October 5, 2018 **INR-01-30-19**

THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL

FOLLOW-UP INSPECTION ON REAL PROPERTY TAX AUCTIONS

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EXECUTIVE SUMMARY

The following summarizes the major findings from the Follow-up Inspection of Real Property Tax Auctions (INR-01-30-19).

Finding 1: Added Costs (pages 7 to 11)

- ✓ Property owners were paid incorrect net proceeds collected at real property tax auctions.
- ✓ The incorrect payments were due to the decision to include added expenses not previously included in the auction opening bids.
- ✓ The incorrect payments resulted in over $57,000 in added costs to properties sold at auctions.

Finding 2: Distribution of Net Proceeds (pages 13 to 16)

- ✓ Forty-two out of forty-nine net proceeds payment were incorrectly calculated.
- ✓ Five property owners were overpaid over $19,000.
- ✓ Thirty-seven property owners were underpaid over $91,000..

Finding 3: Waived Property Taxes (pages17 to 20)

- ✓ Unpaid property taxes were written-off.
- ✓ Almost $89,000 in property taxes was waived by the posting of 151 adjustments to property tax records.

Finding 4: Erroneous Transactions (pages 21 to 22)

- ✓ A net proceeds payment was made to a property owner whose property transfer was not completed.
- ✓ A payment was made to someone other than the property owner.
- ✓ A refund payment was made to a purchaser who also had title to the property.

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October 5, 2018

Honorable Kenneth E. Mapp
Governor of the Virgin Islands
Government House
21-22 Kongens Gade
Charlotte Amalie, Virgin Islands 00802

Honorable Myron D. Jackson
Senate President
32nd Legislature
Capital Building
Charlotte Amalie, Virgin Islands 00802

Dear Governor Mapp and Senator Jackson:

This final report contains the results of our follow-up inspection on real property tax auctions. The objective of the inspection was to determine: (i) if Lieutenant Governor's Office officials correctly paid property owners the net proceeds generated from sold properties, and (ii) if Lieutenant Governor's Office officials deducted and accounted for the taxes and public sewer system user fees, penalties and costs as prescribed by the Title 33 Section 2547 (c) of the Virgin Islands Code.

We found that Lieutenant Governor's Office officials incorrectly paid some property owners the net proceeds collected at real property tax auctions held territory-wide. The inaccurate payments were the direct result of Lieutenant Governor's Office officials' decision to include added expenses not previously included in the opening bids (cost) of the properties sold. Specifically,we found that officials: (a) increased the interest rates used to determine the property tax penalty; (b) added previously excluded penalties and costs from the opening bid price; (c) added unbilled property tax obligations that became payable after the auction occurred; (d) added other property tax obligations that remained unbilled on the date of redemption; and, (e) increased the administrative costs charged to the sold properties. Lieutenant Governor's Office officials did not accurately account for the taxes and public sewer system fees collected from the sold properties. The officials did not ensure that the recording of taxes paid on the property tax records reconciled with the payments collected at the auctions. Forty-two of forty-nine net proceeds payments were either overpaid or underpaid. Specifically, officials made 5 overpayments totaling $19,484 and 37 underpayments totaling $91,048.

We also found that Lieutenant Governor's Office officials did not deduct and place into the General Fund the taxes, penalties, and costs portions of the monies collected from sold properties. In addition, Lieutenant Governor's Office officials waived uncollected property tax revenue by simply writing those taxes off the collection records.

An exit conference was held on May 11, 2018, and there was general agreement with the findings and recommendations in the report. Officials from the Lieutenant Governor's Office submitted a response dated May 22, 2018 and it is included as Appendix I beginning on page 20 of this report.

If you require additional information, please call me at 774-3388.

Sincerely,

Steven van Beverhoudt, CFE, CGFM
V. I. Inspector General

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INTRODUCTION

BACKGROUND

The responsibility for the collection of real property taxes was transferred from the Department of Finance (Finance) to the Office of the Lieutenant Governor (Lieutenant Governor's Office) on December 22, 2007, by Act 6976. As part of the Lieutenant Governor's Office attempt to reduce the territory's large delinquency in real property taxes and sewer system user fees, a determination was made to initiate a series of real property actions as authorized by Title 33, Section 2541, of the Virgin Islands Code (Code).

On January 25, 2012, in the St. Thomas/St. John District, the Lieutenant Governor's Office held the first in a series of real property tax auctions. From January 25, 2012 through June 26, 2013, there were 12 auctions held territory-wide (6 in the St. Thomas/St. John District and 6 in the St. Croix District).

Title 33, Chapter 89, Subchapter III, Sections 2541 through 2554 of the Code addresses the attachment and sale of property for the nonpayment of real property taxes and sewer system user fees. Also, Title 33, Chapter 89, Subchapter IV, Sections 2581 through 2584 of the Code outlines the right of the property owner to redeem or reacquire property after it has been sold at auction. Both subchapters contain numerous specific steps and time frames that must be followed in the attachment and redemption of real properties auctioned for the nonpayment of real property taxes and sewer system user fees.

Specifically, Title 33, Section 2541 of the Code gives the Lieutenant Governor the authority to attach and sell real property of delinquent taxpayers. It also requires the Lieutenant Governor to prepare a written notice of attachment of the real property for which the taxes are due. Among other things, the notice of attachment shall include (a) the amount of delinquent taxes, sewer system user fees, and interest due, and, (b) a statement that if the required taxes, fees, penalties and costs are not paid within a prescribed time, the property will be sold at the public auction. The notice is required to include the date of the public auction and the date upon which the period to redeem the delinquent real property expires.

The Code also requires that the notice of attachment be served on the taxpayer or family member of legal age. If the taxpayer or family member cannot be found, the notice can be left with two neighbors willing to be witnesses to the service of the notice. If no witnesses are willing to accept the notices, the notice must be mailed to the taxpayer's last known address and published in a newspaper of general circulation once a week for 4 consecutive weeks, and posted in the nearest post office or the bulletin board of the Superior Court. All attempts to serve the taxpayer must be properly documented for later use.

Title 33, Section 2546 of the Code requires that the property be advertised for sale at least once in a different newspaper of general circulation in each island district. The cost of the advertising together with a fee of $5.00 for service of the notice shall be included as part of the cost of the sale.

Also, Title 33 Section, 2547 of the Code, states that the Lieutenant Governor shall not accept a bid for a less amount than the associated taxes and public sewer system user fees, together with all costs and penalties on the real property. In addition, Title 33 Section 2547(c) states that after receipt of any purchase money, the Lieutenant Governor shall deduct the sums due for taxes and public sewer system user fees, penalties and costs. Subsequently, the Lieutenant Governor shall place the excess funds collected in a trust account and upon the required time this amount shall be paid to the taxpayer, or in the event of redemption shall be given to the purchaser.

Title 33, Section 2581, allows the owner whose property was sold at public auction to redeem or reacquire the property within one year from the date of sale at the auction, by paying the full amount of the bid accepted, with interest at the rate of 12% per annum, and all outstanding property taxes and sewer system users fees due for the period between the date of the sale and the date the owner redeems the property, together with a $15 fee.

The Code requires the Lieutenant Governor's Office to attach to a real property all delinquent taxes, penalties, fees, and costs owing, and to include the related costs in the price of the property offered for public auction. The total of all such costs represents the starting (opening) bid amount at the auction. The Code requires that any purchase money collected from a real property tax auction that exceeds the cost results in net proceeds payable to the owner once the property owner does not exercise his/her right to redeem the property.

Title 33 Section 2494 of the Code sets the due and payable date for property taxes and public sewer system user fees, respectively, on June 30th of each year. Once billed, the taxes and public sewer system user fees become delinquent if not paid by August 30th of each year. The Lieutenant Governor was given the right to waive all penalties and interest associated with these taxes.

From January 18, 2012 through June 26, 2013, the Lieutenant Governor's Office sold 153 properties. Of those properties sold, 105 were not redeemed with 100 of the properties generating a net proceed for the property owner. As of December 31, 2014, the Lieutenant Governor's Office issued 49 checks totaling $1,180,489 in net proceeds paid to property owners who chose not to exercise their redemption rights. Of these issued checks, 42 checks totaling $1,031,884 were returned to the Lieutenant Governor's Office, most due to undeliverable addresses.

On July 17, 2015, the Lieutenant Governor officially voided all 12 real property tax auctions held from January 2012 through June 2013. A total of $4,209,764 was collected territory-wide and deposited into an escrow account controlled by Finance. Prior to the expiration of the one year redemption period, $1,218,615 was paid to buyers who purchased properties that were redeemed by the original owner, or required reimbursements due to some irregularity of the sale. The remaining $2,991,149 represented properties not redeemed, sold, and required reimbursement. As of August 2017, officials at the Lieutenant Governor's Office had reconciled and processed $2,897,249 or 96% of those payments.

Also, after the Lieutenant Governor voided the real property tax auctions, his office placed a "Special Deed For Legally Deficient Auction" on record with the Recorder of Deeds thereby reverting ownership of the property to the owner whose property was attached.

OBJECTIVE, SCOPE, AND METHODOLOGY

Based on the irregular procedural changes reported on September 15, 2014, in our Inspection Report of Real Property Auctions, we considered it necessary to examine the Lieutenant Governor's Office administrative handling of monies collected from sold properties.

The objective of the inspection was to determine: (i) if Lieutenant Governor's Office officials correctly paid property owners the net proceeds generated from sold properties, and (ii) if Lieutenant Governor's Office officials deducted and accounted for the taxes and public sewer system user fees, penalties and costs as prescribed by the Title 33 Section 2547 (c) of the Code.

We performed our inspection based on the Council of the Inspectors General on Integrity and Efficiency "Quality Standards for Inspections." We obtained and reviewed all documents provided to us by officials of the Lieutenant Governor's Office relating to the properties sold and redeemed as a result of the 12 real property tax auctions held territory-wide. Specifically, we looked at the net proceeds generated and paid to property owners who chose not to exercise their redemption rights. As a result of the sales, we examined the tax payments and public sewer system fees collected to ensure that Lieutenant Governor's Office officials accurately recorded the payments on the property's tax record.

PRIOR AUDIT COVERAGE

We issued report INR-01-30-14, "Inspection of Real Property Auctions Held By The Office of the Lieutenant Governor," on September 15, 2014. Finding 6 of the report addressed the "Assessment and Collection of Fees." We determined that although the Lieutenant Governor's Office had incurred $296,068 in advertising costs, only $20,022 was collected from auctioned properties.

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RESULTS

CONCLUSIONS

We found that Lieutenant Governor's Office officials incorrectly paid some property owners the net proceeds collected at real property tax auctions held territory-wide. The inaccurate payments were the direct result of Lieutenant Governor's Office officials' decision to include added expenses not previously included in the opening bids (cost) of the properties sold. Specifically, we found that officials: (a) increased the interest rates used to determine the property tax penalty; (b) added previously excluded penalties and costs from the opening bid price; (c) added unbilled property tax obligations that became payable after the auction occurred; (d) added other property tax obligations that remained unbilled on the date of redemption; and, (e) increased the administrative costs charged to the sold properties. Lieutenant Governor's Office officials did not accurately account for the taxes and public sewer system fees collected from the sold properties. The officials did not ensure that the recording of taxes paid on the property tax records reconciled with the payments collected at the auctions. Forty-two of forty-nine net proceeds payments were either overpaid or underpaid. Specifically, officials made 5 overpayments totaling $19,484 and 37 underpayments totaling $91,048.

We also found that Lieutenant Governor's Office officials did not deduct and place into the General Fund the taxes, penalties, and costs portions of the monies collected from sold properties. In addition, Lieutenant Governor's Office officials waived uncollected property tax revenue by simply writing those taxes off the collection records.

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FINDING 1: ADDED COSTS

Lieutenant Governor's Office officials incorrectly paid some property owners the net proceeds collected at real property tax auctions held territory-wide. The inaccurate payments were the direct result of Lieutenant Governor's Office officials' decision to include added expenses not previously included in the opening bids (cost) of the properties sold. Specifically, we found that officials: (a) increased the interest rates used to determine the property tax penalty; (b) added previously excluded penalties and costs from the opening bid price; (c) added unbilled property tax obligations that became payable after the auction occurred; (d) added other property tax obligations that remained unbilled on the date of redemption; and, (e) increased the administrative costs charged to the sold properties.

Lieutenant Governor's Office officials charged $57,551 in added costs to properties previously sold at the territory's real property tax auctions. The higher costs had the effect of lowering the amount of the net proceeds paid to the property owners.

Background

Title 33, Section 2541(a) of the Code gives the Lieutenant Governor the authority to collect delinquent property taxes by attachment and sale of the property for any taxes and public sewer system user fees. Also, Section 2546 requires the Lieutenant Governor to add the cost of advertising and a fee of $5.00 for service of the notice upon the taxpayer.

In our report on the "Inspection of Real Property Auctions held by the Office of the Lieutenant Governor" (INR-01-30-14) on September 15, 2014, Finding 6: Assessment and Collection of Fees, we reported that although the Lieutenant Governor's Office had incurred $296,068 in advertising costs, the office collected only $20,022 in advertising fees from those auctioned properties.

Increased Costs

Based on our review of the various documents maintained at the Lieutenant Governor's Office, we found that after the auctions had been conducted, officials decided to recoup some advertising costs not included in the original auction price of properties sold. In addition, officials included additional years of property taxes that become due and payable during the sold properties' redemption period. Officials also included anticipated property tax bills for tax years that remained unbilled on the date of redemption. These added charges were expensed to the property owners' net proceeds, thereby reducing the amount paid to the owners.

We also found that the interest rates used to calculate each year's interest cost, determined for the auction, was updated to reflect what those rates were one year later. As a result, those updated interest rates, when applied to the taxes owed, created an increased interest charge that officials used to determine the net proceed.

On St. Croix, Lieutenant Governor's Office officials increased the auction cost of 25 properties by $18,635. We found that $17,710 or 95% of the higher cost was the direct result of the Lieutenant Governor's Office officials attempt to recoup the cost of lost advertising fees not charged at the time of the auctions.

In the St. Thomas District, the collection officials increased the auction cost of 15 properties by $38,917. We found that $31,657or 81% of the higher cost was for taxes, interest, and costs that officials did not include in the minimum auction amount. The following schedule shows seven instances where property's costs were increased by at least $1,500.

INCREASED COST

Example	Increase In Interest Cost	Increase in Original Tax/Penalty	Added Tax Years	Change in Administrative Cost	Total Cost Increase
ST. CROIX					
1	$ -	$925	$ -	$690	$ 1,615
ST. THOMAS					
2	1,240	549	12,900	(140)	14,550
3	557	5	3,061	610	4,234
4	508	-	2,348	610	3,466
5	474	-	2,531	(140)	2,864
6	353	-	1,946	(140)	2,159
7	104	-	1,075	610	1,789

Interest Cost

Our review revealed that when St. Thomas officials processed the net proceeds, they updated the interest rates initially assessed to reflect an increased interest rate one year later. These new interest rates, when applied to the property's tax bill, increased the overall cost of the sale and contributed to the reduction of the net proceed paid to the property owner. This situation did not occur in the St. Croix District.

The following schedule shows the interest rates changes made from 2006-2009 for the six properties whose net proceeds were underpaid by at least $1,500.

INTEREST RATE CHANGE

Example	Change in Interest Rate				Increase Cost
	2006	2007	2008	2009	
1	7% to 25%	1% to 24%	-	-	$1,240
2	14% to 25%	8% to 24%	3% to 19%	0% to 14%	557
3	14% to 25%	8% to 25%	3% to 25%	0% to 25%	508
4	14% to 25%	8% to 24%	1% to 18%	0% to 14%	474
5	14% to 25%	8% to 24%	3% to 18%	0% to 14%	353
6	17% to 25%	11% to 24%	6% to 18%	1% to 14%	104

As an example, in the first instance listed above, the cost of the sale increased by $1,240 because the interest rate applied at the time of the sale for tax years 2006, and 2007 was 7% and 1%, respectively. However, one year after the sale, the officials updated those interest costs to 25% and 24%, respectively.

Taxes/Penalties

We found that Lieutenant Governor's Office officials, in some instances, did not include the penalties and costs associated with some tax years attached for sale. However, after the redemption period had expired, the officials included those costs in the final net proceeds calculation. The total penalties and costs added was $32,583. The St. Thomas/St. John District accounted for $31,658 and the St. Croix District accounted for $925 of the increased charge.

St. Thomas District/St. John. For one sold property, the 2008 property taxes were included in the auctioned price. However, the penalties and costs were not included. One year after the sale had occurred, officials included the 2008 penalty of $544 and costs of $5 to the total expense charged to the property owner's net proceeds. The adjusted value increased the cost of the sale by $549 and decreased the net proceeds paid to the property owner.

St. Croix District. After the Lieutenant Governor's Office held the auctions on St. Croix, one property's cost was increased by $925. We were able to determine that $220 of the increased cost was for the 1999 taxes not included in the price of the sale. However, we were unable to determine the reason for the additional $705 in increased costs.

Unbilled Property Taxes

We found that Lieutenant Governor's Office officials included the cost of property taxes unbilled at the time of the auction but became due and payable during the redemption period. Also, Lieutenant Governor's Office officials in the St. Thomas/St. John District added property tax years that remained unbilled on the date of redemption. We did not find this particular issue in the St. Croix District.

For example**,** one property was attached for sale up to the tax year 2008. However, at the end of the redemption period, officials charged the 2009-2012 taxes, penalties, and costs against the net proceeds of the property owner. We found that 2009-2010 taxes became due and payable, and 2011-2012 remained unbilled. This adjustment lowered the net proceeds paid to the property owner by increasing the cost of the sale by $12,900.

Lieutenant Governor's Office officials attached and sold another property for tax years up to 2009. However, at the end of the redemption period, the officials charged the 2010-2012 taxes, penalties, and costs to the net proceeds of the property owner. We found that 2010-2011 taxes became due and payable, and 2012 remained unbilled. This adjustment decreased the owner's net proceeds by increasing the cost of the sale by $3,061.

Finally, a third property was attached for tax years up to 2009. However, at the end of the redemption period, Lieutenant Governor's Office officials charged the 2010-2012 taxes, penalties, and costs to the net proceeds of the property owner. We found that 2010-2011 taxes became due and payable, and 2012 remained unbilled. This adjustment lowered the owner's net proceeds by increasing the cost of the sale by $2,531.

Administrative Costs

Lieutenant Governor's Office officials increased the administrative expense initially charged during the auction from $60 or $140 to $750. The updated value was used to calculate the net proceeds paid to the property owner.

St. Croix District. A property was auctioned for $12,500 and the costs assessed at the auction was $6,811. Accordingly, the net proceeds generated from the sale and payable to the owner was $5,689. However, the check was issued for $4,939. Our review showed that the check was issued for an amount less than expected because the officials added $750 in additional administrative costs not assessed on the date of the auction.

Another property was sold for $35,000 and the costs determined at the auction was $3,344. Therefore, the net proceeds generated was $31,656. Lieutenant Governor's Office officials issued a check for $30,966, or $690 less than expected. Our review found that this occurred because Lieutenant Governor's Office officials increased the administrative costs of $60 assessed during the auction to $750 at the processing of the net proceeds. The net impact on the property owner was a check issued for $690 less than owed.

St. Thomas/St. John District. For an auctioned property**,** Lieutenant Governor's Office officials included in the sale $140 in administrative costs. However, one year later, the officials increased the costs from $140 to $750. As a result, the property owner's net proceeds was reduced by $610.

Recommendations

We recommend that the Lieutenant Governor of the Virgin Islands:

1. Ensure that all applicable costs are included in the price of properties offered for auction.

2. Obtain a legal opinion from the Attorney General of the Virgin Islands on including in the opening bid all anticipated property tax expense that will become billable within one year from the date of an auction.

3. Cease offering properties at auction for a lesser amount than the taxes, penalties, costs, and other fees owed on the real property.

4. Stop increasing the costs of a sold real property, after the completion of a sale.

5. Flag sold properties in the computerized property tax management system to alleviate any potential inappropriate transactions occurring during the years' redemption period.

6. Ensure that all staff members responsible for auctioning real property for delinquent taxes are appropriately trained and educated on all applicable federal and local laws, rules and regulations governing the process.

Lieutenant Governor's Office Response

Officials from the Lieutenant Governor's Office agreed with all of the recommendations made in this section of the report. It was indicated that in May 2017, a Guidance Manual for Property Tax Auctions (Manual) was implement. This Manual used during the first auction held in August 2017, and the guidance provided addressed all of the issues covered by the first four recommendations.

Regarding the fifth recommendation, the CAVU billing system is currently being updated to allow for the tracking of properties and auctions.

Finally, regarding the sixth recommendation, all staff members from both districts have received training in the new Manual.

V. I. Inspector General's Comments

Based on the responses to the recommendations made, we consider them fully resolved and implemented. No further action is needed.

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FINDING 2: DISTRIBUTION OF NET PROCEEDS

The Lieutenant Governor's Office incorrectly paid 42 of 49 net proceeds payments issued to property owners who were entitled to receive funds generated from the real property tax auctions. Lieutenant Governor's Office officials processed and overpaid 5 net proceeds payments by $19,484 and underpaid 37 payments by $91,048.

Background

Title 33 Section 2547(c) of the Code states that "after receipt of any purchase money, the Lieutenant Governor shall deduct from the sums due for taxes and public sewer system user fees, penalties and costs. The excess thereof shall be held in trust by the Lieutenant Governor, and in due course shall be paid to the taxpayer, or in the event of redemption shall be paid to the purchaser."

Title 33, Section 2581 of the Code, allows the property owner, whose property was sold at public auction, to redeem the property within one year from the date of sale at the auction, by paying the full amount of the bid accepted, with interest at the rate of 12% per annum, and all outstanding property taxes and sewer system users fees due for the period between the date of the sale and the date the owner redeems the property, together with a $15 fee.

Net Proceeds

The Lieutenant Governor's Office issued 49 checks totaling $1,180,489 in net proceeds paid to property owners who chose not to exercise their redemption rights.

In the St. Croix District, the Lieutenant Governor's Office Tax Collector Division processed 33 final proceeds checks. However, we found that the officials incorrectly calculated the amounts payable on 26 or 81% of the payouts. In 5 instances, the amounts paid were overstated by as much as $10,028. In 21 cases, the payments were underpaid by as much as $1,590. We found that overpayments totaled of $19,484 and underpayments equaled $14,788.

In the St. Thomas/St. John District, the Tax Collector Division processed 16 net proceeds checks to property owners. We found that all 16 or 100% of the issued checks were for amounts less than determined by collection records. We found that the largest underpayment totaled $14,550. All of the underpayments totaled $76,260.

Net Proceeds Overpaid. Our inspection found that all overpaid net-proceeds payments were processed in the St. Croix District. We concluded that the overpaid net proceeds were the result of officials overstating the purchase price and the costs, or understating the cost of sold

properties. The table shown below details three examples of net proceeds overpaid by Lieutenant Governor's Office officials.

NET PROCEEDS OVERPAID

Example	Purchase Amount	Costs Assessed at Auction	Net Proceeds	Check Issued	Overage
1	$ 5,789	$ 5,789	$ 0	$ 10,028	$10,028
2	5,000	4,530	470	7,955	7,485
3	190,000	26,214	163,786	165,696	1,910

As shown above, a property was sold for $5,789, the exact amount of taxes, penalties, and interest assessed at the auction. As a result, no net proceeds were generated by this sale. However, we found that a net proceeds form was processed that prompted Lieutenant Governor's Office officials to issue a check for $10,028. We noted that officials overstated both the purchase price paid by $9,311 and the assessed costs by $717. Upon further inspection, we found that the Lieutenant Governor's Office officials issued this check to a person other than the property's owner. A trace of this net proceeds payment showed that the bearer did not cash the check**.**

In another example, a property was purchased for $5,000. The opening bid, which represented all taxes, penalties, and costs assessed at the time of the auction, was $4,530. As a result, the net proceeds payable to the owner was $470. However, the Lieutenant Governor Office issued a check for $7,849. The officials overstated the purchase price by $9,100; increased the initial cost by $925; and added a new cost of $690. These various misrepresentations caused the Lieutenant Governor's Office to issue a check for $7,014 more than necessary. We traced this payment and found that the property owner did not cash the check.

Finally, a property was sold for $190,000 and the cost charged at the auction was $26,214. As a result, the property owner was entitled to a net proceed check of $163,786. However, a check was issued for $165,597. We found that officials understated the initial cost assessed at the auction by $2,660 and added the additional cost of $750. The net effect to the property owner was a check issued for $1,910 more than the required amount. A trace of this payment showed that the property owner did not cash the check.

Net Proceeds Underpaid. We determined that Lieutenant Governor's Office officials underpaid 37 of the 49 net proceeds payments. We found that $14,788 in net proceeds was underpaid in the St. Croix District and $76,260 in the St. Thomas/St. JohnDistrict. As a result, a total of $91,048 in net proceeds was underpaid territory-wide. The following schedule details examples by island district of the net proceeds underpaid by the Lieutenant Governor's Office.

NET PROCEEDS UNDERPAID

Example	Purchase Amount	Costs Assessed at Auction	Net Proceeds	Check Issued	Shortage
St.Thomas					
1	$ 45,000	$ 3,468	$ 41,392	$ 7,559	$33,833
2	101,000	46,140	54,860	40,310	14,550
3	33,000	18,229	14,771	10,537	4,234
St. Croix					
4	31,000	10,507	20,493	18,903	1,590
5	12,500	6,811	5,689	4,939	750
6	35,000	3,344	31,656	30,966	690
Total	**$257,500**	**$88,499**	**$168,861**	**$113,214**	**$55,647**

St. Thomas/St. John District. In the first example shown above, the Lieutenant Governor Office sold a property for $45,000 with an assessed cost of $3,468. As a result, the net proceeds payable to the owner was $41,392. However, a check was issued for $7,559. This underpayment occurred because Lieutenant Governor's Office officials understated the purchase price by $33,000 and overstated the original cost assessed by $833. The net impact on the property owner was a check issued for $33,833 less than what was owed.

Another property was sold for $101,000 and the costs assessed at the auction was $46,140. Therefore, the net proceeds generated from the sale and payable to the owner was $54,860. However, a check was issued for $40,310. We found that the check was issued for an amount less than expected because Lieutenant Governor's Office officials overstated the cost initially assessed by $14,550.

Finally, a property was sold for $33,000 and the cost determined at the auction was $18,229. Therefore, the net proceeds generated was $14,771. However, Lieutenant Governor's Office officials issued a check for $10,537. This occurred because the officials overstated the costs initially assessed by $4,234.

St. Croix District. As shown in the fourth example listed in the table above the Lieutenant Governor's Office officials sold a property for $31,000 with an assessed cost of $10,507. As a result, the net proceeds payable to the property owner was $20,493. However, we found an issued check for $18,903 or $1,590 less than owed. This occurred due to the net effect of officials understating the purchase price by $900 and overstating the costs assessed at the auction by $690.

Another property was sold for $12,500 and the costs assessed at the auction was $6,811. Therefore, the net proceeds generated from the sale and payable to the owner was $5,689. However, the check was issued for $4,939. Our review revealed that the check was issued for an amount less than expected because the officials added $750 in additional costs not assess on the date of the auction.

In the final example, a property was sold for $35,000 and the costs determined at the auction was $3,344. Therefore, the net proceeds generated was $31,656. The actual amount of the check issued was $30,966, or $690 less than expected. Our review found that this occurred because of the net effect of officials substituting a cost of $60 assessed at the time of the auction with $750 during the processing of the net proceeds.

Recommendations

We recommend that the Lieutenant Governor of the Virgin Islands:

1. Develop policies and procedures to ensure that Lieutenant Governor's Office officials accurately remit to eligible property owners all net proceeds collected at the real property tax auctions.

2. Ensure that the Lieutenant Governor's Office appropriately account for all disbursed final proceeds checks.

Lieutenant Governor's Office Response

There was agreement with the recommendations made. The new Manual address all of the issues raised by the recommendations made in this section of the report.

V. I. Inspector General's Comments

Based on the responses to the recommendations made, we consider them fully resolved and implemented. No further action is needed.

FINDING 3: WAIVED PROPERTY TAXES

Lieutenant Governor's Office officials did not collect and directly wrote-off unpaid property taxes. During our review, we reconciled the purchase monies received from the real property tax auctions and found that officials did not accurately deduct, and register as paid, the property taxes collected from the sales held territory-wide. As a result, we found that officials waived taxes by posting, as paid, 151 adjustments totaling $88,953 in property tax payments that exceeded the purchase monies collected.

Background

The Lieutenant Governor's Office utilized a software program called "CAVU" to maintain the real property tax records of the Government of the Virgin Islands. The CAVU program serves as the main database of all real properties in the Virgin Islands. It is used to maintain and track all property tax information for the territory.

Waived Taxes

We found that officials did not ensure that the tax proceeds collected from the real property tax auctions reconciled with the paid adjustments posted to the property records in the CAVU system. In most instances, the tax payments posted exceeded the funds collected. Lieutenant Governor's Office officials posted to the property tax record 151 changes valued at $88,953 that disguised the property taxes as paid when, in fact, officials waived those taxes by writing them off the books. Notes to the records suggested the Lieutenant Governor's Office received the property tax payments from purchase monies obtained at the various real property tax auctions; however, this was inaccurate.

It was indicated to us that the adjustments were made because Lieutenant Governor's Office officials realized that they had to give the title to the auctioned properties "free and clear". Therefore, they decided to waiver additional taxes due, even though they did not collect the taxes, fees, and costs in some instances.

Although the Code required the Lieutenant Governor to deduct the sums due for taxes, public sewer system user fees, penalties and costs from the purchase monies received from the sale of property, we found that officials did not perform this task. Accordingly, the taxes and fees deducted from the purchase price were to be recorded as paid in the sold property's tax record, and those funds placed in the General Fund of the Government. We found that officials never made the deductions, and instead, kept those funds in a Government Escrow Account. However, one year after each sale occurred, the Lieutenant Governor's Office officials posted adjustments to the property tax records that zeroed-out the tax bills as paid with a notation on the records that showed "paid using credit," or "credit from overpayment" with a reference to the auction number.

The following schedule shows by island district, the number of misleading paid adjustments created along with the total value of property taxes officials wrote off the books.

District	Adjustments	Value
St. Thomas	37	$42,907
St. Croix	114	$46,046
Total	**151**	**$88,953**

As shown, officials in the St. Thomas/St. John District created 37 misleading paid adjustments of $42,907 that represented taxes they wrote-off the book and did not collect. Officials in the St. Croix district posted 114 changes that totaled $46,046 in property taxes written off the books. Territory-wide, a total of $88,953 in property taxes was removed from the books and were not collected.

In addition, the following schedule shows by island district the category of the tax obligation, the total number of created paid adjustment, and dollar amount of the taxes written off the books.

WAIVED PROPERTY TAXES

Description	Number	St. Croix Amount	Number	St. Thomas Amount	Total Amount
Taxes not Attached	7	$ 4,621	4	$ 2,078	$ 6,699
New Tax Bills	94	35,101	27	35,058	70,158
Unbilled Taxes	13	6,324	6	5,772	12,096
Total	**114**	**$46,046**	**37**	**$42,907**	**$88,953**

In the St. Thomas/St. John District, we found that of the 37 misleading paid adjustments created: (i) 4 represented tax years that were eligible but excluded in the price of the sale; (ii) 27 were tax years that become due and payable after the sale but before the end of the redemption period; and, (iii) 6 adjustments were for tax years that remained unbilled by the Lieutenant Governor Office on the date of redemption. As a result, all 37 paid adjustments totaling $42,907 represented uncollected property taxes that officials did not include in the auctions of the real properties; however, they were written-off.

On St. Croix, we found that of the 114 misleading paid adjustments created: (i) 7 were for property tax years eligible, but not included in the cost of the sale; (ii) 94 represented tax obligations that became due and payable after the completion of the sale; and, (iii) 13 adjustments represented property taxes that remained unbilled by the Lieutenant Governor's Office at the end of the year's redemption period. Consequently, all 114 paid adjustments totaling $46,046 represented uncollected property taxes that officials did not include in the auctions of the real properties; however, they were written-off.

Taxes Not Attached. Although property tax bill were outstanding for properties auctioned, they were not attached nor included in the minimum auction value. Rather they were written-off as paid in the CAVU system. For example,

- At an auction held on January 18, 2012, on St. Croix, property tax years up to 2008 were outstanding. However, for one property sold, officials created paid adjustments for tax years 1988 through 1990 that they did not include in the price of the auctioned property. As a result, a total of $2,468 was not collected and written-off the books.
- On August 30, 2012, an auction was held on St. Thomas. Property tax bills had been issued through 2010; however, the 2010 property tax amount of $1,007 was not included in the price of an auctioned property. Our review of the records showed that officials created paid adjustments in the system to indicate that the Lieutenant Governor's Office collected the 2010 taxes as a result of the money obtained from the auction. This was not correct; however, the $1,007 in 2010 taxes was written-off the books.

New Tax Bills. Under normal procedures, the issuance of property tax bills is governed by Title 33 Section 2494 of the Code. Accordingly, property taxes are due and payable on June 30th of each year. The property taxes and public sewer system user fees become delinquent if not paid by August 30th of each year. However, because of a lawsuit brought in 2000 by a group of commercial property owners challenging the Government property tax system, the Government delayed the issuing of property tax bills. Subsequently, to bring the property tax bills current, the Governor issued Executive Orders that established new property tax due and payable dates.

We found that after property tax auctions were held, new property tax bills were issued that became due and payable before the end of the one-year redemption period. Although these new bills were not included in the auctions, at the end of the redemption period, officials wrote some of these taxes off the books. When questioned, a tax collector official stated that they were instructed to make the adjustments for the added tax years because they were required to issue a Certificate of Purchase free and clear of all taxes, fees, and costs.

The Lieutenant Governor's Office held auctions on January 25, 2012, on St. Thomas and January 18, 2012, on St.Croix. During these auctions, all outstanding taxes due and payable included up to the tax year 2008. Moreover, property owners had one year from the date of the sale to redeem their real property. Therefore, when Executive Orders 456 and 460-2012, set the 2009 and 2010 due and payable dates on March 30 and July 30, 2012, respectively, the redemption period had not expired on the January sales. For example:

- In the St. Thomas/St. John District, one auctioned property's record was adjusted to reflect that the Lieutenant Governor's Office collected $10,895 in taxes for the tax year 2009 and 2010. However, we found that officials wrote-off the taxes and did not receive a total of $21,791 in taxes for those years.

- In the St. Croix District, officials created adjustments for two properties sold at the January 18, 2012, auction. For property tax years, 2009 and 2010, one property's taxes of $1,109 was written-off for each tax year for a total of $2,218. For another property, $1,041 was written-off for each tax year for a total of $2,082.

Unbilled Taxes. On St. Thomas, officials posted, as paid, unbilled taxes to the property tax records. Those postings represented $5,772 in taxes that officials wrote-off the books and did not collect. Also, officials on St.Croix posted to the property tax records 13 unsupported paid adjustments for tax years that remained unbilled. These postings represented $6,324 in taxes that they wrote-off and did not collect. For example:

- The Lieutenant Governor's Office had not issued the 2012 property tax bill on May 22, 2013, which was the redemption date for the auction held May 23, 2012. However, for one sold property, we found that officials posted as paid $1,830 for the 2012 taxes.

- Also, the Lieutenant Governor's Office had not issued the 2011 and 2012 tax bills on January 17, 2013, which was the redemption date for the auction held on January 18, 2012. However, for one property auctioned, we found that on St. Croix officials posted as paid the 2011 and 2012 taxes. Officials wrote-off a total of $2,219 in taxes.

Recommendations

We recommend that the Lieutenant Governor of the Virgin Islands:

1. Implement policies and procedures to ensure that tax proceeds collected from the real property tax auctions are posted to the tax records as cash receipts and reconciled with the purchase monies collected for such purpose.

2. Reverse all uncollected property taxes written-off the books.

3. Ensure that all personnel responsible for property tax collection adhere to the laws of the Virgin Islands and cease writing-off real property taxes and public sewer system fees.

Lieutenant Governor's Office Response

There was agreement with the recommendations made. The new Manual address all of the issues raised by the recommendations made in this section of the report.

V. I. Inspector General's Comments

Based on the responses to the recommendations made, we consider them fully resolved and implemented. No further action is needed.

FINDING 4: ERRONEOUS TRANSACTIONS

Lieutenant Governor's Office officials issued payments that: (a) were distributed to a property owner whose property Lieutenant Governor's Office officials sold at the auction, but the buyer did not complete the purchase; (b) were not eligible to be paid, however, were released in the name of someone other than the property owner; and, (c) were issued to and cashed by a purchaser who held title to the property.

Background

Title 33, Section 2547 (c) of the Code states that after receipt of any purchase money, the Lieutenant Governor shall deduct the sums due for taxes and public sewer system user fees, penalties and costs. The Lieutenant Governor shall place the excess funds collected in a trust account and upon the required time this amount shall be paid to the taxpayer, or in the event of redemption shall be given to the purchaser.

Erroneous Payments

We found that Lieutenant Governor's Office officials made a net proceeds payout to an owner whose property they sold but for which the buyer did not complete the purchase. The purchaser paid the 10% deposit and did not pay the remaining balance. However, Lieutenant Governor's Office Tax Collector officials processed a net proceeds payout of $5,346. We found that the property's owner did not cash the check.

Another property was sold for $5,789, the exact amount of taxes, penalties, and costs charged at the auction. Therefore, no net proceed was generated. However, we found that Lieutenant Governor's Office officials issued a net proceeds check of $10,028 to someone other than the owner of the property. We noted that the bearer did not cash the check.

Finally, we found that a buyer paid $21,000 for a St. Croix property on March 6, 2013. The property was not redeemed and on April 3, 2014 the then Lieutenant Governor issued a Certificate of Purchase. However, on June 16, 2014, two months later, Tax Collector officials processed a redemption payment to the buyer with 12% interest of the purchase amount paid. Officials issued a $23,620 payment to the purchaser who cashed the check and also held title to the property until the newly elected Lieutenant Governor voided the auctions and placed a "Special Deed For Legally Deficient Auction" on record with the Recorder of Deeds. We were told that the payment was a refund paid because of the possibility that the property sale would be voided. However, we found no evidence in the Lieutenant Governor's Office records to suggest that this payment was in fact made. We became aware of this payment as a result of reviewing Finance records.

Although the Office of the Lieutenant Governor placed a "Special Deed For Legally Deficient Auction" on record with the Recorder of Deeds thereby reverting ownership, the tax roll has not been updated to reflect the same. Consequently, until the tax roll is changed to comply with the Recorder of Deeds records, the Lieutenant Governor's Office risk issuing the related property tax bills to the incorrect owner on record.

Recommendations

We recommend that the Lieutenant Governor of the Virgin Islands:

1. Develop policies and procedures to ensure the appropriate accounting and payment of funds collected at real property tax auctions.

2. Ensure that the tax roll is updated to reflect the changes of titles as specified by the "Special Deed For Legally Deficient Auction" filed with the Recorder of Deeds.

Lieutenant Governor's Office Response

There was agreement with the recommendations made. The new Manual address all of the issues raised by the recommendations made in this section of the report.

V. I. Inspector General's Comments

Based on the responses to the recommendations made, we consider them fully resolved and implemented. No further action is needed.

APPENDIX I

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

OFFICE OF THE LIEUTENANT GOVERNOR
OFFICE OF LEGAL COUNSEL

Friday, July 20, 2018

Steven van Beverhoudt
Inspector General
Office of the Inspector General
2315 Kronprindsens Gade #75
St. Thomas, Virgin Islands 00802

Re: RESPONSE TO DRAFT INSPECTION REPORT DATED MAY 22, 2018

Dear Inspector Steven van Beverhoudt:

This letter acknowledges receipt of the Draft Inspection Report ["the Report"] that was transmitted to the Office of the Lieutenant Governor on May 22, 2018. The Office of the Lieutenant Governor["LGO"] appreciates the work that was performed by the Office of the Inspector General ["OIG"] in this regard. This letter is a brief overview of actions taken to date to address the concerns outlined in this current Report as well as the 2014 OIG report. Our specific responses to each of the four findings contained in the May 22, 2018 Report is attached.

The Office of the Lieutenant Governor accepts the findings and recommendations in the Report, which identifies four main areas of concerns relating to statutory compliance with how auction proceeds are to be handled. In 2012-2013 when the auctions were conducted, there were no firm policies in place and decisions were made based on educated guesses rather than the clear mandates of the Virgin Islands Code.The Virgin Islands government lost thousands of dollars because of the mismanagement of the auction process and the public trust was tainted.

Since coming under the command of Lieutenant Governor Osbert Potter, the LGO has taken affirmative steps to correct the mistakes of the past. In tandem with the OIG, a specialized team at the Office of the Lieutenant Governor conducted a thorough investigation, which revealed that there were administrative and constitutional irregularities, resulting in the decision to void the auction sales, where owners had not redeemed their properties. The total number of property sales was 153, of which 105 were not redeemed. Of the 105 transactions some were voided for constitutionally inadequate notice to owners, while others were exempt from the void because they were transferred to innocent third parties; had substantial improvements; or some owners cashed the checks and ratified the transactions.

NUMBER 5049 KONGENS GADE, ST. THOMAS, VIRGIN ISLANDS 00802 ● TEL 340.774.2991 ● FAX 340.776.4612
NUMBER 1105 KING STREET, CHRISTIANSTED ● ST. CROIX, VIRGIN ISLANDS 00820 ● TEL 340.773.6449 ● FAX 340.773.0330
WWW.LTG.GOV.VI

APPENDIX I

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

Here are some of the actions that the Office of the Lieutenant Governor has already taken to address the recommendations contained in the Report.

1. Lieutenant Governor Potter voided all auction transactions that occurred between 2012-2013, which did not fall into an exception for acknowledgement of the transaction.

2. LGO sent out letters to successful bidders informing them of the voided transactions.

3. LGO created a list of names of owners and their real property that was widely circulated in the Territory at post offices, courthouses, and on the Office of the Lieutenant Governor's website.

4. LGO sent notices informing property owners that transactions were void, and encouraged them to contact the Tax Collector Division to ascertain outstanding real property taxes.

5. LGO contacted the Department of Finance to ascertain the amount of auction proceeds that remained in escrow.

6. LGO processed refunds for all auction bidders to include total bid amount, interest, and expenses incurred in the years between purchase and the voiding of the sale.

7. LGO developed comprehensive policies and procedures to address structural issues within the Tax Collector Division, and trained staff, executive personnel, and cashiers on the same.

8. In addition to the above, there was one employee who accepted criminal accountability for involvement in auction misconduct.

When taken together, the actions of the Office of the Lieutenant Governor are designed to prevent future fraud. We are pleased to note that an auction was held on August 24, 2017 and it was a resounding success. All the measures that have been put in place were brought to bear at that auction and there were no incidents. Notably, the Attorney General's Office provided investigators to monitor the auction process. The LGO hired a professional independent auctioneer, implemented a pre-registration process, engaged in identification checks prior to registrants entering the facility, and had the entire event videotaped by WTJX (the local PBS affiliate) for posterity.

The LGO was prepared to build on the success of the August 2017 auction by having another one in October, but was prevented from doing so by the passage of Hurricanes Irma and Maria.

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LIEUTENANT GOVERNOR'S OFFICE RESPONSE

Although the LGO is still in recovery mode, there are plans to have another auction in October 2018.

In closing, the Office of the Lieutenant Governor thanks the Inspector General for its help in navigating the long and arduous road back from the failures of the 2012-2013 auction. The Office is working hard and will continue to strengthen policies and procedures as it standardizes the auction process to conform with the requirements of our Virgin Islands Code.

Sincerely,

/s/ Dolace McLean

Dolace McLean, Ph.D., Esq.
Legal Counsel to the Lieutenant Governor

cc:

Delbert Hewitt, Chief of Staff
Claude Walker, Attorney General

APPENDIX I

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

OFFICE OF THE LIEUTENANT GOVERNOR
HONORABLE OSBERT E. POTTER

RESPONSE TO INSPECTOR GENERAL
DRAFT INSPECTION REPORT
DATED MAY 22, 2018

APPENDIX I

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

INTRODUCTION

The Office of the Lieutenant agrees and accepts the recommendations of the OIG. In concert with this recommendation the Office of the Lieutenant Governor has put measures in place to strengthen the Office of the Tax Collector, the Division that is responsible for collection of real property taxes, including the auction process as outlined in the Virgin Islands Code. The following sets forth each Finding and the LGO Plan designed to address the Finding.

RESPONSE NUMBER 1

A. OIG Finding Number 1: ADDED COSTS

Lieutenant Governor's Office officials incorrectly paid some property owners the net proceeds collected at real property tax auctions held territory-wide. The inaccurate payments were the direct result of Lieutenant Governor's Office officials' decision to include added expenses not previously included in the opening bids (cost) of the properties sold. Specifically, we found that officials: (a) increased the interest rates used to determine the property tax penalty; (b) added previously excluded penalty and cost from the opening bid price; (c) added unbilled property tax obligations that became payable after the auction occurred; (d) added other property tax obligations that remained unbilled on the date of redemption; and, (e) increased the administrative cost charged to the sold properties.

OIG Recommendations:

1. Ensure that all applicable costs are included in the price of properties offered for auction.
2. Obtain a legal opinion from the Attorney General of the Virgin Islands on including in the opening bid all anticipated property tax expense that will become billable within one year from the date of an auction.
3. Cease offering properties at auction for a lesser amount than the taxes, penalties, costs and other fees owed on real property.
4. Stop increasing the cost of a sold real property, after the completion of a sale.
5. Flag sold properties in the computerized property tax management system to alleviate any potential inappropriate transactions occurring during the years' redemption period.
6. Ensure that all staff members responsible for auctioning real property for delinquent taxes are appropriately trained and educated on all applicable federal and local laws, rules and regulations governing the process.

LGO ACTION PLAN

I. The following responds to ***Recommendations 1-4***: COSTS OF REAL PROPERTY TAX AUCTIONS ACCURATELY ACCOUNTED BEFORE AND AFTER SALE

Please be advised that effective May 11, 2017, the Division of the Tax Collector implemented a Guidance Manual for Real Property Tax Auctions. *See* Appendix A for Table of Contents. The Guidance Manual was implemented on August 24, 2017 for the first set of real property auctions held under the current Mapp/Potter Administration. As outlined in the Guidance Manual, there were no issues with Added Costs being a factor in the August 2017 auction. Specifically, the

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

Guidance Manual provides that prior to any auction the Tax Collector must prepare status reports that list the delinquent taxes, penalties and interests, and the years for which those taxes are due. The status reports are useful to ascertain the final dollar amounts that will be included in the opening bid at auction. **Sample documents showing final opening bid expenses attached as compiled Exhibit 1.**

ST. CROIX									
OWNER	PID	LEGAL ADDRESS	ASSESSED VALUE	TAXES	SEWER FEES	INTEREST	PENALTIES	FEES & COSTS	TOTAL
[redacted]			$ 32,000.00	$ 2,606.05	-	$ 578.73	$ 115.00	$ 2,489.55	$ 5,789.33
[redacted]			$ 31,500.00	$ 2,620.47	-	$ 583.41	$ 130.00	$ 2,489.55	$ 5,823.43
[redacted]			$ 66,900.00	$ 4,046.24	-	$ 859.35	$ 95.00	$ 2,489.55	$ 7,490.14
[redacted]			$ 44,100.00	$ 3,128.59	-	$ 681.46	$ 100.00	$ 2,489.55	$ 6,399.60
[redacted]			$ 37,100.00	$ 5,279.27	-	$ 1,235.72	$ 125.00	$ 2,489.55	$ 9,129.54
[redacted]			$ 18,600.00	$ 10,023.39	-	$ 2,463.57	$ 135.00	$ 2,489.55	$ 15,111.51
									$ 49,743.55

Office of the Lieutenant Governor
REAL PROPERTY TAX
4008 Estate Diamond
Christiansted, St. Croix 00820
http://ltg.gov.vi

OFFICE OF THE TAX COLLECTOR
Tel. (340) 773-6449 X 3147
Tel. (340) 773-1105 X 4027
Fax. (340) 719 2359
aretha.reviere@lgo.vi.gov

STATUS

REAL PROPERTY TAXES

REQUESTED BY:
PHONE NO:
PROPERTY: [redacted]
PARCEL NUMBER: [redacted]
PROPERTY OWNER: [redacted]

TAX YEAR	TAXES DUE	SEWER FEES	INTEREST DUE	PENALTY	TOTAL DUE	Interest %
2017	158.27	-	-	-	158.27	0.0%
2016	158.27	-	17.41	5.00	180.68	11.0%
2015	158.27	-	30.07	5.00	193.34	19.0%
2014	157.78	-	37.87	5.00	200.65	24.0%
2013	166.19	-	41.55	5.00	212.74	25.0%
2012	96.60	-	24.15	5.00	125.75	25.0%
2011	96.60	-	24.15	5.00	125.75	25.0%
2010	96.60	-	24.15	5.00	125.75	25.0%
2009	96.60	-	24.15	5.00	125.75	25.0%
2008	96.60	-	24.15	5.00	125.75	25.0%
2007	96.60	-	24.15	5.00	125.75	25.0%
2006	96.60	-	24.15	5.00	125.75	25.0%
2005	-	-	-	-	-	25.0%
2004	96.60	-	24.15	5.00	125.75	25.0%
2003	96.60	-	24.15	5.00	125.75	25.0%
2002	96.60	-	24.15	5.00	125.75	25.0%
2001	106.26	-	26.57	5.00	137.83	25.0%
2000	106.26	-	26.57	5.00	137.83	25.0%
1999	106.26	-	26.57	5.00	137.83	25.0%
1998	96.60	-	24.15	5.00	125.75	25.0%
1997	96.60	-	24.15	5.00	125.75	25.0%
1996	87.82	-	21.96	5.00	114.78	25.0%
1995	80.49	-	20.12	5.00	105.61	25.0%
1994	80.49	-	20.12	5.00	105.61	25.0%
1993	80.49	-	20.12	5.00	105.61	25.0%
1992	-	-	-	-	-	25.0%
1991	-	-	-	-	-	25.0%
1990	-	-	-	-	-	25.0%
AUCTION FEE					2,489.55	
Totals:	2,606.05	-	578.73	115.00	5,789.33	

Note: **Penalty assessed to: 8/30/2017**

Please make checks payable to the GOVERNMENT OF THE U.S VIRGIN ISLANDS
Once paid, contact the Tax Collector to process your Tax Clearance Letter.
Accepted payments: Cash, Check, Credit card (within 6 months of receipt date)

Prepared by: [redacted] 7/19/2017
Title: TAX COLLECTOR I

OFFICE OF THE LIEUTENANT GOVERNOR
OFFICE OF THE TAX COLLECTOR
[redacted]

SUPERSEDING NOTICE AND CERTIFICATE OF ATTACHMENT

Pursuant to 33 V.I.C. § 2541 et seq. notice is hereby given to you, as the owner of record, of the attachment and intent to sell, or otherwise dispose of by law, the property described below. Additionally, the Lieutenant Governor of the United States Virgin Islands hereby notifies you that this Notice and Certificate of Attachment will be filed with the district Recorder of Deeds with respect to delinquent real property taxes as noted below.

PROPERTY OWNER OF RECORD	[redacted]
LEGAL ADDRESS	[redacted]
PARCEL IDENTIFICATION	[redacted]
ASSESSED VALUE	$32,000.00
TAXES OUTSTANDING	$2,606.05
PUBLIC SEWER USER FEE	-
INTEREST	$578.73
PENALTIES	$115.00
FEES & COST	$2,489.55
DATE OF AUCTION	Thursday, August 24, 2017
PLACE OF AUCTION	Juan F. Luis Hospital, Bennic & Martha Benjamin Foundation Conference Center
REDEMPTION EXPIRATION	August 24, 2018

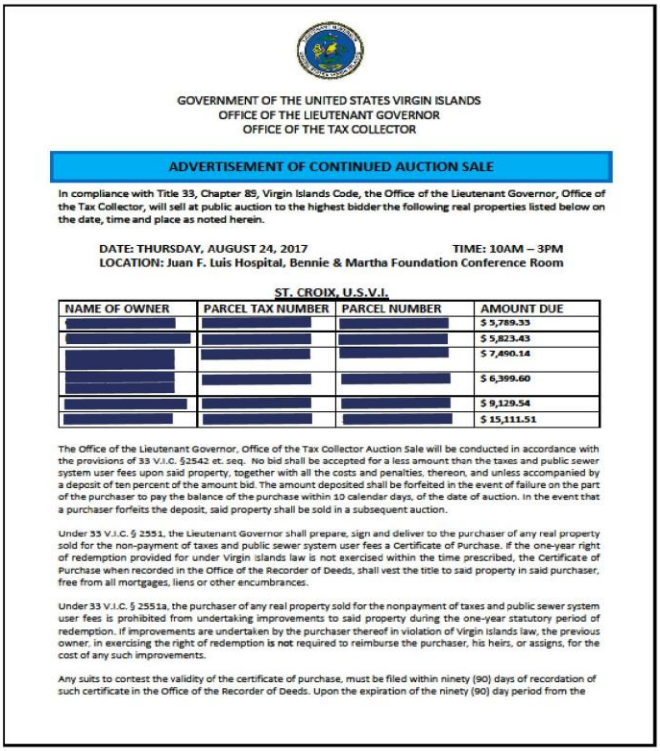
If all taxes, public sewer system user fees, interest, penalties and costs in the amount of $5,789.33 are not paid by 3:00 p.m. on August 23, 2017, the property herein described shall be sold at public auction on August 24, 2017. You have 365 days to redeem the property from the date of the auction noted herein.

LIEUTENANT GOVERNOR, OR DESIGNEE

[Gold seal placed here]

July 21, 2017
DATE

LIEUTENANT GOVERNOR'S OFFICE RESPONSE



GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE LIEUTENANT GOVERNOR
OFFICE OF THE TAX COLLECTOR

ADVERTISEMENT OF CONTINUED AUCTION SALE

In compliance with Title 33, Chapter 89, Virgin Islands Code, the Office of the Lieutenant Governor, Office of the Tax Collector, will sell at public auction to the highest bidder the following real properties listed below on the date, time and place as noted herein.

DATE: THURSDAY, AUGUST 24, 2017 TIME: 10AM – 3PM
LOCATION: Juan F. Luis Hospital, Bennie & Martha Foundation Conference Room

ST. CROIX, U.S.V.I.

NAME OF OWNER	PARCEL TAX NUMBER	PARCEL NUMBER	AMOUNT DUE
[redacted]	[redacted]	[redacted]	$ 5,789.33
[redacted]	[redacted]	[redacted]	$ 5,823.43
[redacted]	[redacted]	[redacted]	$ 7,490.14
[redacted]	[redacted]	[redacted]	$ 6,399.60
[redacted]	[redacted]	[redacted]	$ 9,129.54
[redacted]	[redacted]	[redacted]	$ 15,111.51

The Office of the Lieutenant Governor, Office of the Tax Collector Auction Sale will be conducted in accordance with the provisions of 33 V.I.C. §2542 et. seq. No bid shall be accepted for a less amount than the taxes and public sewer system user fees upon said property, together with all the costs and penalties, thereon, and unless accompanied by a deposit of ten percent of the amount bid. The amount deposited shall be forfeited in the event of failure on the part of the purchaser to pay the balance of the purchase within 10 calendar days, of the date of auction. In the event that a purchaser forfeits the deposit, said property shall be sold in a subsequent auction.

Under 33 V.I.C. § 2551, the Lieutenant Governor shall prepare, sign and deliver to the purchaser of any real property sold for the non-payment of taxes and public sewer system user fees a Certificate of Purchase. If the one-year right of redemption provided for under Virgin Islands law is not exercised within the time prescribed, the Certificate of Purchase when recorded in the Office of the Recorder of Deeds, shall vest the title to said property in said purchaser, free from all mortgages, liens or other encumbrances.

Under 33 V.I.C. § 2551a, the purchaser of any real property sold for the nonpayment of taxes and public sewer system user fees is prohibited from undertaking improvements to said property during the one-year statutory period of redemption. If improvements are undertaken by the purchaser thereof in violation of Virgin Islands law, the previous owner, in exercising the right of redemption is not required to reimburse the purchaser, his heirs, or assigns, for the cost of any such improvements.

Any suits to contest the validity of the certificate of purchase, must be filed within ninety (90) days of recordation of such certificate in the Office of the Recorder of Deeds. Upon the expiration of the ninety (90) day period from the

In addition to the status reports, the Guidance Manual also instructs that, by law, the Tax Collector must apportion the auction fees and costs among all properties seized and listed for auction, whether sold or not. For the August 24, 2017 auction, the fees and costs for administration of the auction were divided equally among all properties, and were included in the Notice and Certificate of Attachment, and was the final number used as the opening bid price. Examples of the administration fees and costs included some of the following: publication fees, facility rental fees, process server fees, and other administrative costs associated with the preparation and execution of the auction process. A sample budget for the total auction costs is attached to this Response as Exhibit 2.

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

STT/STX AUCTION EXPENSE BUDGET

The Office of the Lieutenant Governor

Venue	Budget	Actual	Difference ($)
Windward Passage Hotel	$ 1,200.00	$1,274	$ -
Juan F. Luis Hospital Conference Center	$ 650.00	$ 400.00	$ -
			$ -
			$ -

Operating	Budget	Actual	Difference ($)
Daily News (March 2017 publication)	$ 10,000.00	$ 10,000.00	$ -
Avis (March 2017 publication)	$ 14,000.00	$ 14,000.00	$ -
STT/STX/STJ Source	$ 2,700.00	$ 2,650.00	$ -
STT/STX/STJ Source (Notice to Lien Holders)	$ -	$ 800.00	$ -
Daily News-June 2017 publication	$ 10,000.00	$ 4,740.00	$ -
Avis-June 2017 publication	$ 14,000.00	$ 3,900.00	$ -
Auctioneer (Mr. Blackhall)	$ 5,000.00	$ 5,000.00	$ -
STT Process Server ($60x 44)	$ 2,640.00	$ 1,620.00	$ -
STX Process Server ($50*23)	$ 1,150.00	$ -	$ -
Videographer (STT & STX)	$ 9,968.00	$ -	$ -
Paddles (100)	$ 1,000.00	$259.00	$ -
Water(LeBleu) 16 cases	$ 191.20	$ 95.60	$ -
Ice	$ 24.00	$ -	$ -
Subway Sandwiches (for Staff)	$ 142.00	$ -	$ -
Juices (for Staff)	$ 48.00	$ -	$ -
Windward Passage (food & drinks for staff)	$ -	$ 368.00	$ -
Tropical Treats (JFL Cafeteria sandwiches/wrap	$ -		$ -
Other (paper/pocket folders/pens/pencils/mar	$ 500.00	$500.00	$ -
Laptop/ Printer			$ -
Administrative Fee ($61,000.00 includes all listed below)			$ -
Employee Man Hours	$ 16,000.00	$ 16,000.00	$ -
Utilities	$ 5,000.00	$ 5,000.00	$ -
Appraisals	$ 20,000.00	$ 20,000.00	$ -
Other costs (to include incidentals)	$ 10,000.00	$ 10,000.00	$ -
Supplies	$ 10,000.00	$ 10,000.00	$ -
Total Expenses	$134,213.20	$106,606.20	$ -

I. The following responds to ***Recommendation 5***: PROPERTY TAX BILLING SYSTEM IS BEING UPDATED

The Office of the Lieutenant Governor is currently engaged in the process of updating the CAVU billing system that is used to track property tax payments. The current contract P043LTGT17 became effective on April 11, 2017. The updated system will enable the Tax Collector team to flag properties that have been marked for auction and remove them from the normal billing cycle until the entire auction process is completed, up to and including the 12-month redemption period.

II. The following responds to ***Recommendation 6***: LGO STAFF HAS BEEN TRAINED IN NEW PROCEDURES

All staff members in both the St. Thomas and St. Croix Office have received extensive personal training on the Guidance Manual and the updated procedures for conducting auctions. The dates of meeting and attendance sheets are attached as **Exhibit 3**.

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

OFFICE OF THE LIEUTENANT GOVERNOR

1105 King Street • Christiansted, Virgin Islands 00820 • 340.773.6449 • Fax 340.719.2355
5049 Kongens Gade • Charlotte Amalie, Virgin Islands 00802 • 340.776-8505 • Fax 340.779.7825

Training and Review of 2017 Guidance Manual

May 16, 2017

STT Staff

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	

May 17, 2017

STX Staff

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	

August 24, 2017

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

May 29, 2018

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

In addition to Collector staff, the Head Cashiers on both islands had separate meetings with the Tax Collector, Legal Counsel, and Chief of Staff to set out how auction payments (such as registration fees and bid payments) are applied, and how to deal with the deducting auction payments and escrowing net proceeds until a request is made to retrieve the funds.

RESPONSE NUMBER 2

B. OIG Finding Number 2: DISTRIBUTION OF NET PROCEEDS

The Lieutenant Governor's Office incorrectly paid 42 of 49 net proceeds payments issued to property owners who were entitled to receive funds generated from the real property tax auctions. Lieutenant Governor's Office officials processed and overpaid 5 net proceeds payments by $19,484 and underpaid 37 payments by $91,048.

OIG Recommendations:

1. Develop policies and procedures to ensure that Lieutenant Governor's Office officials accurately remit to eligible property owners all net proceeds collected at the real property tax auctions.
2. Ensure that the Lieutenant Governor's Office appropriately account for all disbursed final proceeds checks.

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

LGO ACTION PLAN

As outlined in the Guidance Manual, the following procedure has been developed to deal with distribution of net proceeds. Net proceeds are excess monies that are left over after the Tax Collector deducts all taxes, interest, penalties, sewer fees and administrative costs from a final auction bid amount. *See* Virgin Islands Code, Title 33, Section 2547(c). The net proceeds should be paid to the tax payer, or in the event the property is redeemed, then excess proceeds are paid to the taxpayer.

In the 2012-2013 auctions, the disposition of excess proceeds posed a problem with respect to who was the eligible property owner. The problem arose because title to most of the properties were held by absentee or deceased property owners, but the excess proceeds were sent to heirs or representatives of those owners. To avoid this problem in the future, the Office of the Lieutenant Governor has created an internal policy wherein excess proceeds will be held in escrow until claimed by an eligible property owner, upon sufficient proof. Proof can come in various forms such as a Power of Attorney, an Adjudication or other court order. There is no statute of limitations on unclaimed property funds. Regular public notices will be placed in general circulation media to encourage persons to claim their excess proceeds.

RESPONSE NUMBER 3

C. OIG Finding Number 3: WAIVED PROPERTY TAXES

Lieutenant Governor's Office officials did not collect and directly wrote-off unpaid property taxes. During our review, we reconciled the purchase monies received from the real property tax auctions and found that officials did not accurately deduct, and register as paid, the property taxes collected from the sales held territory-wide. As a result, we found that officials waived taxes by posting, as paid, 151 adjustments totaling $88,953 in property tax payments that exceeded the purchase monies collected.

OIG Recommendations:

1. Implement policies and procedures to ensure that tax proceeds collected from the real property tax auctions are posted to the tax records as cash receipts and reconciled with the purchase monies collected for such purpose.
2. Reverse all uncollected property taxes written-off the books.
3. Ensure that all personnel responsible for property tax collection adhere to the laws of the Virgin Islands and cease writing-off real property taxes and public sewer system fees.

LGO ACTION PLAN

I. The following responds to ***Recommendation 1***: PAYMENT POSTING POLICIES AND PROCEDURES ALREADY HAVE BEEN IMPLEMENTED

The following steps are outlined in the Guidance Manual and are effective immediately. Please note that for the August 2017 auction, the Office of the Lieutenant Governor is awaiting the expiration of the 1-year redemption period before posting payments and reconciling accounts. Should a tax payment become due during the 1-year redemption period, the successful auction bidder will be responsible for making payment. In the event that a former property

owner redeems the property within the statutory timeframe, the redemptioner will be responsible for reimbursing the auction bidder for any tax payments made. The following are the steps for reconciling payments to delinquent accounts:

Step 1. All sale proceeds will be deposited into an escrow account with the Department of Finance.

Step 2. The Tax Collector, the Cashiers, and other Personnel in the Lieutenant Governor Office will review the collections data and will confirm the amount to be deducted from the escrow account and remitted to the General Fund of the Treasury.

Step 3. At the expiration of the redemption period, the taxes, penalties, interest, and fees will be deducted from the escrow account and remitted to the General Fund of the Treasury.

Step 4. Proceeds of the sale in excess of taxes, penalties, interest and costs will be credited to the property owner and will remain in the escrow account until owner of record files a claim.

Step 5. Send a *Notice of Excess Proceeds* to the former owners of record. There is no statute of limitations on excess proceeds.

With respect to the redemption of property:

To redeem an auction property, the former owner must pay the full amount necessary to satisfy the redemption statutes. Accordingly, the Tax Collector must do the following:

Step 1. Determine the redemption amount to include, taxes, statutory interest compounded at 1% per month, penalties, costs and administrative fees, including recording fees.

Step 2. Collect the entire redemption amount from the owner. Redemption payment must be made by credit card, certified check or money order made payable to "Government of the Virgin Islands."

Step 3. Notify the winning bidder that the property was redeemed via letter notice after all redemption obligations are satisfied by the taxpayer.

Step 4. Prepare a reimbursement request for a redemption amount to include the amount due at the tax sale and any interest computed from the date of the tax sale to the date of the redemption payment. Interest is calculated at a monthly rate of 1% and that rate applies even to a partial month. The reimbursement request is forwarded to the Department of Finance for processing.

Step 5. Prepare and file a Certificate of Redemption, to be forwarded to the Recorder of Deeds. The Certificate of Redemption operates as a release of the real property tax lien, but the property remains subject to all liens and legal claims against it to the same extent and manner as though the property had not been sold for real property taxes and public sewer system user fees. Sample Redemption Request Form attached as **Exhibit 4**.

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

GOVERNMENT OF
THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE LIEUTENANT GOVERNOR
TAX COLLECTION DIVISION
1105 King Street • Christiansted, Virgin Islands 00820 • 340.773.6449 • Fax 340.773.0330
No. 4006 Est. Diamond • Christiansted, Virgin Islands 00823 • 340.773.1105
18 Kongens Gade • Charlotte Amalie, Virgin Islands 00802 • 340.774.2991 • Fax 340.774.5817

REAL PROPERTY TAX SALE REDEMPTION FORM

DATE: 7/16/2013

Dear: Honorable ANGEL E. DAWSON JR.,

In accordance with ***Title 33, Section 2581 of the Virgin Island Code*** states that "the owner of any Real Property sold for taxes, his heir or assigns....may redeem the same within **one year** from date of the sale....by payment of the taxes and all other fees incurred in the sale". The following is a breakdown of all charges to be paid.

PARCEL NUMBER	[redacted]
LEGAL DESCRIPTION	[redacted]
OWNER'S NAME	[redacted]

TAXPAYER

DESCRIPTIONS OF CHARGES

Taxes, Penalty & Cost	$ 27,708.33
Administrative Cost	$ 750.00
Total	$ 28,708.33

BIDDER

Bidder's Bidding Price	$ 80,000.00
1% Monthly Interest Charge (12 mths)	$ 9,600.00
Total	$ 89,600.00

Please make check payable to:

NAME	AMOUNT	CHECK NUMBER	CHECK DATE
[redacted]	$ 89,600.00		

MAILING ADDRESS	[redacted]

Your prompt attention to this matter will be in the best interest of all parties involved.

Sincerely,

Gregory R. Francis
Lieutenant Governor

II. The following responds to ***Recommendation 2***: REVERSAL OF 2012-2013 WRITE-OFFS OF PROPERTY TAXES

There are plans underway to auction the properties where transactions were voided due to procedural and other irregularities in the 2012-2013 auction process. This auction is slated to happen sometime before the close of 2018. Attached is an example of a property where the Tax Collector has already calculated all uncollected property taxes, penalties, and interest from the date of delinquency until the 2017 tax bill.[1] **See Exhibit 5.**

[1] Please note that 2018 tax bills were issued on June 30, 2018. They become delinquent if not paid by August 30, 2018.

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

Office of the Lieutenant Governor
REAL PROPERTY TAX
No. 5049 Kongens Gade
St. Thomas, VI 00802-6487
http://ltg.gov.vi

OFFICE OF THE TAX COLLECTOR
STT Tel. (340) 776-6505 X 4349
STX Tel. (340) 773-6449 X 3148
Fax. (340) 779-7825
judence.romney@ltgo.vi.gov

STATUS

REAL PROPERTY TAXES

REQUESTED BY:
PHONE NO:
PROPERTY: [redacted]
PARCEL NUMBER: [redacted]
PROPERTY OWNER: [redacted]

TAX YEAR	TAXES DUE	SEWER FEES	INTEREST DUE	PENALTY DUE	TOTAL DUE	Interest %
2017	-	-	-	-	-	9.0%
2016	-	-	-	-	-	20.0%
2015	-	-	-	-	-	25.0%
2014	-	-	-	-	-	25.0%
2013	-	-	-	-	-	25.0%
2012	476.25	-	119.06	5.00	600.31	25.0%
2011	476.25	-	119.06	5.00	600.31	25.0%
2010	476.25	-	119.06	5.00	600.31	25.0%
2009	476.25	-	119.06	5.00	600.31	25.0%
2008	436.50	-	109.13	5.00	550.63	25.0%
2007	563.25	-	140.81	5.00	709.06	25.0%
2006	563.25	-	140.81	5.00	709.06	25.0%
2005	563.18	-	140.80	5.00	708.98	25.0%
2004	563.17	-	140.79	5.00	708.96	25.0%
2003	568.67	-	142.17	5.00	715.84	25.0%
2002	568.67	-	142.17	5.00	715.84	25.0%
2001	592.22	-	148.06	5.00	745.28	25.0%
2000	597.92	-	149.48	5.00	752.40	25.0%
1999	756.37	-	195.09	5.00	1,000.46	25.0%
1998	764.38	-	191.10	5.00	960.48	25.0%
1997	-	-	-	-	-	25.0%
1996	-	-	-	-	-	25.0%
AUCTION FEE					-	
RETURN CHECK FEE					-	
Totals:	8,482.58	-	2,120.65	75.00	10,678.23	

Note: Penalty assessed to: 5/30/2018

Please make checks payable to the GOVERNMENT OF THE U.S VIRGIN ISLANDS
Once paid, contact the Tax Collector to process your Tax Clearance Letter.
Accepted payments: Cash, Check, Credit card (within 6 months of receipt date)

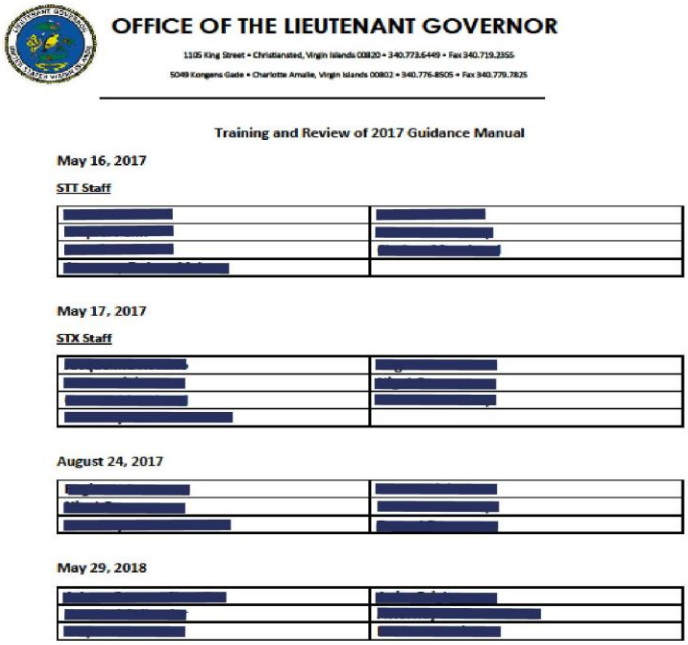
Prepared by [redacted] 5/7/2018
Title: TAX COLLECTOR

III. The following responds to ***Recommendation 3***: PROPERTY TAX BILLING SYSTEM IS BEING UPDATED

All staff members in both the St. Thomas and St. Croix Office have received extensive in-person training on the Guidance Manual and the updated procedures for conducting auctions. The dates of meeting and attendance sheets are attached as **Exhibit 6**.

APPENDIX I

LIEUTENANT GOVERNOR'S OFFICE RESPONSE



OFFICE OF THE LIEUTENANT GOVERNOR

1105 King Street • Christiansted, Virgin Islands 00820 • 340.773.6449 • Fax 340.719.2355
5049 Kongens Gade • Charlotte Amalie, Virgin Islands 00802 • 340.776-8505 • Fax 340.779.7825

Training and Review of 2017 Guidance Manual

May 16, 2017

STT Staff

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	

May 17, 2017

STX Staff

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	

August 24, 2017

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

May 29, 2018

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

RESPONSE NUMBER 4

D. OIG Finding Number 4: ERRONEOUS TRANSACTIONS

The Lieutenant Governor's Office issued payments that: (a) were distributed to a property owner whose property the Lieutenant Governor's Office sold at the auction, but the buyer did not complete the purchase; (b) were issued to and cashed by a purchaser who held title to the property; (c) were not eligible to be paid, however, were released in the name of someone other than the property owner.

OIG Recommendations:

1. Develop policies and procedures to ensure the appropriate accounting and payment of funds collected at real property tax auctions.

LGO ACTION PLAN

As has been noted throughout this Report, the Office of the Lieutenant Governor has already developed and implemented new policies as outlined in the Guidance Manual. With continuous training on procedures and the law involved, the Office can only get better with the process.

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

APPENDIX A

The Guidance Manual is extensive in outlining all the processes and procedures involved in carrying out a legal auction and covers the following areas outlined in the **Table of Contents**:

INTRODUCTION
A. Background

I. PRE AUCTION PROCEDURES

A. WHEN DO REAL PROPERTY TAXES BECOME DELINQUENT?

1. Tax Bills Are Due And Payable By June 30th Each Year
2. 60-Day Grace Period Before Taxes Become Delinquent On August 30th Each Year
3. Additional 60-Day Period Within Which To Publish Notice Of Delinquency List
4. Additional 30-Day Period Before Attachment of Property
5. Additional 21-Day Minimum Period To Advertise Property For Sale
6. Tax Collector Sometimes Extends Time Period Before Auction

SUMMARY: The Virgin Islands Has A Generous Collection Timeframe!

B. HOW MAY A TAXPAYER CURE A DELINQUENCY

1. Taxes May Be Paid Up Until The Day Before Auction
2. Taxes May Be Paid To Redeem Property After Auction
3. Payment Plans Are Available To Taxpayers
4. Taxpayers May Petition For A Waiver of Penalties and Interest

C. WHAT HAPPENS IF A TAXPAYER CANNOT CURE THE DELINQUENCY?

Top 2 Reasons For Non Payment
Sometimes Auction Is The Only Option

II. AUCTION PROCESS

A. VETTING DELINQUENT PROPERTY BEFORE AUCTION

1. ARC-GIS Verification of Property
2. Prepare Status Reports
3. Title and Encumbrance Certificate
4. Cadastral Verification of Property Boundaries
5. Actual View of Delinquent Properties Scheduled for Auction
6. Verification That Parcel Identification is Active and Correctly Reflected on the Tax Rolls
7. Verification That Parcel Is Not in Probate

B. SEIZURE OF PROPERTY FOR AUCTION SALE

1. Due Process Must Be Satisfied
2. Collection Attempts Prior to Compilation of Delinquency List
3. Delinquency List Must Be Published For 30 Days
4. After Expiration of Delinquency List, Notice of Attachment Prepared

LIEUTENANT GOVERNOR'S OFFICE RESPONSE

5. Once Prepared, Notice/Certificate of Attachment Must Be Personally Served on the Property Owner
6. Notice of Attachment Serves as Certificate of Attachment to be Filed With Recorder of Deeds
7. Advertisement of Sale
8. Other Lien Holders Must Be Notified 2 Weeks Prior to Auction Sale

C. AUCTION DAY

1. Pre-Auction Registration
2. Ground Rules for Auction
3. Conducting the Auction

III. POST AUCTION PROCESS

A. AUCTION PROCEEDS

1. Costs of Auction Apportioned Among Each Property
2. Certificate Of Purchase
3. Deposit And Transfer Of Sale Proceeds

Record Cancellation of Notice/Certificate of Attachment of Lien

B. RIGHT OF REDEMPTION BY OWNER

APPENDIX B

Staff Acknowledgment of Receipts for Guidance Manual
(follows this page)

APPENDIX II

OFFICIAL REPORT DISTRIBUTION

Government of the Virgin Islands	
Office of the Governor	2
Office of the Lieutenant Governor	1
Office of Management and Budget	1
Virgin Islands Department of Justice	1
32nd Legislature	15
Office of the Legislative Post Auditor	1
Virgin Islands Delegate to Congress	1
Government of the United States	
United States Department of Justice, Office of the United States Attorney	1
United States Department of Justice, Federal Bureau of Investigation	1

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OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL
1982
GOVERNMENT OF THE U.S. VIRGIN ISLANDS