

The Virgin Islands Consortium

Bryan 'Deeply Disappointed' With H.U.D.'s Decision To Delay USVI Disaster Funding, Vows To 'Push Back' Against Washington

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An unexpected move by the Trump administration to slow-walk disbursement of \$8 billion in disaster recovery funds to the Virgin Islands and Puerto Rico has Government House scrambling to loosen Washington's grip on money desperately needed to keep post-storm reconstruction on track.

With peak hurricane season ahead, Gov. Albert Bryan said he has lobbied the White House over the weekend to detach the territory from the harsh regulatory scheme applied to Puerto Rico under the U.S. Department of Housing and Urban Development disaster

mitigation program.

"While I understand the concern for heightened scrutiny given the recent developments in Puerto Rico, there have been no improprieties in the Virgin Islands' disaster recovery process and no discernible reason to couple the U.S. Virgin Islands with Puerto Rico in this matter," Gov. Albert Bryan said in a statement issued Monday evening. "We are not Puerto Rico."

Senior H.U.D. officials said Friday that a Federal Register notice would be published in the coming weeks, releasing the first installment of disaster funding to nine states affected by recent natural disasters. Once the Federal Register Notice is published, the nine states can tap into grants under the so-called disaster mitigation program started in 2018. The program is intended to support major infrastructure projects that "... will have an impact on preventing future losses," a senior H.U.D. official said during a media teleconference last week.

A second, isolated, batch of funding – \$8.2 billion – has been set aside for Puerto Rico and the Virgin Islands for release at a later, undetermined, date, H.U.D. officials said. Of the \$8.2 billion, \$774 million is earmarked for the territory.

In a written statement Friday, H.U.D. Secretary Ben Carson said recovery efforts " ... should not be held back due to [alleged corruption, fiscal irregularities and financial mismanagement](#) occurring in Puerto Rico and capacity issues in the U.S. Virgin Islands, which is why H.U.D. will award disaster mitigation funds in two separate tranches (disbursements). ... Untangling these funds from each other will help recovery and planning move forward in communities capable of properly and prudently disbursing funds, all the while protecting taxpayers who are footing the bill."

Congresswoman Stacey Plaskett echoed Mr. Bryan's no credible claim of spending irregularities in the Virgin Islands is at play. " ... According to H.U.D., while the segregation of releasing funds is due to alleged corruption in the case of Puerto Rico - for the Virgin Islands, H.U.D. has stated that it is due to a lack of capacity at agency level to be able to spend these funds efficiently.

"I acknowledge that government agencies in the Virgin Islands will be tasked with handling hundreds of millions of dollars in federal funds, an unprecedented task that will challenge the government's capacity to process such a large amount of funding," Ms. Plaskett said. "The increase in funding will be hundreds of times what is normally handled and a sufficient number of staff will be needed to properly monitor and evaluate grants while keeping pace with the administrative requirements to properly expend these much needed funds."

Ms. Plaskett said, "We have done our work and followed the rules. The Virgin Islands will not be segregated or lumped with Puerto Rico for political or any other expedience. ... I'm calling on the governor and the Legislature to be aggressive on this issue to stand our ground and ensure we receive all the funding we have worked hard to secure and rightly deserve in a timely manner," Ms. Plaskett said.

But there is a widening concern here at home that the corruption scandal that brought down the Puerto Rican government has tainted the territory.

Virgin Islands Senate Finance Committee Chairman Kurt Violet Monday flagged concerns about the territory's connection to the auditing firm BDO (Binder Dijkster Otte), an international network of public accounting, tax, consulting and business advisory outfit.

"I think the whole thing has changed with Ben Carson's recent decision in reference to holding back those monies based on corruption and capacity issues. It is incumbent upon the Virgin Islands to show that in no way are we aligned with any of the alleged groups that were caught up in the arrest that recently took place in Puerto Rico," Mr. Violet said. "This issue is affecting our ability to acquire federal funds and I will charge the governor in doing everything possible to make sure that we are at capacity, to make sure that in no way do they believe that there's any corruption relative to the spending of the funds in the Virgin Islands."

Some of the first calls for Puerto Rico's ex-Gov. Ricardo Rossello to resign surfaced after federal agents arrested two of his senior administration officials, a contractor and the president of BDO in Puerto Rico.

In the U.S. Virgin Islands, BDO PR/VI was managed by John Engerman, a close friend of Governor Albert Bryan who was also Mr. Bryan's campaign manager during the 2018 primary and general elections. The firm, which has received millions of dollars in local contracts related to disaster recovery, in February [issued a press release](#) saying that it had partnered with Virgin Islands' contractor Witt O'Brien's to implement a program management office that would work with all governmental entities receiving federal disaster funding.

Following the corruption scandal in Puerto Rico in which BDO PR/VI's president was implicated, Mr. Engerman, under a new company named The Strategy Group, took control of all BDO PR/VI operations in the U.S. Virgin Islands. The optics are not good, but there is no known evidence that BDO PR/VI received its lucrative contracts because of Mr. Engerman's connections with the governor.

A longer term delay on the territory's receipt of the H.U.D. disaster mitigation funds could have a direct impact on multiple resiliency projects, including road and utilities upgrades.

For example, WAPA Executive Director Lawrence Kupfer said the power company is relying on H.U.D. grant money to acquire new generators for the Randolph Harley Power Plant on St. Thomas.

That purchase will come in addition to a solar micro-grid project for St. Croix and the wind-energy project planned for St. Thomas.

The new generators will reduce fuel consumption by at least 30 percent when compared to the older, inefficient generating units now being used to power the St. Thomas-St. John district. These new generators will reduce fuel, leasing and maintenance costs, and will substantially improve reliability, according to a news release from WAPA.

The St. Croix solar micro-grid project will contribute to lower costs and enable the west end of St. Croix to have power during short duration service interruptions at the Estate Richmond Power Plant.

"WAPA is aware of the decision by H.U.D. on how it intends to release mitigation funding to the Virgin Islands," said WAPA spokesman Jean Greaux Jr. "The authority is in

discussions with Government House regarding the overall effect of the H.U.D. decision on future funding to the territory."

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