



St. John Festival
Queen Pages 12-13



20th Optimist Regatta
draws 127 sailors

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ISSN 2159-3019



The Virgin Islands

DAILY NEWS



A Pulitzer Prize-winning newspaper



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MONDAY, JUNE 25, 2012

81st year, No. 22424

A Daily News Special Investigative Report

St. Croix Sports Complex

Our money, their failures

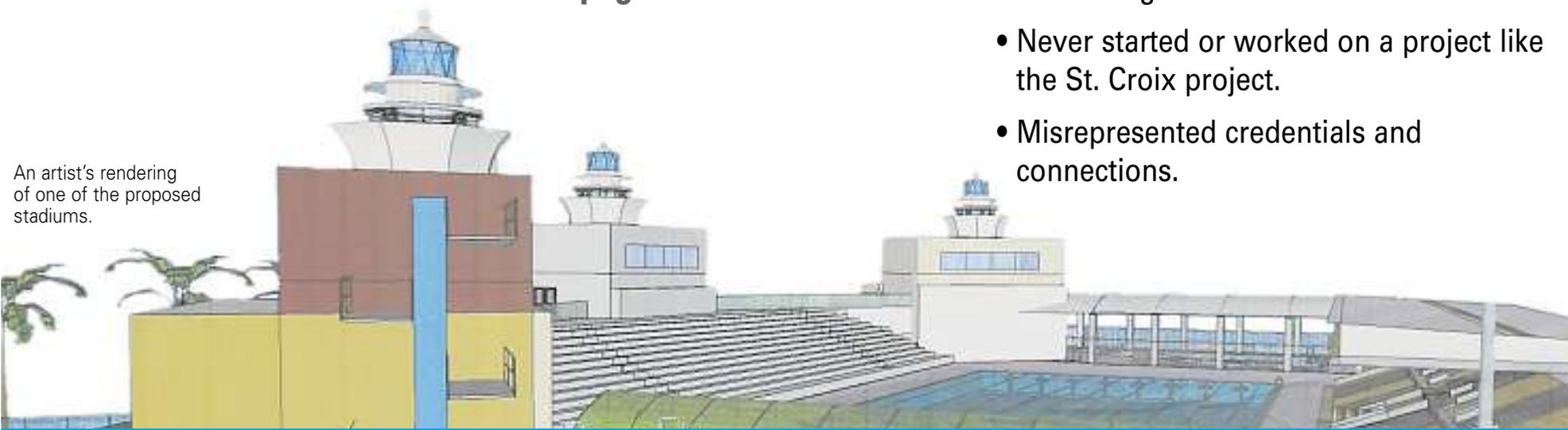
10 pages inside

Gov. John deJongh Jr. is trying to push through a vast and vastly expensive sports tourism development that will cost V.I. taxpayers at least \$30 million.

A six-week investigation by Daily News reporter Joy Blackburn into the people and the money connected to the project found that some of the off-island contractors the government wants to partner with have:

- Amassed a history of financial troubles, foreclosures and failures that cast doubt on their ability to provide funds for the project.
- Earned the contempt and distrust of stateside governments.
- Never started or worked on a project like the St. Croix project.
- Misrepresented credentials and connections.

An artist's rendering of one of the proposed stadiums.



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Virgin Islands Daily News Special Investigative Report

By Joy Blackburn

Our money, their failures

To build a sports complex on St. Croix, the V.I. government is willing to give \$30 million in taxpayers' funds to a company that has no track record, no money, no cause for credibility



ISSN 2159-3019
 Daily News Publishing Company Inc. owned by Times-Shamrock Communications publishes The Virgin Islands Daily News daily, except Sunday, Christmas Day and New Year's Day, at 9155 Estate Thomas, Charlotte Amalie, St. Thomas, VI 00802. First class postage paid at Charlotte Amalie, St. Thomas. U.S.V.I.

USPS 144-180

POSTMASTER, send Form 3579, Notice of Address Change, to: Circulation Director, Daily News, 9155 Estate Thomas, St. Thomas, VI 00802.



The Virgin Islands
DAILY NEWS
 A Pulitzer Prize-winning newspaper
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Classifieds
 714-2222
 classifieds
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Mail
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Opinions
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 Fax: 776-0740

St. Croix
 773-4425
 Fax: 773-1621

Sports
 714-9102
 Fax: 776-0740

Circulation
 714-9101

SUBSCRIPTION RATES: One dollar daily. Other subscription rates available on request. The publisher reserves the right to change subscription rates during the term of a subscription with 30 days notice. The notice may be made by mail to the subscriber, by notice contained in the newspaper itself or otherwise. Subscription changes may be implemented by changing the duration of the subscription.

ONLINE SUBSCRIPTIONS:
 virginislandsdailynews.newspaperdirect.com

 Printed on recycled paper

No track record, no money, no basis for credibility

By Daily News Reporter **JOY BLACKBURN**

The V.I. government's plan to build a sports complex on St. Croix aims to draw top athletes and events to the island, pump money into the local economy, spur more development and fit St. Croix into the sports tourism niche.

The legislation to ratify a Memorandum of Agreement the governor signed with developers to create the \$55 million complex of stadiums for baseball, aquatics, tennis and beach volleyball is on today's agenda of the V.I. Senate Rules and Judiciary Committee.

The entity that caught the government's eye to develop such a complex is GlobeVest LLC — a Colorado company with no track record of development projects.

GlobeVest LLC formed shortly before the V.I. government made a request for proposals for the redevelopment of the dilapidated Paul E. Joseph Stadium in Frederiksted.

What GlobeVest LLC does have is:

- A free, do-it-yourself, fill-in-the-blanks website.
- Office addresses in Colorado that are nothing more than a post office box number and a "virtual office" space.
- A president and chief executive officer, James K. Sutherland, who owes more than a quarter million dollars in delinquent child support payments; who has made questionable real estate deals that ended in his losing his house to foreclosure; and who inflated his resume with false claims to have played an important role with national political figures.

GlobeVest LLC brought two other stateside companies into the V.I. deal: National Swim Center Corp. and Network Sports Marketing, both of which also have principals with financial issues.

National Swim Center Corp.

National Swim Center Corp. formed in 2009 and has no track record of building and operating aquatics stadiums.

Its free do-it-yourself website displays photos, renderings and architectural drawings of state-of-the-art, Olympic-size swim stadiums — none of which it built.

The company has yet to start its first project.

The man Government House introduced to Virgin Islanders as National Swim Center Corp.'s chief financial officer is facing a multi-million dollar lien in Travis County, Texas, from a breach of contract lawsuit.

Three projects the National Swim Center Corp. pursued — one in Texas and two in Florida — all fell through under questioning by elected officials who ultimately voted not to deal with the company.



Daily News Photo by SEAN McCOY

Colorado mailbox 520 is the business address for GlobeVest LLC, a company with whom the V.I. government signed a Memorandum of Agreement to build a \$55 million stadium complex.

“

We are talking about a decision to spend \$30 million of the people's money at a time in which every single penny makes a substantial difference. Such a decision must be based on solid facts and good public policy, not backroom deals.

— Sen. Janette Millin Young

A lender also has filed an action for foreclosure against John McIlhargy, one of the directors of National Swim Center Corp.

Network Sports Marketing

After a deal between Network Sports Marketing and Nike USA went sour, Nike sued the company and its president, John Lehmann, for breach of contract, resulting in a lien against him and the company.

A lender also has filed an action for foreclosure against Lehmann.

DeJongh's justifications

The Daily News asked Gov. John deJongh Jr. on Friday about the project and the partners.

The governor claimed that the Memorandum of Agreement is designed to mitigate the govern-

ment's risk.

“We don't go anywhere in terms of our financing until our private partners also show us they have the financing,” he said.

The governor said that the long experience of GEC as a contractor in the territory gives him confidence in GlobeVest V.I.

GlobeVest V.I. is a joint venture between GlobeVest LLC and General Engineering Corporation, also known as GEC.

When asked what the government did to check the companies, DeJongh said he was not part of the selection process and does not get involved in doing background checks.

He referred the questions to Property and Procurement Commissioner Lynn Millin-Maduro.

Millin-Maduro did not answer Daily News

calls or respond to messages Friday after the governor had deferred to her.

DeJongh did say that once the Memorandum of Agreement reached his level, he made inquiries to ensure that the entities had relationships with sports governing bodies and associations for tennis, swimming and volleyball.

He said that after the complex is built, the ability to operate the facilities and bring in tourism will be vital.

“The key is making sure we get the events,” he said. “We needed the ability to know that we would have the traffic.”

Secrecy and suspicion

From the beginning three years ago — when the deadline for responses to the Request for Proposals passed — the project dealings have been kept from public view.

None of the bids or other documentation of the RFP process were made public.

The first public hint that something was in the works for the sports complex came in January in deJongh's annual State of the Territory address.

Government House lifted the veil, a little, in February when the governor announced that a sports complex on the site of the Paul E. Joseph Stadium would be designed, built and managed by GlobeVest LLC and GEC.

That joint venture was incorporated as GlobeVest V.I.

As part of the deal, National Swim Center Corp. and Network Sports Marketing are supposed to obtain \$25 million in private money, and the V.I. government will put in \$30 million in taxpayers' money.

After the governor's announcement, Government House attempted to fast-track the project.

Legislation ratifying the Memorandum of Agreement was put on the agenda of two Senate committees and scheduled to go before the full Legislature for a vote — all to be accomplished in the space of one week in April.

That did not happen.

After six hours of testimony, the Senate's Human Services, Recreation and Sports Committee tabled the legislation in April and put it on the agenda for a public hearing in May.

Only two of the representatives from the GlobeVest V.I. group — Lehmann and John Wessel, managing partner of GEC — appeared at the May committee hearing, but the senators had numerous questions that required answers from GlobeVest V.I. principals who did not come to the hearing.

During testimony and questions, the senators expressed concerns about National Swim Center Corp.'s failed proposals in Texas and Florida and GlobeVest V.I.'s lack of a business plan.

Even so, the committee voted to move the legislation forward to the Rules Committee with a favorable recommendation.

Senators Alicia Hansen and Terrence Nelson voted yes.

Sen. Craig Barshinger abstained.

Committee Chairman Alvin Williams Jr. voted no.

Senators Shawn-Michael Malone and Patrick Simeon Sprauve were absent.

Committee vice-chairwoman Sen. Janette Millin Young boycotted the hearing, saying she objected to “back-room deals.”

“We are talking about a decision to spend \$30 million of the people's money at a time in which every single penny makes a substantial difference,” she said. “Such a decision must be based on solid facts and good public policy, not back-room deals.”

How we got here

By Daily News Reporter **JOY BLACKBURN**

• **April 1, 1964** — On St. Thomas, the 5th Legislature of the Virgin Islands names the ball field in Frederiksted the Paul E. Joseph Ballpark. **1964**

• **March 31, 1967** — On St. Croix, the New York Yankees, with St. Croix native Horace Clarke in the lineup, defeat the Boston Red Sox in an exhibition game at Paul E. Joseph Stadium arranged by Valmy Thomas, the first Virgin Islander to play in the major leagues. Thomas was a sports consultant for the St. Croix Bureau of Recreation in 1967. **1967**

• **Dec. 4, 2000** — In Colorado, GlobeVest Foundation Inc. files articles of incorporation with the Colorado Secretary of State as a nonprofit corporation to build, manage, establish, create, develop and own charter schools, educational programs, job training centers, community-based centers, senior citizen homes and other programs to “advance the cause of the human race nationally and internationally.” James K. Sutherland is listed as incorporator, registered agent and a board member. **2000**

• **March 29, 2002** — In Colorado, GlobeVest Foundation Inc. amends its articles of incorporation to state that it also will manage non-exempt companies and for-profit organizations. Sutherland signs as president/CEO. **2002**

• **Aug. 19, 2002** — In Florida, Network Sports Marketing files articles of organization as a limited liability company. John Lehmann is listed as the managing member. The mailing address is La Mirada Circle, Wellington, Fla.

• **March 26, 2003** — In Colorado, GlobeVest Foundation files a periodic report with the Secretary of State listing Sutherland as the registered agent and giving the mailing address and the principal business address as 8547 E. Arapahoe Road, No. J520, Greenwood Village, Colo. — which is a Post Office box. **2003**

• **April 11, 2005** — In Colorado, GlobeVest Foundation files its final annual report with the Colorado Secretary of State. The purpose of annual reports to the Secretary of State is to ensure that information on the address and registered agent for the corporation are kept current. **2005**

• **September 2005** — On St. Croix, the V.I. Public Finance Authority launches the second phase of the Frederiksted Economic Revitalization project by hosting a charrette, a series of meetings and workshops for residents, architects and design consultants, to share ideas for replacing Paul E. Joseph Stadium.

• **March 1, 2006** — In Colorado, GlobeVest Foundation fails to file its annual report. **2006**

• **July 31, 2006** — On St. Croix, V.I.

Housing, Parks and Recreation Department officials express doubt the Public Finance Authority will follow through on plans to demolish and rebuild Paul E. Joseph Stadium. Commissioner Ira Hobson testifies to senators that initially the Public Finance Authority told him the project would begin in November 2005 and additional funding would be identified. He further testifies that he and former Public Finance Authority director Kenneth Mapp traveled to Miami to meet with potential contractors. Hobson complains that the Public Finance Authority postponed the start date to June 2006, but demolition has not begun and no additional funding has been earmarked. Testimony reveals that the Public Finance Authority spent \$257,943 on the 2005 charrette, the conceptual design for a new stadium and the surrounding areas and for the scope of work and cost analysis for Phase II of the Frederiksted Revitalization Project.

• **Aug. 14, 2006** — On St. Croix, the Public Finance Authority tables plans to demolish and rebuild Paul E. Joseph Stadium while it focuses on gaining an investment-grade bond rating.

• **March 8, 2007** — In Colorado, GlobeVest Foundation again fails to file annual reports, and the Secretary of State administratively dissolves the corporation, meaning “they’re no longer doing business in Colorado,” according to Rich Coolidge, spokesman for the Secretary of State. **2007**

• **May 2007** — On St. Croix, the Public Finance Authority declares the \$18 million Phase I of the Frederiksted Revitalization Project complete. Nothing is said about the 2005 charrette for Phase II to replace Paul E. Joseph Stadium and improve Frederiksted Beach, the Crucian Christmas Festival Village and the Terrance Martin Softball Field.

• **Aug. 22, 2008 at 10:28 a.m.** — In Colorado, Sutherland files articles of organization for GlobeVest Inc. as a for-profit company. The Greenwood Village post office box is still the company’s principal address. Sutherland is still the registered agent. **2008**

• **Aug. 22, 2008 at 11:45 a.m.** — In Colorado, 77 minutes after the first filing, Sutherland files Articles of Amendment with the Secretary of State to change the name of GlobeVest Inc. to GlobeVest LLC, a limited liability company. An LLC protects the principals’ personal property if the company is sued.

• **Sept. 30, 2008** — John Lehmann, president of Network Sports Marketing, gives Sutherland a letter confirming that Network Sports Marketing LLC will participate with GlobeVest in the sports complex project in Frederiksted. At the time, the V.I. public had not been told about the project.

History of the St. Croix Sports Complex proposal

• **February 2009** — On St. Thomas, five months after Lehmann and Sutherland agree to work together on a Frederiksted sports complex project, the V.I. government releases a request for proposals for the same project, which is to design/build/finance the Paul E. Joseph Stadium and sports complex. As of June 25, 2012, V.I. Property and Procurement Department refuses to release information about bids received in response to the RFP. **2009**

• **June 1, 2009** — In Texas, National Swim Center Corp.-Corpus Christi files a certificate of formation with the Texas Secretary of State as a nonprofit, charitable organization. Andy Sarwal, Fred Yeo and Jim Nickelatti are directors.

• **June 5, 2009** — In Florida, National Swim Center Corp.-Cape Coral files a certificate of formation with the Florida Department of State as a nonprofit, charitable organization, with an address in Austin, Texas. Andy Sarwal, Fred Yeo and Jim Nickelatti are directors. They also are directors of National Swim Center Corp.-Corpus Christi.

• **Sept. 17, 2009** — On St. Thomas, the 28th Legislature appropriates \$2 million for Fiscal Year 2010 from the St. Croix Capital Improvement Fund to the Housing, Parks and Recreation Department to repair Paul E. Joseph Stadium, even though eight months earlier the executive branch issued an RFP for the new sports complex project to replace Paul E. Joseph Stadium.

• **Nov. 1, 2009** — In Colorado, the Secretary of State officially notes that GlobeVest LLC has failed to file its annual report.

• **April 22, 2010** — In Florida, National Swim Center Corp.-Cape Coral files its annual report with the Florida Department of State, listing its primary place of business as Austin, Texas. **2010**

• **Nov. 10, 2010** — On St. Croix, flash floods inundate Paul E. Joseph Stadium.

• **Jan. 16, 2011** — In Colorado, Sutherland files a statement curing the delinquency of GlobeVest LLC with the Colorado Secretary of State. He still lists the Greenwood Village Post Office box as the company’s address. **2011**

• **March 21, 2011** — On St. Croix, the Senate Rules Committee approves taking \$2 million away from the Paul E. Joseph repairs and giving the money to the Housing Finance Authority for a multi-purpose indoor complex in Estate Stoney Ground. The full Senate later approves the measure.

• **April 2011** — On St. Thomas, Gov. John deJongh Jr. vetoes moving the \$2 million from the stadium repairs. The governor writes that removing the funds jeopardizes the Housing, Parks and Recreation Department, which he said has used the money to secure the pre-construction phase of a multi-purpose sports complex proposed for the Paul E. Joseph Stadium. This is the first revelation in almost two years that the scope of the project is on

track. The RFP was issued in February 2009 and Property and Procurement had never disclosed the outcome.

• **April 2011** — On St. Thomas, the Senate overrides deJongh’s veto.

• **May 20, 2011** — In Texas, the National Swim Center Corp.-Corpus Christi files a certificate of amendment dropping Corpus Christi from its name and changing two directors. Andy Sarwal and Fred Yeo are deleted, and John McIlhargy and Brandon Drawz are added.

• **May 24, 2011** — On St. Thomas, GlobeVest V.I. files articles of organization with the V.I. Lt. Governor’s Office, naming Sutherland and John Wessel as managing members.

• **June 2011** — On St. Thomas, The Senate reinstates \$2 million for the demolition and re-construction of Paul E. Joseph Stadium.

• **July 2011** — On St. Croix, Housing Parks and Recreation Commissioner St. Claire Williams tells the Senate Finance Committee during budget hearings that he is close to executing an agreement with a developer, whom he does not name, to demolish and re-construct Paul E. Joseph Stadium.

• **Sept. 23, 2011** — In Florida, the Secretary of State administratively dissolves the National Swim Center Corp.-Cape Coral and Network Sports Marketing for failure to file annual reports.

• **Jan. 31, 2012** — Gov. deJongh says in his State of the Territory address that he soon will send the Senate a public-private partnership proposal for the development of a sports complex in Frederiksted, including “our long-standing commitment to rebuild the Paul E. Joseph baseball stadium along with new facilities that will support international competitive events in swimming, volleyball and tennis.” He does not provide details. **2012**

• **Feb. 16, 2012** — On St. Croix, deJongh announces the signing of an agreement between the government and GlobeVest V.I. to develop a vast \$55 million sports complex in Frederiksted on the site of the Paul E. Joseph Stadium. GlobeVest V.I. is a joint venture between GlobeVest LLC and General Engineering Corp., a V.I. company. GlobeVest spokesman John Cruzat says the \$350 million project the company describes on its website includes \$25 million from the V.I. government plus private money the company plans to raise.

• **April 1, 2012** — In Colorado, the Secretary of State notes that GlobeVest LLC has failed to file an annual report.

• **April 14, 2012** — In Colorado, Sutherland files a periodic report for GlobeVest LLC with the Colorado Secretary of State.

• **April 16, 2012** — On St. Croix, the Senate Human Services, Recreation and Sports Committee hears more than six hours of contentious testimony on a bill to ratify deJongh’s Memorandum of Agreement with GlobeVest V.I. The legislation would allow the governor to negotiate a Master Service Agreement. The committee holds the bill.

• **May 9, 2012** — On St. Croix, the Senate Human Services, Recreation and Sports Committee conducts a second hearing and amends the bill to require the executive branch to obtain Senate approval for the Master Service Agreement. Despite complaining they have many unanswered questions. Senators vote to forward the bill to the Rules Committee.

CEO's financial failures raise questions about GlobeVest's credibility

By Daily News Reporter **JOY BLACKBURN**

Before he swayed the V.I. government to include him as a principal in the \$55 million Frederiksted sports complex — which uses \$30 million of V.I. taxpayers' money — James K. Sutherland conducted a string of unsuccessful real estate manipulations that ended with him losing his house in Colorado to foreclosure.

Just a few months after Sutherland took out the house mortgage in 2007, the lender foreclosed. The house went up for auction, and the lender took it back.

Two years before Sutherland got the mortgage, he and two women engaged in a series of real estate transactions that resulted in the same property being used as collateral for a \$620,000 loan to Sutherland.

At the time of Sutherland's real estate manipulations, he was under court order to pay child support to his three children after his divorce in 1999.

Sutherland's failure to pay his monthly support ultimately resulted in his owing \$286,000 for back child support and interest and enforcement actions against him by agencies in two states.

Sutherland refused to be interviewed for this article.

The string of real estate transactions involving the house on East Purdue Place in Aurora, Colo., began in May 2005 and involved Sutherland and two other people, individually and together.

The head of the real estate division of a regulatory agency in Colorado described those transactions as "unusual."

After hearing a summary of the public records for the property, Marcia Waters, director of the Colorado Department of Regulatory Agencies Real Estate Division, said: "That's not what you see with a standard real estate transaction."

The Department of Regulatory Agencies Real Estate Division is the licensing, regulation and enforcement agency for real estate brokers, appraisers and mortgage loan originator industries in Colorado.

Waters pointed out that the transactions occurred before the bottom fell out of the real estate market.

"May 2005 is when we were still seeing the kind of creative financing that was going on," she said.

One of the people involved with Sutherland in some of the transactions was Sylvia Boyd, who was disciplined by the Real Estate Division in 2007 and had to surrender her real estate broker license as a result of her dealings in other real estate transactions.

Transactions on Sutherland's house started in



Daily News File Photo

GlobeVest President/CEO James Sutherland would be responsible for developing the \$55 million sports complex on St. Croix if the V.I. Legislature approves the plan.

“

Access Financial Group foreclosed on James K. Sutherland's house, noting that beginning in February 2008, Sutherland had failed to make payments. Three years later, even though Access Financial Group still owns the house, Sutherland listed the house address as the billing address for his credit card when he applied in 2011 to the V.I. Department of Licensing and Consumer Affairs for a business license for GlobeVest V.I.

May 2005. Public records in Arapahoe County, Colo., show that:

- Linda Heuton signed a deed of trust — a mortgage — for the property on May 3, 2005, for \$480,000.

- A second mortgage for \$120,000 was dated May 2, 2005, but not signed by Heuton until May 3, the same day as the first mortgage.

- Also on May 3, 2005, the previous owner signed over the warranty deed to Heuton for \$600,000.

Then, in a series of documents filed on October 7, 2005:

- Heuton quit-claimed the deed — relinquishing her sole interest and claim to the property — to herself and Sylvia Jones as joint tenants, in a document dated May 3, 2005, which was Heuton's original purchase date.

- Heuton gave power of attorney to Sylvia Boyd, who also was listed as Sylvia Jones, in a document signed June 1, 2005.

- Boyd/Jones and Heuton quit-claimed the deed to the property to themselves and Sutherland, so the three of them were owners, in a document also dated June 1, 2005, and signed by Boyd/Jones.

- In a deed of trust also dated June 1, 2005, Boyd/Jones and Heuton gave Sutherland a \$620,000 loan using the property as collateral. Sutherland was supposed to make monthly payments of \$4,213.03 beginning July 1, 2005, with the entire amount of principal and interest due and payable a year later, on June 1, 2006. The transaction did not involve a commercial lender.

The transactions and filings on the property resumed in April 2007, when Deutsche Bank National Trust filed a foreclosure action on the house because Heuton had defaulted on the \$480,000 mortgage she signed May 3, 2005.

According to the document, \$473,237 in principal was owed on the note.

The house went to auction on June 13, 2007, with Deutsche Bank setting the opening bid at \$337,000. The property went to Deutsche Bank.

In 2007, Colorado state law gave owners 75 days to redeem a property after losing it in a foreclosure sale — so transactions on Sutherland's property resumed.

- Heuton, Boyd/Jones and Sutherland quit-claimed the property to Sutherland, making him the sole owner, in a document dated Aug. 20, 2007, and filed Aug. 31, 2007.

- Sutherland signed a \$420,000 mortgage on the property with Access Financial Group on Aug. 22, 2007.

- In a document dated two days earlier, on Aug. 20, 2007, Sutherland was released from the 2005 deed of trust with Heuton and Boyd/Jones. The release stated that the indebtedness was fully or partially discharged and/or the purpose of the deed of trust was fully or partially satisfied.

- The Public Trustee of Arapahoe County issued a certificate of redemption on Aug. 28, 2007, noting that on Aug. 23, 2007, the owners paid \$353,016 and redeemed the property from the foreclosure.

The original document named Heuton, Boyd/Jones and Sutherland as the owners who redeemed the property.

In February 2008, the original document was re-recorded to remove Heuton and Boyd/Jones as owners and to state that Sutherland was the sole owner of the house.

- Access Financial Group foreclosed on Sutherland's house in April 2008, noting that beginning in February 2008, Sutherland had failed to make payments. Eight months later, on Dec. 17, 2008, Access Financial Group bid \$463,802 and took the property at an auction, according to Arapahoe County public records. Sutherland could not get it back this time because Colorado law changed in 2008, and owners no longer were allowed to redeem property they had lost, according to Ana Maria Peters-Ruddick, the Arapahoe County Public Trustee.

Waters, the head of the regulatory agency, said that if one of the participants had filed a complaint, the series of transactions would have raised questions.

"I do know that if this was a complaint that was submitted to us, even just the scenario that you just described raises a bunch of questions I would be asking as the investigator," Waters said.

Three years later, even though Access Financial Group still owns the house, Sutherland listed the house address as the billing address for his credit card when he applied in 2011 to the V.I. Department of Licensing and Consumer Affairs for a business license for GlobeVest V.I.

GlobeVest V.I. still does not have a business license because GlobeVest V.I. has not produced all the required documentation from other agencies, said Frederick Norford, DLCA attorney.

Man who would be trusted with V.I.'s millions owes \$287,000 in child support

By Daily News Reporter **JOY BLACKBURN**

For nine months after his divorce became final in October 1999, James K. Sutherland paid the child support ordered by the court for his three children.

Then, after a payment in July 2000, the payments stopped, and Sutherland's debt to his children steadily grew over the years, reaching more than \$286,000 in arrears.

Sutherland's failure to pay child support for more than a decade raises serious questions about his reliability and his ability to manage the finances of a \$55 million sports complex that uses \$30 million of V.I. taxpayers' money.

Sutherland refused to be interviewed for this article.

The specifics of Sutherland's failure to pay child support are clouded by the delinquency being administered in two states — Colorado and Florida — and public officials' reticence in those states to discuss a specific case.

In addition, Sutherland's ex-wife, Dawn Sutherland, declined to speak to The Daily News, and Sutherland himself also refused to return calls to The Daily News about this issue or any other issues regarding his involvement with the Frederiksted sports complex project.

Sutherland and his wife divorced in Palm Beach County, Fla.

Kathy Burstein, a spokeswoman for the Palm Beach County Clerk's Office, said that as of Friday, the past-due amount of child support that James Sutherland currently owes is \$287,916.99, comprising \$161,287.93 for child support and \$126,629.06 for interest.

In the final judgment dissolving the marriage in 1999, a judge ordered Sutherland to pay \$1,090 per month in child support for the three children born of the marriage, who were 4, 5 and 7 years old at the time.

The judge also ordered Sutherland to pay child support retroactive to January 1997, except for two months. The order states that the couple had been separated since December 1996, except for a six-week period in March and April of 1999 — the two months that were removed from the retroactive dates.

In the order, the judge also notes that Sutherland already was \$33,790 in arrears for child support through September 1999. The judge set the interest rate at 10 percent and ordered Sutherland to pay.

According to the court order, payments are to be made by income deduction — in which an employer deducts the amount from wages — but notes that Sutherland is responsible for paying, if all or a portion is not paid that way.

Kathy Burstein, a spokeswoman for the Palm Beach County Clerk's Office, said that as of Friday, the past-due amount of child support that James Sutherland currently owes in connection with his divorce is \$287,916.99, comprising \$161,287.93 for child support and \$126,629.06 for interest.

The judge gave sole custody of the children to their mother.

Court records indicate that Sutherland made the monthly child support payments for several months after the judgment, but the payments stopped abruptly after July 2000.

The case was referred for child support enforcement and eventually, in 2002, the Florida judge's 1999 order was registered in the Colorado court system in Denver, where Sutherland was living at the time, so that it could be enforced there.

Every state and territory has an agency designated for child support enforcement. In Denver, that duty falls to the Denver Department of Human Services. One of the duties assigned to child support enforcement agencies is tracking down deadbeat parents who aren't paying their court-ordered child support and enforcing the orders.

Agencies from different jurisdictions often work together. When a non-custodial parent skips out on paying child support and moves to another jurisdiction, agencies from different jurisdictions often join forces to enforce the payment of court-ordered child support.

In Sutherland's case, the Florida Department of Revenue — which is Florida's child support enforcement agency — and the Denver Department of Human Services asked the court to accept the Florida judge's orders into the court system so that the orders could be enforced in Denver.

The judge did, so and the order was registered in the Denver court system as a civil case.

Much of the information pertaining to child support enforcement is considered confidential, unless it becomes part of a court record.

The Daily News obtained court records from Palm Beach County and from Denver in Sutherland's case.

The documents shed some light on the case and provide some point-in-time summaries of what has transpired. However, they are not a record of all activities associated

with child support enforcement and do not provide a complete picture of everything that has occurred regarding Sutherland's failure to pay child support.

The court files show that, through the years, the Denver Department of Human Services periodically filed motions asking the judge to cite Sutherland for contempt of court for failing to pay child support as ordered. Citations were issued and hearings on the citations were scheduled.

Usually, those hearings were vacated and the contempt citations were dropped without prejudice — meaning they could be refiled — because Sutherland was not properly served with the citations.

Some years show no child support payments being recorded, and in other years, Sutherland made occasional payments, according to court documents.

In 2006, Sutherland was properly served with a citation for contempt of court for failing to pay child support.

On Dec. 14, 2006, Sutherland appeared in court, was advised of his rights on the contempt citation and pleaded not guilty, according to the court record in the case. A hearing on the citation was set for Feb. 15, 2007.

At that hearing, Sutherland confessed through his attorney, and a sentencing hearing was set for June 21, 2007, according to the court record.

That hearing was continued, and it actually occurred on Aug. 23, 2007.

According to the court record, the attorney handling the case for the Denver Department of Human Services told the judge that Sutherland was paying the child support and asked the judge to dismiss the contempt citation.

The judge granted the request.

Just more than a year later, though, the Denver Department of Human Services once again asked a judge to issue a contempt of court citation to Sutherland.

Court documents show that from May 2007 through early 2008, child support pay-

ments were made on a regular basis.

Then the payments stopped again.

According to the Denver Department of Human Services' request on Sept. 1, 2008, asking the judge to cite Sutherland for contempt, Sutherland failed to make his child support payments from April 1, 2008, to Aug. 30, 2008.

The judge issued a citation and set a date for Sutherland to appear and answer the citation, but again, Sutherland was not properly served and the matter was vacated.

A judgment and certificate of delinquency dated Oct. 21, 2008, filed by the Palm Beach County Florida Clerk and Recorder shows that on that date, the total amount Sutherland owed in past-due child support had reached \$113,327.

The judgment and certificate of delinquency also was filed in Denver.

A couple of months earlier, on Aug. 4, 2008, a private child support enforcement company that Dawn Sutherland was using filed a lien in the Clerk and Recorder's Office in Arapahoe County, Colo., in connection with the case. That lien states that as of July 17, 2008, Sutherland owed unpaid support of \$176,265.99.

The reason for the discrepancy in the amount that is noted in the October 2008 judgment and certificate of delinquency and the lien placed by the private company is unclear. Dawn Sutherland's use of a private child support enforcement agency did not alter the way that Sutherland was supposed to make child support payments, through the Florida State Disbursement Unit.

The Florida State Disbursement Unit acts as a bank for child support, accepting payments, including electronic payments, and disbursing them.

The last record of a payment that Florida's State Disbursement Unit has in connection with the case occurred in 2008, Burstein said. She also said that Sutherland was ordered to pay \$1,090 monthly thru May 12, 2013.

Citing confidentiality rules, Revekka Balancier, a spokeswoman for the Denver Department of Human Services, refused requests for an interview about the case and information about its current status, including outstanding amounts owed.

Balancier instead referred The Daily News to the court file for the case in Denver District Court.

Also citing confidentiality rules, representatives from the Florida Department of Revenue would not answer questions specific to a certain case.

The most recent documents in the Florida court file, which is where the case is based, include several notes from the Denver Department of Human Services to the Palm Beach County Family Court.

One, dated April 15, 2011, provides a notification that the case is currently "in locate for address and employment info."

Another, dated June 3, 2011, inquires about removing the oldest child off the case, although it also notes that the order is fixed and the monthly support obligation will remain the same.

The most recent correspondence in the court file, from Denver Human Services to Palm Beach County, dated Dec. 30, 2011, and filed with the court in January this year, notes that Denver is asking to close the case for enforcement there because Sutherland "no longer lives in Colorado, he's now living in Ohio."

Resumé replete with false claims

By Daily News Reporter **JOY BLACKBURN**

James K. Sutherland, a principal of GlobeVest V.I., gave the government a bio that inflates his political connections and falsely portrays him as having a close working relationship with a number of famous elected officials.

In the second paragraph of his document, Sutherland said:

"Prior to launching GlobeVest LLC, Mr. Sutherland served as a political advisor to Governor Bill Owens for the State of Colorado; Dr. Bill Maloney, Commissioner of Education for Colorado; The Colorado Department of Education; U.S. Senator Wayne Allard; U.S. Congressman Bob Schaffer; U.S. Congressman Bob Beauprez, and Governor Jeb Bush for the State of Florida. Mr. Sutherland also served as an adviser to both the Ministers of Education and Technology for the Venezuelan government from 1996-1998."

The Daily News tried repeatedly to interview Sutherland, but he refused.

The Daily News went to all those U.S. politicians — two former governors, two former U.S. Congressmen and a former U.S. Senator — and asked about Sutherland's work for them.

To contact Jeb Bush about

Sutherland, The Daily News went to the former Florida governor's Foundation for Florida's Future. Spokeswoman Jaryn Emhof said, "I checked with Governor Bush and former staff members ... the name did not ring a bell to them."

The Daily News contacted Owens, the former governor of Colorado, through Shelley Schafer, Owens' executive assistant.

"Gov. Bill Owens is not aware of Mr. Sutherland and can confirm he was not a political advisor to him," Schafer responded in an email.

The Daily News went to Allard, a former U.S. senator from Colorado who now works with The Livingston Group, a Washington lobby.

Joanne Anderson of The Livingston Group responded via email:

"Senator Allard has never heard of this man before. He would like you to email him all of the information that you have on him so that this is taken care of and so the man does not use his name."

Two of the politicians Sutherland claims to have advised said they know who he is, but they did not describe him as an adviser.

Schafer, a former Congressman from Colorado, said that after he left office, he was head of a nonprofit organization, the Colorado Alliance

for Reform in Education, and that Sutherland's nonprofit "did some contract work for my organization" and was part of a team of various groups and organizations that promoted school choice policies in Colorado.

"Most of the funding came through my organization," Schaffer said. GlobeVest "played a big role in drawing together the African-American community and Christian schools in the state of Colorado," he said.

Beauprez, a former congressman from Colorado, also said he knows Sutherland — but he said that Sutherland was never one of his political advisers.

"If he is representing that he is an adviser to me, that would be a considerable overstatement," Beauprez said.

Beauprez said that Sutherland was never in any staff position and never in any policy position for him.

The former congressman said that while he was in office, there were a number of citizen committees set up on different issues.

"He may have been on one of those," Beauprez said. "I honestly don't recall."

Beauprez said he did remember Sutherland showing up at some campaign events, such as town hall meetings.

The last he heard from Sutherland, Beauprez said, Sutherland had a "very grand" development plan in the Virgin Islands and sent Beauprez some correspondence asking Beauprez "to get involved as some sort of consultant." Beauprez said that he could not recall exactly when he received that correspondence, but he believes it was sometime after he left office in January 2007.

Beauprez said he wasn't interested in the plan.

When asked what kind of communication, Cruzat replied: "The community outrage. The perceived suspicions. All of this."

He said that GlobeVest was chosen for the project and now finds itself "flung into this culture of political infighting."

"We're trying to build a sports stadium for you guys and create some sports tourism. Now we're in a political infight that's creating background checks," Cruzat said.

John McIlhargy, Fred Yeo

John McIlhargy, executive director of National Swim Center Corp., responded to Daily News calls and requests for interviews with emails saying he was in meetings and had a tight schedule and requested that questions be submitted in writing. To date, McIlhargy has not consented to an interview.

Repeated attempts by The Daily News to reach Fred Yeo of National Swim Center Corp. were unsuccessful.

John Wessel

John Wessel of GEC also did not return Daily News calls.

Cruise Ships

Today, June 25

Carnival Victory (2,758) 7 a.m. to 5 p.m. Havensight

Tuesday, June 26

Carnival Liberty (2,974) 10 a.m. to 6 p.m. Havensight
Carnival Valor (2,974) 7 a.m. to 6 p.m. Havensight

Wednesday, June 27

Carnival Miracle (2,124) 7 a.m. to 4 p.m. Havensight
Allure of the Seas (5,400) 9 a.m. to 6 p.m. Crown Bay

Thursday-Sunday, June 28-July 1

No ships

Monday, July 2

Carnival Victory (2,758) 7 a.m. to 5 p.m. Havensight

Tuesday, July 3

Carnival Freedom (2,974) 8 a.m. to 6 p.m. Havensight
Carnival Dream (3,646) 11 a.m. to 7 p.m. Havensight
Oasis of the Seas (5,400) 9 a.m. to 6 p.m. Crown Bay



Unanswered questions

By Daily News Reporter **JOY BLACKBURN**

The Daily News attempted to interview principals with GlobeVest, National Swim Center Corp. and Network Sports Marketing for these stories. By policy, The Daily News does not do interviews through email.

John Lehmann

John Lehmann, president of Network Sports Marketing, was the only one who took the interview and fielded questions about his company, his history and his experience.

James K. Sutherland

James K. Sutherland, president of GlobeVest LLC, answered a Daily News call to his cell number but immediately excused himself, saying he was having dinner and would call back.

He did not, nor did he respond directly to any of the messages The Daily News left for days. He sent an email saying he would have GlobeVest spokesman John Cruzat call.

When Cruzat called, he said he had been "out of the loop" on a personal matter. A Daily News reporter told Cruzat that research on Sutherland had raised questions that Sutherland should address.

Over the course of several days and conversations, Cruzat asked for written questions; said "there's nothing out there" in Sutherland's background that would raise any questions; asked what had turned up in Sutherland's background; said there were scheduling conflicts that prevented Sutherland from being interviewed; and said that some "internal communication coordinating" had to be done with Government House before Sutherland could be interviewed.

Cruzat also said Sutherland wanted to speak about the proposal, not background checks.

"We had no idea the culture there was so prone to this kind of communication," Cruzat said at one point.

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For National Swim Center, a history of failed projects

By Daily News Reporter **JOY BLACKBURN**

The National Swim Center Corp. floated highly publicized proposals to develop aquatic projects in stateside jurisdictions. All of them fizzled.

John McIlhargy, the executive director of the National Swim Center Corp., would not be interviewed for this story. He said via email that his schedule was tight, and he asked for The Daily News' questions in writing. By policy, the Daily News does not do interviews that way.

Fred Yeo, who represented National Swim Center Corp. when Gov. John deJongh Jr. announced the sports complex project at a press conference in February, could not be reached. Government House has identified Yeo as the company's chief financial officer.

National Swim Center Corp. will have to produce \$15 million in private funding for the St. Croix aquatic stadium and will operate that part of the complex. Those terms are subject to a Master Services Agreement that will be negotiated if the V.I. Legislature passes legislation ratifying the Memorandum of Agreement.

At a Senate Human Services, Sports and Recreation Committee meeting on May 9, Sen. Alvin Williams Jr. asked whether National Swim Center Corp. had broken ground on or completed any swimming center projects.

No one from National Swim Center Corp. showed up at the hearing to respond.

John Lehmann, president of Network Sports Marketing, another party in the Memorandum of Agreement, was present and said he did not know of any projects the National Swimming Center Corp. had completed or any on which physical construction had started.

Failed proposals

National Swim Center Corp. unsuccessfully tried to make deals with Corpus Christi, Texas; Cape Coral, Fla.; and in Lee County, Fla.

In Corpus Christi, the city had been looking for years at different plans for its empty Memorial Coliseum before National Swim Center Corp. entered the picture, according to reports in the local newspaper, the Corpus Christi Caller Times.

The city's negotiations with National Swim Center Corp. to convert the coliseum into a swimming center ended in January 2010 in disagreement over financial terms.

The Caller Times reported in November 2009 that National Swim Center Corp. listed St. Croix on the corporation's website as one of four swim centers it was going to build. That was just months after the V.I. Property and Procurement Department's deadline for its Request for Proposals and more than two years before Gov. John deJongh Jr. announced the sports complex project last February.

Kim Womack, spokeswoman for the City of Corpus Christi, said that the National



Daily News File Photo

Fred Yeo, chief financial officer for National Swim Center Corp., elaborating on his company's plans at a press conference announcing the sports complex on St. Croix.

“

If the same entities are involved there that were involved here, then I would suggest the Virgin Islands run for the highest hill.

— Chris Chulakes-Leetz, Cape Coral, Fla., City Councilman

Swim Center Corp. proposal “just came in at the last minute, after we had gone through this for several years; they came in so late to the game.”

She said National Swim Center Corp. wanted very large incentives up front but “the economy was to such a point that we wanted to win.”

After ending negotiations with National Swim Center Corp., the city demolished the coliseum.

“It's a grassy festival area now,” Womack said.

More strikeouts

National Swim Center Corp. also pitched proposals for swimming centers to the City of Cape Coral, to Fort Myers and to the Lee County Board of Commissioners.

In Cape Coral, National Swim Center Corp. proposed partnering with the city to build a swim center on a site called Academic Village.

“We turned them down,” said Cape Coral

Mayor John Sullivan. “It was a lot of grandiose ideas, but they didn't have their own money.”

He said that National Swim Center Corp. wanted to raise its portion of the funding by having the city deed land to National Swim Center Corp. that it then could use as collateral to borrow money.

“They wanted to pay the city their \$20 million with our asset,” Sullivan said.

The mayor said that in his opinion, National Swim Center Corp. wasn't being straightforward with the city.

National Swim Center Corp. made exaggerated claims about high-profile people being associated with the organization “to give the impression that all these big shooters were involved,” the mayor said.

“I don't want to do business with anybody that doesn't tell me the truth,” he said.

Cape Coral City Councilman Chris Chulakes-Leetz was even more blunt in his negative assessment of the company.

The councilman said that in his opinion, the National Swim Center Corporation brought nothing — especially not funding — to the table in its negotiations with the city.

“If the members of the NSCC are involved, if the same entities are involved there that were involved here, then I would suggest the Virgin Islands run for the highest hill,” Chulakes-Leetz said.

Cape Coral Councilman Kevin McGrail said that at first, he was more open than some to the National Swim Center Corp. proposal.

“I was a lot more optimistic, but that optimism has faded,” McGrail said.

He said he has kept track of the National Swim Center Corp. proposals in Lee County since Cape Coral turned them down in April 2010.

“They have yet to show anybody the money,” the councilman said.

The National Swim Center Corp. pitch to Cape Coral included an aquatic center, a tennis center, a hotel conference center and an educational component.

“Everybody's got a good idea. Idea men are a dime a dozen,” McGrail said. “It's the financing that gets the deal done. Until you see the money, I'd be reluctant to deal with them.”

In Lee County — the county in which Cape Coral is located — the Board of County Commissioners received a National Swim Center Corp. proposal for City of Palms Park, a stadium in Fort Myers that the Boston Red Sox formerly used for spring training.

National Swim Center Corp. proposed redeveloping the stadium into a swim center.

Lee County Commissioner Tammy Hall said that National Swim Center Corp. pitched two or three different financing mechanisms, none of which swayed the commissioners.

“We could not get comfortable with their financing proposals,” Hall said.

A pileup of financial troubles

By Daily News Reporter **JOY BLACKBURN**

Fred Yeo, chief financial officer for National Swim Center Corp., has a \$12 million judgment lien against him.

The judgment stems from a breach of contract case filed in December 2010, according to public records in Travis County, Texas.

The defendants in the case were Yeo, Andy Sarwal, a director of National Swim Center Corp. at the time, and two of Sarwal's companies.

Although the lawsuit did not involve National Swim Center Corp., Yeo and Sarwal were directors of that company when it filed a certificate of formation with the Texas Secretary of State in June 2009 and when it formed as a corporation in Florida that same month.

The lawsuit against them was filed by the lenders for a stalled project in Austin. The lenders said the defendants, who were supposed to be the developers, defaulted on promissory notes for a \$39 million construction loan.

The lenders foreclosed.

After the lenders applied the proceeds from the foreclosure sale, a deficiency of \$11,491,916 remained, according to court documents.

The lenders contended that Yeo and Sarwal, who had guaranteed the loan, were liable for the deficiency and for the breach of contract.

Yeo never responded to the lawsuit, and a default judgment was entered against him for \$11,491,916 in damages and interest of \$614,311, plus attorneys fees, according to court documents.

Sarwal filed for Chapter 7 bankruptcy on April 1, 2011. In a court document dated Oct. 3, 2011, the lenders and Sarwal agreed that the debt he owed would not be eliminated in the bankruptcy proceeding, and a judgment of \$12,548,606 against Sarwal was issued.

In May 2011, the month after Sarwal filed for Chapter 7, National Swim Center Corp. amended its corporate filings in Texas, removing Sarwal and Yeo as directors.

The company did not remove them from its Florida filings.

Another dark cloud

John McIlhargy, executive director of National Swim Center Corp., also has a troubled financial record.

McIlhargy is facing foreclosure on his home in Stony Point, N.Y.

J.P. Morgan Bank has filed an action for foreclosure on the home, contending that McIlhargy and his wife defaulted on the mortgage on April 27.

Who's who in the sports complex deal

By Daily News Reporter **JOY BLACKBURN**

The sports complex is on the V.I. Senate Rules and Judiciary Committee agenda today.

The legislation would approve a 21-page Memorandum of Agreement that lays out general terms of the project.

The Memorandum of Agreement involves four parties: the V.I. government, GlobeVest V.I., the National Swim Center Corp., and Network Sports Marketing.

GLOBEVEST V.I.

A joint venture between GlobeVest LLC of Colorado and General Engineering Corp. of the Virgin Islands. Those two incorporated as GlobeVest V.I. in 2011 for the sole purpose of re-developing Paul E. Joseph Stadium. GlobeVest LLC is to be the developer and GEC is the contractor, according to GlobeVest spokesman John Cruzat.

GLOBEVEST LLC

A company that was incorporated in Colorado in August 2008 and that responded to the V.I. request for proposals to re-develop Paul E. Joseph Stadium. GlobeVest LLC does not have any experience developing projects. GlobeVest LLC's president is James K. Sutherland, and he has brought National Swim Center Corp. and Network Sports Marketing into the stadium proposal.

GENERAL ENGINEERING CORP

A V.I. general contracting company, known as GEC, that has done a number of projects in the territory, including the recently opened Louis E. Brown Villas housing community on St. Croix. GEC responded to the same 2009 request for proposals that GlobeVest LLC did. The managing partner of GEC is John Wessel.

NATIONAL SWIM CENTER CORP.

A Texas-based business that is to put up \$15 million in private funds for construction of the aquatics portion of the sports complex. After it is built, National Swim Center Corp. would lease and operate the swim center. Although National Swim Center Corp. has floated public/private partnership proposals to develop and operate swimming centers in at least three other

places — Corpus Christi, Texas; Cape Coral, Fla.; and Lee County, Fla. — all those proposals were turned down. National Swim Center Corp. is incorporated in Texas and Florida as a nonprofit but is not current in its filings and does not have tax-exempt status from the U.S. Internal Revenue Service. NSCC's executive director is John McIlhargy.

NETWORK SPORTS MARKETING —

A Florida-based corporation that is to put up \$10 million in private funding to build the tennis/beach volleyball parts of the sports complex, then lease and operate them. Network Sports Marketing describes itself on its website as a company that specializes in providing clients with "unique corporate sports events, travel and programming options that are memorable and measurable." The president is John Lehmann.

People

James K. Sutherland — President and chief executive officer of GlobeVest LLC and a principal of GlobeVest V.I.

John Wessel — Managing partner of GEC and a principal of GlobeVest V.I.

John Lehmann — President of Network Sports Marketing.

John McIlhargy — Executive director of National Swim Center Corp.

Fred Yeo — A principal of National Swim Center Corp.



A GlobeVest computer rendering shows the proposed Frederiksted sports complex.

One who is to bring in money has financial troubles

By Daily News Reporter **JOY BLACKBURN**

John Lehmann, president of Network Sports Marketing, has an extensive background working in sports marketing and planning and running events.

"Tennis is a small world," Lehmann said. "I'm not some guy off the street that's never been around. I've done tennis. I've done it as a player, as a coach, as an agent, as a marketer. I've been around the sport for 35 years, and that's why they asked to bring me in."

Under a proposed Memorandum of Agreement with the government, Lehmann's company would bring \$10 million in private funding to the construction project and would lease and operate the tennis and beach volleyball portion of the complex.

However, like the other stateside participants in the St. Croix sports complex deal, Lehmann has financial troubles.

Lehman and Network Sports Marketing have a \$130,000 judgment lien against them. It stems from a breach of contract case that Nike USA filed in 2010.

Lehmann said the lien is the result of a situation in which a client he had done business with for a few years "ordered a ton of stuff from Nike, and he skipped town on me. He skipped the country on me."

Lehmann had signed to guarantee payment. "They basically ran out on me, leaving me with a quarter-million dollar debt, which I paid down to a certain point, and that's where it sits, and I'm in a lawsuit with them at this point," Lehmann said.

He characterized the lien as an isolated incident.

Lehmann also faces foreclosure on his house by U.S. Bank, which filed foreclosure

in March.

Lehmann said the foreclosure is "a personal matter" and he would not comment about it.

He emphasized he and his company will be bringing money in for their part of the sports complex, not using taxpayer money.

"Our money on our part of it is private. That's a big distinction. We're not asking for any government money," Lehmann said.

He also said he recognizes that there may be some level of mistrust of companies from off-island that are not known in the Virgin Islands.

"I understand that there are historical dealings with 'off island' people that haven't resulted in the best results. I'm sorry for that but do think that upon examination of the proposed project, that there are stopgaps, check-points and safety measures that the government has included to mitigate potential pit-

falls," Lehmann said in an email following up on the interview.

Big plans for big events

Lehmann's contribution to the project would be attracting sports events to the St. Croix facilities, he said.

"In the sports world, and especially tennis, I've got a pretty extensive background, and I've got a nice reputation," he said "And really, building it is the easy part. The difficult part is getting people to come and stay and play. That's where we're specifically focusing."

Lehmann noted that a key part of the equation for success — beyond building the complex — is building the clientele.

"The facilities on their own are simply no good unless you can fill them," he said.

Government keeping secrets about selection process

By Daily News Reporter JOY BLACKBURN

How did four companies find one another and become parties in the stadium-sports complex project that is now before the 29th Legislature?

Ordinarily, the answer would be found in the Request for Proposals process — which is the foundation of competitive bidding for contracts that is a standard practice governments use to avoid bid-rigging and corruption and to ensure that taxpayer dollars are spent judiciously and get the most benefit for the least cost.

With few exceptions across America, sealed bids are submitted in response to an RFP, then after the deadline, they are opened in front of the public. Typically, once bids are opened and a contract has been awarded, copies of all submitted bids and accompanying documents are available on demand for any member of the public to view.

That is not what happens in the Virgin Islands.

In May, The Daily News gave the V.I. Property and Procurement Department a formal request for information about the sports complex RFP. The newspaper cited the relevant portions of V.I. Open Records Law that establish such information as public. The Daily News requested copies of the RFP; a list of all media outlets where the notice of RFP was published and the dates of publication; copies of the proposals received in response to the RFP; and the award letter to the successful bidder.



Gov. John deJongh Jr. announcing the St. Croix Sports Complex deal in February accompanied by GlobeVest V.I.'s James K. Sutherland, left, and Fred Yeo of National Swim Center Corp.

Property and Procurement Commissioner Lynn Millin-Maduro refused to provide the information. She claimed that those are not public documents because there is no ratified contract.

She also would not turn over the announcement of the RFP, even though it was published as a legal notice in The Daily News.

V.I. Housing, Parks and Recreation Commissioner St. Claire Williams gave testimony on May 9 to the Senate Committee on

Human Services, Recreation and Sports that sheds some light on how the sports complex proposal came about:

- In February 2009, V.I. Housing, Parks and Recreation Department issued an RFP — via the Property and Procurement Department — for the design/build/financing of a new Paul E. Joseph Baseball Stadium and sports complex.

- Williams said the government received four proposals, and one of those was deemed

non-responsive.

- A committee comprising staff from Property and Procurement and Housing, Parks and Recreation was created to evaluate the three remaining proposals, which were from GEC, Tip Top Construction and GlobeVest LLC.

- The committee recommended that Property and Procurement enter negotiations with GEC.

- After negotiations with GEC started, “it was further determined” that the GlobeVest LLC proposal was more “advantageous” to the government’s objective, Williams said.

GlobeVest LLC proposed additional sporting venues, whereas GEC more fully addressed the build-out of the Paul E. Joseph Stadium and the Terrance Martin Ball Park, Williams said. The two together amounted to what Williams called “a comprehensive sports complex.”

- GlobeVest LLC indicated it would be willing to partner with the government in providing funding to build the facility.

- Correspondence was submitted to Millin-Maduro about the feasibility of joining the two proposals, if both GEC and GlobeVest LLC were in agreement, Williams said.

- Millin-Maduro told Williams that both proposals could be considered a joint venture, because they were submitted under the same RFP, according to Williams.

- “Thereafter the Department of Property and Procurement considered our recommendation, and it was determined that it would be in the best interest of the government for both proposals to be considered and the two entities associate as a joint venture to develop a comprehensive sports complex to consist of the baseball stadiums, an aquatic stadium and tennis/beach volleyball stadium,” Williams testified.

- GEC and GlobeVest LLC entered into a joint venture agreement on Jan. 14, 2010, according to Williams.

- Sixteen months later, in May 2011, GlobeVest V.I., the new joint venture, filed incorporation papers with the Lt. Governor’s Office Division of Corporations and Trademarks.

How \$55 million is divided

By Daily News Reporter JOY BLACKBURN

The new sports complex in Frederiksted would be a \$55 million deal.

Under a proposed Memorandum of Agreement that the Senate Rules and Judiciary Committee is considering for ratification today, the V.I. government would put up \$30 million of taxpayer money for the project; private investors would put up \$25 million.

The proposal calls for Network Sports Marketing to provide \$10 million for the tennis and beach volleyball portion of the project and for National Swim Center Corp. to provide \$15 million for the aquatics portion.

GlobeVest V.I., which will oversee all aspects of the project from design to managing the finished complex, is not putting any money directly into the project.

Public money

The government’s \$30 million share comprises \$5 million for a pre-construction phase and \$25 million for construction, but the cost of financing the \$25 million portion ultimately would cost the taxpayers

almost \$60 million.

The \$5 million will come from an existing appropriation and from reprogramming other funds. The reprogramming is included in the bill that approves the Memorandum of Agreement between GlobeVest V.I. and the V.I. government.

The \$5 million pre-construction phase, which the government will fund entirely, includes tearing down the existing Paul E. Joseph Stadium; conducting environmental and engineering studies; and developing design documents for the entire project, according to testimony presented May 9 to the Senate Human Services, Recreation and Sports Committee by Housing, Parks and Recreation Commissioner St. Claire Williams.

The bill before the Senate also authorizes the V.I. Public Finance Authority to issue bonds to finance the V.I. government’s \$25 million share.

The bonds would be secured by Community Facilities Trust revenue, which is part of the

rum coverover revenue the territory gets from its agreement with rum producer Diageo.

In an interview with The Daily News, V.I. Finance Commissioner Angel Dawson Jr., who also is the executive director of the V.I. Public Finance Authority, said that the total repayment costs for the bonds would be about \$59.5 million over 30 years, assuming a 6 percent interest rate. Repayment costs include the original \$25 million, the cost of issuing the bonds and the interest.

Williams said the government’s \$25 million for construction will be used during the first phase of the project.

An attachment to the proposed Memorandum of Agreement details a preliminary budget and allocation of funds as:

- \$14.75 million for the baseball stadium.
- \$8.5 million for public shared facilities, which would include parking lots, restrooms and areas set up for vendors.
- \$750,000 for the Little League ball park.
- \$500,000 for the Festival Village park.
- \$500,000 for contingencies.

Private funding

The \$25 million from National Swim Center Corp. and Network Sports Marketing remains to be raised from private investors.

During a Senate committee hearing, the GlobeVest V.I. group circulated a letter of interest from one financial organization that describes the project as a “potentially good fit.”

That document, on letterhead from The LCP Group and dated April 10, 2012, had a signature of E. Robert Roskind, chairman of the board for Lexington Realty Trust. It was addressed to committee Chairman Sen. Alvin Williams Jr.

“We would be interested in looking at the project in its totality,” the letter states. The letter characterizes the project’s totality as “including but not limited to site procurement, construction, hospitality, marketing, management, entertainment as well as initial preliminary financing.”

The attachment to the Memorandum of Agreement between GlobeVest V.I. and the V.I. government breaks down the private funding as:

- \$11,655,511 from National Swim Center Corp. and Network Sports Marketing for an aquatic stadium.
- \$12,249,325 from NSCC/Network Sports Marketing for a tennis/beach volleyball stadium.
- Contingency funds of \$647,582 from NSCC and \$447,582 from Network Sports Marketing.

Premature and inflated claims

By Daily News Reporter **JOY BLACKBURN**

Even before Gov. John deJongh Jr. announced in February that he signed an agreement to develop a \$55 million sports complex in Frederiksted, the developer, GlobeVest LLC, had announced the deal on its website, describing the deal as “a \$350 million private/public partnership.”

It is unclear how long the website (www.globevestllc.com) had been up before deJongh’s announcement, but within days afterward, the website content disappeared.

Before it vanished, it not only vastly inflated the value of the sports complex, it also displayed splashy photos of tropical scenes, a picture of deJongh and the logo of Major League Baseball among other sports logos.

The short-lived website described the project on a grandiose scale, saying that “this massive development project will be built over 120 acres of beach-front land” and would comprise:

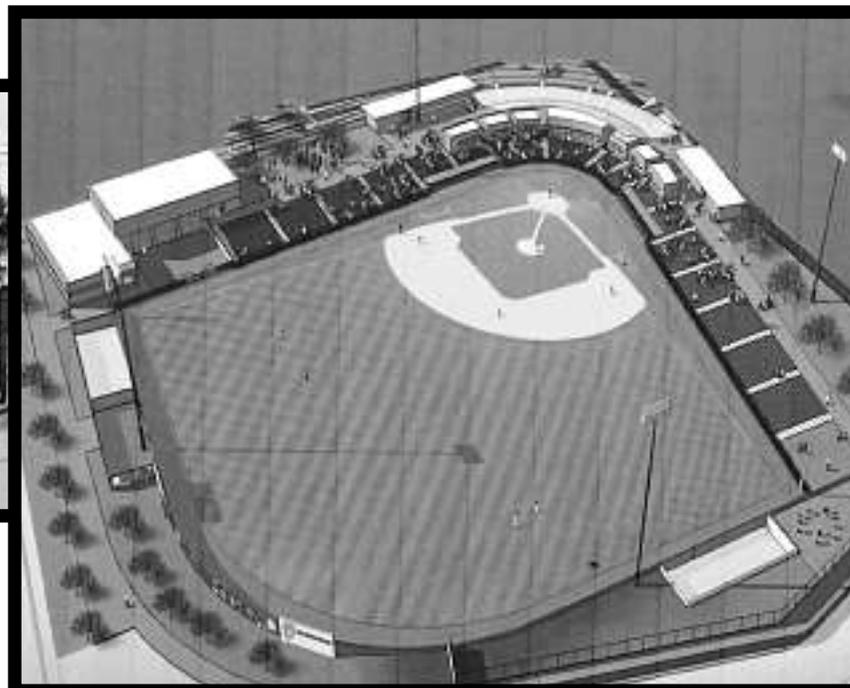
- A 5,000-seat aquatic stadium.
- A 2,500-seat tennis stadium with 24 courts.
- A 1,000-seat beach volleyball stadium with eight sand courts.
- A 3,500-seat baseball stadium.
- A 500-seat Little League stadium.
- A Carnival Festival park.
- A 350-room full-service hotel.
- A 100-room limited-service hotel.
- A 100-room athletic housing facility.

Asked about the extreme difference between the money amounts the governor and GlobeVest were claiming, GlobeVest spokesman John Cruzat said at the time that the \$350 million included the government’s \$25 million and private money the company would bring in.

“The \$350 million is money we’ll be raising for the wraparound projects — the hotels, the retail shops — all of which is contingent on the govern-



These images were printed as large posters and presented to the V.I. public at the unveiling of the sports complex project in February. The picture above was labeled “Sports Complex Entrance,” and the picture at right was labeled, “Conceptual Design for Paul E. Joseph Stadium.” However, the images are actually of Lobos Field at the University of New Mexico. GlobeVest V.I. has no connection to the New Mexico project.



ment’s investment,” Cruzat said on the evening of the governor’s announcement and press conference in February.

Shortly after the governor’s announcement aroused public curiosity about the project and GlobeVest LLC, the company’s website was taken down. Visitors to that site saw only a message that the website was “under construction.”

In April, just before the first Senate committee hearing on the deal, the home page of the GlobeVest LLC website came back online. It still featured lush tropical scenes, but it did not mention \$350 million. Instead it had a sketch of a baseball stadium and a link directing visitors to a different address, www.globevestvi.com, “to learn more about the U.S. Virgin Islands Sports Complex.”

The original GlobeVest website still has links to “Alliance Team,” “Management,” “Projects,” and

“Contacts,” but the site’s links go nowhere, and clicking on them leads to an error message saying the page “was not found.”

The new website says that “based upon the signed MOA,” the project is a \$55 million public-private partnership between the government and GlobeVest V.I.

GlobeVest V.I., the entity in the

Memorandum of Agreement, is a joint venture between local contractor General Engineering Corp. and Colorado-based GlobeVest LLC.

The new website about the V.I. sports complex project scales down the claims of the original website. The new one says that “the public/private partnership site plan will be built over 60 acres of land that will consist of roughly 35 acres of designated

public land and an estimated 25 acres of private land.”

In addition to some V.I. photographs, the new site has an “about” page, a “team” page listing the “Project Team,” and a “gallery” section showing conceptual drawings and an animated virtual tour of the proposal using drawings.

It does not mention the \$350 million figure.

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