

COMMITTEE ON ECONOMIC DEVELOPMENT,
AGRICULTURE AND PLANNING

02/04/2014-FORWARDED OUT TO THE COMMITTEE ON RULES AND JUDICIARY

BILL NO. 30-0302

Thirtieth Legislature of the Virgin Islands

January 9, 2013

An Act amending the Virgin Islands Code, title 29, chapter 14 to rename the Government Development Bank as the Economic Development Bank; and amending title 11, chapter 23 to merge the Government Development Bank and the Small Business Development Agency

PROPOSED BY: Senator Shawn-Michael Malone

1 *Be it enacted by the Legislature of the Virgin Islands:*

2 **SECTION 1.** Title 29, Virgin Islands Code chapter 14, section 901(a) is hereby
3 amended by deleting “The Government Development Bank for the United States Virgin
4 Islands” and replacing with “The Economic Development Bank for the United States Virgin
5 Islands.”

6 **SECTION 2.** Wherever it appears in the Virgin Islands Code, the “Government
7 Development Bank” established in title 29 Virgin Islands, section 901, shall be renamed,
8 replaced with and shall be referred to as the “Economic Development Bank”.

9 **SECTION 3.** Title 29 Virgin Islands Code, chapter 14 is amended in the following
10 instances:

11 “(a) Section 902 is deleted in its entirety and replaced with the following:
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1 (E) To encourage large corporate investments, facilitate employment growth
2 opportunities and promote the location of financial services within the United States
3 Virgin Islands;

4 (F) To compile financial, economic, statistical and other related data on the
5 banking industry in the United States Virgin Islands, and to disseminate this
6 information;

7 (G) To invest its funds in readily marketable securities; or other such
8 instruments;

9 (H) To borrow money and contract debts for its corporate purposes upon such
10 terms and conditions as the Bank may from time to time determine, with or without
11 security; to dispose of its obligations evidencing such borrowing; to make, execute and
12 deliver trust indentures and other agreements with respect to any such borrowing,
13 contracting of debt, issuance of bonds, including industrial development bonds, notes,
14 debentures or other obligations; and by the authority of the Government of the United
15 States Virgin Islands, which is hereby granted, to issue it bonds, notes, debentures or
16 other obligations in such form secured in such manner and subject to terms of
17 redemption with or without premiums, and to sell the name at public or private sale of
18 such price or prices, all as may be determined by its Board of Directors;

19 (I) To serve as fiscal agent or broker for United States Virgin Islands'
20 enterprises seeking to qualify for grants, loans or any other form of financial or other
21 assistance for the Federal Government or any of its departments, agencies or
22 instrumentalities;

23 (J) To exercise all incidental powers as may be necessary to facilitate the
24 purposes of the Bank and the Small Business Development Agency;

25 (K) It will be the policy of the Bank to sell its papers, notes, instruments,
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1 mortgages, bonds, debentures or equity share purchased by the Bank as soon as it seems
2 warranted by the Board of Directors in order to free funds for further economic
3 development projects. The Board of Directors shall determine the length of time upon to
4 which equity shares may be held. It shall also be the policy of the Bank to encourage and
5 enter into joint financing with other GDB/SBDAs chartered or doing business under the
6 Laws of the Virgin Islands and any other states of the United States.

7 (L) It will be the policy of the Bank to sell its papers, notes, instruments,
8 mortgages, bonds, debentures or equity shares purchased by the Bank as soon as it
9 seems warranted by the Board of Directors in order to free funds for further economic
10 development projects. The Board of Directors shall determine the length of time upon
11 which equity shares may be held. It shall also be the policy of the Bank to encourage and
12 enter into joint financing with other Banks chartered or doing business under the Laws
13 of the United States Virgin Islands and any of the United States.

14 (M) The Bank Board shall administer the Small Business Incubator Program
15 established in Title 11 Virgin Islands Code, chapter 23, subchapter II and may
16 promulgate rules and regulations and exercise all powers necessary to carry out the
17 purposes of the of the Program.

18 **Fourth:** The Bank shall have the following powers:

19 (A) To have a common seal and to alter the same from time to time;

20 (B) To acquire property for its corporate purposes by grant, gift, purchase,
21 device or bequest, and to hold and to exercise the rights of ownership of and to dispose
22 of the same;

23 (C) To acquire any property in settlement or reduction of debts previously
24 made in the course of its business where such acquisition is necessary to minimize or
25 avoid loss in connection therewith, to hold, deal with, complete, improve, insure, rent,
26 and/or sell for cash or credit upon such terms, conditions and consider for such terms,

1 conditions and consider for such periods and terms as the Board of Directors may deem
2 advisable, to exercise the rights of ownership of and to dispose of the same;

3 (D) To establish one or more branches, offices or agencies necessary or
4 convenient for the transaction of its business within or without the United States Virgin
5 Islands.

6 (E) To purchase, hold, lease, mortgage and convey real property as follows:
7 (1) a plot whereon there is or may be erected a building suitable for the transaction of its
8 business, from portions of which not required for its own use a revenue may be derived;
9 (2) such real estate as may be conveyed to it in settlement or reduction of debts
10 previously contracted or in exchange for investments previously made in the course of
11 its business; and (3) such as it shall purchase or otherwise acquire at sale under
12 judgments, decrees or mortgages held by it; provided, however, that the Board of
13 Directors shall determine the time period within that real property purchased or acquired
14 may be sold, except as maybe used for the business and transaction of its business.

15 (F) To be sued and be sued;

16 (G) To appoint, employ and contract for the services of officers, agents and
17 employees and professional assistants and to pay such compensation for their services as
18 the Bank may determine; and to fix and pay Director's fees;

19 (H) To exercise such other corporate powers, not inconsistent herewith, as are
20 conferred upon corporations by the laws of the United States Virgin Islands and to
21 exercise all powers within and without the United States Virgin Islands to the same
22 extent as natural persons might or could do.

23 (I) To be exempt from the statute of limitation laws as stated in Virgin
24 Islands Code, title 5, chapter 3, section 31. The Bank and/or the Small Business
25 Development Agency may bring an action for the default at any time.

1 (J) To administer the Small Business Incubator Program established in Title
2 11 Virgin Islands Code, chapter 23, subchapter II and may promulgate rules and

3 (K) regulations and exercise all powers necessary to carry out the purpose of
4 the Program.

5 **Fifth:** The affairs of the Bank and the Small Business Development Agency shall be
6 managed and its corporate powers exercised by the Governing Board of the Economic
7 Development Authority.

8 **Sixth:** The Board of Directors, by the affirmative vote of a majority of the whole Board,
9 may adopt, add to, amend, alter or repeal By-Laws of the Bank, not inconsistent with law,
10 providing for the management of the business of the Bank, the regulation of its affairs, the
11 organization, conduct and meetings of the Board of Directors, notice of meeting of the Board of
12 Directors and waivers of notice, the appointment of committees of the Board of Directors and
13 the power of such committees, the number, titles qualifications, terms, election or appointment,
14 removal and duties of officers, the form of the seal of the Bank, and the preparation and
15 submission to the Governor, Legislature and the Bank Board of annual and other reports; and
16 provided, however, that the By-Laws shall not be added to, amended or altered, nor shall any
17 By-Laws be repealed at any meeting of the Board of Directors unless notice of the proposed
18 addition, amendment, alternation or repeal shall have been delivered or mail to each director at
19 least one week before such meeting.

20 **Seventh:** The Bank shall not make any loans to its directors, or to any privately-owned
21 enterprise in which one or more of the directors, or officers, agents or employees own any stock
22 or equitable interest in excess of 25% therein. The Bank shall not make any loans guaranteed by
23 a director, officer, agent or employee, except in each case with the unanimous approval of all
24 the directors, exclusive of any interested director or directors, present at any meeting of the
25 Board of Directors attended by at least 75% of the full Board, exclusive of any interested
26 director or directors shall be excused during consideration and voting with regard to such loans.

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1 **Eight:** The Bank shall assign or sell at public or private sale, or otherwise dispose of for
2 cash or credit, in its discretion and upon such terms and conditions and for such consideration as
3 the Director shall determine to be reasonable, any evidence of debt, contract, claim, personal
4 property, or security assigned to or held by the Bank in connection with the payment of loans
5 granted under this chapter, and to collect or compromise all obligations assigned to or be held
6 by the Bank and all legal or equitable rights accruing to him in connection with the payment of
7 such loans until such time as such obligations may be referred for suit or collection; provided,
8 that any such compromise shall be subject to prior approval of the Board of Directors;

9 **Ninth:** Loans procured from the Bank or the Small Business Development Agency are
10 not subject to the statute of limitations as stated in Virgin Islands Code, title 5, chapter 3 §31.
11 The Economic Development Bank or the Small Business Development Agency may bring an
12 action for default against a Loan recipient at any time; as per the rules of civil procedure and the
13 agreement between the parties.

14 **Tenth:** The Economic Development Bank shall pursue to final collection, by way of
15 compromise or otherwise, all claims against third parties assigned to the Economic
16 Development Bank in connection with loans made by the Agency; provided, compromise shall
17 be subject to such policy as set by the Board of Directors from time to time; this shall include
18 authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the
19 Economic Development Bank. The power to convey and to execute in the name of the
20 Economic Development Bank deeds of conveyance, deeds of release, assignments and
21 satisfaction of mortgages, and any other written instrument relating to real property or any
22 interest therein acquired by the Economic Development Bank pursuant to the provisions of this
23 chapter may be exercised by the Director or by any officer or agent appointed by him with an
24 express delegation of power of attorney;

25 **Eleventh:** The Economic Development Bank shall take any and all action necessary or
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1 desirable in making, servicing, compromising, modifying, liquidating, or otherwise dealing with
2 or realizing on loans made under the provisions of this chapter or Title 11 V.I.C., chapter 23;
3 not withstanding any law to the contrary may require collateral and/or insurance; provided that
4 no loan shall be compromised, modified or liquidated without the prior approval of the Board of
5 Directors;

6 **Twelfth:** Out of the net income resulting at the end of the business year, such amount
7 shall be added to the reserve account of the Economic Development Bank as the Board of
8 Directors may consider necessary or pertinent; and the balance of such income may, in whole or
9 in part, be added to the surplus account of the Economic Development Bank or remain in an
10 unassigned income account, as the Board of Directors may determine. From time to time the
11 Board of Directors may in its discretion make transfers from the reserve account and from the
12 surplus account to the capital account of the Bank.

13 **Thirteenth:** The Board of Director, while acting within the scope of the authority as
14 directors or officers, shall not be subject to any personal or civil liability resulting from the
15 exercise of any Banks or Small Business Development Agency's purposes, duties and
16 responsibilities, unless the conduct of the members is determined by a court of competent
17 jurisdiction to constitute willful wrongdoing or gross negligence.

18 (b) Section 915a (a) is amended by adding "appointed by the Board of Directors"
19 after "five members" and deleting "to include (1) the Director of the Small Business
20 Development Agency, (2) the President/Chief Executive Officer of the Government
21 Development Bank, (3) the Director of the Bureau of Internal Revenue.

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23 **BR13-1164/July 8, 2013/AA/**

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