The Virgin Islands Consortium

G.E.R.S. To Be Audited By Inspector General After Lending $11 Million To Supermarket Now In Foreclosure

VIC News / **Published On March 04, 2019 10:57 AM /**

Ernice Gilbert March 04, 2019

A loan program that saw millions of dollars being lent to businesses without apparent proper review, according to the Inspector General of the Virgin Islands, was one of former Governor Kenneth Mapp's most prominent issues with the Board of Trustees of the Government Employees' Retirement System (G.E.R.S.). In March of 2015, the Office of the Inspector General (O.I.G.) *released its audit report* which found that the Board of Trustees had mishandled tens of millions of dollars through ill-advised and an abundance of risky investments, through G.E.R.S.'s Alternative Investment Program (A.I.P.).

During a G.E.R.S. board meeting on Thursday, Board Chairman Wilbur Callender revealed to board members that his office had received a letter from Inspector General Steven van Beverhoudt, making known that the O.I.G. would be auditing loans that G.E.R.S. gave to VI Finest Foods, which operated its grocery store on the west end of St. Thomas as West Bay Supermarket. In total, G.E.R.S. loaned more than $11 million to VI Finest Foods, which is now in foreclosure.

Mr. van Beverhoudt during the 2015 audit chastised G.E.R.S. for what the O.I.G. said were risky loans that were entered into without proper due diligence to ensure limited risk and a reasonable rate of return on the funds used. The inspector general also found that the pension system failed to establish any procedures, policies, or benchmarks to ensure that funds were being utilized for the requested purpose of the investments, among other careless behavior.

Now the inspector general wants to know whether G.E.R.S. had performed adequate due diligence before lending $11 million to VI Finest Foods. Mr. Nibbs told The Consortium following the Thursday board meeting that West Bay failed because it lacked support.

The closure of West Bay is another embarrassing investment for G.E.R.S., a supermarket whose doors opened less than two years ago. This comes even as G.E.R.S. is *facing its own demise no later than 2023* and must be wise as it can with the money of retirees. The pension system faced a strong backlash following the release of the audit in 2015, forcing Mr. Nibbs and others to go on the defense to try and defend the board's actions.

During Thursday's board meeting, Mr. Callender was not sure what to make of the inspector general's request for documents surrounding the loan to VI Finest Foods. Reading the letter he received from Mr. van Beverhoudt, Mr. Callender said the inspector general planned to inspect G.E.R.S.'s loan program, which will start with VI Finest Foods. "I read that to say that this is only the beginning," Mr. Callender said. "I think he's leaving himself enough room to ask for additional documents on loans, etc. Maybe I'm reading too much into it, but when I read that language, it clearly could mean that."

Mr. Nibbs said he was concerned about the inspector general's request, but would nonetheless comply. "We will give him copies of everything that he requests. If I have to go back from 2012 looking for board minutes I'm going to start doing that right now," Mr. Nibbs said. "I'm concerned but I don't have any problem with it."

Mr. Nibbs said if G.E.R.S. fails to comply, the inspector general could subpoena the documents. "We don't need that," he stressed. "I won't contest it. We will do whatever we can. Whatever we can find we will present it."

Mr. Nibbs concluded by stating, "Again, chairman and trustees, we have nothing to lose. We have nothing to hide, we have nothing to lose. He can have whatever he wants."

© Viconsortium 2026