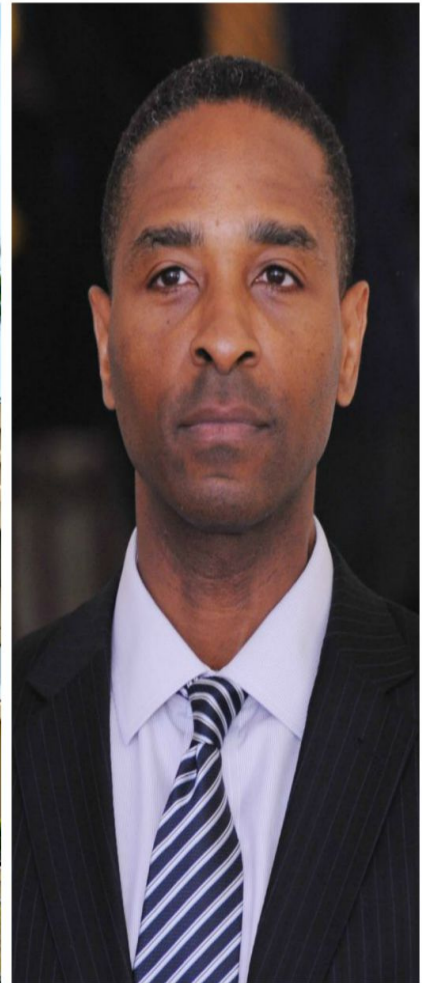


The Virgin Islands Consortium

GVI Files \$1.2 Billion Suit Against HESS Corporation

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ST. CROIX -- Governor Kenneth Mapp today announced a [major suit](#) the Government of the Virgin Islands filed against HESS Corporation in the territory's Superior Court, charging that the firm should pay some \$1.5 billion in income tax and other obligations to the people of the Virgin Islands, after it abandoned operations at the shuttered refinery located in Estate Hope on the south shore of this Island, almost a decade before its legal obligations were complete.

HOVENSA was one of the largest refineries in the western hemisphere before ceasing operations in 2012.

The suit is seeking damages of at least \$1.5 billion, a figure that covers at least \$150 million annually in tax and other financial benefits to the territory over the ten-year period from 2012 to 2022 that Hess was obligated, under the law, to continue operating the refinery, according to the Mapp administration.

"The is not about a business disagreement. It is about Hess breaking the law," Mapp said. "The territory of the Virgin Islands expect that the law is followed by every entity that does business here. Hess violated the law and its obligations to the people."

The HESS oil refinery was established in the mid-1960s as a long-term commercial relationship based on mutual obligations and benefits, involving the construction, maintenance and operation of a large, world-class refinery here -- the largest of the four main islands in the U.S. territory.

The agreement, which included significant tax benefits for HESS, was enacted by the Virgin Islands legislature. The agreement was renewed most recently in 1998 with a legal obligation through 2022. Without any advance warning, John Hess, the CEO of the Hess Corporation, notified the GVI in January 2012 that the company would shutdown the refinery within a month, violating the law that dictated operations through 2022.

As a result of the shutdown of operations at the plant, thousands of jobs were lost as well as income and other benefits for the government and people of the territory. The refinery provided more than a quarter of the private income on this island. In addition to the economic hardship, there were significant environmental consequences related to the plant's shutdown, for which HESS was fined \$40 million. Those fines have not yet been paid, according to a press release Government House issued today.

The release added that the GVI, during the past three years, has tried to reach accommodations with HESS, including the sale of the refinery. As recently as 2013, HESS was given additional concessions to allow it time to sell the refinery, but failed to honor commitments it made even then.

"This is about one thing: Hess breaking the law and the resulting hardship to the Territory of the Virgin Islands," added Governor Mapp. "There are consequences to breaking the law and Hess must fulfill its legal obligations to the Territory."

The suit charges Hess in violation of the Criminally Influenced Corrupt Organization Act and various other violations of the law.

During today's press conference, Mapp said he was personally insulted by the behavior of the owners of HOVENSA.

"I expressed my disappointment to the principles of the refinery, and my offense personally, that a company would come to the people of the Virgin Islands after doing 50 years of business with this territory, ask for our assistance in providing a sale for an asset by asking the territory to reduce the property tax obligation to the company, and in consideration of doing that, also to receive a payment of a commission, and at the time of the sale, HESS not being prepared to make good on just those basic obligations," Mapp said.

"I cannot proceed in that basis, and I said to HESS that at a minimum, the people of the Virgin Islands would insist on receiving all monies due to it under Act 7566 and the Fourth Extension Agreement. We would want a settlement immediately of both PDVSA and HESS Oil's income income tax claims in the tax court, and HESS's obligation and commitment to continue its remediation under the contamination settlement with this territory."

But the suit will be costly, and Governor Mapp said funding will be provided by the lawfirm [Cohein & Milstein](#), based in Washington, DC. According to the agreement with the firm, benefits of up to \$100 million will include a contingency of 28 percent for the company. And benefits of \$101 million to \$250 million would be at 24 percent, Mapp said. Finally, benefits in excess of \$250 million would be at 20 percent plus the cost of litigation.

Attorney General Claude Walker will be responsible for authorizing the cost of litigation, according to the governor.