



January 29, 2016

VIA: ELECTRONIC DELIVERY ([REDACTED])

Janice E. Cole
VP Business Affairs
Island Global Yachting, Ltd.

**RE: IGY-AYH St. Thomas Holdings, LLC d/b/a American Yacht Harbor
Required Disclosures for Beneficial Owners**

Dear Ms. Cole:

You have requested that we provide a full list of disclosure requirements necessary to complete an application for Economic Development Benefits from the Economic Development Authority of the U.S. Virgin Islands (“EDA”).

An application for Economic Development Benefits, including an application for renewal or extension, requires that each beneficial owner, whether direct or indirect,¹ of an applicant that owns five percent (5%) or more of the benefitted business (hereinafter referred to as a “Beneficial Owner”) must make all required information and documentary disclosures listed below. As part of every application the EDA requests that the applicant provide a comprehensive and complete corporate structure chart that shows the applicant’s ownership structure including the individuals that receive (or are entitled to receive) the income or losses from the applicant – these individuals, to the extent that they receive or are entitled to receive, five percent (5%) or more of the applicant’s income, are considered the Beneficial Owners, and these individuals are required to make the disclosures described below. Beneficial Owners are required to make these disclosures regardless of whether they are bona fide residents of the Virgin Islands and regardless of whether they are taking individual benefits from the applicant.

The required disclosures are as follows:

1. Each Beneficial Owner must complete, sign and notarize the Truth and Authorization Form provided by the EDA. This form is a certification from the Beneficial Owner that the materials in the application are true and correct and further the form authorizes representatives within the EDA, and third party services providers, to conduct background checks on the Beneficial Owners. We have attached a copy of the most recent Truth and Authorization Form for your review.
2. Each Beneficial Owner must provide copies of their last three years’ tax returns. Our firm always provides these tax returns under separate cover and with request that the tax returns be treated with confidentiality within the EDA.²
3. Each Beneficial Owner must complete and submit a Form 8821 allowing the EDA to request information from the Bureau of Internal Revenue of the U.S. Virgin Islands (not the U.S. Internal Revenue Service) regarding the Beneficial Owner’s tax filings.
4. Each Beneficial Owner must provide a short biography and list his or her date of residency in the U.S. Virgin Islands, if any.

¹ This would include Andrew Farkas, as the General Partner.

² Please note that parent entities of the applicant are also required to submit tax returns if such entities file tax returns.

To our knowledge, the EDA no longer allows any exceptions, changes or leeway around these requirements as had been common practice in prior administrations. At this time, we do not see applications moving forward without all of the above described disclosures made to the EDA.

Please feel free to contact us if you have any additional questions or concerns.

Yours Truly,

Erika A. Kellerhals
Kellerhals Ferguson Kroblin PLLC

cc: Thomas Mukamal, IGY-AYH St. Thomas Holdings, LLC
Greg J. Ferguson, Kellerhals Ferguson Kroblin PLLC

Encs.