The Virgin Islands Consortium

Senators Pass Bills Aimed At Regulating Credit Unions And Insurance Companies In USVI

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ST. THOMAS -- Senators who make up the Committee on Finance on Thursday passed multiple bills aimed at better regulating the insurance industry, and one measure to bring into compliance local credit unions with the Federal Credit Union Act of 1934.

Bill No. 31-0369, sponsored by Senator Clifford Graham, requires "all credit unions doing business in the Virgin Islands [to] be federally chartered and regulated by the National Credit Union Administration," and that the "shares of members of credit unions must be insured by the National Credit Unions Shares Insurance Fund."

This is not the first time Mr. Graham has taken aim at unscrupulous business practices in the credit union industry in the territory. In May 2015, he proposed a measure to place all the territory's non-federally chartered credit unions under the control of the Lieutenant Governor's Office. The bills were in part inspired by Her Majesty Credit Union's fraud scandal that rocked the territory in 2012.

In January, 2013, federal regulators accused a Colorado man of running a bogus credit union scheme in the territory and bilking over $532,000 from unsuspecting Virgin Islanders in the process, according to the Denver Post.

The lawsuit was filed in U.S. District Court in Denver, Colorado, where the Securities and Exchange Commission said Stanley McDuffie — who the SEC and Colorado law enforcement said was also known as Stanley Roberson, Stanley Battle and Stanley Robertson-Baffle — accomplished his goal by offering unrealistic returns on certificates of deposit he advertised on the Internet.

The SEC said Her Majesty Credit Union was never actually established, and that it was little more than a funnel for Mr. McDuffie to siphon funds from a tiny office in Denver and later in Watkins, Colorado.

On insurance regulation, the Senate approved the following five measures sponsored by Governor Kenneth Mapp, through Senate President Neville James:

Bill No. 31-0442 -- A measure that aims to update the Insurance Laws of the territory and to adopt the core standards and model laws and regulations as established by the National Association of Insurance Commissioners ("NAIC"), for purposes of obtaining accreditation with the NAIC, which would place the territory on par with other United States jurisdictions while attaining greater and more effective protection to the policyholders of the territory.

Bill No. 31-0443 -- An Act amending title 22 of VI Code adding chapter 20 to enact "The Virgin Islands Risk-Based Capital for Insurers Act".

Bill No. 31-0444 -- An Act requiring the Virgin Islands Insurance Holding Company System Regulatory Act to meet the accreditation standards established by the National Association of Insurance Commissioners, and to update the insurance laws of the territory placing them on par with other United States jurisdictions. The measure also aims to provide greater and more effective protection to the policyholders of the territory.

Bill No. 31-0445 -- An Act repealing and reenacting title 22 of VI Code, chapter 31 to enact the "Virgin Islands Producer and Adjuster Licensing Act".

Bill No. 31-0446 -- Which ennacts "The Virgin Islands Third Party Administrators Act", updating the insurance laws of the territory to reflect the licensing requirements contained in the model laws of the National Association of Insurance Commissioners.

Feature Image: Clifford Graham, center, talks with colleagues Marvin Blynden (left) and Tregenza Roach (right). (Credit: VI Legislature)