The Virgin Islands Consortium

Judge Denies VIHFA's Motion to Dismiss Whistleblower Lawsuit by Former COO Stephanie Berry

Lawsuit alleging retaliation, mismanagement, and procurement irregularities at Housing Finance Authority will proceed in full

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Stephanie Berry, former chief operating officer of the V.I. Housing Finance Authority. By. V.I. LEGISLATURE.

Superior Court Judge Douglas A. Brady has denied a motion by the Virgin Islands Housing Finance Authority (VIHFA) to dismiss a whistleblower lawsuit filed against the agency and its leadership by former Chief Operating Officer Stephanie Berry. The ruling, issued on July 31, allows the case to move forward, marking a significant development in one of the most high-profile public employment lawsuits in the territory.

The court rejected arguments made by VIHFA, Executive Director Eugene Jones Jr., and Chief Disaster Recovery Officer Dayna Clendenin, who had collectively asked for the case to be thrown out, claiming it lacked “factual support” and failed to state a viable legal claim. Judge Brady disagreed, finding that Ms. Berry had met the legal threshold necessary for her claims to proceed.

Ms. Berry's lawsuit, filed in December 2024, accuses the defendants of wrongful termination in retaliation for her repeated attempts to expose alleged mismanagement and procedural violations within the agency. Filed under the Virgin Islands Whistleblowers’ Protection Act, the suit also includes claims of tortious interference with contract, defamation, and breach of contract.

Allegations of Mismanagement and Retaliation

Ms. Berry, who served as COO from January 30, 2023, to October 7, 2024, outlines a series of concerns she raised during her tenure, particularly within VIHFA’s Planning and Construction (P&C) division. According to court filings, Berry reported that the agency had failed to construct any new housing in over six years despite having collected $14 million through stamp tax legislation intended for housing development.

She also pointed to what she described as improper procurement practices, alleging that staff who had previously written project specifications were later assigned to evaluate bids on those same projects—an apparent conflict of interest. Berry says she raised these issues in internal communications and advised that those staff members be excluded from the evaluation panels. Despite these warnings, the practice allegedly continued under the direction of Ms. Clendenin.

The complaint further details irregularities in the Affordable Housing Development Program, where tax exemption approvals were allegedly signed off by staff not authorized to do so. Berry says that one contractor attempted to pressure her into approving such a request, which she declined. Even after escalating the issue to both Clendenin and Jones Jr., the matter reportedly went unresolved.

Financial oversight issues were also raised, including what Berry called excessive landscaping expenses of up to $100,000 annually for undeveloped properties. She notably refused to approve a $12,000 landscaping request for a site slated for demolition.

Berry claims that her efforts to bring attention to these and other problems, including violations involving HUD-funded projects under the Envision Tomorrow Program, ultimately led to retaliatory actions. She alleges that her computer began experiencing unusual technical problems after she sent internal emails questioning certain expenditures and that she was abruptly terminated with no prior disciplinary record.

In one instance, Berry recounts a conversation with Jones Jr. in June 2024 in which she was warned not to document her concerns. According to the complaint, he told her it could be "to her detriment"—a message allegedly echoed during a subsequent leadership meeting.

Court Affirms Viability of All Four Claims

In denying the motion to dismiss, Judge Brady ruled that Berry had sufficiently stated plausible claims under all four counts of her complaint. This means that the case has cleared the initial legal hurdle and will now move to the next phase of litigation.

The defendants have been ordered to file a substantive response to the complaint within three weeks. Unless a settlement is reached before then, the case is expected to proceed through discovery and possibly trial.

Seeking Accountability

Berry is being represented by the law firm of Lee J. Rohn & Associates. She is demanding a jury trial and damages for wrongful termination, as well as broader accountability for what she describes as systemic dysfunction at VIHFA.

VIHFA has not publicly commented on the lawsuit or the court’s recent decision.