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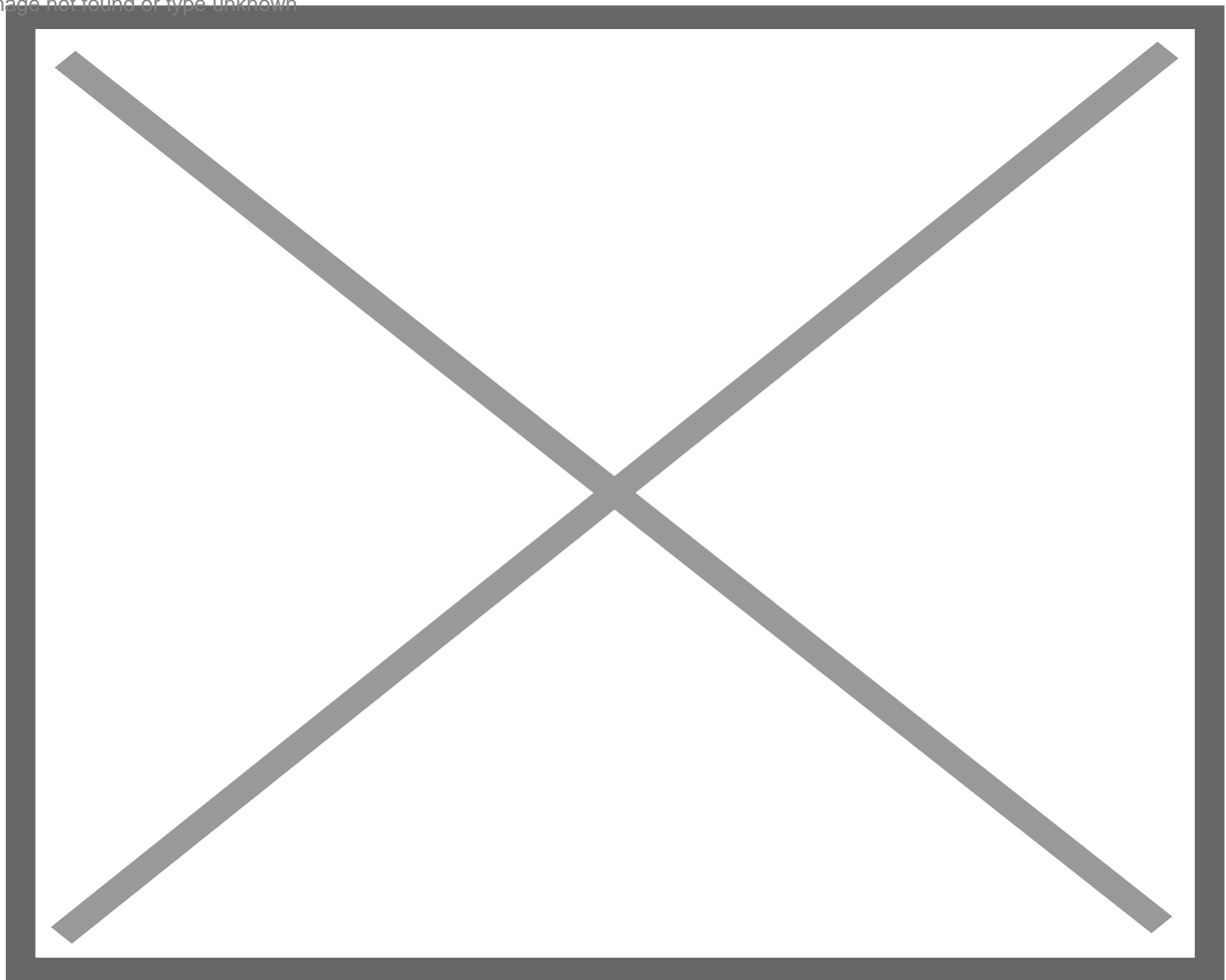
Judge Rules Caneel Bay Resort to Join National Park

U.S. Circuit Court decides buildings and land should transfer to the Department of Interior

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Hurricane Irma destroyed the Caneel Bay Resort in St. John

A United States Circuit judge has ruled that title for the Caneel Bay resort buildings and infrastructure must now be transferred to the U.S. Department of Interior, clearing the way for the National Parks Service to move forward with [redevelopment plans](#).

In 2022, a dispute arose between EHI Acquisitions LLC and the United States Government over who has [legal title to the property](#). Between 1977 and 1983 the resort, which had been built on 150 acres reserved by Laurance Rockefeller from the 5000 he had donated to the National Park Service twenty years prior, became the subject of a complex ownership arrangement. The land on

which the resort buildings sat was deeded to the NPS, but ownership of the resort buildings and facilities was kept by Rockefeller's company, under what was called a "retained use estate". Included in the new legal structure – called an indenture – was a clause by which ownership of the resort buildings could be transferred to the government.

If the government declined the offer, ownership of the land underneath the resort would purportedly revert to the owner of the resort itself, reuniting land and buildings once again.

In the lawsuit, EHI – which had acquired ownership of the retained use estate – argued that the government's decision in 2019 not to take ownership of the resort when it was offered, meant that the company now held full title to the land and the resort buildings which sit on that land.

In court, Judge Cheryl Ann Krause examined the meaning of the word "offer" as it was used in the document which made provisions for how the government could assume ownership of the resort. EHI argued that the term implied a sale, while the U. S. Government insisted that the intention was to convey the property at no cost. Ultimately, the jurist sided with the government, noting that the documents were unambiguous in their intention to transfer the land and improvements to the government "by way of gift, without consideration except the nominal consideration" of \$1 as described in the 1983 indenture.

"The parties did not intend to make the improvements' transfer contingent on payment," Judge Krause ruled in his opinion, reasoning that the reversion clause in the indenture links the fate of the land with that of the improvements thereon. "To keep the land, the Government would have to accept the offer of the improvements. But if that offer were conditioned on payment, then the Government's retention of that land, in effect, would also be conditioned on payments....meaning it would no longer be a gift," the jurist explained, noting that this outcome "would be contrary to the parties' stated intention, which we are bound to honor."

The indenture is very clear as to Rockefeller's intention for the resort, Judge Krause said, quoting the document's second paragraph. "The parties, both nonprofit entities, desired the Caneel Bay Resort to become part of the Virgin Islands National Park," he wrote. Thus, it was made obvious that both the transfer of the land and ultimately the improvements were intended to be as gifts to the government.

The argument from EHI that the government agreed to spend significant sums to one day re-acquire the resort did not hold up to scrutiny. Their attempted definition of "offer" as a term of art was similarly given short shrift. Other points raised by lawyers for EHI were also deemed unpersuasive by Judge Krause, who granted the United States' motion for summary judgment and ruled that "the RUE having expired on September 30, 2023 without a valid offer from EHIA, title to the resort's land remains with the United States."

With the government already holding title to the land, the ruling means that title to the actual resort buildings and facilities will now also be conveyed to the Department of the Interior. EHI has vowed to appeal.