:

- Southern Trust Co., Inc. was granted a tax incentive Certificate: commencement February 1, 2013, termination January 31, 2023. This report covers the period: February 1, 2013 to December 31, 2017.
- Southern Trust Co., Inc. met the Certificate's investment requirement of not less than \$400,000 after a requested extension was granted by the Board of Commissioners.
- Capital Expenditures for the period: \$549,853 of which 84% (\$459,853) was procured locally.
- Goods and Services for the period: \$7,114,683 of which 15% (\$1,091,766) was procured locally.
- Southern Trust Co., Inc. met the tax incentive Certificate's full-time employment requirement of five (5) full-time employees within one year the Chairman signs the Certificate.
- Southern Trust Co., Inc. met the tax incentive Certificate's employee statutory residency requirement as at least 80% of all employees and 20% of management, technical and supervisory positions are residents of the US Virgin Islands.
- Southern Trust Co., Inc. met the Certificate's requirements of special condition numbers; **one** (charitable contributions), **two** (\$2,500 annually to the Department of Labor), **three** (\$2,500 annually to the Territorial Scholarship Fund), **four** (100% employer paid medical and dental insurance coverage), **five** (minimum \$50,000 employer paid term life insurance), **six** (Simple IRA or similar retirement plan), **seven** (paid vacation, personal emergency days, bereavement and medical leave), **eight** (management training program), **nine** (tuition reimbursement, employee training and continuing professional education), **ten** (leave to participate and represent the US Virgin Islands in athletic and sporting events), **eleven** (employee donated leave program), **twelve** (purchase insurance from resident insurance companies), **thirteen** (purchase goods and services from US Virgin Islands as available to the greatest extent possible).
- Southern Trust Co., Inc. complied with the statutory requirements of the Virgin Islands Economic Development Commission's procurement process.
- Southern Trust Co., Inc. met the Virgin Islands Economic Development Commission's reporting requirements.

Title 29, Chapter 12 VIC, Section 715(a) states in part “upon proper application or reapplication, public hearing and in compliance with all other relevant provisions of this chapter pertaining to the grant of initial benefits, as determined and required by the Commission, any recipient of industrial development benefits (sic), may be granted an extension, modification, or renewal of benefits...”

A Compliance Report is performed to substantiate the Beneficiary’s performance with the terms of its contract with the Government of the Virgin Islands of the United States. The review includes compliance with the Virgin Islands Economic Development Program Law, all applicable local and federal laws, and program regulations to include the reporting requirements.

HISTORY:

On November 18, 2011, Financial Informatics, Inc. filed Articles of Incorporation with the Office of the Lieutenant Governor. On December 8, 2011 they were issued a Certificate of Incorporation authorizing them to conduct business in the Virgin Islands. On September 20, 2012, Article 1 of Financial Informatics, Inc.’s articles of incorporation was amended to reflect a change of name too Southern Trust Company, Inc.

Southern Trust Company, Inc. specializes in the interpretation of biomedical and financial artificial intelligence and offers market intelligence to companies which operate in the financial, biomedical and pharmaceutical industries. Southern Trust Company Inc.’s primary goal is to become a successful competitor in the field of artificial intelligence concentrated in biomedical informatics and financial informatics algorithms and technology. They focus on data acquisitions and locating and establishing wide-ranging, all-inclusive biomedical and financial information databases on servers located in the US Virgin Islands.

Southern Trust Co., Inc. was granted tax incentives to conduct the operation of a Category IIA designated financial services business, providing extensive DNA database and to develop a data-mining platform for the database to be available through the internet. Services include the development of financial and biomedical informatics. Information will be kept on servers located in the US Virgin Islands. All clients will be located outside the U.S. Virgin Islands.

The grant of tax incentives is for a period of ten (10) years commencing and terminating as follows:

		<u>COMMENCEMENT</u>	<u>TERMINATION</u>
Income Taxes	90%	February 1, 2013	January 31, 2023
Gross Receipt Taxes	100%	February 1, 2013	January 31, 2023
Excise Taxes (Raw Materials)	100%	N/A	N/A
Excise Taxes (Equip., Mach.)	100%	February 1, 2013	January 31, 2023
Dividend Withholdings		February 1, 2013	January 31, 2023
Interest Withholdings		February 1, 2013	January 31, 2023
Real Property Tax	100%	N/A	N/A
Custom Duties		N/A	N/A

Southern Trust Company Inc. submitted an application for tax incentives which was presented at the Virgin Islands Economic Development Commission's Public Hearing on November 15, 2012 and Commission meeting on January 23, 2013. The Governor of the US Virgin Islands approved the grant of benefits for Southern Trust, Inc. on May 31, 2013. An orientation meeting was conducted on February 19, 2014 with the Virgin Islands Economic Development Commission's ("VIEDC") Director of Compliance and Compliance Officer along with legal counsel and principals of Southern Trust Company, Inc.

As of December 31, 2017, Southern Trust Co., Inc. ("the Beneficiary") received four years, ten months of tax incentive benefits.

Southern Trust Company, Inc. is solely owned by Mr. Jeffery E. Epstein. Mr. Epstein also owned former VIEDC Beneficiary Financial Trust Company, Inc. whose tax incentive Certificate commenced on April 1, 2009 with a termination date of December 31, 2014. 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.

INVESTMENT:

"The Beneficiary shall invest in this business in the Virgin Islands of the United States not less than the amount of four hundred thousand dollars (\$400,000) in the benefited business upon commencement of benefits and completing one (1) year thereafter."

By letter dated November 12, 2013, the Beneficiary's legal counsel requested a one year extension until February 1, 2015, to meet the capital investment requirement.

The VIEDC informed the Beneficiary by letter dated February 20, 2014 that at the January 24, 2014 decision meeting, the Board approved Southern Trust Company's petition and granted an extension of time for Southern Trust Company, Inc. to meet its capital investment by February 1, 2015.

FINDINGS:

The tax incentive Certificate required Southern Trust Co., Inc. to invest not less than \$400,000 commencing February 1, 2013 and completed one year thereafter – January 31, 2014. The Beneficiary's petition request to the VIEDC Board of Commissioners granted an extension to February 1, 2015.

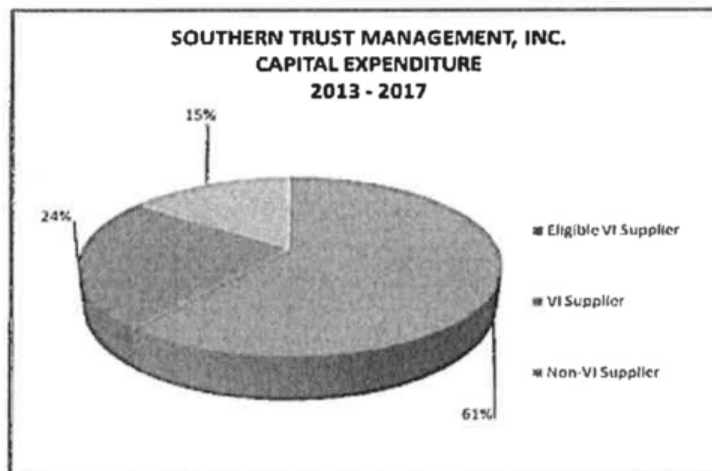
As of 2015, the Beneficiary invested a total of \$539,722, meeting the Beneficiary's tax incentive Certificate's investment requirement as required by the extension granted by the VIEDC Board

For the period covered by this report Southern Trust invested a cumulative total of \$628,472, a total of \$228,472 over the tax incentive Certificate's investment requirement.

CAPITAL EXPENDITURES:

YEAR	ELIGIBLE VI SUPPLIER	VI SUPPLIER	NON-VI SUPPLIER	TOTAL
2013	\$ -	\$ 8,055	\$ -	\$ 8,055
2014	227,637	2,300	60,000	289,937
2015	155,132	56,598	30,000	241,730
2016	-	10,131	-	10,131
2017	-	72,325	6,294	78,619
CUMULATIVE TOTALS	\$ 382,769	\$ 149,409	\$ 96,294	\$ 628,472

FINDINGS:



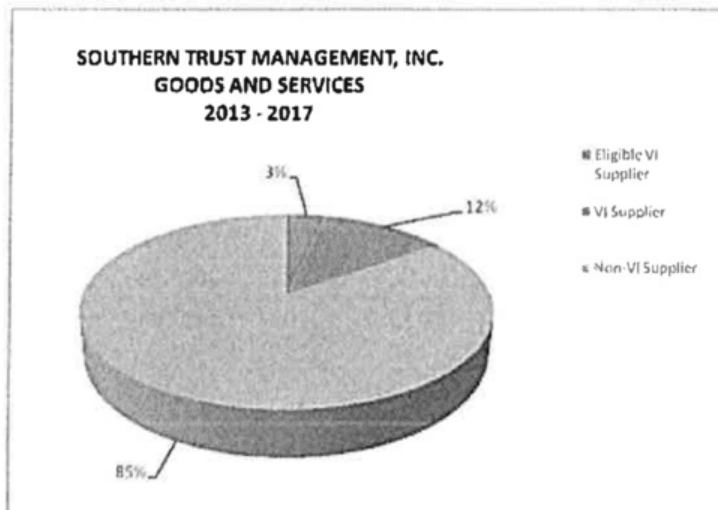
For the period 2013 to 2017, the Beneficiary reported procuring a total of \$628,472 in capital expenditures. Of the total expenditures reported; 61% (\$382,769) were purchases from Eligible Virgin Islands Suppliers for machinery and equipment and vehicles, 24% (\$149,409) were purchases from VI Suppliers machinery/equipment and leasehold & improvements and 15% (\$77,084) from non-VI Suppliers for computer software.

GOODS AND SERVICES:

YEAR	ELIGIBLE VI SUPPLIER	VI SUPPLIER	NON-VI SUPPLIER	TOTAL
2013	\$ 10,089	\$ 202,394	\$ 771,461	\$ 983,944
2014	38,978	281,278	1,895,365	2,215,621
2015	76,611	201,902	2,058,586	2,337,099
2016	82,529	197,985	1,297,505	1,578,019
2017	93,940	154,620	1,428,992	1,677,552
CUMULATIVE TOTAL	\$ 302,147	\$ 1,038,179	\$ 7,451,909	\$ 8,792,235

FINDINGS:

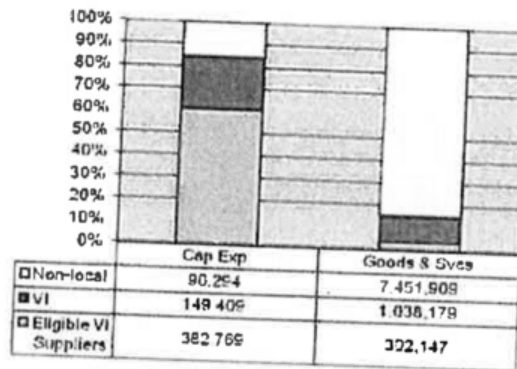
For the period February 1, 2013 to December 31, 2017, the Beneficiary reported procuring a total of \$8,792,235 for goods and services. Purchases from non-Virgin Island suppliers totaled \$7,451,909 (85%) of which the majority was spent on legal/accounting, advertising, supplies and insurance. Procurement from Virgin Island Suppliers was \$1,038,179 (12%), of which the majority was spent on rent, utilities, legal/accounting and supplies. Purchases from Eligible suppliers totaled \$302,147 (3%) of which the majority was spent on advertising, insurance, utilities, repairs and maintenance.



LOCAL PROCUREMENT:

In accordance with Division 7 of the Virgin Islands Economic Development Commission Rules and Regulations, the Beneficiary must comply with procurement procedures (Section 708-701 to 708-713).

SOUTHERN TRUST MANAGEMENT, INC.
 TOTAL PROCUREMENT
 2013 - 2017



FINDINGS:

For the period February 1, 2013 to December 31, 2017, the Beneficiary expended a total of \$9,420,707 for capital expenditure and goods and services. A total of \$7,548,203 (80%) was expended to non-Local Suppliers, of these purchases the majority was spent on legal/accounting, advertising and computer software. Purchases made from Virgin Island Suppliers totaled \$1,187,588 (13%) of which the majority was spent on utilities, rent and machinery/equipment. A total of \$684,916 (7%) was expended with eligible suppliers, of these purchases the majority was spent on machinery/equipment, vehicles and legal/accounting.

In accordance with the VIEDC Rules and Regulations, Section 708-709 the Beneficiary was required to provide proof of soliciting goods and services on a competitive basis for a single purchase exceeding \$25,000, unless the good or service is deemed an exempt procurement as stated in section 708-706.

- For the period covered by this report, the Beneficiary's purchases for ISP equipment, computer software, a vehicle, and machinery/equipment exceeded \$25,000.

The purchase for ISP equipment, a vehicle and machinery/equipment were made with Eligible VI Suppliers, and therefore deemed exempt. The computer software was also exempt as the specialized software required by the Beneficiary is not available in the United States Virgin Islands.

EMPLOYMENT:

"The Beneficiary will employ a minimum of five (5) full-time employees within one year from the date the Chairman signs its Certificate, and an additional five (5) full-time employees by the end of the sixth (6th) year of operation. The Beneficiary was granted a 50% resident employment waiver for the first five (5) years of operation and to require the

following: The Beneficiary will contribute two thousand five hundred dollars (\$2,500) annually to the Territorial Scholarship Fund, administered by the Board of Education, for each non-resident that causes it not to meet the 80% requirement. Southern Trust will also exhaust all recruitment options available but not limited to the University of the Virgin Islands and then Department of Labor."

VIEDC Rules and Regulations Section 708-605 define full-time employees or employment as "employment, on a permanent and continuous basis, for thirty-two (32) hours or more per week".

FINDINGS:

The Chairman of the VIEDC Board signed the tax incentive Certificate on February 5, 2014.

YEAR	TOTAL	AVERAGE FULL TIME	AVERAGE V.I. RES.	AVERAGE % V.I. Res.	AVERAGE MGMT.	20% V.I. MGMT
2013	7	7	7	100%	3	100%
2014	8	8	8	91%	3	100%
2015	8	8	8	100%	3	100%
2016	8	8	8	100%	3	100%
2017	9	9	8	94%	3	100%

For the period 2013 to 2017, the Beneficiary employed an average of seven (7) to nine (9) full-time employees. They met the tax incentive Certificate's requirement of five (5) full-time employees within one year from the date the Chairman signed the certificate. Although granted a 50% resident employment waiver for the first five (5) years of operation, the Beneficiary met the statutory requirement of 80% of all employees being residents of the Virgin Islands, with no less than 20% in the area of management, supervisory and/or technical positions.

STANDARD CONDITION:

Beneficiary shall maintain payroll accounts, from which local employees are paid, in a bank licensed and conducting business in the United States Virgin Islands, in compliance with 1992 V.I. Sess. Laws 5768.

- The Beneficiary confirmed that a payroll account from which employees are paid is maintained at FirstBank VI. First Bank is licensed and conducting business in the US Virgin Islands.

SPECIAL CONDITIONS:

1. Beneficiary will make a minimum charitable contribution of fifty thousand dollars (\$50,000) annually. The Beneficiary will donate three thousand dollars (\$3,000) annually to the Territorial Scholarship Fund pursuant to 2006 V.I. Sess. Laws 6842.

Additionally, the Beneficiary will donate 50% of its annual charitable contribution to public school program and initiatives pursuant to 29 V.I.C. § 708(m).

REQUIRED BY TAX INCENTIVE CERTIFICATE		2013	2014	2015	2016	2017
PUBLIC SCHOOL PROGRAMS AND INITIATIVES	\$ 25,000	\$ 56,000	\$ 55,696	\$ 34,620	\$ 25,000	\$ 25,000
CHARITABLE CONTRIBUTION	\$ 22,000	40,924	31,310	16,880	28,250	26,200
TERRITORIAL SCHOLARSHIP FUND	\$ 3,000	-0-	6,000 ¹	3,000	3,000	3,000
ANNUAL BENEFICIARY CONTRIBUTIONS MINIMUM REQUIREMENT - \$50,000		\$ 96,924	\$ 93,006	\$ 54,500	\$ 56,250	\$ 54,200
VARIANCE (OVER / SHORT)		\$ 46,924	\$ 43,006	\$ 4,500	\$ 6,250	\$ 4,200

The tax incentive Certificate required Southern Trust Company, Inc. to make annual contributions of \$50,000; total contributions of \$250,000 for the period January 1, 2013 to December 31, 2017.

- The Beneficiary provided documentation to substantiate contributions made in 2013 totaling \$96,624. Of the total: \$56,000 was given to VI Department of Education, and \$40,924 to charitable contributions which include the University of the Virgin Islands, Community Foundation of the Virgin Islands, Zero Tolerance Basketball Org. Inc., and the St. Thomas Reformed Church.
- The Beneficiary provided documentation to substantiate contributions made in 2014 totaling \$93,006. Of the total: \$35,696 was directed to public school program and initiatives for the STEM Fair, and \$10,000 Science and Math scholarships to one student of the Charlotte Amalie and one from the Ivanna Eudora Kean High School. Contributions to charitable organizations in the amount \$31,310 were given to organizations such as Humane Society of St. Thomas, Antilles School, Community Foundation of the VI. The Beneficiary also made a contribution of \$6,000 to the Territorial Scholarship Fund, which included a contribution of \$3,000 not made in 2013.
- The Beneficiary provided documentation to substantiate contributions made in 2015 totaling \$54,500. Of the total: \$34,620 was directed to public school program and initiatives for the Ivanna Eudora Kean High School's Dancing Classroom and Junior Achievement US Virgin Islands, and Computers for public schools through the Board of Education. Contributions to charitable organizations in the amount \$16,880 were given to organizations such as My Brothers Workshop, Humane Society of St. Thomas, Antilles School, and Community Foundation of the VI. The Beneficiary also made a contribution of \$3,000 to the Territorial Scholarship Fund.

¹ 2013 and 2014 Territorial Scholarship Fund contribution.

- The Beneficiary provided documentation to substantiate contributions totaling \$56,250 made in 2016. Contributions to public school programs and initiatives in the amount \$25,000 was given to the Community Foundation of the VI and the VI Chapter of the Organization of Black Aerospace Professionals. Charitable Organizations such as Lutheran Social Services, Antilles School, Inc, Community Foundation of the VI and the Harmonic Lodge were given a total of \$28,250. The Beneficiary also made a contribution of \$3,000 to the Territorial Scholarship Fund.
- The Beneficiary provided documentation to substantiate contributions totaling \$51,200 made in 2017. Contributions to the public school and initiatives in the amount \$25,000 was given to the Department of Planning & natural Resources – library Revolving Fund. Charitable organizations such as Lutheran Social Services of the V.I., St. Thomas Rescue, Inc., Community Foundation and Wesley Methodist Church were given a total of \$26,200. The Beneficiary also made a contribution of \$3,000 to the Territorial Scholarship Fund.

The tax incentive Certificate required the Beneficiary to make a minimum of \$250,000 in charitable contributions. For the period covered by this report the Beneficiary contributed \$354,880; a total of \$104,880 over the tax incentive Certificate's requirement.

The Beneficiary met the requirements of this special condition.

2. Beneficiary will contribute two thousand five hundred (\$2,500) annually to the Department of Labor, to be managed in collaboration with the USVIEDA, for the creation, development, management, and maintenance of a database designed to recruit Virgin Islanders living abroad who desire to move back to the US Virgin Islands, pursuant to 2011 VI Sess. Laws 7301, as applicable.

- The Beneficiary provided documentation to substantiate contributions made in 2014 totaling \$5,000 to the VI Department of Labor for the years 2013 and 2014.
- The Beneficiary provided documentation to substantiate a contribution of \$2,500 to the Department of Labor for the year 2015.
- The Beneficiary provided documentation to substantiate a contribution of \$2,500 to the Department of Labor for the year 2016.
- The Beneficiary provided documentation to substantiate a contribution of \$2,500 to the Department of Labor for the year 2017.

The Beneficiary met the requirements of this special condition.

- 3. The Beneficiary will contribute two thousand five hundred dollars (\$2,500) annually to the Territorial Scholarship Fund administered by the Board of Education for each non-resident that causes it not to meet the 80% requirement. Southern Trust will also exhaust all recruitment options available but not limited to the University of the Virgin Islands and the Department of Labor.**

- For the period 2013 to December 2017, and as shown in the employment chart, the Beneficiary's employee recruitment did not fall below the tax incentive Certificate's residency requirement of 80% and therefore was not required to make annual contributions in the amount of \$2,500 to the Territorial Scholarship Fund.

The Beneficiary met the requirements of this special condition.

- 4. The Beneficiary will provide its full-time employees and dependent with one hundred percent (100%) employer paid medical and dental insurance coverage.**

The employee handbook provided by the Beneficiary states that all full-time employees become eligible to participate in Southern Trust Company's group health plan on the first day of the month following one day of employment and satisfaction of any eligibility or other requirements of the group health insurance policy in effect at the time. The Beneficiary provides its full-time employees and their dependents with 100% employer-paid medical and dental insurance coverage.

- The Beneficiary provided a copy of health and dental insurance coverage provided by United HealthCare to seven employees.

The Beneficiary met the requirements of this special condition.

- 5. The Beneficiary will provide each eligible full-time employee with a minimum of fifty thousand dollars (\$50,000) employer paid term life insurance.**

The employee handbook provided by the Beneficiary states that Southern Trust Company provides life and accidental death and dismemberment insurance to all full-time employees in the amount of \$50,000 of employer-paid term life insurance after one day of employment.

- The Beneficiary provided a copy of United HealthCare's life insurance coverage in the amount of \$50,000 provided to seven employees from 2013 and 2014.
- For the years 2015 to 2017 employees were provided employer paid term life insurance coverage in the amount of \$100,000.

The Beneficiary met the requirements of this special condition.

6. **The Beneficiary will provide its employees with a Simple IRA or similar retirement plan. The employee participant may make monthly salary deferrals. The Beneficiary will make a matching contribution equal to 100% of the employee's elective deferral up to a limit of 3% of annual compensation.**

The Beneficiary employee handbook provided to substantiate the SIMPLE IRA or retirement plan states that Southern Trust Company has an established Simple IRA Retirement Plan in which eligible employee can participate after one day of employment. Employee participants may make monthly salary deferrals. Southern Trust Company makes a matching contribution equal to 100% of the employee's elective deferral up to a limit of 3% annual contribution.

The Beneficiary also provided the copy of an American Funds Simple IRA Adoption Agreement serviced by [REDACTED] of Seslia Securities, St. Thomas, Virgin Islands. The plan originally created July 1, 2001 was amended and restated on April 1, 2013. The plan's employer contributions states, a matching contribution equal to 100% of elective deferrals up to a limit of 3% of compensation for the calendar year. The plan also allowed for Rights of Accumulation from Financial Trust Company.

- For the period 2013 to 2016, the Beneficiary provided documentation showing annual employee contributions for full-time employees except Mr. Jeffrey Epstein.
- For the year 2017, the Beneficiary provided documentation showing annual employee contributions for full-time employees except Mr. Jeffrey Epstein, [REDACTED] and [REDACTED].

The Beneficiary met the requirements of this special condition.

7. **The Beneficiary will provide its employees with a minimum of two (2) weeks paid vacation during the first year of employment, three (3) weeks paid vacation up to five years (5) years of employment and four (4) weeks paid vacation after five (5) years of employment. The Beneficiary will also provide its employees with two (2) paid personal days and fifteen (15) paid holidays annually. The Beneficiary will provide up to five (5) personal emergency days and five (5) days bereavement leave. Under medical leave policy, full-time employees may have the financial protection of full pay for up to 26 weeks. The Beneficiary will offer fully paid and unpaid medical leave dependent upon a number of factors.**

The Beneficiary provided the copy of an employee handbook which states; paid time off "PTO" is any time taken from work that is not mandatory; jury duty, bereavement leave, or any paid company holiday. PTO can be taken in weeks, days or half days, depending on business requirements. A manager's approval is required before PTO can be taken.

Every full-time employee regularly scheduled to work thirty-two or more hours per week is eligible for PTO each calendar year. Each full-time employee will accrue PTO every pay period in hourly increments with the total prorated over a 12-month period. Accrued

hours will be added to the employee's PTO account and subtracted when used. PTO is accrued based on a 40-hour work week and prorated based on the number of hours worked. During the first calendar year if hired before July 1, an employee is eligible for two weeks of vacation. If hired on or after July 1, an employee is eligible for three weeks per year. After five years of service, employees are eligible for four weeks of vacation. PTO must be used in the calendar year it is accrued and generally not permitted to carryover.

Southern Trust Company provides personal days which can be used for religious observances or other personal matters. All full-time employees are eligible for two paid personal days each calendar year. Personal days can be taken at any time during the calendar year provided that the time is scheduled in advance with the employee's manager. Unused personal days cannot be carried into the next calendar year nor paid when an employee leaves Southern Trust Company, Inc.

Holidays observed by Southern Trust Company, Inc.:

New Year's Day	Martin Luther King Day	Presidents' Day
Good Friday	Easter Monday	Carnival Parade
Memorial Day	VI Emancipation Day	Independence Day
Labor Day	Veteran's Day	Thanksgiving Day
Friday after Thanksgiving		Christmas Eve Day
Christmas Day	Boxing Day	New Year's Eve

Full-time employees are paid for a full eight hour workday on such holidays. Holidays falling on a Saturday or Sunday are observed the preceding Friday or following Monday as directed by management.

The employee handbook states Southern Trust Company provides full-time employees with five days of bereavement leave on a rolling 12-month period, after completing three months of service, when a member of an employee's immediate dies. An immediate family member includes an employee's spouse, or domestic partner, child, or a child for whom an employee serves in the role of a parent, parent or someone who served in the role of a parent when the employee was a child, parent-in-law, brother or sister, and a relative who is a member of the employee's household.

To help cope with a sudden personal or family emergency, resolve problems with childcare, or respond to a household emergency, the Beneficiary provides full-time employees with up to five days of personal days in a 12-month period. Full-time employees are eligible to request personal emergency days after completing three months of service.

- At site visit conducted on September 28, 2018, the Beneficiary provided documentation to substantiate the recording of employee's paid time off.

The Beneficiary's compliance contact stated that in 2013, the employees transferred from former VIEDC Beneficiary Financial Trust Company, Inc. were allowed to carry over their excess vacation time to be used by March 31, 2013.

The transferred employees' annual leave allotment was then reset based on years of service.

The Beneficiary met the requirements of this special condition.

8. The Beneficiary will comply with the management training program as approved by the Commission in Resolution no. 006-2011 approved February 25, 2011.

At the time of application the Beneficiary stated; recruitment to management trainee roles is open to all qualified members. A process will be followed to identify and appoint those individuals who display the attributes and competencies required to achieve their expected potential through the acquisition of a core set of transferable skills and professional competencies.

Approval for management trainee positions will be through a process conducted by the President and Chief Executive Officer ("CEO"). The President and CEO will construct a "business case" and have final approval prior to proceeding with recruitment. This will allow for a consistent approach towards future development and training as well as ensure compliance with employment laws.

The Beneficiary's employee handbook lacked information about a management program available to employees.

- The Beneficiary's compliance response letter dated September 4, 2018 stated that [REDACTED] participated in the Company's management training program.

For the period covered by this report; quarter ending March 2013 to December 31, 2013 - [REDACTED] position was listed as Personal Administrative Assistant/ Accountant. As of quarter ending March 2014 to December 2017, [REDACTED] position was listed as Executive Assistant.

The Beneficiary met the requirements of this special condition.

9. The Beneficiary will provide its employees tuition reimbursement, employee training and continuing professional education courses for programs related to an employee's job function and approved by management. The maximum assistance to be provided to an eligible employee during a calendar year is five thousand (\$5,000) on the grade achieved with 100% for an "A"; 75% for a "B"; and 50% for a "C."

The employee handbook provided by the Beneficiary states; they value education and a strong, knowledgeable workforce and as such provide tuition assistance to qualified employees and dependents with a maximum of five thousand two hundred dollars per calendar year. To be eligible an employee must be in a regular, full-time, non-temporary position and completed the school's admission requirements. Employees must provide

proof of a passing grade (C or better) at the end of the course. If a passing grade is not obtained, tuition assistance for the next semester immediately following may be withheld.

- The Beneficiary's compliance response letter to the VIEDC dated September 4, 2018 stated the following employees were provided tuition reimbursement, employee training, or professional training:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. [REDACTED]

The Beneficiary met the requirement of this special condition.

10. The Beneficiary will provide its employees with additional leave from work, other than time applied to their annual leave, to participate and represent the Virgin Islands in athletic and sporting events in accordance with 29 V.I.C. § 708(p).

- The Beneficiary's compliance response letter dated September 4, 2018 stated that for the period covered by this report no employee of Southern Trust Company, Inc. requested leave to participate and represent the US Virgin Islands in sporting events.

The Beneficiary's employee handbook did not state they provide employees with additional leave from work, other than time applied to annual leave to participate and represent the Virgin Islands in athletic and sporting events in accordance with 29 V.I.C. § 708(p). The employee handbook states however; paid time off "PTO" is any time taken from work that is not mandatory; jury duty, bereavement leave, or any paid company holiday. PTO can be taken in weeks, days or half days, depending on business requirements. A manager's approval is required before PTO can be taken.

The Beneficiary met the requirement of this special condition.

11. The Beneficiary will establish and maintain a donated leave program similar to the program established under 3 V.I.C. §583b, in accordance with 29 V.I.C. § 708(s).

The Beneficiary provided a copy of the employee handbook which states; in addition to the fully paid medical and unpaid medical leave, any full-time employee shall be eligible to receive donated sick or annual leave from the employee leave pool "ELP" which Southern Trust Company shall make available to an employee;

- who has completed at least one year of continuous employment;

- is suffering from a serious health condition or the employee is the primary care giver of a spouse, child, parent or any individual who is a legal dependent of the employee with a serious health condition, who is expected to require a prolonged absence from work by the employer; and
- has exhausted all sick, annual paid time off and fully paid medical leave while absent on approved sick leave.
- At site visit conducted on September 28, 2018, the Beneficiary provided documentation to substantiate an established and maintained employee donated leave program.

The Beneficiary met the requirements of this special condition.

12. The Beneficiary will require all contractors to purchase insurance from resident insurance companies, agents, or brokers licensed to operate in the territory in accordance with 29 V.I.C. § 708(r).

- The Beneficiary provided documentation showing health and life insurance purchased from Marshal & Sterling Inc, d/b/a Theodore Tunick and Company, an Eligible Supplier licensed broker, in good standing under the laws of the US Virgin Islands.

The Beneficiary met the requirements of this special condition.

13. In accordance with and subject to 29 V.I.C. § 708(h) and applicable Commission Rules and Regulation with regard to the Eligible Supplier Program, the Beneficiary will purchase all goods and services from US Virgin Islands entities duly licensed and in good standing under the laws of the Virgin Islands, as available, to the greatest extent possible.

- For the period February 1, 2013 to December 31, 2016, the Beneficiary reported total procurement of \$7,664,536. A total of \$960,643 (12%) from Virgin Islands Suppliers and \$590,976 (8%) from VI Eligible suppliers. The remaining procurement included the purchase of specialized computer programs and equipment.

The Beneficiary met the requirements of this special condition.

SPECIFICALLY EXCLUDED TRADE OF BUSINESS:

U.S. Virgin Islands clients are specifically excluded from tax benefits.

- The Beneficiary confirmed that for the period of covered by this report, gross receipt exemptions were taken exclusively from clients outside the US Virgin Islands.

REPORTING REQUIREMENTS:

VIEDC Annual Report:	Current
Income Tax Return / Audited Financial Statements	Current
Lt. Governor's Annual Report:	Current
VIESA Report:	Current
Affidavit of VIEDC Beneficiary:	Current
VIEDC Publication Notices	Current

FINDING:

Southern Trust Co., Inc. met the reporting requirements in accordance with the VIEDC Rules and Regulations, section 716-6.

FINANCIAL ANALYSIS REVIEW:

YEARS	ANNUAL NET	AGGREGATE	% CHANGE
2013			
2014			34.45%
2015			(21.82%)
2016			(91.00%)
2017			259.03%
			100.00%
AVERAGE ORDINARY INCOME			

Southern Trust Company, Inc. cost benefit analysis reflects a ratio of 1:11. The Virgin Islands Economic Development Commission granted tax exemptions to Southern Trust Company, Inc. totaling about [REDACTED] for the period January 1, 2013 to December 31, 2017. For every \$100,000 in tax revenues forgone, the territory of the United States Virgin Islands received approximately \$22,200 in economic output and \$10,500 was added to the Gross Total Product (GTP).

Southern Trust Company, Inc. elected to file its income tax as an S-corporation, which elects to pass corporate income, losses, deductions and credits through to its sole shareholder for tax purposes. Shareholders of S-corporations report the flow-through of income and losses on their personal tax returns and are assessed at the individual income tax rate. For the period 2013 to 2017 Mr. Epstein's income tax exemption approximated [REDACTED].

STOCKHOLDERS INTEREST:

From the submission of its VIEDC application to the completion of this compliance report, Southern Trust Company, Inc. is solely owned by Mr. Jeffrey E. Epstein.

OTHER FINDINGS:

Southern Trust Company, Inc. is a tenant at the American Yacht Harbor, located in Red Hook, St. Thomas, US Virgin Islands. Mr. Jeffrey E. Epstein is a passive investor in IGY-AYH St. Thomas, LLL d/b/a American Yacht Harbor.

By letter dated September 5, 2018, The Division of Banking, Insurance and Financial Regulation stated that Southern Trust Company, Inc. is not registered to transact securities business in the U.S. Virgin Islands.

CONCLUSION:

Southern Trust Company, Inc, VIEDC Beneficiary;

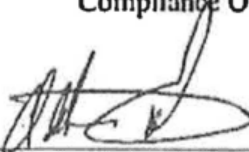
1. Granted ten years of tax incentives which commenced on February 1, 2013 and will terminate on January 31, 2023. Received four years of tax incentives, as of December 31, 2017.
2. Met the tax incentive Certificate's investment requirement of \$400,000.
3. Met the tax incentive Certificate's full-time employment requirement of five full-time employees. Met the statutory requirements as at least 80% of all employees are residents of the US Virgin Islands and 20% of management, technical and supervisory positions are held by residents of the US Virgin Islands.
4. Complied with the tax incentive Certificate's standard conditions.
5. Complied with the procurement requirements in accordance with the VIEDC Rules and Regulations 708-701 through 708-713.
6. Met the tax incentive Certificate's requirements of special condition numbers; **one** (charitable contributions), **two** (\$2,500 annually to the Department of Labor), **three**

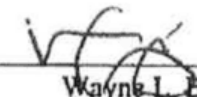
(\$2,500 annually to the Territorial Scholarship fund for non-compliance with the 80% residency requirement), **four** (100% employer paid dental insurance and dependent coverage), **five** (minimum \$50,000 employer paid term life insurance), **six** (Simple IRA or similar retirement), **seven** (paid vacation, 2 paid personal days and fifteen paid holidays annually), **eight** (management training), **nine** (tuition reimbursement), **ten** (leave to participate and represent the US Virgin Islands in athletic and sporting events), **eleven** (donated leave program), **twelve** (purchase insurance from resident insurance companies), **thirteen** (purchase goods and services from US Virgin Islands as available to the greatest extent possible).

7. Complied with the VIEDC's reporting requirements (VIEDC Rules and Regulations section 716-6).

November 15, 2018

Completed by: 
Sandra Bess
Compliance Officer II

Reviewed by: 
Claude S. M. Gerard
Director of Compliance

Submitted by: 
Wayne L. Biggs, Jr.
Assistant Chief Executive Officer

GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES
ECONOMIC DEVELOPMENT COMMISSION

PUBLIC HEARING

THURSDAY, November 15, 2012
12:43 p.m. to 2:32 p.m.

Port Authority Conference Room
St. Thomas, Virgin Islands

MEMBERS PRESENT

ALBERT BRYAN, Chairman
NATHAN SIMMONDS, Vice Chairman
LYNN MILLIN MADURO, ESQ., Member
RANDOLPH ALLEN, Member
JOSE PENN, Member

STAFF PRESENT

PERCIVAL CLOUDEN, CEO
JENNIFER NUGENT-HILL, ACEO
HENRY SMOCK, ESQ., Legal Counsel
FRED HANDLEMAN, ESQ., Director of Legislative
& Legal Affairs
MARGARITA BENJAMIN, Director of Applications
STEPHANIE BERRY, Director of Compliance
BETH HOFFMAN, ESQ., Investigator
SEMELE GEORGE, Public Relations
DORENE LEWIS, Board Liaison

PORTER'S COURT REPORTING, INC.
P.O. Box 11303
St. Thomas, Virgin Islands 00801

I N D E X

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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No. 2	Roll Call	3
No. 3	Review and Approval of Agenda	4
No. 4	Cases for Public Hearing	
	a. Southern Trust Company, Inc.	6
	b. DIAM Management	41
	c. Asset Recovery Management, Inc.	65

(Hearing Adjourned.)

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PROCEEDINGS

1
2 THE CHAIR: Good morning. I'd like
3 to call to order the Economic Development Commission Public
4 Hearing.

5 Can I have a roll call, please?

6 MR. PENN: Commissioner Bryan.

7 THE CHAIR: Present.

8 MR. PENN: Commissioner Simmonds.

9 MR. SIMMONDS: Here.

10 THE CHAIR: Commissioner Allen.

11 MR. ALLEN: Here.

12 MR. PENN: Commissioner Penn,
13 present.

14 Commissioner Smith.

15 THE CHAIR: Excused.

16 MR. PENN: Commissioner Millin
17 Maduro.

18 THE CHAIR: Late.

19 MR. PENN: Mr. Chair, you have four
20 members present.

21 THE CHAIR: Having established a
22 quorum are there any changes to the agenda?

23 MS. HILL: Mr. Chairman, good
24 afternoon. I'd like to thank all of the board members for
25 being here. I'd like to acknowledge the presence of the

1 staff that's here relating to the EDC Public Hearing and to
2 introduce starting with introducing our new Director of
3 Compliance, Miss Stephanie Berry. And we'd like to welcome
4 her to the team. And she is bringing to the table a great
5 deal of skills and we look forward to her adding to the EDC
6 program with a very varied background that she brings. She
7 is a Ph.D. candidate in industrial psychology and management
8 and is quite familiar with the government processes. So we
9 want to welcome our new Director of Compliance and to also
10 acknowledge -- I know that my counsels have all been
11 introduced to her by e-mail. Welcome, Stephanie Berry.

12 Attorney Smock is here, Counsel to the Board,
13 Attorney Beth Hoffman, our investigator, and our Public
14 Relations representative, Semele George, and of course our
15 Executive Assistant to the Board is with us today. We are
16 happy that she's here. She's feeling better. Glad that you
17 are here.

18 And, Mr. Chairman, in response to your question
19 with regards to changes on the agenda, the agenda as is
20 presented to you is as it is. The original document you had
21 in your drop box were amended because counsels have all
22 agreed, Counsel Erika Kellerhals and Attorney Roberts agreed
23 to shift their clients presentations. So we will start with
24 Asset Management, sir, as you deem appropriate.

25 THE CHAIR: Asset that's what's on

1 the agenda.

2 MS. KELLERHALS: I think we are going to
3 go first, Southern Trust.

4 MS. ROBERTS: I thought we had
5 agreed --

6 MS. HILL: You are going to go
7 first?

8 MS. KELLERHALS: Yes.

9 MS. HILL: That's right. I
10 apologize. You did say that.

11 MS. ROBERTS: And we would like DIAM
12 to go before Asset Recovery.

13 MS. HILL: That's the reorder of
14 the agenda. Thank you.

15 MR. PENN: Mr. Chair, I'd like to
16 move that the agenda be amended that Southern Trust
17 Management Company be the first item for public hearing to
18 be followed by DIAM Management, Inc. and then Asset Recovery
19 Management, Inc. So moved, Mr. Chair.

20 THE CHAIR: Second?

21 MR. ALLEN: Second.

22 THE CHAIR: Properly moved and
23 seconded. All those in favor?

24 (Chorus of Ayes)

25 THE CHAIR: Opposed?

1 (No Response)

2 THE CHAIR: Abstention?

3 (No Response)

4 THE CHAIR: Motion carries.

5 Motion to accept the agenda as amended.

6 MR. PENN: So moved, Mr. Chair.

7 THE CHAIR: Second?

8 MR. SIMMONDS: Second.

9 THE CHAIR: Properly moved and
10 seconded. All those in favor?

11 (Chorus of Ayes)

12 THE CHAIR: Opposed?

13 (No Response)

14 THE CHAIR: Abstentions?

15 (No Response)

16 THE CHAIR: The agenda stands
17 approved.

18 Cases for Public Hearing, Southern Trust Company.
19 Who speaks to this matter?

20 MS. KELLERHALS: I do.

21 THE CHAIR: Mr. Smock, could you
22 swear in the testifiers?

23

24 (Thereupon Erika Kellerhals, Esq. and Jeffrey
25 Epstein were duly sworn in by Attorney Smock.)

1 MS. KELLERHALS: Good afternoon,
2 Chairman, Commissioners and Staff. I appreciate the
3 opportunity to come before you today and speak with you
4 regarding my client, Southern Trust Company, Inc.

5 I'm here today with Mr. Jeffrey Epstein who is
6 the President of Southern Trust. And after a brief
7 introduction covering the business and its compliance with
8 the statutory requirements of the EDC program, I'm going to
9 turn the floor over to Mr. Epstein and he will talk to you a
10 little bit about the new business model.

11 Southern Trust, which will be located on the
12 Island of St. Thomas is applying for benefits under Category
13 IIa as a designated service business. And once it gets up
14 and running it will provide cutting edge consulting services
15 to companies around the world lying in part upon the use of
16 biomedical and financial informatics. The client base for
17 this company is going to range from individual consumers to
18 scientist, to investment companies looking to create new
19 strategies using what's called mine information. I want to
20 get a few housekeeping out of the way and on the record
21 before Mr. Epstein explains to you exactly what it is they
22 are going to be doing.

23 Southern Trust is going to meet all the statutory
24 requirements including that with respect to capital
25 investment. In fact Southern Trust has indicated in their

1 application will exceed the statutory investment requirement
2 of \$100,000.00.

3 We've also set out a detailed employee benefit
4 plan. And one of the things that's noted about the plan
5 itself is in addition to providing generous lead packages,
6 life insurance and a donated leave program, the company
7 actually includes one hundred percent employee and dependent
8 coverage for health insurance. So the company will absorb
9 the cost of all health insurance. And they have agreed to a
10 minimum \$50,000.00 per year charitable contribution in
11 addition to the mandatory contributions to the Territorial
12 Scholarship Fund and the Department of Labor database. And
13 those of you who know Mr. Epstein he has been a long-term
14 resident of the Virgin Islands know that he has given
15 generously over the course of the last 11 years to various
16 charities in the Virgin Islands.

17 We did request as part of the application a
18 waiver of the employee requirement for the first five years
19 down to five employees. There were a couple of different
20 reasons for doing that. One is as Mr. Epstein explains and
21 as we explained in the application, there are some very
22 specialized job positions needed by virtue of the business
23 model and what the business itself would be doing. And it's
24 anticipated that getting to maximum capacity and finding the
25 right employees will take a significant period of time. And

1 as a result of asking for that waiver of the employment
2 requirement down to five, we are also asking that the
3 percentage residency requirement also be amended from 80
4 percent to 50 percent for the first five years.

5 I'm now going to turn the floor over to Mr.
6 Epstein and he can talk to you a little bit about his
7 background in this business in particular.

8 MR. EPSTEIN: Thank you.

9 What's happening in today's environment is the
10 fact that most everyone here has a computer in front of
11 them. Most of the time if you look back 25 years if you
12 wanted to know whose genetics determined your current
13 circumstance, if you wanted to get financial advice, if you
14 wanted to get medical advice you would go to one doctor.
15 You would, hopefully, choose the right doctor and he would
16 according to his experience say, fine, maybe you have a
17 stomach ache and we have in response to your problems three
18 or four solutions.

19 In fact if you were going to go into the Army
20 years ago they classified your health like only five
21 categories. Were you sort of very healthy, healthy or were
22 you F-4. Everything was very general and very broad
23 categories.

24 As you all are aware everything nowadays has
25 become personalized. You have your clothes that you wear

1 can be custom made. Everyone has many options on how to set
2 up their computers. What's happening in the world is that
3 many decisions that used to be made by one single individual
4 now it's impossible to get accurate information without
5 accessing vast numbers of databases. What Southern Trust
6 will do will be basically organizing mathematical algorithms
7 so that if I want to know what my predisposition is for
8 cancer we can now have my genes specifically sequenced.

9 Unfortunately, it hit home as of yesterday for me
10 exactly what my company does. One of my closest friends was
11 diagnosed two days ago with a terminal cancer. Now he's at
12 the best hospital. I've known him since I was six years
13 old. His tumor needs to be sequenced. We will spend time
14 going through the DNA of his exact tumor.

15 Now that was the first step that's available
16 today. It hasn't been available ever before. But that's
17 only the first step. Now we know specifically what type of
18 cancer he has.

19 In the past unless you are lucky enough to have
20 the right doctor when you went to diagnose that problem and
21 he can say, well, Jose or Albert I've seen this before and
22 you were out of luck. Now what we'll do is we'll use this
23 one sequence, his own DNA and the specific problem he has
24 with his cancer and access worldwide databases of every
25 drug, every single drug across the world that's been tested

1 on all different types of cancers that specifically have his
2 DNA sequence involved. So the chances of a successful
3 treatment are now viable where before as he said last night
4 he would be dead in four weeks.

5 So as of medical advance you are able for the
6 first time to have custom made medicine but you can't do
7 that without accessing a vast database of information. Even
8 if you are the best doctor in New York or California or
9 here, you can only read what you can read. You have 24
10 hours a day. The new sequences in biomedicine will allow
11 you to access every publication that affects your area and
12 you don't have time to read it.

13 So my company's algorithms will in fact digest
14 the information as best as they can currently and then spit
15 out its recommendations. So you'll have computer generated
16 solutions for medical problems, which is the next century's
17 work on how to get people healthy.

18 My real business has always been money. People
19 want to know which companies to invest in and you might have
20 been lucky enough -- I was poor but if your parents had any
21 money and they wanted to simply find the stock to buy or how
22 to invest their money, again they had to find a stockbroker
23 or a local banker or someone they could go to and ask their
24 advice. And that one person's advice was only as good as
25 the college they went to or their experience in the

1 business.

2 Now, just as I -- with my friend or as a simple
3 example years ago if you had asked me what is the name of
4 George Washington's horse? I lived in Coney Island. George
5 Washington's horse, okay, what would I have to do? I'd have
6 to get on the bus and go to the library. I'd have to ask
7 the librarian for a book on George Washington. Hopefully,
8 somewhere in the appendix would be a note that said George
9 Washington's horse or otherwise I was in trouble. I'd have
10 to actually read the book.

11 I would then go back, make a report, come to my
12 school. And as you all know right now we go to Goggle and
13 in a nanosecond Goggle searches 10 billion documents for the
14 names of George Washington's horse. And you can find out
15 what the horse ate for breakfast on a certain day.

16 So my company will then take the concept of
17 building these search algorithms but not searching the
18 information for the name of George Washington's horse but in
19 fact searching the world's databases for what is the best
20 investments. I can't spend 24 hours a day going through all
21 the investments around the world but my computer can do it
22 in a nanosecond.

23 Unbeknownst to most people today again when I
24 first started on Wall Street I was a school teacher. The
25 stock exchange traded a couple of million shares per day and

1 that was a big -- and if you had a 100 million shares a day
2 it was a calamity. Now everyday, every minute those numbers
3 of shares are traded but not by people. Seventy-Five or
4 Eighty percent of all the trading around the world -- when I
5 say trading, all the statistics you read about how many
6 shares traded today is done by a computer. In fact some of
7 the computers trade thousands of times per second buying and
8 selling at small increments.

9 So the speed at which decisions are made you have
10 speed by computers but you need a search engine, just like
11 Goggle has a search engine for documents, a method to search
12 the financial arena for the best investments in my financial
13 arm of Southern Trust and the best medicine. So again if it
14 was me personally -- this again it hits very close to home.
15 I'm leaving for New York after this meeting to go sit with
16 the sequencers to see if I can save my friend. And this is
17 the first time in history that it's probably a chance
18 because most people don't know when they say you have lung
19 cancer, cancer is not really a thing. It's not like -- you
20 see we used to -- the past 30 years we know we had a
21 disease. You had the flu or you had some type of liver
22 disorder. Cancer is very different. Cancer is not a thing.
23 It's a process. It's a process.

24 What do I mean by that? It doesn't mean I have
25 something in my lung that has a little "C" that says cancer.

1 It means that my lung is doing something. It is a process.
2 It is cancering. My lung is cancering or my prostate is
3 cancering. In my friend's case his brain, bones and liver
4 are cancering.

5 So in the past -- unfortunately anyone diagnosed
6 with a disease for lung cancer you could only treat them
7 with a lung cancer approved drug. Like I have a breast care
8 center in New York. So now it turns out that many females
9 for breast care you can treat it with things that were only
10 used before for prostate. And the only way they got to that
11 is they realized that in certain studies in the Netherlands
12 just by these search engines there had been good results
13 based on the computers being able to search the database,
14 the solutions for specific types of problems.

15 Why the Virgin Islands? Again we have high speed
16 connections in St. Croix. So I have to beg both servers to
17 hold my database information. The high level people that
18 Erika mentioned is I need high level mathematicians to come
19 down and help program the computers. Some people actually
20 have to be here and monitor the computers. And these
21 algorithms -- it's amazing but true -- much of the work
22 hopefully to be done later in life.

23 So that five, ten years away is the computers
24 themselves will help redesign some of the computer programs.
25 Just like in the cars we first built some computers to help

1 us manufacture cars. Now the computers are helping to
2 design. They in fact design their own little parts.

3 In the new version you can actually printout just
4 like a fax machine started 20 years ago, you could have the
5 computer design the part and make it. It actually prints
6 parts. So Southern Trust will be basically building up a
7 database searching mechanism to search things on an
8 individual basis both in the medical field and the financial
9 field.

10 Again it's an exciting area that the idea is that
11 the diseases that affect the local population -- I do lots
12 of work in Africa. To backup Africa is for me a fertile
13 ground for experimentation because it has been so
14 underdeveloped it is not burdened with the current system.
15 What do I mean?

16 When telephone companies now come to places like
17 Senegal where I was a couple of months ago, they don't put
18 copper in the ground. They don't have to worry about laying
19 cables and going to everyone's house. They leapfrog the old
20 systems going directly to cellular.

21 So though Senegal and Ivory Coast are poor
22 countries, 70 percent of the people have cell phones because
23 they were able to not deal with the local in-breaded
24 telephone companies who had to charge a ridiculous sense of
25 money because they had already laid all this pipe and copper

1 in the ground. The same thing here, Africa has almost no
2 medicine. It's difficult. But with searching as opposed to
3 testing people everyone is not the same, not everyone needs
4 an aspirin and not everyone needs the same aspirin or the
5 same amount of aspirin. The idea would be to build up a
6 personal medical database for lots of people.

7 That's it. And ask as many questions about the
8 subject. I enjoy it.

9 MR. SIMMONDS: Good afternoon. I get
10 the financial part. I mean you got a billion dollars to
11 invest. You search for the best investments and you invest
12 other people's money.

13 The medical part I'm not sure I get as yet. I
14 mean I'm not going to ask you how much something like that
15 would cost because it sounds like it would be really
16 expensive. But who are you catering too? I mean people are
17 going to come to you and say, you know what, I have an
18 ailment. I need you to search and see if there is a cure.

19 MR. EPSTEIN: No, it's the drug
20 companies. To develop a new drug now cost a billion dollars
21 because you sort of start from scratch and it's really like
22 trial and error in your backyard, trying to figure out which
23 piece fits in this screw. So the drug companies spend the
24 first five years testing all the different parts to see if
25 it will work on this drug -- on this disease. The drug

1 companies would much rather have my computer do the trials
2 and errors.

3 MR. SIMMONDS: But you are not testing
4 anything. You are basically just searching for already
5 tested products.

6 MR. EPSTEIN: The algorithms
7 themselves will be almost like a chemistry lab in the
8 computer. In the old days when you had to test for
9 something you had to actually build it to see if it would
10 work. When the Wright Brothers built their airplane they
11 flew it and it crashed. They flew it and that's when they
12 changed the wing.

13 And now what you do is you design it in the
14 computer. The computer inside all the new space ships are
15 all designed by saying here is the wind, here is the gravity
16 and the product comes out at the end. So there is big drug
17 companies that want to know what's the most likely pathway
18 to hit this type of disease.

19 MR. SIMMONDS: Why would it take five
20 years before local folks could be trained in doing this sort
21 of --

22 MR. EPSTEIN: It won't take five. It
23 will be growing simultaneously because the mathematics it's
24 like the new programs. For example, the last Windows
25 program that came out last week, Windows 8, took 600 people

1 six years to do. Now it's not that many people but you need
2 high level programmers.

3 So I would like to have young people -- I'm a
4 teacher by heart -- engaged early on. But the programming
5 initially will take time to get up and running and been
6 testing it until it sort of becomes a model for its
7 performance.

8 MR. SIMMONDS: Thank you.

9 THE CHAIR: Mr. Allen.

10 MR. ALLEN: Good afternoon, Mr.
11 Epstein. I've been listening to you quite intense.

12 You are asking for five years exemption and you
13 need instead of 80/20, you need 50/50. You know that's
14 going to take going back to the Legislature to change the
15 statute?

16 MS. KELLERHALS: We are aware that they
17 did bring in an amendment to go to the Legislature -- that
18 the Legislature actually passed legislation that would
19 reduce the number of employees to five. I understand that
20 it was vetoed by the Governor. But based upon my
21 discussions with the EDC staff it was my understanding that
22 at this time based on the circumstances of each applicant it
23 would be considered.

24 MR. ALLEN: That's the reason why
25 it's in this proposal?

1 MS. KELLERHALS: It's in the proposal in
2 part because it fits the business model better. It allows
3 them as Mr. Epstein explained there is that ramp up while
4 they are getting the programs together.

5 MR. EPSTEIN: I much rather it be
6 shorter frankly.

7 MR. ALLEN: You much rather it be
8 shorter?

9 MR. EPSTEIN: Sorry. I would like to
10 get it done as fast as possible.

11 MR. ALLEN: Yes, I understand that.
12 But some of the computer models that you discussed it's so
13 way out. Is this your thinking or this is something that is
14 on the market that you are trying to tap into?

15 MR. EPSTEIN: I am not a mad man. So
16 it might appear that way.

17 MR. ALLEN: No, I'm just asking if
18 this is your thought brand new or there is something out
19 there that you are trying to bring it here.

20 MR. EPSTEIN: Both. There are
21 products just beginning. They have not yet been fully
22 developed. Database mining is a very -- product is probably
23 the wrong word. The database mining which mining means as
24 in the past you got to dig into the ground. Here the
25 concept of database mining is very well established but not

1 in these two areas.

2 Normally, for example, as you know when you go in
3 your computer it might target you for a specific type of
4 advertisement because it knows that after you've been
5 searching for French fries. So they mine all the people in
6 the area who is looking for French fries and said, you know,
7 Randolph seems to like that. So we'll send him a message.

8 So the concept itself is very well established,
9 using the medical really the next couple of years.

10 MR. ALLEN: I have no more
11 questions.

12 THE CHAIR: How do you get around
13 all the proprietary medical information, though? I mean how
14 does that --

15 MR. EPSTEIN: Because you initially
16 start out -- most people they opt in or opt out. Sometimes
17 they, even for the first sequencing, potentially to answer
18 your question, when the human geno project is first begun a
19 question came in if they sequence my geno, my personal geno,
20 is that information tied to Jeffrey Epstein or will it be
21 anonymous? And everyone whose genes get sequenced has the
22 right to say I don't want my name associated with my gene
23 because maybe if I have something that's bad I might have a
24 rocker gene from a woman pre-deposing me to breast cancer I
25 won't get health insurance.

1 So the decision of having your name associated
2 with the sequence is your decision. However, the sequence
3 then goes into a big pile and says the person who had that
4 sequence was responsive to this drug. So there is no name
5 attached. So there is no privacy issue.

6 If it turns out that most people don't mind
7 having their names I was surprised. But most people say,
8 look, if I'm doing something good for society and it's
9 helpful you say, yes, I've had a problem and if I can help
10 others my name could be attached. That's a decision I would
11 make.

12 THE CHAIR: So it's a biomedical
13 Goggle that --

14 MR. EPSTEIN: Yes.

15 THE CHAIR: -- that tracks genes,
16 preference gene receptivity to different medications in
17 order to make doctors more efficient.

18 MR. EPSTEIN: Yes, and drugs more
19 efficient.

20 THE CHAIR: But how do you get paid?

21 MR. EPSTEIN: The drug companies
22 instead of having -- as I said imagine having your own
23 little chemistry lab in a computer as opposed to having a
24 thousand people. So they pay me for the algorithm.

25 THE CHAIR: So they pay you a

1 membership fee to access your server or they pay you for an
2 algorithm that you actually sell them instead?

3 MR. EPSTEIN: There will be just like
4 in any other product because there are different algorithms.
5 Some will be outright purchases, probably the simple ones.
6 There will be leases for longer runs and most people will be
7 coming back. Sometime if you want to know -- just like a
8 search engine in answer to one question. So you get paid
9 for that one piece of advice, ongoing advice or exclusive
10 rights like drug companies might want to have for a specific
11 answer.

12 THE CHAIR: And these mathematicians
13 build these algorithms to build themselves or they build
14 algorithms specifically for whatever question is posed
15 because I know you mentioned -- I still want to know why you
16 have a server here, though?

17 MR. EPSTEIN: I'd like to have
18 everything here for security purposes. As you know
19 everybody is hacking servers. The only way really
20 unfortunately to make sure you are secure is to have
21 location wise. Once you put your server --

22 THE CHAIR: So your server will be
23 more or less your vault rather than a server to power
24 anybody else anywhere else?

25 MR. EPSTEIN: Yes, yes. The systems

1 everything is interconnected. But again the only real way
2 to have certain types of things is servers that are not
3 connected to the Internet directly.

4 THE CHAIR: How do you anticipate
5 that this business will grow so that it would actually
6 affect employment?

7 MR. EPSTEIN: Because if things go as
8 I planned it will need a significant number of people,
9 hopefully, again, probably between five to ten years or
10 maybe more operate a virtual laboratory. So you need lots
11 of people. You need to watch and help the mathematicians.
12 It's accessing the computers and training people to operate
13 the systems.

14 As you know if you thought about it years ago, 20
15 years ago if we said we are going to have to program a
16 computer, it's impossible. I can't do it. I'm a pretty
17 good mathematicians. But now students coming up can program
18 things that were unthinkable years ago.

19 THE CHAIR: And the office space or
20 will there be an office space?

21 MR. EPSTEIN: Yes, sir.

22 THE CHAIR: It will be in St.
23 Thomas?

24 MR. EPSTEIN: Yes, sir.

25 THE CHAIR: But the server will be

1 on the level three establishment on St. Croix?

2 MR. EPSTEIN: Don't know yet.

3 THE CHAIR: Because I know I heard
4 you mention St. Croix and the access to the band. But you
5 are figuring you can tap in a fiber anywhere and get there?

6 MR. EPSTEIN: Yes. You want the
7 access. So that's really for the trading aspects.

8 It turns out -- and again it's an interesting
9 fact, that computers that trade, the algorithms that's a
10 different part of the business, the computers that trade it
11 makes a tremendous difference if you have fiber and high
12 speed fiber but not high speed fiber.

13 So just as a silly example there was a company in
14 New York that moved its offices three streets closer to the
15 stock exchange and paid millions of dollars to upgrade their
16 space so they can be three streets closer because then they
17 get an edge.

18 MR. SIMMONDS: Mr. Chair, if I might
19 follow-up on something that you asked?

20 THE CHAIR: Sure.

21 MR. SIMMONDS: So what then do you see
22 as the economic benefit to the territory?

23 MR. EPSTEIN: Well, obviously,
24 hopefully --

25 MR. SIMMONDS: I mean you are

1 suggesting that it will be at least five years, maybe even
2 longer before you start ramping up employment.

3 MR. EPSTEIN: I think there will be
4 revenues of a considerable number of millions of dollars at
5 the end of the fifth year. But the ramp up these are high
6 dollar revenue items to the company. So obviously in terms
7 of the taxes and in terms of employment.

8 MR. SIMMONDS: I'm sorry, taxes for the
9 five or so individuals that --

10 MR. EPSTEIN: No, no, the business
11 taxes.

12 MR. SIMMONDS: The business taxes?

13 MR. EPSTEIN: Yes, sir.

14 MR. SIMMONDS: But you are getting an
15 exemption.

16 MS. KELLERHALS: Right, but the
17 exemptions are only 90 percent on eligible income.

18 MR. SIMMONDS: So you are saying that
19 the 10 percent would be substantial for the territory?

20 MR. EPSTEIN: Yes. The answer is
21 "yes". And combined with employment it's a little down
22 side.

23 THE CHAIR: How was this --

24 MR. SIMMONDS: You are already a
25 resident of the Virgin Islands, right?

1 MR. EPSTEIN: Yes, sir. I also have
2 homes in New York and Florida. Most people prefer -- I
3 prefer to be down here. This is my favorite place to be.
4 It's a more difficult business environment but I prefer to
5 be here. I prefer to have my employees here. I've had a
6 very successful time here.

7 THE CHAIR: How is this different,
8 the financial side than what you were doing before?

9 MR. EPSTEIN: What I was doing before
10 was really financial advice which is almost I don't want to
11 say antiquated but somewhat. You would come to me and say
12 what should I buy? And I'll use my judgment based on 30
13 years in the business of what you should buy. I didn't
14 really use computer search engines to find it. It's a very
15 different business. This is not financial advice. This is
16 the mathematics and the product of financial algorithms for
17 sale.

18 THE CHAIR: So you have clients that
19 have invested in this and these algorithms produce not
20 information but -- they do produce information but it
21 actually trades based on that information.

22 MR. EPSTEIN: That's correct.

23 THE CHAIR: The computer.

24 MR. EPSTEIN: Yes, the computer can
25 trade. And the client they can either buy its position in

1 the algorithm or can have advice but I prefer only the
2 algorithm. I don't want to do financial advice. This is
3 much more sophisticated.

4 THE CHAIR: When you say they buy a
5 position in the algorithm, you can invest in an algorithm?

6 MR. EPSTEIN: Yes. So if you go on,
7 for example, many trading sites you, yourself, can sign up
8 as a subscription and say I get the Albert Bryan newsletter.
9 When you think about that what was that? That was someone
10 who is willing to pay you a monthly fee for your personal
11 advice. Here we do the same thing except it's not a person.
12 It's a computer.

13 THE CHAIR: Why isn't this a Tech
14 Park business, though?

15 MS. KELLERHALS: We couldn't come to an
16 agreement with the Tech Park. So there is an understanding
17 that we could go to the EDC.

18 THE CHAIR: Because I was trying to
19 figure out if there was a distinctive difference because it
20 is a little different. It is an Internet provided service
21 but your core business is not really Internet.

22 MR. EPSTEIN: No, it's database.

23 THE CHAIR: It's data.

24 MR. EPSTEIN: Yes, data and it's
25 management.

1 THE CHAIR: Right, I go it.

2 MR. PENN: In the projections you
3 have two revenue lines, fee income and investment income.
4 It seems that -- is the fee income both the medical and the
5 financial?

6 MR. EPSTEIN: It's a mixture. Again
7 according to what the client wants to do, whether they want
8 to have a single -- you can invest, for example, in the
9 follow-up in only the bond algorithm. So you would then be
10 paying for your piece of a bond algorithm. If you wanted to
11 have more you would be fee for the entire business.

12 MR. PENN: I was just trying to get
13 a feel for how much of the business you estimated because
14 your estimate would have been medical versus financial.

15 MR. EPSTEIN: I think it will move. I
16 think it will start off being more financial because the
17 medical is much more sophisticated. But in terms of overall
18 sort of doing good thing, hopefully, I think the medical
19 area would be more exciting.

20 MR. PENN: And how many people
21 would you say would you need to do what you project for year
22 five? I'm not going to put numbers on the record but I see
23 nearly a doubling of your estimates between year one and
24 year five and I'm just trying to figure out --

25 MR. EPSTEIN: I wanted to be

1 conservative. If things go well we'll meet a lot of people.

2 MR. PENN: But I mean I guess with
3 the question you had before about the mix 50/50 --

4 MR. EPSTEIN: Yes.

5 MR. PENN: -- in year five what do
6 you project that to be to generate what you project even
7 though it's conservative? How many bodies are you
8 considering?

9 MR. EPSTEIN: Again I would like as
10 many as possible frankly. But the idea is how well will a
11 product this mechanism take. Especially because it's
12 medical you don't want to sell something before it's ready.
13 And once it's ready then there would be people in the
14 marketing department. There will be a bunch of other
15 things. So it's difficult to put a number on it.

16 MR. PENN: How do you market that?

17 MR. EPSTEIN: Well, for the medical
18 things through the drug companies as well as certain medical
19 NIH, the hospital divisions, the medical countries. Iceland
20 is one of the few countries -- and that's another discussion
21 at some point because Iceland is an isolated community and
22 they have 50 years of genetic information. So everyone in
23 Iceland has a genetic sequence and you can then see what's
24 happening, the children, what was really inherited. Is
25 breast cancer inherited, not inherited. Is schizophrenia by

1 simply looking at all the data that was accumulated?

2 Places, frankly, like St. Thomas are the perfect
3 place to sequence people because it's so isolated. You are
4 able to get much better data than ever before. And it also
5 ends up -- and that's one of the advantages of being here as
6 opposed to New York.

7 THE CHAIR: But when I think of
8 genetic sequencing -- and I know we are getting way out on a
9 limb.

10 MR. EPSTEIN: No, ask.

11 THE CHAIR: I mean I would think
12 that you would have to have some DNA sampling of these
13 people going back for 50 years and 50 years ago we didn't
14 have that type of technology. So how do you -- I mean
15 people have died. How do you trace that? How do you do
16 sequencing of somebody who is no longer here?

17 MR. EPSTEIN: In Iceland they've kept
18 the sequencing. They started taking blood. So they have
19 kept blood samples from everyone. That was very forward
20 thinking. So they were simply able to get the sequence out
21 of the blood.

22 THE CHAIR: Got you. That was
23 confusing.

24 MR. EPSTEIN: Yes, it's 50 years of
25 data. It's the only country. It doesn't make them any

1 healthier at the moment but they have tremendous amounts of
2 data but almost no information.

3 THE CHAIR: Wow!

4 MR. EPSTEIN: Because now they have
5 300,000 people and all their ancestors. Now what do we do
6 with it?

7 It was the same problem when we had the human
8 geno. It was a book of three billion letters and it took
9 ten years to do and three billion dollars to do it, three
10 billion dollars to do it only ten years ago. That same
11 sequence you can now walk into your doctor and have it done
12 for \$65.00. You can sequence your entire geno for \$65.00.

13 MS. MADURO: I have one question for
14 Legal Counsel. So through the Chair may I ask my question
15 to Legal Counsel?

16 With respect to the fact that the Governor has
17 vetoed the proposed legislation, how will that impact us
18 inasmuch as we are in a public hearing and this board is
19 going to have to later decide moving this application
20 forward without the approved legislation?

21 MR. SMOCK: You'll have to remind me
22 which legislation are you talking about?

23 MS. MADURO: On the amount of
24 employees that the companies may have. Traditionally we
25 would approve an application with a minimum of 10 and move

1 forward in the event that the applicant cannot ramp up to 10
2 we would do a modification or a waiver of employees. But in
3 this instant we are going to start out knowing that we are
4 not going to have 10 employees.

5 MR. SMOCK: So we'll be dealing with
6 the old legislation.

7 THE CHAIR: But the law allows for
8 us to waive the employment in any case.

9 MR. SMOCK: If we wish.

10 THE CHAIR: For due cause only
11 because those employees are not needed.

12 MR. SMOCK: If we wish to.

13 MS. MADURO: True. But we
14 traditionally do it by coming back to public hearing. So in
15 the interest of time and because we now know that the
16 applicant is not intending to ramp up to that I think it
17 should be notated on the record so that we don't have to
18 come back in the event that the applicant is approved to a
19 waiver process or a modification process on it.

20 MR. SMOCK: I believe it's already a
21 part of the application.

22 THE CHAIR: How many more people are
23 doing this?

24 MR. EPSTEIN: There is a couple doing
25 it in California. Steve Jobs had a group that was trying to

1 help him and it was a little too short. They didn't get it
2 done in time but they were getting there. In fact the last
3 day of his life they thought they were able to sequence his
4 gene in a way and maybe find a useful drug and he had
5 enough. They said we think we can try a new one that's
6 specifically tailored for your specific problem and he said
7 I can't do this anymore. And then they had a big meeting.
8 They tried to convince him to try it and he said I'm done.

9 THE CHAIR: Where are you getting
10 your mathematicians from?

11 MR. EPSTEIN: Usually from the United
12 States.

13 THE CHAIR: That's a big place.

14 MS. HILL: I'm sorry, where?

15 MR. EPSTEIN: United States. I had
16 hoped to get some from Europe just like engineers but it
17 turns out that they don't exist anymore and anybody in this
18 level of mathematics anywhere, they don't exist in China
19 because you need a bit of a creative person as opposed to
20 simply a copy cat. They don't exist in Europe. And if you
21 are really good you are already here. So the universities
22 usually.

23 THE CHAIR: So you already have one?

24 MR. EPSTEIN: I've had one.

25 THE CHAIR: And what was his profile

1 like?

2 MR. EPSTEIN: Harvard. It's usually
3 Harvard, MIT. But this is Harvard and he used to be at the
4 institute of advanced studies at Princeton.

5 THE CHAIR: So in your five-year
6 plan you are going to send some Virgin Islanders to Harvard?

7 MR. BRYAN: No, I want to train them
8 here.

9 THE CHAIR: How do you do that,
10 though?

11 MR. EPSTEIN: Because it's much -- you
12 have to start off thinking that, for example, Algebra is not
13 as important as it used to be. Programming is important.
14 And you don't have to -- in the old days you have to
15 actually poke holes in the card to program. And now the
16 younger people can have their little abortage (phon) do
17 things simply by typing in and raise the abortage
18 right-hand. You type it in and it already programs.

19 So advance programming is very different. It's
20 nothing -- I'm sure if you have children how they text, for
21 example, they speak in B2B, see you soon. You could ask me
22 five minutes ago how am I going to teach -- one of the
23 problems is how do you teach kids to talk because in fact
24 they are starting to talk as they text. So adults don't
25 understand it.

1 THE CHAIR: Is that what it is?

2 MR. EPSTEIN: Yes.

3 THE CHAIR: So are you planning --
4 and I know you have contributed generously before. So are
5 you planning to do -- I know we have one applicant that
6 started our Junior Achievement Program and we have some
7 others that did a financial piece that seems to be
8 successful at Charlotte Amalie High. Junior Achievement has
9 gone viral. It's all over the Virgin Islands now.

10 Are you going to do any programs to start to
11 build that type of interest and expose young people to that
12 kind of --

13 MR. EPSTEIN: I'm willing to do any of
14 those things. Again I come from a background where I had no
15 money and it was only by understanding math and science that
16 I was able to live the life I currently lead. So I would
17 love to do it.

18 THE CHAIR: Any other questions?

19 MR. EPSTEIN: I'll be more than happy
20 in some other forum to sit down and say fine. In fact in
21 some of the scholarship money that I have given before here
22 in St. Thomas was to try to find children to go to visit
23 Harvard, encourage them.

24 One of the things I did five years ago is I
25 brought a whole bunch of Noble Prize winners here to St.

1 Thomas for lectures at the university again so kids can see
2 they don't have to be in the music business. Science is as
3 fun and exciting.

4 MR. SIMMONDS: One of our board members
5 is the Provost at UVI. So we certainly will have him get in
6 touch with you and see what kind of programs could be
7 developed in conjunction with UVI to train mathematicians.

8 MR. EPSTEIN: Not only mathematicians,
9 in fact it's a longer discussion. I'm willing to have as
10 many discussions anybody here would like to have on the
11 record, off the record. But that Apple computer sitting in
12 front of the Chairman has more teaching ability than all the
13 teachers in St. Thomas but people don't understand how to
14 use it yet still, not only here but most places because the
15 teacher unions don't like that idea.

16 There is something that I would always encourage
17 adults to do as I would encourage all children is something
18 that some people know about and some might not. It's called
19 the Khan Academy, K-h-a-n, Academy. Now if you haven't seen
20 it you should go on line. It teaches every subject you
21 learn in high school. You can watch it when you want. It's
22 simple. You don't feel embarrassed if you don't understand
23 it the first time because you can play it over and over
24 again. You can blog with other children or people your own
25 age to learn the same subject or maybe having the same

1 problems you have. I don't understand how miosis works or
2 mitosis in bio-medicine.

3 So I can blog now and say who else? Can someone
4 explain to me how the chromosome split and they get answers.
5 So, yes, it's a tremendous amount of things to be done.

6 THE CHAIR: You know we were having
7 that discussion the other day and that's a serious shift
8 now. Because the most important thing is teaching kids how
9 to learn on the Internet because all of the information is
10 already there. They don't need to sit. Florida has this
11 future school I think it's called Florida Virtual School.
12 And they have their whole high school curriculum on line for
13 anybody in the nation to go on and do it. But in the Virgin
14 Islands like Iceland we are in the middle of nowhere.

15 MR. EPSTEIN: You see that's sort of
16 insensibly the same thinking I grew up with. But the middle
17 of nowhere just like Africa you have an Apple computer
18 sitting on the Internet. So in fact you are not in the
19 middle of nowhere. You are in the middle of everything.
20 You are in the middle of everything. You just have to
21 understand how to use this thing. And it's not taught in
22 the school.

23 And not only are the computers now used to say so
24 you can learn Algebra but it turns out -- and if again let's
25 look ten years down the road if I'm successful it turns out

1 that with 14 people in the room everyone has a different
2 learning skill and they learn differently. Some people are
3 very visual. Once they see a motorcycle part they can put
4 it together. I can't. Some people need to hear it verbally
5 because they learn verbally. Some people learn visually.
6 Some people have a combination of the two.

7 If you go back 500 years there was not one person
8 that sat in the classroom and said to the people in the
9 field sit in here and let me lecture you and don't move
10 while I do it. In fact as I described it the thing that
11 everyone learns to do and really learns well is to walk and
12 no one taught them. No one taught you to walk.

13 THE CHAIR: So what you are
14 suggesting is in 10 years we may be able to have a -- your
15 same product that would be able to take a genetic code of
16 how somebody is, figure out what is the best way for them to
17 learn and put it on the Internet for them?

18 MR. EPSTEIN: I don't want to say --
19 that's pushing it but yes. It's the Frankenstein version
20 but it's true, yes. In fact it will turn out that certain
21 people can learn certain things. Certain people can move
22 through space differently.

23 So your skill set if you think about it the
24 questions that people ask are questions they have to find
25 the right person to ask. You want to find the best doctor.

1 If you got sick and I got sick we go to the best doctor.

2 The best doctor for a 100 percent likelihood is
3 connected on that machine somehow. So how can you find that
4 person in the right place that's connected with that
5 information? It's really exciting.

6 THE CHAIR: That is.

7 MR. EPSTEIN: Yes, but things like the
8 Khan Academy you don't need -- if you want to learn
9 mathematics you don't really need to go to high school.

10 THE CHAIR: So why can't we fix the
11 LEAC, man, if we can do all of that?

12 Anymore questions?

13 MR. SMOCK: Mr. Chairman, for the
14 record to follow-up on Commissioner Millin's question and
15 comments, this application did request fewer than 10
16 persons. But Section 708 of Title 29 Subsection F does
17 provide for the record that:

18
19 To be eligible for the granting of
20 benefits you must employ at least
21 10 persons on a full-time basis.
22 And such enterprise and all employees
23 and such enterprise shall be subject
24 to the exceptions contained in Section
25 711 of this subchapter be residents

1 of the United States Virgin Islands
2 provided however that the applicant may
3 employ fewer than 10 such persons upon
4 demonstrating to the Commission that the
5 employment of this number of persons in
6 his particular enterprise would not be
7 economically feasible or practical. And
8 upon a further finding by the Commission
9 that the desirability of the proposed
10 enterprise outweighs the fact that it is
11 not labor intensive.

12
13 I believe this application also ask for a
14 residency reduction also. But it is permitted under the
15 code if this commission so finds.

16 MS. HILL: And if I may, Mr.
17 Chairman, the amendment to the legislation to reduce the
18 five, we have submitted to Senator Malone the appropriate
19 wording. And my understanding is that that amendment is to
20 be dealt with on Monday by the Committee of the Whole to
21 address the EDC requirements. So we should be okay.

22 THE CHAIR: Fantastic. Maybe we
23 don't have to do anything.

24 Anymore questions?

25 (No Response)

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THE CHAIR: Thank you.
MS. KELLERHALS: Thank you.

[REDACTED]



THE GOVERNMENT OF THE VIRGIN ISLANDS
DEPARTMENT OF LICENSING AND CONSUMER AFFAIRS
BUSINESS LICENSE

KNOW ALL BY THIS PRESENT

That, in accordance with the applicable provisions of Title 3 Chapter 16 and Title 27 V.I.C. relating to the licensing of businesses and occupations, and compliance having been made with the provisions of 10 V.I.C. Sec. 41 relating to the Civil Rights Act of the Virgin Islands, the following license is hereby granted.

Licensee: SOUTHERN TRUST COMPANY, INC.	
Trade Name: SOUTHERN TRUST COMPANY, INC.	
Mailing Address	Physical Address
9100 PORT OF SALE MALL STE 15 ST. THOMAS ST. THOMAS VI 00802	9100 PORT OF SALE MALL STE 15 ST. THOMAS ST. THOMAS VI 00802
Business No: 21772	License No: 1-21772-1L
Types of License(s) Business & Management Consulting	

As provided by law, the authorized licensing authority shall have the power to revoke or suspend any License issued hereunder, upon finding, after notice and adequate hearing, that such revocation or suspension is in the public interest; provided, that any persons aggrieved by any such decision of this office shall be entitled to a review of the same by the Territorial Court upon appeal made within (30) days from the date of the decision; provided, further, that all decisions of this office hereunder shall be final except upon specific findings by the Court that the same was arrived at by fraud or illegal means.

2012

If a renewal is desired, the holder is responsible for making application for same without any notice from this office. It is the responsibility of the Licensee to notify the Department in writing within (30) days, when a license is to be cancelled or placed in inactive status. Failure to do so will result in the assessment of penalties as authorized by law.

Valid from 12/01/2012 until 12/31/2013
Printed on 12/20/2012
Issued at St. Thomas, V.I.
Fee 390.00

Commissioner, Department of Licensing and Consumer Affairs

THIS LICENSE MUST BE PROMINENTLY DISPLAYED AT PLACE OF BUSINESS

License Number: 1-21772-1L

Print 2018 License

Receipts

Change License Start Date

Change Status

Business Information

Organization Type:	C Corp	Contact First Name:	BRETT
Business Name:	SOUTHERN TRUST COMPANY, INC.	Last Name:	GEARY
Trade Names:	SOUTHERN TRUST COMPANY, INC.	Phone #:	340.779.2564
Business Phone:	340-779-2564	Email:	BRETT@BIZUSVI.COM
Business EIN:	660779861	Fax:	888-316-9269
Passcode:	46778736		

Physical Address

Street1: 18A-1, 18B-1, & 18B EST SMITH
 Street2: STE.B3-3 & B-5
 City: ST. THOMAS
 State: VI 00802
 Island: ST. Thomas
 Country: US Virgin Islands

Mailing Address

Street1: 6100 RED HOOK QUARTER
 Street2: STE. B-3
 City: ST. THOMAS
 State: VI 00802
 Island: ST. Thomas
 Country: US Virgin Islands

Person Information

Person 1:

First Name:	DARREN	Position/Title:	SECRETARY
Last Name:	INDYKE	Place of Birth:	
Date of Birth:		SSN:	Click Here to View SSN

Physical Address

Street1: 2 KEAN COURT
 Street2:
 City: LIVINGSTON
 State: NJ 07039
 Island:
 Country: US Virgin Islands

Mailing Address

Street1: 9100 PORT OF SALE MALL
 Street2: STE 15
 City: ST. THOMAS
 State: VI 00802
 Island: ST. THOMAS
 Country: US Virgin Islands

Country of Citizenship:

USA

1. Have you ever been convicted of a felony or crime involving moral turpitude?

N

2. If YES, explain the nature of the crime, date of conviction, and place of conviction:

Person 2:

First Name:	JEFFREY	Position/Title:	PRESIDENT
Last Name:	EPSTEIN	Place of Birth:	
Date of Birth:		SSN:	Click Here to View SSN

Physical Address

Street1: 6100 RED HOOK QUARTER
 Street2: B3

Mailing Address

Street1: 9100 PORT OF SALE MALL
 Street2: STE 15

City:	ST. THOMAS	City:	ST. THOMAS
State:	VI 00802	State:	VI 00802
Island:	ST. THOMAS	Island:	ST. THOMAS
Country:	US Virgin Islands	Country:	US Virgin Islands
Country of Citizenship:	USA		

1. Have you ever been convicted of a felony or crime involving moral turpitude?

N

2. If YES, explain the nature of the crime, date of conviction, and place of conviction:

Person 3:

First Name:	RICHARD	Position/Title:	TREASURER
Last Name:	KAHN	Place of Birth:	
Date of Birth:		SSN:	Click Here to View SSN
Physical Address		Mailing Address	
Street1:	130 EAST 75TH STREET	Street1:	9100 PORT OF SALE MALL
Street2:	APARTMENT 7E	Street2:	STE 15
City:	NEW YORK	City:	ST. THOMAS
State:	NY 10021	State:	VI 00802
Island:		Island:	ST. THOMAS
Country:	United States	Country:	US Virgin Islands
Country of Citizenship:	USA		

1. Have you ever been convicted of a felony or crime involving moral turpitude?

N

2. If YES, explain the nature of the crime, date of conviction, and place of conviction:

Location Information

Location 1:

Physical Address		Mailing Address	
Street1:	18A-1, 18B-1, & 18B EST SMITH	Street1:	6100 RED HOOK QUARTER
Street2:	STE.B3-3 & B-5	Street2:	STE. B-3
City:	ST. THOMAS	City:	ST. THOMAS
State:	VI 00802	State:	VI 00802
Island:	ST. THOMAS	Island:	ST. THOMAS
Country:	US Virgin Islands	Country:	US Virgin Islands
Trade Name/DBA:	SOUTHERN TRUST COMPANY, INC.		

1. Do you have employee(s) at this location?

N

2. Explain in detail the type of proposed business activity for which the license(s) (has/have) been requested.

BUSINESS AND MANAGEMENT CONSULTING

License Information

Location	License Type [Trade name]	Requested Action	Start Date	Expire Date	Status	License Fee	Penalty Amount	Total Fee Amount
18A-1, 18B-1, & 18B EST SMITH, STE.B3-3 & B-5, ST. THOMAS, VI, 00802	Business & Renew Management License		12/01/2017	12/31/2018	Expired	0.00	0.00	0.00

**GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES**
-0-
CHARLOTTE AMALIE, ST. THOMAS, VI 00802

To Whom These Presents Shall Come:

I, the undersigned, LIEUTENANT GOVERNOR, do hereby certify that

FINANCIAL INFOMATICS, INC.

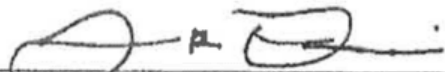
a Virgin Islands corporation, filed in the Office of the Lieutenant Governor on September 21, 2012 as provided for by law. Certificate of Amendment Articles of Incorporation, duly acknowledged: changing its name to

SOUTHERN TRUST COMPANY, INC.

WHEREFORE the said Amendment is hereby declared to have been duly recorded in this office on the aforesaid and to be in full force and effect from that date.



Witness my hand and the seal of the Government of the United States Virgin Islands, at Charlotte Amalie, this 31st day of October, A.D. 2012.



GREGORY R. FRANCIS
Lieutenant Governor of the Virgin Islands

Financial Trust Company, Inc.
EIN # 66-0567418
BALANCE SHEET
December 31, 1999

RECEIVED
 LT. GOV. OFFICE
 2000 JUN 30 1 A 11: 12
 CORPORATIONS

ASSETS		\$ <u>24,472,690</u>
LIABILITIES		\$ 898,779
STOCKHOLDER'S EQUITY		
Common Stock and Paid in Capital		300,000
Retained earnings		<u>23,273,911</u>
		<u>23,573,911</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		\$ <u>24,472,690</u>

STATEMENT OF INCOME
Year Ended December 31, 1999

REVENUES		\$ <u>43,965,458</u>
EXPENSES		<u>264,268</u>
NET INCOME		\$ <u>43,701,190</u>

STATEMENT OF CHANGES IN RETAINED EARNINGS
Year Ended December 31, 1999

BEGINNING RETAINED EARNINGS		\$ 0
NET INCOME		43,701,190
DIVIDEND DISTRIBUTIONS		<u>(20,427,279)</u>
ENDING RETAINED EARNINGS		\$ <u>23,273,911</u>

Financial Trust Company, Inc
EIN #66-0567418
BALANCE SHEET
December 31, 2000

CASH	\$ 83,682,149
INVESTMENTS	101,643,311
FIXED ASSETS	555,875
OTHER ASSETS	1,090,097
TOTAL ASSETS	<u>\$ 186,971,432</u>
ACCOUNTS PAYABLE	\$ 90,101
OTHER LIABILITIES	2,862,561
	<u>2,952,662</u>
STOCKHOLDER'S EQUITY	
Common Stock and Paid-In-Capital	88,279,478
Retained earnings	95,739,292
	<u>184,018,770</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 186,971,432</u>

STATEMENT OF INCOME AND RETAINED EARNINGS
Year Ended December 31, 2000

Investment Income	\$ 30,746,043
Fee Income	<u>44,296,405</u>
Total revenues	<u>75,042,448</u>
General and administrative expenses	1,271,258
Investment expenses	1,305,809
Total expenses	<u>2,577,067</u>
NET INCOME	72,465,381
BEGINNING RETAINED EARNINGS	23,273,911
ENDING RETAINED EARNINGS	<u>\$ 95,739,292</u>

FINANCIAL TRUST COMPANY, INC.

EIN # 66-0567418

BALANCE SHEET

December 31, 2001

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2007 JUN 27 A 10:59

CORPORATIONS

CASH	\$	46,968,234
INVESTMENTS		179,004,937
FIXED ASSETS		437,151
OTHER ASSETS		114,013
TOTAL ASSETS	\$	<u>226,524,334</u>

ACCOUNTS PAYABLE	\$	20,460
OTHER LIABILITIES		<u>1,534,007</u>
		<u>1,554,467</u>

STOCKHOLDER'S EQUITY

Common stock and paid in capital		66,827,613
Retained earnings		<u>158,142,255</u>
		<u>224,969,868</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>226,524,334</u>
--	----	--------------------

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 2001

Investment income	\$	20,995,777
Fee income		46,842,367
Total revenues		<u>67,838,144</u>
General and administrative expenses		1,649,037
Investment expenses		3,786,144
Total expenses		<u>5,435,181</u>
NET INCOME		62,402,963
BEGINNING RETAINED EARNINGS		95,739,292
ENDING RETAINED EARNINGS	\$	<u>158,142,255</u>

FINANCIAL TRUST COMPANY, INC.
 EIN # 66-0567418
 BALANCE SHEET
 December 31, 2003

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 CORPORATIONS

CASH AND CASH EQUIVALENTS	\$	60,042,888
INVESTMENTS		335,370,706
FIXED ASSETS		357,117
OTHER ASSETS		75,899
TOTAL ASSETS	\$	<u>395,646,418</u>
ACCOUNTS PAYABLE	\$	8,906
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		554,489
TOTAL LIABILITIES		<u>563,395</u>
STOCKHOLDER'S EQUITY		
Common stock and paid in capital		28,797,888
Retained earnings		366,285,135
		<u>395,083,023</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>395,646,418</u>

STATEMENT OF INCOME AND RETAINED EARNINGS
 Year ended December 31, 2003

Fee income	\$	58,954,853
Investment income		34,282,912
Total revenues		<u>93,237,765</u>
Investment expenses		1,480,406
General and administrative expenses		1,806,023
Total expenses		<u>3,286,429</u>
NET INCOME		89,951,336
BEGINNING RETAINED EARNINGS		276,333,799
ENDING RETAINED EARNINGS	\$	<u>366,285,135</u>

FINANCIAL TRUST COMPANY, INC.
 EIN # 66-0567418
 BALANCE SHEET
 December 31, 2004

CASH AND CASH EQUIVALENTS	\$	157,181,657
INVESTMENTS		405,285,955
FIXED ASSETS		363,332
OTHER ASSETS		383,762
TOTAL ASSETS	\$	563,214,706

ACCOUNTS PAYABLE	\$	9,753
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		75,726,397
LIABILITIES ON REPURCHASE AGREEMENTS		11,978,000
TOTAL LIABILITIES		87,714,150

STOCKHOLDER'S EQUITY

Common stock and paid in capital		764,808
Retained earnings		474,735,748
		475,500,556

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	563,214,706
--	----	-------------

STATEMENT OF INCOME AND RETAINED EARNINGS
 Year ended December 31, 2004

Fee Income	\$	53,104,052
Investment Income		73,581,555
Total revenues		126,685,607
Investment expenses		16,018,008
General and administrative expenses		2,216,986
Total expenses		18,234,994
NET INCOME		108,450,613
BEGINNING RETAINED EARNINGS		366,285,135
ENDING RETAINED EARNINGS	\$	474,735,748

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 CORPORATIONS

FINANCIAL TRUST COMPANY, INC.
 EIN # 06-0567418
 BALANCE SHEET
 December 31, 2006

CASH AND CASH EQUIVALENTS	\$ 24,682,396
RECEIVABLES	55,225
INVESTMENTS	473,416,997
FIXED ASSETS	310,207
OTHER ASSETS	11,099,766
TOTAL ASSETS	<u>\$ 509,584,590</u>
ACCOUNTS PAYABLE	\$ 956
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED	33,788,422
DUE TO BROKER	43,404
TOTAL LIABILITIES	<u>33,832,781</u>
STOCKHOLDER'S EQUITY	
Common stock and paid in capital	6,764,806
Retained earnings	<u>474,967,000</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 509,584,590</u>

2006
 DEC 31
 474,967,000
 475,731,806
 21

STATEMENT OF INCOME AND RETAINED EARNINGS
 Year ended December 31, 2005

Fee income	\$ 30,879,815
Investment Income	56,854,920
Total revenues	<u>87,734,735</u>
Investment expenses	42,103,848
General and administrative expenses	2,149,835
Total expenses	<u>44,253,483</u>
NET INCOME	43,481,252
BEGINNING RETAINED EARNINGS	474,735,748
Less: DISTRIBUTIONS	43,250,000
ENDING RETAINED EARNINGS	<u>\$ 474,967,000</u>

FINANCIAL TRUST COMPANY, INC.
 EIN # 88-0567418
 BALANCE SHEET
 December 31, 2006

CASH AND CASH EQUIVALENTS	\$	55,700,201
RECEIVABLES		72,092
INVESTMENTS		303,000,394
INVESTMENT IN SUBSIDIARY		117,067,882
FIXED ASSETS		316,672
OTHER ASSETS		11,050,034
TOTAL ASSETS		<u>487,207,276</u>

ACCOUNTS PAYABLE	\$	2,434
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		11,184,465
DUE TO BROKER		43,404
STOCK SUBSCRIPTION PAYABLE		1,000
TOTAL LIABILITIES		<u>11,231,303</u>

STOCKHOLDER'S EQUITY

Common stock and paid in capital
 Retained earnings

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

	2007
	64,808
	475,211,165
	475,975,973
\$	<u>487,207,276</u>

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STATEMENT OF INCOME AND RETAINED EARNINGS
 Year ended December 31, 2006

Fee income	\$	65,984,969
Investment income		8,051,002
Total revenues		<u>74,035,971</u>
Investment expenses		1,954,568
General and administrative expenses		1,337,238
Total expenses		<u>3,291,806</u>
NET INCOME		70,744,165
BEGINNING RETAINED EARNINGS		474,967,000
Less: DISTRIBUTIONS		70,500,000
ENDING RETAINED EARNINGS	\$	<u>475,211,165</u>

FINANCIAL TRUST COMPANY, INC.
 EIN # 66-0567418
 BALANCE SHEET
 December 31, 2007

CASH AND CASH EQUIVALENTS	\$	4,732,504
INVESTMENTS		278,443,231
INVESTMENT IN SUBSIDIARY		133,395,223
FIXED ASSETS		337,839
OTHER ASSETS		59,671,409
TOTAL ASSETS		476,580,206
ACCOUNTS PAYABLE	\$	79
TOTAL LIABILITIES		79
STOCKHOLDER'S EQUITY		
Common stock and paid in capital		764,808
Retained earnings		475,815,319
		476,580,127
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	476,580,206

STATEMENT OF INCOME AND RETAINED EARNINGS
 Year ended December 31, 2007

Fee Income	\$	3,965,864
Investment Income		47,053,611
Total revenues		51,019,475
Investment expenses		233,615
General and administrative expenses		1,452,706
Total expenses		1,686,321
NET INCOME		49,333,154
BEGINNING RETAINED EARNINGS		475,211,165
Less: DISTRIBUTIONS		48,729,000
ENDING RETAINED EARNINGS	\$	475,815,319

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 2008 JUN 30
 CORPORATIONS

FINANCIAL TRUST COMPANY, INC.
 EIN # 66-0567418
 BALANCE SHEET
 As of December 31, 2008

CASH AND CASH EQUIVALENTS	\$	145,493,041
ACCOUNTS RECEIVABLE		5,040,548
RELATED INVESTMENTS		57,717,468
INVESTMENT IN SUBSIDIARY		141,165,001
PROPERTY AND EQUIPMENT, net of depreciation		308,736
OTHER ASSETS		14,495,336
TOTAL ASSETS		364,220,131
ACCOUNTS PAYABLE	\$	8,972
TOTAL LIABILITIES		8,972
STOCKHOLDER'S EQUITY		
Common stock and paid in capital		764,808
Retained earnings		363,446,350
		364,211,159
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	364,220,131

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2008

Fee income	\$	100,000
Related investment income		9,680,688
Other related losses		(105,227,459)
Total revenues		(95,446,771)
Investment expenses		3,440,476
General and administrative expenses		1,981,721
Total expenses		5,422,197
NET LOSS		(100,868,968)
RETAINED EARNINGS, beginning of year		475,815,319
Less: DISTRIBUTIONS		11,500,000
RETAINED EARNINGS, end of year	\$	363,446,350

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 CORPORATIONS

FINANCIAL TRUST COMPANY, INC.
 EIN # 66-0567418
 BALANCE SHEET
 As of December 31, 2009

CASH AND CASH EQUIVALENTS	\$	134,328,728
ACCOUNTS RECEIVABLE		55,417
RELATED INVESTMENTS		53,631,852
INVESTMENT IN SUBSIDIARY		131,432,881
PROPERTY AND EQUIPMENT, net of depreciation		289,829
OTHER ASSETS		14,495,336
TOTAL ASSETS		<u>334,234,043</u>

ACCOUNTS PAYABLE	\$	23,400
TOTAL LIABILITIES		<u>23,400</u>

STOCKHOLDER'S EQUITY

Common stock and paid in capital	764,808
Retained earnings	333,445,836
	<u>334,210,644</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$ 334,234,043

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2009

Fee Income	\$	100,000
Related investment losses		(11,014,238)
Other related losses		
Total revenues		<u>(10,914,238)</u>
Investment expenses		6,752
General and administrative expenses		1,767,524
Total expenses		<u>1,774,276</u>
NET LOSS		(12,688,515)
RETAINED EARNINGS, beginning of year		363,446,350
Less: DISTRIBUTIONS		17,312,000
RETAINED EARNINGS, end of year	\$	<u>333,445,836</u>

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 COOPERATIONS

FINANCIAL TRUST COMPANY, INC.
 EIN # 66-0567418
 BALANCE SHEET
 As of December 31, 2010

CASH AND CASH EQUIVALENTS	\$	28,173,321.80
ACCOUNTS RECEIVABLE		1,455,837.30
RELATED INVESTMENTS		126,843,024
INVESTMENT IN SUBSIDIARY		114,453,570
PROPERTY AND EQUIPMENT, net of depreciation		340,673
OTHER ASSETS		3,889,312
TOTAL ASSETS		275,155,539

ACCOUNTS PAYABLE	\$	845
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		920,000
TOTAL LIABILITIES		920,845

STOCKHOLDER'S EQUITY		
Common stock and paid in capital		764,808
Retained earnings		273,469,886
		274,234,694
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		275,155,539

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2010

Fee Income		00,000
Related investment losses		(18,008,043)
Total revenues		(17,908,043)
Investment expenses		5,365,105
General and administrative expenses		2,124,682
Total expenses		7,489,787
NET LOSS		(25,397,830)
RETAINED EARNINGS, beginning of year		333,445,836
Less: DISTRIBUTIONS	\$	34,578,120
RETAINED EARNINGS, end of year		273,469,886

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 273,469,886
 274,234,694
 275,155,539
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FINANCIAL TRUST COMPANY, INC.
 EIN # 86-0587418
 BALANCE SHEET
 As of December 31, 2011

CASH AND CASH EQUIVALENTS	\$	29,608,037
ACCOUNTS RECEIVABLE		3,743,963
RELATED INVESTMENTS		109,811,863
INVESTMENT IN SUBSIDIARY		97,110,019
PROPERTY AND EQUIPMENT, net of depreciation		304,946
OTHER ASSETS		4,095,397
TOTAL ASSETS		244,674,225
ACCOUNTS PAYABLE	\$	18,109
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		441,517
TOTAL LIABILITIES		459,626
STOCKHOLDER'S EQUITY		
Common stock and paid in capital		764,808
Retained earnings		243,449,791
		244,214,599
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	244,674,225

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2011

Fee Income	\$	100,000
Related Investment losses		(9,228,140)
Total revenues		(9,128,140)
Investment expenses		806,495
General and administrative expenses		2,635,460
Total expenses		3,441,954
NET LOSS		(12,570,094)
RETAINED EARNINGS, beginning of year		273,469,886
Less: DISTRIBUTIONS	\$	17,450,000
RETAINED EARNINGS, end of year		243,449,791

2012 JUN 21 09:11:52
 CORPORATIONS - ST
 REVENUE
 NOV. OFFICE

FINANCIAL TRUST COMPANY, INC.
 EIN # 66-0667418
 BALANCE SHEET
 As of December 31, 2012

CASH AND CASH EQUIVALENTS	\$	29,428,408
ACCOUNTS RECEIVABLE		-
RELATED INVESTMENTS		105,767,562
INVESTMENT IN SUBSIDIARY		72,238,145
PROPERTY AND EQUIPMENT, net of depreciation		264,732
OTHER ASSETS		4,070,632
TOTAL ASSETS		211,789,480
ACCOUNTS PAYABLE	\$	1,230
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		1,263,226
TOTAL LIABILITIES		1,264,456
STOCKHOLDER'S EQUITY		
Common stock and paid in capital		764,808
Retained earnings		209,760,216
		210,525,024
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	211,789,480

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2012

Fee income	\$	
Related investment losses		(12,277,257)
Total revenues		(12,277,257)
Investment expenses		58,508
General and administrative expenses		1,658,291
Total expenses		1,716,799
NET LOSS		(13,984,055)
RETAINED EARNINGS, beginning of year		243,449,791
Less: DISTRIBUTIONS	\$	19,895,520
RETAINED EARNINGS, end of year		209,760,216

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 2013 JUN 27
 CORPORATION - STT
 16

Southern Trust Company, Inc
 EIN # 68-0779861
BALANCE SHEET
 As of December 31, 2012

CASH	\$	1,000
TOTAL ASSETS	\$	<u>1,000</u>

STOCKHOLDER'S EQUITY

Paid in capital stock	\$	1,000
Additional paid in capital		28,624
Accumulated deficit		<u>(27,624)</u>
		<u>1,000</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>1,000</u>

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2012

Income	\$.
Total revenues		<u>.</u>
General and administrative expenses		28,624
Total expenses		<u>28,624</u>
NET LOSS		<u>(28,624)</u>
RETAINED EARNINGS, beginning of year		1,000
Accumulated deficit, end of year		<u>(27,624)</u>

CORPORATIONS - STT

2013 JUN 27 PM 3 16

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Southern Trust Company, Inc
 EIN # 66-0779861
 BALANCE SHEET
 As of December 31, 2013

CASH	\$	43,204,291
INVESTMENTS		6,128,668
INVESTMENT IN SUBSIDIARY		149,176,706
FIXED ASSETS		36,679
OTHER ASSETS		217

TOTAL ASSETS	\$	<u>198,546,562</u>
--------------	----	--------------------

ACCOUNTS PAYABLE	\$	20,261
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		165,874

TOTAL LIABILITIES		<u>186,136</u>
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STOCKHOLDER'S EQUITY		
Paid in capital stock	\$	1,000
Additional paid in capital		140,632,627
Retained earnings		57,726,799
		<u>198,360,426</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>198,546,562</u>
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STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2013

Fee income	\$	51,000,000
Related investment losses		(48,972)
Income from subsidiary		8,572,703

Total revenues		<u>59,523,732</u>
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General and administrative expenses		1,769,308
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Total expenses		<u>1,769,308</u>
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NET INCOME		57,754,423
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ACCUMULATED DEFICIT, beginning of year		(27,624)
--	--	----------

RETAINED EARNINGS, end of year		<u>57,726,799</u>
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Southern Trust Company, Inc
 EIN # 66-0779861
BALANCE SHEET
 As of December 31, 2014

CASH	\$	90,800,807
INVESTMENTS		7,795,584
INVESTMENT IN SUBSIDIARY		242,629,146
FIXED ASSETS		305,684
OTHER ASSETS		14,841
 TOTAL ASSETS	 \$	 <u><u>341,546,062</u></u>
 ACCOUNTS PAYABLE	 \$	 2,353
LIABILITIES ON SECURITIES SOLD NOT YET PURCHASED		2015 2,353
 TOTAL LIABILITIES		 <u>2,353</u>
STOCKHOLDER'S EQUITY		
Paid in capital stock	\$	1,000
Additional paid in capital		232,135,641
Retained earnings		109,407,068
		<u>341,548,709</u>
 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	 \$	 <u><u>341,546,062</u></u>

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2014

Fee income	\$	70,000,000
Related investment losses		298,685
Income from subsidiary		-15,091,964
 Total revenues		 <u>55,206,721</u>
General and administrative expenses		3,526,452
 Total expenses		 <u>3,526,452</u>
 NET INCOME		 51,680,269
RETAINED EARNINGS, beginning of year		57,726,799
RETAINED EARNINGS, end of year		<u><u>109,407,068</u></u>

Southern Trust Company, Inc.
 EIN # 66-0779861
 BALANCE SHEET
 As of December 31, 2015

CASH	\$	113,987,756
INVESTMENTS		27,490,266
INVESTMENT IN SUBSIDIARY		248,546,705
FIXED ASSETS		488,922
OTHER ASSETS		1,464,841
TOTAL ASSETS	\$	<u>391,978,490</u>
 ACCOUNTS PAYABLE	 \$	 19,573
TOTAL LIABILITIES		<u>19,573</u>
STOCKHOLDER'S EQUITY		
Paid in capital stock	\$	1,000
Additional paid in capital		232,497,683
Retained earnings		159,460,234
		<u>391,958,917</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>391,978,490</u>

2016 JUN 22 PM 8:41
 STATE OF CONNECTICUT
 DEPARTMENT OF REVENUE

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STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2015

Fee income	\$	54,999,980
Related investment losses		968,581
Income from subsidiary		5,895,337
Total revenues		<u>61,863,898</u>
General and administrative expenses		3,949,981
Total expenses		<u>3,949,981</u>
NET INCOME		57,913,917
RETAINED EARNINGS, beginning of year		109,407,068
Distributions		(7,860,752)
RETAINED EARNINGS, end of year	\$	<u>159,460,234</u>

Southern Trust Company, Inc.
 EIN # 66-0779861
 BALANCE SHEET
 As of December 31, 2016

CASH	\$	19,010,282
INVESTMENTS		76,609,526
INVESTMENT IN SUBSIDIARY		258,719,383
FIXED ASSETS		208,062
OTHER ASSETS		5,033,118
TOTAL ASSETS	\$	<u>359,580,371</u>
ACCOUNTS PAYABLE	\$	12,511
TOTAL LIABILITIES		<u>12,511</u>
STOCKHOLDER'S EQUITY		
Paid in capital stock	\$	1,000
Additional paid in capital		224,997,683
Retained earnings		134,569,177
		<u>359,567,860</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>359,580,371</u>

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 CORPORATIONS - STT
 2017

STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2016

Related investment losses	\$	2,591,534
Income from subsidiary		14,115,694
Total revenues		<u>16,707,228</u>
General and administrative expenses		3,598,285
Total expenses		<u>3,598,285</u>
NET INCOME		13,108,943
RETAINED EARNINGS, beginning of year		159,460,234
Distributions		(38,000,000)
RETAINED EARNINGS, end of year	\$	<u>134,569,177</u>

Southern Trust Company, Inc.
 EIN # 66-0779861
 BALANCE SHEET
 As of December 31, 2017

CASH		\$	40,399,078
INVESTMENTS			102,770,759
INVESTMENT IN SUBSIDIARY			244,153,227
FIXED ASSETS			182,364
OTHER ASSETS			3,753,118
TOTAL ASSETS		\$	<u>391,258,547</u>
ACCOUNTS PAYABLE		\$	2,100
LOAN PAYABLE			30,500,000
TOTAL LIABILITIES			<u>30,502,100</u>
STOCKHOLDER'S EQUITY			
Paid in capital stock		\$	1,000
Additional paid in capital			2,248,643
Retained earnings			
Merger			183,198,348
Accumulated			<u>175,308,455</u>
			<u>360,756,446</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		\$	<u>391,258,547</u>

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STATEMENT OF INCOME AND RETAINED EARNINGS
 For the year ended December 31, 2017

Fee Income		\$	8,000,000
Related investment losses			9,544,836
Income from subsidiary			25,744,256
Total revenues			<u>43,289,092</u>
General and administrative expenses			2,549,814
Total expenses			<u>2,549,814</u>
NET INCOME			40,739,278
RETAINED EARNINGS, beginning of year			134,569,177
RETAINED EARNINGS, end of year		\$	<u>175,308,455</u>

Southern Trust Company, Inc.
BALANCE SHEET
As of December 31, 2018

CASH	\$	16,275,818
INVESTMENTS		135,679,624
INVESTMENT IN SUBSIDIARY		211,827,058
FIXED ASSETS		278,093
OTHER ASSETS		3,753,118
TOTAL ASSETS	\$	<u>367,813,711</u>
ACCOUNTS PAYABLE	\$	15,969
LOAN PAYABLE		20,500,000
TOTAL LIABILITIES		<u>20,515,969</u>
STOCKHOLDER'S EQUITY		
Paid in capital stock	\$	1,000
Additional paid in capital		2,248,643
Retained earnings		<u>345,048,099</u>
		<u>347,297,742</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>367,813,711</u>

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Southern Trust Company, Inc.
STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended December 31, 2018

Related Investment losses	\$ 7,180,258
Income from subsidiary	18,939,854
Total revenues	<u>26,120,112</u>
General and administrative expenses	7,279,141
Total expenses	<u>7,279,141</u>
NET INCOME	18,840,970
RETAINED EARNINGS, beginning of year	358,506,045
Distributions	(32,298,917)
RETAINED EARNINGS, end of year	<u>\$ 345,048,099</u>

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990-PF

COPY

Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

Do not enter social security numbers on this form as it may be made public. Go to www.irs.gov/Form990PF for instructions and the latest information.

2018

Open to Public Inspection

For calendar year 2018 or tax year beginning

2018, and ending

EASTERN VIRGIN ISLANDS FOUNDATION, INC (ORGANIZED EDUCATION) 1000 ESTATE THOMAS SUITE #101 ST THOMAS, VI 00802

A Employer identification number 66-0585379
B Telephone number (see instructions) 340-779-2564
C If exemption application is pending, check here
D 1 Foreign organizations, check here
2 Foreign organizations meeting the 85% test, check here and attach computation
E If private foundation status was terminated under section 507(b)(1)(A), check here
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

G Check all that apply: Initial return, Final return, Address change, Initial return of a former public charity, Amended return, Name change
H Check type of organization: Section 4947(a)(1) nonexempt charitable trust, Section 501(c)(3) exempt private foundation, Other taxable private foundation
I Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 613,679
J Accounting method: Cash, Accrual, Other (specify)

Part I Analysis of Revenue and Expenses

Table with 4 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes (cash basis only). Rows include Revenue (1-11) and Operating and Administrative Expenses (13-27).

RECEIVED NOV 15 2019 VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE ST THOMAS VI

BAA For Paperwork Reduction Act Notice, see Instructions.

TEEA0301L 12/12/18

Form 990-PF (2018)

See Federal Supplemental Information attached.

2018

FEDERAL SUPPLEMENTAL INFORMATION

PAGE 1

CLIENT VIRGINIS

J. EPSTEIN VIRGIN ISLANDS FOUNDATION, INC
(ENHANCED EDUCATION)

66-0585379

11/15/19

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NOTE TO PAGE 1, BOX H

IN NOVEMBER 2019 THIRD PARTIES ADVISED THE TRUSTEES OF JEVIF THAT THE ENTITY'S NON-PROFIT STATUS HAD BEEN REVOKED. THE IRS CONFIRMED THAT IRS RECORDS REFLECT THAT THE ENTITY'S NON-PROFIT STATUS HAD BEEN REVOKED. JEVIF AND ITS BOARD OF TRUSTEES WERE UNAWARE OF THE REVOCATION. CONSISTENT WITH ITS PRIOR HISTORY OF TIMELY FILING ITS FORMS 990-PF FOR EACH OF THE YEARS OF ITS OPERATION WITH THE VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE, AND TO MEET ITS STATUTORY OBLIGATION TO FILE, JEVIF IS FILING THE 2018 FORM 990-PF TIMELY WITH THE VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE WHILE IT COMPLETES ITS INVESTIGATION INTO THE STATUS OF JEVIF. TO THE BEST OF THE BOARD'S KNOWLEDGE, AND SUBJECT TO THE INFORMATION CONTAINED IN THIS STATEMENT, ALL OF THE INFORMATION CONTAINED IN THE RETURN IS TRUE, CORRECT AND COMPLETE AS OF THE DATE OF FILING.

2018

FEDERAL STATEMENTS

PAGE 1

CLIENT VIRGINIS

J. EPSTEIN VIRGIN ISLANDS FOUNDATION, INC
(ENHANCED EDUCATION)

66-0585379

11/13/19

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STATEMENT 1
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
COMMUNICATIONS.....	\$ 99,996.			\$ 99,996.
CONSULTING EXPENSE.....	165,000.			165,000.
INSURANCE.....	614.			614.
TRAVEL.....	6,821.			6,821.
TOTAL	\$ 272,431.	\$ 0.	\$ 0.	\$ 272,431.

STATEMENT 2
FORM 990-PF, PART II, LINE 6
RECEIVABLES DUE FROM OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

RECEIVABLES REPORTED SEPARATELY	BOOK VALUE	FAIR MARKET VALUE
BALANCE DUE:	\$ 160,000.	\$ 160,000.
TOTAL	\$ 160,000.	\$ 160,000.

STATEMENT 3
FORM 990-PF, PART II, LINE 15
OTHER ASSETS

	BOOK VALUE	FAIR MARKET VALUE
CELLO.....	\$ 165,676.	\$ 165,676.
TOTAL	\$ 165,676.	\$ 165,676.

STATEMENT 4
FORM 990-PF, PART VII-A, LINE 8B
COPIES OF FORM 990-PF TO STATE OFFICIALS

THERE IS NO STATE TAX FILING REQUIREMENT.