



KELLERHALS FERGUSON FLETCHER KROBLIN

9100 PORT OF SALE MALL
SUITE 15
ST. THOMAS, VI 00802-3602



August 21, 2013

Via Hand-Delivery

Ms. Jeanne Brennan
Southern Trust Company, Inc.
American Yacht Harbor
2nd Floor
St. Thomas, V.I. 00802

Re: *Southern Trust Company, Inc.*

Dear Ms. Brennan:

Enclosed please find two original Certificates for Southern Trust Company, Inc. that we received from the Economic Development Commission. Please have Jeffrey Epstein execute both originals and return to us for further processing.

Please contact me with any questions.

Sincerely,

Gina M. Bryan
Office Manager

/gmb

Enclosures



WWW.USVIEDA.ORG 1 800 432-8784

**GOVERNMENT OF THE TERRITORY OF THE VIRGIN ISLANDS
OF THE UNITED STATES
ECONOMIC DEVELOPMENT CERTIFICATE**

SOUTHERN TRUST COMPANY, INC.
(Beneficiary)

Pursuant to the authority vested in me as the Chairman of the Virgin Islands Economic Development Commission (hereinafter the "Commission") by Title 29 Virgin Islands Code, Chapter 12 and in the name of the Government of the Virgin Islands of the United States, I do hereby issue this certificate to Southern Trust Company, Inc. (hereinafter the "Beneficiary") whose application for Economic Development Benefits was accepted by the Chief Executive Officer of the Economic Development Authority on October 25, 2012. The Commission finds that the Beneficiary is an eligible new Beneficiary pursuant to Section 715-3 (b) of the Commission's Rules and Regulations. The grant of benefits hereinafter described is for the Beneficiary or any successors approved by the Commission to conduct the operation of a Category IIA designated service business providing extensive DNA database and develops a data-mining platform for the database to be available through the Internet. All of the Applicant's clients will be located outside the U.S. Virgin Islands.

This certificate is subject to the acceptance of and full compliance by the Beneficiary with all the following general, standard, and special conditions, and the timely performance and observance of the same by the Beneficiary:

I. The Beneficiary shall invest in this business in the Virgin Islands of the United States not less than the amount of Four Hundred Thousand U.S. Dollars (\$400,000) in the benefited business upon commencement of benefits and completing one (1) year thereafter

II. 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 U.S. 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.



Economic Development Certificate

Thereafter, the Beneficiary must comply with the requirement that at least eighty percent (80%) of all employees of the Beneficiary must be Virgin Islands residents as defined in 703(e), 29 V.I.C. and provided that not less than twenty percent (20%) shall be in the areas of management, supervisory and/or technical positions filled by residents of the Virgin Islands, pursuant to Title 29, Chapter 12, Section 710(a).

III. The following standard conditions shall apply:

1. Beneficiary shall comply with any and all reasonable requests during regular working hours of the Commission, the Virgin Islands Department of Finance, the Virgin Islands Bureau of Audit and Control, Virgin Islands Department of Labor, Virgin Islands Department of Licensing and Consumer Affairs, and the Virgin Islands Bureau of Internal Revenue.

2. This certificate is conditioned upon the final determination of the Secretary of the Treasury of the United States or his designee, of compliance of the Beneficiary with the requirements of Section 934 of the United States Internal Revenue Code of 1986, as amended, if applicable.

3. Beneficiary shall fully and actually comply and continue to comply with all the applicable provisions of Title 29, Chapter 12 of the Virgin Islands Code, the regulations issued pursuant thereto, and all other applicable local and federal laws and regulations, including but not limited to those dealing with non-discrimination and veterans' employment rights.

4. Beneficiary shall particularly comply, and continue to comply with federal and local laws, which establish standards of ecological and environmental compatibility, with rules and regulations of the Director of the Virgin Islands Bureau of Internal Revenue, and with the rules and regulations of the Economic Development Program.

5. Beneficiary shall particularly comply, with Section 8 of Act No. 5768, which provides that the Beneficiary shall maintain payroll accounts, from which local employees are paid, in a bank licensed and conducting business in the United States Virgin Islands.

6. This certificate shall be effective only for so long as the Beneficiary continues to observe and perform each and every condition in this certificate.

Economic Development Certificate

7. Upon a written finding by the Commission, after a hearing if required, that the Beneficiary has failed to observe the conditions in this Certificate, or to comply with any of the time limits provided in this certificate or otherwise provided by law, and upon such further finding that such failure is not due to an act of God, a “force majeure,” or to the reliance in good faith by the Beneficiary, on a false statement by a third party unrelated to the Beneficiary, then the Certificate may be revoked, suspended or modified by the Commission pursuant to 29 V.I.C. Section 722. If the Beneficiary is found to have made false or fraudulent statements or representations or false claims for benefits, then pursuant to 29 V.I.C. Section 725 the Beneficiary shall pay or refund, as the case may be, to the Government of the Virgin Islands of the United States, the amount of every and all benefits received under the Certificate after the commencement dates specified herein; provided however that the Commission may for good cause shown, grant extensions of any such time periods as may be permitted, such extensions to be evidenced by an amendment to this certificate. The hearings and findings are referred to in Code Section 722 and Subchapter 722 of the Rules and Regulations. Nothing in this section shall be construed to limit the Commission’s rights, duties and responsibilities under Title 29 V.I. Code Section 722 or Subchapter 722 of the Regulations.

8. Beneficiary shall commence the active conduct of the business for which this certificate was granted within one (1) year of approval by Governor, unless otherwise provided or unless the business has already commenced.

9. Any new shareholders, partners, owners, members or beneficiaries added to the entity after its application has been approved may not claim benefits under the Economic Development Program without the prior written approval of the Economic Development Commission.

IV. The following special conditions shall apply:

1. The Beneficiary will make a minimum charitable contribution of Fifty Thousand U.S. Dollars (\$50,000), annually. The Beneficiary will donate Three Thousand U.S. Dollars (\$3,000) annually to the Territorial Scholarship Fund pursuant to Act No. 6842. Additionally, the Beneficiary will donate fifty percent (50%) of its annual charitable contribution to public school programs and initiatives pursuant to Title 29 §708(m).
2. The Beneficiary will contribute Two Thousand Five Hundred U.S. (\$2,500) annually to the Department of Labor, to be managed in collaboration with the EDA, for the creation, development, management, and maintenance of a database



Economic Development Certificate

designed to recruit Virgin Islanders living abroad who desire to move back to the U.S. Virgin Islands, pursuant to Section 5 of Act No. 7301, as applicable.

3. The Beneficiary will contribute Two Thousand Five Hundred U.S. 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.
4. The Beneficiary will provide its full-time employees and dependents with one hundred percent (100%) employer paid medical and dental insurance coverage.
5. The Beneficiary will provide each eligible full-time employee with a minimum of Fifty Thousand U.S. Dollars (\$50,000) employer paid term life insurance.
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.
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 (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 the 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.
8. The Beneficiary will comply with the management training program as approved by the Economic Development Commission.
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 \$5000 depending on the grade achieved with 100% for an "A"; 75% for a "B"; and 50% for a "C".

Economic Development Certificate

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 Title 29 §708(p).
11. The Beneficiary will establish and maintain a Donated Leave Program similar to the program established under Title 3, Chapter 25, Section 583b, Virgin Islands Code, in accordance with Title 29 §708(s).
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 Title 29, Virgin Islands Code 708(r).
13. In accordance with and subject to Virgin Islands law, Title 29 Virgin Islands Code Chapter 12, Section 708(h) and applicable rules and regulations of the Economic Development Commission, with regard to the Eligible Supplier Program, the Beneficiary will purchase all goods and services from U.S. Virgin Islands entities duly licensed and in good standing under the laws of the Virgin Islands, whenever available, to the greatest extent possible.

V. Specifically Excluded Trade of Business:

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



WWW.USVIEDA.ORG 1 800 432-8784

Economic Development Certificate

THEREFORE, pursuant to the public hearing on this Beneficiary's application on November 15, 2012, and the Commission meetings held January 23, 2013, and based upon the representations of the Beneficiary made orally and in writing and as agreed to herein, the Commission, with the prior approval of the Governor of the Virgin Islands of the United States herein enters into this Benefits Certificate with the Beneficiary that if the Beneficiary complies with the conditions herein, the provisions of Title 29 V.I. Code, Chapter 12 as existing on the date of the Governor's approval, the Rules and Regulations of the Commission promulgated in accordance with Title 29 V.I. Code Section 705(f) and all applicable laws and regulations of the Territory of the Virgin Islands of the United States and of the United States of America, then the Commission hereby grants the benefits stated in Appendices and Sub-Appendices A to C inclusive to commence and terminate as stated in each signed Appendix.

IN WITNESS HEREWITH, the parties hereunto set their hands and seals on the dates noted below:

Witness	Date: _____
Witness	Albert Bryan, Jr., Chairman Economic Development Commission
Witness	<u>Southern Trust Company, Inc.</u>
Witness	Accepted by: _____
Witness	Name and Title: _____ Date: _____





WWW.USVIEDA.ORG 1 800 432-8784

GOVERNMENT OF THE TERRITORY OF THE VIRGIN ISLANDS
OF THE UNITED STATES
ECONOMIC DEVELOPMENT CERTIFICATE
APPENDIX A:
USVI INCOME, GROSS RECEIPT AND EXCISE TAXES

NAME: Southern Trust Company, Inc.
PHYSICAL AND MAILING ADDRESS: 6100 Red Hook Quarter, Suite B-3, St.
Thomas U.S. Virgin Islands 00802
TELEPHONE: [REDACTED] **Fax:** [REDACTED]

NATURE AND EXTENT OF BENEFITS:

USVI Income Taxes: 90% percent exemption

USVI Gross Receipt Taxes: 100% percent exemption

USVI Excise Taxes (Raw Materials): 100% exemption from excise taxes (except gasoline taxes) on raw materials and component parts used by the Beneficiary in its production process.

USVI Excise Taxes (Equipment, Machinery): 100% exemption from excise taxes on building materials, tools, pipes, conveyor belt, or other appliances, material, and supplies necessary for use in the construction, alteration, reconstruction or extension of the physical plant or facilities of the Beneficiary.

In the case of hotels, the excise tax exemption shall not apply to original or replacement furnishing. "Furnishings" means furniture and fixtures (§713-4(b))

COMMENCEMENT DATES OF BENEFITS:

USVI Income Taxes: February 1, 2013

USVI Gross Receipt Taxes: February 1, 2013

USVI Excise Taxes (Raw Materials): N/A

USVI Excise Taxes (Equipment, Machinery): February 1, 2013

TERMINATION DATES OF BENEFITS:

USVI Income Taxes: January 31, 2023

USVI Gross Receipt Taxes: January 31, 2023

USVI Excise Taxes (Raw Materials): N/A

USVI Excise Taxes (Equipment, Machinery): January 31, 2023

AUTHORITY FOR BENEFITS:

Title 29 V.I. Code Sections 713b, 713a (a) (2), 713a (a) (3);

Title 33 V.I. Code Section 43d

Chief Executive Officer, EDA: _____ **Date:** _____



GOVERNMENT OF THE TERRITORY OF THE VIRGIN ISLANDS
OF THE UNITED STATES
ECONOMIC DEVELOPMENT CERTIFICATE

APPENDIX A1:
USVI WITHHOLDING TAX ON DIVIDENDS AND INTEREST

NAME: Southern Trust Company, Inc.
PHYSICAL AND MAILING ADDRESS: 6100 Red Hook Quarter, Suite B-3, St.
Thomas U.S. Virgin Islands 00802
TELEPHONE: [REDACTED] Fax: [REDACTED]

NATURE AND EXTENT OF BENEFITS:
Dividend Withholding Tax Exemption in accordance with Title 29 V.I. Code Section 713d
Interest Withholding Tax Exemption in accordance with Title 29 V.I. Code Section 713d

<u>Member</u>	<u>Address</u>	<u>Owned</u>
Jeffrey Epstein	6100 Red Hook Quarter, B3 St. Thomas, VI 00802	100%

COMMENCEMENT DATE OF BENEFITS:

Dividend Withholding Tax Exemption: February 1, 2013
Interest Withholding Tax Exemption: February 1, 2013

TERMINATION DATE OF BENEFITS:

Dividend Withholding Tax Exemption: January 31, 2023
Interest Withholding Tax Exemption: January 31, 2023

AUTHORITY FOR BENEFITS: Title 29 V.I. Code Section 713d

Chief Executive Officer, EDA: _____ Date: _____



GOVERNMENT OF THE TERRITORY OF THE VIRGIN ISLANDS
OF THE UNITED STATES
ECONOMIC DEVELOPMENT CERTIFICATE

APPENDIX B:
USVI REAL PROPERTY TAXES

NAME: Southern Trust Company, Inc.
PHYSICAL AND MAILING ADDRESS: 6100 Red Hook Quarter, Suite B-3, St.
Thomas U.S. Virgin Islands 00802
TELEPHONE: [REDACTED] Fax: [REDACTED]

NATURE AND EXTENT OF BENEFITS:
Real Property Taxes: 100% exemption of taxes on real property used for the business of
operating a designated service business.

PARCEL(S) EXEMPTED:

COMMENCEMENT DATE OF BENEFITS:

Real Property Tax Exemption Starts: N/A

TERMINATION DATE OF BENEFITS:

Real Property Tax Exemption Terminates: N/A

AUTHORITY FOR BENEFITS: Title 29 V.I. Code Section 713a (a) (1)

Chief Executive Officer, EDA: _____ Date: _____



GOVERNMENT OF THE TERRITORY OF THE VIRGIN ISLANDS
OF THE UNITED STATES
ECONOMIC DEVELOPMENT CERTIFICATE

APPENDIX C:
CUSTOMS DUTIES

NAME: Southern Trust Company, Inc.
PHYSICAL AND MAILING ADDRESS: 6100 Red Hook Quarter, Suite B-3, St.
Thomas U.S. Virgin Islands 00802
TELEPHONE: [REDACTED] Fax: [REDACTED]

NATURE AND EXTENT OF BENEFITS:

V.I. Customs Duties to be assessed on raw materials and component parts brought into the USVI by the Beneficiary for the purpose of producing, creating, or assembling an article, good or commodity as a result of industrial or manufacturing processing such raw materials or components parts shall be imported into the United States Virgin Islands at a customs duty rate of one percent (1%).

COMMENCEMENT DATE OF BENEFITS:

Customs Duties Reduction Begins: N/A

TERMINATION DATE OF BENEFITS:

Customs Duties Reduction Terminates N/A

AUTHORITY FOR BENEFITS: Title 29 V.I. Code Section 713c

Chief Executive Officer, EDA: _____ Date: _____

