

The Virgin Islands Consortium

With Passion Showing, A.G. Walker Rebukes Sugar Bay, Reaffirms Dedication To Territory's Residents

Business / **Published On March 14, 2016 07:00 PM /**

Ernice Gilbert **March 14, 2016**



ST. THOMAS -- The departments of Justice and Labor took a rugged stance against the owners of the Sugar Bay Resort and Spa on Monday, declaring at a press conference held in a D.O.J. conference room here that they would do all in their power to guarantee that Sugar Bay -- the struggling resort that was stripped of its Economic Development Commission (E.D.C.) benefits last year, which was followed by the loss of its "[Dreams Resorts](#)" status -- pay all that is owed to the over 40 employees who were terminated between December 24 to present day.

Standing at Mr. Walker's side today were Department of Labor (D.O.L.) Commissioner Catherine Hendry, Assistant Attorney General Renée Gumbs Carty, and former Sugar

Bay employee Vernice Webster. The attorney general reiterated the D.O.J.'s case against the resort, and said he would not allow firms to get away with ill treatment of Virgin Islands residents. He singled out Ms. Webster, who had been employed with the resort for over 20 years and was fighting to receive her severance pay (one week's pay for each year she spent at Sugar Bay) from the resort.

"These workers have worked for Sugar Bay for many years, and they have helped Sugar Bay to become prosperous. So now that this hotel is looking to reduce its staff, it must comply with the law, specifically it must address the issue of severance that's owed to these affected employees," Mr. Walker said.

He continued: "One such employee that I'd like to highlight today, is Ms. Vernice Webster. Ms. Webster worked for Sugar Bay for 20 years, and she's here fighting today for her severance. It is inexcusable to work for any company in the Virgin Islands for 20 years, a company such as Sugar Bay, a billion dollar company, and she's here fighting for her severance. Well, if the Department of Justice cannot stand up for workers like Ms. Webster, then we might as well shut our doors; because we would not be living up to our ideals of justice and fairness in the Virgin Islands."

Mr. Walker said the situation was even more upsetting because the company that owns Sugar Bay, [Fortuna Realty Group](#), also [owns a number of luxury hotels](#) and other properties in downtown Manhattan, as well as hotels in Florida and a five-star hotel in Beverly Hills.

[VI departments of Justice and Labor Take Stand on Behalf of Fo...](#)

"So we can reasonably infer that on any given day, that the owners of Sugar Bay make multiples of what they owe these ex-employees in severance," Mr. Walker said, his aggravation growing. "So why must they go through this? The employees have begged for their severance. The commissioner of Labor has written letters to [Sugar Bay], telling them, 'pay these employees their severance; you're violating the Plant Closing Act.' I then have to invoke my authority under the law to seek an injunction to get them to comply with the law. This is a billion dollar company nickle-and-dimming bellhops and dishwashers."

Mr. Walker repeatedly struck the surface of the podium from which he spoke, giving away his mounting frustration with Sugar Bay. He on multiple occasions affirmed his commitment to fight for the employees, while sending a strong message to other local firms. Ms. Hendry also addressed the media, falling in line with Mr. Walker's position and committing D.O.L.'s continued efforts to stand with residents.

Following his talk, The Consortium asked Mr. Walker whether he was concerned that such a stout position and public shaming of Sugar Bay would hurt the territory's image in inviting investors into the territory. He, as well as Ms. Hendry, said the government wanted to build, not burn bridges, and that the territory was open for business, but "we're not open to be taken advantage of," and that "everyone has to comply with the law."

"It's not an unusual thing that we're requesting," Mr. Walker stated. "In any jurisdiction, you have to have a minimum standard as to how employees should be treated. If they're



ion, then they must get it."

From left to right, Catherine

Hendry, Claude Walker and Renee Gumbs Carty. (Ernice Gilbert, VIC).

The Consortium also questioned Ms. Hendry and Mr. Walker on Governor Kenneth Mapp's decision to pull E.D.C. benefits from Sugar Bay, and whether there could have been a compromise. Ms. Hendry said the governor, contrary to what the Sugar Bay resort issue looks like, is building bridges.

"I think Governor Mapp is building bridges," she said. "He's building the bridges as to say, these are your tax exemptions, these are the requirements that you have to adhere to in order to get those tax exemptions. And not only that, if you have issues on how the tax exemptions are given, then we need to look at it from a legislative point of view."

Pressed on whether the governor could have chosen a path that would see Sugar Bay entering a plan of compliance, Ms. Hendry said such action would require legislation. She also said that local businesses that are not recipients of E.D.C. benefits, but are doing their best to pay their fair share, should be taken into consideration.

Mr. Walker said it would not be prudent to place all of Sugar Bay's woes on Mr. Mapp's decision to pull the resort's E.D.C. benefits, highlighting the problems it ran into with Dreams Resorts. "The Virgin Islands definitely needs corporations to pay their taxes," he said. "How else are we going to pay teachers and fix our roads? A decision was made to withdraw those benefits; [E.D.C.] was never designed to be in perpetuity."

Restraining Order

On Friday, Judge Denise M. Francois of the Superior Court in the St. Thomas-St. John district granted Mr. Walker and the Government of the Virgin Islands a [temporary restraining order](#) against Sugar Bay, which restrains the beleaguered hotel from terminating more employees — [it has already laid off 44 in two months](#) — before giving D.O.L. and the employees ample notification, as set forth in Virgin Islands Code (V.I.C.).

The temporary restraining order against the resort follows the stripping of its Economic Development Commission (E.D.C.) [benefits](#) by Governor Kenneth Mapp, which the resort had relied on for 15 years to operate while employing over 100 workers. But in May, 2015, Mr. Mapp [pulled the company's E.D.C. benefits](#), along with that of the Windward Passage, stating that the companies had failed to meet their obligations. Mr. Mapp said

there had been “tremendous violations of law” within the applications, and that it was the government’s job to “police” the companies and make sure they were complying with the rules. As a result, Sugar Bay has struggled to remain in business, and the firm has resorted to laying off a great portion of its workforce.

The attorney general’s concern, however, is not necessarily with Sugar Bay’s inability to survive; but rather the manner in which it has been making employees redundant, which Mr. Walker contends attempts to skirt the Virgin Islands Plant Closing Act, so as to not give severance pay to redundant workers who had been employed at the resort for over 12 months.

“The government recently learned that Sugar Bay has commenced a program of layoffs which violates the essence of the Virgin Islands Plant Closing Act in that since December 24, 2015, forty-seven Sugar Bay employees have been laid off in a staggered manner designed to circumvent the purpose and intent of the Virgin Islands Plant Closing Act, and to conceal from the government the fact that Sugar Bay is facing serious financial challenges and is, in fact, in the process of engaging in employment actions which will result in serious employment loss,” reads the government’s [complaint](#). “It is believed that Sugar Bay is engaging in layoffs in such a manner as to avoid the responsibilities and expenses imposed by the Virgin Islands Plant Closing Act.”

The complaint explains that Sugar Bay sent a dislocated workers notice to D.O.L. on January 19, 2016, along with the list of employees that were terminated. The list revealed that one employee was made redundant on December 24, 2015, five employees on January 5, 2016, sixteen employees on January 8, and two employees on January 13. Then, on February 11, 2016, the company provided D.O.L. with yet another dislocated workers notice list, which revealed that five employees were terminated on February 9, 2016, thirteen employees on February 10, 2016, one employee on February 11, 2016 and four employees on unspecified dates. The list was given to D.O.L. while the department was conducting a rapid response event at the hotel, according to the government’s complaint.

D.O.J. alleges that in staggering the layoffs dates, thirty-three employees were scheduled so that the twenty-five employee measuring point specified in the Virgin Islands Plant Closing Act for “mass layoff” was never met.

The complaint further states that Sugar Bay has refused to pay \$47,710.80 that it owes to twenty-eight terminated workers, many of whom were cooks, dishwashers, pantry workers, delivery workers and laborers, who earned \$10.50 or less per hour and are entitled to less than \$850 severance pay.

“Based on the foregoing, the government believes that Sugar Bay is making a deliberate effort to avoid the notification and severance requirements of the Virgin Islands Plant Closing Act,” reads the complaint.

D.O.J. is seeking declaratory judgement that the termination of employees between December 24, 2015 and the present day by Sugar Bay constitute a mass layoff as defined by Virgin Islands Code; that Sugar Bay failed to give D.O.L. ten days advance notice of said mass layoff; that Sugar Bay failed to give employees the thirty days advance notice as required by V.I.C.; that Sugar Bay employees are entitled to a right of first refusal to purchase the Sugar Bay property as determined by law; that the court

enter an order directing Sugar Bay to pay each affected employee the mandated severance payments of one week's pay for each year of employment; and that Sugar Bay pays each affected employee their employee's benefits.

© Viconsortium 2026