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# GVI Appeals After Federal Judge Allows Ocwen to Pursue Nearly $28 Million Tax Refund Agreement

## Ocwen says GVI agreed to pay nearly $28 million in refunds and interest, then stopped after two payments totaling about $8.6 million. Bryan had earlier called refunds to EDC beneficiaries “totally unacceptable”; GVI is now seeking Third Circuit relief.

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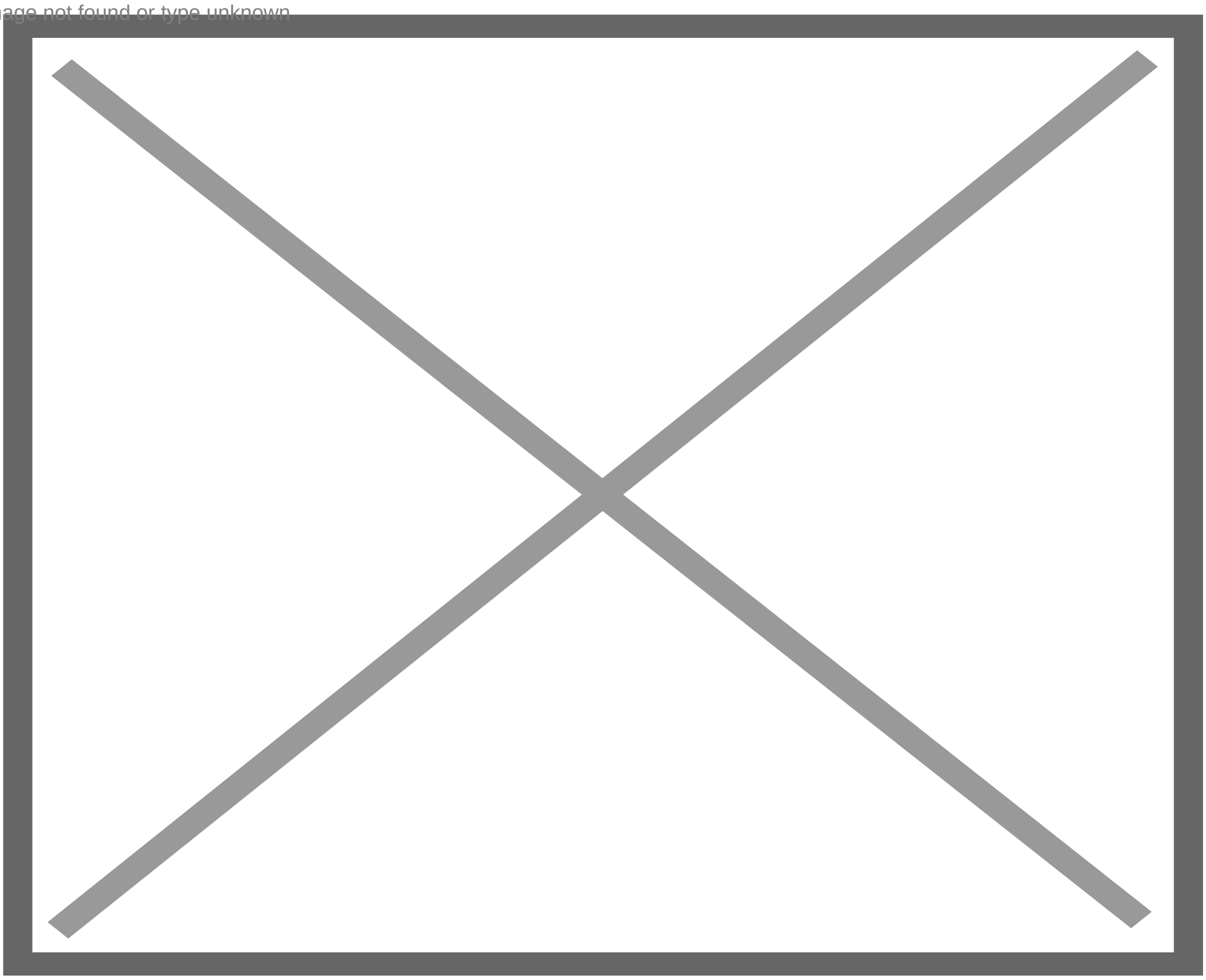

**An Ocwen office exterior is seen in a file photo as the Government of the Virgin Islands appeals a federal ruling allowing the company to pursue enforcement of a 2022 tax-refund agreement.**

The Government of the Virgin Islands has taken its long-running tax dispute with Ocwen USVI Services LLC to the U.S. Court of Appeals for the Third Circuit, days after a federal judge rejected a key government argument aimed at preventing the company from enforcing a 2022 agreement covering nearly $28 million in tax refunds, plus interest.

The government filed its appeal on Aug. 18. The Third Circuit has tentatively placed the case on its spring 2027 calendar, when the court expects to hold one of its twice-yearly sittings in the Virgin Islands.

The appellate filing follows an Aug. 7 ruling in the District Court of the Virgin Islands denying the government's effort to dismiss Ocwen's claim for breach of the parties' closing agreement. That agreement, executed in December 2022 to settle an earlier lawsuit, established a payment schedule under which the government agreed to pay Ocwen $27,923,234, plus interest, for tax years 2013 through 2015.

Judge Evan Rikhye concluded that a closing agreement executed under Section 7121 of the Internal Revenue Code, as applied in the Virgin Islands through the territory's mirror tax system, constitutes a binding contract. The government had argued that the statutory procedure governing tax-refund lawsuits provided Ocwen's exclusive remedy and displaced its separate effort to enforce the agreement. The court rejected that position and allowed the contract-enforcement claim to continue.

The ruling did not order the government to immediately pay Ocwen the full amount of the 2022 agreement. Rather, it rejected the government's attempt to eliminate the breach-of-agreement claim at this stage of the litigation. The Third Circuit docket identifies GVI as the appellant but does not yet set out the arguments the government will make on appeal.

Separately, GVI has challenged whether Ocwen was entitled to the underlying EDC tax benefits at all. The government has alleged in related litigation that Ocwen misrepresented aspects of its income sourcing and failed to satisfy conditions of its Economic Development Commission certificate. Ocwen disputes those allegations. Those claims are separate from the Aug. 7 ruling, which addressed whether Ocwen may enforce the 2022 closing agreement as a binding contract.

The latest development extends a dispute the Consortium first detailed in March 2024, when Ocwen sued the government after scheduled refund payments stopped.

At the time, the Consortium reported that the dispute stretched back to tax years 2013 through 2015, when Ocwen Mortgage Servicing — then a beneficiary of the Virgin Islands Economic Development Commission program — reported substantial tax overpayments and sought refunds from the V.I. Bureau of Internal Revenue. BIR began auditing the company in 2018 and completed its review in 2021, accepting Ocwen's amended returns and refund claims for the years at issue, according to court filings.

The company then sought to arrange payment. According to the lawsuit, BIR Director Joel Lee acknowledged the outstanding refunds in September 2022 and proposed a repayment schedule. After negotiations failed to resolve the matter, Ocwen filed suit in November 2022, leading to the closing agreement the following month.

Under that agreement, the government was to make scheduled payments through December 2024. Ocwen received the first $1 million payment in January 2023 and another payment of just over $7.62 million in June of that year. According to the company's 2024 complaint, no further scheduled refund payments followed.

When the next deadline arrived on Dec. 31, 2023, Ocwen said government officials informed the company that the Office of Management and Budget had placed a hold on the payments so funds could be directed to other priorities. The company also alleged that communication with the V.I. Department of Justice acknowledged that the repayment agreement had been breached but provided no new timetable for payment.

The Consortium reported at the time that Ocwen's attorneys said interest on the outstanding refunds was accumulating at more than $300,000 every quarter. That figure reflected the company's calculation when the 2024 lawsuit was filed and should not be read as a current calculation of the government's liability.

The 2024 complaint also described tension over the company's status as an EDC beneficiary. According to the filing, Ocwen's attorney contacted Governor Albert Bryan Jr. in February 2022 while attempting to establish a payment plan, and Bryan reportedly expressed the view that providing refunds to companies receiving EDC tax benefits was “totally unacceptable.” The government nevertheless entered the closing agreement later that year.

The immediate question before the appellate court now arises from the litigation over the government's obligations under the 2022 agreement. With the Third Circuit case docketed and tentatively headed toward a spring 2027 calendar, the fight over refunds originating more than a decade ago is set to continue.