

**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX**

WALEED HAMED, as Executor of the Estate of MOHAMMAD HAMED,)	
)	
Plaintiff/Counterclaim Defendant,	)	CIVIL NO. SX-12-CV-370
v.)	
	)	ACTION FOR INJUNCTIVE RELIEF, DECLARATORY JUDGMENT, AND PARTNERSHIP DISSOLUTION, WIND UP, AND ACCOUNTING
FATHI YUSUF and UNITED CORPORATION,)	
)	
Defendants/Counterclaimants,)	
v.)	
)	
WALEED HAMED, WAHEED HAMED, MUFEED HAMED, HISHAM HAMED, and PLESSEN ENTERPRISES, INC.,)	
)	
Additional Counterclaim Defendants.	)	Consolidated With
_____)	
WALEED HAMED, as Executor of the Estate of MOHAMMAD HAMED,)	
)	
Plaintiff,	)	CIVIL NO. SX-14-CV-287
v.	)	ACTION FOR DAMAGES AND DECLARATORY JUDGMENT
UNITED CORPORATION,)	
)	
Defendant.)	
_____)	
WALEED HAMED, as Executor of the Estate of MOHAMMAD HAMED,)	
)	
Plaintiff,)	CIVIL NO. SX-14-CV-278
v.)	ACTION FOR DEBT AND CONVERSION
FATHI YUSUF,)	
)	
Defendant.)	
_____)	

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AND FEUERZEIG, LLP
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**YUSUF'S RESPONSE TO HAMED'S REQUEST FOR PRODUCTION OF
DOCUMENTS PURSUANT TO THE CLAIMS DISCOVERY PLAN OF 1/29/2018, NOS.
1-5 OF 50 – AS TO:
H-21 - PAYMENT OF NEJEH YUSUF CREDIT CARD BILL,
H-33 MERRILL ACCOUNTS FINANCED WITH PARTNERSHIP FUNDS,
H-149 – SEASIDE MARKET & DELI, LLC.**

**H-151 – CHECKS WRITTEN TO FATHI YUSUF FOR PERSONAL USE AND
H-162 – CLAIMS BASED ON MONITORING REPORTS/ACCOUNTING**

Yusuf through his attorneys, Dudley, Topper and Feuerzeig, LLP, hereby provides its Responses to Hamed's Request for Production of Documents Pursuant to the Claims Discovery Plan of 1/29/2018, Nos. 1-5 of 50 -- As To: H-21 – Payment of NejeH Yusuf Credit Card Bill, H-33 – Merrell Accounts Financed with Partnership Funds, H-149 – Seaside Market & Deli, LLC., H-151 – Checks Written to Fathi Yusuf for Personal Use and H-162 – Claims Based on Monitoring Reports/Accounting.

GENERAL OBJECTIONS

Yusuf makes the following general objections to the Requests for Production. These general objections apply to all or many of the Requests for Production, thus, for convenience, they are set forth herein and are not necessarily repeated after each objectionable Requests for Production. The assertion of the same, similar, or additional objections in the individual responses to the Requests for Production, or the failure to assert any additional objections to a discovery request does not waive any of Yusuf's objections as set forth below:

(1) Yusuf objects to these Requests for Production to the extent they may impose obligations different from or in addition to those required under the Virgin Islands Rules of Civil Procedure.

(2) Yusuf objects to these Requests for Production to the extent that they use the words "any" and "all" as being overly broad, unduly burdensome, immaterial, irrelevant, and not reasonably calculated to lead to the discovery of admissible evidence.

(3) Yusuf objects to these Requests for Production to the extent they seek information which is protected by the attorney-client privilege or work-product doctrine, including

information prepared in anticipation of litigation, or for trial, by or on behalf of Yusuf or relating to mental impressions, conclusions, opinions, or legal theories of his attorneys or representatives, or any other applicable privilege or doctrine under federal or state statutory, constitutional or common law. Yusuf's answers shall not include any information protected by such privileges or doctrine, and documents or information inadvertently produced which includes such privileged information shall not be deemed a waiver by Yusuf of such privilege or doctrine.

(4) Yusuf objects to these Requests for Production to the extent that they seek information and documents concerning any matter that is irrelevant to the claims or defenses of any party to this action, and not reasonably calculated to lead to the discovery of admissible evidence.

(5) Yusuf objects to these Requests for Production to the extent that they use terms or phrases that are vague, ambiguous, or undefined. Yusuf's response to such request will be based upon his understanding of the request.

(6) Yusuf objects to these Requests for Production to the extent they seek documents or information not in the possession, custody or control of Yusuf, on the grounds that it would subject him to undue burden, oppression and expense, and impose obligations not required by the Virgin Islands Rules of Civil Procedure.

(7) Yusuf has not completed either his discovery or preparation for trial of this matter. Accordingly, Yusuf's response to these Requests for Production is made without prejudice to Yusuf's right to make any use of, or proffer at any hearing or at trial, and are based only upon information presently available. If any additional, non-privileged, responsive

documents are discovered, these Requests for Production will be supplemented to the extent that supplementation may be required by the Virgin Islands Rules of Civil Procedure.

(8) Yusuf objects to these Requests for Production to the extent that they are compound and not a single Request. Hence, these Requests for Production should be counted as more than a single Request such that when all of the subparts are included together with other Requests for Production they may exceed the 50 Requests for Production agreed upon by the parties.

RESPONSES TO REQUESTS FOR PRODUCTION

Request for the Production of Documents 1 of 50:

RFPD number 1 of 50 relates to Claim H-21 (previously identified as 281) – described in the claims list as “Payment of NejeH Yusuf credit card bill.”

Please provide all documents relating to or substantiating the \$49,715.05 in charges attributed to NejeH Yusuf on the Bank of America credit card statement (5474 1500 8271 1556), including, but not limited to, credit card statements and invoices substantiating the charges -- and the Partnership business purpose therefor. See Exhibit 281, Exhibits to JVZ Engagement Report, September 28, 2016, bates numbers JVZ-001252-JVZ-001253.

Response:

Yusuf objects to this Request for Production as it is properly directed to John Gaffney. Yusuf shows that this Request along with other discovery recently submitted should be directed to John Gaffney and maintain that these items were not included in the original list of Gaffney Items H-41 through H-141 in what appears to be an attempt to circumvent the agreement for John Gaffney to respond to discovery and that payment for his time to be at the expense of the Hamed pursuant to the Joint Discovery and Scheduling Plan. Further responding, Yusuf has no

knowledge any particular payment for expenses incurred on the Bank of America credit card held by Nejeih Yusuf, how reimbursement is documented and the items reflected in the April - May 2015 statement included as Exhibit 281 which document was provided by Hamed and, therefore, is unable to provide any information responsive to this Request.

Request for Production of Documents 2 of 50:

RFPDs number 2 of 50 relates to Claim H-33 (previously identified as 338) – described in the claims list as “Merrill Lynch accounts that still existed in 2012 (ML-140-21722, ML-140-07884 and ML-140-07951) financed with Partnership funds.”

Please provide all documents related to the following Merrill Lynch accounts from 9/17/2006 through the present: ML 140-21722, ML 140-07884 and ML 140-07951. Documents should include, but not be limited to, documents identifying the origins of the deposits into each Merrill Lynch account and the Merrill Lynch statements.

Response:

Yusuf objects to this Request at these accounts are not his accounts and thus, “the proposed discovery is not relevant to any party’s claim or defense.” V.I. R. Civ. P. 26(b)(2)(C)(iii). ML140-21722 is in the name of Fathieh Yousef, who is Yusuf’s niece. ML-140-07884 and ML-140-07951 are accounts in the name of Hamdan Diamond and are not Yusuf’s accounts. To the extent that payments were made to Hamdan Diamond, they were in repayment of loans. Partnership funds were deposited in to the United Merrill Lynch account ML-140-07759.

Request for the Production of Documents 3 of 50:

RFPD 3 of 50 relates to Claim H-149 (previously identified as 246, 255, 260, 318) described in the claims list as "Seaside Market & Deli LLC."

Please provide all documents related to transactions between the Partnership, United or the Plaza Extra Stores and the Seaside Market & Deli. These documents should include, but not be limited to, invoices, description of inventory sold to Seaside, pricing of inventory sold to Seaside, shipping invoices for the goods shipped to Seaside, and general ledger entries documenting the Plaza Extra, United and Seaside transactions. These documents should be provided up to the date of the transfer of the East and West stores on March 9, 2015.

Response:

Yusuf objects to this Request for Production as it is properly directed to John Gaffney. Yusuf shows that this Request along with other discovery recently submitted should be directed to John Gaffney and maintain that these items were not included in the original list of Gaffney Items H-41 through H-141 in what appears to be an attempt to circumvent the agreement for John Gaffney to respond to discovery and that payment for his time to be at the expense of the Hamed pursuant to the Joint Discovery and Scheduling Plan. Further responding, Yusuf has no knowledge as to the particular payments and transactions between the Partnership and Seaside Market and, therefore, is unable to provide any information responsive to this Request.

Request for the Production of Documents 4 of 50:

RFPD 4 of 50 relates to Claim H-151 (previously identified as 3004a) - described in the claims list as "Checks written to Fathi Yusuf for personal use."

For all of the Partnership bank accounts, please provide all bank statements reflecting checks written to Fathi Yusuf, the United Corporation, as well as the cancelled checks, from 9/17/2006 to present.

Response:

Yusuf objects to this Request for Production as it is unclear as to checks written to United Corporation. Further responding, Yusuf shows that this request is properly directed to John Gaffney. Yusuf shows that this Request along with other discovery recently submitted should be directed to John Gaffney and maintain that these items were not included in the original list of Gaffney Items 41 through 141 in what appears to be an attempt to circumvent the agreement for John Gaffney to respond to discovery and that payment for his time to be at the expense of the Hamed pursuant to the Joint Discovery and Scheduling Plan. According to the request, it appears that John Gaffney has already advised that he does not have all of the cancelled checks as to the various bank accounts.

Further responding, Yusuf directs Hamed's attention to Table 35(b) of the BDO Report which chronicles those checks written to Yusuf from 2001 to 2012. The supporting documentation for the allocation was also previously provided to Hamed with the original submission of the Yusuf Accounting Claims on September 30, 2016. To the extent that there are additional checks to which Hamed seeks clarification not otherwise listed in Table 35(b), please identify same and this response will be supplemented.

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Request for the Production of Documents 5 of 50:

RFPD 5 of 50 relates to Claim H-162 (previously identified as Exhibit A-L) – described in the claims list as “Claims based on monitoring reports/accounting 2007-2012).”

Please provide all documents to and/or from the United States or the United States Virgin Islands government or monitors from 9/17/2006 to present related to monitoring or monitoring reports prepared in connection with the *US v United et al.* criminal case 2005-15- (D.V.I.).

Response:

Yusuf shows that he is unaware of all of the information provided to the monitors over the years as it was provided by various individuals as requested. To the extent that reports are available Yusuf shows that they have previously been provided to Hamed but attaches them again to this production. Further, Yusuf shows that as members of the Hamed family were defendants in the criminal action, they or their criminal counsel should have access to such information and that the burden of obtaining such information is equal as if provided by Yusuf. Moreover, Waleed Hamed was operating and in charge of the Plaza Extra East store until the split and, therefore, would have knowledge or information responsive to this request.

DATED: March 1, 2018

By:

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CERTIFICATE OF SERVICE

It is hereby certified that on this 1st day of March, 2018, I caused the foregoing a true and exact copy of the foregoing **YUSUF'S RESPONSE TO HAMED'S REQUEST FOR PRODUCTION OF DOCUMENTS** to be served upon the following via Case Anywhere docketing system:

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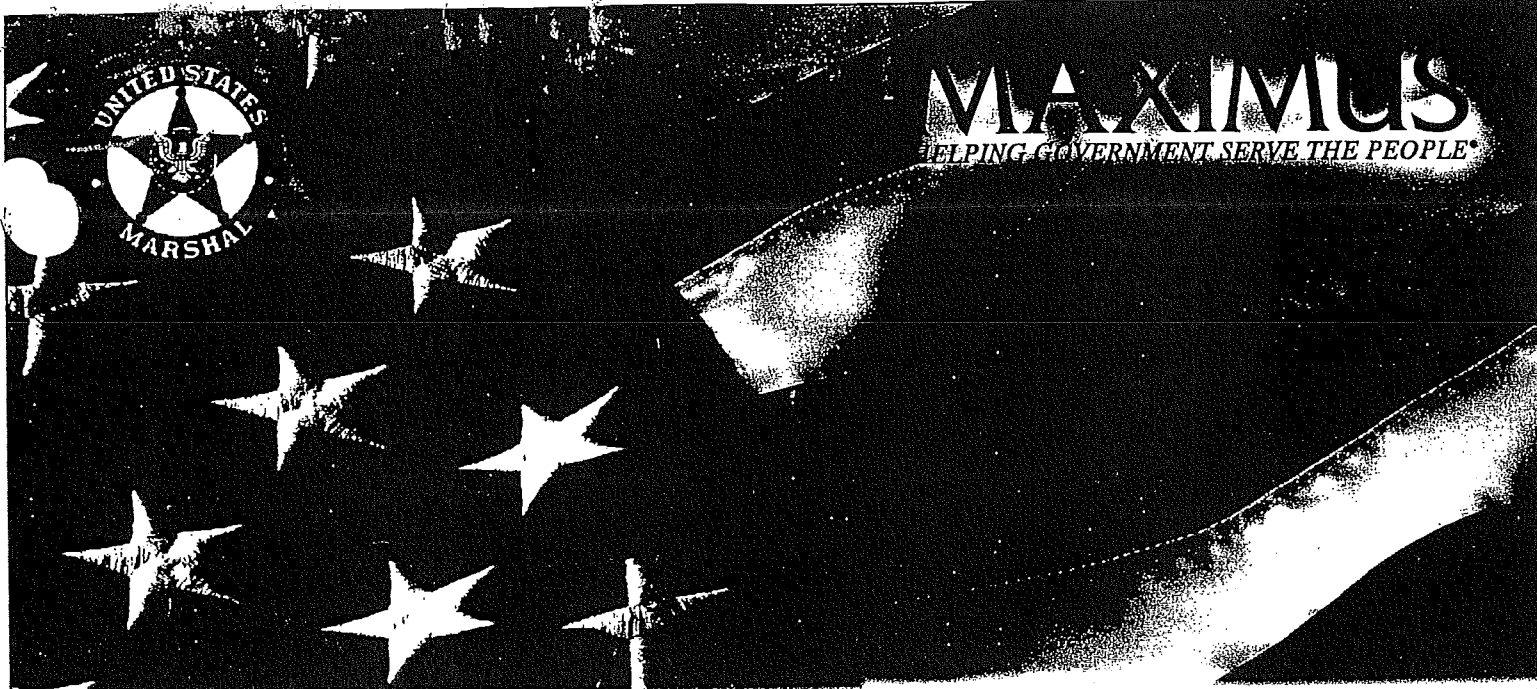
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Monthly Monitoring Report

**Business Monitoring Services
United Corporation**

Virgin Islands

**For the Reporting Period
February 1, 2004 - February 29, 2004**

**Contract No: GS-10F-0080J
Order No: DJMS-04-AFO-P-0013
March 15, 2004**



**MONTHLY MONITORING REPORT
BUSINESS MONITORING SERVICES
UNITED CORPORATION
VIRGIN ISLANDS
FOR THE REPORTING PERIOD
FEBRUARY 1, 2004 – FEBRUARY 29, 2004**

1.0 ACTIVITIES COMPLETED DURING MONTH

The sections that follow summarize and provide highlights of the monitoring activities conducted during the month of February 2004.

1.1 INITIAL IMPLEMENTATION OF THE DRAFT MONITORING PLAN

On Monday, February 2, 2004, the approved Plan for the three Plaza Extra stores was implemented by the first team of rotating onsite monitors. The MAI Project Manager, William Schroeder, as well as the one of the Senior Staff Managers who assisted in the development of the Draft Monitoring Plan, Roger Edwards, were present to ensure the transition was made in a seamless manner without loss of effectiveness and disruption to the ongoing activities of the businesses being monitored. John Funyak was assigned as the Monitor for the St. Thomas Plaza Extra store. Jerome Owens was assigned to conduct monitoring activities for the two stores on St. Croix as well as the United Corporation shopping center. Resumes for each of these monitors can be found in *Attachment A: Resumes of On-site Monitors*. During the first week of February the two new on-site monitors were oriented to the Draft Monitoring Plan by Mr. Edwards and Mr. Schroeder. This orientation included their responsibilities in carrying out the Plan, as well as their roles as contractor monitors performing services on behalf of the USMS.

1.2 PROVISION OF NEW PLAN REQUIREMENTS TO MANAGEMENT OF PLAZA EXTRA STORES

On February 2, 2004, the three Senior Staff Managers who had been providing the initial monitoring services for the month of January (William Bruton, St. Thomas Store; Roger Edwards, St. Croix East Store; and Donald Burde, St. Croix West Store) provided management of Plaza Extra at each of the three stores with changes that had been approved by the United States Marshals Service (USMS) as part of the transition from monitoring procedures carried out by USMS personnel to procedures carried out by contractors of the USMS. Monitors also provided store management with copies of the changes to take place with implementation of the Plan regarding the approval of checks written on corporation bank accounts. The USMS had previously been provided copies of these documents.



1.3 REQUEST FOR SUPPORT FROM USMS

On February 2, 2004 a memorandum with list of items integral to the implementation of the approved Business Monitoring Plan (Plan) requiring seven specific actions on the part of the USMS (for example, contact with the banks holding accounts of United Corporation in order to obtain electronic access) was provided to the USMS. A copy of this memorandum is included as *Attachment B: Request for Support from USMS*.

1.4 IMPLEMENTATION OF MONITORING ACTIVITIES

The monitors continued in their duties under the Plan's implementation through the end of the first week of March. The results of the monitoring activities are detailed below (See 5.0 – Implementation of the Plan, beginning on page 7). The second rotation of monitors reported for duty at their respective stores on Thursday, March 4, 2004 and, after a two-day transition phase, took over full-time on Saturday, March 6, 2004. The off-site monitor traveled to the U.S. Virgin Islands in order to assure the first transition from one team of monitors to the second team went smoothly and issues were addressed concerning the amendments made to the Plan.

1.5 SUBMISSION OF MONTHLY MONITORING REPORT FOR JANUARY

An Interim Monthly Report for January was prepared and transmitted to the United States Marshals Service (USMS) which summarized the activities of the Senior Staff Managers who served as on-site monitors while the new Monitoring Plan was being developed.

1.6 INTERIM REVIEW BY USMS COTR OF DRAFT MONITORING PLAN

During the week of February 23rd, the USMS COTR, Len Briskman along with the MAXIMUS Project Manager, Ilene Baylinson and the MAI Project Manager, William Schroeder, visited the U.S. Virgin Islands to assess first hand the progress being made in implementing the new Plan and its effectiveness in meeting the monitoring goals of the USMS. During this visit it was determined that amendments to the original Plan were needed along with a change in the duties of the monitors in order to: (i) reduce the monitoring time involved in the implementation; (ii) refine the activities of the monitors in order to eliminate any duplication of effort that may have crept into the implementation; (iii) enhance efficiencies needed to balance the goals of the Plan with the funds available, and; (iv) in the process, provide for a more balanced division of duties and responsibilities between the two monitors. An Amended Business Monitoring Plan was developed during this period that realigned duties between the St. Thomas and St. Croix Monitors, eliminated some activities that were not required by the Plan and refined other activities to achieve the balance sought by the USMS between monitoring oversight and cost.



1.7 ELECTRONIC ACCESS TO ACCOUNTS IN BANCO POPULAR AND BANK OF NOVA SCOTIA

During the February 23rd site visit, officials of Banco Popular and the Bank of Nova Scotia, both of St. Thomas, U.S. Virgin Islands, were contacted regarding electronic access to banking account information of United Corporation. Arrangements were made to begin the process of obtaining electronic read only access to the restrained bank accounts of United Corporation for monitoring and reconciliation purposes. During the series of meetings with officials of the Bank of Nova Scotia that took place, bank officials advised Mr. Briskman of two bank accounts of United Corporation at the bank that the USMS and the monitors were unaware of. These checking accounts contained approximately \$240,000 in funds obtained through the sale of lottery tickets at the stores on St. Thomas and St. Croix. A subsequent review of the restraining order of September 18, 2003 indicated that the funds and the accounts, even though unnamed, were subject to the order and therefore subject to monitoring.

1.8 REQUEST FOR ELECTRONIC ACCESS TO BANCO POPULAR

On March 1, 2004, a draft letter was prepared and sent to Mr. Briskman to send to the Assistant Vice President for Commercial Credit Services, Banco Popular, St. Thomas, U.S. Virgin Islands. This letter was prepared to facilitate electronic access to the accounts of United Corporation held by the bank.



2.0 ACTIVITIES PLANNED FOR NEXT MONTH

2.1 SECOND TEAM OF MONITORS WILL BEGIN ON MARCH 1, 2004

The second team of rotating monitors will begin their responsibilities under the Amended Monitoring Plan, and will continue to do so until the beginning of April. At that time, the team that left at the beginning of March will be returning to replace the team currently in place.

2.2 FINAL ARRANGEMENTS FOR SECURING OF ELECTRONIC BANK ACCOUNTS

Final arrangements will be made for remote electronic read only access to the restrained bank accounts of United Corporation at Banco Popular and the Bank of Nova Scotia, St. Thomas, U.S. Virgin Islands. This information will be used to provide real-time reconciliation of bank accounts and third party verification of information submitted by store management to the monitors for monitoring purposes.

2.3 REVIEW OF LATEST CONSOLIDATED FINANCIAL STATEMENTS

The Monitor on St. Thomas will obtain the latest consolidated financial statement from the Comptroller of United Corporation upon its completion. The Comptroller recently advised that it should be completed sometime after the middle of March.



3.0 ISSUES NEEDING RESOLUTION BY COTR

The sections that follow highlight the major issues requiring resolution by the USMS COTR during the month of February.

3.1 PAYMENT OF PERSONAL WATER BILL WITH UNITED CORPORATION FUNDS

Monitoring activity conducted during the month revealed that the Virgin Islands Water and Power Authority (WAPA) bill for defendant Maher (Mike) Yousef's personal residence was being paid with restrained funds from the operating (Tenant) bank account of the United Corporation shopping center on St. Croix. This was brought to the attention of store management and they were informed that this was a prohibited payment under the restraining order. Store management responded that the residence in question was often used by store management for business purposes and that fact justified payment of the utility bill with restrained funds. Store management informed that they would continue to pay this bill in the same manner until specifically informed by the Court that it was a prohibited payment. The onsite Monitors will continue to monitor and report on these payments until informed otherwise by the USMS COTR.

3.2 PROPOSAL FOR UNITED CORPORATION TO OPERATE A LAUNDROMAT

The tenant in the United Corporation shopping center in St. Croix operating a laundromat went out of business in February. Store management surfaced a proposal for use of the space. Under the proposal, United Corporation would operate a new laundromat in the vacated space. Under this proposal, funding is to come from monies accumulated in the Shopping Center's Tenant's account. This proposal has been forwarded to the USMS for consideration and discussed during the visit to St. Croix. The on-site Monitors will wait for direction from USMS on this issue.

3.3 ISSUANCE OF \$250,000 IN UNITED CORPORATION TO CHARITIES

On March 5, 2004, during the introduction and transition period between the monitoring teams it was learned that the primary shareholder of United Corporation and the lead defendant Mr. Yusuf, Sr. was considering the issuance of Plaza Extra checks totaling \$250,000 in the near future to three charities. Mr. Yusuf explained that he did not intend to present these checks to the monitors for approval and was going to present them directly to the District Court Judge without prior notification to the Assistant United States Attorney, as he knows that these checks would not be approved by the monitors or the USMS. The USMS was immediately notified of this issue.

3.4 PAYMENT OF PERSONAL TAX LIABILITIES WITH CORPORATE FUNDS

On March 1, 2004, the St. Thomas monitor was presented by the Comptroller of United Corporation with a copy of a Federal Income Tax Return Form, No. 1120S, for United Corporation. This form was for the tax year ending December 31, 2002, which purportedly had been filed on or about



September 4, 2003. The monitor was also shown six Federal Income Tax Forms, Nos. 1040X (Amended 1040s) for the six shareholders of United Corporation. The Comptroller stated that the amended 1040 forms would soon be filed. The Comptroller informed that the 1040X forms were required to report each shareholder's portion of the income reported by United Corporation on the 1120S form filed in September. This income had not been reported on the originally filed shareholder's 1040 forms due to the fact that the 1120S form had not been filed at the time the 1040 forms were submitted.

The Comptroller asked the monitor to approve six checks from a United Corporation bank account that were going to be attached to the individual 1040X forms of the shareholders to pay the additional tax due. The amounts of these checks ranged from a few thousand dollars for the minor shareholders to over \$150,000 for the major shareholder (Mr. Yusuf, Sr.). The monitor informed the Comptroller that the payment of the shareholder's personal income tax liabilities by United Corporation appeared to be in the nature of the payment of a personal expense with corporate funds and therefore the monitor would not be able to approve the payments without specific authorization from the USMS.

The issue was reviewed with the COTR who instructed that the monitor approve the checks because the additional tax liability of the shareholders appeared to stem from their required reporting of their portions of United Corporation's net income.



4.0 IMPLEMENTATION OF MONITORING PLAN

The information presented below represents a consolidated report of monitoring activity conducted by the on-site Monitors in accordance with the Draft Monitoring Plan for the month of February. This report is organized to correspond to the specific numbered monitoring activities outlined in the Draft Monitoring Plan.

ACTIVITY NO. 1 – REVIEW AND RECONCILIATION OF INCOME AND DEPOSITS

For each day during the month of February the POS summary, till reconciliation, deposit slips, phone and lottery reconciliations and the Western Union (St. Thomas only) reconciliation were reviewed by the monitors assigned to each store. In total, till reconciliations balanced in a satisfactory manner with deposits and the POS summary. Any significant deviations were reconciled with store management on a daily basis. In summary, the data collected and reconciled by the site monitors is presented below.

TABLE NO. 1
POS Summary and Till Reconciliation

Item	SST	St. Croix – East	St. Croix – West	Totals
Total Sales*	\$2,464,840	\$2,025,893	\$1,995,002	\$6,485,735
Over/Short**	(\$112.60)	\$319.93	(\$924.34)	(\$717.01)

The "Total Sales" figures represent the total sales figures as reported by the stores' networked cash registers according to the Retail Pro Point of Sale reporting system.

The "Over/Short" figures represent the total net amount of discrepancy between reported sales and the amounts collected in the registers' tills for the month. This is well within store management's accepted range and is comprised mostly of the sum of errors made at the register and unofficial "loans" taken out of the till by cashiers. Cashiers are personally responsible for till shortages, which are deducted from their checks weekly.

TABLE NO. 2
Detailed Till Reports

Item	SST	St. Croix – East	St. Croix – West	Totals
Cash	\$1,382,706	\$667,478	\$690,805	\$2,740,989
Checks	341,556	456,997	459,781	1,258,332
WIC	95,933	95,933	N/A	130,659
Telecheck	94,482	138,899	126,793	360,174
FS/EBT	119,263	138,704	243,671	501,638
Debit Cds.	234,153	230,531	184,072	648,756
Credit Cds.	285,793	344,813	231,973	862,759



These figures represent monthly totals taken directly from the till reconciliation sheets prepared and reconciled by store personnel to the daily collections of register tills and reports from the POS system. These figures have not been reconciled with the store's *Peachtree* reports as those reports are generally weeks behind the actual data. The St. Croix – West store is not authorized by the Virgin Islands Government to process WIC (Women, Infants and Children) assistance payments; therefore there are no sales of this kind in this store.

TABLE NO. 3
Detailed Deposit Reports

Cash	\$1,381,723	\$639,029	\$691,823	\$2,712,575
Checks	387,368	456,993	483,342	1,327,703
Lottery and Phone Cards	20,167	15,560	11,166	46,893
Undepositables	4,128	24,219	14,139	42,486

These figures represent monthly totals taken directly from the deposit slips and reconciliations prepared by store personnel daily. Undepositables are items which are counted the same as receipts in the till reconciliations for purposes of balancing the registers but are not depositable into the store's bank account. Examples of undepositable items include redeemed gift certificates, in-store credits for exchanged merchandise and direct payments from the register to local suppliers of fresh fish and produce. Store monitors inspected documentation for these items when they exceeded \$1,000 in any store for a given day.

ACTIVITY NO. 2 – COMPARISON OF ELECTRONIC DATA WITH PAPER COPIES

This monitoring activity was not conducted during the month, as independent electronic access to the POS summary data was not available. The Business Monitoring Plan as amended beginning in March has eliminated this monitoring activity.

ACTIVITY NO. 3 – REVIEW AND RECONCILIATION OF WESTERN UNION DATA

The Western Union spreadsheets were compared and reconciled to the Western Union daily printouts for February 1st through February 25th. These figures reconciled without discrepancy. Western Union data was not available from store management as of the date of this report for the period February 26th – 29th. Reconciliation of these four-day's amounts will be included in next month's report. The data captured on the Western Union spreadsheets was compared to deposits into the Western Union bank account at Banco Popular. All receipts appear to have been properly deposited. The only expenditures from this account were payments withdrawn by Western Union. The balance in this account at month's end was \$105,102.23.



ACTIVITY NO. 4 – REVIEW AND RECONCILIATION OF BANK STATEMENTS WITH POS FIGURES AND DISBURSEMENT JOURNALS

Electronic access to the Banco Popular accounts was not available for the month of February. It is anticipated electronic access to these accounts will be accomplished during the month of March. Consequently, the paper copies of the Banco Popular account statements were obtained and reviewed for the month of February. The Banco Popular accounts are used primarily to receive electronic payments which result from customer purchases using credit and debit cards and Telecheck.

TABLE NO. 4
Sales and Deposits

Item	St. Thomas	St. Croix – East	St. Croix – West
Total Sales	\$639,387	\$829,826	\$761,522
Total Deposits	630,722	818,145	746,661
Differences	8,665	11,681	14,861
Variance	1.35%	1.41%	1.95%
Percentage			

Total deposits were unable to be completely reconciled to sales as the bank records electronic deposits net of transaction fees. A variance of less than two percent for the month is not considered substantial and most likely is comprised of bank and electronic transaction fees.

All transfers of funds out of the Banco Popular accounts were traced to the Bank of Nova Scotia Operating accounts of the stores.

ACTIVITY NO. 5 – VERIFICATION OF DEPOSITS IN ACCOUNTS AT BNS

The St. Thomas store maintains a separate operating account at the Bank of Nova Scotia into which each day's depositable receipts from the till reconciliation are made. A reconciliation between what the till reports should have been deposited and the bank statements for this account reveals that all receipts were properly deposited. No discrepancies were noted.

The St. Croix stores share one operating account at the Bank of Nova Scotia into which each store's depositable receipts from the till reconciliations are made. Reconciliation between what the till reports for each store and the bank statement reveals \$151,453 in excess deposits appears to have been made. The St. Croix – East store does not include deposits in their daily till reconciliation that represent non-daily income items, such as refunds, resubmitted returned checks, rebate checks and extraordinary payment items. These items totaled \$32,492 for the month of February and when subtracted from the apparent excess deposit amount leaves \$118,961. The St. Croix – West store is the only store that funds the excess cash needs of its service desk from the till. The other stores fund theirs from their safe's cash balances. Because of this the St. Croix – West store's daily



deposits rarely equal what the till reports. During the month of February the net effect of the St. Croix – West store's borrowing and paying back of till receipts to fund their service desk resulted in excess deposits totaling \$121,647. When this amount is added back into the excess deposits amount for the month there actually exists an unaccounted for difference of \$2,686 between what was reported as deposited by the daily till reconciliations and what the bank statements reflect. This amount represents an un-reconciled difference of less than 1/10 of one percent of total deposits into the operating account of the St. Croix stores and is not deemed substantial.

The St. Croix – West's unique practice of funding service desks needs from the till was discussed. Store management was under the impression that their store's cash safe balance was to be kept well under the \$80,000 limit and therefore were using the till to fund service desk needs so as not to run out of cash. Store management was urged to build the cash reserve in their safe up to \$80,000 and to begin to fund service desk needs from the safe as opposed to the daily till.

ACTIVITY NO. 6 – ELECTRONIC MONITORING THROUGH STORE CAMERAS

Electronic access to the store's video surveillance system was not secured therefore a monitor visited each store daily. Both the retail and warehouse sections were visited and the monitors were vigilant for any unusual or extraordinary activities. Shelves were observed to be adequately stocked and the warehouse properly maintained. An outside vendor conducted a complete inventory this month that resulted in much organization and clean-up activity taking place in the stores. The stock in each store appears to be better organized at the end of this month than it was at the beginning as a result of this activity.

ACTIVITY NO. 7 – COMPARISON OF ACCOUNTS PAYABLE AGING REPORTS

A review of each stores aged accounts payable report was conducted. As of January 31, 2004, the St. Thomas store had a total of \$193,836 in accounts payable that were between 61 and 90 days old and \$150,239 over 90 days old. The bulk of this was comprised of \$275,673 owed to a major vendor: West Indies Corporation. This was brought to store management's attention and the West Indies extended debt was paid. As of February 29, 2004, the St. Thomas store had only \$12,753 in accounts payable over 90 days old. This figure primarily represents disputed amounts from a variety of vendors and is not substantial in relationship to the total monthly volume of accounts payable. The St. Thomas store reports a negative balance of \$37,136 (actually a receivable rather than a payable) of accounts between 61 and 90 days old. This figure represents the debt of Waltham Ltd. for returned merchandise and overcharges.

The St. Croix – East store reports only two accounts with substantial amounts due over 90 days, those being Associated Grocers for \$11,593 and Lays Snacks for \$3,617. These are both high volume accounts and the amounts are not significant in relation to the total amount of business done with these vendors.



The St. Croix – West store reports accounts payable over 90 days to 11 different vendors in the total amount of \$50,088. These are all to vendors with which the store does a high volume of business and includes account discrepancies and disputed amounts that in total represent less than a \$9,000 increase over the previous month's total.

ACTIVITY NO. 8 – REVIEW OF HIGH DOLLAR AND UNUSUAL DISBURSEMENTS

A total of 76 checks were selected for verification back to the original invoices by the site monitor at the St. Thomas store with 63 checks being selected for the St. Croix – East store and 36 checks for the St. Croix – West store. In each instance the checks reconciled with the invoices.

ACTIVITY NO. 9 – THIRD PARTY VERIFICATION OF UNRESOLVED DISBURSEMENTS

No third party verification or follow-up was necessary, as Activity 8 did not uncover any discrepancies between checks written and back-up documentation.

ACTIVITY NO. 10 – REVIEW AND COMPARISON OF BANK STATEMENTS AND DISBURSEMENT JOURNALS

A review and comparison between the Peachtree system generated check register/disbursements journal and the bank statements for the operating accounts of each store did not reveal the existence of any checks not recorded in the check register/disbursements journal.

ACTIVITY NO. 11 – REVIEW OF DISBURSEMENTS IN EXCESS OF \$10,000 AND ANY THAT ARE UNUSUAL OR NON-ROUTINE

During the month of February the site monitors were presented with the following numbers of checks for review and approval prior to issuance in the total amounts indicated. In each instance store management was required to present invoices to document payments for which approval was requested. Any issues that were raised with regard to these disbursements that required further review or merited the attention of the USMS are identified elsewhere in this Report.

TABLE NO. 5
Checks Reviewed Prior to Issuance

SST	77 Checks Totaling	\$2,064,495
St. Croix – East	81 checks totaling	\$2,898,431
St. Croix – West	72 checks totaling	\$1,397,915
Total	230 checks totaling	\$6,360,841



ACTIVITY NO. 12 – ANALYSIS TO DETERMINE AVERAGE REOCCURRING PAYMENTS

Vendor payment patterns were established in January during the development of the Plan and nothing observed in February revealed the need to alter the previously determined vendor check approval listing or the amounts established in that analysis.

ACTIVITY NO. 13 – ANALYSIS OF OPERATING PERCENTAGES

Store management has not as yet completed financial statements for 2003 for comparison purposes. Store management has also not completed financial statements for the months of January or February of 2004. Consequently, no attempt at an analysis of the gross and net operating percentages for this month was attempted, as it would be without the critical information needed to make such an analysis.

ACTIVITIES NO. 14 AND 15 – REVIEW OF INCOME AND DISBURSEMENTS OF SHOPPING CENTER ON ST. CROIX

All rental income and disbursements were reconciled to the tenant's account. The ending balance in the shopping center tenant's account is \$219,743 for the month of February. There appear to be three tenants that are seriously in arrears in their rent payments. These are JP Sales, New Plaza Café and Best Furniture in the amounts of \$16,619, \$13,619 and \$7,360, respectively. Store management has claimed that it is actively trying to bring these tenants more current in their rent. Best Furniture has significantly reduced their past due rent amount from what it was in months past.

TABLE NO. 6
Shopping Center Change in Activity

Item	January	February	% of Change
Number of Tenants	38	37	(2%)
Rent Collected	\$72,981	\$43,672	(40%)
Rent Due	\$47,435	\$44,676	(6%)
Expenses	\$ 9,959	\$12,296	23%

One tenant, the occupant running a laundromat, went out of business in February. Store management has advised of a proposal to operate a new United Corporation owned Laundromat operation in the space vacated by the previous tenant. Funding for this new venture is proposed to come from monies accumulated in the shopping center's tenant's account. This proposal has been forwarded to the USMS for consideration.

One disbursement discrepancy was discovered. One check (No. 1373) in the amount of \$1,490.27 was made payable to the Virgin Islands Water and Power



Authority (WAPA). The invoice for this payment indicates that it was in payment for water for residential service. When questioned, store management advised that the payment was made for power delivered to the personal residence of Maher (Mike) Yusuf. Store management advised that it considers the payment justified because United Corporation shareholders often stay at this residence and use it for business purposes. Store management further advised that this practice was allowed in the past by the USMS and that they would continue to pay this power bill with shopping center funds.

ACTIVITY NO. 16 – REVIEW OF PAYROLL RECORDS FOR UNUSUAL PAYMENTS

Payroll records were reviewed by the monitors of each store and no unusual or extraordinary payments were noted. Key family member employees continue to receive \$3000 per month before withholdings.

ACTIVITY NO. 17 – UNSCHEDULED CASH COUNTS

A total of eight unscheduled surprise cash counts were conducted at the St. Thomas and St. Croix – East stores and six counts at the St. Croix – West store during the month of February. At no time was more than \$80,000 discovered in any store's safe nor were any irreconcilable deficiencies uncovered.

TABLE NO. 7
Cash Count Analysis

Store	Low Cash Count	High Cash Count	Avg. Cash Count
St. Croix – East	\$64,000	\$80,000	\$45,025.86
St. Croix – West	35,576	77,276	53,859.33
St. Thomas	53,290	53,790	53,652.50

ACTIVITY NO. 18 – THIRD PARTY VERIFICATION TO LARGE VENDORS

No third party refund verification letters were sent out this month.

ACTIVITY NO. 19 – DAILY VISITS TO THE MARKETS

Comments on this activity are covered under Activity No. 6, above.

ACTIVITY NO. 20 – VISITS TO THE "FOURTH STORE" LOCATED ON ST. THOMAS

The St. Thomas monitor visited the "fourth store" during the month of February. During these visits, the monitor detected no indications the store may have been used as an outlet for goods purchased by or through the Plaza Extra stores. The Senior Staff Manager, serving as the Off-Site Monitor also visited this store during the transition that took place from one team of monitors to another.



Again, there were no visible signs detected of use of the store as an alternative outlet for goods purchased with Plaza Extra funds.

ACTIVITY NO. 21 – SUMMARY MONTHLY REPORT OF ACTIVITY

This report constitutes the report required by Activity No. 21.

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that United Corporation already owns and uses an electronic platform that contains the capacity for tracking its inventory, and finally in view of the decision of the USMS not to use an electronic monitoring system to view activity on the loading docks of the three stores, it is recommended that consideration be given to convince or compel the owners of United Corporation to begin using an effective electronic inventory control system.



6.0 ATTACHMENTS

The following attachments are included in this report to supplement the information provided in *Sections 4.0* and *5.0*, above:

- Attachment A. Resumes of On-Site Monitors
- Attachment B. Request for Support from USMS
- Attachment C. Daily Log of St. Thomas Plaza Extra Store Monitor,
John Funyak
- Attachment D. Daily Logs of St. Croix Plaza Extra East Store Monitor,
Jerome Owens
- Attachment E. Daily Logs of St. Croix Plaza Extra West Store Monitor,
Jerome Owens
- Attachment F. Copy of Most Recent Financial Statement
- Attachment G. Copy of Most Recent Statement of Income and Retained
Earnings (1/31/04)

RESUMES



RESUME

JOHN P. FUNYAK

EMPLOYMENT

- 1999 - 2004 Owner J.P. Consulting LLC, specializing in Forensic Accounting, Financial Investigations, and Security Clearance Background Investigations for the National Security Agency, U.S. Customs Service and U.S. Departments of State and Defense.
- 1972 - 1999 For 25 years he served as a Special Agent, Criminal Investigation Division (CID), Internal Revenue Service, and was involved in investigations related to various types of economic and financial crime, organized crime and narcotics trafficking, money laundering, political corruption, and tax evasion. He spent four years as a headquarters management analyst developing a major nationwide computer system for IRS CID. Mr. Funyak served in the Office of Foreign Operations, for the U.S. Treasury Department. During his career, he also served as team leader for task forces involved in multinational narcotics and money laundering investigations in the Caribbean. He has become proficient in computer skill, using them to increase the efficiency of his analyses and investigations.

EDUCATION

- Bachelor of Science, Business Management, Indiana University of Pennsylvania, 1971.
- Graduate of Federal Law Enforcement Training Center, Washington, D.C., 1972-1973.
- Participated in and taught Continuing Professional Education on a yearly basis, minimum of 40 hours per year, in all phases of investigative procedures/techniques and computer technology, 1973 to 1999.

PROFESSIONAL MEMBERSHIPS

- Member, National Association of Certified Fraud Examiners



RESUME

JEROME OWENS

EMPLOYMENT

- 2001 – 2004 Mr. Owens, until recently, was employed by Chhabra Group, Weston, Florida. His duties consisted of providing executive protection and security to the firm *Chhab*
- 1975 – 2001 For twenty five years, Mr. Owens was a Special Agent for the Criminal Investigation Division, Internal Revenue Service (IRS). For the last two of the years he was a supervisor in the Miami Field Office of the IRS where he was responsible for, among others, the Computer Investigative Specialists, the Asset Forfeiture Specialists, the District Intelligence Analysts, the Enforcement Operations Coordinator, and the Tax Fraud Investigative Assistant. Prior to that he was responsible for coordinating the seizures of property for forfeiture, frequently involved in pre-seizure planning, reviewing seizure warrants for legal sufficiency, coordinating plans with the U.S. Attorneys Office and other Federal agencies. Mr. Owens also supervised major tax evasion investigations, economic and financial crime, including money laundering, cases, political corruption and narcotics trafficking in South Florida.

EDUCATION

- Bachelor of Science with Major in Management
- Taxation and Accounting
- Proficient in Microsoft Suite Applications
- Federal Criminal Investigators Training
- Financial Investigative Techniques
- Asset Seizure and Forfeiture Training and Instruction

ATTACHMENT B: REQUEST
FOR SUPPORT FROM USMS

HAMD243388

DAILY LOG – ST. THOMAS STORE



Daily Log

Plaza Extra St. Thomas, U.S. Virgin Islands

Date	CC	Amount	Store	Storage	
2/1/2004	Y	\$53,690.00			Arrive St. Croix. Meet with Roger Edwards, Don Burde, Jerome Owens. Discuss operation
2/2/2004	N		Y	Y	Meeting with Edwards, Burde, Owens and Bill Bruton re overview of monitoring. Take seaplane with Bruton to St. Thomas. Tour store and begin reviewing procedures with Bruton.
2/3/2004	Y	53,690.00	Y	Y	Monitor store with Bruton. Reviewing procedures. Safe Count \$53,690. Need Till stats missing for 2/2. Bruton providing to store personnel with list of ten items changed in monitoring procedures.
2/4/2004	N		N	N	Meet Bill Schroeder at airport. Discuss new and old procedures, monitoring. Lease on Apt. Comptroller has list of 10 new procedures. He will provide deposit items, checks and payroll on disc in Excel. Need till stats for 2/1.
2/5/2004	N		Y	Y	Comptroller given list of payees with approval thresholds per new procedures. Discussions with Schroeder. Bruton & Schroeder leave St. Thomas. Begin monitoring alone. Visited Fourth store no unusual activity.
2/6/2004	N		Y	Y	Move from Wyndam into condo. Provided Comptroller with a ream of paper to prints records for us. Marshal advised payroll checks will be issued tomorrow. Visited Fourth store no unusual activity.
2/7/2004	Y	53,790.00	Y	Y	Safe count. \$11,300 in 1's (6,000 in shrink-wrap), \$10,000 in 10's, \$18,000 in 20's, \$10,000 in 100's, unbundled money equaled \$10 in 1's, \$130 in 5's, \$320 in 10's, \$180 in 20's, \$1950 in 50's, \$1900 in 100's. Increase of \$10,000 in 100's from cashing \$9,900 in checks plus an additional \$100 put in safe. Monitor store. Lotto, Western union, Money orders non operational today per Neje. Visited Fourth store no unusual activity.



Date	CC	Amount	Store	Storage	
2/8/2004	N		Y	Y	Monitor store. Inquired regarding over \$300,000 owed to West Indies Corp in the aged payables that are in the over 60 day and 90 day past due category. Appears to be a dispute over credits for merchandise. Should soon be resolved. Letter lying on work desk dated 1/27/04, to Waheed (Willie) Hamed, Box 503358, St. Thomas VI 00805, From E TRADE Financial re Accts: 50686252, 50687334, 50686235, 50687457, 50687466, 50686241, 50687484. Letter states there was an error in Waheed's application because his address was a PO Box/Contract location. It requested that he call 800-786-2575 to resolve issue.
2/9/2004	N		Y	Y	Comptroller confirmed no large check had been written requiring my approval because Willie was in local court hearing regarding an employee accident suit. Check to Bureau of Internal Revenue \$10,133.78 for withholding taxes. Fathi Yusuf, Najeh F. Yusuf, and Waheed M. Hamed issued pay checks gross of \$3,000 each.
2/10/2004	N		Y	Y	Approved transfer check to St. Thomas Operations Acct for \$250,000 from Mr. Yusuf, \$133,512.98 check to West Indies Corporation issued. Received lotto and WU info for 2/4, 2/5, 2/6. On dock at 7:00 P.M. Willie, Omar, and Hajeh only one on dock with Nejeh driving highlift. Visited Fourth store no unusual activity.
2/11/2004	N		Y	Y	Approved second check # 21068 of \$168,733.64 to West Indies Corporation. Integrating new schedules.
2/12/2004	Y	53,690.00	Y	Y	Requested from Nejeh missing Lotto, WU, and Money Orders. He said Lotto, Western Union, and Money Orders out of order all of 2/7 and part of on 2/8. He provided January printout of Lotto, Western Union, and Money Orders. Safe count changes as follows: \$4,000 less 1's, \$4,000 more 20's, and \$100 less 100's. Visited Fourth store no unusual activity.
2/13/2004	N		Y	Y	Patricia who issues checks did not have vendor list per current guidelines. Discussed with Willie, he agreed problem to be addressed by me giving Patricia a copy of check approval list and I explained the list to her. Mr. Yusuf at St. Croix store today.



Date	CC	Amount	Store	Storage	
2/14/2004	N		Y	Y	Monitor Store. The 2/13/04 Daily balance sheet and Deposits contain a Cash deposit for \$1,282.40 representing cash accumulated from teller shortages that are kept for several weeks and then deposited per Willie.
2/15/2004	N		Y	Y	Monitor Store. Requested safe count from Nejeah. He is too busy, will do it later. Mr. Yusuf stated the inventory of St. Thomas store will start on Monday 2/16/04. Dock, warehouse, and store walkabout OK there were no apparent changes. Roger requested me to obtain copies of the St. Croix operating bank statements from Comptroller on Monday. Visited Fourth store no unusual activity.
2/16/2004	Y	53,690.00	Y	Y	Received copies (62 sheets) of bank statements for St. Croix operating bank account from Comptroller. He stated these are mailed directly to him by the bank. Private company arrived 11:30 A.M. to do St. Thomas store inventory. Inventory in progress.
2/17/2004	N		Y	Y	Inventory continues. Discussion with Willie, he was not aware of the approved list of vendors and the threshold amounts for checks written that do not need approval. I told Willie that was what we discussed on 2/13/04 regarding the list I gave to Patricia. He said he misunderstood and never saw the list before. He was upset that he had not seen this before. I then gave Willie a copy of the List of Approved Vendors and maximum check authority approval which he had me initial and date. Documented legitimacy of four checks which were not previously approved. Mentioned to Nejeah that I had not seen Lotto documentation for approximately six days. He said we have enough time for it to be done later.
2/18/2004	N		Y	Y	Monitor store. Inventory continues. Comptroller requested to know our 12/31/03 large safe and small safe (petty cash), and register cash drawer counts to complete his 2003 year-end reconciliation. I stated we probably did not do cash drawers. Called Roger for info re safes. Received Lotto records for 2/9/04 to 2/16/04 and Western Union for 2/13/04 to 2/16/04 from Nejeah.



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Date	CC	Amount	Store	Storage	
2/19/2004	N		Y	Y	Monitor store. Inventory continues. Till Stats Sheet for 2/17 received. Daily Balance Sheet for 2/17 Difference is 575.35 and Tele Check difference is 600.00. Lotto Dep for \$8,484. Check to Lotto for \$2,483.64. Check # 15626 to Nejeah for \$12,213.45 to reimburse for store expenses paid by him by credit card for telephone, refrigeration, Hylift parts, and so on. Will verify need for pmt and difference on DBL.
2/20/2004			Y	Y	Monitor store. Inventory continues. Determined that operating bank accounts for St. Thomas & St. Croix are picked up by Comptroller at the Scotia bank. THE BANK STATEMENTS for the operating accounts ARE ISSUED BY THE BANK ON A WEEKLY BASIS. It then usually takes 14 days to receive the statements from the bank. The banking cycle ends on Thursday. Example: if Thursday comes on the 7 th of the month, the statements would be available on the 21 of the month. Requested safe count, Nejeah was too busy. Begin analysis of 1/1 to 1/29/04 operating acct. 1/30 and 1/31 operating account information not yet received from bank. Reviewed January DBL's, G/L, Till Stats, and Deposit slips, determined these are missing for 1/14 and 1/21. These have been requested from Julia in order to complete analysis. Should have by 2/21 or 2/22. Review records and files for Roger.
2/21/2004	Y	53,290.00	Y	Y	Monitor store. Inventory continues. Safe count down \$400. Cash was needed by girls in safe room. \$12,213.45 reimbursement to Nejeah from 2/19/04 he used credit card so items will be shipped faster, he gets air mileage points. He does not use credit card if supplier offers a discount then he uses store check. He is only reimbursed if he has receipts. Nejeah advised that Len told him he should use credit card instead of cash. Analyzing deposit slips and bank statements for 2/1/04 to 2/29/04. 2/30 and 2/31/04 not yet received from bank. Currently have excess deposits of \$24,313 Deposited in Jan 2004. Attempting to reconcile. Visit 4th store.



Date	CC	Amount	Store	Storage	
2/22/2004	N		Y	Y	Monitor store. Inventory continues. Determined Overage of \$575.35 on Daily Balance sheet for 2/17 was the result of a cashier accidentally overcharging a customer \$600 on his debit card. Reviewed the issue of excess of \$2,654.13 on general ledger Sales over the Tills figures on 2/20. Nejech could not figure it out. He said to have Julie recheck all figures on Monday. He figures something was input wrong since everything else balances. Reviewed checks for 1/1/ to 1/29/04, seven manual checks were not initiated but they were listed on check approval logs. Four computer checks were not initiated but the invoice information for these was analyzed and checks were legitimate. I informed Nejech and Willie that Len from USMS will be here on 2/22/04.
2/23/2004	N		Y	Y	Monitor Store, Inventory continues. All January 2004 manual and computer checks for the period 1/1/04 to 1/29/04 that were not initiated have been verified as valid. Meet Bill Schroeder at airport and meet with Len Briskman USMS and Ilene of MAXIMUS.
2/24/2004	Y	53,690.00	Y	Y	Monitor store, Inventory continues. Obtain missing Till Sheet, Daily Balance Sheet, general ledger for dates 1/14/04 and 1/21/04. Received operating acct bank statements for Plaza Extra period 1/30/04 to 2/12/04. Scotia bank did not produce the Operating bank accounts for the period 1/30/04 to 2/5/04; instead they produced statements for the period 1/30/04 to 2/12/04 and labeled these statements as being for the period 2/5/04 to 2/12/04.
2/25/2004	N		N	N	Monitor store. Meet with Bill Schroeder, Len Briskman, and Ilene Baylinson and visit Banco Popular with them. Visited Fourth store no unusual activity.
2/26/2004	N		Y	Y	Monitor store. Inventory continues. Meet with Bill Schroeder, Len Briskman, and Ilene Baylinson. Determined after discussions and systems reviews with Willie, Nejech, and Julia that excess of \$2,654.13 in general ledger Sales over the Tills figures on 2/20/04 was an indeterminable and unfindable error. Visited Fourth store no unusual activity.
2/27/2004	N		Y	Y	Monitor store. Inventory completed. Pick up Jerome Owens. Meet with Bill Schroeder, Jerome Owens, and Ilene Baylinson.
2/28/2004	Y	53,690.00	Y	Y	Monitor store. Mr. Fadhi Yusuf presented check # 15633 for \$9,400 to Robert L. King Esquire for legal services related to the U.S. governments case against Mr. Yusuf and other members of United Corporation. I initiated the check for my approval.



MADISON ASSOCIATES, INC

Date **CC** **Amount** **Store** **Storage**

2/29/2004 n

Monitor store. I informed Mr. Fadhi Yusuf that I had mistakenly approved check # 15633 for \$9,400 to Robert L. King Esquire for legal services related to the U.S. Government's case against Mr. Yusuf and other member of United Corporation. I informed him that the check must be approved by the U.S. Marshals Service. I copied the check and invoice and left the store. I returned a telephone call from Willie around 11:30 P.M. Willie said he wanted the copy of the check and invoice returned and not sent to Len Briskman. Willie said he talked to his attorney and the attorney deemed it double jeopardy for the U.S. Marshals Service to review the invoice and he said he would discuss it with Len Briskman on Monday 3/1/04. I informed Willie that I had not yet sent the check and invoice. I agreed to return them on the morning of 3/1/04. Willie agreed to this. Visited Fourth store no unusual activity.

DAILY LOG – ST. CROIX EAST STORE



MADISON ASSOCIATES, INC.

Daily Log

Plaza Extra – East
St. Croix, U.S. Virgin Islands

Date	CC	Amount	Store	Storage	
2/2/2004	N		Y	Y	Walked store and warehouse
2/3/2004	N		Y	Y	Walked store and warehouse
2/4/2004	Y	\$69,000	Y	Y	Walked store and warehouse. Cash count done. \$69,000 in safe, \$11,000 at service desk.
2/5/2004	N		Y	Y	Walked store and warehouse.
2/6/2004	N		Y	Y	Walked the store and warehouse, it appeared to be orderly. Copy of new check approval procedures given to Wally and Wadda.
2/7/2004	Y	\$69,000	Y	Y	Cash Count with Yusuf, \$11,000 is at the service desk, this is done for checks, payroll and the busy weekends. Most office personnel not in on the weekend.
2/8/2004	N		N	N	Did not visit store. Worked on files in apartment.
2/9/2004	N		Y	Y	Walked the store and warehouse, it appeared to be orderly. -Reviewed and reconciled the POS Sheet for February 7th and 8th -Received the rental receipts and disbursements journal -Received the Aged Payables report -All bank statements are forwarded to St. Thomas -Per Mike, the bank statements are also forwarded to St. Croix -I initiated off on a change order from the safe from Yusuf. He will change \$15,000 in five (5) dollar bill and \$5,000 in one (1) dollar bills.
2/10/2004	N		Y	Y	Walked the store and warehouse, it appeared to be orderly. Copy of new check approval procedures given to Wally and Wada. -Reviewed and Reconciled the POS Sheet for Feb 9th -Avilia explained difference was over \$1,000, due to purchase of cucumbers for \$298 and plumbing repairs for \$495. I reviewed both receipts. -Walked the Store and Warehouse
2/11/2004	Y	\$69,000	Y	Y	-Received Payroll for month of February Cash count with Yusuf, \$11,000 downstairs at service desk, \$5,000 in



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Date	CC	Amount	Store	Storage	
					currency and \$6,000 in coins.
2/12/2004	N		Y	Y	-Received, reviewed and reconciled the POS documents for yesterday -Avilia explained the lottery and phone card forms -Walked the store and warehouse -Reviewed checks Walked the store, the warehouse appeared to be in complete disarray. -Received, reviewed and reconciled the POS documents for February 11th -Avilia explained the lottery and phone card forms -Walked the store and warehouse
2/13/2004	Y	\$80,000	Y	Y	Cash Count with Yusuf; store was in good condition and the warehouse was in much better order than yesterday, Auditors were taking inventory. -Received, reviewed and reconciled the POS documents for February 12th -Avilia explained the lottery and phone card forms; I explained that on most days I cannot reconcile the phone and lottery items. She indicated that the lottery will reconcile but the phone cards many times will not. -Walked the store and warehouse. The 2nd floor was in complete disarray. -Received the check register/disbursement journal -Reviewed and initialed a check for \$45,000 -Wally stated that he had received approval for \$1.5 to be transferred to their defense fund. He will notify me before this is done. Did not visit store. Worked on files in apartment. Did not visit store. Worked on files in apartment.
2/14/2004	N		N	N	
2/15/2004	N		N	N	
2/16/2004		\$64,000	Y	Y	Cash Count with Yusuf, \$64,000 is in the safe. \$16,000 is in the second safe in the office but Avilia is not in because of the holiday. Cash will be put in the correct safe tomorrow. -Received, reviewed and reconciled the POS documents for February 13 and 14th. -Avilia was not in today -Walked the store and warehouse. The 2nd floor was in very good shape. -Reviewed and initialed numerous check in excess of \$10,000 -Performed cash count with Yusuf today. Walked store and warehouse. Loading dock is always fairly busy. -Received, reviewed and reconciled the POS documents for February 15th and 16th.
2/17/2004	N		Y	Y	



Date	CC	Amount	Store	Storage	
2/18/2004	N		Y	Y	<ul style="list-style-type: none"> -Walked the store and warehouse. The warehouse was very busy and full. -Reviewed and initialed checks in excess of \$10,000 Walked store and warehouse. -Received, reviewed and reconciled the POS documents for February 17th -Walked the store and warehouse -Also walked the shopping center -Informed Alan that I had provided the documentation to Roger -Avilia indicated that the daily deposit will not reconcile with the reconciliation sheet, because Wally is out. -I reviewed and initialed two checks for Mary
2/19/2004	N		Y	Y	<ul style="list-style-type: none"> Walked store and warehouse. Warehouse in complete disarray on the second floor. Preparing for the weekend. Much activity and trucks being unloaded. -Received, reviewed and reconciled the POS documents for February 18th -Walked the store and warehouse -Talked to Alan regarding the Laundromat -Avilia stated that deposits will not coordinate because of payroll checks and Wally cannot sign them until he returns. -Also walked the shopping center -I reviewed and initialed one check for Mary. Walked Store early morning, customers but no activity on the back dock, Cash Count with Yusuf in afternoon-\$73,000 currency in safe, \$4,000 given to service desk for cashing checks, etc and \$3,000 in singles given to SD-total \$80,000. -Received, reviewed and reconciled the POS documents for February 19th -Walked the store and warehouse. -Also walked the shopping center -I reviewed and initialed one check for Mary.
2/21/2004	N		Y	Y	<ul style="list-style-type: none"> Store is very busy, as is the warehouse. Loading dock has most items off the trucks. -Received (Avilia), reviewed and reconciled the POS documents for February 20th -Walked the store and warehouse. -Saturday, girl in the office off today



MADISON ASSOCIATES, INC.

Date	CC	Amount	Store	Storage	
2/22/2004	N		Y	Y	Store is busy in the morning, but slows down as the day wears on, shelves in store stay stocked and the warehouse is organized.
2/23/2004	N		Y	Y	Walked store and warehouse the dock has is busy. -Received reviewed and reconciled the POS documents for February 22nd -Avilia reconciled the phone and lottery for the weekend. -Walked the store and warehouse. -Told Alan that someone will contact him regarding the laundromat
2/24/2004	N		Y	Y	Walked store and warehouse with Bill, Len Briskman, Eileen from MAXIMUS, store was in good shape, the warehouse was in ok shape, but the 2nd floor in the warehouse was in disarray. -Received the POS/Till, 23rd from Yusuf, not correct: Something is wrong with the accounting system on one POS. Will discuss with Avilia tomorrow. -Walked the store and warehouse. -Len, Bill Eileen and I contacted Alan regarding the Laundromat.
2/25/2004	Y	\$73,000	Y	Y	Cash Count with Yusuf, \$73K, \$3,000 in singles and \$4,000 in ones. Yusuf mentioned that within the next day or so they will have to make an exchange with the bank for smaller bills and change. -Received the POS/Till, 23rd from Yusuf, not correct. Something is wrong with the accounting system on one POS. Will discuss with Avilia tomorrow. -Walked the store and warehouse.
2/26/2004	N		Y	Y	-Len, Bill Elaine and I contacted Alan regarding the Laundromat. Store is in good shape, stocked and warehouse is busy as usual, upstairs is in better condition than yesterday.
2/27/2004	Y	\$70,000.00	N	N	Cash count with Yusuf, \$70k, total of \$10k downstairs, \$7k loan to SD and \$3k loan single to SD.
2/28/2004	N		Y	Y	Stopped by store and walked warehouse and initialed checks for Mike.
2/29/2004	N		Y	Y	Stopped by store in the evening, walked store and warehouse no activity.

DAILY LOG - ST. CROIX WEST STORE



MADISON ASSOCIATES, INC.

Daily Log

Plaza Extra – West
St. Croix, U.S. Virgin Islands

Date	CC	Amount	Store	Storage	
2/2/2004	N		Y	Y	Walked the store and warehouse with Don
2/3/2004	N		Y	Y	Reviewed store operations with Don Burde
2/4/2004	N		Y	Y	In store with Don Burde reviewing monitoring procedures.
2/5/2004	N		Y	Y	In store with Don Burde
2/6/2004	N		Y	Y	Walked the store and warehouse. Assumed solo monitoring duties.
2/7/2004	N		Y	Y	Store was very busy, but nothing unusual to note. Most office personnel not in on the weekend.
2/8/2004	N		N	N	Did not visit store today. Worked on files in apartment.
2/9/2004	N		Y	Y	Walked store and warehouse, average activity.
					-Picked up POS/TILL documents for February 5th, 6th, 7th and 8th.
					-Discussed reconciliations with Veronica re: \$4,000 SD
					-She stated other differences due to gift certificates, refunds, and so on
					-Walked the Store and Warehouse
					-Received the daily disbursement journal/check register
					Cash Count with Shawn, store walked and in good condition.
2/10/2004	Y	\$64,476	Y	Y	-Picked up POS/TILL documents for February 9th
					-Conducted cash count with Shawn. Balance is \$64,376 – \$60,376 in cash and \$4,000 in check for cash needed on the floor
					-Walked the Store and Warehouse



Date	CC	Amount	Store	Storage	
2/11/2004	N		Y	Y	<p>Walked the store and warehouse.</p> <ul style="list-style-type: none"> -Received, reviewed and reconciled POS documents for February 10th -Walked store and warehouse -Received disbursements journal for February 10th -Received, reviewed and analyzed invoices for checks over \$10k. The invoices for each of the checks were analyzed and initialed. -Mike inquired into opening a laundry mat in the shopping center. He indicated that the old laundry mat is closed and he would like to reopen the mat. He felt the funds in the shopping center account would be enough to purchase the equipment to open the laundry mat. Shelves appear to be properly stocked. -Received, reviewed and reconciled POS documents for February 11th -Walked store and warehouse -Received disbursements journal for February 11th -Initialed off on Wire transfer -Received, reviewed and analyzed invoices for numerous checks over \$10k. -The invoices for each of the checks were analyzed and initialed.
2/12/2004	N		Y	Y	



Date	CC	Amount	Store	Storage	
2/13/2004	Y	\$35,576	Y	Y	Cash Count with Shawn \$31,576 and \$4,000 check for cash. Store walked and appears to be in good shape. -Received, reviewed and reconciled POS documents for February 12th -Walked store and warehouse -Received disbursements journal for February 12 -Received, reviewed and analyzed invoices for numerous checks over \$10k. -The invoices for each of the checks were analyzed and initialed. -I informed Mike that I had discussed his request with Roger. I told him to write up a proposal that could be reviewed and forwarded to the USMS. Did not visit store today, worked out of residence for the weekend Did not visit store today, worked out of residence for weekend Walked store and warehouse. -The office for the West store was closed when I arrived -Received, reviewed and reconciled POS documents for February 13th and 14th -Walked store and warehouse Walked store and warehouse. -Received, reviewed and reconciled POS documents for February 15 and 16th -Received disbursement journal for last week. -Walked store and warehouse. Charley on duty
2/14/2004	N		N	N	
2/15/2004	N		N	N	
2/16/2004	N		Y	Y	
2/17/2004	N		Y	Y	



MADISON ASSOCIATES, INC.

HAMD243405

Date	CC	Amount	Store	Storage	
2/18/2004	Y	\$77,276.00	Y	Y	Cash Count with Shawn, store walked and in good condition. -Stopped by warehouse early this morning, unloading was being performed -Store was not busy this am -Returned to the store this afternoon -Received, reviewed and reconciled POS documents for February 17 -Walked store and warehouse, Charley on duty -Conducted cash count with Shawn -Reviewed and signed two checks -Walked store and warehouse. -Stopped by warehouse early this morning, unloading was being performed
2/19/2004	N		Y	Y	-Store was not busy this am -Returned to the store this afternoon -Received, reviewed and reconciled POS documents for February 18 -Walked store and warehouse, Charley on duty -Reviewed checks for Lisette Cash Count with Shawn, also walked the store and warehouse, preparing for the weekend. -Stopped by warehouse early this morning, unloading was being performed -Store was not busy this am -Returned to the store this afternoon
2/20/2004	Y	\$39,276.00	Y	Y	-Received, reviewed and reconciled POS documents for February 18 -Walked store and warehouse, Charley on duty -Reviewed checks for Lisette Cash Count with Shawn, also walked the store and warehouse, preparing for the weekend. -Stopped by warehouse early this morning, unloading was being performed -Store was not busy this am -Returned to the store this afternoon -Received, reviewed and reconciled POS documents for February 19 -Walked store and warehouse, Charley on duty -Reviewed and signed two (2) checks for Lisette today



Date	CC	Amount	Store	Storage	
2/21/2004	N		Y	Y	Office not open, walked the store and warehouse, short discussion with Shawn. -Walked store and warehouse, Charley on duty -Veronica not available when I got there girls in the office not in today Reconciled deposits on bank statement to reconciliation forms. Found missing reconciliation sheets computed the nondepositable items and input information on to the spreadsheets. Office not open, received the POS Till for Saturday and Sunday from Shawn, and also walked the store and warehouse. The store was not as busy as yesterday. The business appears to slow down on Sunday. Store was slow this a.m., warehouse in disarray, store was much busier this evening. -Received, reviewed and reconciled POS for February 22nd -Walked store and warehouse -Veronica not available when I got there girls in the office not in today -Discussed checking account statement with Mike. He thought the statement only came monthly Walked store and warehouse with Bill, Len and Susan. -Received, reviewed and reconciled POS for February 23rd -Walked store and warehouse -Len, Bill and Elaine discussed numerous issues with Mike. Generally, monitoring equipment, and the laundromat
2/22/2004	N		Y	Y	
2/23/2004	N		Y	Y	
2/24/2004	N		Y	Y	



Date	CC	Amount	Store	Storage	
2/25/2004	Y		Y	Y	Walked store and warehouse. Store and warehouse in good shape, items on the dock were being photographed. One of the trucks had pallets that were tipped and an accounting was made of this so that the store can get a credit for the items that were damaged. -Received, reviewed and reconciled POS for February 23rd -Walked store and warehouse -Len, Bill and Elaine discussed numerous issues with Mike. Generally, monitoring equipment, and the Laundromat. Walked store and warehouse Walked store and warehouse Cash Count with Sean, additional check for \$2,000 that had been cashed for employee Walked store and warehouse, activity moderate, no activity in warehouse
2/26/2004	N		Y	Y	
2/27/2004	N		Y	Y	
2/28/2004	Y	\$63,276.00	Y	Y	
2/29/2004	N		Y	Y	

CONSOLIDATED INCOME STATEMENT

UNITED CORPORATION
 CONSOLIDATED INCOME STATEMENT
 FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2003

	Current Month		Year to Date	
REVENUES:				
SALE OF MERCHANDISE	6,494,373.86	83.21	57,436,719.22	98.81
PRIOR YEAR'S SALES	904,439.65	11.39	904,439.65	1.56
DAAS PAYMENTS	417,000.00	5.34	417,000.00	0.72
(LESS) PHARMACY SALES	<143,731.22>	<1.84>	<1,088,797.20>	<1.87>
RENTAL INCOME	47,011.38	0.60	379,571.54	0.65
INTEREST INCOME	0.00	0.00	0.00	0.00
DIVIDEND INCOME	0.00	0.00	0.00	0.00
LOTTO COMMISSION	81,504.89	1.04	81,504.89	0.14
WESTERN UNION COMMISSION	4,072.25	0.05	4,072.25	0.01
TOTAL REVENUES	7,804,670.81	100.00	58,130,570.35	100.00
COST OF REVENUES:				
COST OF GOODS SOLD	13,119,541.38	168.10	38,528,564.18	66.28
PRIOR YEAR'S COST OF SALES	<248,262.80>	<3.18>	<248,262.80>	<0.43>
FREIGHT	819,128.12	10.50	2,020,714.45	3.48
FREIGHT REBATE	<366,995.28>	<4.70>	<366,995.28>	<0.63>
EXCISE TAX	36,259.16	0.46	293,060.81	0.50
U.S. CUSTOMS	10,326.86	0.13	101,222.33	0.17
CUSTOMS BROKER	2,660.90	0.03	16,501.55	0.03
TOTAL COST OF REVENUE	13,372,558.34	171.34	40,344,805.24	69.40
GROSS PROFIT	<5,567,887.53>	<71.34>	17,785,765.11	30.60
EXPENSES:				
AUTO EXPENSE	569.47	0.01	1,166.68	0.00
ACCOUNTING	19,500.00	0.25	65,632.50	0.11
HURRICANE INSURANCE	0.00	0.00	157,928.26	0.27
LIABILITY INSURANCE	1,623.52	0.02	399,053.63	0.69
LEGAL	67,991.94	0.87	146,028.58	0.25
MANAGEMENT FEES	0.00	0.00	5,685.33	0.01
MAINTENANCE & REPAIR	53,598.46	0.69	206,178.41	0.35
TRASH REMOVAL	6,320.00	0.08	39,030.00	0.07
OFFICE SUPPLIES	19,817.57	0.25	49,046.14	0.08
ADVERTISING & PROMOTION	28,218.41	0.36	252,068.60	0.43
TRUCK CHECK	6,364.33	0.08	49,900.34	0.09
BANK SERVICE CHARGE	823.50	0.01	26,142.09	0.04
RETURNED CHECK CHARGE	132.00	0.00	1,039.50	0.00
CREDIT CARD SERVICE CHARGE	18,808.78	0.24	182,522.03	0.31
INTEREST	0.00	0.00	0.00	0.00
LICENSE FEES	744.00	0.01	6,824.00	0.01
POSTAGE	270.85	0.00	4,184.73	0.01
DEPRECIATION EXPENSE	225,980.88	2.90	677,942.64	1.17
RENTALS	33,559.38	0.43	323,823.19	0.56
SECURITY	15,658.25	0.20	146,968.77	0.25
TELEPHONE	3,936.59	0.05	27,764.30	0.05
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00
ELECTRIC	246,884.75	3.16	1,332,759.27	2.29
GAS & DIESEL	8,958.44	0.11	41,366.95	0.07
WATER	6,246.13	0.08	19,579.66	0.03
DUES & SUBSCRIPTIONS	0.00	0.00	1,395.00	0.00
DONATIONS	9,907.85	0.13	131,440.67	0.23

FOR MANAGEMENT PURPOSES ONLY

ATTACHMENT G: STATEMENT OF
INCOME AND RETAINED

HAMD243410

United Corporation
Statement of Income and Retained Earnings
For the One Month Ending January 31, 2003

	Current Month		Year to Date	
Revenues	1,432,686.95	22.15	1,432,686.95	22.15
Sales - Cash	1,378,409.94	21.31	1,378,409.94	21.31
Sales - Cash	1,415,549.65	21.88	1,415,549.65	21.88
Sales - Checks	495,645.99	7.66	495,645.99	7.66
Sales - Checks	24,826.17	0.38	24,826.17	0.38
Sales - Food Stamps	1,275.00	0.02	1,275.00	0.02
Sales - Food Stamps	43,995.84	0.68	43,995.84	0.68
Sales - WIC	64,962.38	1.00	64,962.38	1.00
Sales - WIC	1,333,258.61	20.61	1,333,258.61	20.61
Sales - Credit Cards	401,756.91	6.21	401,756.91	6.21
Sales - Pharmacy (Less)	<123,108.31>	<1.90>	<123,108.31>	<1.90>
Lotto Commission	0.00	0.00	0.00	0.00
Lotto Commission	0.00	0.00	0.00	0.00
Western Union Commission	0.00	0.00	0.00	0.00
Prior Year's Income	0.00	0.00	0.00	0.00
Prior Year's Income	0.00	0.00	0.00	0.00
DAA&S Payments	0.00	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00	0.00
Rental Income	0.00	0.00	0.00	0.00
Dividend Income	0.00	0.00	0.00	0.00
Dividend Income	0.00	0.00	0.00	0.00
Dividend Income	0.00	0.00	0.00	0.00
Unrealized Gain (Loss)	0.00	0.00	0.00	0.00
Unrealized Gain (Loss)	0.00	0.00	0.00	0.00
Total Revenues	6,469,259.13	100.00	6,469,259.13	100.00
Cost of Sales	0.00	0.00	0.00	0.00
Cost of Goods Sold	0.00	0.00	0.00	0.00
Cost of Goods Sold	83,531.27	1.29	83,531.27	1.29
Freight	0.00	0.00	0.00	0.00
Freight	0.00	0.00	0.00	0.00
Freight	0.00	0.00	0.00	0.00
Consolidation Fee	0.00	0.00	0.00	0.00
Consolidation Fee	27,229.25	0.42	27,229.25	0.42
Excise Tax	23,931.37	0.37	23,931.37	0.37
Excise Tax	6,152.25	0.10	6,152.25	0.10
U.S. Customs Tax	3,543.31	0.05	3,543.31	0.05
U.S. Customs Tax	0.00	0.00	0.00	0.00
U.S. Customs Tax	0.00	0.00	0.00	0.00
Customs Broker	0.00	0.00	0.00	0.00
Freight Rebatw	0.00	0.00	0.00	0.00
Freight Rebatw	0.00	0.00	0.00	0.00
Prior Yrs COGS	0.00	0.00	0.00	0.00
Prior Yrs COGS	0.00	0.00	0.00	0.00
Purchase Discounts	0.00	0.00	0.00	0.00
Purchase Discounts	0.00	0.00	0.00	0.00
Total Cost of Sales	145,187.45	2.23	145,187.45	2.23
Gross Profit	6,324,871.68	97.77	6,324,871.68	97.77
Expenses	0.00	0.00	0.00	0.00
Auto Expense	0.00	0.00	0.00	0.00
Auto Expense	0.00	0.00	0.00	0.00

For Management Purposes Only

United Corporation
Statement of Income and Retained Earnings
For the One Month Ending January 31, 2003

	Current Month		Year to Date	
Auto Expense	0.00	0.00	0.00	0.00
Accounting	16,155.00	0.25	16,155.00	0.25
Accounting	4,000.00	0.06	4,000.00	0.06
Accounting	0.00	0.00	0.00	0.00
Accounting	0.00	0.00	0.00	0.00
Hurricane Insurance	0.00	0.00	0.00	0.00
Hurricane Insurance	0.00	0.00	0.00	0.00
Hurricane Insurance	0.00	0.00	0.00	0.00
Liability Insurance	0.00	0.00	0.00	0.00
Liability Insurance	0.00	0.00	0.00	0.00
Liability Insurance	0.00	0.00	0.00	0.00
Legal	8,664.88	0.13	8,664.88	0.13
Legal	555.75	0.01	555.75	0.01
Legal	0.00	0.00	0.00	0.00
Management Fees	1,500.00	0.02	1,500.00	0.02
Management Fees	0.00	0.00	0.00	0.00
Management Fees	0.00	0.00	0.00	0.00
Management Fees	0.00	0.00	0.00	0.00
Maintenance & Repair	0.00	0.00	0.00	0.00
Maintenance & Repair	8,375.00	0.13	8,375.00	0.13
Maintenance & Repair	0.00	0.00	0.00	0.00
Trash Removal	0.00	0.00	0.00	0.00
Trash Removal	0.00	0.00	0.00	0.00
Trash Removal	0.00	0.00	0.00	0.00
Office Supplies	2,596.22	0.04	2,596.22	0.04
Office Supplies	237.28	0.00	237.28	0.00
Office Supplies	0.00	0.00	0.00	0.00
Advertising & Promotion	55,641.21	0.86	55,641.21	0.86
Advertising & Promotion	3,220.00	0.05	3,220.00	0.05
Advertising & Promotion	0.00	0.00	0.00	0.00
Advertising & Promotion	0.00	0.00	0.00	0.00
Telecheck Service Charge	1,913.47	0.03	1,913.47	0.03
Telecheck Service Charge	5,223.52	0.08	5,223.52	0.08
Bank Service Charge	2,635.26	0.04	2,635.26	0.04
Bank Service Charge	18.50	0.00	18.50	0.00
Bank Service Charge	126.00	0.00	126.00	0.00
Returned Check Charge	66.00	0.00	66.00	0.00
Returned Check Charge	0.00	0.00	0.00	0.00
Returned Check Charge	10,834.37	0.17	10,834.37	0.17
Visa / MC Service Charge	5,289.79	0.08	5,289.79	0.08
Visa / MC Service Charge	3,683.72	0.06	3,683.72	0.06
Amex Service Charge	2,275.83	0.04	2,275.83	0.04
Amex Service Charge	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Interest - ScotiaBank	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Interest - Overdraft	0.00	0.00	0.00	0.00
Interest - Overdraft	0.00	0.00	0.00	0.00
Interest - Overdraft	0.00	0.00	0.00	0.00
Interest - Overdraft	0.00	0.00	0.00	0.00
Interest - Margin	0.00	0.00	0.00	0.00
Interest - Margin ML	0.00	0.00	0.00	0.00
Interest - M. Hamdan	0.00	0.00	0.00	0.00
Interest - M. Hamdan	0.00	0.00	0.00	0.00
Interest - I. Yousef	0.00	0.00	0.00	0.00
Interest - I. Yousef	0.00	0.00	0.00	0.00
Licenses	0.00	0.00	0.00	0.00
Licenses	0.00	0.00	0.00	0.00
Licenses	0.00	0.00	0.00	0.00
Postage	2,190.85	0.03	2,190.85	0.03
Postage	0.00	0.00	0.00	0.00
Postage	0.00	0.00	0.00	0.00
Postage	0.00	0.00	0.00	0.00
Depreciation Expense - F&F	0.00	0.00	0.00	0.00

For Management Purposes Only

United Corporation
Statement of Income and Retained Earnings
For the One Month Ending January 31, 2003

	Current Month		Year to Date	
Depreciation Expense - F&F	0.00	0.00	0.00	0.00
Depreciation Expense - F&F	0.00	0.00	0.00	0.00
Depreciation Expense - C&E	0.00	0.00	0.00	0.00
Depreciation Expense - C&E	0.00	0.00	0.00	0.00
Depreciation Expense - Sec.	0.00	0.00	0.00	0.00
Depreciation Expense - T&A	0.00	0.00	0.00	0.00
Depreciation Expense - T&A	0.00	0.00	0.00	0.00
Depreciation Expense - Lease H	0.00	0.00	0.00	0.00
Depreciation Expense - Build	0.00	0.00	0.00	0.00
Depreciation Expense - Bld	0.00	0.00	0.00	0.00
Depreciation Expense - Bld.	0.00	0.00	0.00	0.00
Rent - Equipment	0.00	0.00	0.00	0.00
Rent - Equipment	0.00	0.00	0.00	0.00
Rent - Office	30,359.38	0.47	30,359.38	0.47
Rent - Tutu Park Mall	0.00	0.00	0.00	0.00
Rent - Employees	2,000.00	0.03	2,000.00	0.03
Rent - Employees	16,430.00	0.25	16,430.00	0.25
Security	2,538.45	0.04	2,538.45	0.04
Security	0.00	0.00	0.00	0.00
Security	2,482.74	0.04	2,482.74	0.04
Telephone	0.00	0.00	0.00	0.00
Telephone	136.50	0.00	136.50	0.00
Telephone	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00
Bad Debt Expense	89,091.31	1.38	89,091.31	1.38
Electric	0.00	0.00	0.00	0.00
Electric	1,408.10	0.02	1,408.10	0.02
Electric	1,106.81	0.02	1,106.81	0.02
Gas & Diesel	0.00	0.00	0.00	0.00
Gas & Diesel	0.00	0.00	0.00	0.00
Gas & Diesel	0.00	0.00	0.00	0.00
Water	0.00	0.00	0.00	0.00
Water	0.00	0.00	0.00	0.00
Water	0.00	0.00	0.00	0.00
Dues & Subscriptions	1,395.00	0.02	1,395.00	0.02
Dues & Subscriptions	0.00	0.00	0.00	0.00
Dues & Subscriptions	0.00	0.00	0.00	0.00
Donations	200.00	0.00	200.00	0.00
Donations	0.00	0.00	0.00	0.00
Donations	0.00	0.00	0.00	0.00
Penalty	0.00	0.00	0.00	0.00
Penalty	0.00	0.00	0.00	0.00
Penalty	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00
Meals	0.00	0.00	0.00	0.00
Meals	0.00	0.00	0.00	0.00
Meals	0.00	0.00	0.00	0.00
Entertainment	0.00	0.00	0.00	0.00
Entertainment	118.27	0.00	118.27	0.00
Entertainment	0.00	0.00	0.00	0.00
Property Taxes	0.00	0.00	0.00	0.00
Property Tax	0.00	0.00	0.00	0.00
Property Tax	0.00	0.00	0.00	0.00
Gross Receipts Tax	292,305.45	4.52	292,305.45	4.52
Gross Receipts Tax	0.00	0.00	0.00	0.00
Gross Receipts Tax				

For Management Purposes Only

United Corporation
Statement of Income and Retained Earnings
For the One Month Ending January 31, 2003

	Current Month		Year to Date	
Salaries	0.00	0.00	0.00	0.00
Salesies	0.00	0.00	0.00	0.00
Wages Expense - Cashier	36,443.96	0.56	36,443.96	0.56
Wages Expense - Cashier	20,058.83	0.31	20,058.83	0.31
Wages Expense - Bagger	22,786.36	0.35	22,786.36	0.35
Wages Expense - Bagger	17,021.72	0.26	17,021.72	0.26
Wages Expense - Backer	12,133.11	0.19	12,133.11	0.19
Wages Expense - Service Desk	2,073.67	0.03	2,073.67	0.03
Wages Expense - Service Desk	63,988.70	0.99	63,988.70	0.99
Wages Expense - Supervisor	34,362.86	0.53	34,362.86	0.53
Wages Expense - Supervisor	30,762.50	0.48	30,762.50	0.48
Wages Expense - Grocery	26,665.37	0.41	26,665.37	0.41
Wages Expense - Grocery	0.00	0.00	0.00	0.00
Wages Expense - Bakery	6,337.06	0.10	6,337.06	0.10
Wages Expense - Bakery	13,261.76	0.20	13,261.76	0.20
Wages Expense - Warehouse	0.00	0.00	0.00	0.00
Wages Expense - Warehouse	17,986.95	0.28	17,986.95	0.28
Wages Expense - Produce	13,039.66	0.20	13,039.66	0.20
Wages Expense - Produce	22,814.19	0.35	22,814.19	0.35
Wages Expense - Meat	13,855.30	0.21	13,855.30	0.21
Wages Expense - Meat	4,752.95	0.07	4,752.95	0.07
Wages Expense - Janitor	3,276.46	0.05	3,276.46	0.05
Wages Expense - Janitor	10,158.97	0.16	10,158.97	0.16
Wages Expense - Dairy	2,472.01	0.04	2,472.01	0.04
Wages Expense - Dairy	10,537.77	0.16	10,537.77	0.16
Wages Expense - Security	3,696.37	0.06	3,696.37	0.06
Wages Expense - Security	0.00	0.00	0.00	0.00
Wages Expense - Photo	1,992.49	0.03	1,992.49	0.03
Wages Expense - Perky's Pizza	9,878.66	0.15	9,878.66	0.15
Wages Expense - Office	15,667.83	0.24	15,667.83	0.24
Wages Expense - Office	27,750.93	0.43	27,750.93	0.43
Wages Expense - Deli	12,839.88	0.20	12,839.88	0.20
Wages Expense - Deli	2,625.54	0.04	2,625.54	0.04
Contract Labor	7,392.79	0.11	7,392.79	0.11
Contract Labor	3,084.43	0.05	3,084.43	0.05
Contract Labor	0.00	0.00	0.00	0.00
Management Bonuses	0.00	0.00	0.00	0.00
Bonus - Fathi Yusuf	0.00	0.00	0.00	0.00
Bonus - Fathi Yusuf	0.00	0.00	0.00	0.00
Bonus - Fathi Yusuf	54,532.24	0.84	54,532.24	0.84
Vocation Pay	0.00	0.00	0.00	0.00
Vocation Pay	21,668.77	0.33	21,668.77	0.33
FICA / Medicare Tax	13,262.17	0.21	13,262.17	0.21
FICA / Medicare Tax	0.00	0.00	0.00	0.00
VIESA Tax	0.00	0.00	0.00	0.00
VIESA Tax	0.00	0.00	0.00	0.00
Employee Health Insurance	7,258.66	0.11	7,258.66	0.11
Employee Health Insurance	0.00	0.00	0.00	0.00
Workers' Compensation	0.00	0.00	0.00	0.00
Workers' Compensation	0.00	0.00	0.00	0.00
FUTA Tax	6,571.52	0.10	6,571.52	0.10
FUTA Tax	0.00	0.00	0.00	0.00
Other Expenses	0.00	0.00	0.00	0.00
Other Expenses	0.00	0.00	0.00	0.00
Other Expenses	0.00	0.00	0.00	0.00
Dividend Income	0.00	0.00	0.00	0.00
Realized Gain (Loss)	0.00	0.00	0.00	0.00
(Loss) Unpaid Shortages	0.00	0.00	0.00	0.00
(Loss) Unpaid Shortages	0.00	0.00	0.00	0.00

For Management Purposes Only

United Corporation
Statement of Income and Retained Earnings
For the One Month Ending January 31, 2003

	Current Month		Year to Date	
Disposal of Assets	0.00	0.00	0.00	0.00
Pharmacy Gain (Loss)	0.00	0.00	0.00	0.00
Corporate Income Tax	0.00	0.00	0.00	0.00
Corporate Income Tax	0.00	0.00	0.00	0.00
Corporate Income Tax	0.00	0.00	0.00	0.00
Total Expenses	<u>1,147,837.14</u>	<u>17.74</u>	<u>1,147,837.14</u>	<u>17.74</u>
Net Income	5,177,034.54	80.03	5,177,034.54	80.03
Beginning Retained Earnings- Adjustments To Date	<u>17,306,291.45</u>	<u>0.00</u>	<u>17,306,291.45</u>	<u>0.00</u>
Ending Retained Earnings	<u>\$ 22,483,325.99</u>		<u>22,483,325.99</u>	

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MAXIMUS
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Monthly Monitoring Report

**Business Monitoring Services
United Corporation**

Virgin Islands

**For the Reporting Period
March 1, 2004 - March 31, 2004**

**Contract No: GS-10F-0080J
Order No: DJMS-04-AFO-P-0013
April 2004**



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MONTHLY MONITORING REPORT
BUSINESS MONITORING SERVICES
UNITED CORPORATION
VIRGIN ISLANDS
FOR THE REPORTING PERIOD
MARCH 1, 2004 – MARCH 31, 2004

1.0 ACTIVITIES COMPLETED DURING MONTH

The Sections that follow highlight the activities completed during the reporting period.

1.1 ELECTRONIC ACCESS TO BANCO POPULAR ACCOUNTS

During the month electronic access to United Corporation's Banco Popular accounts was obtained. On-Site Monitors (Monitors) now have direct real time access to these accounts, which are reviewed no less than once every week and reconciled to store management provided information.

1.2 ELECTRONIC ACCESS TO BANK OF NOVA SCOTIA

Although a form of electronic access was obtained from the Bank of Nova Scotia this month it was determined that the information available on-line was not timely nor in a format that facilitated verification of store management provided information. Monitors will continue to receive interim bank statements in paper every week directly from the bank. This information will continue to be reconciled no less than weekly with Plaza Extra records.

1.3 ROTATION OF SECOND TEAM OF MONITORS

The second team of monitors began their rotation for the month of March. Resumes for the second team of monitors can be found in *Attachment A: Resumes*. The first team of Monitors returned on April 3, 2004, and began their second rotation. Due to continuity of personnel and advanced planning it was unnecessary for the Project Manager or the Off-Site Monitor (OSM) to travel to the Virgin Islands to oversee the transition of monitors and a smooth transition occurred.

1.4 TESTING OF AMENDMENTS TO MONITORING PLAN

Some of the pending amendments to the Business Monitoring Plan described in the February Monthly Monitoring Report were implemented in March on a test basis. These amendments included a realignment of duties between the St. Thomas and St. Croix Monitors to better balance their workloads. Testing of these amendments resulted in more efficient and effective implementation of the goals of the Business Monitoring Plan.

2.0 ACTIVITIES PLANNED FOR NEXT MONTH

The sections that follow highlight the activities planned for the next reporting period.

2.1 ROTATION OF NEXT MONITORING TEAM PLANNED FOR MAY 1ST

The first team of monitors will complete their current rotation on May 1st. The second team is scheduled to return for their second rotation on that day as well. An OSM visitation and review of operations is tentatively scheduled for the rotation change between May and June.

2.2 FINALIZATION OF CHANGE TO SCOPE OF WORK

During the month of April, the Project Managers will finalize with the USMS the changes to the scope of work for the contract between MAXIMUS and the USMS relating to this monitoring effort.

2.3 AMENDMENTS TO DRAFT MONITORING PLAN

The Project Managers will meet with the USMS to amend the Draft Business Monitoring Plan, consistent with the recommendations made by the USMS COTR and in light of experiences to date.

3.0 ISSUES NEEDING RESOLUTION BY COTR

The sections that follow highlight issues that require further guidance and/or resolution by the USMS COTR.

3.1 WATER AND POWER AUTHORITY (WAPA) BILL FOR DEFENDANT'S PERSONAL RESIDENCE

As reported in the February Monthly Monitoring Report, the Virgin Islands Water and Power Authority (WAPA) bill for defendant Maher (Mike) Yusuf's personal residence is being paid with restrained funds from the operating bank account (Tenant) of the United Corporation shopping center on St. Croix. Store management steadfastly maintained the position that this bill is legitimately paid with United Corporation funds due to the house's use by store management personnel for what they believe is store business. Mike Yusuf stated that the property in fact was owned by United Corporation. A review of documents maintained by the Virgin Islands Tax Assessor's Office indicated that taxes for the property in question are assessed against United Corporation. A review of the deed for the property in question showed ownership of the land by United Corporation. A copy of the deed and a tax assessment document was provided to the United States Marshals Service (USMS).

3.2 OPERATION OF NEW LAUNDROMAT IN ST. CROIX SHOPPING CENTER

The tenant in the United Corporation shopping center in St. Croix operating a laundromat went out of business in February. Store management surfaced a proposal for use of the space. Under the proposal, United Corporation would operate a new Laundromat in the vacated space, funding for which was to come from monies accumulated in the shopping center's Tenant account. Pursuant to a request from the monitor, store management this month provided a more detailed proposal covering anticipated revenues, expenses and costs. This proposal has been forwarded to the USMS for consideration.

3.3 USE OF INVENTORY SYSTEM BY UNITED CORPORATION

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that United Corporation already owns and uses an electronic platform that contains the capacity for tracking the inventory it is recommended that efforts be made to convince or require the owners of UC to begin using an effective electronic inventory control system. See Recommendation at Section 5.0 of this report.

3.4 TIMELY ACCESS TO FINANCIAL STATEMENTS

The availability of accurate and timely financial statements is essential to the monitoring process. The USMS should consider requiring that store management provide accurate monthly financial statements from the Peachtree system to monitoring personnel no later than the 15th day following the end of a month. See Recommendations at Section 5.0 of this report.

3.5 FINAL REPORT FROM PHYSICAL INVENTORY

A physical inventory was concluded during March. United Corporation management has advised that the report on the inventory conducted has not yet been received. Reportedly, United Corporation management has been given a disk with the final report that is to be merged with the Peachtree accounting software program. It has not been merged as of the date of this report. Mr. Fathi Yusuf indicated in discussion with one of the Monitors that the inventory had cost \$136,000 and revealed to him that the inventory may be worth only half of what he thought it was worth.

3.6 CHECKS WRITTEN IN NONCOMPLIANCE WITH TEMPORARY RESTRAINING ORDER

On March 5, 2004, Monitors advised of the intention of store management to issue three checks to religious charities. The aggregate amount of these checks was to be approximately \$250,000. Mr. Fathi Yusuf advised that it was his intention to present the checks to the U.S. District Court for approval rather than through the normal check approval process required under the Temporary Restraining Order being monitored by the USMS and its contractors. He intended to present these checks to the court at the next scheduled hearing, sometime within the next several weeks. He advised that he did not intend to notify the U.S. Attorney's Office prior to the hearing of this issue. The USMS was notified of this expressed intent on the part of store management on March 8, 2004. Subsequently, a Monitor determined that three checks had been issued and rather than being delivered to the district court, were delivered to the payees. On March 22, 2004, the USMS was advised of the issuance of the checks, the amounts and the names of the payees. The USMS contacted the Bank of Nova Scotia and requested the checks not be honored when presented for payment. The USMS also advised that an attorney for store management had agreed to seek return of the checks from the payees. The check numbers, dates, payees and amounts are listed below in Table No. 1.

TABLE NO. 1
Checks Written in Noncompliance with TRO

DATE	CHECK NO.	AMOUNT	PAYEE
3/08/04	15651	\$25,000	VI International Islamic Society
3/08/04	15652	\$25,000	Masaid Nur All-Us-Sunnah Islamic Center
3/08/04	15653	\$25,000	Iqra Academy

3.7 SETTLEMENT OF CIVIL SUIT BY UNITED CORPORATION

On March 29, 2004, a Monitor learned of the possible settlement of a civil suit by United Corporation management for approximately \$45,000. This information was relayed to the COTR as a pending settlement; not as an approval of a check issued on a corporate account. Store management has recently advised that the check is to be issued and will be made payable to the Janie Mustard, the claimant, and her attorney, Jacqueline Mills. The check will be for \$45,000 to settle a discrimination suit for failure to promote.



4.0 IMPLEMENTATION OF MONITORING PLAN

The information presented below is a consolidated report of monitoring activity conducted at the three markets of United Corporation in the U.S. Virgin Islands. Monitors engaged in the activity in accordance with the Business Monitoring Plan approved by the USMS. The information is organized to correspond to the specific numbered monitoring activities outlined in the Plan.

ACTIVITY NO. 1 – REVIEW AND RECONCILIATION OF INCOME AND DEPOSITS

For each day during the month of March the Point of Sale (POS) summary, till reconciliation, deposit slips, phone and lottery reconciliations, and the Western Union (St. Thomas) reconciliation were reviewed by the monitors assigned to each store. In total, till reconciliations balanced in a satisfactory manner with reported deposits and the POS summary. Any significant deviations were reconciled with store management on a daily basis. In summary, the data collected and reconciled by the site monitors is presented below.

TABLE NO. 2
POS Summary and Till Reconciliation

Item	SST	STX – East	STX – West	Totals
Total Sales*	\$2,567,398	\$2,132,960	\$2,135,528	\$6,835,886
Over/Short**	(\$7,598.64)	\$129.13	(\$17.44)	(\$7,486.95)

The "Total Sales" figures represented in Table No. 2 are the total sales figures as reported by the stores' networked cash registers according to the computer program reporting system used by United Corporation. The "Over/(Short)" figures represent the total net amount of discrepancy between reported sales and the amounts collected in the registers' tills for the month. The total figure for the ST. THOMAS store includes a shortage of \$6,926.31 reported on March 5, 2004. On this day one of the on-line registers crashed and was subsequently rebooted with an incorrect starting figure. This resulted in an inability to accurately reconcile sales per the POS system with the till for one shift's usage of this register. Store management is convinced that the actual amount of discrepancy for this register was within the normal range for that shift. Removing this artificial shortage amount for the month reduces the actual reported discrepancy total for March for ST. THOMAS to a shortage of \$672.33. The resulting actual combined shortage amount for all stores is \$560.64 which is well within store management's acceptable range and is comprised mostly of the sum of errors made at the register and unofficial "loans" taken out of the till by cashiers. Cashiers are personally responsible for till shortages, which are deducted from their checks weekly.



TABLE NO. 3
Detailed Till Reports

ITEM	STT	STX-EAST	STX-WEST	TOTALS
Cash	\$1,397,862	\$725,595	\$773,020	\$2,896,477
Checks	388,205	464,473	496,842	1,349,520
WIC	100,597	38,412	-0-	139,009
Telecheck	104,234	143,436	131,104	378,774
FS/EBT	124,883	142,455	254,574	521,912
Debit Cards	238,972	248,335	202,188	689,495
Credit Cards	298,302	360,322	260,436	919,060
Totals	\$2,653,005	\$2,123,028	\$2,118,164	\$6,894,247

The figures in Table No. 3 represent monthly totals taken directly from the till reconciliation sheets prepared and reconciled by store personnel to the daily collections of register tills and reports from the POS system. These figures have not been reconciled with the store's Peachtree reports as those reports are generally weeks behind the actual data. The ST. CROIX-West store is not authorized by the Virgin Islands Government to process Women, Infants and Children (WIC) assistance payments; therefore there are no sales of this kind in this store.

TABLE NO. 4
Detailed Deposit Reports

ITEM	STT	STX-EAST	STX-WEST	TOTALS
Cash	\$1,399,865	\$723,537	\$830,251	\$2,953,653
Checks	387,471	499,109	497,061	1,383,641
Lottery and Phone Cards	34,741	23,444	19,888	78,073
Undepositables	3,685	6,163	12,905	22,753

The figures in Table No. 4 represent monthly totals taken directly from the deposit slips and reconciliations prepared by store personnel daily. Undepositables are items which are counted as receipts in the till reconciliations for the purposes of balancing the registers, but are not deposited into the store's bank account. Examples of undepositable items include redeemed gift certificates, in-store credits for exchanged merchandise and direct payments from the register to local suppliers of fresh fish and produce. Store monitors inspected documentation for these items when they exceeded \$1,000 in any store for a given day.



ACTIVITY NO. 2 – COMPARISON OF ELECTRONIC DATA WITH PAPER COPIES

This monitoring activity was not conducted during the month, as independent electronic access to the POS summary data was not available.

ACTIVITY NO. 3 – REVIEW AND RECONCILIATION OF WESTERN UNION DATA

The Western Union Daily spread sheet was compiled from the Western Union daily printouts. Store reported deposits to the Western Union account were monitored daily and verified with bank records received directly from Scotia Bank through March 31, 2004. No discrepancies were noted. There were no withdrawals from this account except those amounts withdrawn electronically by Western Union. The balance in the account as of March 31, 2004 was \$89,714.64. Daily Western Union activity is detailed below. It should be noted that deposits are not made daily. The difference between total Western Union sales proceeds from transfers and money orders and the total of deposits for the month is due to deposit timing differences.



TABLE No. 5
Wire Transfers and Money Orders

DATE	WIRES	MONEY ORDERS	TOTALS	DEPOSITS
3/1/04	\$8184.41	\$4446.97	\$12631.38	\$30,065.36 dep. slip dated 3/1/04
3/2/04	3541.08	7788.94	11330.02	
3/3/04	4190.32	6376.14	10566.46	
3/4/04	7582.49	4580.31	12162.80	\$46,711.48 dep. slip dated 3/5/04
3/5/04	7164.07	2368.45	9532.52	
3/6/04	8033.75	8441.90	16475.65	
3/7/04	9127.19	476.38	9603.57	\$34,483.20 dep. slip dated 3/8/04
3/8/04	11485.24	388.52	11873.76	
3/9/04	15794.15	191.63	15985.78	
3/10/04	8324	5796.71	14120.71	
3/11/04	11511.33	5348.28	16859.61	
3/12/04	11742.33	109.76	11852.09	\$49,987.37 dep. slip dated 3/12/04
3/13/04	11089.07	4459.54	15548.61	
3/14/04	9714.49	551.38	10265.87	\$47,013.47 dep. slip dated 3/15/04
3/15/04	11167.49	15448.46	26615.95	
3/16/04	13480.52	2644.83	16125.35	
3/17/04	9255.09	293.94	9549.03	
3/18/04	6113.05	3486.21	9599.26	
3/19/04	17817.79	8945.86	26763.65	\$50,000 dep. slip dated 3/19/04
3/20/04	18683.93	495.63	19179.56	\$10,968.07 dep. slip dated 3/19/04
3/21/04	6306.14	7556.04	13862.18	
3/22/04	7912.29	11661.15	19573.44	\$50,000 dep. slip dated 3/22/04
3/23/04	6328.12	5006.90	11335.02	\$11,317.05 dep. slip dated 3/22/04
3/24/04	8013.85	2713.83	10727.68	
3/25/04	12459.77	560.91	13020.68	
3/26/04	10213.88	3292.26	13506.14	\$49,881.70 dep. slip dated 3/26/04
3/27/04	9688.50	7727.93	17416.43	
3/28/04	9873.78	422.07	10295.85	
3/29/04	13656.85	5358.28	19015.13	\$45,843.31 dep. slip dated 3/29/04
3/30/04	12398.90	2.10	12401.00	
3/31/04	6261.39	2639.83	8901.22	
Totals	\$307,115.26	\$129,581.14	\$436,696.40	\$426,271.01



ACTIVITY NO. 4 – REVIEW AND RECONCILIATION OF BANK STATEMENTS WITH POS FIGURES AND DISBURSEMENT JOURNALS

Electronic access to the Banco Popular accounts became available during the month of March. Both paper and later electronic Banco Popular account records were reviewed during the month by the monitors. The Banco Popular accounts are used primarily to receive electronic payments that result from customer purchases using credit and debit cards as well as electronic food stamps (EBT).

TABLE NO. 6
Sales and Deposits

ITEM	STT	STX-EAST	STX-WEST	TOTAL
Total Sales	\$662,157	\$751,112	\$717,198	\$2,130,467
Total Deposits	666,557	749,785	711,880	2,128,222
Differences	4,400	(1,327)	(5,318)	(2,245)
Variance Percentage	0.66%	(0.18%)	(0.74%)	(0.1%)

Total deposits were unable to be completely reconciled to sales due to deposit timing differences and in some instances to when the bank record electronic deposits net of transaction fees. A variance of less than 1% for the month is not considered significant.

All transfers of funds out of the Banco Popular accounts were traced to the Bank of Nova Scotia operating accounts of the stores. Three transfer disbursements were made during the month of March: one for \$400,000; one for \$250,000, and; one for \$150,000.

ACTIVITY NO. 5 – VERIFICATION OF DEPOSITS IN ACCOUNTS AT BNS

The St. Thomas store maintains a separate operating account at the Bank of Nova Scotia into which each day's depositable receipts are made. The Monitors conducted weekly reconciliations between what the till reports indicated should have been deposited (depositable) and the actual amount deposited, as verified by the bank records.



TABLE NO. 7
STT Till Reports and Deposits BNS

Till Reported Deposits	\$1,822,076
Deposits Per Bank	\$1,831,670
Difference	\$9,594
Percentage	0.53%

As noted in Table No. 7, above, St. Thomas deposits into the Bank of Nova Scotia operating account for the month of March were \$9,594 more than what the till reported as being deposited. This amount represents an un-reconciled difference of ½ of 1 percent of total deposits and, in context, is not deemed significant.

The St. Croix stores share one operating account at the Bank of Nova Scotia into which each day's depositable receipts from the till reconciliation are made. The Monitors conducted weekly reconciliations of what the till reports indicated should have been deposited and what the bank records showed had been deposited.

TABLE NO. 8
STX Till Reports and Deposits BNS

ITEM	STX-EAST	STX-WEST	TOTALS
Till Reported Deposits	\$1,246,090	\$1,347,200	\$2,593,290
Deposits per Bank	\$1,267,869	\$1,328,520	\$2,596,389
Difference	\$21,779	(\$18,680)	\$3,099
Percentage	1.75%	(1.39%)	0.12%

There was deposited in the Bank of Nova Scotia account for United Corporation's St. Croix stores \$3,099 more than what the till reported as being deposited. This amount represents an un-reconciled difference of a little more than 1/10 of 1 percent of total deposits and is not deemed significant by the Monitors.

The St. Croix-West store funds the excess cash needs of its service desk from the till. The other stores fund their service desk needs from the safe. Because of this, the St. Croix-West store's daily deposits rarely equal what the till reports. Differences vary daily as the service desk's needs are "borrowed" and then "paid back" to the till. The Monitor discussed this issue with St. Croix-West store management during the month. Store management has agreed to bring the safe balance up to the allowable maximum of \$80,000 and begin funding the service desk's cash needs from the safe rather than the till. This procedure is scheduled to begin in early April.



ACTIVITY NO. 6 – ELECTRONIC MONITORING THROUGH STORE CAMERAS

A determination has been made that electronic access to the store's video surveillance system will not be secured. This monitoring procedure has been eliminated as a pending amendment to the Business Monitoring Plan. See Activity No. 19, below.

ACTIVITY NO. 7 – COMPARISON OF ACCOUNTS PAYABLE AGING REPORTS

A review of each of United Corporation's three stores was conducted by the Monitors. Table No. 9 shows the amounts and rates of payment by each store for the month of March. As demonstrated by this Table, accounts that remain unpaid after 60 days comprise less than 15 percent of the total amount of goods purchased on credit. Only 2.8 percent of the amount purchased on credit remains unpaid after 90 days.

TABLE NO. 9
Accounts Payable Aging

	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	TOTALS
STT	\$1,099,901	\$524,278	\$176,034	\$1,430	\$1,801,643
STX – East	475,515	21,279	44,487	17,383	558,664
STX – West	703,398	3,054	129,295	72,670	908,417
Totals	\$2,278,814	\$548,611	\$349,816	\$91,483	\$3,268,724
% of Payables	69.7	16.8	10.7	2.8	100

Table No. 9 also reflects that the St. Thomas store purchased approximately 55 percent of the total value of goods purchased on credit by United Corporation, with the St. Croix – West store purchasing 27 percent and the St. Croix – East store purchasing 17 percent of the total purchased on credit.

ACTIVITY NO. 8 – REVIEW OF HIGH DOLLAR AND UNUSUAL DISBURSEMENTS

The Monitor at the St. Thomas store selected a total of 34 checks, which did not otherwise require prior approval before issuance, for verification with the original invoices. Three checks were discovered to have been incorrectly issued without prior approval of the monitor. These checks are discussed more completely in Section 3.5 of this report, above. The other 31 checks were determined to be properly issued with sufficient back-up detail and invoices present.

At the beginning of March, St. Croix-West store management requested that the monitor review and approval all checks prior to issuance, rather than only those listed as requiring prior approval. Store management predicated this request of the Monitor on the assertion that it was taking store personnel more time to sort the checks for proper review than it would take to have all of the checks



reviewed. The Monitor began reviewing all of the checks issued after determining that it would not noticeably add to the time it took him to review the sampling of checks. This was in part due to the increased cooperation provided by store management to ensure that the process was efficiently accomplished. All checks reviewed by the Monitor at the St. Croix store were determined to be properly issued, with sufficient back-up detail and invoices present.

ACTIVITY NO. 9 – THIRD PARTY VERIFICATION OF UNRESOLVED DISBURSEMENTS

No third party verification or follow-up was necessary, as Activity 8 did not uncover any discrepancies between checks written and back-up documentation reviewed.

ACTIVITY NO. 10 – REVIEW AND COMPARISON OF BANK STATEMENTS AND DISBURSEMENT JOURNALS

A weekly review and comparison between United Corporation checks issued through the Peachtree accounting software program's disbursements journal and the corresponding bank statements for the operating accounts of each store did not reveal the existence of any checks not recorded in the check disbursements journals. Table No. 10, below, reflects the bank accounts of United Corporation that were reviewed by the Monitors and compared with the disbursement journals as well as the ending balances of each.

TABLE NO. 10
Bank Accounts Reviewed

BANK	ACCT. NO.	ENDING BAL.	NOTATIONS
Scotia Bank	55312010	\$776,450.17	STT Operating
Scotia Bank	96001238	\$225,239.85	STT Lottery and Phone Card
Scotia Bank	55356719	\$439,437.79	STT Telecheck
Banco Popular	192026143	\$301,158.66	STT Credit/Debit
Banco Popular	192042300	\$89,714.64	Western Union
Scotia Bank	65811	\$2,539,159.75	STX Operating
Scotia Bank	60086413	\$181,059	STX-East Telecheck
Banco Popular	191013307	\$893,493.80	STX-East Credit/Debit
Scotia Bank	6009218	\$166,477.58	STX-West Telecheck
Banco Popular	191063789	\$843,364.14	STX-West Credit/Debit

ACTIVITY NO. 11 – REVIEW OF DISBURSEMENTS IN EXCESS OF \$10,000 AND ANY THAT ARE UNUSUAL OR NON-ROUTINE

During the month of month of March the monitors were presented with 188 checks for review and approval prior to issuance, in accordance with the Monitoring Plan. In each instance store management was required to present invoices to document payments for which approval was requested. As noted in



Activity No. 8 above. in the St. Croix-West store all checks were presented to the monitor for approval. A detailed list of the checks reviewed and approved for the St. Thomas store is included with this Report as *Attachment B: Check Approval Log for St. Thomas Store*. A detailed list of checks reviewed and approved at the St. Croix East and West stores is included as *Attachment C: Check Approval Log for St. Croix Stores*.

TABLE NO. 11
Checks Reviewed Prior to Issuance

STORE	NO. OF CHECKS	AMOUNTS
STT	68 checks totaling	\$2,339,844.24
STX-East and West	120 checks totaling	\$1,990,690.03
Totals	188 checks totaling	\$4,330,534.20

ACTIVITY NO. 12 – ANALYSIS TO DETERMINE AVERAGE REOCCURRING PAYMENTS

Vendor payment patterns were established in January during the development of the Business Monitoring Plan. Nothing was observed in March that revealed the need to alter the previously determined vendor check approval listing or the amounts established in that analysis.

ACTIVITY NO. 13 – ANALYSIS OF OPERATING PERCENTAGES

United Corporation management has not completed any monthly financial statements for 2004. The last 12-month financial statement prepared by United Corporation is unaudited and has only recently become available, and reportedly still needs adjustments. The yearly figures for 2003 used below in Table No. 12 have been obtained from the unaudited and incomplete financial statement made available by United Corporation. The monthly sales and revenue figure for March 2004 was obtained from the till reconciliation summaries. The cost of goods sold figure for March 2004 was obtained from a review of the check disbursement journal produced by the Peachtree accounting software program used by United Corporation. Because the figures used in Table No. 12 have been obtained from unaudited and unverified sources, we make no representations and provide no assurances, explicit or otherwise, that the figures are accurate or can be relied upon for any reason by any party, and are reluctant to provide these figures and the computations listed in the Table. Nonetheless, Table No. 12 is included in this report at the request of the USMS and with the understanding that the use of the information contained therein will be limited to certain USMS personnel and only to provide a qualified estimate of the monthly trend of the certain financial figures related to the position of United Corporation on a month-to-month basis. The analysis should not be relied upon for any other purpose as it has been constructed without all of the information needed to accurately reflect the results of store operations for March.



TABLE NO. 12
Operating Percentages for United Corporation

ITEM	MARCH 2004	ANNUALIZED	2003 TOTALS
Total Sales and Revenues	\$6,835,886.00	\$82,030,632.00	\$80,793,484.96
Less: Cost of Goods Sold	(\$4,330,534.20)	(\$51,966,410.00)	(\$54,989,840.15)
Gross Profit	\$2,505,331.80	\$30,063,981.00	\$25,803,644.81
Gross Profit %	36.6%	36.6%	32.5%
Other Expenses	NA	NA	\$16,715,729.13
Net Earnings from Operations	NA	NA	\$9,087,915.68
Profit %	NA	NA	11.5%

The annualized figures reflected in Table No. 12 were computed by multiplying the figures for March 2004 by a factor of 12 to show what the 12-month total would be if the total sales and revenues of the corporation, as well as the gross profit margins, continued at the same pace for a 12 month period as it did in March. The annualized figures may be useful when compared with the total figures for 2003. The annualized computations suggest a slight upward trend in gross profit percentage. This trend line, if based upon sustainable figures, suggest that profit margins of the Corporation are not declining and therefore this margin is not contributing to any cognizable risk to the government's potential financial interest in the corporation.

ACTIVITIES NO. 14 AND 15 – REVIEW OF INCOME AND DISBURSEMENTS OF SHOPPING CENTER ON ST. CROIX

All rental income earned from the shopping center and disbursements made for the month of March were reconciled to the shopping center tenant's account. The balance at the beginning of March of the tenant's account was \$219,743.00. The ending balance was \$254,260.46. The following is a summary of tenant account activity:

TABLE NO. 13
Summary of Tenant Account Activity

Beginning Balance	Check Amt./ Payee	\$219,734.77
Rent Collected		\$43,563.47
Disbursements		
3/5/04	(\$1,600.00)/Rudy Caines	
3/5/04	(\$631.00)/A. Mallory	
3/11/04	(\$1,175.59)/WAPA	
3/11/04	(\$200.00)/Ocean Systems	
3/11/04	(\$198.12)/Kone	
3/11/04	(\$31.16)/Linde Gas	
3/11/04	(\$615.00)/A. Mallory	
3/23/04	(\$450.00)/Glass 2000	
3/23/04	(\$1,496.00)/WAPA	
3/23/04	(\$685.38)/A. Mallory	
3/29/04	(\$1955.00)/Combined Services	
Total Disbursements		\$9,037.25
Ending Balance		\$254,260.99



As previously discussed in Activity 3.1 above, store management continued using the tenant's account to pay the monthly WAPA bill of Maher Yusuf's residence. A check written on March 23, 2004, in the amount of \$1,496.00, appears to have been issued in payment of the March WAPA bill.

TABLE NO. 14
Shopping Center Change in Activity

ITEM	JANUARY	FEBRUARY	MARCH	LAST MONTH CHANGE
No. of Tenants	38	37	37	0%
Rent Collected	\$72,981	\$43,672	\$43,563	(0.25%)
Rent Due	\$47,435	\$44,676	\$43,640	(2.3%)
Expenses	\$9,959	\$12,296	\$9,038	(26.5%)

Although three tenants continue to be seriously in arrears in their rent payments, they are managing to pay their current rent and are attempting to reduce their past due amounts, as indicated below in Table No. 15.

TABLE NO. 15
Amount Owed by Three Major Tenants

TENANT	FEBRUARY BALANCE	MARCH BALANCE	CHANGE
JP Sales	\$16,619	\$15,619	6%
New Plaza Café	\$13,619	\$13,702	(0.01%)
Best Furniture	\$7,360	\$7,366	0

The percentage of change between the ending balances of Best Furniture for February and March is small enough to be considered negligible.

ACTIVITY NO. 16 – REVIEW OF PAYROLL RECORDS FOR UNUSUAL PAYMENTS

The payroll records of each store were reviewed by the Monitors for unusual or extraordinary payments. None were noted. Key family members continue to receive \$3,000 per month, before withholding deductions.

ACTIVITY NO. 17 – UNSCHEDULED CASH COUNTS

The following unscheduled cash counts were made during the month of March:



TABLE NO. 16
Cash Count Analysis

STT		STX - East		STX - West	
DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT
3/01	\$53,690	3/04	\$97,000	3/01	\$76,026
3/05	\$53,690	3/05	\$80,000	3/08	\$81,026
3/11	\$53,690	3/09	\$80,000	3/12	\$61,025
3/16	\$53,690	3/12	\$90,000	3/16	\$84,326
3/19	\$53,690	3/15	\$80,000	3/19	\$64,326
3/25	\$53,690	3/17	\$80,000	3/22	\$53,326
3/26	\$53,690	3/22	\$80,000	3/26	\$65,326
3/29	\$53,690	3/26	\$80,000	3/30	\$54,326
		3/29	\$95,000		
Average	\$53,690	Average	\$84,667	Average	\$67,463

At various time during the week the St. Croix-East store orders small bill deliveries from the bank. These small bill purchases are funded from the operating account. On the days that the bills are delivered the safe balance can exceed its mandated limit of \$80,000. On the day following the order, an amount in larger bills is normally deposited into the bank account to bring the safe balance down to the authorized limit of \$80,000 or less. On each day when a surprise count revealed a balance in excess of this limitation the monitor verified that a small bills purchase had been made and that a corresponding deposit was made the following day.

ACTIVITY NO. 18 – THIRD PARTY VERIFICATION TO LARGE VENDORS

No third party refund verification letters were sent out during the month of March as the USMS is reluctant to risk an adverse response on the part of vendors who might be contacted, thereby posing a risk to the business interests of United Corporation and ultimately to the interests of the government.

ACTIVITY NO. 19 – DAILY VISITS TO THE MARKETS

Throughout the month, Monitors physically observed store and warehouse operations on a daily basis while conducting walks through the store facilities. Monitors were vigilant for any unusual or extraordinary conduct or activities that might suggest financial risk to the government's interest in United Corporation, its operations and assets. Customer activity was observed to be at normal levels with shelves being adequately stocked and the warehouses properly maintained. Logs recording the daily visits of each monitor with their daily observations are contained as attachments to this report. The St. Thomas store logs are presented in *Attachment D: Daily Log for St. Thomas Store*. The daily log for the St. Croix-East Store is contained in *Attachment E: Daily Log for St. Croix-East Store*. The daily log for the St. Croix-West Store is contained in *Attachment F: Daily Log for St. Croix-West Store*.



During the previous month an outside vendor conducted a complete inventory. Store management has reported that a final inventory report has not as yet been received. This report is expected to be finished and delivered in mid-April.

ACTIVITY NO. 20 – VISITS TO THE "FOURTH STORE" LOCATED ON ST. THOMAS

A Monitor visited the "fourth store" periodically throughout the month of March. During these informal visits the Monitor did not observe any indications that this store was being used as an outlet for goods purchased by or through the Plaza Extra Stores.

ACTIVITY NO. 21 – SUMMARY MONTHLY REPORT OF ACTIVITY

This report constitutes the report required by Activity No. 21

ADDITIONAL Issues

Repairs began this month on cracks that have appeared in the exterior walls of the newest Plaza Extra store, St. Croix. Store management insists that the cracks are primarily cosmetic in nature and that the basis structure is in no way threatened. Monitors will continue to observe and report on the progress of these repairs.



5.0 RECOMMENDATIONS

5.1 NEED FOR INVENTORY CONTROL SYSTEM

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that United Corporation already owns and uses an electronic platform that contains the capacity for tracking the inventory, we recommend efforts be made to convince or require the owners of UC to begin using an effective electronic inventory control system.

5.2 NEED FOR ACCURATE AND TIMELY FINANCIAL STATEMENTS

The availability of accurate and timely financial statements is essential to the monitoring process. The USMS should consider requiring that store management provide accurate monthly financial statements from the Peachtree system to monitoring personnel no later than the 15th day following the end of a month.



6.0 ATTACHMENTS

The following Attachments are included on the pages that follow:

- Attachment A: Resumes
- Attachment B: Check Approval Log for St. Thomas Store
- Attachment C: Check Approval Log for St. Croix East and West Stores
- Attachment D: Daily Log for St. Thomas Store
- Attachment E: Daily Log for St. Croix East Store
- Attachment F: Daily Log for St. Croix West Store
- Attachment G: Copies of Most Recent Annual Consolidated Income Statement
- Attachment H: Copies of Most Recent Annual Consolidated Balance Sheet
- Attachment I: Copies of Most Recent Annual Income Statement and Balance Sheet for St. Croix Plaza Extra
- Attachment J: Copies of Most Recent Annual Income Statement and Balance Sheet for St. Thomas Plaza Extra
- Attachment K: Copies of Most Recent Annual Income Statement and Balance Sheet for the Tenant Account of United Corporation

ATTACHMENT A



Charles Bandel

Employment

1996 – 2004: Mr. Bandel, upon his retirement from the IRS, established a firm that provides forensic accounting services. Through the firm he has been engaged as an expert to advise and investigate federal income tax violations and various financial crimes. This work has required him to conduct analysis of records, prepare complex narrative reports and exhibits for presentation in court, testifying as an expert witness at trials and other judicial hearings.

1972 – 1996: For 24 years Mr. Bandel served as a Special Agent, Criminal Investigation Division, IRS, where he was involved in planning and conducting criminal investigations related to various economic and financial crimes, including health care fraud, narcotics trafficking, mail fraud and money laundering. During these investigations he conducted analyses of accounting books and records, conducted interviews of witnesses regarding complex financial transactions and prepared analyses and summary findings in forms suitable for use in the federal courts. He has extensive experience in providing testimony in criminal proceedings related to his investigations and analyses. Mr. Bandel served for the IRS as a Regional Analyst and a Group Manager.

Education

- 1972 LaSalle University, BS Degree in Business Administration (emphasis in accounting and finance)
- 1972 –1975 Weidner University, MBA Program (substantially completed)
- 1976 Central Michigan University, MA Degree in Management



Paul M. Hoffer

Employment

1998 – 2004: Mr. Hoffer, upon his retirement from the IRS, established a private investigative firm providing services that specialize in financial fraud and litigation support, including computer forensic support.

1972 – 1998: For 26 years Mr. Hoffer was a Special Agent, Criminal Investigation Division, IRS, where conducted investigations related to various economic and financial crimes, including violations of tax law, money laundering, health care fraud and others. From 1977 to 1980, Mr. Hoffer developed standards and issued guidelines for field operations from a position in Washington, D.C. He assisted the Drug Enforcement Administration in case analyses, coordinated intelligence, and identified national targets for joint investigations and the initiation of task forces. Additionally, Mr. Hoffer developed a thorough competency in computer software used in financial investigations, including MS Access and MS Excel and assisted in retrieval of data from seized computers for use as evidence.

Education

- Adelphi University - Garden City, NY – A counting & Business
1964 to 1965
- NYC Comm. College - Brooklyn, NY – Accounting & Business
1966 to 1970
- Long Island University - Brooklyn, NY – Accounting & Business
1961 to 1972

Professional Memberships

- American College of Forensic Examiners – July 1999 to Current
- Enrolled Agent Certification, Internal Revenue – September 1999 to Current
- Association of Certified Fraud Examiners – September 1998 to Current

ATTACHMENT B



MADISON ASSOCIATES, INC

Check Approval Log

St. Thomas Plaza Extra
March 2004

DATE	CK. #	AMOUNT	PAYEE	DESCRIPTION	INSPECTED INVOICE
<u>3/8/2004</u>	15647	4,331.60	Martha Jolly	Fresh Vegetables	Y
<u>3/8/2004</u>	21180	10,175.37	Bureau of Internal Revenue	Withholding Taxes	Y
<u>3/8/2004</u>	75109	2,276.80	Fathi Yusuf	Wages - One week	Y
<u>3/8/2004</u>	75118	2,310.18	Hamed Waheed	Wages - One week	Y
<u>3/8/2004</u>	75184	2,193.34	Nejeh Yusuf	Wages - One week	Y
<u>3/8/2004</u>	21181	60,496.80	Distribuidora Santiago Inc	Baby Formula (45000lbs)	Y
<u>3/8/2004</u>	21182	22,134.42	Colon Brothers	Grocery & Household	Y
<u>3/9/2004</u>	21179	3,313.07	Deep Food Inc.	Groceries & Spices	Y
<u>3/9/2004</u>	21177	16,672.50	American Fruit & Produce	Fresh Vegetables, Fruit & Milk	Y
<u>3/9/2004</u>	21178	19,061.98	Sun International Produce	Fresh Vegetables, Fruit, Eggs & Milk	Y
<u>3/9/2004</u>	15649	30,091.70	Bank of Nova Scotia	# 1002687 Wire Trans for B J Wholesale	Y
<u>3/10/2004</u>	15654	8,580.00	B.M Produce	Fresh Fruits & Vegetables	Y
<u>3/10/2004</u>	508	250,000.00	Plaza Extra	Transfer from Acct 192-026143 Banco Popular	n/a
<u>3/10/2004</u>	21164	33,640.86	Blue Ocean Trading Co. Inc.	Groceries & Household	Y
<u>3/10/2004</u>	21183	4,803.33	Caribbean Management, LLC	Periodicals Magazines	Y
<u>3/11/2004</u>	15659	15,407.56	Nejeh Yusuf	Supplies, Groceries, Atkins, Phone & Misc.	Y
<u>3/11/2004</u>	21191	2,987.95	Teps Enterprises	Peanuts & Snacks	Y
<u>3/11/2004</u>	21194	10,556.41	Bureau of Internal Revenue	Withholding Taxes	Y

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MADISON ASSOCIATES, INC

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DATE	CK. #	AMOUNT	PAYEE	DESCRIPTION	INSPECTED INVOICE
3/11/2004	21193	1,592.04	North Caribe Import of Puerto Rico	Mops, Brooms & Housewares	Y
3/11/2004	21195	13,751.16	Marbro, Inc.	Pet Food & Groceries	Y
3/11/2004	21196	28,066.41	Associated Grocers of Florida	Meat, Dairy & Store Supplies	Y
3/13/2004	21217	3,082.85	Brinks De Pureto Rico	Dec., Jan., Feb. service	Y
3/13/2004	21202	5,600.00	Jr. Meat & Seafood, Inc.	Seafood	Y
3/13/2004	21203	2,546.17	Alberto Culver	Personal Products	Y
3/13/2004	21204	372.13	Argent Group	Personal Products	Y
3/13/2004	21205	7,292.68	Galaxy Foods	Cheese & Dairy	Y
3/13/2004	21210	23,763.24	Trans Caribbean Dairy	Diary, Ice Cream & Juice	Y
3/13/2004	21214	14,056.61	Frito Lay Snacks	Grocery & Snack Items	Y
3/13/2004	21216	57,314.00	Sams Food Produce	Banana, Plantain, Avocado, etc	Y
3/16/2004	21223	17,711.60	Sun International Produce	Vegetables & Dairy	Y
3/16/2004	21224	34,514.38	American Fruit & Produce	Fresh Vegetables, Fruit & Milk	Y
3/16/2004	21225	52,425.45	Associated Grocers of Florida	Meat, Dairy, Groceries & Store Supplies	Y
3/18/2004	509	150,000.00	Plaza Extra	Transfer from Acct 192-026143 Banco Popular	n/a
3/18/2004	15668	3,715.23	Petty Cash	Reimbursement for cash expenses for store incl. Repairs, Fish, Produce, etc. 3/14/04 to 3/17/04	Y
3/18/2004	1080	4,067.45	Caribbean Lottery	Soda, beer, wine, wiskey, pharmacy supplies, pet food, snacks	N
3/19/2004	21235	144,572.70	Bellows International	Withholding Taxes	Y
3/18/2004	21232	10,292.67	Bureau of Internal Revenue	Forklift Repairs	Y
3/19/2004	21237	1,350.00	Stedroy Benjamin	Food, candy, crackers, misc food items	Y
3/19/2004	21236	184,932.88	Food Warehouse Hunter Foods	Banana, Plantain, Avocado, etc	Y
3/20/2004	21238	56,482.78	Sams Food Produce		



MADISON ASSOCIATES, INC

DATE	CK. #	AMOUNT	PAYEE	DESCRIPTION	INSPECTED INVOICE
3/22/2004	15674	5,259.68	3WY Business Solutions	Shipping Company	Y
3/22/2004	15673	3,416.32	3WY Business Solutions	Shipping Company	Y
3/22/2004	15672	1,576.97	3WY Business Solutions	Shipping Company	Y
3/22/2004	15671	1,382.81	3WY Business Solutions	Shipping Company	Y
3/24/2004	21239	10,576.90	Sun International Produce	Vegetables & Dairy	Y
3/24/2004	21240	21,890.84	American Fruit & Produce	Fresh Fruits & Vegetables	Y
3/24/2004	21241	170,759.05	Associated Grocers of Florida	Meat, Dairy, Groceries & Store Supplies	Y
3/24/2004	21242	1,009.08	Bureau of Internal Revenue	Withholding Taxes	Y
3/24/2004	15680	610.00	Fathi Yusuf	Y	
3/24/2004	21245	255,719.49	Bureau of Internal Revenue	Gross Receipts Tax	Y
3/24/2004	15682	3,589.00	Martha Jolly	Fresh Vegetables	Y
3/25/2004	21243	2,940.26	Car. Manag. Island Periodicals	Magazines	Y
3/26/2004	15686	28,918.48	Sam's Club	Canned goods, juice, cereal, misc. etc	Y
3/29/2004	21252	13,330.80	Natural Source, Inc.	Water	Y
3/29/2004	21253	109.98	Hobart Sales & Service	Repairs	Y
3/29/2004	21254	2,956.10	Pescaderia Xiomara	Fish	Y
3/29/2004	21255	2,148.00	Overseas Trading	UHT Milk	Y
3/29/2004	0510	250,000.00	Plaza Extra	Transfer from Acct 192-026143 Banco Popular	n/a
3/30/2004	75731	2,193.34	Nejeh Yusuf	Wages - One week	Y
3/30/2004	75654	2,276.80	Fathi Yusuf	Wages - One week	Y
3/30/2004	75664	2,310.18	Waheed Hamed	Wages - One week	Y

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MADISON ASSOCIATES, INC

DATE	CK. #	AMOUNT	PAYEE	DESCRIPTION	INSPECTED INVOICE
3/30/2004	15688	1,095.35	Nejeh Yusuf	Office Supplies, Home Depot, Gas, etc	Y
3/30/2004	21258	VOID	(VOID) Sun International Produce		Y
3/30/2004	21259	85,943.88	Associated Grocers of Florida	Meat, Dairy, Groceries & Store Supplies	Y
3/30/2004	21262	18,568.31	Sun International Produce	Vegetables & Dairy	Y
3/30/2004	21264	9,896.86	Bureau of Internal Revenue	Withholding Taxes	Y
3/31/2004	21265	32,164.00	American Fruit & Produce	Fresh Fruits; Milk & Vegetables	Y
3/31/2004	21267	39,056.26	Sams Food Produce	Banana, Plantain, Avocado, etc	Y
3/31/2004	21268	20,643.70	Sams Food Bakery	Bakery items, bread, grain, etc.	Y
3/31/2004	21269	32,965.50	Sams Food Produce	Banana, Plantain, Avocado, etc	Y

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ATTACHMENT C



Check Approval Log

St. Croix Plaza Extra East and West
March 2004

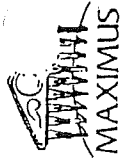
<u>DATE</u>	<u>CHECK #</u>	<u>AMOUNT</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>INSPECTED</u> <u>INVOICE</u>
3/6/2004	26627	\$ 800.00	Island Popsicles	Popsicles	Y
3/6/2004	26630	\$ 326.39	Blackhawk Shipping	Shipping charges for variety of food stuffs.	Y
3/8/2004	26632	\$ 1,041.55	Carol Boston, Garden Spot	Plants	Y
3/8/2004	26634	\$ 3,794.96	Michael A. Simmons	Candy/Sundries	Y
3/8/2004	26635	\$ 84,429.63	Food Warehouse DBA Hunter	Various food products	Y
3/8/2004	26637	\$ 2,094.50		Candy	Y
3/8/2004	26638	\$ 4,597.02	Caribbean Lottery Services	Collections owed.	Y
3/8/2004	26639	\$ 777.54	Kings' Caribbean Coffee	Coffee	Y
3/9/2004	26640	\$ 25,571.49	Oceanside Pharmacy	Various pharmacy products	Y
3/9/2004	26641	\$ 385.17	Jaiton Torres	Plants	Y
3/9/2004	26642	\$ 805.35	Florida Coca Cola	Soda	Y
3/9/2004	26643	\$ 200.00	O'Neal's Transport	Trucking	Y
3/9/2004	26644	\$ 7,849.56	Proctor and Gamble	Mixed Products	Y
3/9/2004	26645	\$ 200.00	Premium Food Marketing	Pasta	Y
3/9/2004	Wire	\$ 96,004.93	BJ's Wholesale Club	Numerous products	Y
3/9/2004	25455	\$ 44,842.45	W.A.PA. Electric	Electric Bill	Y
3/9/2004	25459	\$ 26,444.29	American Fruit and Produce	Produce	Y
3/9/2004	25464	\$ 81,031.98	Hunter Foods	Food Products	Y
3/10/2004	25473	\$ 65,818.91	Associate Grocers of Florida - Miami	Various food products.	Y
3/9/2004	25468	\$ 24,702.77	Doctor's Choice Pharmacy	Sales Payable to Pharmacy.	Y

HAMD243448

MADISON ASSOCIATES, INC



<u>DATE</u>	<u>CHECK #</u>	<u>AMOUNT</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>INSPECTED INVOICE</u>
3/12/2004	24664	\$ 1,552.61	Citi Cards	Wally Hammad's personal credit card was used to pay for a business trip. I obtained a copy.	Y
3/10/2004	25479	\$ 12,231.88	Premier Wines	Alcohol/food.	Y
3/10/2004	25481	\$ 14,543.56	Frito Lays	Snack products.	Y
3/11/2004	25497	\$ 34,190.17	St. Croix Dairy	Dairy and fruit juice.	Y
3/11/2004	25501	\$ 56,138.33	Bellows International	Spirits	Y
3/10/2004	25486	\$ 11,773.65	Bryant, Barnes and Moss,LLP	Legal fees	Y
3/12/2004	26661	\$ 4,005.00	B.M. Produce	Produce	Y
3/12/2004	24658	\$ 13.65	Post Master	Express mail	Y
3/12/2004	26657	\$ 96,083.44	Associated Grocers of Florida	Food products.	Y
3/12/2004	26672	\$ 5,500.00	Rudy Caines	Cleaning store and parking lot.	Y
3/12/2004	26671	\$ 1,097.58	Caribbean Lottery Services	Lottery	Y
3/12/2004	26668	\$58,178.99	Bellows International	Variety of grocery products.	Y
3/12/2004	26667	\$ 5,745.65	American Roland Food Corp.	Food products.	Y
3/12/2004	26666	\$ 43,883.11	Walkkoch Ltd.	Can food products.	Y
3/12/2004	26665	\$ 2,213.69	Monel, Inc.	Food products.	Y
3/12/2004	26664	\$ 8,739.87	Kingston, Miami	Groceries	Y
3/12/2004	26662	\$ 636.00	Combined Services.	Refrigeration repairs.	Y
3/12/2004	26659	\$ 2,836.60	Blue Mountain Water	Bottled water.	Y
3/12/2004	26663	\$ 3,682.57	Haddon House	Groceries	Y
3/10/2004	26656	\$ 5,891.66	Matosantos	Groceries	Y
3/10/2004	26655	\$ 863.03	Vedelnis Co.	Cleaning products	Y
3/10/2004	26654	\$ 23,872.92	American Fruit.	Food products.	Y
3/10/2004	26651	\$ 30,694.81	St. Croix Dairy	Dairy and fruit juice.	Y
3/10/2004	26650	\$ 163.45	Carole Joy Creations	Greeting cards	Y
3/10/2004	26649	\$ 781.44	Cirkel Distributors	Ice cream.	Y
3/10/2004	26648	\$ 16,237.97	Premier Wines.	Spirits	Y



<u>DATE</u>	<u>CHECK #</u>	<u>AMOUNT</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>INSPECTED INVOICE</u>
3/10/2004	26646	\$ 15,037.97	Frito Lays	Snack products.	Y
3/16/2004	25532	\$ 102,142.10	Associated Grocers of Florida		Y
3/15/2004	25523	\$ 25,165.67	Doctor's Choice Pharmacy	Pharmacy	Y
3/16/2004	25527	\$ 17,688.87	Holsum DE Puerto Rico, Inc.	Groceries	Y
3/18/2004	24666	\$ 232.99	Maher Yusuf	Miscellaneous receipts.	Y
3/18/2004	24665	\$ 4,395.07	VI Bureau of Revenue	Excise Tax	Y
3/18/2004	24662	\$ 6,582.23	VI Bureau of Revenue	Excise Tax	Y
3/17/2004	26686	\$ 64,470.95	Virgin Islands Water & Power	Electric Bill	Y
3/17/2004	26685	\$ 1,001.75	Humberto O'Neal	Spices	Y
3/17/2004	26689	\$ 1,446.60	Molinos DE PR	Wheat flour	Y
3/17/2004	26688	\$ 5,865.30	Paradise Bottling, Inc.	Juice	Y
3/17/2004	26687	\$ 154.00	Terminix	Weekly pest service.	Y
3/16/2004	26684	\$ 613.60	Blackhawk Shipping	Freight charges	Y
3/16/2004	26683	\$ 43,450.88	Associated Grocers of Florida	Groceries	Y
3/18/2004	26691	\$ 4,147.50	B.M. Produce	Vegetables	Y
3/18/2004	26694	\$ 28,822.25	American Fruit and Produce	Vegetables	Y
3/18/2004	26693	\$ 1,524.49	Caribbean Lottery Services	Lottery	Y
3/18/2004	26692	\$ 12,538.37	Oceanside Pharmacy	Pharmacy	Y
3/18/2004	24661	\$ 13.65	Post Master	Express mail	Y
3/16/2004	26681	\$ 41.98	Innovative Cable	TV Cable	Y
3/16/2004	26682	\$ 349.32	Innovative Telephone	Telephone Bill	Y
3/15/2004	26677	\$ 2,117.55	Caribbean Lottery Services	Lottery	Y
3/15/2004	26678	\$ 1,163.26	Freiria & Co.	Frozen food	Y
3/15/2004	26676	\$ 116.41	Caribbean Mgt.	Books	Y
3/15/2004	26675	\$ 616.41	Caribbean Mgt.	Books	Y
3/15/2004	26674	\$ 11,576.56	Glaxosmithkline	Personal Hygiene Products	Y
3/15/2004	26673	\$ 513.00	URIAS JN BAPTISTE	Ice cream.	Y

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MADISON ASSOCIATES, INC



<u>DATE</u>	<u>CHECK #</u>	<u>AMOUNT</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>INSPECTED INVOICE</u>
3/15/2004	26679	\$ 98,919.76	West Indies Corp.	Variety Grocery items	Y
3/19/2004	25544	\$ 87,117.87	RGIS INVENTORY SPECIALISTS	Store inventory.	Y
3/18/2004	26690	\$ 33,521.04	Proctor & Gamble	Various products	Y
3/23/2004	25557	\$ 25,263.56	Doctor's Choice Pharmacy	Pharmacy	Y
3/23/2004	25558	\$ 23,718.43	Blue Ocean Trading	Food products.	Y
3/23/2004	26717	\$ 5,254.44	Henry Lee	Cheese	Y
3/23/2004	26716	\$ 2,652.44	Galaxy Nutritional Foods	Cheese products.	Y
3/23/2004	26715	\$ 2,753.35	Haddon House Food Products	Food products.	Y
3/23/2004	26714	\$23,548.68	Proctor & Gamble	Food products.	Y
3/23/2004	26712	\$ 21,395.86	Blue Ocean Trading	Groceries	Y
3/23/2004	26711	\$ 4,547.74	Trans-Caribbean Dairy	Milk	Y
3/23/2004	26709	\$ 5,165.90	Florida Coca Cola Bottling Co.	Soda	Y
3/23/2004	26708	\$10,677.73	Oceanside Pharmacy	Pharmacy	Y
3/23/2004	26707	\$ 1,906.05	Helepan Inc.	Groceries	Y
3/23/2004	26706	\$ 545.00	Molinos DE PR	Wheat flour	Y
3/23/2004	26705	\$ 351.92	B. Fernandez	Groceries	Y
3/23/2004	26704	\$ 3,031.65	Cynthia Canau	Hot Sauces	Y
3/23/2004	26703	\$ 1,212.06	Caribbean Lottery Services	Lottery	Y
3/23/2004	26702	\$ 324.16	Blackhawk Shipping	Freight charges	Y
3/23/2004	26701	\$ 2,392.10	Florida Coca Cola Bottling Co.	Soda	Y
3/23/2004	26700	\$ 359.75	Florida Coca Cola Bottling Co.	Soda	Y
3/23/2004	26698	\$ 453.22	Gallow's Bay Pastry	Baked Goods	Y
3/23/2004	26695	\$ 74,582.80	Tropical Shipping	Shipping Costs	Y
3/23/2004	25560	\$ 54,939.94	Associated Grocers of Florida	Groceries	Y
3/24/2004	24692	\$ 2,396.87	VI Bureau of Revenue	Excise Tax	Y
3/24/2004	24691	\$ 2,456.55	VI Bureau of Revenue	Excise Tax	Y
3/24/2004	26722	\$ 3,595.00	B.M. Produce	Produce	Y

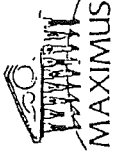
HAMD243451

MADISON ASSOCIATES, INC



<u>DATE</u>	<u>CHECK #</u>	<u>AMOUNT</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>INSPECTED INVOICE</u>
3/24/2004	26723	\$ 17,483.10	American Fruit	Produce	Y
3/24/2004	26720	\$ 2,475.00	Henry Schuster	Produce	Y
3/24/2004	24690	\$ 13.65	Post Master	Express mail	Y
3/24/2004	26718	\$ 58,203.06	Associated Grocers of Florida	Groceries	Y
3/24/2004	26721	\$ 14,851.13	Goya DE Puerto Rica	Produce	Y
3/25/2004	25571	\$ 3,062.88	Bank of Nova Scotia	Security Cameras for store	Y
3/25/2004	26725	\$ 8,557.16	Proctor and Gamble	Bathroom tissue.	Y
3/25/2004	26726	\$ 1,315.90	Caribbean Lottery Services	Lottery	Y
3/25/2004	26724	\$ 357.07	Blackhawk Shipping	Freight charges	Y

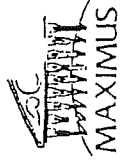
ATTACHMENT D



Daily Log

Plaza Extra
St. Thomas, U.S. Virgin Islands

DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE		WAREHOUSE		COMMENTS
			WALKABOUT DONE	Y	WALKABOUT DONE	Y	
3/1/2004	y	53,690.00		Y		Y	I returned the copies of the check and invoice to Willie. Monitor the store. I was requested to sign six corporate checks to pay income tax for the 2002 amended income tax forms 1040X of the six shareholders of United Corporation being filed today. I informed Fadhj Yusuf that I was not permitted to approve corporate checks to pay individual income tax liabilities. Mr. Fathi Yusuf said he would call Mr. Len Briskman. Len Briskman called me around 5:45 PM and told me I was to sign the checks if they were not for taxes due to weekly wages from the corporation and I was permitted to sign the checks if they were for taxes due to other compensation or corporate distributions or other such funds of the corporation to the six individuals. I informed Len Briskman that these checks are in fact corporate checks being used to pay personal income taxes for the six individuals. Len Briskman said that I was to approve the checks based on the above criteria. I returned to the store to review the tax returns but Marshall had already filed the returns with the local income tax bureau but did not submit the corporate checks as payment. I informed Roger Edwards and William Schroeder of the instructions Len Briskman gave me. William Schroeder and Roger Edwards said I should comply with Len Briskman's instructions. I informed Fadhj Yusuf that I could not approve the checks without copies of the tax returns.. He agreed to provide copies on 3/2/04 for me to review.



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE		WAREHOUSE		COMMENTS
			WALKABOUT DONE	Y	WALKABOUT DONE	Y	
3/2/2004	N		Y		Y		Monitor Store. Per instructions of Len Briskman, I reviewed six 2002 1040X Individual income returns of Sayid F Yusuf, Nejeah F. & Sherin Yusuf, Zayed F. Yusuf, Maher F. & Najat M. Yusuf, Yusuf F. & Alla A. Yusuf, and Fathi & Fawzia Yusuf that appear to derive almost all of the additional income as additional passive income from United Corporation. I then initialed the corporate checks used to pay the tax liability for each tax return. The approved checks are listed in the check approval log.
3/3/2004			Y		Y		monitor store. Pick up Roger Edwards at airport and discuss work and transition.
3/4/2004	N		Y		Y		Monitor Store. Picked up by Roger Edwards and John Funiyak w/ Charles Bandel at airport, briefing and review of procedures, do orientation, etc. Check in at Hotel, drive to locations
3/5/2004	Y	53,690.00	Y		Y		Monitor Store. Work with John Funiyak. Review procedures; introduction to principals; Pick Roger Edwards at sea plane, etc. Review monitoring plan updates and revisions; get Sprint Phone
3/6/2004	N		Y		Y		Monitor Store. Drive to Airport w/ John Funiyak; rent car; move from hotel to condo 7:30 to 1:30; Walk through store and warehouse 4:00 to 4:30
3/7/2004	N		Y		Y		Monitor Store. Drive around shipping dock. Office Max to purchase ink cartridge; Contact Charles Bandel re: internet connection. Email Time report attempt to contact OSM
3/8/2004	N		Y		Y		Monitor Store. Contact by John Funiyak re: procedures. Leave at 3:15 for lunch and to replace Sprint phone; Return to store 6:30 pick up till sheets; Feb 2004 check disbursement .xls disk; review 2 checks for approval



DATE	CASH COUNT <u>DONE</u>	AMOUNT OF CASH <u>IN SAFE</u>	STORE		WAREHOUSE		<u>COMMENTS</u>
			WALKABOUT	<u>DONE</u>	WALKABOUT	<u>DONE</u>	
3/9/2004	N		Y		Y		Monitor Store. Ask Mr. Yusuf and Nejeah about \$60,496.80 check to Distibuidora Santiago, Inc. in PR; told they supply baby milk new supplier, previously purchased from Colon; Ask about Deep Food, Inc; told they supply spices; that they purchased from them previously; Review documentation and approved checks. Received payroll disk for March 3 from Marshall. (\$6,926.31) shortage in tally for 3/5/04; Memo on DBS stated file corrupted on register #7 and the difference was due to computer error. Server either lost or doubled transactions due to cashier hitting keys. Discussed with Marshall and Nejeah; Marshall concerned that if amount was double input store will be paying too much in Gross Receipts Tax and if really short, how to make it up. Nejeah positive money not short just computer error and advised Marshall to adjust tax by attaching copy of Till sheet showing error with Tax return.
3/10/2004	N		Y		Y		Monitor Store. 3/3/04 overage of \$1,205.29 on tally item 2, from void of \$1,100.00 dog biscuit sale; voided sale not recorded properly; 3/8/04 shortage \$851.83 on tally item 2 from credit card and cash discrepancy. Credit card over \$625.00 on cash register tally. Clerk probably hit cash but took credit card. Mr. Yusuf requested a copy of approved vendor list amounts showing when no authorization needed. Approved by OSM; Tel. Banco Popular Re: electronic access; Tel: Scotiabank re: copies of statements for Fri pickup. Faxed copy of Merrill Lynch statement to MAI; also discussed with OSM re: large losses in account



MADISON ASSOCIATES, INC

DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE		WAREHOUSE		COMMENTS
			WALKABOUT DONE	Y	WALKABOUT DONE	Y	
3/11/2004	Y	53,690.00	Y	Y	Y		Monitor Store. 3/1 and 3/2 Lottery detail sheets not in folder. Nejeah and Julia could not explain. Banco Popular contacted, electronic online access to account data should be available by 3/12, they will email me with details. Gave Marshall new disks for this period to record Peachtree transactions. Reviewed business expense reimbursement for Nejeah item paid with credit card and other means. Approved check \$15,407.56
3/12/2004	N		Y	Y	Y		Monitor Store. Visit Banco Popular; meet T. Kerry Swan and introduce myself; pick up copies of transactions to date and confirm details for internet access; Visit Scotiabank; meet L Hone & C. Borgezen; confirm details for internet access; pickup up copies of transactions to date; email lotto, phone card and western union logs, bank info and spreadsheets to OSM
3/13/2004	N		Y	Y	Y		Monitor Store. Receive logs from STX-SM; Peachtree update recv'd for daily cash operating; Mr. Yusuf stated he wrote checks for donations they are going to take to judge; Visit 4th store
3/15/2004	N		Y	Y	Y		Monitor Store. Lotto deposit dated 3-3-04 \$16,022.15 to acct# 96001238 & Western Union Deposit on 3/8/04 \$34,483.20 to acct# 192042300 not previously identified; entered on til sheet, lotto spreadsheet & western union spreadsheet; discussed small differenced in deposit to telecheck acct and Peachtree printout. Compared STT operating acct deposits with daily til sheet deposits; contact OSM and STX SM re: deposits confirmations. Marshall advised that he will be on vacation from 3/25/04 to 4/5/04 causing delay in month end reports. Western Union and lotto figures not available for the last few days. Nejeah has not tallied sheets nor made the deposits; spoke to STX SM and requested deposit itemization necessary for confirmation.
3/16/2004	Y	53,690.00	Y	Y	Y		Monitor Store. Notified by Mr. Yusuf that check# 21216 will be voided errors in billing. Requested lotto & Western Union detail again, will try to complete

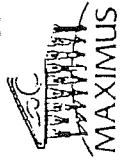
HAMD243456



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE		WAREHOUSE		COMMENTS
			WALKABOUT DONE	WALKABOUT DONE	WALKABOUT DONE	WALKABOUT DONE	
3/17/2004	N		Y		Y		Monitor Store. Mr. Yusuf walked in angry stating that STT-SM (Paul Hoffer) has been discourteous to him by not saying "Good Morning" to him and that this has happened many times, a statement that is not true; Downloaded Banco Popular account information electronically. System appears to be functional.
3/18/2004	N		Y		Y		Monitor Store. Western Union/Lotto sheets for 3-10 to 3-14 completed by Neje; contacted Scotiabank re: electronic access - proprietary programs installed on laptop of STT-SM, process will have to be performed again when SM's are rotated; install process failed, requested printouts, will try to reinstall software on 3/19;
3/19/2004	Y	53,690.00	Y		Y		Monitor Store. Advised by Reed Brett of Scotia Bank that electronic access only available during business hours when data center is open and only by telephone (computer modem); they do not have "Internet Access" at this time; Further, no electronic access outside normal business hours is authorized; it was determined that this method would not be a workable solution; the bank was advised that we would continue to require printed activity reports; picked up current printouts; Marshall advised that the "profit & loss for January is complete (not yet reviewed by Mr. Yusuf; cashier caught stealing \$300.00+ from customer credit card. Police called; surveillance cameras recorded the sequence of events.
3/20/2004	N		Y		Y		Monitor Store. Till sheet differences in item #2 \$923.43 and item #5 \$595.43 could not be explained today - will have to wait til 3-22-04 (Julia); Missing Money Order Printout for 3/15, utilized amounts supplied by Neje



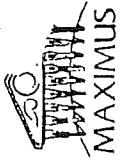
DATE	CASH COUNT <u>DONE</u>	AMOUNT OF CASH <u>IN SAFE</u>	STORE		WAREHOUSE		COMMENTS
			WALKABOUT <u>DONE</u>	Y	WALKABOUT <u>DONE</u>	Y	
3/22/2004	N		Y	Y			Monitor Store. Copies of 4 checks to 3WY Business Solutions w/ invoices paid on 3-20-04 (4 separate invoices)(4 manual checks written consecutively on same day) for prior month totaled 11,635.78, on approved list for 10,000 but no prior approval requested, (technical violation), presented for approval after checks issued; Daily till differences of 3-18 and 3-19 discussed with Julia; 3-18-04 & 3-19-04 errors were the result of the "cashier theft" and the money being stolen and overcharges to credit cards. Monitor Store. Tel. Conf. w/ OSM re: 3WY Checks research of prior months shows that this is a repeat pattern; Missing Money order closeout report for 3/15 located & data was entered;
3/23/2004	N		Y	Y			Monitor Store; Contact OSM re: offsite phone access unavailability; could not do safe count Neje in Puerto Rico for the whole day; On 3/23 three checks were prepared for approved vendors; Associated Grocers, Sun Produce & American Fruit (see log); all three checks required prior approval but I was not contacted; the copies were left on my desk for post approval; I told Patricia Sewer (accounts payable clerk and Mr. Fathi Yusuf that this was a direct violation of the court order; Patricia stated that she thought it was acceptable because they were "approved vendors"; I stated emphatically that this was a violation of the Court Order and it was not to happen again; that they were required to call me for phone approval or wait to issue the check; OSM was called and advised; Gross Receipts tax check of \$255,719.49 written even though not due til next Tuesday but Marshall not be available; Mr. Yusuf made comment that "we do not have the money" and Marshall said it was not due yet.
3/24/2004	N		Y	Y			



MADISON ASSOCIATES, INC

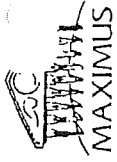
DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE		WAREHOUSE		COMMENTS
			WALKABOUT DONE	Y	WALKABOUT DONE	Y	
3/25/2004	Y	53,690.00	Y	Y	Y	Y	Monitor Store. Advised Nejech we must do safe counts at least 2 times each week; Shortage in till for 3-5-04 was never reconciled as all transactions were lost when register crashed; Nejech in an attempt to restart the register used a file from another register to "restart" the crashed register: all parties were queried and stated that it is their belief that this register was not really short but showed a shortage as a result of the procedure Nejech used to restart the register; these comments were added to till log of that date; Contacted Scotiabank to have updated activity printouts available for pickup on 3-26-04; Returned to store @ 7:15 pm to perform safe count; visit "4th Store" location for any "activity"; Monitor Store. Electronic access to BancoPopular does not include Western Union Acct; field visit to bank to pick up copy of transactions, they will add access; visit Scotiabank get copies of transactions for previous 7 days;
3/26/2004	Y	53,690.00	Y	Y	Y	Y	Monitor Store. Nejech completed Western Union and Lotto sheets from 3/22, 3/23, 3/24, 3/25 enter into logs
3/27/2004	N		Y	Y	Y	Y	Examine St. Croix building with SM-STX and take digital photographs for transmission to OSM
3/28/2004	N		N	N	N	N	Monitor Store. Email STX Building photos to OSM; contact SM-STX re: revised deposit amounts; contact OSM re: deposit corrections of Till amounts for STX; Mr. Yusuf transferred \$250,000.00 to operating account and told Patricia Sewer to mail the Gross Receipts Tax return prepared the previous week.
3/29/2004	Y	53,690.00	Y	Y	Y	Y	Monitor Store. Received A/C Payable aging from Patricia Sewer through 3/30; requested updated daily check register updates from Marshall's assistant; Erika; download update for BancoPopular; obtain updated information from STX and email STX revised info to OSM.
3/30/2004	N		Y	Y	Y	Y	

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DATE	<u>CASH</u> <u>COUNT</u> <u>DONE</u>	<u>AMOUNT</u> <u>OF CASH</u> <u>IN SAFE</u>	<u>STORE</u> <u>WALKABOUT</u> <u>DONE</u>	<u>WAREHOUSE</u> <u>WALKABOUT</u> <u>DONE</u>	<u>COMMENTS</u>
3/31/2004	N		Y	Y	Monitor Store. Asked Mr. Yusuf for copies of financials; stated there were mistakes in figures and he has to discuss with Marshall; when queried what errors were he had no response; asked for copies, he could not find them; Requested to have Erika print copies for me, he said OK; asked about contributions to school, he now stated that "he gave checks to the school" but told them they could not cash them until Judge approved; asked if his attorneys were filing a motion with the Judge said he doesn't know who is working on getting them approved; it should be noted that these amounts have already been deducted from the operating account balance and he seems to be maintaining adequate funds in this account to cover these checks; requested copy of recently performed inventory, said he would call Wally and try to get it; telephoned Scotiabank for update through 3/31;

ATTACHMENT E



Daily Log

Plaza Extra – East

St. Croix, U.S. Virgin Islands

DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/1/2004	N		Y	Y	Walked store and warehouse, average activity, numerous trucks on the loading dock
3/2/2004	N		Y	Y	Walked store and warehouse, average activity, dock busy
3/3/2004	N		Y	Y	Walked store and warehouse, everything appears to be in order, Store not as busy as usual
3/4/2004	Y	\$97,000.00	Y	Y	Cash count with Yusef, change order received of \$20,000, there is still coins totaling \$3,000 at the service desk and the change order deposit will be made tomorrow to bring the balance back to \$77,000 with \$3,000 still at the service desk. Also the warehouse and store were busy today.
3/5/2004	Y	80000	Y	Y	New Monitor came with Roger. Charley, Roger and I walked the store and warehouse, conducted cash count introduced Charley to store management and clerical staff.
3/6/2004	N	N/A	Y	Y	I stopped in the office. No personnel where working today. The only manager working was Mufeed Hammed, but he was working in the warehouse receiving deliveries. I spoke with him on the store phone and asked if he could provide the Till Reconstructions for Friday. He told me to look on front desk upstairs. I did as suggested but found nothing lying on the desk. I walked through the store and everything appeared normal and busy I spoke with Maffi and he assured me that Friday's, Saturday's and Sunday's till rec.s would be available Monday.



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/8/2004	N	N/A	Y	Y	I observed employees restocking shelves in many aisles. Observed that all cashiers were on line. Picked up Till reconciliations for Friday, Saturday and Sunday. Met Allen Mallory, the shopping center manager. Mr. Mallory agreed to provide the monthly summaries on the first of each month. The delivery area was also very busy. It appeared to be an overall restocking day.
3/9/2004	Y	\$80,000.00	Y	N	Conducted surprise cash count, which was done by Yusef Yusef; Approved some checks; Received Till Recon. and prepared summary; Reviewed checks and approved all; Walked about store and part of warehouse.
3/10/2004	N	N/A	Y	Y	Received and reconciled Till; Walked about store;
3/11/2004	N	N/A	Y	Y	Received and reviewed Till Reconciliation; checks reviewed and approved. Walked about store and warehouse.
3/12/2004	Y	\$90,000.00	Y	Y	Discussed operations with Fathi in receiving. The warehouse appeared to be full to overflowing Conducted cash count with Yusuf Yusuf. There was \$90,000 in the safe. Yusef stated that he would make a deposit to reduce cash to \$80K. Reviewed and approved a number of checks. Received and reviewed Daily Till recon; Walked about store and warehouse. Everything appeared normal.
3/13/2004	N		Y	Y	Wally Hamad only was the only person in office. He was very personable and we chatted about St. Croix. The Daily Till was not on anyone's desk. I told him that I would pick up Friday's, Saturday's and Sunday's on Monday. He assured me that they would be available. I walked about and found the store to be very busy. The warehouse was equally busy.



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/15/2004	Y	\$80,000.00	Y	Y	I reconciled Friday's, Saturday's & Sunday's Tills. Watched Yusef count the cash in safe. Noted that the \$10,000 reduction had been deposited on the deposit dated 3-14-04. Wally Hamrad told me that he just agreed to settle a civil case brought by a former employee against United. The suite is titled Janie Nestor v. United Corp. The law firm representing United is Nestor, Barnes and Moss. The settlement is for \$45,000. I reviewed the file and obtained a copy of Wally's handwritten Settlement Agreement and a copy of the Court's Order for Pretrial Conference to support the issuance of the check. Wally said he will wait to pay as it is a lot of money. Created a work paper of deposits to bank account to assist Paul Hoffer.
3/16/2004	N		Y	Y	Till reconciliation completed; entered deposits on spreadsheet. Walked about store and warehouse. Reviewed list of checks written.
3/17/2004	Y	\$80,000.00	Y	Y	Till reconciled; Deposits recorded. Cash in safe is \$80,000. I told Wally Hamad that the law suite payment of \$45K needed approval from the Marshall's Service: "No problem". [I had e-mailed this information yesterday to Roger Edwards and spoke with him about the check this morning. He felt we better inform the Marshals' and get their approval.] The store and warehouse appeared to be operating normally.
3/18/2004	N	N/A	Y	Y	Till recon. Note: "Plaza Payroll Deposit". This consists of employees cashing their payroll checks: Yesterday was payday. Conducted walk around. Everything is normal.



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/19/2004	N	N/A	Y	Y	Till. Reconciliation completed. Cash off \$225 but is accounted for with coupons, Wic. Approved check #2544 for \$87,117.87 to RGIS Inventory Specialists. Store and warehouse normal busy Friday
3/20/2004	N	N/A	Y	Y	Extremely busy; parking lot full. Office staff does not work on Saturdays. Walked around store and out to loading dock area. Everything normal.
3/22/2004	Y	\$80,000.00	Y	Y	Reconciled Till for Fri., Sat. and Sunday. Counted cash with Yusef Yusef. Walked about store and part of warehouse. Was approached by Allen Mallory: He provided some background on laundromat proposal and wanted to know if I could find out the status. I later e-mailed Bill Schroeder and spoke with him on the phone about this matter. I later received an e-mail with some questions to provide to Mallory. Prepared a summary of questions.
3/23/2004	N	N/A	Y	Y	Prepared memo to Allen Mallory containing the 5 questions asked by USMS Briskman regarding the laundromat venture. Picked up a copy of the deed to property where subjects reside. Gave memo to Mallory and briefly discussed. He prepared a written response which I will forward to Bill Schroeder and OSM. Received a copy of bill for property taxes relating to property in question. Reconciled Till and recorded all deposits. Approved two checks for the Shopping Center and two for United. The store operations appear normal.



MADISON ASSOCIATES, INC

DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/24/2004	N	N/A	Y	Y	Transferred data to correct Till Recon. Log. Spoke with OSM about handling of data. Having difficulty with my fax machine, in particular sending copy of deed to subject's property.
3/25/2004	N		Y	Y	Till reconciliation off \$601. Approved a check to reimburse Mufeed Hamad's credit card account at the Bank of Nova Scotia for the purchase of security cameras. I asked Mufeed about the charges for verification. He replied that you guys took our American Express card and now they use personal cards to purchase items needed in the store. Obtained a copy of the check register and requested the invoices on 7 checks.
3/26/2004		\$80,000.00	Y	Y	Till recon. Short \$634.54. Spoke with OSM and instructed not ask for explanation unless over \$1,000. Reviewed checks previously issued for verification. Counted cash with Yusef. Walked about store and part of warehouse. Business is brisk.
3/27/2004	N	N/A	Y	Y	Store typically busy for Saturday. No office staff working. Walked about store and back to loading area. Everything normal.

HAMD243466



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/29/2004	Y	95,000	Y	Y	Reconciled Till for Friday, Sat. and Sunday. I noticed that the total sales for Sat. were off Substantially from prior Saturdays. It could be attributed to "an end of month thing" where customers purchase less. Cash count will be reduced by \$15000 in hundred dollar bills to pay for \$5's purchased Friday, then \$100s further reduced to purchase ones. Received PM call from Paul Hoffer regarding four unaccounted for deposits. Went through East and West deposits and found them.
3/30/2004	N	N/A	Y	Y	Reconciled Till; approved check; requested checks for review; walked about store and part of warehouse. Everything appears normal; observed shopping center stores and activity. Received PM call from Paul concerning the monthly reconciliation. Paul explained that he E-mailed his monthly summary which would not balance. I identified the problem; made Corrections and added information and e-mailed to Paul. The problem is with the East store's "Total Deposit". It does not include Lottery/PC deposits and other deposit items which occur with some frequency. An example was a \$35,000 check from Frito Lay. I do capture all deposits on a separate sheet which I e-mail to Paul weekly.
3/31/2004	N	N/A	Y	Y	Reconciled Till; walked about store and part of warehouse. The only management in the store was Yusef Yusef.

ATTACHMENT F



MADISON ASSOCIATES, INC

Daily Log

Plaza Extra - West

St. Croix, U.S. Virgin Islands

DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/1/2004	Y	\$76,026.00	Y	Y	Cash Count with Shawn and walked the store and warehouse, very busy for a weekday, 1st of the month
3/2/2004	N	N/A	Y	Y	Walked store and warehouse and dock. Dock and warehouse very busy. Everything is organized
3/3/2004	N		Y	Y	Walked store and warehouse, dock very busy, store fairly busy
3/4/2004	N		Y	Y	Walked store and warehouse everything in order
3/5/2004	N		Y	Y	Arrived on site with Roger, Charley (new monitor), introduced to management on site and dock supervisor. Also introduced to Veronica. Store in good shape, up stairs warehouse in somewhat disarray.
3/6/2004	N		Y	Y	This Saturday's business was very brisk. I took a walk around and everything appeared to be normal, and there were numerous customers. Mike Yusef wants every check approved because we are creating work for Lisette by asking her to pull random checks which were already made available.



MADISON ASSOCIATES, INC

DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/8/2004	Y	\$ 81,026.00	Y	Y	Store employees stocking shelves. Receiving and warehouse very busy. Approved checks.
3/9/2004	N	N/A	Y	Y	Sean counted cash for me. Pick up Till reconciliations for Friday, Saturday and Sunday. Received and reviewed Till; walked about store and warehouse. Very busy store: employees stocking shelves; receiving very busy. Approved checks; approved wire transfer of \$96,004.93, payable to BJ's Wholesale Club.
3/10/2004	N	N/A	Y	Y	Received and reviewed Till. Walked about store and warehouse.
3/11/2004	N	N/A	Y	Y	Received and reviewed Till. Observed shelves being stocked. Receiving busy.
3/12/2004	Y	\$ 61,025.00	Y	Y	Conducted safe cash count with Sean Hammad (\$61,025.) Reviewed and approved a number of checks. Received and reviewed Till reconciliation. Walked about store and warehouse.
3/13/2004	N	N/A	Y	Y	Everything appeared normal and busy. I could not get into the office. I walked about store and found it to be very busy, including receiving area. Plan to obtain Tills on Monday.
3/15/2004	N	N/A	Y	Y	Reconciled Fri., Sat. and Sunday's Tills. Walked about store and warehouse. Everything normal. Created a workpapershowing deposits to account from Feb. 28th to assist Paul Hoffer.

HAMD243470



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/16/2004	Y	\$84,326.00	Y	Y	No Till today. The employee responsible called in sick. Conducted cash count with Sean Hamad. Walked about store and warehouse. Everything looks busy and normal.
3/17/2004	N	N/A	Y	Y	I spoke with Mike Yusef about WAPA payment and Len Briskman's opinion that it was improper. Prepared e-mail to Bill Schroder, copy to OSM, about Mr. Yusef wanting something in writing. Reconciled Till for Monday and Tuesday. Informed Mike Yusuf that his request for a written opinion was passed on to Mr. Briskman. Reconciled Till and found an error in cash Deposit which was the result of counting Lottery and PC twice. Approved a large stack of checks. Walked about store. Everything OK.
3/18/2004	N	N/A	Y	N	Reconciled Till; conducted cash count; approved check; walked about store and receiving area.
3/19/2004	Y	\$64,326.00	Y	Y	Met with Mike Yusef and discussed "the house". I conveyed that Mr. Briskman wants to see some documentary evidence which shows United as the owner of record. I suggested a copy of the deed or a financial statement. Mr. Yusef told me he would provide a copy of the tax bill.
3/20/2004	N	N/A	Y	Y	No office personnel working today. Store appeared to be very busy, typical for a Saturday.



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/22/2004	Y	\$ 53,326.00	Y	Y	Reconciled Till for Friday, Sat. and Sunday. Counted cash with Sean Hamad. Walked about store. There appears to be enormous amounts of products on the floor for sale. Business appears to be booming. In the morning, I went to the Recorder of Deeds in Christiansted and researched properties owned by United Corp. Found three recordings and identified the "house". Ordered copy. Reconciled Till. Walked about store and warehouse. Everything normal. Installed correct format and transferred data. Conducted Till recon.; approved checks; and walked about store and receiving area. Everything normal. Reconciled Till; walked about store. Business was a little slow. Mike Yusef told me these slow days drive him crazy. He wants to sell heavily all the time; He said it takes volume to make any money. OSM: JUST A REMINDER ABOUT CHECK APPROVAL AT WEST STORE. I'M REVIEWING EVERY CHECK AT MIKE YUSEF'S REQUEST. IT IS NOT A PROBLEM FOR ME. Conducted Till Reconciliation; counted cash with Sean Hamad; walked about store and part of warehouse. Everything appears normal.
3/23/2004	N	N/A	Y	Y	
3/24/2004	N	N/A	Y	Y	
3/25/2004	N	N/A	Y	Y	
3/26/2004	Y	\$ 65,326.00	Y	Y	



DATE	CASH COUNT DONE	AMOUNT OF CASH IN SAFE	STORE REVIEW	WAREHOUSE REVIEW	COMMENTS
3/27/2004	N	N/A	Y	Y	No office staff working. Store busy. A company is working on repairing significant structural cracks in building. Will bring this to the attention of OSM as it appears to be serious and could get worse.
3/28/2004	N	N/A	N	Y	Drove to store with SM Paul Hoffer. Hoffer took digital pictures of the exterior of the building; in particular, the structural cracks and repair areas. Hoffer with download pictures and e-mail to OSM.
3/29/2004	N	N/A	Y	Y	Exterior building repairs are continuing. In the office area on second floor, adjacent to repair area, there are a number of ceiling tiles damaged from water. Reconciled Friday, Saturday and Sunday Tills.
3/30/2004	Y	\$ 54,326.00	Y	Y	Reconciled till; approved wire transfer of funds to BJ's Wholesale Club. Walked about store and receiving area which was extremely busy. The loading dock was full with trailers and products being unloaded. Counted cash with Sean Hamed.
3/31/2004	N	N/A	Y	Y	Reconciled Till; approved checks. Store operations appear normal. Had conference with Mike Yusef relative to the items OSM requested. Will send e-mail with details. Mr. Yusef was quite cooperative and courteous during our discussion. Mr. Yusef agreed to raise safe cash to \$80,000 and not borrow from Tills. He said he will tell Sean to start holding back cash.

ATTACHMENT G

UNITED CORPORATION
 CONSOLIDATED INCOME STATEMENT
 FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2003

Year to Date	Current Month	FOR MANAGEMENT PURPOSES ONLY	
101.05	80,218,546.04	101.05	80,218,546.04
0.72	574,938.92	0.72	574,938.92
0.00	0.00	0.00	0.00
101.78	80,793,484.96	101.78	80,793,484.96
65.18	51,743,564.18	65.18	51,743,564.18
3.44	2,732,566.01	3.44	2,732,566.01
0.48	378,069.81	0.48	378,069.81
0.17	135,640.15	0.17	135,640.15
69.27	54,989,840.15	69.27	54,989,840.15
32.51	25,803,644.81	32.51	25,803,644.81
0.01	4,203.18	0.01	4,203.18
0.08	65,842.50	0.08	65,842.50
0.07	54,360.11	0.07	54,360.11
0.48	382,371.40	0.48	382,371.40
0.32	254,500.02	0.32	254,500.02
0.54	431,037.77	0.54	431,037.77
0.07	51,990.00	0.07	51,990.00
0.08	64,486.36	0.08	64,486.36
0.42	334,508.04	0.42	334,508.04
0.09	69,526.19	0.09	69,526.19
0.04	34,373.34	0.04	34,373.34
0.00	1,525.50	0.00	1,525.50
0.31	243,654.08	0.31	243,654.08
0.19	152,314.15	0.19	152,314.15
0.01	8,499.20	0.01	8,499.20
0.01	9,424.57	0.01	9,424.57
1.14	903,929.52	1.14	903,929.52
0.61	482,808.89	0.61	482,808.89
0.25	199,175.97	0.25	199,175.97
0.05	37,767.00	0.05	37,767.00
0.00	0.00	0.00	0.00
2.20	1,742,676.47	2.20	1,742,676.47
0.08	62,533.76	0.08	62,533.76
0.03	24,747.90	0.03	24,747.90
0.00	1,395.00	0.00	1,395.00
0.21	163,626.77	0.21	163,626.77
0.00	615.76	0.00	615.76
0.00	3,816.04	0.00	3,816.04
0.00	3,212.90	0.00	3,212.90
0.00	118.27	0.00	118.27
0.30	240,535.14	0.30	240,535.14
4.00	3,177,783.40	4.00	3,177,783.40
0.00	0.00	0.00	0.00
8.35	6,629,842.99	8.35	6,629,842.99
0.20	155,853.76	0.20	155,853.76
0.07	54,532.24	0.07	54,532.24
0.00	0.00	0.00	0.00
REVENUES:			
SALE OF MERCHANDISE			
RENTAL INCOME			
INTEREST INCOME			
TOTAL REVENUES			
COST OF REVENUES:			
COST OF GOODS SOLD			
FREIGHT			
EXCISE TAX			
U.S. CUSTOMS			
TOTAL COST OF REVENUE			
GROSS PROFIT			
EXPENSES:			
AUTO EXPENSE			
ACCOUNTING			
HURRICANE INSURANCE			
LIABILITY INSURANCE			
LEGAL			
MAINTENANCE & REPAIR			
TRASH REMOVAL			
OFFICE SUPPLIES			
ADVERTISING & PROMOTION			
TELECHECK			
BANK SERVICE CHARGE			
RETURNED CHECK CHARGE			
CREDIT CARD SERVICE CHARGE			
INTEREST			
LICENSE FEES			
POSTAGE			
DEPRECIATION EXPENSE			
RENTALS			
SECURITY			
TELEPHONE			
BAD DEBT EXPENSE			
ELECTRIC			
GAS & DIESEL			
WATER			
DUES & SUBSCRIPTIONS			
DONATIONS			
PENALTIES			
TRAVEL			
MEALS			
ENTERTAINMENT			
PROPERTY TAXES			
GROSS RECEIPTS TAX			
SALARIES			
WAGES			
CONTRACT LABOR			
VACATION PAY			
BONUS - FATHI YUSUF			

ATTACHMENT H

UNITED CORPORATION
 CONSOLIDATED BALANCE SHEET
 DECEMBER 31, 2003

ASSETS

31,568.78	SCOTIA - TELECHECK EAST
146,987.60	SCOTIA - TELECHECK ST
12,707.11	SCOTIA - TELECHECK WRST
20,271.82	SCOTTABANK - OPERATING ST
37,623.93	BANCO POPULAR - CC ST
72,946.04	BANCO POPULAR - CC EAST
98,409.17	BANCO POPULAR - CC WEST
2,537,748.95	SCOTTABANK - OPERATING STX
20,000.00	PETTY CASH
2,289.67	PETTY CASH
32,000.00	CASH ON HAND - REGISTERS
13,650.00	CASH ON HAND - REGISTERS
126,600.00	CASH ON HAND - SAFE
53,684.25	CASH ON HAND SAFE - ST
451,228.54	DUE FROM STOCKHOLDERS
3,675.93	DUE FROM STOCKHOLDERS
753,291.00	NOTE RECEIVABLE - PLESSEN
26,052.71	NOTE RECEIVABLE - PLESSEN
1,000,000.00	GUARDIAN LIABILITY RESERVE
7,300,000.00	INVESTMENTS - MERRILL LYNCH
6,650,720.47	INVESTMENTS - MERRILL LYNCH
37,500.00	BOND RECEIVABLE - T. COURT
2,532,471.86	A/R INTERCOMPANY - ST. CROIX
6,545,409.05	A/R INTERCOMPANY - ST. THOMAS
185,013.18	A/R INTERCOMPANY - ST. CROIX
29,398.60	A/R EMPLOYEES
75,342.36	A/R - UNITED SHOPPING PLAZA
<9,774,262.67>	INTER-COMPANY ELIMINATION
30,000.00	NOTE RECEIVABLE - P. O'NEILL
774,163.00	NOTE RECEIVABLE - PETER'S FARM
60,000.00	NOTE RECEIVABLE - PETER'S FARM
4,365,988.40	INVENTORY - HAST & WEST
2,187,542.77	INVENTORY - ST. THOMAS
175,000.00	PREPAID HURRICANE INSURANCE
85,500.00	PREPAID LIABILITY INSURANCE
57,000.00	PREPAID LIABILITY INSURANCE
	TOTAL CURRENT ASSETS

26,757,522.52

UNAUDITED - FOR MANAGEMENT PURPOSES ONLY

2

UNITED CORPORATION
 CONSOLIDATED BALANCE SHEET
 DECEMBER 31, 2003

UNAUDITED - FOR MANAGEMENT PURPOSES ONLY

3

	PROPERTY AND EQUIPMENT:
	DEPOSITS - UTILITIES
	20,001.00
	DEPOSITS - UTILITIES
	25,553.32
	LAND - SHOPPING CENTER
	314,664.00
	FURNITURE & FIXTURES
	103,348.81
	100.00
	COMPUTERS & EQUIPMENT
	4,739,573.52
	COMPUTERS & EQUIPMENT
	2,106,364.98
	BUILDING
	1,261,480.30
	BUILDING
	5,600,127.03
	BUILDING
	1,688,558.50
	SECURITY
	164,617.48
16,024,388.94	TOTAL PROPERTY AND EQUIPMENT
<60,099.00>	ACCUMULATED DEPRECIATION - F&F
<100.00>	ACCUMULATED DEPRECIATION - C&E
<4,184,437.07>	ACCUMULATED DEPRECIATION - C&E
<2,052,857.75>	ACCUMULATED DEPRECIATION - BLD
<1,021,789.03>	ACCUMULATED DEPRECIATION - BLD
<780,287.86>	ACCUMULATED DEPRECIATION - BLD
<354,118.76>	ACCUMULATED DEPRECIATION - SEC
<203,601.74>	TOTAL ACCUMULATED DEPRECIATION:
<8,657,291.21>	TOTAL ASSETS
34,124,620.25	\$

UNITED CORPORATION
 CONSOLIDATED BALANCE SHEET
 DECEMBER 31, 2003

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:		
ACCOUNTS PAYABLE - TRADE	1,751,797.63	5
ACCOUNTS PAYABLE - TRADE	1,524,389.21	
SECURITY DEPOSITS - USP	35,782.99	
DUE TO STOCKHOLDERS	12,421.28	
HIGHER EDUCATION WITHHOLDING	532.54	
ACCURED GROSS RECEIPTS TAX	185,071.46	
ACCURED GROSS RECEIPTS TAX	118,201.56	
ACCURED GROSS RECEIPTS TAX	2,583.97	
ACCURED WAGES	30,950.00	
ACCURED WAGES	19,820.00	
ACCURED V.L. WITHHOLDING TAX	24,620.11	
ACCURED FICA / MEDICARE TAX	14,902.20	
ACCURED FUTA TAX	4,042.27	
ACCURED FUTA TAX	2,122.85	
A/P INTERCOMPANY - ST. CROIX	7,045,409.05	
A/P INTERCOMPANY - ST. THOMAS	2,532,471.86	
A/P INTERCOMPANY - TENANT	196,381.86	
INTER-COMPANY ELIMINATION	<9,774,262.67>	
ACCURED INTEREST - I. YOUSEF	30,778.87	
ACCURED CHILD CARE	80,988.01	
ACCURED CHILD CARE	513.08	
TOTAL CURRENT LIABILITIES:		3,839,518.13
LONG-TERM LIABILITIES:		
NOTE PAYABLE - MARGIN ML	3,638,299.00	
NOTE PAYABLE - I. YOUSEF	167,500.00	
NOTE PAYABLE - I. YOUSEF	300,000.00	
NOTE PAYABLE - M. HAMED	113,975.00	
TOTAL LONG-TERM LIABILITIES		4,219,774.00
CAPITAL:		
COMMON STOCK	200,000.00	
ADDITIONAL PAID IN CAPITAL	5,840,737.36	
PAID IN CAPITAL	124,808.90	
SHAREHOLDERS' DISTRIBUTIONS	<507,189.00>	
SHAREHOLDERS' DISTRIBUTIONS	<3,293,707.99>	
SHAREHOLDERS' DISTRIBUTIONS	<418,462.90>	
DIST S CORP PREV. TAX INCOME	<1,094,735.00>	
DIST S CORP PREV. TAX INCOME	<886,815.00>	
TREASURY STOCK	<400,000.00>	
RETAINED EARNINGS	17,306,291.45	
RETAINED EARNINGS	349,206.49	
RETAINED EARNINGS	<624,334.17>	
RETAINED EARNINGS	1,215,365.00	
NET INCOME	9,633,335.58	
TOTAL CAPITAL		26,544,500.72
TOTAL LIABILITIES & CAPITAL		34,603,792.85

UNAUDITED - FOR MANAGEMENT PURPOSES ONLY

4

ATTACHMENT I

6

Income Statement
 Plaza Extra Supermarket - STX
 For the Twelve Months Ending December 31, 2003

Year to Date	Current Month	Year to Date	Current Month
40.41	40.41	19,712,036.16	19,712,036.16
30.87	30.87	15,060,447.48	15,060,447.48
0.05	0.05	25,587.17	25,587.17
1.17	1.17	570,662.77	570,662.77
30.52	30.52	14,889,412.65	14,889,412.65
<3.11>	<3.11>	<1,516,051.49>	<1,516,051.49>
0.09	0.09	41,638.61	41,638.61
48,783,733.35	48,783,733.35	48,783,733.35	48,783,733.35
66.33	66.33	32,356,643.00	32,356,643.00
3.41	3.41	1,663,438.97	1,663,438.97
0.55	0.55	266,744.10	266,744.10
0.20	0.20	96,669.18	96,669.18
<0.48>	<0.48>	<231,887.15>	<231,887.15>
70.01	70.01	34,151,608.10	34,151,608.10
14,632,125.25	14,632,125.25	14,632,125.25	14,632,125.25
29.99	29.99	14,632,125.25	14,632,125.25
0.00	0.00	2,266.93	2,266.93
0.09	0.09	42,405.00	42,405.00
0.12	0.12	60,000.00	60,000.00
0.00	0.00	<1,296.74>	<1,296.74>
0.43	0.43	211,569.10	211,569.10
0.13	0.13	63,609.61	63,609.61
0.00	0.00	2,000.00	2,000.00
0.49	0.49	238,966.98	238,966.98
0.07	0.07	33,360.00	33,360.00
0.09	0.09	45,939.58	45,939.58
0.44	0.44	215,678.43	215,678.43
0.10	0.10	49,989.10	49,989.10
0.01	0.01	7,049.01	7,049.01
0.00	0.00	918.00	918.00
0.26	0.26	125,242.50	125,242.50
0.07	0.07	35,916.02	35,916.02
0.01	0.01	5,684.20	5,684.20
0.01	0.01	6,417.51	6,417.51
0.02	0.02	9,616.00	9,616.00
1.22	1.22	597,593.04	597,593.04
0.09	0.09	45,467.68	45,467.68
0.35	0.35	170,607.08	170,607.08
0.00	0.00	500.00	500.00
0.01	0.01	4,000.00	4,000.00
0.32	0.32	157,993.11	157,993.11
0.05	0.05	25,097.31	25,097.31
2.52	2.52	1,227,547.44	1,227,547.44
0.08	0.08	37,535.33	37,535.33
0.08	0.08	41,175.50	41,175.50
0.00	0.00	400.00	400.00
0.00	0.00	1,636.04	1,636.04
0.01	0.01	3,006.10	3,006.10
0.26	0.26	128,525.86	128,525.86
4.02	4.02	1,958,675.82	1,958,675.82
1.11	1.11	541,527.85	541,527.85

Revenues
 Sales - Cash
 Sales - Checks
 Sales - Food Stamps
 Sales - WIC
 Sales - Credit Cards
 Sales - Pharmacy (Less)
 Lotto Commission
 Total Revenues
 Cost of Sales
 Cost of Goods Sold
 Freight
 Excise Tax
 U.S. Customs Tax
 Freight Rebate
 Total Cost of Sales
 Gross Profit
 Expenses
 Auto Expense
 Accounting
 Physical Inventory Expense
 Hurricane Insurance
 Liability Insurance
 Legal
 Management Fees
 Maintenance & Repair
 Trash Removal
 Office Supplies
 Advertising & Promotion
 Telecheck Service Charge
 Bank Service Charge
 Returned Check Charge
 Visa / MC Service Charge
 Amex Service Charge
 Licenses
 Postage
 Depreciation Expense - R & F
 Depreciation Expense - C & E
 Depreciation Expense - Sec.
 Depreciation Expense - Build
 Rent - Office
 Rent - Employees
 Security
 Telephone
 Electric
 Gas & Diesel
 Donations
 Penalties
 Travel
 Meals
 Property Taxes
 Gross Receipts Tax
 Wages Expense - Cashier

For Management Purposes Only

Plaza Extra Supermarket - STX

Income Statement

For the Twelve Months Ending December 31, 2003

	Current Month	Year to Date
Wages Expense - Bagger	297,416.59	297,416.59
Wages Expense - Service Desk	169,084.89	169,084.89
Wages Expense - Supervisor	864,404.48	864,404.48
Wages Expense - Grocery	492,316.97	492,316.97
Wages Expense - Warehouse	188,557.59	188,557.59
Wages Expense - Produce	262,670.61	262,670.61
Wages Expense - Meat	313,611.86	313,611.86
Wages Expense - Janitor	72,615.78	72,615.78
Wages Expense - Dairy	138,168.64	138,168.64
Wages Expense - Security	152,346.98	152,346.98
Wages Expense - Office	134,509.74	134,509.74
Wages Expense - Deli	355,850.39	355,850.39
Contract Labor	37,510.62	37,510.62
Management Bonuses	73,300.00	73,300.00
Vacation Pay	54,532.24	54,532.24
FICA / Medicare Tax	275,928.76	275,928.76
Employee Health Insurance	42,060.74	42,060.74
Workers' Compensation	30,995.86	30,995.86
FUTA Tax	13,540.83	13,540.83
Total Expenses	10,066,042.96	10,066,042.96
Net Income	\$ 4,566,082.29	\$ 4,566,082.29

For Management Purposes Only

Plaza Extra Supermarket - SIX
 Balance Sheet
 December 31, 2003

ASSETS

5	31,568.78	Scotiabank - TeleCheck East
	12,707.11	Scotiabank - TeleCheck West
	72,946.04	Banco Popular - CC East
	98,409.17	Banco Popular - CC West
	2,537,748.95	Scotiabank - Operating SIX
	20,000.00	Petty Cash
	32,000.00	Cash on Hand - Registers
	126,600.00	Cash on Hand - Safe
	451,228.54	Due from Stockholders
	753,291.00	Note Receivable - Plessen
	7,300,000.00	Investments - Merrill Lynch
	37,500.00	Bond Receivable - T. Court
	6,545,409.05	A/R Intercompany - St. Thomas
	30,000.00	Note Receivable - P. O'Neill
	774,163.00	Note Receivable - Peter's Farm
	4,365,988.40	Inventory - East & West
	85,500.00	Prepaid Liability Insurance
	<u>23,275,060.04</u>	

Total Current Assets

	20,001.00	Property and Equipment
	103,348.81	Deposits - Utilities
	4,739,573.52	Furniture & Fixtures
	5,600,127.03	Computers & Equipment
	164,617.48	Building
	<60,099.00>	Security
	<4,184,437.07>	Accumulated Depreciation - F&F
	<780,287.86>	Accumulated Depreciation - C&E
	<203,601.74>	Accumulated Depreciation - Bid
		Accumulated Depreciation - Sec
	<u>5,399,242.17</u>	

Total Property and Equipment

	0.00	Other Assets
	<u>28,674,302.21</u>	Total Assets

LIABILITIES AND CAPITAL

5	1,751,797.63	Accounts Payable - Trade
	185,071.46	Accrued Gross Receipts Tax
	30,950.00	Accrued Wages
	14,902.20	Accrued FICA / Medicare Tax
	4,042.27	Accrued FUTA Tax
	2,532,471.86	A/P Intercompany - St. Thomas
	196,381.86	A/P Intercompany - Tonant
	30,778.87	Accrued Interest - L. Yousel
	513.08	Accrued Child Care
	<u>4,746,909.23</u>	Total Current Liabilities

Total Current Liabilities

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	167,500.00
<hr/>	
Total Long-Term Liabilities	167,500.00
<hr/>	
Total Liabilities	4,914,409.23
<hr/>	
Capital	8,454,102.14
<hr/>	
Total Liabilities & Capital	13,368,511.37
	S

200,000.00
5,840,737.36
<507,189.00>
<1,994,735.00>
349,206.49
4,566,082.29

Note Payable - L. Yousef
Total Long-Term Liabilities
Total Liabilities
Capital
Common Stock
Additional Paid in Capital
Shareholders' Distributions
Dist S Corp Prev. Tax Income
Retained Earnings
Net Income
Total Liabilities & Capital

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ATTACHMENT J

Plaza Extra Supermarket - STT

Income Statement
For the Twelve Months Ending December 31, 2003

Year to Date

Current Month

Revenues	Current Month	Year to Date
Sales - Cash	17,458,968.59	17,458,968.59
Sales - Checks	4,421,600.91	4,421,600.91
Sales - Food Stamps	2,152.00	2,152.00
Sales - WIC	889,112.26	889,112.26
Sales - Credit Cards	7,188,566.05	7,188,566.05
Lotto Commission	50,079.37	50,079.37
Western Union Commission	12,659.61	12,659.61
Dividend Income	62,756.75	62,756.75
Total Revenues	30,085,895.54	30,085,895.54
Cost of Sales	19,386,921.18	19,386,921.18
Cost of Goods Sold	1,066,344.98	1,066,344.98
Freight	3.54	3.54
Excise Tax	111,325.71	111,325.71
U.S. Customs Tax	38,970.97	38,970.97
Customs Broker	20,533.95	20,533.95
Freight Rebate	<135,108.13>	<135,108.13>
Prior Yrs COGS	<248,262.80>	<248,262.80>
Total Cost of Sales	20,240,725.86	20,240,725.86
Gross Profit	9,845,169.68	9,845,169.68
Expenses	1,936.25	1,936.25
Auto Expense	23,305.00	23,305.00
Accounting	40,000.00	40,000.00
Physical Inventory Expense	55,656.85	55,656.85
Hurricane Insurance	166,248.65	166,248.65
Liability Insurance	198,557.24	198,557.24
Legal	133,753.55	133,753.55
Maintenance & Repair	18,320.00	18,320.00
Trash Removal	18,546.78	18,546.78
Office Supplies	118,829.61	118,829.61
Advertising & Promotion	19,537.09	19,537.09
Telephone Service Charge	27,123.60	27,123.60
Bank Service Charge	607.50	607.50
Returned Check Charge	57,523.95	57,523.95
Visa / MC Service Charge	24,971.61	24,971.61
Amer Service Charge	132,314.13	132,314.13
Interest - Margin ML	2,815.00	2,815.00
Licenses	3,007.06	3,007.06
Postage	43,043.36	43,043.36
Depreciation Expense - Bld	456,708.89	456,708.89
Rent - Tutu Park Mall	21,600.00	21,600.00
Rent - Employees	41,182.86	41,182.86
Security	10,266.72	10,266.72
Telephone	491,048.59	491,048.59
Electric	24,563.65	24,563.65
Gas & Diesel	24,747.90	24,747.90
Water	1,395.00	1,395.00
Dues & Subscriptions	122,451.27	122,451.27
Donations	215.76	215.76
Penalty	2,180.00	2,180.00
Travel	206.80	206.80
Meals	1,196,177.74	1,196,177.74
Gross Receipts Tax	3.98	3.98

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Plaza Extra Supermarket - STT
 Income Statement
 For the Twelve Months Ending December 31, 2003

Year to Date	Current Month	Year to Date	Current Month
352,837.75	352,837.75	1.17	1.17
245,158.36	245,158.36	0.81	0.81
34,340.28	34,340.28	0.11	0.11
440,859.60	440,859.60	1.47	1.47
397,632.53	397,632.53	1.32	1.32
126,015.53	126,015.53	0.42	0.42
3,193.18	3,193.18	0.01	0.01
226,722.87	226,722.87	0.75	0.75
219,234.50	219,234.50	0.73	0.73
38,283.89	38,283.89	0.13	0.13
83,448.38	83,448.38	0.28	0.28
53,477.00	53,477.00	0.18	0.18
24,953.31	24,953.31	0.08	0.08
253,660.65	253,660.65	0.84	0.84
146,942.79	146,942.79	0.49	0.49
90,385.44	90,385.44	0.30	0.30
187,401.17	187,401.17	0.62	0.62
37,419.43	37,419.43	0.12	0.12
22,019.95	22,019.95	0.07	0.07
14,616.06	14,616.06	0.05	0.05
44,159.14	44,159.14	0.15	0.15
<1,545,090.00>	<1,545,090.00>	<5.14>	<5.14>
4,996,514.24	4,996,514.24	16.61	16.61
4,848,655.44	4,848,655.44	16.12	16.12
4,848,655.44	4,848,655.44	16.12	16.12

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ASSETS

<p>Current Assets</p> <p>Cash STT Lottery 236,234.07</p> <p>Cash Western Union-BOP-STT 127,241.78</p> <p>Scotia - T&C STT 146,987.60</p> <p>ScotiaBank - Operating STT 20,271.82</p> <p>Banco Popular - CC STT 37,623.93</p> <p>Fifty Cash 2,289.67</p> <p>Cash on Hand - Registers 13,650.00</p> <p>Cash on Hand Safe - STT 53,684.25</p> <p>Due from Stockholders 3,675.93</p> <p>Note Receivable - Plescen 26,052.71</p> <p>Guardian Liability Reserve 1,000,000.00</p> <p>Investments - Merrill Lynch 6,650,720.47</p> <p>A/R Intercompany - St. Croix 2,532,471.86</p> <p>A/R Employees 29,398.60</p> <p>Inventory - St. Thomas 2,187,542.77</p> <p>Prepaid Hurricane Insurance 175,000.00</p> <p>Prepaid Liability Insurance 57,000.00</p> <p>Total Current Assets 13,299,845.46</p>	<p>Property and Equipment 25,553.32</p> <p>Computers & Equipment 2,106,364.98</p> <p>Building 1,688,558.50</p> <p>Accumulated Depreciation - C&B <2,052,857.75></p> <p>Accumulated Depreciation - Bid <354,118.76></p> <p>Total Property and Equipment 1,413,500.29</p> <p>Other Assets</p> <p>Total Other Assets 0.00</p> <p>Total Assets 14,713,345.75</p>
<p>LIABILITIES AND CAPITAL</p>	
<p>Current Liabilities</p> <p>Accounts Payable - Trade 1,524,389.21</p> <p>Due to Stockholders 12,421.28</p> <p>Higher Education Withholding 532.54</p> <p>Accrued Gross Receipts Tax 118,201.56</p> <p>Accrued Wages 19,820.00</p> <p>Accrued V.I. Withholding Tax 24,620.11</p> <p>Accrued FUTA Tax 2,122.85</p> <p>A/R Intercompany - St. Croix 7,045,409.05</p> <p>Accrued Interest - L. Yousef 80,988.01</p> <p>Note Payable - Margin M.I. 3,638,299.00</p> <p>Total Current Liabilities 12,466,803.61</p> <p>Long-Term Liabilities</p> <p>Note Payable - L. Yousef 300,000.00</p> <p>Note Payable - M. Hammed 113,975.00</p>	<p>Total Liabilities 12,866,778.61</p> <p>Capital</p> <p>Total Capital 14,713,345.75</p>

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Plaza Extra Supermarket - STT
Balance Sheet
December 31, 2003

	413,975.00
<hr/>	
	12,880,778.61
<hr/>	
	<231,392.82>
<hr/>	
	12,649,385.79
	S

Capital
 Paid in Capital:
 Shareholders' Distributions
 Dist S Corp Prev. Tax Income
 Treasury Stock
 Retained Earnings
 Net Income

Total Long-Term Liabilities
 Total Liabilities
 Total Liabilities & Capital

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ATTACHMENT K

United Corporation - Tenant

Income Statement

For the Twelve Months Ending December 31, 2003

	Current Month		Year to Date	
Revenues	512,182.17	100.00	512,182.17	100.00
Total Revenues	512,182.17	100.00	512,182.17	100.00
Cost of Sales	2,782.06	0.54	2,782.06	0.54
Frighit	3,535.00	0.69	3,535.00	0.69
U. S. Customs Tax	6,317.06	1.23	6,317.06	1.23
Total Cost of Sales	505,865.11	98.77	505,865.11	98.77
Gross Profit	132.50	0.03	132.50	0.03
Expenses	4,553.65	0.89	4,553.65	0.89
Liability Insurance	3,885.33	0.76	3,885.33	0.76
Legal	310.00	0.06	310.00	0.06
Management Fees	199.73	0.04	199.73	0.04
Trash Removal	37,596.36	7.34	37,596.36	7.34
Bank Service Charge	2,402.97	0.47	2,402.97	0.47
Depreciation Expense - F&F	24,080.44	4.70	24,080.44	4.70
Depreciation Expense - Bldg.	434.78	0.08	434.78	0.08
Telephone	118.27	0.02	118.27	0.02
Electric	112,009.28	21.87	112,009.28	21.87
Gas & Diesel	22,929.84	4.48	22,929.84	4.48
Entertainment	27,957.70	5.46	27,957.70	5.46
Property Tax	287,267.26	56.09	287,267.26	56.09
Contract Labor	218,597.85	42.68	218,597.85	42.68
Total Expenses	218,597.85	42.68	218,597.85	42.68
Net Income	287,267.26	56.09	287,267.26	56.09

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United Corporation - Tenant
Balance Sheet
December 31, 2003

ASSETS

Current Assets		
Scotiabank - Tenant	\$	115,696.75
A/R Intercountry - St. Croix		185,013.18
A/R - United Shopping Plaza		75,342.36
Note Receivable - Peter's Farm		<u>60,000.00</u>
Total Current Assets		436,052.29
Property and Equipment		
Land - Shopping Center		314,664.00
Furniture & Fixtures		100.00
Building		1,261,480.30
Accumulated Depreciation - F&F		<100.00>
Accumulated Depreciation - Bld		<u><1,021,789.03></u>
Total Property and Equipment		554,355.27
Other Assets		
Total Other Assets		<u>0.00</u>
Total Assets	\$	<u>990,407.56</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Security Deposits - USP	\$	35,782.99
Accrued Gross Receipts Tax		<u>2,583.97</u>
Total Current Liabilities		38,366.96
Long-Term Liabilities		
Total Long-Term Liabilities		<u>0.00</u>
Total Liabilities		38,366.96
Capital		
Shareholders' Distributions		<418,462.90>
Retained Earnings		1,215,365.00
Net Income		<u>218,597.85</u>
Total Capital		<u>1,015,499.95</u>
Total Liabilities & Capital	\$	<u>1,053,866.91</u>

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MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE™

Monthly Monitoring Report

**Business Monitoring Services
United Corporation**

Virgin Islands

**For the Reporting Period
April 1, 2004 - April 30, 2004**

**Contract No: GS-10F-0080J
Order No: DJMS-04-AFO-P-0013
May 2004**



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**MONTHLY MONITORING REPORT
BUSINESS MONITORING SERVICES
UNITED CORPORATION
VIRGIN ISLANDS
FOR THE REPORTING PERIOD
APRIL 1, 2004 – APRIL 30, 2004**

1.0 ACTIVITIES COMPLETED DURING MONTH

The Sections that follow highlight the activities completed during the reporting period.

1.1 ROTATION OF ON-SITE MONITORS

The first team of Monitors completed their second rotation this month. One of the second team Monitors did not return as a Monitor. Consequently, a new Monitor, Keith Rogers, was selected and reported to St Thomas on April 28, 2004 to begin monitoring duties for the month of May. The resume for Keith Rogers is included in Attachment A: Resumes

**1.2 SUBMISSION OF INFORMATION REGARDING ON-SITE
ACTIVITIES TO USMS COTR**

On April 1, 2004, the COTR was provided a four-page memorandum from the MAI Project Manager containing statements and comments made to Monitors during their interaction with the principals of United Corporation in connection with carrying out their monitoring functions. On the same day, the COTR was also provided with fourteen pages of logs prepared by the Monitors during the month of March.

**1.3 MEETING WITH USMS COTR TO FINALIZE CHANGES TO
THE SCOPE OF WORK**

On April 7, 2004, the COTR met with the MAI and MAXIMUS, Inc. Project Managers to discuss amendments to the Scope of Work necessitated by the changing circumstances surrounding the operation of United Corporation. A revised Scope of Work was submitted to the COTR following that meeting.

1.4 ISSUANCE OF CHECK TO SETTLE DISCRIMINATION SUIT

On April 13, 2004, the COTR was advised of the issuance of a \$45,000 check payable to a Virgin Islands attorney. The check represented the pre-trial settlement of a suit filed against United Corporation by a former employee alleging race and gender discrimination contrary to the provisions of Title VII of the Civil Rights Act of 1964. The suit was filed by the local attorney on behalf of her client in the U.S. District Court of the Virgin Islands. The COTR requested verification of the suit. This was accomplished, and the COTR advised that the check be approved.

**1.5 ISSUANCE OF PAYMENT TO SOUTH CAROLINA
ATTORNEY**

On April 14, 2004, the COTR was advised that a check in the amount of



\$200,000 was issued by United Corporation payable to an attorney in South Carolina. The COTR was aware of the terms of the agreement made by the government to allow payment of certain legal expenses from the funds of United Corporation and approved the issuance of the check.

1.6 OPENING OF LAUNDROMAT BY UNITED CORPORATION

On April, 14, 2004, the COTR and the MAI Project Manager discussed the status of an ongoing issue regarding the desire of United Corporation management to develop a laundromat in the shopping center owned by United Corporation on St. Croix. The proposed laundromat business would be in the space vacated after the first of the year by a former tenant of the shopping center. The COTR requested the Monitors to act as conduits for information between him and United Corporation management.

1.7 ISSUANCE OF CHECKS BY WALLY HAMED FOR ANTICIPATED TAX LIABILITIES WITHOUT APPROPRIATE MONITOR APPROVAL

On April 15, 2004, the COTR was informed that on this date Wally Hamed, a United Corporation manager, had issued six checks in the amount of \$2,589,595 without the appropriate Monitor's approval. The checks were in payment of anticipated tax liabilities. See discussion under section 4.0, Activity No. 11.

1.8 PROVISION OF JANUARY MONTHLY FINANCIAL STATEMENT TO COTR

On April 15, 2004, the COTR was provided copies of the January monthly financial statements of United Corporation obtained the same day from corporate management.

1.9 REQUEST TO FUND LAUNDROMAT FROM UNITED CORPORATION

On April 16, 2004, the MAI Project Manager provided the COTR with a memorandum containing information a Monitor had obtained from Alan Mallory and Mike Yusuf regarding the proposed funding of a Laundromat in the shopping center on St. Croix with funds from United Corporation. This information was in response to the COTR's questions concerning the proposal. On the same date, the COTR provided a memorandum to the MAI Project Manager identifying his conditions to approving of the use of United Corporation funds for the proposal. The memorandum was provided to enable the Monitors to provide copies of the document to United Corporation management. On April 20, 2004, the COTR was provided with a response to the COTR's conditions prepared by Mike Yusuf. For further discussion of this issue, see section 3.3, below.

1.10 FORWARDING OF MERRILL LYNCH PORTFOLIO SUMMARY TO COTR

On April 20, 2004, the COTR was provided a ten-page copy of United Corporation's Merrill Lynch investment Portfolio Summary Review for the time period February 28, 2004 through March 31, 2004.



1.11 RECEIPT OF REBATES FROM UNITED CORPORATION VENDOR

On April 22, 2004, the COTR was advised of information relating to the receipt of substantial rebate checks that had been received by United Corporation from its largest vendors. The rebates received were from the parent company (Birdsall) of Tropical, one of United Corporation's largest vendors and amounted to \$316,017.24.

1.12 PROVISION OF INFORMATION TO COTR REGARDING CHECKS WRITTEN BY UNITED CORPORATION

On April 28, 2004, the COTR requested information about a check that had been issued on December 30, 2003. A Monitor obtained a copy of the check and the COTR was advised of the name of the person to whom the check was issued, verified the amount of the check, and identified endorsement information as well as notations listed on the check. The COTR also was advised of the circumstances surrounding the issuance of a check on March 11, 2004 to a United Corporation manager as reimbursement for the use of personal funds for the purchase of goods and services for United Corporation.

1.13 OFF-SITE MANGER VISIT TO VI TO PROVIDE TRANSITION FOR NEW MONITOR

Roger Edwards, the Off-Site Monitor, visited St Thomas and St Croix on April 29 and 30, 2004 to assist in the transition to a new Monitor, Keith Rogers, on St. Thomas, as well as to perform an OSM visitation and review of monitoring activities.

1.14 VISIT TO THE VI BY COTR AND PROJECT MANAGERS TO REVIEW MONITORING ACTIVITIES

On May 3, 2004, the MAXIMUS and MAI Project Mangers traveled to the U.S. Virgin Islands with the COTR. During the trip to the islands, among others, discussions were held with United Corporation regarding pending issues (See Section 3.0.) In addition, final amendments to the Scope of Work to be performed under the contract between the U.S. Marshals Service and MAXIMUS, Inc. were agreed to as were most changes to the Business Monitoring Plan.



2.0 ACTIVITIES PLANNED FOR NEXT MONTH

The Sections that follow highlight the activities that are planned for the next reporting period.

2.1 CONTINUING ROTATION OF MONITORS

The second team of Monitors will complete their current rotation on June 1st. The first team is scheduled to return for their third rotation on that day as well. The next OSM visitation and review of operations is tentatively scheduled for mid summer.

2.2 FINALIZATION OF REVISED SCOPE OF WORK AND BUSINESS MONITORING PLAN

The revisions to the Scope of Work to be done under the contract with the U.S. Marshals Service will be completed, as will the amendments to the Business Monitoring Plan.



3.0 ISSUES NEEDING RESOLUTION BY COTR

The Sections that follow highlight the issues requiring further or resolution by the USMS COTR.

3.1 POTENTIAL LOSS OF UNITED CORPORATION'S COMPTROLLER

The Comptroller of United Corporation is taking extended leave starting the end of May and may be back only on a part-time basis. United Corporation senior management has indicated that the work will require more than one can do on a part-time basis. United Corporation management is training one of the current office assistants to assume some of the Comptroller's duties, however to date it does not appear that these efforts have been overly successful.

Much of the financial information used in the review and analysis conducted under the Business Monitoring Plan of United Corporation is obtained from the Comptroller and through his work with the accounting software system used by United. With his leaving, the information is not likely to be made available in a timely manner. Without an adequate substitute, the completeness, and therefore the accuracy, of the information obtained may be open to question, affecting the analysis conducted under the Business Plan.

3.2 WESTERN UNION SERVICES AVAILABLE AT ST. CROIX WEST

The St. Croix West store began offering Western Union services on April 27, 2004. A new bank account was opened at Banco Popular to handle the transactions at that market. The COTR requested the bank to provide electronic access to that account in a manner similar to the access granted to the other accounts of United Corporation.

3.3 PROPOSED LAUNDROMAT AT THE ST. CROIX SHOPPING CENTER

A tenant operating a laundromat at the shopping center on St. Croix went out of business in February. Store management surfaced a proposal for use of the space earlier this year. The proposal is to be a joint venture of Mike Yusuf and Alan Mallory, the manager of the shopping center on St. Croix. Mr. Mallory is to be the hands-on manager and Mr. Yusuf would review and approve all purchases, any improvements that might be made, and procedures used in running the Laundromat. Their proposal is based upon: (i) the use of United Corporation funds (originally estimated to be \$73,000 and now \$125,000); (ii) the forming of a new corporation to operate the laundromat; (iii) the use of water owned by United Corporation at no cost to the newly formed entity; (iv) the payment of Mr. Mallory based upon the income obtained from operations, and; (v) establishing a leasing agreement between the new entity and United Corporation to help create the appearance, for the purpose of reducing exposure to liability claims by customers of the laundromat, that United Corporation is not directly involved with the laundromat.

Over the past two months the terms of this proposal appear to have evolved as a result of negotiations between store management and the USMS. The issues presented by this proposal include business related questions regarding the fiscal



soundness of this new business undertaking to be financed with funds from United Corporation as well judgments regarding the scope of the monitoring order issued by the district court over the assets of United Corporation. In addition, there will be an increase in monitoring functions and responsibilities should the undertaking be financed with restrained assets.

3.4 PAYMENT OF SHAREHOLDER TAX LIABILITY WITH UNITED CORPORATION FUNDS

During the month store management presented the St. Thomas Monitor with six checks for approval made payable to the Virgin Islands Internal Revenue Service in the aggregate amount of \$2,589,595. Store management informed that these checks represented payment of the anticipated 2003 personal income tax liabilities of six stockholders of United Corporation. The checks were to accompany Forms 4868 (Application for Automatic Extension of Time to File US Individual Income Tax Returns) for these shareholders. The USMS approved the issuance of these checks. The check numbers, dates, beneficiaries and amounts are listed below in Table No. 1.

TABLE NO. 1
Checks Written to VI Internal Revenue Service

DATE	CHECK NO.	AMOUNT	BENEFICIARY
4/15/04	24791	\$1,499,054	Fathi & Fawzia Yusuf
4/15/04	24784	\$220,925	Najeh & Mervat Yusuf
4/15/04	24785	\$200,071	Syaid Yusuf
4/15/04	24786	\$200,072	Zayed Yusuf
4/15/04	24787	\$219,946	Maher & Najat Yusuf
4/15/04	24788	\$249,527	Yusuf & Alla Yusuf
Total		\$2,589,595	

3.5 REPAIRS CONTINUE TO ST. CROIX MARKET

Repairs continued on a sporadic basis this month on cracks that have appeared in the exterior walls of the newest Plaza Extra store, STX-West. Store management continues to insist that the cracks are primarily cosmetic in nature and that the basic structure is in no way threatened. Monitors will continue to observe and report on the progress of these repairs.

3.6 INCREASED SECURITY RISKS

The Monitor on St. Croix advised of an increase in violent crime on the island during the month of April. He sited two murders during the first week of April, a murder during an armed robbery of a restaurant during the second week of April and security alerts for condominium owners regarding burglaries. Monitors are taking appropriate precautions and using their prior experiences in federal law enforcement in evaluating safety risks associated with their daily monitoring functions.



4.0 IMPLEMENTATION OF MONITORING PLAN

The information presented below is a consolidated report of Monitoring activity conducted by the On-Site Monitors. Monitors engaged in the activity in accordance with the Business Monitoring Plan approved by the USMS. The information is organized to correspond to the specific numbered Monitoring activities outlined in the Plan.

ACTIVITY NO 1 – REVIEW AND RECONCILIATION OF INCOME AND DEPOSITS

For each day during the month of April the Point of Sale (POS) summary, till reconciliation, deposit slips, phone and lottery reconciliations, and the Western Union (St. Thomas) reconciliation were reviewed by the St. Thomas assigned to each store. In total, till reconciliations balanced in a satisfactory manner with reported deposits and the POS summary. Any significant deviations were reconciled with store management on a daily basis. In summary, the data collected and reconciled by the site Monitors is presented below.

**TABLE NO. 2
POS Summary and Till Reconciliation**

ITEM	STT	STX-EAST	STX-WEST	TOTALS
Total Sales	\$2,456,869	\$2,015,618	\$2,048,295	\$6,520,782
Over/(Short)	(\$674.67)	\$688.15	(\$94.49)	(\$81.01)

The "Total Sales" figures represented in Table No. 2 are the sales figures as reported by the stores' networked cash registers according to the computer program reporting system used by United Corporation. The "Over/(Short)" figures represent the total net amount of discrepancy between reported sales and the amounts collected in the registers' tills for the month. The combined shortage amount for all stores is \$81.01 which is well within store management's acceptable range and is comprised mostly of the sum of errors made at the register and unofficial "loans" taken out of the till by cashiers. Cashiers are personally responsible for till shortages, which are deducted from their checks weekly.



TABLE NO. 3
Detailed Till Reports

ITEM	STT	STX-EAST	STX-WEST	TOTALS
Cash	\$1,348,992	\$652,986	\$737,310	\$2,739,288
Checks	356,534	460,223	467,705	1,284,462
WIC	91,231	33,419	-0-	124,650
Telecheck	96,844	137,756	127,975	362,575
FS/EBT	131,441	154,127	266,957	552,525
Debit Cards	230,959	245,431	206,652	683,042
Credit Cards	276,383	306,041	224,998	807,422
Totals	\$2,532,384	\$1,989,983	\$2,031,597	\$6,553,964

The figures in Table No. 3 represent monthly totals taken directly from the till reconciliation sheets prepared and reconciled by store personnel to the daily collections of register tills and reports from the POS system. These figures have not been reconciled with reports from the store's Peachtree accounting software program as those reports are generally weeks behind the actual data. The STX-West store is not authorized by the Virgin Islands Government to process Women, Infants and Children (WIC) assistance payments; therefore there are no sales of this kind in this store.

TABLE NO. 4
Detailed Deposit Reports

ITEM	STT	STX-EAST	STX-WEST	TOTALS
Cash	\$1,348,603	\$635,078	\$740,714	\$2,724,395
Checks	382,336	460,223	467,705	1,310,264
Lottery and Phone Cards	33,466	24,640	22,313	80,383
Undepositables	3,052	18,221	15,203	36,476

The figures in Table No. 4 represent monthly totals taken directly from the deposit slips and reconciliations prepared by store personnel daily. Undepositables are items which are counted as receipts in the till reconciliations for the purposes of balancing the registers, but are not deposited into the store's bank account. Examples of undepositable items include redeemed gift certificates, in-store credits for exchanged merchandise and direct payments from the register to local suppliers of fresh fish and produce. Store Monitors inspected documentation for these items when they exceeded \$1,000 in any store for a given day.



ACTIVITY NO. 2 – COMPARISON OF ELECTRONIC DATA WITH PAPER COPIES

This Monitoring activity was not conducted during the month, as independent electronic access to the POS summary data was not available.

ACTIVITY NO. 3 - REVIEW AND RECONCILIATION OF WESTERN UNION DATA

A Western Union Daily spread sheet was compiled from the Western Union daily printouts. Store reported deposits to the Western Union account were monitored daily and verified with bank records received directly from Banco Popular. No discrepancies were noted. There were no withdrawals from this account except those amounts withdrawn electronically by Western Union. The balance in the account as of April 30, 2004 was \$66,079.81. Daily Western Union activity is detailed below. It should be noted that deposits are not made daily. The difference between total Western Union sales proceeds from transfers and money orders and the total of deposits for the month is due to deposit timing differences. Data for the last two days of the month were not available to the Monitors before their departure on May 1, 2004. The last two days of April will be included in next month's reconciliation.



TABLE No. 5
Wire Transfers and Money Orders

Date	Wires	Money O.	Money O.	Totals	Deposits
4/1/2004	6,253.00	1,507.44	1,507.44	7,760.44	0.00
4/2/2004	15,373.14	806.21	806.21	16,179.35	48,096.82
4/3/2004	14,123.19	5,694.46	5,694.46	19,817.65	0.00
4/4/2004	8,380.00	6,633.11	6,633.11	15,013.11	0.00
4/5/2004	23,262.15	835.32	835.32	24,097.47	42,696.80
4/6/2004	13,074.05	5,884.70	5,884.70	18,958.75	0.00
4/7/2004	9,724.69	11,509.27	11,509.27	21,233.96	0.00
4/8/2004	11,298.06	7,027.04	7,027.04	18,325.10	0.00
4/9/2004	12,606.80	2,288.83	2,288.83	14,895.63	82,755.33
4/10/2004	11,151.38	5,720.66	5,720.66	16,872.04	0.00
4/11/2004	2,660.40	2,503.45	2,503.45	5,163.85	0.00
4/12/2004	8,219.59	960.74	960.74	9,180.33	37,048.90
4/13/2004	8,230.73	7,531.42	7,531.42	15,762.15	0.00
4/14/2004	3,998.94	738.07	738.07	4,737.01	0.00
4/15/2004	6,533.50	2,596.97	2,596.97	9,130.47	0.00
4/16/2004	11,075.84	191.42	191.42	11,267.26	44,463.70
4/17/2004	9,655.79	1,246.87	1,246.87	10,902.66	0.00
4/18/2004	14,912.89	2,195.52	2,195.52	17,108.41	0.00
4/19/2004	12,910.65	6,139.66	6,139.66	19,050.31	38,920.37
4/20/2004	12,853.48	7,723.63	7,723.63	20,577.11	0.00
4/21/2004	7,675.75	747.07	747.07	8,422.82	0.00
4/22/2004	9,254.89	2,223.83	2,223.83	11,478.72	0.00
4/23/2004	9,306.09			9,306.09	9,533.07
4/24/2004					50,000.00
4/25/2004	5,704.53	85.45	85.45	5,789.98	9,388.54
4/26/2004	8,364.05	712.83	712.83	9,076.88	
4/27/2004	18,176.37	1,032.06	1,032.06	19,208.43	17,568.80
4/28/2004	9,756.24	201.38	201.38	9,957.62	
4/29/2004					
4/30/2004					
Totals	\$284,536.19	\$84,737.41	\$84,737.41	\$369,273.60	\$380,472.33



ACTIVITY NO. 4 – REVIEW AND RECONCILIATION OF BANK STATEMENTS WITH POS FIGURES AND DISBURSEMENTS JOURNALS

Electronic access to the Banco Popular accounts became available in March. Banco Popular account records were remotely reviewed electronically in April by the Monitors on a weekly basis. The Banco Popular accounts are used primarily to receive electronic payments that result from customer purchases using credit and debit cards as well as electronic food stamps (EBT).

**TABLE NO. 6
Sales and Deposits**

	STT	STX-EAST	STX-WEST	TOTAL
Total Sales	\$638,783	\$705,599	\$698,607	\$2,042,989
Total Deposits	683,988	712,919	703,840	2,100,747
Differences	45,204	7,320	5,233	57,758
Variance	6.6%	1.0%	.75%	2.75%

Total deposits were unable to be completely reconciled to sales due to deposit timing differences and in some instances to the timing of the banks recording of the electronic deposits, net of transaction fees. A variance of less than three percent (excess deposits) for the month is not considered significant. The variance noted for the St. Thomas store in Table No. 6 above, appears to be unusual. It may have been the result of late postings by credit card companies or it may be a combination of factors surrounding the timing of the recording of deposits. In any event, the amount is an excess of deposits compared with sales and not the reverse. The Monitors will review the factors that may be responsible for the higher variance at the St. Thomas market during the month of May and report on that issue in the next monthly report.

All transfers of funds out of the Banco Popular accounts were traced to the Bank of Nova Scotia operating accounts of the stores. Six transfer disbursements were made during the month of April as detailed below in Table No. 7.



TABLE NO. 7
Transfers of Funds Between Banks

Account/Date	192026143 STT	191013307 STX East	191063789 STX West	Totals
4/19/04	\$400,000			\$400,000
4/21/04		\$1,200,000	\$1,200,000	2,400,000
4/26/04		\$200,000	\$175,000	\$375,000
4/29/04	\$250,000			\$250,000
Totals	\$650,000	\$1,400,000	\$1,375,000	\$2,425,000

**ACTIVITY NO. 5 – VERIFICATION OF DEPOSITS IN ACCOUNTS
AT THE BANK OF NOVA SCOTIA**

The St. Thomas store maintains a separate operating account at the Bank of Nova Scotia into which each day's depositable receipts are made. The Monitors conducted weekly reconciliations between what the till reports indicated should have been deposited (deposable) and the actual amount deposited, as verified by the bank records.

TABLE NO. 8
STT Till Reports and Deposits BNS

Till Reported Deposits	\$1,938,296
Deposits per Bank	\$2,552,322
Difference	\$614,214
Adjustments	(\$653,923)
Net Difference	(\$39,709)
Percentage	1.5%

Adjustments to reconcile deposits per the bank account to deposits per the till reconciliation are made up of the following items which were not represented in the till reconciliation analysis.

Item	Amount
Rebate check deposited 4/8	\$2,841
Transfer from Credit Card Account 4/15	\$400,000
Rebate check deposited 4/19	\$1,082
Transfer from Credit Card Account 4/27	\$250,000
Total	\$653,923

As noted in Table No. 8, above, St. Thomas deposits into the Bank of Nova Scotia operating account for the month of April were \$39,709 less than what the till reported as being deposited. This amount represents an un-reconciled difference of 1.5 percent of total deposits and, in context, is not deemed significant. It is noted that last month's reconciliation revealed \$9,594 more than what the till reported. We believe that these monthly fluctuations in irreconcilable differences may be due in part to the timing of Bank of Nova



Scotia's recording of deposits, which often appears to have little discernable correlation to when the particular deposit was delivered to the bank by store personnel.

The St. Croix stores share one operating account at the Bank of Nova Scotia into which each day's depositable receipts from the till reconciliation are made. The Monitors conducted weekly reconciliations of what the till reports indicated should have been deposited and what the bank records showed had been deposited.

TABLE NO. 9
STX Till Reports and Deposits BNS

Till Reports Deposits STX-East	\$1,150,176
Till Reports Deposits STX-West	\$1,218,624
Total Till Reports Deposits	\$2,368,800
Deposits per Bank	\$5,604,013
Difference	\$3,235,213
Adjustments	\$3,275,000
Net Difference	(\$39,787)
Percentage	1.68%

Adjustments to reconcile deposits per the bank account to deposits per the till reconciliation are made up of the following items which were not represented in the till reconciliation analysis.

Item	Amount
Transfer from CC Account STX-W 4/16	\$1,200,000
Transfer from CC Account STX-E 4/16	\$1,200,000
Transfer from CC Account STX-E 4/22	\$200,000
Transfer from CC Account STX-W 4/22	\$175,000
Transfer from Telecheck Account STX-E 4/22	\$250,000
Transfer from Telecheck Account STX-W 4/22	\$250,000
Total	\$3,275,000

There was deposited in the Bank of Nova Scotia account for United Corporation's St. Croix stores \$39,789 less than what the till reported as being deposited. This amount represents an un-reconciled difference of 1.7 percent of total deposits and is not deemed significant. It should be noted that last month's reconciliation revealed excess deposits of \$3,099 over what the till reported. These monthly fluctuations in irreconcilable differences may be due in part to the timing of Bank of Nova Scotia's recordings of deposited amounts, which often appears to have little discernable correlation to when a particular deposit was delivered to the bank by store personnel. One possible factor noted by the Monitor was the fact that the last two days of the month were holidays and the banks were closed while the market remained open. This may account for a delayed reporting of deposits. Regardless, Monitors will continue to review the un-reconciled differences for trends or patterns suggesting alternative causes.

The St. Croix -West store formerly funded the excess cash needs of its service



desk from the till. The other stores primarily fund their service desk needs from the safe. Because of this, the St. Croix -West store's daily deposits rarely equaled what the till reports indicated. Differences varied daily as the service desk's needs are "borrowed" and then "paid back" to the till. As previously reported, the Monitor discussed this issue with St. Croix -West store management. Store management agreed to bring the safe balance up to the allowable maximum of \$80,000 and began funding the service desk's cash needs from the safe rather than the till this month. However, because office personnel were not used to this new system at times they deposited the service desk "loan" paybacks rather than returning the money to the safe. This resulted in a reduction in the safe balance that had to be restored. Office personnel have since been instructed in the proper procedure so that this situation should not reoccur.

ACTIVITY NO. 6 – ELECTRONIC MONITORING THROUGH STORE CAMERAS

A determination has been made that electronic access to the store's video surveillance system will not be secured. This Monitoring procedure has been eliminated as a pending amendment to the Business Monitoring Plan. See Activity No. 19, below.

ACTIVITY NO. 7 – COMPARISON OF ACCOUNTS PAYABLE AGING REPORTS

The Monitors conducted a review of the rate at which each of United Corporation's three stores paid their respective bills. Table No. 10 shows the amounts and rates of payment by each store for the month of April. As demonstrated by this Table, accounts that remain unpaid after 60 days comprise less than 1 percent of the total amount of goods purchased on credit. Only .31 percent (less than 1 percent) of the amount purchased on credit remains unpaid after 90 days.

TABLE NO. 10
Accounts Payable Aging

	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	TOTALS
STT	\$981,181	\$492,436	\$3,221	\$865	\$1,477,703
STX – East	466,021	14,997	1,094	7,707	489,819
STX – West	566,888	29,552	-0-	(558)	595,882
Totals	\$2,014,090	\$536,985	\$4,315	\$8,014	\$2,563,404
April Percentage of Payables	78.57	20.95	.17	.31	100
March Percentage	69.7	16.8	10.7	2.8	100

Table No. 10 also reflects that the St. Thomas store purchased approximately 57.6 percent of the total value of goods purchased on credit by United Corporation, with the St. Croix – West store purchasing 23.2 percent and the St. Croix – East store purchasing 19.2 percent of the total purchased on credit.



ACTIVITY NO. 8 – REVIEW OF HIGH DOLLAR AND UNUSUAL DISBURSEMENTS

The Monitor at the St. Thomas store selected a total of 30 checks, which did not otherwise require prior approval before issuance, for verification with the original invoices. Twenty-eight of these checks were determined to be properly issued with sufficient documentation. Two checks were discovered to have been incorrectly issued without prior approval of the Monitor: Check #21315 in the amount of \$12,788 issued on April 14th payable to Gervecia India for malt beverages, and; Check # 15708 in the amount of \$5,670 to Tischer & Co. for a new employee time clock system. Both of these items were verified with invoices and discussed with store management. The issuance of these checks without prior approval appeared to be the result of an administrative oversight and did not appear to be intentional to thwart the Monitoring Plan. Office personnel were instructed to be more vigilant in the future to make sure this type of error does not reoccur.

The Monitor at the St. Croix -East store selected a total of 32 checks, which did not otherwise require prior approval before issuance, for verification with the original invoices. All of these checks were determined to be properly issued with sufficient documentation.

At the beginning of March, St. Croix -West store management requested that the Monitor review and approval all checks prior to issuance, rather than only those listed as requiring prior approval. Store management predicated this request of the Monitor on the assertion that it was taking store personnel more time to sort the checks for proper review than it would take to have all of the checks reviewed. The Monitor continued in April reviewing all of the checks issued after determining that it would not noticeably add to the time it took him to review the sampling of checks. This was in part due to the increased cooperation provided by store management to ensure that the process was efficiently accomplished. All checks reviewed by the Monitor at the St. Croix store were determined to be properly issued, with sufficient back-up detail and invoices present.

ACTIVITY NO. 9 – THIRD PARTY VERIFICATION OF UNRESOLVED DISBURSEMENTS

No third party verification or follow-up was necessary, as Activity No. 8 did not uncover any discrepancies between checks written and back-up documentation reviewed.

ACTIVITY NO. 10 – REVIEW AND COMPARISON OF BANK STATEMENTS AND DISBURSEMENT JOURNALS

A weekly review and comparison between United Corporation checks issued through the Peachtree accounting software program's disbursements journal and the corresponding bank statements for the operating accounts of each store did not reveal the existence of any checks not recorded in the check disbursements journals. Table No. 11, below, reflects the bank accounts of United Corporation that were reviewed by the Monitors and compared with the disbursement journals as well as the ending balances of each as of April 30, 2004 for Banco Popular accounts and April 28, 2004 for Bank of Nova Scotia accounts. No transactions were recorded for April 29 and 30 at the Bank of Nova Scotia due to bank



closings these days for the Virgin Islands Carnival Holiday therefore; the April 28th balance is the ending balance for the month. Electronic balances were available from Banco Popular for April 30, 2004.

TABLE NO. 11
Bank Accounts Reviewed

BANK	ACCT. NO#	ENDING BAL.#	NOTATIONS
Scotia Bank	55312010	\$932,720.33	STT Operating
Scotia Bank	96001238	\$232,129.46	STT Lottery and Phone Card
Scotia Bank	55356719	\$540,772.04	STT Telecheck
Banco Popular	192026143	\$93,655.48	STT Credit/Debit
Banco Popular	192042300	\$66,079.81	Western Union
Scotia Bank	65811	\$3,567,488.45	STX Operating
Scotia Bank	60086413	\$63,424.18	STX-East Telecheck
Banco Popular	191013307	\$215,143.32	STX-East Credit/Debit
Scotia Bank	6009218	\$34,681.17	STX-West Telecheck
Banco Popular	191063789	\$178,645.39	STX-West Credit/Debit

**ACTIVITY NO. 11 – REVIEW OF DISBURSEMENTS IN EXCESS
OF \$10,000 AND ANY
THAT ARE UNUSUAL OR NON-ROUTINE**

During the month of April the Monitors were presented with 186 checks for review and approval prior to issuance, in accordance with the Monitoring Plan. In each instance store management was required to present invoices to document payments for which approval was requested. As noted in Activity No. 8 above, in the St. Croix -West store all checks were presented to the Monitor for approval. A detailed list of the checks reviewed and approved follows this report in Attachment B through Attachment E.



TABLE NO. 12
Checks Reviewed Prior to Issuance

STORE	NO. OF CHECKS	AMOUNTS
STT	64 checks totaling	\$2,898,267
STX-East	41 checks totaling	\$3,986,737
STX-West	81 checks totaling	\$1,610,779
Totals	186 checks totaling	\$8,495,783

Additionally, checks approved by the St. Croix - East Monitor included the following checks made payable to the Virgin Islands Internal Revenue, as discussed above.

Check Number	Amount	For the Benefit of:
24784	\$220,925	Najeh & Mervat Yusuf
24785	\$200,071	Sayaid Yusuf
24786	\$200,072	Zayed Yusuf
24787	\$219,946	Maher & Najat Yusuf
24788	\$249,527	Yusuf & Alla Yusuf
24791	\$1,499,054	Fathi & Fawzia Yusuf
Total	\$2,589,595	

ACTIVITY NO. 12 – ANALYSIS TO DETERMINE AVERAGE REOCCURRING PAYMENTS

Vendor payment patterns were established in January during the development of the Business Monitoring Plan. Nothing was observed in April that revealed the need to alter the previously determined vendor check approval listing or the amounts established in that analysis.

ACTIVITY NO. 13 – ANALYSIS OF OPERATING PERCENTAGES

United Corporation has not produced a Financial Statement since the January report discussed in the March Monitoring Report. Without the information from those reports on a timely basis, the review of operating percentages suffers from an absence of information necessary to identify a change in trends. Nonetheless, the following table, using information obtained for the March report is repeated below.



TABLE NO. 13
Operating Percentages for United Corporation

Item	January 2004	Annualized*	2003
Total Sales and Revenues	\$6,881,867.19	\$82,582,405.00	\$80,793,484.96
Less: Total Cost of Goods Sold	(\$4,768,559.92)	\$57,222,718.00	(\$54,989,840.15)
Gross Profit	\$2,113,307.27	\$25,359,686.00	\$25,803,644.81
Gross Profit %	30.71%	30.71%	32.51%
Other Expenses	\$1,226,626.90	\$14,719,522.00	\$16,715,729.13
Net Earnings from Operations	\$886,680.37	\$10,640,164.00	\$9,087,915.68
Net Profit %	12.9%	12.9%	11.5%

The above analysis is based upon financial statements provided by store management which report the results of operations as recorded and summarized by the Peachtree accounting software system used by United Corporation. This analysis compares the latest monthly financial statement's (January 2004) results of operations with those reported for the calendar year 2003. The analysis indicates that on a non-seasonally-adjusted basis sales for the year would appear to be trending upward. The gross profit percentage for January is slightly down over last year's average; however the net profit percentage is increased. Although one month's activities cannot be relied upon as an accurate prediction of annual performance, this analysis would indicate that overall operating percentages have not significantly changed since last year.

Because the figures used in Table No. 13 have been obtained from unaudited and unverified sources, we make no representations and provide no assurances, explicit or otherwise, that the figures are accurate or can be relied upon by any party. Table No. 13 is included in this report at the request of the USMS and with the understanding that the use of the information contained therein will be limited to certain USMS personnel and only to provide a qualified estimate of the monthly trend of certain financial figures related to the position of United Corporation on a month-to-month basis. The analysis has been constructed without independent verification of all of the information needed to accurately reflect the results of store operations.

**ACTIVITY NO. 14 AND 15 – REVIEW OF INCOME AND
DISBURSEMENTS OF SHOPPING
CENTER ON ST. CROIX.**

All rental income earned from the shopping center and disbursements made for the month of April were reconciled to the shopping center tenant's account. The balance at the beginning of April of the tenant's account was \$254,260.46. The ending balance was \$280,481.31. The following is a summary of tenant account activity:



TABLE NO. 14
Summary of Tenant Account Activity

Beginning Balance	Check Amt/ Payee	\$254,260.46
Rent Collected		\$35,142.74
Disbursements		
4/8/04	\$39.34 / Rashid Clenace	
4/8/04	\$1,194.05 / WAPA	
4/8/04	\$200.00 / Ocean Systems	
4/10/04	\$1,230.00 / A. Mallory	
4/15/04	\$1,000.00 / Plaza Extra March Payroll	
4/15/04	\$1,600.00 / Rudy Caines	
4/15/04	\$60.61 / Linde Gas	
4/15/04	\$615.00 / Alan Mallory	
4/16/04	\$1,000.00 / Scotia Bank New Account Laundromat	
4/23/04	\$740.00 / Alan Mallory plus \$125 Expenses	
4/30/04	\$200.00 / Ocean Systems	
4/30/04	\$1,000.00 / Plaza Extra April Payroll	
4/30/04	\$42.89 / Glidden Paint	
Ending Balance		\$280,481.31*

*See below regarding returned check

The two \$1,000 checks written to Plaza Extra this month were to reimburse the store for part time services rendered to the shopping center by a Plaza Extra maintenance employee during the months of March and April. The shopping center manager stated that this reimbursement arrangement with the store would continue as long as the maintenance person performs regular services to the shopping center.

It should be noted that a rent check received from Tenant Totally Kidz in the amount of \$1,315.00 was returned for insufficient funds, reducing the rent collected for the month to \$33,827.74 and the actual ending monthly balance in the account to \$279,166.31.

In previous months store management used the above shopping center tenant's account to pay the monthly WAPA bill of Maher Yusuf's residence. In April, this WAPA bill was not paid from the account. It should be noted that the WAPA bill for this residence is normally received late in the month and may be paid in the following month. The STX Monitor will be vigilant for payment of this bill in early May.



TABLE NO. 15
Shopping Center Change in Activity

Item	JANUARY	FEBRUARY	MARCH	APRIL	LAST MONTH CHANGE
No. of Tenants	38	37	37	37	0%
Rent Collected	\$72,981	\$46,672	\$43,563	\$33,828	(22%)
Rent Due	\$47,435	\$44,676	\$43,640	\$43,090	(1.3%)
Expenses	\$9,959	\$12,296	\$9,038	\$8,922	(1.2%)

Five tenants who normally pay their rent in a timely manner were late this month. Management attributes their tardiness to the Carnival Holiday occurring at the end of the month. As of the writing of this report these tenants have paid their rent and are current. Rents received from these tenants after April 30, 2004 will be reflected in next months schedule and report.

Three tenants continue to be seriously in arrears in their rent payments. The Shopping Center manager appears to be attempting to bring these tenants current. Table No. 16 reflects the monthly balances for the three tenants most seriously in arrears and the percentage of change in those balances between March and April.

TABLE NO. 16
Amount Owed by Three Major Tenants

TENANT	FEBRUARY	MARCH	APRIL	CHANGE
JP Sales	\$16,619	\$15,619	\$16,619	6.4%
New Plaza Café	\$13,619	\$13,702	\$13,702	0%
Best Furniture	\$7,360	\$7,366	\$10,866	47.5%

ACTIVITY NO. 16 – REVIEW OF PAYROLL RECORDS FOR UNUSUAL PAYMENTS

The payroll records of each store were reviewed by the Monitors for unusual or extraordinary payments. None were noted. Key family members continue to receive \$3,000 per month, before withholding deductions.

ACTIVITY NO. 17 – UNSCHEDULED CASH COUNTS

The following unscheduled cash counts were made during the month of April.



TABLE NO. 17
Cash Count Analysis

STT		STX - East		STX - West	
DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT
4/05	\$53,690	4/07	\$82,000	4/06	\$91,576
4/07	\$53,690	4/09	\$76,000	4/09	\$66,576
4/09	\$53,690	4/13	\$80,000	4/13	\$75,576
4/16	\$53,690	4/16	\$91,500	4/16	\$76,576
4/17	\$53,690	4/20	\$80,500	4/22	\$76,576
4/22	\$53,690	4/22	\$80,500	4/23	\$66,576
4/27	\$53,690	4/28	\$82,000	4/27	\$59,576
4/29	\$53,690	4/30	\$80,000	4/30	\$71,526
Average	\$53,690	Average	\$81,563	Average	\$73,070

At various time during the week the STX-East store orders small bill deliveries from the bank. These small bill purchases are funded from the operating account. On the days that the bills are delivered the safe balance may exceed its mandated limit of \$80,000. On the day following the order, an amount in larger bills is normally deposited into the bank account to bring the safe balance down to the authorized limit of \$80,000 or less. On each day when a surprise count revealed a balance in excess of this limitation the Monitor verified that a small bills purchase had been made and that a corresponding deposit was made as soon as possible thereafter.

**ACTIVITY NO. 18 – THIRD PARTY
VERIFICATION TO LARGE VENDORS**

No third party refund verification letters were sent out during the month of April, as the USMS is reluctant to risk an adverse response on the part of vendors who might be contacted, thereby posing a risk to the business interests of United Corporation and ultimately to the interests of the government.

ACTIVITY NO. 19 – DAILY VISITS TO THE MARKETS

Throughout the month, Monitors physically observed store and warehouse operations on a daily basis while conducting walks through the store facilities. Monitors were vigilant for any unusual or extraordinary conduct or activities that might suggest financial risk to the government's interest in United Corporation, its operations and assets. Customer activity was observed to be at normal levels with shelves being adequately stocked and the warehouses properly maintained. Logs recording the daily visits of each Monitor with their daily observations can be seen at Attachments F, G, and H.

During February an outside vendor conducted a complete physical inventory. Store management has reported that a final inventory report has not as yet been received in a usable manner. Store management is attempting to integrate the results of the physical inventory with the accounting software used by United Corporation. Management estimated the results of that effort would become



available in late May or June. The physical inventory indicated that there were 26,000 different categories of separately priced goods. It also indicated that approximately 4,000 of these categories pertained to items that were outdated, without bar codes or were too disorganized to count properly. Management also indicated an effort is underway to implement an inventory control system in the St. Croix East market. They have been using the system since April 26, 2004 and are trying to load information into the system back to March 5, 2004, the start date for the store's inventory based upon the physical inventory conducted. If that effort proves successful, consideration may be given to expand the system.

**ACTIVITY NO. 20 – VISITS TO THE
"FOURTH STORE" LOCATED ON ST. THOMAS**

A Monitor visited the "fourth store" periodically throughout the month of April. During these informal visits the Monitor did not observe any indications that this store was being used as an outlet for goods purchased by or through the Plaza Extra Stores. The OSM also visited this store on April 29, 2004 while assisting in the transition of the new Monitor on St. Thomas. Nothing was observed during this visit as well that indicated that this store was being used as an outlet for Plaza Extra inventory.

**ACTIVITY NO. 21 – SUMMARY
MONTHLY REPORT OF ACTIVITY**

This report constitutes the report required by Activity No. 21



5.0 RECOMMENDATIONS

The Sections that follow highlight recommendations to the USMS that have arisen as a result of the monitoring activities.

5.1 USE OF INVENTORY CONTROL SYSTEM BY UNITED CORPORATION

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that United Corporation already owns and uses an electronic platform that contains the capacity for tracking the inventory, we continue to recommend efforts be made to convince or require the owners of United Corporation to begin using an effective electronic inventory control system.

5.2 NEED FOR UNITED CORPORATION TO PROVIDE FINANCIAL STATEMENTS TO MONITORING PERSONNEL IN A TIMELY MANNER

The availability of accurate and timely financial statements is essential to the Monitoring process. The USMS should consider requiring that store management provide accurate monthly financial statements from the Peachtree system to Monitoring personnel no later than the 15th day following the end of a month.

5.3 NEED FOR FULL TIME COMPTROLLER TO ENSURE ACCURATE AND TIMELY FINANCIAL INFORMATION IS AVAILABLE FOR MONITORING

With the reported upcoming marriage of United Corporation's Comptroller and his shift to part time employment it is anticipated that financial information will be produced and made available to the Monitors on an even less timely basis than is presently the case. An example of the lack of timely financial information is demonstrated by the fact that the latest monthly financial statements made available to the Monitors at the writing of this report are the January financial statements. The USMS should consider requiring that store management recruit and hire a qualified full time comptroller to assist in the preparation of the accurate and timely financial internal financial information that is needed to implement the Business Monitoring Plan.



6.0 ATTACHMENTS

The following attachments are included on the pages that follow:

- Attachment A: Resumes
- Attachment B: Check Approval Log for St. Thomas Plaza Extra, April 2004
- Attachment C: Check Approval Log for St. Croix Plaza Extra East, April 2004
- Attachment D: Check Approval Log for St. Croix Plaza Extra West, April 2004
- Attachment E: Disbursements Verification Log for St. Croix West, April 2004

(The Monitor reported the checks he was required to approve on the Check Approval Log and those he was not required to approve but did anyway pursuant to store management's request on his Disbursements Verification Log. A complete listing of all checks approved for the STX-West store requires a review of both logs)

- Attachment F: Daily Log for St. Thomas Plaza Extra
- Attachment G: Daily Log for St. Croix Plaza Extra East
- Attachment H: Daily Log for St. Croix Plaza Extra West

RESUMES



Keith Rodgers

Employment

2001 – 2003: Mr. Rodgers was a rehired annuitant with the IRS, providing financial investigation instruction at the Federal Law Enforcement Center (FLETC), in Brunswick, Georgia.

1997 – 2001: Mr. Rodgers was President of his own firm. The firm conducted financial investigations and provided consulting services relating to law enforcement training.

1973 – 1997: For 25 years Mr. Rodgers was a Special Agent, Criminal Investigation Division (CI), IRS, where he conducted and supervised investigations related to various economic and financial crimes, including violations of tax law, money laundering and others. From February 1984 to November of 1988 he was the Chief of the IRS Criminal Investigation Training Unit at the FLETC. Later, he became the Chief of the Criminal Investigation Division in Portland Oregon, where supervised all investigations undertaken by CI. In 1992 he undertook the responsibility for supervising the development and implementation of the CI's automated telecommunications efforts.

Education

- Illinois Wesleyan University – Bloomington, Illinois – Bachelor of Science in Criminal Justice, 1969
- University of Cincinnati – Cincinnati, Ohio – Master of Science in Criminal Justice, 1983

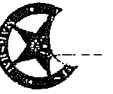
**CHECK APPROVAL LOG FOR ST. THOMAS
PLAZA EXTRA, APRIL 2004**



Check Approval Log

St. Thomas

Date	Check No.	Amount	Payee	Comments
4/2/2004	21276	3,014.81	TUTU Park Limited	Water re rent
4/2/2004	21277	30,359.38	TUTU Park Limited	Rent
4/5/2004	21278	46,371.54	Virgin Islands Water & Power Authority	Electricity
4/5/2004	21279	13,049.46	Sun International Produce	produce & milk
4/5/2004	21280	13,448.37	American Fruit & Produce	produce & milk
4/5/2004	21281	64,714.17	Associated Grocers of Florida	meat, misc. grocery items, etc
4/5/2004	21282	7,647.10	B M Produce	Produce
4/6/2004	21284	14,732.12	Cigna Health care	Insurance
4/6/2004	21288	15,750.09	Blue Ocean Trading Co. Inc.	Chicken, food, oils, juices, and misc. other items sold in grocery stores
4/6/2004	21287	37,494.15	Premier Wines & Spirits	Wines, Liquor, etc
4/6/2004	21286	116,937.30	West Indies Corporation	Misc. food, cleaners, spice, etc
4/6/2004	15702	19,312.07	Nejeh Yusuf	Reimbursement for store expenses paid via credit card
4/7/2004	21291	15,268.00	Paradise Bottling Company	Soft Drinks
4/7/2004	21292	5,299.65	Martha Jolly	Fresh Produce
4/7/2004	15705	342.70	Felix de la Cruz	Contract Labor
4/8/2004	15706	25,195.40	Scotia Bank	Wire transfer to B J's Wholesale in amount of \$25,140.40
4/8/2004	21294	17,133.86	Gourmet Award Foods	meat, misc. grocery items, etc
4/8/2004	21293	18,105.90	Marbro Inc	dog food, cookies, etc.
4/9/2004	21295	10,502.11	Bureau of Internal Revenue	Withholding taxes.
4/12/2004	21297	17,689.14	Sun International Produce	Produce, milk, etc.
4/12/2004	21298	22,203.89	American Fruit & Produce	Produce
4/12/2004	21299	145,823.00	Associated Grocery	meat, misc. grocery items, etc
4/12/2004	21302	27,866.84	Merchants Market	Fish
4/12/2004	21303	75,287.45	St Thomas Coca Cola	Coca Cola Products
4/12/2004	21304	8,666.96	Global Wholesale	Cleaners, deodorizers, soap, syrup, soup min, etc.



Date	Check No.	Amount	Payee	Comments
4/12/2004	21305	11,864.08	Caribbean Healthway	Health & beauty products
4/12/2004	21306	28,829.13	Holsum Bakers of Puerto Rico	bread products
4/13/2004	15709	39,306.99	Nejeh Yusuf	Credit card. See daily store visits log for details.
4/13/2004	21310	55,992.55	St Thomas Coca Cola Bottling	Coca Cola Products
4/14/2004	21311	19,346.86	Colgate-Palmolive	Personal hygiene products, etc.
4/14/2004	21316	30,718.61	Goya De Puerto Rico, Inc	Canned vegetables, juices, seasonings, etc
4/15/2004	511	400,000.00	Plaza Extra	Transfer funds from credit card acct 192026143 to operational acct
4/15/2004	15716	7,000.00	B. M. Produce	Paid on acct by Mr. Yusuf. Patricia not in to do invoicing
4/16/2004	21319	10,311.18	Bureau of Internal Revenue	Withholding taxes.
4/16/2004	21318	42,744.19	Bellows International	Soda, beer, wine, whiskey, etc
4/16/2004	21317	149,721.66	West Indies Corporation	Misc. food, cleaners, spice, etc
4/16/2004	21320	28,570.74	Sams Club	cereal, fruit juice, peanut butter, crackers, etc
4/16/2004	21321	3,969.41	St Thomas Gas	Gas for store
4/16/2004	21323	12,570.60	Natural Source	Water
4/19/2004	21326	76,392.00	Tropical Shipping	Shipping
4/19/2004	21327	49,654.99	Waltkoch Ltd.	Chicken, turkey, pork, meats, etc.
4/19/2004	21328	18,942.78	Sun International Produce	milk, vegetables, fruit, juices, etc
4/19/2004	21329	18,282.60	American Fruit & Produce	Produce, fruit, milk
4/19/2004	21330	40,182.43	Associated Grocers of Florida	meat, misc. grocery items, etc
4/19/2004	21331	5,882.67	Freiria & Company	honey, canned vegetables, crackers, etc.
4/21/2004	15722	3,248.24	Nejeh Yusuf	Reimbursement for store expenses paid by him
4/20/2004	21336	25,728.00	Distribuidora Santiago, Inc.	Milk
4/21/2004	15723	4,131.50	B. M. Produce	Invoice # 654
4/22/2004	21346	10,119.79	Bureau of Internal Revenue	Payroll taxes
4/23/2004	1093	11,588.08	Union Telecard Alliance	Telephone card sales
4/22/2004	21348	128,500.49	Food Warehouse Hunter Foods	Misc. food products
4/22/2004	21349	37,271.38	Trans Caribbean Dairy - St. Th	Milk, ice cream
4/26/2004	21351	115,048.77	Associated Grocers of Florida	meat, misc. grocery items, etc

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Comments
4/26/2004	21353	16,869.63	American Fruit & Produce	Produce, fruit, milk
4/26/2004	21354	26,902.05	Sun International Produce	Produce, milk, etc.
4/27/2004	21366	269,134.40	Bureau of Internal Revenue	Gross Receipts Tax
4/27/2004	21360	32,874.31	Holsum Bakers of Puerto Rico	bread products
4/27/2004	21361	41,900.21	Walkoch Ltd.	chicken, turkey, vegetables
4/27/2004	512	250,000.00	Plaza Extra	Transfer funds from credit card acct 192026143 to operational acct
4/28/2004	15732	16,230.93	Bank of Nova Scotia	Transfer to STT Operational Account
4/28/2004	21369	30,596.66	Distribuidora Santiago, Inc.	Juices, zip loc bags, frozen chicken, etc.
4/28/2004	21371	10,150.00	Imperial Distributing, Inc	Sugar
4/28/2004	21370	9,974.50	Florida Crystals	Sugar
4/28/2004	21377	20,744.04	Premier Wines & Spirits	Wines, Liquor, etc
4/28/2004	21374	14,754.60	Natural Source	water
		2,898,266.51		

**CHECK APPROVAL LOG FOR ST. CROIX PLAZA
EXTRA EAST, APRIL 2004**



Check Approval Log

St. Croix - East Plaza Extra

April 2004

Date	Check No.	Amount	Payee	Description	Comments
4/2/2004	25609	88,506.92	Hunter Foods	Fruit, wheat, groceries	Reviewed the receipts for the charges posted, all invoices are in order
4/5/2004	25619	23,404.51	Walkkock	Fruit, veggies, shrimp, crawfish, etc	Inspected the invoices for the charges and everything is in order
4/6/2004	25672	22,515.83	Doctor's Choice Pharmacy	Prescriptions	Reviewed the prescription sheet and tabulation
4/7/2004	25624	105,662.29	Associated Grocers of FI	Groceries, Dairy	Reviewed the invoices and totaled, everything appropriate
4/8/2004	25631	20,346.75	Coca Cola Ent.	Coke, water, soda, etc.	Reviewed the invoices and totaled, everything appropriate
4/8/2004	25654	13,770.00	Juan Pablo Ortiz	Baby Formula, etc.	Reviewed the invoices and everything appear appropriate
4/9/2004			Holiday	Holiday	
4/12/2004	25664	17,425.32	Frito Lays Snack Caribbean	Cereal, snacks, etc.	reviewed the invoices in detail
	25667	21,326.93	American Fruit & Produce	Fruit, veggies, etc	reviewed the invoices in detail
	25646	2,050.00	Combined Services	A/C and cooling services	Reviewed the receipt in detail, gave specific information about all services performed, A/C cooler and refrigerators.
***	25660	43,170.16	WAPA	Electric bill for Plaza Extra	Reviewed the invoice in detail account #31575-30306 Sion Farms. Check was dated April 8, 2004, which was during the holiday period. Mary forgot to give to me, I inspected the invoice to make sure it was the store's bill and it was the store's bill. I told Mary to make sure I see all disbursement over \$10,000 before sending and gave her my telephone number again if she needs to contact me.
	25663	2,500.00	WSVI-TV	Payment for Television Advertisement	Reviewed the invoice which shows the dates of advertisement. I've seen the commercials on VI TV

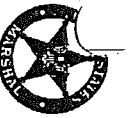


Date	Check No.	Amount	Payee	Description	Comments
4/13/2004	24777	45,000.00	Jacqueline W Mills, Esq. & J. Nestor	Settlement Check for Discrimination LS	Letter attached, called Roger and got approval for the initialing of the check. Case # 1998/113.
	25671	23,922.73	Doctor's Choice Pharmacy	Prescriptions for 4/5-4/11	Reviewed the prescription sheets.
	25672	5,525.00	Singular Wireless	Telephone cards	Reviewed the invoice in detail
	25677	28,690.00	Premier Wines and Spirits	Wines, liquor, etc	Reviewed the invoice in detail
	25679	36,998.29	St Croix Dairy	Milk, Juice, etc	Reviewed the invoice and called Roger and talked to MAJA regarding initialing the check
	24782	200,000.00	Richardson, Patrick, Westbrook	Professional Services	Reviewed the invoices in detail
	25686	91,138.34	Associated Grocers of FI	Groceries	Reviewed the invoices in detail
	25690	93,730.67	Bellows International, Ltd	Groceries, beer, rice, etc	Reviewed the invoices in detail
	25694	17,137.37	Holsum De Puerto Rico	Bread, Cake, etc	Reviewed the invoices in detail
	4/15/2004	24784	220,925.00	VI Bureau of Internal Revenue	Taxes-Najeh & Mervat Yusuf	Notified OSM
	24785	200,071.00	VI Bureau of Internal Revenue	Taxes-Syaid F Yusuf	Notified OSM
	24786	200,072.00	VI Bureau of Internal Revenue	Taxes-Zayed F. Yusuf	Notified OSM
	24787	219,946.00	VI Bureau of Internal Revenue	Taxes-Maher & Najat Yusuf	Notified OSM
	24788	249,527.00	VI Bureau of Internal Revenue	Taxes-Yusuf & Alla Yusuf	Notified OSM
	24791	1,499,054.00	VI Bureau of Internal Revenue	Taxes-Fathi & Fawzia Yusuf	Notified OSM
	Deposit #1076	1,200,000.00	Plaza Extra (Banco Popular)	Transfer of funds to cover taxes	Banco Popular Account # 191-063789
	Deposit #1289	1,200,000.00	Plaza Extra (Banco Popular)	Transfer of funds to cover taxes	Banco Popular Account # 191-013307
	25700	86,776.63	West Indies Corporation	Wine, Sauces, groceries, etc.	Reviewed the invoices in detail, all of the proper documentation was attached
4/21/2004	25718	22,522.11	Doctor's Pharmacy	Prescriptions	Reviewed the prescriptions sheets attached
	25719	53,739.72	Associated Grocers of Florida	Sauces, beans, groceries, etc	Reviewed the invoices associated with the check, all paperwork was appropriate
	25721	13.65	Postmaster	Postage for Associated Grocers	Reviewed paperwork for Associated Grocers
	25722	35,985.70	American Fruit & Produce Corp	Vegetables, salad, etc.	Reviewed the invoices associated with the check, all paperwork was appropriate
	25723	56,709.20	Tropical Shipping	Shipping Charges	Reviewed the "Bill of Lading" attached to the check, all paperwork was appropriate.



Date	Check No.	Amount	Payee	Description	Comments
4/21/2004	1077	175,000.00	Plaza Extra	Transfer of Funds from Credit Card Acct	Transfer of funds from the Credit Card West Account at Banco Popular Account #191-063789
	1290	200,000.00	Plaza Extra	Transfer of Funds from Credit Card Acct	Transfer of funds from the credit card East Account at Banco Popular Account #191-013307
	1097	250,000.00	Plaza Extra	Transfer of Funds from Credit Card Acct	Transfer of funds from the telecheck account Plaza East Account #058-60086413, Scotia Bank
	1061	250,000.00	Plaza Extra	Transfer of Funds from Credit Card Acct	Transfer of funds from the telecheck account Plaza West Account #058-60092918, Scotia Bank
4/22/2004	25728	1,057.00	United Refrigeration	Refrigeration items	Reviewed the invoice associated with the check
	25729	29,989.66	Waltkoch	Turkey, chicken, etc	Reviewed the invoices associated with the check
	25731	700.00	Xerox	Ink, cartridges, etc	Reviewed the invoice associated with the check
4/26/2004	25739	11,112.65	Coca Cola	Soda, lemonade, etc	Reviewed the invoices associated with the check
	25743	23,773.91	Doctor's Choice Pharmacy	Prescriptions	Reviewed the prescription tally sheets associated with the check
4/27/2004	25745	21,687.09	Blue Ocean Trading	Ice Cream, Pig's Feet, Pies, etc	Reviewed the invoices associated with the check
4/28/2004	25748	105,852.12	Associated Grocers of Florida	Produce, Dairy, Meat, etc.	Reviewed the invoices in detail that are associated with the check.
4/29/2004	25758	14,268.44	Florida Crystals Food Corp	Sugar	Reviewed the invoices in detail
	25759	11,759.00	Luis A Sotomayor	Cigarettes	Reviewed the receipts in detail
4/30/2004	25764	18,374.15	American Fruit & Produce	Onion, veggies, etc	Reviewed the invoice in detail

**CHECK APPROVAL LOG FOR ST. CROIX PLAZA
EXTRA WEST, APRIL 2004**



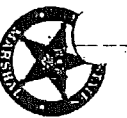
Check Approval Log

St. Croix Plaza Extra West

April 2004

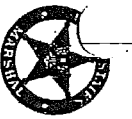
Date	Check No.	Amount	Payee	Description	Comments
4/5/2004	26759	10,985.53	Oceanside Pharmacy	Prescription, pharmaceuticals, etc	Reviewed tabulation of charges to Plaza West.
4/6/2004	W/T	29,797.00	B.J.'s Wholesale	Groceries, etc	Reviewed invoices associated with the wire transfer
4/7/2004	26776	17,666.53	Proctor & Gamble	Dry Goods	Reviewed the invoices in detail
	26777	88,168.48	Associated Grocers of FI	Groceries, dairy, meat	Reviewed the invoices in detail
	26782	1,344.92	Citi-Card	Business Trip by Mike	Reviewed the invoice which reflected Miami & Minneapolis
	26783	2,344.40	Babia Spices	Dspices, Pepper, oregano, etc	Inspected the invoices associated with the check
	26784	18,047.97	Marbro, Inc	Vegetables, dry goods, toiletries, meat	Reviewed the invoices in detail
	26787	13,150.00	Kingston-Miami Trading	Tamarind, chocolate, etc	Reviewed the invoices in detail
	26793	6,686.20	Coco Cola Bottling Co.	Coke, PowerAde, etc	Reviewed the invoices in detail
	26795	108,362.52	Food Warehouse dba Hunter	Groceries, cereal, pizza, lasagna, etc	Inspected the invoices associated with the check
	24742	13.65	Postmaster	Associated Grocers Postage	Reviewed above noted receipts
4/8/2004	24738	1,500.00	Augustine Angel	Building Repairs	Although the check is dated Tuesday April 6, 2004 I received the noted check today. Received check without invoice, inquired to Lisette as to the location of the invoice and stated that I should contact Mike. I will talk to Mike about the details of the invoice.
	26800	21,484.00	Sam's Food Distributors	Groceries	Reviewed the invoices associated with the receipt, everything was appropriate

MADISON ASSOCIATES, INC.



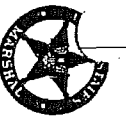
Date	Check No.	Amount	Payee	Description	Comments
	26806	12,274.84	Oceanside Pharmacy	Pharmacy sales	Reviewed the sales tabulation associated with the check, appropriately charged
	26809	24,188.39	Frito Lays Caribbean	Groceries, etc	Reviewed the invoices associated with the receipt, everything was appropriate
	26812	23,550.07	American Fruit & Produce	Mushrooms, Melon, vegetables, etc	Reviewed the invoices associated with the receipt, everything was appropriate
4/9/2004					
4/12/2004	26814	15,525.25	Sam's Foods	Groceries, etc	Reviewed invoices in detail
	26824	1,425.00	Sunniland	Potting soil	Reviewed invoices in detail
	26825	5,435.15	Walkkoch	Seafood, Groceries, veggies, etc	Reviewed invoices in detail
4/13/2004	26828	13,099.84	Premier Wines	Wine, Red Bull, tea	Reviewed the invoice in detail
	26830	551.00	Scenic Publishers	Calendars	Reviewed the invoice in detail
	26833	1,044.00	Urtas JN Baptiste	Ice Cream, etc	Reviewed the invoice in detail
	26834	10,657.24	Oceanside Pharmacy	Pharmacy sales	Reviewed the tape and initialed
4/14/2004	Wire Transfer	56,794.12	BJ's Wholesale	Groceries	Inspected the invoices associated with the wire transfer paperwork. All documentation is appropriate.
	26837	45,562.20	Associated Grocers	Groceries	Reviewed/Analyzed all invoices associated with the check
	24772	87.65	Postmaster	Assoc Groc	Mailing of Assoc Grocer check
	26840	1,926.28	Premium Food Mktg	Garlic Water, etc	Reviewed invoices in detail
	26841	1,200.02	Caribbean Export	Oatmeal, bread, etc	Reviewed invoices in detail
	26842	133,235.01	Bellow International, LTD	Beer, groceries, rice, etc	Reviewed invoices in detail

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	Comments
4/15/2004	26850	3,733.25	Perez Distributors	Table Cloths, dry goods, etc	Reviewed invoices in detail
	26852	198,060.72	West Indies	Groceries	Reviewed invoices in detail
	26860	17,556.62	Sam's Club	Vinegar, chips, groceries, etc	Reviewed invoices in detail
	26868	35,011.06	St Croix Dairy	Dairy, punch, eggnog, etc	Reviewed invoices in detail
	26872	17,771.24	American Fruit & Produce	Eggs, broccoli, etc	Reviewed invoices in detail
	26873	13.65	Postmaster	Postage for Sam's Club	Reviewed invoices in detail
4/19/2004	26881	75,242.00	Tropical Shipping	Dry Good, Groceries, etc	Reviewed the invoices associated with the check in detail
4/20/2004	Wire Transfer	48,181.56	B.J.'s Wholesale	Groceries	Reviewed the invoice in detail. The invoices totaled \$48,126.56 plus a \$55.00 W/T fee for a total of \$48,181.56.
	26886	81,448.76	Associated Grocers of FL	Groceries	Reviewed the invoices in detail
	26888	2,256.00	BMF, Inc	Distilled Water, etc	Reviewed the invoices in detail
	26894	13.65	Postmaster	Postage	Associated with check for Associated Grocers of FL
4/22/2004	26895	20,225.49	Sam's Club	Macaroni, groceries, etc	Reviewed the invoices in detail
	26896	21,431.42	American Fruit & Produce	Vegetables, etc	Reviewed the invoices in detail,
	26901	44,326.92	VI Water & Power	Electric Bill-Commercial	reviewed the bill in detail, was for store
	26904	12,839.25	Cerveceria, India	Malt Import Beer	Reviewed the invoices in detail,
4/27/2004	26909	141,033.64	Associated Grocers	Groceries	Reviewed the invoices in detail
	24816	13.65	Postmaster	Express Mail	Associated with the invoices and check for Associated Grocers

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	Comments
	26913	27,793.78	Proctor & Gamble	Pampers, tampx, bounty, etc	Reviewed the invoices in detail
	26927	25,731.03	Oceanside Pharmacy	Sales	Reviewed the tabulations for sales in the pharmacy
4/28/2004	26928	2,515.00	World Electric Supply Miami	Electrical supplies	Reviewed the invoice, item for the store
	26930	95.50	VI Cement 7 Building Supply	Sand for building repair	Reviewed the invoice in detail
4/29/2004	26931	39,290.94	Blue Ocean Trading Co	Frozen foods, poultry, etc	Reviewed the invoices associated with the check in detail
	26933	16,633.63	American Fruit & Produce	Veggies, apples, etc	Reviewed the invoices associated with the check in detail
4/30/2004	26934	14,933.73	Bismark Importadores	Candy, etc	Reviewed the invoices in detail
	26935	15,255.82	Proctor Gamble	Soap, etc	Reviewed the invoices in detail
		1,527,515.57			

**DISBURSEMENTS VERIFICATION LOG FOR ST.
CROIX WEST, APRIL 2004**



Daily Disbursement Verification and Review St. Croix – West Plaza Extra April 2004

Date	Date	Check No.	Amount	Payee	Purpose	Comments
4/2/2004	4/2/2004	26760	\$3,400.06	Dynamic Merchandising	Edy's Ice Cream, etc	Reviewed receipt and everything was in order
	4/2/2004	26761	\$541.75	Jaitoon Torres	Plants	Reviewed receipt and everything was in order
		26762	\$5,670.00	Tischer & Co	Computer software, ethernet conn. Installed at 15 Estate Pleasant, Plaza Store	Reviewed receipts and checked address for correct billing.
4/5/2004	4/5/2004	26768	\$360.00	Premium Food Mart	Pasta, etc	Reviewed receipts and invoices
		26770	\$7,639.81	Colon Bros	Groceries and dry goods	Reviewed receipts and invoices
4/6/2004	N/A	26772	\$8,414.25	B.M. Produce	Produce	Reviewed receipts and invoices
4/7/2004	4/7/2004	26781	\$1,360.13	St Croix Gas	Commercial Propane Gas	Reviewed receipts
		26786	\$1,575.00	Paradise Waste System	Waste Container disposal	Reviewed the receipts associated with the check
		26789	\$1,626.40	Carol's Newspaper Dist	Newspapers	Reviewed the receipts associated with the check
		26792	\$3,330.50	Trans-Caribbean Dairy	Milk, etc	Reviewed the invoices in detail
		26794	\$7,567.62	Frito-Lays	Fritos, Nachos, etc	Reviewed the invoices in detail
4/8/2004	4/8/2004	26799	\$6,959.09	Ocho Rios Miami, Inc	Spices, sauces, chips	Reviewed the invoice in detail
		26807	\$4,859.50	Mike's Trading	Auto Parts, honey etc.	Reviewed the invoices associated with the check
		26808	\$3,254.29	Global Wholesale	Detergent, Roasters, Syrup, etc.,	Reviewed the invoices associated with the check
4/9/2004	Holiday					
4/12/2004	4/12/2004	26822	\$6,517.00	B.M. Produce	Veggies, etc	Reviewed the invoices in detail
	4/12/2004	26823	\$1,780.67	Caribbean Lottery	Lottery	Lottery Receipt attached to the check
4/13/2004	4/13/2004	26829	\$8,183.70	Riverdale Distributors, Inc	Juice, Kiwi, orange, grape, etc	Reviewed the invoice in detail
4/14/2004	4/14/2004	26836	\$4,735.22	Caribbean Healthways	Ginko, tea, etc	Reviewed invoices in detail



Date	Date	Check No.	Amount	Payee	Purpose	Comments
	4/14/2004	26846	\$1,538.80	Colon Bros	Sauces, etc	Reviewed invoices in detail
	4/14/2004	26847	\$1,840.00	Borinquen Biscuit	Vanilla, soda, etc	Reviewed invoices in detail
4/15/2004	4/15/2004	26871	\$5,500.00	Rudy Caines	Floor Maintenance	Reviewed the receipt in detail
	4/15/2004	26866	\$1,259.43	Carol Boston	Flowers	Reviewed the receipts in detail
	4/15/2004	26873	\$1,810.89	Caribbean Lotto	Lotto	Lotto receipt attached to check
4/19/2004	4/19/2004	26874	\$3,196.00	BM Produce	Veggies	Reviewed receipts in detail
	4/19/2004	26876	\$2,687.55	Purified Water	Water	Reviewed invoices in detail
	4/19/2004	26879	\$1,541.00	Fady Wholesale	Candy, Trail mix, etc	Reviewed invoices in detail
	4/19/2004	26884	\$9,749.90	Ziyad	Coffe pots, charcoal, spices, etc	Reviewed invoices in detail
4/20/2004	4/20/2004	26885	\$7,942.30	Proctor & Gamble	Juice, groceries, etc	Reviewed the invoice in detail
	4/20/2004	26891	\$7,034.27	Holsurn, De PR	Buns, Bread, etc	Reviewed the Invoice in detail
4/22/2004	4/21/2004	26898	\$1,475.80	Cirkel Distributors	Ice cream, sorbet	Reviewed the invoices in detail
	4/21/2004	26899	\$3,283.82	Caribbean Lottery	Lottery	Examined the lottery receipt
	4/21/2004	26903	\$5,140.80	American Roland Food	Pink Salmon, etc	Reviewed the invoices in detail
4/27/2004	4/21/2004	26912	\$920.20	Central Marketing Corp	Pumpkins, sweet potatoes, etc	Reviewed the invoices in detail
	4/21/2004	26914	\$898.42	Haddon House Food Prod.	Frozen food, peas, etc	Reviewed the invoices in detail
	4/21/2004	26915	\$210.75	VI Cement & Building	Sand	Reviewed the invoices in detail
	4/21/2004	26917	\$1,243.62	Caribbean Mgmt	Time, Newsweek, etc	Reviewed the invoices in detail
	4/21/2004	26918	\$2,947.19	Citi-Card	Tools, Barloworld, etc	Reviewed the credit card receipt
	4/21/2004	26922	\$700.00	Rubio Lang	Lawn Maintenance	Reviewed the receipt
4/28/2004	4/21/2004	26924	\$3,268.31	B Fernandez	Spices, Sausage, etc	Reviewed the invoices in detail
	4/28/2004	26929	\$4,624.50	B.M. Produce	Vegetables, plantains, etc	Reviewed the receipts in detail
4/30/2004	4/30/2004	26936	\$656.51	Fernando C. Pujals	Candy, etc	Reviewed the invoice in detail
	4/30/2004	26937	\$2,805.15	Caribbean Lottery	Lottery	Reviewed the invoice in detail

MADISON ASSOCIATES, INC.



Date	Date	Check No.	Amount	Payee	Purpose	Comments
	4/30/2004	26938	\$4,067.97	Global Wholesale	Roasters, syrup, vanilla, etc.	Reviewed the invoice in detail

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DAILY LOG FOR ST. THOMAS PLAZA EXTRA

MADISON ASSOCIATES, INC.



Daily Log
St. Thomas
April 2004

Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/2/2004					Return to St Thomas, meet with Paul Hoffer, and review procedures.
4/3/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock.
4/4/2004			N	N	Sunday
4/5/2004	Y	53,690.00	Y	Y	Monitor store. Walkabout store, warehouse, and dock. Receive March 2004 Aged payable list. Approve checks and record in log. Review till sheets for 4/1, 4/2, and 4/3 and enter in log. Mr. Yusuf traveling to St Croix. Mr. Yusuf said he had a hearing on 3/6/04 no further details given.
4/6/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. \$19,312.07 reimbursement to Nejeih from 2/19/04 he used credit card so items will be shipped faster, he gets air mileage points. He does not use credit card if supplier offers a discount then he uses store check. He is reimbursed only if he has receipts.
4/7/2004	Y	53,690.00	Y	Y	Monitor store. Walkabout store, warehouse, and dock. Mr. Yusuf returned to store.
4/8/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Nejeih paid B J Warehouse \$25,140.40 via his credit card to have items shipped quickly and office staff then took invoice and inadvertently issue a wire transfer for the same amount via Check # 25706, \$25,195.40 to Scotia Bank for a wire transfer of \$25,140.40 to B J's Wholesale Club. B J's was instructed to hold the extra funds to use as a credit toward the next purchase. Obtain bank statements from Scotiabank. File reports.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/9/2004	Y	53,690.00	Y	Y	Good Friday. Monitor store. Receive copy of check deposited on 4/6/04 and listed on 4/5/04 till sheet as "rem/loan" deposit in the amount of \$2,111.67. The check is Check # 2578, dated 4/4/04 from Daas Corporation Food Center Supermarket, 26 & 27 Estate Frydenhof, P O Box 502967, St Thomas, VI 00805, in the amount of \$2,011.67, payable to Plaza Extra, with the notation that the check is for "Balance on 50 k check(R & M Tropical)". The check was written on Scotiabank Account # 55356115.
4/10/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock.
4/11/2004			N	N	Sunday
4/12/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Send Roger information to access Banco Popular accounts via E-mail for his reports, etc.
4/13/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Nejeih provided copy of Western Union check # 049445 payable to Plaza Extra Supermarket dated 3/31/04 in the amount of \$5,671.97 representing and noted as March Commissions from Western Union. Approved reimbursement check # 15709. Amount 39,306.99 for items charged to his credit card including the charge of \$25,140.40 to B J's Warehouse as noted on 4/8/04, also \$4,602.99 refrigeration compressor for store, \$6,202.87 to Global Equipment supplies and parts for store, etc.
4/14/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Nejeih provided copy of check # 049445 dated 3/31/04 issued by Western Union to Plaza Extra Supermarket in the amount of \$5,671.97 representing the store's commissions for march 2004. Western Union March 04 summary attached. Nejeih in Puerto Rico for doctor visit.
4/15/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Marshall, Nejeih met with people from Tischer & Company who are installing the new employee time clock system. The system will read the employee's palm print and automatically record employee time worked and record and track overtime and regular time worked. This will ensure employees are paid for actual time worked and prevent employees from punching in and out non-working employees.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/16/2004	Y	53,690.00	Y	Y	Safe count with Nejeh Yousef. Monitor store. Walkabout store, warehouse, and dock. Obtain bank account records from Scotiabank. Review bank records. File reports.
4/17/2004	Y	53,690.00	Y	Y	Safe count with Nejeh Yousef. Monitor store. Walkabout store, warehouse, and dock.
4/18/2004			N	N	Sunday
4/19/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Approve checks. Rebate check from Food Warehouse Corp, Check # 6723, amount \$1,082.31, deposited today, listed on 4/18/04 deposit record.
4/20/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Approve check #15722 to Nejeh Yusuf for \$3,248.24, for miscellaneous expenses including lighting ballasts, etc for store in amounts of \$826.45, \$195.00, and \$696.00; \$137.50 for one printer cartridge for store computer system; \$1,260.00 for work on store security system; and miscellaneous small items. Receive from Marshall the Merrill Lynch Account statement for United Corporation for the period 2/28/04 to 3/31/04. Faxed the statement to Bill Schroeder.
4/21/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Faxed the Merrill Lynch Account statement for United Corporation for the period 2/28/04 to 3/31/04 to Roger Edwards.
4/22/2004	Y	53,690.00	Y	Y	Monitor store. Walkabout store, warehouse, and dock. Marshall informed me that he is going on vacation from May 30 to June 21, 2004. During his absence Erica will attempt to take care of the daily financial work and hopefully the supplying of operational information to the on-site monitor. Marshall will take care of the balance sheets, profit and loss statements, and other financial analysis. When Marshall returns on June 21, 2004, he will only be working on a part time basis. His intention was to terminate his employment but Mr. Yusuf talked him into working part time and taking care of the financial statements and training someone new, possibly Erica, in taking care of the daily work such as payroll, deposits, expenditures, etc. Marshall may eventually, in the very near future, quit working completely. He explained that he is getting married and his wife owns vacation properties and is financially independent. In other words, he never has to work again if he does not want to work and his wife would like him to travel with her. Safe count with Nejeh Yousef.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/23/2004			Y	Y	Monitor store, Walkabout store, warehouse, and dock. Marshall in St Croix today to visit United Corporation stores - East and West. Mr. Fathi Yusuf was approached by a representative of a charity requesting to use a lot he owns. Mr. Yusuf explained that he owns a 2 1/2 acre lot in the downtown St Thomas area located just across the street from the Pueblo supermarket. He stated he has been offered \$4 million dollars for the lot but he does not intend to sell it. He said he may build some type of store on the lot in the future but it would not be a grocery store.
4/24/2004			Y	Y	Saturday - Monitor store, Walkabout store, warehouse, and dock.
4/25/2004			N	N	Sunday
4/26/2004			Y	Y	Monitor store, Walkabout store, warehouse, and dock. Ask Nejeih for Western Union & Lotto/ Telephone card sales documentation for period 4/15/04 to present. Nejeih said he will do it by tomorrow.
4/27/2004	Y	53,690.00	Y	Y	Monitor store, Walkabout store, warehouse, and dock. Receive Western Union & Lotto/phone card documentation for 4/15 to 4/25/04 from Nejeih. Safe count with Nejeih Yousef.
4/28/2004			Y	Y	Monitor store, Walkabout store, warehouse, and dock. Pick up Keith Rogers (2:00 PM) and Roger Edwards (6:00 PM) at airport. Orientate Keith Rodgers to operation. Daily tills to be kept from 4/28/04 by Keith Rodgers.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/29/2004	Y	53,690.76	Y	Y	Meet with Roger and Keith. Orientate Keith to the monitoring operation. Monitor store. Walkabout store, warehouse, and dock. Safe count with Nefeh. Preparing month end reports. Pick up bank records. Banks closed Friday due to Carnival Holiday.
4/30/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Orientate Keith to the monitoring operation. Travel St Thomas to US Personal Residence 3:00 PM to arrival at airport in Cincinnati at 9:45 PM.

DAILY LOG FOR ST. CROIX PLAZA EXTRA EAST



Daily Log St. Croix – East Plaza Extra April 2004

Date	Cash Count	Cash in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/3/2004	N	N/A	Y	Y	After arriving on STX I proceeded to both the east and West location. Talked to Yusuf and indicated that I had returned for my tour. The store was fairly busy with patrons. Yusuf was working security as one of his security workers was not there.
4/5/2004	N	N/A	Y	Y	I proceeded to the East Store and received the POS/TIL for April 2 thru 4 from Avalia. I reconciled the reports. I also talked to Wadda, Gina and Mary regarding my return. I also talked to Alan who inquired as to the status of the laundromat proposal. He stated that last he recalls additional information had been forwarded through Charley but he (Alan) has not heard anything additional. I told him that I would look into it. I walked the store and warehouse. The store was in good condition with the shelves stocked. The warehouse was very busy with the shelves full and more stock being put on top of the already full shelves. I walked the upstairs warehouse which was also over full. Each isle was full but in very much disarray. The hallway leading to the air conditioning units were completely full of Charmin and Bounty.
4/6/2004	N	N/A	Y	Y	I received and reconciled the POS/TIL which I received from Avalia. I talked to Wadda, Gina and Mary about today's activities. Mary gave me a check to review and initial for the Pharmacy. I also talked to Alan and informed him that I will talk to Roger today about the laundromat. Mr. Yusuf came into the conference room where I was working and introduced himself. We had a very long conversation about the states vs. the islands and living conditions which he feels are better in the islands. Nothing in the form of business was discussed. I also walked the store warehouse and dock. The store was busy with customers as well as personnel keeping the shelves stocked. The warehouse was busy and I spoke with Fathi for a short period as he was operating the forklift. The warehouse was overstocked.



Date	Cash Count	Cash in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/7/2004	Y	\$82,000.00	Y	Y	<p>Received and reconciled the POS/TIL from Avalia. Avalia and Yusuf explained that the POS sheet shows exactly two times the correct amount. Yusuf explained that there was a power outage on Tuesday Morning and he rebooted the system at about 3:00 a.m. The next days work showed that the outage created an over statement of exactly twice the amount. I reviewed the POS totals and initial the count. There were also additional checks totaling \$2496.97, this amount resulted from an assistance program the store is associated with. There are organizations that provide assistance to children and women whereby the children and women are allowed to shop and the store is reimbursed later by different organization i.e., VIBS, churches, etc. I conducted a surprise cash count with Yusuf. The safe amount totaled \$82,000. There was an additional \$4,000 in ones (\$1) provided to the service desk. The additional total of the \$6,000 will be deposited to bring the safe amount to \$80,000. I walked the store and warehouse. The store's shelves are appropriately stocked and the warehouse is overfull. The warehouse is so full that all items cannot be put away. Fortunately these items that are overstocked are not perishable good.</p> <p>Walked about the store, warehouse and dock. Fathi is conducting operations on the dock. The warehouse is fully stocked. The store is being tended by employees making sure each aisle is fully stocked. I received the POS/Til from Avalia. She informed me that yesterday's problem of the total figure located on the POS sheet has not been corrected. Yusuf is attempting to resolve the problem. I reconciled the POS/Til and explained that this problem should be fixed as soon as possible. Avalia notified me that they have created a new POS reconciliation sheet which is more detailed than the prior sheet. This should make things less complicated for the reviewers. The additions to the form are petty cash and undepositables. I told Alan that I would notify him when I heard something regarding the laundromat.</p> <p>Walked the store and warehouse. Today is a holiday and a lot of customers are preparing for the Easter weekend. The store is very busy and the warehouse workers are winding down for the day. The store office workers except for Avalia are off for the weekend holiday. Avalla provided me with the POS/Til. The prior problem regarding duplication of receipts with the POS/TIL program has corrected itself without programmer assistance. Yusuf indicated that their programmer is in Tortolla and he will stop by the store when he returns to St Croix. I performed a surprise cash count today. The amount was \$76,000. There was \$4,000 given to the Service Desk. I also discussed the shopping center with Alan and he stated that three of the tenants are leaving. Ultimate Graphics, the travel agency and a financial business. He further indicated that he does have prospective tenants for each of these bays. He will provide that information to me within the day.</p>
4/8/2004	N	N/A	Y	Y	
4/9/2004	Y	\$76,000.00	Y	Y	



Date	Cash Count	Cash in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/10/2004	N	N/A	Y	Y	Walked the store and warehouse. The store was very busy as was the dock. The Easter holiday had started on Thursday and runs until Tuesday. The stores are expected to be busy during this time. Fathi was on duty at the dock. Talked to Yusuf and said hello to Wally.
4/12/2004	N	N/A	Y	Y	Received the POS/Til from Avalia. The program with the program doubling the receipts presented itself again for the 10th. It has been reconciled. Yusuf is attempting to have the problem corrected. Yusuf was not in today so I will talk to him about it tomorrow. The POS/Til did reconcile with no other problems. Alan was not in today to discuss any shopping center matters. I walked the store and warehouse early today. The store was very quiet but very neat and orderly. The warehouse was over full, but at the time was very neat and orderly. The dock was full of trucks being unloaded. Fathi was on duty on the dock.
4/13/2004	Y	\$80,000.00	Y	Y	Received the POS/Til from Avalia. The program continued doubling the receipts again for the 12th. The results of yesterday's business has been reconciled. Yusuf informed me that the problem was corrected last night and should show be corrected for tomorrows work. I conducted a surprise cash count with Yusuf. The safe count was \$80,000. A check was presented to me for \$45,000, regarding the law suit of Janie Nestor vs. United Corporation. The law suit related to "Discrimination-Failure to Promote". I contacted Roger for approval to initial off on the check. He returned my call after discussing this matter with MAJA and the Marshals and I approved the check. I also asked Wally about the inventory results, and he indicated that the store had received a disk of the results from the independent company performing the inventory. The problem is that their computer system has a problem which their programmer is working on. Hopefully the problem with the system will be resolved and the information from the inventory input into their system so that they (we) can obtain the results of the inventory. I reviewed and initiated checks approvals for Mary. The store and warehouse were in good form today. The dock was busy. Yusuf inquired as to approval for a check to
4/14/2004	N	N/A	Y	Y	Received the POS/Til from Avalia, the Ledger sheet is still incorrect, but the Til Statistics Sheet is correct. The POS was reconciled. Discussed returned checks (deposit item) with Avalia. When people have returned checks they come back to the store and pay the returned check in cash and pay a fee. These amounts are deposited as they are received. Walked the store and warehouse. The store aisles are neat and very busy with patrons. The warehouse is very busy, not disorganized but not neat. This is a normal occurrence as the aisles have to be stocked all day long. The upstairs warehouse is disorganized.



Date	Cash Count	Cash in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/15/2004	N	N/A	Y	Y	Walked store and warehouse. Warehouse and dock workers are unloading trucks and inputting items in the warehouse. Forwarded copy of Charley's Request regarding the Laundromat Proposal and the Response from Alan and Mike dated March 23, 2004 to MAIA for direction on how to approach Alan regarding this matter. Discussed status with MAIA and afterward I explained to Alan Mallory that their original response can be utilized and expanded on to include precise information relative to item #3, as to whether there will be a legal entity, i.e., partnership, etc, which own and operate the laundromat, and will there be a separate bank account for this entity for income and expenses associated with the business. Relating to item #5 will there be a legal document, i.e., Note Payable from the entity that borrows the money, and will any collateral be put up by one or both parties and will one or both parties be liable for repayment of the loan. Alan indicated that he will formulate a reply and discuss this matter with Mike. I received POS/Til from Avalia. The general ledger is still showing twice the amount of receipts. The Til Statistics Sheet is correct and that figure is utilized for the reconciliation.
4/16/2004	Y	\$91,500.00	Y	Y	Received and reconciled the POS/TIL from Avalia. Difference of \$4005.74 is due to \$3500 for water machine change at the service desk. The balance of \$495 is due to coupon, gift certificates and small items. Conducted a cash count with Yusuf, the safe was \$11,500 over and the amount over will be deposited in the bank. Received the Laundromat Proposal from Alan and forwarded it to the OSM. Initialed two checks totaling \$2.4 Million for transfer of funds to cover the checks for taxes. I again asked Wally about the backup documentation for the tax checks. He indicated that the information was with Marshal at the St Thomas store. He did indicate that their accountants name is Pablo O'Neal. I walked the store and warehouse. Everything is in good condition.
4/17/2004	N	N/A	Y	Y	Walked the store and warehouse. The store was very orderly and very busy. The warehouse orderly but not quite so busy.
4/19/2004	N	N/A	Y	Y	Walked the store and warehouse. The store was orderly and not to busy at the time. The warehouse was busy and the dock workers were unloading the truck. Received the POS/TIL from Avalia. She indicated that I will notice a \$6,500 shortage on Saturday that she picked up for Sunday's work. This was the result of one of the cashier's bags not coming up to the office for Saturday's work. The bag did show up the following day. All receipts were in the bag as shown by that cashier's POS. I also provided a copy of the fax received from Roger regarding the laundromat to Alan's desk. Alan was not in. Also asked Wally if Pablo O'Neal had returned his telephone call regarding the backup documentation. He indicated that he will give O'Neal another telephone call and let me know.



Date	Cash Count	Cash in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/20/2004	Y	\$80,500.00	Y	Y	Walked the store and warehouse. The store was fairly busy this morning. The dock was extremely busy. Received the POS/Til from Avalia. The general ledger and the Til Statistics are incorrect and showing figures that are twice the amount of the receipts actually received. Avalia had to do the POS/Til reconciliation by hand using the register printouts, petty to show the amount actually received. The accountant continues to work on this problem. Also received a reply from Alan regarding the laundromat proposal that was forwarded to the OSM. Conducted a cash count today with Yusuf and the safe count was \$80,000, \$500 will be deposited.
4/21/2004	N	N/A	Y	Y	Walked the store and warehouse. The store was busy as was the warehouse. The dock was extremely busy. All of the rows in the warehouse have food stocked in the isles. The upstairs in the warehouse is extremely fully stocked also. Received and reconciled the POS/Til from Avalia. Received check for approval from Wadda. Reviewed check disbursements received from Mary. Talked to Wally about the source documents for the IFS checks last week. He stated that he talked to the accountant and that the material will be ready shortly.
4/22/2004	Y	\$80,500.00	Y	Y	Received the POS/Til from Avalia. The general ledger and til statistics are correct. The computer tech was able to fix the problem. Walked the store and warehouse. The store was not very busy this am. The warehouse was very busy as was the dock. The warehouse and dock were not very orderly which is due to the constant stocking of the store. Received the work papers from Wally for the tax checks from last week. Forwarded to the OSM for their files. Conducted a surprise cash count with Yusuf. The balance was \$80,500. He indicated that the additional amount will be deposited.
4/23/2004	N	N/A	Y	Y	Received and reconciled the POS/Til from Avalia. The difference in the deposit was due to coupons, gift certificates, etc. The store was fairly busy as was the warehouse. But no trucks were at the dock. Received checks for review from Mary, but no check approvals.
4/24/2004	N	N/A	Y	Y	Walked the store, Warehouse and dock. The store was very busy and the warehouse was fully stocked and in order. Yusuf was very busy with servicing customers, will pick up the POS/Til later.
4/26/2004	N	N/A	Y	Y	Walked the store and Warehouse. Store was slow at the time (early a.m.) and the dock was not busy yet. Warehouse workers were putting everything in order for the truck to arrive and unload. Received the POS/Til from Avalia. POS/Til continues to be working properly. Alan was not in or available. Forwarded copies of the Check Approval Logs to John in St Thomas. Received no checks for approval or check for disbursements review



Date	Cash Count	Cash in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/27/2004	N	N/A	Y	Y	Walked the store, warehouse and dock. The store was very orderly and numerous customers were busy shopping. The dock and warehouse were extremely busy unloading of trucks and stocking the warehouse shelves. Received and reconciled the POS/TIL from Avalia. Asked Alan to provide me with the check register by Wednesday.
4/28/2004	Y	\$82,000.00	Y	Y	Received and reconciled the POS/TIL from Avalia. The program continues to work properly. Walked the store and warehouse. The store is very orderly and fairly busy. The warehouse is busy but not orderly. Fathi is not in and Yusuf is working in the warehouse as dock manager. Fathi broke a finger at his house yesterday. May not be in for a day or so. Received the information from Alan Mallory regarding the shopping center deposits and checks drawn. Will provide this information to the SM on STT. Conducted surprise cash count with Yusuf. The count in the safe was \$82,000. Will deposit the additional \$2,000.
4/29/2004	N	N/A	Y	Y	Walked the store, warehouse and dock. The store was busy as was the warehouse and dock. Fathi was back today as dock manager. Warehouse was fully stocked but in disarray because of stocking the store. Received the POS/TIL from Avalia. Everything was in order. Received payroll register for the month of April from Wadda. Will obtain Aged Payable report from Mary tomorrow.
4/30/2004	Y	\$80,000.00	Y	Y	Picked up Roger at the Seabornе airlines and we proceeded to the East and West Stores. Walked the store, warehouse and dock. The store was relatively busy, the warehouse was fully stocked. The upstairs warehouse was in disarray. Received Checks for approval and review and also received the Aged Payables from Mary. Conducted a surprise cash count with Yusuf. The amount in the safe was \$80,000. Alan Mallory provided The OSM with copies of documents to be provided to the Marshalls.

**DAILY LOG FOR ST. CROIX PLAZA EXTRA
WEST**



Daily Log St. Croix West April 2004

Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/3/2004	N	N/A	Y	N	Proceeded upon arrival to the West store. The store was in excellent shape, all of the isles were in fully stocked and numerous patrons were shopping. I talked to Sean and informed him that I had returned for a period. I inquired as to any new happening and he replied in the negative.
4/5/2004	N	N/A	Y	Y	I received the POS/TTL from Veronica for April 2 thru 4. I talked to Lisette, Sean and Myra regarding my return. I also talked to Mike at which time we talked about the Laundromat. He stated that the information requested had been forwarded and they were waiting for a reply. I also walked the store and warehouse both of which appeared to be well stocked
4/6/2004	Y	\$91,576.00	Y	Y	Received POS/TTL from Veronica for April 5th. I talked to Lisette about the check register and found there were no checks for approval today. There was a Wire Transfer for \$29,797 to BJ Wholesale, this is recorded on the check approval register. I also conducted a cash count today with Sean, the amount was \$91,576. I asked about the overage relative to a \$80,000 balance and he stated that the 11,576 will be deposited to bring the balance to \$80,000. I walked the store, dock and warehouse. The store was in very good shape with numerous shoppers, the warehouse was being stocked and the dock was very busy. The second floor of the warehouse was filled with Charmin and Bounty.
4/7/2004	N	N/A	Y	Y	Veronica had departed for the day and Pos is on her desk in locked office. Sean is off for today so I will obtain the POS tomorrow. Talked to Mike in general about the store and it being fully stocked received numerous checks for approval from Lisette and reviewed numerous check disbursements. I Walked the West store and all shelves were being supplied by employees as necessary. The warehouse was completely stocked as was the dock.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in		Store Walkabout	Warehouse Walkabout	Comments
		Cash	Safe			

4/8/2004	N	N/A		Y	Y	Received the POS/TII from Veronica. The overage from the safe was included in today's deposit. I received a copy of a check for building repairs for \$1500. I told Mike that I did not see a copy or original receipt for this item. Mike indicated that this item was for repairs to the building and that although he does not have a receipt he will provide me with a copy of the contract for this work. I will obtain the contract tomorrow and forward a copy to the OSM. The store's shelves were fully stocked and the warehouse was overly stocked as was the East Store. I approved numerous checks and reviewed disbursements.
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4/9/2004	Y	\$66,576.00		Y	Y	Walked the store and warehouse. The store is very busy with holiday traffic; the shelves are being replenished as necessary. The dock closed early today because of the holiday. The office is closed, but Veronica is available to provide me with the POS/TII. Sean is working in the store. I have not seen Mike regarding providing me with a copy of the contract for construction work relative to the \$1500 payment that I inquired about yesterday. I also conducted a surprise cash count with Sean. \$66,576 was in the safe. He indicated that three days ago the safe was over by \$10,000 and he deposited the total overage. \$13,424 was also deposited within the two day period. He will have to bring the safe amount back up to \$80,000. I inquired from Veronica why the Reconciliation "Cash" category shows only \$-105 in yesterday's work, she stated that \$12,000 was utilized to cash payroll checks. I told her I would attempt to reconcile this amount.
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4/10/2004	N	N/A		Y	Y	Holiday weekend, walked the store and warehouse. Both were very busy in preparation for Easter Sunday. The dock was busy also.
4/12/2004	N	N/A		Y	Y	Received and reconciled the POS/TII from Veronica, also reviewed and initialed checks disbursements and check approvals from Lisette. Walked the store and warehouse, the store is busy and the shelves are neatly stocked. Personnel are maintaining the shelves. The warehouse is very busy. Both Mike and Charley are at the warehouse working on the dock.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/13/2004	Y	\$75,576.00	Y	Y	Received the POST/TL from Veronica, Approved/Initiated numerous Disbursement and Check approval items. Walked Store which was in very good condition with a lot of patrons shopping. I walked the warehouse which was also very busy. In the evening the warehouse is always in some disarray as a result of the days activities of stocking the shelves and dock matters. I also conducted a surprise cash count with Sean. The amount in the Safe was \$75,576.00. I instructed Sean that the amount should total \$80,000 and that when the service desk receives a loan, a like amount should be repaid. Currently they are depositing the amount the service desk should be returning to the safe.
4/14/2004	N	N/A	Y	Y	Walked the store and warehouse. Store in good condition with all shelves adequately stocked. The warehouse is in good shape. Charley is on the loading dock.
4/15/2004	N	N/A	Y	Y	Walked store and warehouse this morning. Store is in orderly condition with few patrons in the store this am. Warehouse is tended by workers downloading trucks and loading the warehouse. Received and reconciled the POST/TL from Veronica. I approved numerous checks and reviewed numerous check disbursements. Mike indicated that he discussed the Laundromat matter with Alan and that Alan will be in touch with me regarding their reply.
4/16/2004	Y	\$76,576.00	Y	Y	Walked the store and warehouse. Sote is busy this afternoon (Friday). Warehouse is fully stocked and the dockworkers are finished with todays unloading. Mentioned to Mike that the response that I received from Alan regarding the laundromat has been forwarded. He will hear something in the near future. Conducted surprise cash count with Sean, the amount in the safe was \$76,576. \$3,424 was on loan to the service desk. Mike mentioned that he had a conversation with Len (US Marshal) regarding the laundromat and that Len will forward him a letter regarding this matter.
4/17/2004	N	N	Y	Y	Walked the store and warehouse. The store is in very order condition. The store is very busy.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in Safe	Store		Warehouse		Comments
			Walkabout	Y	Walkabout	Y	
4/19/2004	N	N	Y		Y		Walked the store and warehouse. Store was very orderly but not yet busy. The warehouse and dock were busy, numerous truck were being unloaded at the dock. Also received a fax from Roger to give to Mike Yusuf regarding the laundromat. Mike asked that I provide a copy to Alan at the East Store. I heard nothing further from Mike or Alan about the fax received from Briskman. Received the POS/Til from Veronica. Received numerous checks for approval and disbursement review.
4/20/2004	N	N/A	Y		Y		Walked the store and warehouse. Store not very busy this am but the docks is completely full. Received the POS from Veronica. Talked to Mike for a few moments about the laundromat. Also inquired as to the contract for the repairs on the building. Mike provided a note/letter from the individual that is conducting the repairs on the building. It was not a formal document, but I made a copy of it. The note indicated that the expected cost for repair of the building will be \$7,200. Mike indicated that it may take more than the \$7,200 to repair the building.
4/21/2004	N	N/A	Y		Y		Walked the store and warehouse. The store was busy and the warehouse is extremely full. Groceries and items are stacked in the isles. Charley was on the dock unloading trucks. Mike was at the service desk. Received the POS/TIL from Mike. Reconciled and recorded the POS/TIL.
4/22/2004	Y	\$76,576.00	Y		Y		Walked the store and warehouse. The store was not very busy, but the warehouse was loaded with trucks to be unloaded. Received and reconciled the POS/TIL. Conducted a surprise cash count with Sean. The safe balance was \$76,576. I asked Sean about the \$80,000 safe balance and he indicated that he will make sure that Veronica starts replacing the safe loans instead of depositing them in the bank.
4/23/2004	Y	\$66,576.00	Y		Y		Walked the store and warehouse. The store was very busy. The warehouse and docks were fully stocked. Received the POS/TIL from Sean. Also conducted a surprise cash count with Sean. The amount totaled \$66,576. The two checks from yesterday were deposited in the total deposits for the POS dated 4/22/2004. Also there were no check approvals or review of check disbursement today.



Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/24/2004	N	N/A	Y	Y	Walked the store and warehouse. The store was very busy, the warehouse was orderly. None of the office workers were available today as the office of the store was closed.
4/26/2004	N	N/A	Y	Y	Walked the store and warehouse. The store was slow this morning and the warehouse was fairly active. Received the POS/Till from Sean. Did not receive any checks for approval or review. Conversation with Sean regarding Western Union. They will have Western Union on line within two days. He asked if there was any specific instruction we (SM) would have regarding our procedures to verify the receipts. I told him I would check and get back to him. I asked if the receipts would be included in the POS/Till and he indicated yes. I told him I would let him know tomorrow. Walked the store and warehouse again this afternoon. The store, warehouse and dock were extremely busy.
4/27/2004	Y	\$59,576.00	Y	Y	Walked the store and warehouse. The store was slow this morning but busy during the late afternoon. The warehouse was fully stocked and the dock was very busy. The warehouse is so stocked that many items are stocked in the isles. Received and reconciled the POS/Till. Also received numerous checks for approval and review. Conducted cash count with Sean, safe amount was \$56,576. Told Sean that they need to get the balance up to \$80,000. He gave his approval. I told him Veronica is still depositing the loan from the safe instead of returning it to the safe. I informed him that my managers are inquiring about this. He stated that they will get the balance back up to \$80,000.
4/28/2004	N	N/A	Y	Y	Walked the store, warehouse and dock. The store was fairly busy, the warehouse was busy also and the dock was extremely busy. Charley was on the dock operating a forklift. Received the POS/Till from Mike. Reconciled and recorded the POS. Received checks for approval and review. Mike indicated that they had an incident this morning where two customers came to the store, attempted to confuse their cashier and make off with a few unpaid groceries. One individual got away and the other person they held for the police. The individual that departed returned in a car pulling up to the front of the store and held his hand down in the car to give the appearance that he may be armed. After security informed him that they were armed he departed.

MADISON ASSOCIATES, INC.



Date	Cash Count	Amount in Safe	Store Walkabout	Warehouse Walkabout	Comments
4/29/2004	N	N/A	Y	Y	Walked the store, warehouse and dock. The store was busy this afternoon. The warehouse and dock were also busy. Charley was on the dock directing traffic. Received and reconciled the POS/TTL from Mike. The TTL reconciled. Western Deposit included of \$65. This amount was deposited into a new Banco Popular Account #19107867. Received checks from Lisette for approval, none for review. Told Lisette I would need Payroll records and Aged Payable reports as of tomorrow.
4/30/2004	Y	\$71,526.00	Y	Y	Walked the store, warehouse and dock with the OSM. Store was fairly busy and the warehouse was fully stocked and somewhat in disarray. The upstairs of the warehouse was fully stocked with large amounts of Charmin and bounty. Received the POS/TTL from Veronica. Also reviewed checks for approval and disbursement. Returned to store for Surprise Cash Count after returning the OSM to the airlines. Cash in the safe was \$71,526. Sean indicated that they were trying to get the safe amount up to \$80,000.



MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE

Monthly Monitoring Report

**Business Monitoring Services
United Corporation**

Virgin Islands

**For the Reporting Period
May 1, 2004 - May 31, 2004**

**Contract No: GS-10F-0080J
Order No: DJMS-04-AFO-P-0013
June 2004**



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**MONTHLY MONITORING REPORT
BUSINESS MONITORING SERVICES
UNITED CORPORATION
VIRGIN ISLANDS
FOR THE REPORTING PERIOD
MAY 1, 2004 – MAY 31, 2004**

1.0 ACTIVITIES COMPLETED DURING MONTH

The Sections that follow highlight the activities completed during the reporting period.

1.1 ROTATION OF ON-SITE MONITORS

The second team of Monitors completed their second rotation this month.

1.2 ISSUES DISCUSSED WITH COTR DURING MAY 3 – 7, 2004 SITE VISIT

On May 2, 2004, the USMS COTR was provided a 2-page memorandum outlining eight issues to be discussed with United Corporation (UC) managers during the visit to the Virgin Islands of the COTR and the Maximus and Madison Associates, Inc. (MAI) Project Managers. A copy of this memorandum is included as Attachment A: Memorandum to COTR on Business Monitoring Issues. The issues identified included the following:

- The departure of the Comptroller of United Corporation (UC)
- The offering of Western Union Services at the St. Croix Plaza Extra – West store
- The proposed laundromat venture at the St. Croix Shopping Center
- Information concerning the review of a check that has been issued on December 30, 2003

1.3 SITE VISIT TO VIRGIN ISLANDS (VI) TO REVIEW PROJECT ACTIVITIES

From May 3 through May 7, 2004, the Project Managers and the COTR conducted an on-site review of the status of the UC business monitoring activities underway on both St. Thomas and St. Croix. During the course of this review it was determined that the United States had inadvertently neglected to file a lis pendens on one of the properties owned by a defendant in the pending criminal prosecution. The United States Attorney's Office was advised of this fact so that appropriate action could be taken.

1.4 FINAL APPROVAL BY COTR OF REVISED SCOPE OF WORK AND BUSINESS MONITORING PLAN

MAXIMUS and MAI reviewed with the COTR the final changes to the Scope of Work on the contract, as well as the final changes to the Business Monitoring



Plan. Agreement was reached by all parties on the changes. The COTR will process the contract amendments through the USMS Contracting Officer.

1.5 LETTER FROM COTR TO BANCO POPULAR AUTHORIZING MONITOR ACCESS TO NEW WESTERN UNION ACCOUNT

On May 12, 2004, the COTR was notified that Banco Popular management had requested a letter from the United States Marshals Service (USMS) authorizing the Monitor to have access to the new account opened at the bank to service the needs of UC after it had begun to provide Western Union access at the St. Croix Plaza Extra – West store. The COTR prepared the letter and transmitted it to the bank.

1.6 DISCUSSION OF ISSUES RELATEING TO PROPOSED LAUNDROMAT VENTURE AT SHOPPING CENTER

On May 13, 2004, the COTR and the Project Director (MAI) discussed the issue of the proposed Laundromat venture at the Shopping Center on St. Croix. Among the issues discussed was the additional monitoring activity that would be required under the alternatives being considered for this venture.

1.7 APPROVAL OF TRANSFER OF FUNDS TO COMPLETE CONSTRUCTION OF ST. THOMAS HOUSE

On May 13, 2004 the question of authorizing funds from UC to be given to one of the indicted managers for the purpose of completing construction on the house being built on St. Thomas was discussed with the COTR. The COTR indicated that the decision had been made to approve the transfer of funds for this purpose and that the Monitors would be required to track the monies from the operating account of UC to goods and services needed to complete the construction.

1.8 DECISION OF UC COMPTROLLER TO WORK PART- TIME

On May 19, 2004, the COTR was notified that the Comptroller for UC had indicated that he would be working only part time in the future at this position. This decision apparently was made as a result of the convergence of a number of factors, including personality differences with some store management personnel.

1.9 FINAL VERSION OF BUSINESS MONITORING PLAN FORWARDED TO COTR FOR REVIEW

On May 19, 2004 the amended Business Monitoring Plan containing the changes agreed to earlier in the month was provided the COTR for review. The revised plan was reviewed with the COTR who approved the final changes. The USMS Contracting Officer will forward a copy of the final approved plan to USMS following final approval.



1.10 WESTERN UNION MONEY TRANSFER FORMS PROVIDED TO COTR FOR REVIEW

On May 25, 2004, the COTR was provided copies of four Western Union money transfer forms that had been used in the transfer of \$5000 on three occasions and the transfer of \$6000 on one occasion over a period of four weeks. The transfers had been initiated by the same individual each time and were to the same recipient. The recipient was located in an area known for not having effective anti-money laundering laws. See section 3.6, below for more details.

1.11 NOTIFICATION TO COTR OF UC COMPTROLLER LEAVING EMPLOYMENT

On May 28, 2004, the COTR was advised that the Comptroller for UC had advised that it was his last week in the employ of UC and that he would be returning following an overseas trip only for the purpose of training a replacement. UC management indicated that they were actively looking for a replacement.



2.0 ACTIVITIES PLANNED FOR NEXT MONTH

The Sections that follow highlight the activities that are planned for the next reporting period.

2.1 CONTINUING ROTATION OF MONITORS

The first team of Monitors will complete their current rotation on July 1st. The second team is scheduled to return for their third rotation on that day as well. The second team St. Thomas Monitor will not be returning in July due to a health issue. A new St. Thomas Monitor has been selected for the July rotation. The permanent St. Thomas second team Monitor will be delayed in his reporting. A temporary replacement will be trained and will be handling monitoring duties on St. Thomas for the first two weeks of July.

2.2 TRAINING OF REPLACEMENT MONITOR BY OFF-SITE MONITOR

Roger Edwards, The Off-Site Monitor (OSM) will oversee the transition to a new second team St. Thomas Monitor as well as to the temporary Monitor and will conduct an OSM visitation and review between June 29th and July 1st.



3.0 ISSUES NEEDING RESOLUTION BY THE COTR

The Sections that follow highlight the issues requiring further resolution by the USMS COTR.

3.1 LOSS OF UNITED CORPORATION'S COMPTROLLER

The Comptroller of United Corporation (UC) departed during the last week of May and has stated that he will only be returning on a temporary basis to assist in the training of a replacement. Store management has placed a classified advertisement in the local Virgin Islands newspaper for a comptroller and has informed the St. Thomas Monitor that interviews have taken place. A selection has not been made as of the writing of this report.

Much of the financial information used in the review and analysis conducted under the Business Monitoring Plan of UC is obtained from the Comptroller and through his work with the accounting software system used by UC. With his leaving, it is likely that there will be substantial delays in acquiring the relevant information. Without an adequate substitute, the completeness, and therefore the accuracy, of the information obtained may also be open to question, affecting the analysis conducted under the Business Plan.

3.2 WESTERN UNION SERVICES AVAILABLE AT ST. CROIX- WEST

The St. Croix – West market began offering Western Union services on April 27, 2004. A new bank account was opened at Banco Popular to handle the transactions at that market. Electronic access to that account was successfully arranged this month. On-line access to this account is now available in a manner similar to other Banco Popular accounts of UC.

3.3 PROPOSED LAUNDROMAT AT THE ST. CROIX SHOPPING CENTER

A tenant operating a laundromat at the shopping center on St. Croix went out of business in February. Store management surfaced a proposal for use of the space earlier this year. The proposal is to be a joint venture of Mike Yusuf and Alan Mallory, the manager of the shopping center on St. Croix. Mr. Mallory is to be the hands-on manager and Mr. Yusuf would review and approve all purchases, any improvements that might be made, and procedures used in running the Laundromat. Their proposal is based upon: (i) the use of UC funds (originally estimated to be \$73,000 and now \$125,000); (ii) the forming of a new corporation to operate the laundromat; (iii) the use of water owned by UC at no cost to the newly formed entity; (iv) the payment of Mr. Mallory based upon the income obtained from operations, and; (v) establishing a leasing agreement between the new entity and UC to help create the appearance, for the purpose of reducing exposure to liability claims by customers of the laundromat, that UC is not directly involved with the laundromat.

Over the past three months the terms of this proposal appear to have evolved as a result of negotiations between store management and the USMS. The issues presented by this proposal include business related questions regarding the fiscal soundness of this new business undertaking to be financed with funds from UC.



In addition, there will likely be an increase in monitoring functions and responsibilities should the undertaking be financed with restrained assets.

3.4 REPAIRS CONTINUE TO ST. CROIX MARKET

Repair activities appear to have been suspended on cracks that have appeared in the exterior walls of the newest Plaza Extra store, St. Croix-West. No significant activity repair activity was observed this month. This may have been a result of the abnormal amount of rainfall that occurred in May. Store management continues to insist that the cracks are primarily cosmetic in nature and that the basic structure is in no way threatened. Monitors will continue to observe and report on the progress of these repairs.

3.5 INCREASED SECURITY RISKS

The Monitor on St. Croix advised last month of an increase in violent crime on the island during the month of April. He sited two murders during the first week of April, a murder during an armed robbery of a restaurant during the second week of April and security alerts for condominium owners regarding burglaries. The Monitor this month did not report on any instances that would heighten concern regarding the security risks involved in the monitoring. Nevertheless, the Monitors are continuing to take appropriate precautions and to use their prior experience in evaluating safety risks associated with their daily monitoring functions.

3.6 SUSPICIOUS WESTERN UNION TRANSACTIONS

In the course of reviewing Western Union transactions as part of the Business Monitoring Plan, the St. Thomas Monitor noticed a series of transactions that in his experience as a former financial criminal investigator appeared suspicious. On four separate occasions at approximately one-week intervals an individual wire transferred a significant amount of money from the St. Thomas store's Western Union facility to the same recipient in a foreign location, as detailed in Table 1, below:

TABLE NO. 1
Western Union Transactions

Date	Amount	Sender	Receiver	Location
4/28/04	\$5,000	Abdelgander M. Da'as	Ziad Mohamad Da'as	Jenin, West Bank, Palestine
5/03/04	\$5,000	Abdelgander M. Da'as	Ziad Mohamad Da'as	Jenin, West Bank, Palestine
5/10/04	\$5,000	Abdelgander M. Da'as	Ziad Mohamad Da'as	Jenin, West Bank, Palestine
5/17/04	\$6,000	Abdelgander M. Da'as	Ziad Mohamad Da'as	Jenin, West Bank, Palestine

This information was provided to the USMS COTR for appropriate action. Monitors will continue to be vigilant for similar suspicious activity and report on such in the future.

3.7 RESIDENTIAL CONSTRUCTION COST

During the month monitoring began on the disbursement of UC funds that are to be used to complete construction of a single-family residence on St. Thomas. At



this point the monitoring process will only include review and reporting of checks issued to Fathi or Nejeah Yusuf for this purpose, and invoices presented by store management demonstrating that these funds were used for construction costs. The monitoring process will not include oversight of the construction project or funding process. UC Check # 15765 dated May 21, 2004 from the St. Thomas store's operating account was issued this month to Fathi Yusuf and endorsed to Nejeah Yusuf purportedly for this purpose. Invoices have not as yet been presented to the Monitor. In future reports a schedule of the checks issued and invoices reviewed will be presented in the Monthly Monitoring Report.



4.0 IMPLEMENTATION OF MONITORING PLAN

The information presented below is a consolidated report of Monitoring activity conducted at the three markets of United Corporation in the U.S. Virgin Islands. Monitors engaged in the activity in accordance with the Business Monitoring Plan approved by the USMS. The information is organized to correspond to the specific numbered Monitoring activities outlined in the Plan.

Activity No 1 – Review and Reconciliation of Income and Deposits

For each day during the month of May the Point of Sale (POS) summary, till reconciliation, deposit slips, phone and lottery reconciliations, and the Western Union (St. Thomas and now St. Croix West) the Monitors assigned to each store reviewed reconciliations. In total, till reconciliations balanced in a satisfactory manner with reported deposits and the POS summary. Any significant deviations were reconciled with store management on a daily basis. A summary of the data reconciliation is presented below.

TABLE NO. 2
POS Summary and Till Reconciliation

ITEM	ST. THOMAS	ST. CROIX- EAST	ST. CROIX- WEST	TOTALS
Total Sales	\$2,746,719	\$2,153,278	\$2,187,306	\$7,087,303
Over/(Short)	(\$1,211.83)	(\$272.26)	(\$290.99)	(\$1,775.08)

The "Total Sales" figures represented in Table No. 2 are the sales figures as reported by the stores' networked cash registers according to the computer program reporting system used by UC. The "Over/(Short)" figures represent the total net amount of discrepancy between reported sales and the amounts collected in the registers' tills for the month. The combined shortage amount for all stores is \$1,775.08, which is well within store management's acceptable range, and is comprised mostly of the sum of errors made at the register and unofficial "loans" taken out of the till by cashiers. In this regard, it is noted that cashiers are personally responsible for till shortages, which are deducted from their checks weekly.

TABLE NO. 3
Detailed Till Reports

ITEM	ST. THOMAS	ST. CROIX- EAST	ST. CROIX- WEST	TOTALS
Cash	\$1,515,200	\$730,622	\$808,143	\$3,053,965
Checks	305,646	457,691	463,582	1,226,919
WIC	93,311	39,511	-0-	132,822
Telecheck	97,818	154,493	134,573	386,884
FS/EBT	152,144	157,076	292,538	601,758
Debit Cards	282,711	286,202	241,396	810,309
Credit Cards	290,377	321,315	228,218	839,910
Totals	\$2,737,207	\$2,146,910	\$2,168,450	\$7,052,567

The figures in Table No. 3 represent monthly totals taken directly from the till reconciliation sheets prepared and reconciled by store personnel to the daily collections of register tills and reports from the POS system. These figures have not been reconciled with reports from the store's Peachtree accounting software program as those reports are generally weeks behind the actual data. The St.



Croix-West store is not authorized by the Virgin Islands Government to process Women, Infants, and Children (WIC) assistance payments; therefore there are no sales of this kind in this store.

TABLE NO. 4
Detailed Deposit Reports

ITEM	ST. THOMAS	ST. CROIX-EAST	ST. CROIX-WEST	TOTALS
Cash	\$1,503,540	\$711,426	\$892,741	\$3,107,707
Checks	445,457	457,692	465,135	1,368,284
Lottery and Phone Cards	40,905	28,377	26,972	96,254
Undepositables	3,500	5,842	985	10,327

The figures in Table No. 4 represent monthly totals taken directly from the deposit slips and reconciliations prepared by store personnel daily. Undepositables are items which are counted as receipts in the till reconciliations for the purpose of balancing the registers, but are not deposited into the store's bank account. Examples of undepositable items include redeemed gift certificates, in-store credits for exchanged merchandise, WIC checks held for approval and direct payments from the register to local suppliers of fresh fish and produce. Store Monitors inspected documentation for these items when they exceeded \$1,000 in any store for a given day.

Activity No. 2 – Comparison of Electronic Data with Paper Copies

This Monitoring activity was not conducted during the month, as independent electronic access to the POS summary data was not available.

Activity No. 3 - Review and Reconciliation of Western Union Data

Western Union daily spreadsheets were compiled from the Western Union daily printouts. Store reported deposits to the Western Union accounts were monitored daily and verified with bank records received directly from Banco Popular. No discrepancies were noted. There were no withdrawals from these accounts except those amounts withdrawn electronically by Western Union. The balance in the St. Thomas Western Union account as of May 31, 2004 was \$104,924 and the balance in the new St. Croix-West Western Union account was \$24,242. Daily Western Union activity is detailed below. It should be noted that deposits are not made daily. The difference between total Western Union sales proceeds from transfers and money orders and the total of deposits for the month is due to deposit timing differences. Data for the last two days of April that were not included in last month's St. Thomas schedule are included in the St. Thomas schedule below.



TABLE No. 5
Wire Transfers and Money Orders - St. Thomas

Date	Net Money Transfers	Funds Paid Out	Net Money Orders	Net Collections	Deposits
4/29	11,773.60	5,071.00	2,686.21	9,388.81	
4/30	7,522.25	3,715.00	461.83	4,269.08	
5/1	14,279.94	8,615.00	75.69	5,740.63	
5/2	12,647.95	3,145.00	3,323.77	12,826.72	
5/3	16,917.05	3,290.00	1,471.83	15,098.88	38,438.67
5/4	8,268.44	2,460.00	8,560.97	14,369.41	
5/5	25,883.92	3,724.39	6,246.04	28,405.57	
5/6	7,864.50	5,375.05	4,499.14	6,988.59	
5/7	10,556.82	4,337.37	9,258.10	15,477.55	79,520.23
5/8	15,988.17	2,130.00	392.07	14,250.24	
5/9	9,688.00	1,150.00	3,641.45	12,179.45	
5/10	16,359.83	5,844.77	953.44	11,468.50	49,348.37
5/11	13,763.57	3,375.00	532.38	10,920.95	
5/12	14,158.32	4,288.00	2,074.74	11,945.06	
5/13	7,036.81	2,819.25	4,386.71	8,604.27	
5/14	10,604.94	4,540.00	6,283.94	12,348.88	61,201.37
5/15	14,622.00	2,140.00	566.76	13,048.76	
5/16	8,294.00	3,235.00	3,938.73	8,997.73	
5/17	17,932.00	2,523.00	789.57	16,198.57	42,216.40
5/18	14,629.00	1,210.00	6,973.41	20,392.41	
5/19	14,228.18	4,050.00	4,793.89	14,972.07	
5/20	8,347.00	5,160.00	5,507.59	8,694.59	
5/21	12,563.18	1,250.00	3,197.72	14,510.90	69,086.00
5/22	12,121.97	2,505.00	581.38	10,198.35	
5/23	8,385.09	2,445.38	-	5,939.71	
5/24	13,097.45	6,818.99	572.07	6,850.53	43,006.99
5/25	13,251.24	3,577.29	4,012.28	13,686.23	
5/26	11,779.07	10,700.00	5,378.97	6,458.04	
5/27	9,857.85	2,990.00	3,456.90	10,324.75	
5/28	15,263.53	3,473.00	3,657.90	15,448.43	55,040.91
5/29	12,818.81	4,130.00	1,803.17	10,491.98	
5/30	10,670.79	1,957.66	2,804.14	11,517.27	
Totals	\$401,135.27	\$122,045.15	\$102,882.79	\$381,972.91	\$437,858.94



TABLE No. 5(A)
Wire Transfers and Money Orders St. Croix-West

Date	Net Money Transfers	Funds Paid Out	Net Money Orders	Net Collections	Deposits
5/1	95.00		447.14	542.14	696.00
5/2		200.00		(200.00)	
5/3	519.00	280.00	112.05	351.05	631.05
5/4	1,777.95	100.00	353.75	2,031.70	2,131.70
5/5	114.00	300.00	271.13	85.13	384.37
5/6	894.00		561.25	1,455.25	1,454.80
5/7	703.00	100.00	239.75	842.75	942.75
5/8	344.00	130.00	261.75	475.75	1,553.00
5/9	275.00			275.00	275.00
5/10	766.99	100.00	1,550.25	2,217.20	2,316.75
5/11	1,313.00	675.00		638.00	
5/12	220.00	100.00		120.00	1,533.00
5/13	804.50			804.50	804.50
5/14	2,386.95	350.00		2,036.95	2,386.95
5/15	5,768.95	350.00		5,418.95	5,768.95
5/16	703.00	290.00	25.75	438.75	728.75
5/17	162.95			162.95	175.51
5/18	303.00	100.00	116.04	319.04	419.00
5/19	467.00	275.00	100.75	292.75	576.81
5/20	1,822.00	80.00	143.91	1,885.91	1,946.00
5/21	1,109.00	360.00		749.00	1,109.00
5/22	1,487.93	200.00	40.75	1,328.68	1,412.93
5/23	1,589.00	390.00	25.75	1,224.75	1,614.05
5/24	776.00	350.00	173.05	599.05	949.05
5/25	608.00	100.00	1,605.25	2,113.25	2,211.92
5/26	658.00	330.00	4,006.00	4,334.00	4,664.00
5/27	2,485.96	354.50	4,056.75	6,188.21	6,544.00
5/28	2,161.35	200.00	2,032.75	3,994.10	4,194.00
5/29	1,057.00	354.83	4,006.00	4,708.17	5,948.00
5/30			102.04	102.04	102.04
5/31	1,192.95	1,000.00	1,313.75	1,506.70	
Totals	\$32,565.48	\$7,069.33	\$21,545.61	\$47,041.75	\$53,473.88



Activity No. 4 – Review and Reconciliation of Bank Statements with POS Figures and Disbursements Journals

Electronic access to the Banco Popular accounts became available in March. Banco Popular account records were remotely reviewed electronically in May by the Monitors on a weekly basis. The Banco Popular accounts are used primarily to receive electronic payments that result from customer purchases using credit and debit cards as well as electronic food stamps (EBT).

TABLE NO. 6
Sales and Deposits

ITEM	ST. THOMAS	ST. CROIX-EAST	ST. CROIX-WEST	TOTAL
Total Electronic Sales	\$725,232	\$764,593	\$762,154	\$2,243,979
Total Deposits	732,142	760,150	747,422	2,239,714
Differences	6,910	(4,443)	(14,732)	(4,265)
Variance	0.95%	(0.58%)	(1.93%)	(0.4%)
Variance in April	6.6%	1%	0.75%	2.75%

Total deposits were unable to be completely reconciled to sales due to deposit timing differences and in some instances to the timing of the banks recording of the electronic deposits, net of transaction fees. A variance of less than 1% for the month is not considered significant.

All transfers of funds out of the Banco Popular accounts were traced to the Bank of Nova Scotia operating accounts of the stores. Five transfer disbursements were made during the month of May as detailed below in Table No. 7.

TABLE NO. 7
Transfers of Funds Bank of Nova Scotia

Account/Date	192026143 St. Thomas	191013307 St. Croix-East	191063789 St. Croix-West	Totals
5/4/04		\$350,00	\$380,000	\$730,000
5/17/04	\$500,000			\$500,000
5/25/04		\$425,000	\$400,000	\$825,000
Totals	\$500,000	\$775,000	\$780,000	\$2,055,000

ACTIVITY NO. 5 – Verification of Deposits in Accounts at the Bank of Nova Scotia

The St. Thomas store maintains a separate operating account at the Bank of Nova Scotia into which each day's depositable receipts are made. The Monitors conducted weekly reconciliations between what the till reports indicated should have been deposited (deposable) and the actual amount deposited, as verified by the bank records.

TABLE NO. 8
St. Thomas Till Reports and Deposits BNS

Till Reported Deposits	\$1,948,997
Deposits per Bank	\$2,344,089
Difference	\$395,092
Adjustments	(\$404,878)
Net Difference	(\$9,786)
Percentage	(0.5%)



Adjustments to reconcile deposits per the bank account to deposits per the till reconciliation are made up of the following items which were not represented in the till reconciliation analysis.

Item	Amount
Rebate from Claim	\$7,286
Change Order	\$10,700
Payback from Theft	\$20,000
Rebate from Coke Cola	\$10,510
Transfer from Credit Card Account	\$500,000
Change Order	\$13,200
Total Non-Till Items Deposited	\$561,696
May Deposits Not Yet Recorded by Bank	(\$156,818)
Net Adjustment	\$404,878

As noted in Table No. 8, above, St. Thomas deposits into the Bank of Nova Scotia operating account for the month of April were \$9,786 less than what the till reported as being deposited. This amount represents an un-reconciled difference of less than 1% percent of total deposits and, in context, is not deemed significant. It should also be noted that last month's reconciliation revealed \$9,594 more than what the till reported. The net difference for two months is only \$192. We believes that these monthly fluctuations in irreconcilable differences may be due in part to the timing of Bank of Nova Scotia's recording of deposits, which often appears to have little discernable correlation to when the particular deposit was delivered to the bank by store personnel.

The St. Croix stores share one operating account at the Bank of Nova Scotia into which each day's depositable receipts from the till reconciliation are made. The Monitors conducted weekly reconciliations of what the till reports indicated should have been deposited and what the bank records showed had been deposited.

TABLE NO. 9
St. Croix Till Reports and Deposits BNS

Till Reports Deposits St. Croix-East	\$1,197,495
Till Reports Deposits St. Croix-West	\$1,387,355
Total Till Reports Deposits	\$2,584,850
Deposits per Bank	\$4,300,850
Difference	\$1,716,000
Adjustments	(\$1,715,095)
Net Difference	905
Percentage	0.04%

Adjustments to reconcile deposits per the bank account to deposits per the till reconciliation are made up of the following items which were not represented in the till reconciliation analysis.



Item	Amount
Transfer from Telecheck Account St. Croix-W	\$60,000
Transfer from Telecheck Account St. Croix-E	\$85,000
Transfer from CC Account St. Croix-E	\$350,000
Transfer from CC Account St. Croix-W	\$380,000
Transfer from Telecheck Account St. Croix-E	\$90,000
Transfer from Telecheck Account St. Croix-W	\$85,000
Transfer from CC Account St. Croix-W	\$400,000
Transfer from CC Account St. Croix-E	\$425,000
Total Non-Till Items Deposited	\$1,875,000
May Deposits Not Yet Recorded by Bank	\$159,905
Net Adjustment	\$1,715,095

There was deposited in the Bank of Nova Scotia account for UC's St. Croix stores a net of \$905 more than what the till reported as being deposited. This amount represents an un-reconciled difference less than 1% of total deposits and is not deemed significant. It should be noted that last month's reconciliation revealed excess deposits of \$3,099 over what the till reported (net difference for two months of \$2,194). These monthly fluctuations in irreconcilable differences appear to be, in part, to the timing of Bank of Nova Scotia's recordings of deposited amounts. These deposits often appear to have little discernable correlation to when store personnel delivered a particular deposit to the bank.

Activity No. 6 – Electronic Monitoring Through Store Cameras

A determination has been made that electronic access to the store's video surveillance system will not be secured. This monitoring procedure has been eliminated as a pending amendment to the Business Monitoring Plan. See Activity No. 19, below.

Activity No. 7 – Comparison of Accounts Payable Aging Reports

The Monitors conducted a review of the rate at which each of UC's three stores paid their respective bills. Table No. 10 shows the amounts and rates of payment by each store for the month of May. As demonstrated by this Table, accounts that remain unpaid after 60 days comprise less than 1 percent of the total amount of goods purchased on credit. Due to the inclusion of an amount due from an individual, net accounts payable over 90 days actually reflects a receivable in the amount of \$20,754.



TABLE NO. 10
Accounts Payable Aging

	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	TOTALS
St. Thomas	\$1,002,721	\$651,686	\$7,074	\$1,668	\$1,663,149
St. Croix - East	\$438,845	\$82,820	\$10,376	(\$22,797)	\$509,244
St. Croix - West	\$683,330	\$9,486	(\$438)	\$375	\$692,753
Totals	\$2,124,896	\$743,992	\$17,012	(\$20,754)	\$2,865,146
May %	74.16%	25.97%	0.59%	(0.72%)	100%
April %	78.57%	20.95%	0.17%	0.31%	100%
March %	69.70%	16.80%	10.70%	2.80%	100%

Table No. 10 also reflects that the St. Thomas store purchased approximately 58 percent of the total value of goods purchased on credit by UC, with the St. Croix - West store purchasing 24 percent and the St. Croix - East store purchasing 18 percent of the total purchased on credit.

Activity No. 8 - Review of High Dollar and Unusual Disbursements

The Monitor at the St. Thomas store selected a total of 25 checks this month, which did not otherwise require prior approval before issuance, for verification with the original invoices. Nineteen of these checks were properly issued with sufficient documentation. Six checks were discovered to have been incorrectly issued without prior approval of the Monitor, as follows:

Date of Check	Check #	Amount	Payee
05/12/04	21421	\$2,925.00	Brinks
05/16/04	21422	\$94,087.78	Associated Grocery
05/12/04	21423	\$17,973.99	American Fruit
05/12/04	21424	\$16,398.35	Sun International
05/12/04	15746	\$1,330.00	Domino Gas
05/12/04	15748	\$1,260.00	Anna Denis

The issuance of these checks without prior approval appeared to be the result of an administrative oversight and did not appear to be intentional to thwart the Monitoring Plan.

During a review of office procedures to insure that this situation did not re-occur, St. Thomas store management expressed the desire to return to the procedure of submitting all checks to the Monitor for review and approval prior to issuance. Store management predicated this request of the Monitor on the assertion that it was taking store personnel more time to accurately sort the checks for proper review than it would take to have all of the checks reviewed. As an accommodation to store management, beginning on May 28th the Monitor at the St. Thomas market began reviewing and approving all checks. This change in procedure was accepted after a determination was made by the Monitor that with the cooperation of store personnel the reintroduction of the reviewing of all checks would not measurably increase the Monitor's time spent reviewing checks. We will continue with this procedure through the coming months.

With this change in the check review procedure in the St Thomas store, Monitors in all three stores are now reviewing and approving all non-payroll checks prior



to issuance. In view of this change, there is little benefit derived from randomly selecting disbursements for review. Correspondingly, this change also eliminates the need to maintain a separate disbursements verification log.

Monitors will continue to review the Peachtree generated check register/disbursements journal to make sure that all recorded checks have been reviewed and approved prior to issuance.

Activity No. 9 – Third Party Verification of Unresolved Disbursements

No third party verification or follow-up was necessary, as Activity No. 8 did not uncover any discrepancies between checks written and back-up documentation reviewed.

Activity No. 10 – Review and Comparison of Bank Statements and Disbursement Journals

A weekly review and comparison between UC checks issued through the Peachtree accounting software program's disbursements journal and the corresponding bank statements for the operating accounts of each store did not reveal the existence of any checks not recorded in the check disbursements journals. Table No. 11, below, reflects the bank accounts of UC that were reviewed by the Monitors and compared with the disbursement journals as well as the ending balances of each as of May 31, 2004.

TABLE NO. 11
Bank Accounts Reviewed

BANK	ACCT. NO.	ENDING BAL.	NOTATIONS
Scotia Bank	55312010	\$387,569.69	St. Thomas Operating
Scotia Bank	96001238	\$207,025.58	St. Thomas Lottery and Phone Card
Scotia Bank	55356719	\$632,422.29	St. Thomas Telecheck
Banco Popular	192026143	\$329,683.23	St. Thomas Credit/Debit
Banco Popular	192042300	\$104,924.40	St. Thomas-Western Union
Scotia Bank	65811	\$2,412,313.07	St. Croix Operating
Scotia Bank	60086413	\$22,362.29	St. Croix-East Telecheck
Banco Popular	191013307	\$208,187.10	St. Croix-East Credit/Debit
Scotia Bank	6009218	\$8,435.32	St. Croix-West Telecheck
Banco Popular	191063789	\$150,876.10	St. Croix-West Credit/Debit
Banco Popular	191107867	\$24,242.22	STW-West Western Union
Scotia Bank	92031923	\$321,867.31	St. Croix-Shopping Center Tenant
Total Cash in Bank		\$4,809,908.30	

Activity No. 11 – Review of Disbursements in Excess of \$10,000 and Any That Are Unusual or Non-Routine

During the month of May the Monitors were presented with 327 checks for review and approval prior to issuance, in accordance with the Monitoring Plan. In each instance store management was required to present invoices to document payments for which approval was requested. As noted in Activity No. 8 above, by the end of the month each store was presenting all checks and wire transfers to



the Monitors for approval before issuance. A detailed list of the checks reviewed and approved follows this report in Attachments B through D.

TABLE NO. 12
Checks Reviewed Prior to Issuance

STORE	NO. OF CHECKS	AMOUNTS
St. Thomas	115 checks totaling	\$2,256,409
St. Croix-East	97 checks totaling	\$1,236,357
St. Croix-West	115 checks totaling	\$1,413,359
Totals	327 checks totaling	\$4,906,125

Activity No. 12 – Analysis to Determine Average Reoccurring Payments

Vendor payment patterns were established in January during the development of the Business Monitoring Plan. Nothing was observed in May that revealed the need to alter the previously determined vendor check approval listing or the amounts established in that analysis. Future analysis of vendor payment patterns should not be necessary. Monitors are now reviewing and approving all disbursements (with the exception of payroll) prior to issuance.

Activity No. 13 – Analysis of Operating Percentages

UC has not produced a Financial Statement since the January reports discussed in the Monthly Business Monitoring Report for March. Without the information from those reports on a timely basis, the review of operating percentages suffers from an absence of information necessary to identify a change in trends. Nonetheless, the following table, using information obtained for the March report is repeated below.

TABLE NO. 13
Operating Percentages for UC

Item	January 2004	February	March	Annualized*	2003
Total Sales and Revenues	\$6,881,867.19	NA	NA	\$82,582,405.00	\$80,793,484.96
Less: Total Cost of Goods Sold	(\$4,768,559.92)	NA	NA	\$57,222,718.00	(\$54,989,840.15)
Gross Profit	\$2,113,307.27	NA	NA	\$25,359,686.00	\$25,803,644.81
Gross Profit %	30.71%	NA	NA	30.71%	32.51%
Other Expenses	\$1,226,626.90	NA	NA	\$14,719,522.00	\$16,715,729.13
Net Earnings from Operations	\$886,680.37	NA	NA	\$10,640,164.00	\$9,087,915.68
Net Profit %	12.9%	NA	NA	12.9%	11.5%
Item	January 2004	February	March	Annualized*	2003
Total Sales and Revenues	\$6,881,867.19	NA	NA	\$82,582,405.00	\$80,793,484.96
Less: Total Cost of Goods Sold	(\$4,768,559.92)	NA	NA	\$57,222,718.00	(\$54,989,840.15)
Gross Profit	\$2,113,307.27	NA	NA	\$25,359,686.00	\$25,803,644.81
Gross Profit %	30.71%	NA	NA	30.71%	32.51%
Other Expenses	\$1,226,626.90	NA	NA	\$14,719,522.00	\$16,715,729.13
Net Earnings from Operations	\$886,680.37	NA	NA	\$10,640,164.00	\$9,087,915.68
Net Profit %	12.9%	NA	NA	12.9%	11.5%



The above limited analysis is based upon financial statements provided by store management which report the results of operations as recorded and summarized by the Peachtree accounting software system used by UC. This analysis compares the latest monthly financial statement's (January 2004) results of operations with those reported for the calendar year 2003. The analysis indicates that on a non-seasonally-adjusted basis sales for the year would appear to be trending upward. The gross profit percentage for January is slightly down over last year's average; however the net profit percentage is increased. Although one month's activities cannot be relied upon as an accurate prediction of annual performance, this analysis would indicate that overall operating percentages have not significantly changed since last year.

Because the figures used in Table No. 13 have been obtained from unaudited and unverified sources, we can make no representations and provide no assurances, explicit or otherwise, that the figures are accurate or can be relied upon by any party

Activity No. 14 and 15 – Review of Income and Disbursements of Shopping Center on St. Croix.

All rental income earned from the shopping center and disbursements made for the month of May were reconciled to the shopping center tenant's account. The balance at the beginning of May of the tenant's account was \$276,785.01 (after adjustments for rent checks that were returned for insufficient funds). The ending balance was \$321,867.31. The following is a summary of tenant account activity:

**TABLE NO. 14
Summary of Tenant Account Activity**

Item	Payee	Amount
Beginning Balance		\$276,785.01
Rent Collected		\$55,466.74
Disbursements:		
5/10/04	A Mallory (plus repairs)	\$764.95
5/10/04	Hector Maldonado (legal)	\$45.00
5/10/04	Linde Gas	\$28.50
5/10/04	WAPA	\$2,423.26
5/10/04	Cingular	\$150.00
5/14/04	A Mallory (plus postage)	\$636.67
5/14/04	D. Caines (trash removal)	\$2,000.00
5/17/04	WAPA	1,999.11
5/17/04	Cornel Reid (repairs)	\$100.00
5/17/04	A Mallory	\$615.00
5/28/04	Plaza Extra (payroll)	\$1,000.00
5/28/04	A Mallory (plus repairs)	\$621.95
Ending Balance		\$321,867.31

The total amount of timely rent due for the month of May was \$41,940.92. The total amount of \$55,466.72 in rent actually collected and deposited this month included \$13,525.82 of overdue rent.



The \$1,000 check written to Plaza Extra this month was to reimburse the store for part time services rendered to the shopping center by a Plaza Extra maintenance employee during the month of May. The shopping center manager stated that this reimbursement arrangement with the store would continue as long as the maintenance person performs regular services to the shopping center.

Check #1407 made payable to WAPA in the amount of \$2,423.26 was issued in payment for two separate Water and Power Authority (WAPA) bills, one in the amount of \$1518.26 for Maher Yusuf's residence (last month's) and the other in the amount of \$825.00 for the shopping center. This check appears to have been issued in error for \$100 more than the total of the WAPA bills. Check #1411 in the amount of \$1999.11 was for the current WAPA bill for Maher Yusuf's residence.

TABLE NO. 15
Shopping Center Change in Activity

Item	February	March	April	May	Last Month Change
Number of Tenants	37	37	37	36	(2.7%)
Rent Collected	\$46,672	\$43,563	\$33,828	\$55,466.74	64%
Rent Due	\$44,676	\$43,640	\$43,090	\$41,940.92	(2.67%)
Expenses	\$12,296	\$9,038	\$8,922	\$10,384	16.4%

Three tenants continue to be seriously in arrears in their rent payments, two of which have made significant payments to reduce the amount of their overdue rent. The Shopping Center manager appears to be attempting to bring all of these tenants current. Table No. 16 reflects the monthly balances for the three tenants most seriously in arrears and the percentage of change in those balances between April and May.

TABLE NO. 16
Amount Owed by Three Major Tenants

TENANT	MARCH	APRIL	MAY	CHANGE
JP Sales	\$15,619	\$16,619	\$18,959	14%
New Plaza Café	\$13,702	\$13,702	\$2,424	(82.3%)
Best Furniture	\$7,366	\$10,866	\$7,366	(32.2%)

Activity No. 16 – Review of Payroll Records for Unusual Payments

The Monitors reviewed payroll records of each store for unusual or extraordinary payments. None were noted. Key family members continue to receive \$3,000 per month, before withholding deductions.

Activity No. 17 – Unscheduled Cash Counts

The following unscheduled cash counts were made during the month of May.



TABLE NO. 17
Cash Count Analysis

St. Thomas		St. Croix – East		St. Croix - West	
DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT
5/5	\$53,690	5/5	\$84,000	5/6	\$76,526
5/8	\$53,690	5/7	\$88,000	5/7	\$66,526
5/11	\$53,690	5/12	\$102,000	5/11	\$80,526
5/14	\$53,690	5/15	\$80,000	5/14	\$81,526
5/19	\$53,690	5/17	\$80,000	5/19	\$77,726
5/21	\$53,690	5/20	\$95,000	5/21	\$69,726
5/24	\$53,690	5/24	\$80,000	5/25	\$82,726
5/28	\$53,690			5/27	\$82,726
Average	\$53,690	Average	\$87,000	Average	\$77,251

At various time during the week the St. Croix-East store orders small bill deliveries from the bank. These small bill purchases are funded from the operating account. On the days that the bills are delivered the safe balance may exceed its mandated limit of \$80,000. On the day following the order, an amount in larger bills is normally deposited into the bank account to bring the safe balance down to the authorized limit of \$80,000 or less. On each day when a surprise count revealed a balance in excess of this limitation the Monitor verified that a small bills purchase had been made and that a corresponding deposit was made as soon as possible thereafter.

A final unscheduled cash count for May in the St. Croix-East store was not completed due to the unavailability of Yusuf Yusuf, the St. Croix-East store manager who has access to the cash safe. Mr. Yusuf was unexpectedly required to take his wife and mother to see physicians in Puerto Rico.

Activity No. 18 – Third Party Verification to Large Vendors

No third party refund verification letters were sent out during the month of May, as the COTR has raised concerns about the possibility that an adverse response on the part of vendors who might be contacted would pose a risk to the business interests of UC and ultimately to the interests of the government.

Activity No. 19 – Daily Visits to the Markets

Throughout the month, Monitors physically observed store and warehouse operations on a daily basis while conducting walks through the store facilities. Monitors were vigilant for any unusual or extraordinary conduct or activities that might suggest financial risk to the government’s interest in UC, its operations and assets. Customer activity was observed to be at normal levels with shelves being adequately stocked and the warehouses properly maintained. Logs recording the daily visits of each Monitor with their daily observations can be seen at Attachments E, F, and G.

During February an outside vendor conducted a complete physical inventory. Store management has reported that a final inventory report has not as yet been received in a usable manner. Store management is continuing to integrate the results of the physical inventory with the accounting software used by UC. Management previously estimated the results of that effort would become



available in late May or early June, however with the departure of the Comptroller this month (discussed above) that time frame may have to be extended.

As stated in last month's report, the physical inventory indicated that there were 26,000 different categories of separately priced goods. It also indicated that approximately 4,000 of these categories pertained to items that were outdated, without bar codes or were too disorganized to count properly. Management also indicated an effort is underway to implement an inventory control system in the St. Croix East market. They have been using the system since April 26, 2004 and are trying to load information into the system back to March 5, 2004, the start date for the store's inventory based upon the physical inventory conducted. If that effort proves successful, consideration may be given to expanding the system. The departure of the Comptroller will undoubtedly delay this as well.

Activity No. 20 – Visits to the “Fourth Store” Located on St. Thomas

A Monitor visited the “fourth store” periodically throughout the month of May. During these informal visits the Monitor did not observe any indications that this store was being used as an outlet for goods purchased by or through the Plaza Extra Stores.

Activity No. 21 – Summary Monthly Report of Activity

This report constitutes the report required by Activity No. 21



5.0 RECOMMENDATIONS

The sections that follow highlight recommendations to the USMS that have arisen as a result of the monitoring activities.

5.1 USE OF INVENTORY CONTROL SYSTEM BY UNITED CORPORATION

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that UC already owns and uses an electronic platform that contains the capacity for tracking the inventory, we continue to recommend efforts be made to convince or require the owners of UC to begin using an effective electronic inventory control system.

5.2 NEED FOR UNITED CORPORATION TO PROVIDE FINANCIAL STATEMENTS TO MONITORING PERSONNEL IN A TIMELY MANNER

The availability of accurate and timely financial statements is essential to the monitoring process. The USMS should consider requiring that store management provide accurate monthly financial statements from the Peachtree system to monitoring personnel no later than the 15th day following the end of a month.

5.3 NEED FOR FULL-TIME COMPTROLLER TO ENSURE ACCURATE AND TIMELY FINANCIAL INFORMATION IS AVAILABLE FOR MONITORING

With the departure this month of UC's Comptroller it is anticipated that financial information will be produced and made available to the Monitors on an even less timely basis than is presently the case. An example of the lack of timely financial information is demonstrated by the fact that the latest monthly financial statement made available to the Monitors at the writing of this report continues to be the January financial statement. The USMS should consider discussing this need with store management to recruit and hire qualified, fulltime comptroller, even at increased cost, to assist in the preparation of accurate and timely internal financial information that is important to sound business decisions and identifying trends for the Business Monitoring Plan.



6.0 ATTACHMENTS

The following attachments are included on the pages that follow:

- Attachment A: Memorandum to COTR on Business Monitoring Issues
- Attachment B: Check Approval Log for St. Thomas Plaza Extra, May 2004
- Attachment C: Check Approval Log for St. Croix Plaza Extra West, May 2004
- Attachment D: Check Approval Log for St. Croix Plaza Extra East, May 2004
- Attachment E: Daily Log for St. Thomas Plaza Extra
- Attachment F: Daily Log for St. Croix Plaza Extra East
- Attachment G: Daily Log for St. Croix Plaza Extra West

**MEMORANDUM TO COTR ON BUSINESS
MONITORING ISSUES**



Madison Associates, Inc.

Law Enforcement Consultants

Memo

To: Len Briskman
From: William R. Schroeder
Date: May 2, 2004
Re: Issues Regarding Business Monitoring;
United Corporation, U.S. Virgin Islands

The following issues have come to light over recent days and are being brought to your attention and consideration should be given to discussing them with the appropriate representatives of United Corporation during our visit May 3 – May 7, 2004. I will not elaborate on them but identify them for the purpose of provoking discussion. Should you have comments or questions, please advise me.

1. **Comptroller Leaving** - The current Comptroller is getting married later this month. He will be taking an extended vacation and does not want to return to a full time position when he does. His absence will likely extend the time it takes to obtain important information for the monitoring. It may also be an opportunity to recommend changes and updating of procedures and methods to United Corporation.
2. **Sale of Land** - Yusuf, Sr., advised a Monitor that he had recently been offered \$4 million for the vacant lot near the dock for the cruise ships.
3. **Western Union at St. Croix West** - The St. Croix West store began offering Western Union services on 4/27/04. A new bank account was opened to handle its transactions. The USMS may want to advise the bank that the account is under restraint and ensure access to the information regarding the account as we have been receiving on the other accounts.
4. **Inventory System at St. Croix East** - The St. Croix East store is attempting to initiate a perpetual inventory system that will track purchases and sales. They have using the system since 4/26/04 and are trying to load up information back to March 5, 2004, the start date for the store based upon the physical inventory conducted recently.

- a. The inventory indicated there were 26,000 different categories of separately priced in goods.
 - b. The inventory indicated that approximately 4,000 of these categories were of items that were outdated, without bar codes or too disorganized to count.
5. **Funding Service Desks at St. Croix West** - The St. Croix West store began funding their services desks cash needs by taking money from the safe rather than the tills, as had been the case. There has been some confusion by office personnel, but they appear to be working them out.
6. **Laundromat at Shopping Center** - Regarding the Laundromat, it is not clear how much money will be needed to get it started. One proposal under consideration is building its own diesel power system which will increase the start-up costs but will over time reduce the cost of power needed. Like other matters regarding this venture, it is not clear how well thought out the plan is at present. As I have mentioned before, we are not involved in negotiations or discussions with Mike or Alan about the venture. We have acted solely as a conduit for transferring information and documents. We will, however, comment on the final procedures adopted and agreed to by the USMS and store management in order to advise on our ability to properly monitor the assets of United Corporation.
7. **Reimbursement Check Last Month to Store Manager** - As I advised over the phone last week, the check that you asked about, one issued on 3/11/04 to a store manager for \$15,407.36 was reimbursement for expenditures by the manager with his own funds for United Corporation items. The Monitors in such situations are required to review the back up material obtained from store personnel showing that the expenditures were for items used by the store and not for the personal benefit of the manager. If I recall correctly, it was you that suggested this method of obtaining some items. It is not a type of reimbursement that is made often. If you would like to know more about this particular transaction, please advise and I will obtain additional information.
8. **Check for \$3000 Issued 12/31/03** - As I indicated on the phone last week, the \$3000 check issued on 12/30/03 that you asked about was issued to Nafieye Suarez. It was endorsed by Nafieye Suarez on 1/22/04, at the Bank of Nova Scotia, Waterfront branch, St. Thomas, U.S. Virgin Islands. The back of the check had the following notations: "5 x 20;" "18 x 50;" and "18 x 100."

CHECK APPROVAL LOG – ST. THOMAS

MADISON ASSOCIATES, INC.



Check Approval Log (May 2004)

St. Thomas

Date	Check No.	Amount	Payee	Description	
5/3/04	21383	20,941.63	Fito Lay Snacks	Snacks / Breakfast Items	Check prepared and held over weekend for approval
5/3/04	21387	5,826.50	American Roland Foods	Specialty Foods	Check prepared and held over weekend for approval
5/3/04	21390	19,218.86	American Fruit & Produce	Produce	Check prepared and held over weekend for approval
5/3/04	21391	132,894.05	Associated Grocers of Florida	Various	Check prepared and held over weekend for approval
5/3/04	21394	30,359.38	Tutu Park Limited	April Rent	Check prepared and held over weekend for approval
5/4/04	1096	12,773.70	Union Telecard Alliance	Calling Cards - Invoice # S48661	
5/5/04	21397	5,534.40	3M Puerto Rico, Inc.	Household Goods	
5/5/04	21398	43,958.89	Walkkoch, Ltd.	Seafood	
5/5/04	21401	556.83	Fusso Trading S.A.	Chips & Pretzels	
5/5/04	21402	2,877.00	Raja Foods	Misc Foods	
5/5/04	21403	2,903.10	North Caribe Import of Puerto Rico	Household Goods	
5/5/04	21404	13,956.60	Natural Source	Water	
5/5/04	21405	23,033.21	Mato Santos Commercial	Misc Foods	
5/5/04	21407	2,594.40	BMF Water	Water	
5/5/04	21410	9,299.59	Glaxo Smith Kline	Pharmaceuticals	
5/5/04	21412	18,986.50	JR Meat & Seafood, Inc.	Meat & Seafood	
5/6/04	21414	17,862.85	Marbro, Inc.	Misc Foods	
5/6/04	1097	12,290.90	Caribbean Lottery	Lotto	
5/6/04	21417	14,732.12	Cigna Healthcare	Insurance	
5/7/04	21418	46,245.47	VI Water and Power Authority (WAPA)	Utilities	
5/10/04	1098	10,124.48	Caribbean Lottery	Lotto	
5/10/04	15741	9,158.07	Nejeh Yusuf	Reimbursement - Misc foods, elec contractor, supplies, etc.	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description
5/14/04	21421	2,925.00	Brinks	Security
5/17/04	21422	94,087.78	Associated Grocers of Florida	Misc Foods
5/17/04	21423	17,973.99	American Fruit & Produce	Misc Foods
5/14/04	21424	16,398.35	Sun International	Misc Foods
5/14/04	21427	2,024.00	Petty Cash STT	Petty Cash
5/17/04	15746	1,330.00	Domino Oil Co. Inc.	Diesel Fuel
5/17/04	15748	1,250.00	Rosalie Anne Denis	Hot Sauce
5/14/04	15751	23,667.07	Sam's Club	Invoice # 471606677
5/15/04	21428	3,824.25	Martha Jolly	Produce
5/15/04	21429	14,228.34	Caribbean Healthways	Misc Foods
5/15/04	21430	830.00	Crown Mtn Water	Water
5/15/04	21431	2,171.12	TEPS Enterprises, Inc.	Snacks
5/15/04	21433	27,829.60	Trans Caribbean Dairy	Dairy and Drink
5/15/04	21434	8,394.97	Dynamic Merchandise	Dairy
5/15/04	21435	1,500.00	Sanitary Trashremoval Services, Inc	Trash removal
5/15/04	21436	3486.39	Monel Distributors	Misc Foods
5/15/04	21438	16,549.10	Frito Lay Snacks	Snacks
5/17/04	21440	2,050.00	T. Products, Inc.	Soda
5/17/04	21441	26,617.52	American Fruit & Produce	Misc Foods
5/17/04	21442	83,283.30	Associated Grocers of Florida	Misc Foods
5/17/04	21443	19,062.33	Sun International	Misc Foods
5/17/04	21445	10,171.87	VI BIR	Withholding Taxes
5/17/04	15753	8,417.00	Union Telecard Alliance, LLC	Calling Cards - Invoice # S49063
5/17/04	513	500,000.00	STT Operational Account	Transfer from BP acct # 192-026143
5/18/04	15756	4,290.56	Nejeh Yusuf	Reimbursement - Office supplies and small hardware
5/18/04	21447	40,919.71	Premier Wines & Spirits	Misc Foods and Liquor/Accessory Supplies
5/18/04	21449	147,058.45	West Indies, Corp	Misc Foods
5/18/04	21450	4,564.61	Gourmet Award Foods	Misc Foods

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	
5/18/04	21451	15,691.49	Global Wholesale	Misc Foods	
5/18/04	21452	3,543.80	BMF Water	Water	
5/18/04	21453	4,370.25	Raja Foods	Misc Foods	
5/18/04	21454	3,422.12	Galaxy Foods	Cheese	
5/18/04	21455	31,222.80	Natural Source	Water	
5/18/04	21456	106,365.22	Bellows International	Misc Foods	
5/19/04	21458	11,633.38	Sam's Food	Bakery	
5/19/04	21461	33,421.00	Sam's Food	Produce	
5/19/04	21462	16,738.50	Sam's Food	Produce	
5/19/04	21463	5,504.99	Sam's Food	Bakery	
5/20/04	21464	123,975.98	Food Warehouse (Hunter Foods)	Misc Foods	
5/20/04	21466	69,357.20	Distribuidora Santiago, Inc.	Misc Foods	
5/20/04	21467	49,127.54	Walthoch, Ltd.	Misc Foods	
5/27/04	21468	600.00	WGOD Radio Station	Advertising	
5/27/04	21469	507.20	Flair Magazine	magazines	
5/20/04	21470	12,720.00	Cerveceria India, Inc.	Malta India Export	
5/20/04	21471	4,566.48	A/P Puratos	Bakery Supplies	
5/27/04	21472	1,177.45	Brinks de Puerto Rico	Security	
5/20/04	21473	14,388.22	Colon Brothers	Rice	
5/21/04	15765	25,000.00	Fathi Yusuf	Residence Check. Endorsed to Nejeh for deposit.	Started to approve all checks
5/25/04	15766	3,736.72	3WY Business Solutions	Misc Invoices (May 16 - May 22)	
5/25/04	15767	3,268.25	3WY Business Solutions	Misc Invoices (May 02 - May 08)	
5/25/04	15768	2,562.40	3WY Business Solutions	Misc Invoices (May 09 - May 15)	
5/25/04	15769	4,176.61	Nejeh Yusuf	Reimbursement - Computer, hardware and misc invoices	
5/27/04	15770	160.00	Owen Challenger	Sugar	
5/29/04	15771	230.00	Lettsome	Security	
5/27/04	15772	0.00	Voided Check		
5/27/04	21475	637.56	Daily News	Newspapers	

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MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	
5/25/04	21476	4,295.70	Rafeal Vallejo	Borinquen Biscuit Corp.	
5/27/04	21477	2,617.63	Pescaderia Xiomara	Fish	
5/25/04	21479	22,601.14	American Fruit & Produce	Misc Foods	
5/25/04	21480	17,209.09	Sun International	Misc Foods	
5/25/04	21481	65,748.79	Associated Grocers of Florida	Misc Foods	
5/27/04	21482	1,054.50	PR General Packaging, Inc.	Misc Foods	
5/27/04	21483	3,779.14	Bob's A/C & Refrigeration	Service	
5/27/04	21484	0.00	Voided Check		
5/27/04	15773	696.00	Juniel Charleswell	Payroll	
5/26/04	15774	26,971.12	Bank of Nova Scotia	Wire Transfer to BU's Wholesale Club	Approved next day after inspecting all invoices.
5/26/04	15775	8,267.00	BM Produce	Misc Foods	
5/27/04	15776	16,373.00	WSTA Radio	Advertising	
5/27/04	15777	800.00	Shawn-Michael Malone	Donation to Committee on Education and Youth for Trophies	
5/27/04	21485	2,907.94	Caribbean Yacht Management	Misc Foods	
5/27/04	21486	86,779.40	St. Thomas Coca Cola Bottling	Misc Foods	
5/27/04	21487	82.50	Avis Newspaper	Newspapers	
5/27/04	21488	9,026.69	BIR W/H 5/26 Payroll	Withholding Taxes	
5/27/04	21489	19,904.88	Merchants Market	Fish	
5/27/04	21490	4.16	Edwards	garnishment	
5/27/04	21491	274,076.64	VI BIR	Gross Receipts Taxes for all stores	
5/27/04	21492	3,700.00	Walter Mack	Contract Labor	
5/29/04	15778	93.27	Mr. Nick Health Ins. Refund	Insurance adjustment	
5/28/04	15779	131.33	Jean Alidor	Contract Labor	
5/28/04	15780	94.19	Sean Harrigan	Contract Labor	
5/28/04	15781	41.15	Cheronda Hart	Contract Labor	
5/28/04	77293	88.44	Letishma Smith	Payroll	Advised Marshall that we don't have to approve payroll checks
5/28/04	15782	67.48	Karim Henry	Contract Labor	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description
5/29/04	15783	46.59	Water Front Fruit Stand	Produce
5/29/04	21493	2,749.90	Martha Jolly	Misc Produce
5/29/04	21494	1,500.00	Easy Beautification	Landscaping
5/31/04	21495	3,399.50	Colon Brothers	Misc Foods
5/31/04	15784	9,519.48	Bank of Nova Scotia	Wire Transfer to B.J's Wholesale Club
5/31/04	21496	2,681.37	Tutu Park Limited	Electric Bill
5/31/04	21497	30,359.38	Tutu Park Limited	Rent
5/31/04	21498	17,701.09	American Fruit & Produce	Produce
5/31/04	21499	750.00	Jan Piere	Daily News - Papers
5/31/04	21500	23,662.89	Sun International	Misc Foods
5/31/04	21501	317.52	Daily News	Daily News - Weekly

CHECK APPROVAL LOG – ST. CROIX WEST

MADISON ASSOCIATES, INC.



Check Approval Log

St. Croix Plaza Extra - West

May 2004

Date	Check No.	Amount	Payee	Description	
5/4/2004	24858	\$ 200,000.00	Richardson, Patrick	Attorney fees	Criminal defense. Showed invoice to Bill Schroeder and Len Briskman. They approved.
5/5/2004	25772	\$ 6,327.40	Bryant, Barnes and Moss	Attorney fees	
	25769	\$ 3,834.50	B.M. Produce	Produce	
	25770	\$ 1,391.60	Combined Services	Electrical repairs	
	25771	\$ 387.74	AT&T	Telephone	
	25773	\$ 796.25	Daily News	Newspapers	
	25774	\$ 3,137.17	Global Wholesale	Groceries	
	25792	\$ 17,938.26	American Fruit and Produce	Produce	
5/7/2004	25797	\$ 3,990.76	Dynamic Merchandising	Ice Cream	
	25796	\$ 488.89	Gloria Johnson	Plants	
	25798	\$ 500.00	Mufeed Hamed	Reimburse for J. Ortiz rent.	
	25793	\$ 1,505.50	Mike's Trading Co.	Misc. products	
	25789	\$ 3,519.18	Paradise Bottling Inc.	Beverages	
	25794	\$ 1,425.00	Paradise Waste Systems, Inc.	Rubbish removal.	
	25795	\$ 2,208.94	Premium Food Marketing, Inc.	Spices	
	25799	\$ 577.00	S&R Catering	Specialty foods	
	25788	\$ 2,831.01	St. Croix Avis.	Advertising	
	25800	\$ 324.50	EI Patio Flower & Gift Shop	Flowers	
5/10/2004	25801	\$ 1,812.90	Francis Purified Water	Water	
	25803	\$ 21,389.09	Goya De Puerto Rico	Groceries	
	25804	\$ 384.15	Black Hawk Shipping.	Freight	
	25805	\$ 6,824.20	Coca Cola Enterprises	Soda	
	25806	\$ 400.00	Island Popsicles	Popsicles	
	25807	\$ 8,750.80	Premier Wines	Spirits	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description
5/11/2004	25808	\$ 5,857.92	Trans Caribbean Dairy	Dairy Products
	25812	\$ 1,000.00	Alicia Hansen	Store sales promotion.
	25810	\$ 8,220.01	Caribbean Lottery Services	Lottery
	Wire	\$ 31,598.73	BJ'S Wholesale	Groceries
5/12/2004	25816	\$ 774.90	Cingular Wireless	Phone service
	25822	\$ 4,308.00	B.M. Produce	Produce
	25823	\$ 47,439.86	WAPA Electric	Power for store
	25825	\$ 1,146.45	Carol's Newspaper	Newspapers
	25821	\$ 2,331.60	Electrical Supplies	Parts for store
	25820	\$ 16.10	Caledonia Valley Farm	Fresh Carambola
	25819	\$ 291.19	Florida Crystals Food Corp.	Sugar
	25818	\$ 41.90	Choice Communications	TV service
	25817	\$ 526.02	Choice Communications	Advertising
	25826	\$ 87,309.37	Hunter Foods	Groceries
5/13/2004	25827	\$ 45,173.21	Associated Grocers	Groceries, Meat and Dairy
	25831	\$ 1,816.75	Brinks Puerto Rico	Services
	25830	\$ 3,670.75	Mufeed Hamed	12 Motorola Portable Phones
	25824	\$ 2,600.00	Puerto Rico General Packing	Goya food products.
	25828	\$ 13.65	Postmaster	Postage
5/14/2004	25833	\$ 48,153.52	Bellows International	Numerous grocery products
	25834	\$ 226.36	Black Hawk Shipping	Freight
	25835	\$ 5,128.64	Michael A. Simmonds	Candy
	25836	\$ 2,224.26	Ocho Rios Miami	Spices
	25837	\$ 1,056.96	St. Croix, St. Thomas Gas	Propane
	25838	\$ 90.00	O'Neal's Transport	Freight
	25839	\$ 4,308.00	Ferrol Trucking	Freight
	25840	\$ 574.00	Terminex- USVI	Pest Service
	25841	\$ 4,000.00	Daniel R. Caines	Floor Maintenance
	25842	\$ 704.52	Cirkel Distributors	Ice Cream

Purchased with Mufeed's credit card.

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	
5/17/2004	25844	\$ 1,095.84	St. Croix Avis News Paper	Newspapers	
	25843	\$ 322.34	Quill Corp.	Office Supplies	
	25845	\$ 1,482.60	Bridgetford Marketing	Specialty deli meats	
	25849	\$ 2,346.10	Paradise Bottling	Beverages	
5/19/2004	25850	\$ 13,947.15	Coca Cola Enterprises	Beverages	
	25851	\$ 263.04	Coca Cola Enterprises	Beverages	
	25852	\$ 342.00	Creamicles	Ice Cream	
	25853	\$ 38,694.75	St. Croix Dairy Products	Dairy	
	25854	\$ 41,786.46	American Fruit & Produce	Produce	
	25855	\$ 21,592.53	Frito Lays	Snack Foods	
	25856	\$ 914.90	Melsco Rack Jobbers	Specialty products	
	25857	\$ 759.26	Gallows Bay Pastry	Bread	
	25858	\$ 91,506.48	West Indies Corp.	Wide variety products	
5/20/2004	25862	\$ 3,525.00	B.M. Produce	Produce	
	25859	\$ 69,246.94	Associated Grocers	Groceries	
	25860	\$ 13.65	Postmaster	Postage	
5/21/2004	25865	\$ 20,538.18	Marketing & Brokerage	Grocery products	
	25863	\$ 506.90	Innovative Telephone	Telephone service	
	25864	\$ 9,846.00	Ferrol Trucking	Freight	
5/25/2004	25867	\$ 573.60	Colorama	Automobile products	Voided
	25868	\$ 610.00	Yusef Yusef	Reimburse Seaplane tickets	Voided
	25870	\$ 18,546.20	Walkkoch L.T.D.	Meat and produce	
	25871	\$ 135.96	Quill Corp.	Calculator	
5/26/2004	25878	\$ 610.00	Yusef Yusef	Reimburse Seaplane Tickets	
	25877	\$ 573.60	Colorama	Automobile products	
	25881	\$ 911.34	Caribbean Mgt.	Books	
	25882	\$ 2,112.43	Caribbean Management L.L.C.	Magazines	
	25880	\$ 1,162.01	Caribbean Lottery	Lottery	
	25879	\$ 23,342.13	Doctor's Choice Pharmacy	Prescriptions	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description
	25861	\$ 27,671.82	Doctor's Choice Pharmacy	Prescriptions
	25866	\$ 4,223.62	Caribbean Lottery	Lottery
	Wire	\$ 34,050.00	BU's Wholesale Club	Groceries
	25883	\$ 1,306.60	Combined Services	Store maintenance
	25884	\$ 58,630.00	Tropical Shipping	Grocery Products
5/27/2004	25885	\$ 72,346.95	Associated Grocers	Grocery Products
	25886	\$ 13.65	Postmaster	Postage
	25887	\$ 3,112.50	B.M. Produce	Produce
5/28/2004	25888	\$ 1,322.80	Monel	Groceries
	25890	\$ 655.00	International Retail	Bill for Inventory
	25891	\$ 36,789.61	Proctor & Gamble	Grocery Products
	25892	\$ 3,131.52	Caribbean Export	Grocery Products
	25894	\$ 3,826.35	Rick Demo	Store Maintenance
5/31/2004	25895	\$ 19,337.92	American Fruit & Produce	Produce
	25896	\$ 1,284.04	Sensomatic Del Caribe	Security cameras

CHECK APPROVAL LOG – ST. CROIX EAST

HAMD243597

MADISON ASSOCIATES, INC.



Check Approval Log
St. Croix Plaza Extra - East
May 2004

Date	Check No.	Amount	Payee	Description	Comments
5/3/2004	26939	\$ 100.00	Ocean System Laboratory	Monthly water treatment	Ice machine water test.
	26940	\$ 45,118.36	Frito Lays Caribbean	Groceries/Snack Food	
	26943	\$ 308.15	Blackhawk Shipping	Freight	
	26944	\$ 5,722.75	Florida Coca Cola	Soda	
	26945	\$ 5,967.00	Paradise Purification	Water	
	26946	\$ 1,053.00	Urias JN Baptiste	Creamcicles	
	26947	\$ 503.10	VI. Daily News	News Papers	
	26948	\$ 2,184.00	Linde Gas	Propane	
	26959	\$ 828.00	S&R Catering	Food	
	26960	\$ 402.65	Sunny Sand LTD.	Sunscreen	
	26961	\$ 4,383.00	B.M. Produce	Produce	
	26962	\$ 543.49	Jaitoon Torres	Plants	
	26963	\$ 2,897.60	Caribbean Lottery	Lottery	
	26964	\$ 29,474.43	American Fruit & Produce	Fruit/Veggies	
	26958	\$ 1,260.00	Mike's Trading Co.	Tobacco/Misc.	
	26957	\$ 515.76	El Patio Flower	Flowers	
	26956	\$ 5,029.48	Paradise Bottling	Beverages	
	26955	\$ 19,735.31	Colgate-Palmolive	Misc. products	
	26954	\$ 1,381.74	Carol Boston	Plants	
	26953	\$ 2,639.10	Purified Water	Water	
	26951	\$ 15,770.51	Kingston-Miami Trading	Misc. products	
	26950	\$ 62,138.79	Associated Grocers	Misc. products	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	Comments
	26952	\$ 732.00	Combined Services	Electrical repairs	
	26949	\$ 3,244.33	Dynamic Merchandising	Ice Cream	
	26970	\$ 245.80	Blackhawk Shipping	Freight	
5/5/2004	26969	\$ 6,486.03	Frito Lays Caribbean	Groceries	
	26968	\$ 1,977.39	Caribbean Lottery Services	Lottery	
	26967	\$ 41.98	Citi Card	Sony Handicam	
	26966	\$ 800.00	Island Popsicles	Ice Cream	
	26965	\$ 1,350.00	Paradise Waste Systems	Trash Removal	
	Wire	\$ 26,009.95	BJ's Wholesale	Groceries	
5/10/2004	26971	\$ 7,036.15	Goya De Puerto Rico	Groceries	
	26972	\$ 7,436.47	Premier Wines	Spirits	
	26974	\$ 1,100.40	Carol's Newspaper Dist.	Newspapers	
	26975	\$ 5,597.50	Morgan's Enterprises	Water/Mints	
	26976	\$ 4,526.05	Florida Coca Cola Bottling	Soda	
	26977	\$ 6,229.85	Trans-Caribbean Dairy	Dairy products	
	26978	\$ 100.00	O'Neal's Transport	Freight	
	26979	\$ 1,155.27	St. Croix Gas	Propane	
	26980	\$ 3,554.20	Blue Mountain Water	Water	
	26981	\$ 1,638.18	Caribbean Healthways	Spices	
	26982	\$ 9,396.00	Luis Sotomayor	Cigarettes	
	26983	\$ 3,384.93	Caribbean Lottery Services	Lottery	
	26984	\$ 10,663.88	Oceanside Pharmacy	Prescriptions	
	26985	\$ 39,755.64	Waltkoch Ltd.	Meat, Fish, Veges	
	26986	\$ 1,158.34	Colorama	Automobile products	
5/12/2004	26991	\$ 132,319.28	West Indies Corp.	Groceries	
	26990	\$ 723.04	Cirkel Distributors	Ice Cream	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	Comments
	26989	\$ 200.00	James Meyers	Water Treatment	
	26987	\$ 133,781.21	Food Warehouse dba Hunter	Groceries	
	26988	\$ 34,787.73	St. Croix Dairy Products	Dairy/Juice	
	26994	\$ 6,494.76	Riverdale Distributor	Fruit drinks	
5/13/2004	26993	\$ 27,619.00	Associated Grocers	Meat and produce	
	24868	\$ 13.65	Postmaster	Postage	
	26995	\$ 80,236.00	Tropical shipping	Groceries	
	26998	\$ 14,059.44	Oceanside Pharmacy	Prescriptions	
5/14/2004	29001	\$ 1,871.78	Caribbean Lottery	Lottery	
	27000	\$ 1,231.21	St. Croix Avis	Newspapers	
	26999	\$ 4,470.00	Waltkoch Ltd.	Fish	
	26997	\$ 5,500.00	Daniel R. Cairnes	Parking lot/floor cleaning	
	26996	\$ 249.45	Peachtree Business	Software	
5/18/2004	29019	\$ 6,376.70	Florida Coca Cola	Soda	
	29013	\$ 12,708.58	Oceanside Pharmacy	Prescriptions	
	29008	\$ 1,426.12	Herr's	Sewing stuff	
	29018	\$ 726.30	Francis Purified Water	Water	
	29011	\$ 1,261.21	Caribbean Lottery	Lottery	
	29009	\$ 272.93	Citi Card	Office supplies	
	29010	\$ 31,863.62	Sam's club	Groceries	
	24882	\$ 13.65	Postmaster	Mail	
	29016	\$ 59.71	Innovative Cable	Cable	
	29017	\$ 348.57	Innovative Telephone	Telephone	
	29015	\$ 3,351.60	Paradise Bottling	Drinks	
	29014	\$ 1,316.24	Haddon House	Specialty foods	
	29002	\$ 1,871.78	Caribbean Lottery	Lottery	
	29007	\$ 24,657.63	American Fruit & Produce	Produce	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	Comments
	29006	\$ 1,286.39	Melisco Rack Jobbers, Inc.	Specialty foods	
	29004	\$ 1,950.40	Molinos De PR	Wheat flour	
	29003	\$ 182.42	Blackhawk Shipping	Freight	
	29005	\$ 83,318.39	Bellows Intl.	Numerous grocery products	
	29020	\$ 414.60	Gallow's Bay Pastry	Bread	
	29021	\$ 62,405.93	VI Water & Power	Electric bill	
	29022	\$ 231.00	Terminix	Pest control	
	290112	\$ 21,111.00	Ferrol Trucking Services	Freight	
	Wire	\$ 23,098.89	BJ's	Groceries	
	29026	\$ 20,146.00	Sam's Food Distributors	Bananas	
5/21/2004	29024	\$ 125,362.20	Associated Grocers	Variety produce/meats	
	29027	\$ 793.50	B.M. Produce	Produce	
	29028	\$ 3,488.98	Caribbean Lottery	Lottery	
	29029	\$ 486.20	Humberto O'Neal	Spices	
	29030	\$ 342.10	Blackhawk Shipping	Freight	
	29031	\$ 3,378.25	Trans-Caribbean Dairy	Dairy	
5/26/2004	29038	\$ 5,000.00	B.M. Produce	Produce	Paid in advance.
	24901	\$ 27.30	Post Master	Postage	
	29041	\$ 16,831.15	Sam's Club	Grocery products.	Paid in advance.
	29035	\$ 2,993.88	Bob's A/C & Refrigeration	Store Maintenance	
	24905	\$ 2,160.21	Caribbean Mgt. LLC	Magazines	
	29050	\$ 1,025.06	Caribbean Mgt. LLC	Books	
	29040	\$ 18,505.90	Marbro, Inc.	Grocery products.	
	29047	\$ 778.00	Combined Services	Store Maintenance	
	29046	\$ 2,100.05	Citi Card	Communications equip.	
	29045	\$ 19,417.61	American Fruit & Produce	Produce	
5/27/2004	29053	\$ 660.00	General Refrigeration	Repairs	

MADISON ASSOCIATES, INC.



Date	Check No.	Amount	Payee	Description	Comments
	29057	\$ 546.90	Peachtree Business	Laser printers	
	29056	\$ 5,258.50	Caribbean Lottery Services	Lottery	
	29055	\$ 253.80	Monel Inc.	Candy	
	29054	\$ 14,952.55	Florida Coca Cola	Soda	
	29052	\$ 346.39	Colorama	Auto products	
	24918	\$ 3,000.00	Virgilio Henriquez	Employee loan	Produce Mgr.: repaid by payroll deduction.
5/28/2004	29042	\$ 10,805.65	Oceanside Pharmacy	Prescriptions	
	29043	\$ 53.55	Citi Card	Reimburse Mike Yusef	
	29044	\$ 3,579.05	Florida Coca Cola	Soda	
	29051	\$ 1,863.34	Haddon House Food Products	Grocery products	
	29058	\$ 71,604.74	Associated Grocers	Grocery products	
	29059	\$ 1,105.32	Associated Grocers	Grocery products	
	29061	\$ 655.00	International Retail Methods	Software	
	29060	\$ 451.49	Jaitoon Torres	Plants	

DAILY LOG - ST. THOMAS

HAMD243603

MADISON ASSOCIATES, INC.



Daily Log
St. Thomas Plaza Extra
May 2004

DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/1/2004	Y		Y	Y	Continued orientation with Roger and took him to airport. Review and familiarization with records, reports, etc. Visited store from 3:00-3:45pm. Virtually no office activity due to Carnivale Holiday. No checks to approve. Took LexMark to OfficeMax. Determined it was broken and they could not fix. Got full refund for new printer. No LexMark replacement available so purchased HP All-in-One for additional \$60. Working great!
5/2/2004			N	N	Sunday. Spent day working on files and records at Condo.
5/3/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Continued to set up my computer files. Met with Marshall to get input on record keeping systems. Informed by Willie that UC's Attorneys are coming to St Thomas on May 10th. They will be in the office from the 11th - 14th, so I will not be welcome to work here. Agreed that I would come in and get any work needed, approve checks, do walkabout, etc. but stay out of the office area during their meetings. Met w/ Bill & Len at 2:00pm.
5/4/2004			Y	Y	Worked w/ P. Hoffer to set up DSL. Monitor store. Walkabout store, warehouse, and dock. Met w/ Bill, Len and Eileen in evening.
5/5/2004	Y	\$53,690.76	Y	Y	Monitor store. Walkabout store, warehouse, and dock. Did Cash count with Nefeh. Reviewed all Payroll checks for compliance with compensation guidelines. Check numbers 75992 - 76172 were missing. Marshall to get them for me.

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/6/2004	Y		Y	Y	Monitor store. Walkabout store, warehouse, and dock. Rec WU & Loto info thru 5/4 from Nejeh. Major glitch with Payroll processing and several (20+) employees not paid. Marshall consumed with trying to get employees paid and we did not get back to missing checks. Meeting w/ Mr. Y, Bill and Len. Accessed and retrieved Banco Popular records thru 5/5/04.
5/7/2004	Y		Y	Y	Spent morning and part of afternoon w/ Bill. Monitor store. Walkabout store, warehouse, and dock. Marshall was auto accident and was not at work. His work not completed by anyone else, so limited info obtained. Picked up Scotiabank records. Reviewed files for compliance.
5/8/2004	Y	\$53,690.00	Y	Y	Monitor store. Walkabout store, warehouse, and dock. Recorded available info and did a cash count with Nejeh. Converted file names and prepared weekly reports for submission.
5/9/2004	N		N	N	Sunday. Spent day working on files and records at Condo.
5/10/2004	Y		Y	Y	Worked on Month end reports and reconciliations. To store around 3:00pm and did walkabout / worked in office. Marshall was training Erica to take over some of his responsibilities and then had to leave early due to his medical condition. Only got the operational account update from him.
5/11/2004	Y	\$53,697.00	Y	Y	Finished monthly reconciliations for Roger. UC Attorneys Working / Meeting in Office. Worked in store while atty's not present. Did recording and a walkabout. Gave Nejeh and Marshall written lists of needed documentation. Marshall not in so left it on his desk after showing it to Nejeh. Contacted Mr. Swan at Banco Popular re: access to STX WU acct via Web. Relayed into to Bill.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/12/2004			Y	Y	UC Attorneys Working / Meeting in Office. Req BNS for 5/7- 5/12. Agreed that they would pull our records every Wednesday (thru previous day). Should help balance end-of-week workload. Talked briefly with Marshall as he was leaving to go to Doctor. Said the Financial Statements were not ready and didn't know when they would be. Actually, he really didn't seem to care.
5/13/2004			Y	Y	UC Attorneys Working / Meeting in Office. Worked on files in Condo. Noted several deposit amount discrepancies in BNS records; copied and took to store to discuss with Marshall. Marshall not in so unable to discuss discrepancies until tomorrow. Checked several payables for verification. Monitor store. Walkabout store, warehouse, and dock. Willie also out sick so Nejeih not available for safe count.
5/14/2004	Y	\$53,697.00	Y	Y	UC Attorneys Working / Meeting in Office. Monitor store. Walkabout store, warehouse, and dock. Marshall was in only for brief period of time. Gave me the daily check register for the STT OA and a copy of the Merrill Lynch account for a period ending April 30, 2004. Noted that value of account has dropped from a balance of \$6,790,708 on March 31 to \$5,073,635 on April 30 - an 8 Million Reduction in Value since December, 2003. Noted that 6 checks were issued on 5/12 without prior approval. Gave Willie a copy of the documentation and asked for him to reacquaint the staff with the current procedures re: Check Approvals and have the staff pull all of them for me to review. Did safe count with Nejeih.
5/15/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Got caught up on Money Orders and Lotto thru 5/11. Processed several check approvals.
5/16/2004			N	N	Sunday

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/17/2004	Y		Y	Y	<p>Monitor store. Walkabout store, warehouse, and dock. Got caught up on Money Orders and Lotto thru 5/14. Processed several check approvals. Had informal discussion with Willie, Garrard and Mr. Y re: narcotics trafficking re: Garrard's prior experience with a dealer. (G. was paid for a large restaurant bill from one of several large bags of cash.) Mr. Y then said that he was accused of selling drugs in the sealed affidavit, but he was entirely innocent of this. Stated that he had never even seen any drugs and wanted nothing to do with them as this is expressly forbidden in his religion. Advised him that I had not seen the affidavit and had no comment about it. Marshall presented me with several documents, containing the answers to my questions re: Payroll checks, telechecks deposits, etc. With the exception of the financial statements we seem to be caught up.</p>
5/18/2004	Y		Y	Y	<p>Monitor store. Walkabout store, warehouse, and dock. Marshall was gone when I arrived and had not prepared the disk with the daily deposits / disbursements from the STT Operational account as he usually did. Mr. Yusuf was at the table and I inquired about Marshall and asked where he was. Mr. Yusuf said the Marshall and Willie had a fight and Marshall left. He didn't know if he was even coming back and didn't know what they were going to do without him as no one else was trained to do his job. I asked him if they had a replacement in mind yet and he said no because Marshall had agreed to work on an hourly basis (after his honeymoon) until he got a replacement. Marshall eventually returned and he and Willie sort of made up. Work continued. This appears to be a festering issue as they have been at it before. If Marshall does leave there literally is no one there to continue in his role.</p>
5/19/2004	Y	\$53,697.00	Y	Y	<p>Worked on files in am. Monitor store. Walkabout store, warehouse, and dock. Picked up BNS records in afternoon. Worked on the DSL system to get it rebooted and operational. Did comparison of files to BNS records in evening.</p>

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/20/2004			Y	Y	Worked on files in am. Monitor store. Walkabout store, warehouse, and dock. Marshall not in so could not get records from him, nor ask about some questions re: the STT Telecheck. Returned at 7:30 for quick check and sign any approvals needed.
5/21/2004	Y	\$53,697.00	Y	Y	Monitor store. Walkabout store, warehouse, and dock. No checks to approve. Marshall not in again and staff not certain what the situation is, or if he will return. No one assigned to pick up his duties at this time. Erica said she was only told to do the payroll so she was taking care of that. No one doing the daily check register or reconciliations, etc. Mr. Yusuf said they were going to place an advertisement in the newspaper to look for a replacement for him. Approved May "Residence Check" of \$25,000 for Mr. Yusuf, who endorsed it over to Nejeih with instructions to give us whatever supporting documentation we needed to make this process work.
5/22/2004			Y	Y	Finished Weekly Reports and emailed to Bill / Roger. Monitor store. Walkabout store, warehouse, and dock. Marshall not in. Till reconciliation not done and no checks to approve.
5/23/2004			N	N	Sunday. Updated files and worked on reports.
5/24/2004	Y	\$53,697.00	Y	Y	Monitor store. Walkabout store, warehouse, and dock. Marshall had still not come in when I arrived. Mr. Yusuf was at the table and I inquired about his status. He responded that they thought he was going to come in tomorrow, but they weren't sure about him anymore. They have placed an add in the paper looking for a replacement, according to Nejeih. Nejeih said that he had deposited the residence check to his account.
5/25/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Marshall had still not come in when I departed at 10:00. Caught up on all available records. Discussed how to document residence receipts with Nejeih.

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/26/2004			Y	Y	Monitor store. Walkabout store, warehouse, and dock. Marshall finally returned to work in order to do the payroll. There was a mixup on all the Sunday time cards so I was unable to get the check register from him, although he did give me the latest payroll checks. Inspected for family and/or other irregularities - found none. Left Marshall with written request for info, which he said he would get to after he finished the payroll processing. Updated files/reports after discussion with Roger. Picked up the weekly records from BNS and started review/reconciliation. NOTE: Effective today I started approving every check, wire transfer and debit memo. The STT management was in favor of this process since it reduced the burden on their staff to keep items separated.
5/27/2004			Y	Y	Worked on BNS files at condo. Conferred w/ Charles re: questions about STX OA. Monitor store. Walkabout store, warehouse, and dock. Got all remaining records from Marshall to bring files current. Willie and Mr. Yusuf discussed the progress re: hiring a new Controller. They were very positive and said they had received several applications, among them a very qualified individual from one of the local resorts. They said they knew they would need to increase the salary, but seemed to be willing to do it to get a good person for the job.
5/28/2004	Y	\$53,697.00	Y	Y	Worked on BNS files at condo. Conferred w/ Charles re: questions about STX WU. Monitor store. Walkabout store, warehouse, and dock. Asked Marshall for all remaining records to bring files current. Marshall advised me that this his last day. He is going to China for three weeks tomorrow and when he returns he will only come in to help train his replacement. He further stated that Mr. Yusuf had told him that they had a person in mind for the job and expected him to start in two weeks.
5/29/2004			Y	Y	Worked on BNS files at condo. Conferred w/ Charles re: questions about STX WU. Monitor store. Walkabout store, warehouse, and dock. Marshall left remaining records to bring files current. Nejeih said they had not yet hired a controller, but then said, "We certainly need one."

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/30/2004					Sunday. Spent day working on files and records at Condo.
5/31/2004	Y		Y	Y	Worked on files and month-end reports for several hours. Monitor store. Walkabout store, warehouse, and dock. Approved all available checks/disbursements and updated files. Erica was doing the payroll and had not started any of the other work, so there were no check registers available.
6/1/2004	Y		Y	Y	Completed my close out at the condo. Went to store and did the daily visitation for John. Stopped at BNS and picked up final records for the end of month reports. Met with John for brief period. Flew home arriving at residence at 12:30am Wed morning.

DAILY LOG - ST. CROIX EAST

MADISON ASSOCIATES, INC.



Daily Log

St. Croix - East Plaza Extra

May 2004

DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/3/2004	NO		YES	YES	First day of May's rotation. Did Till reconciliations for Friday, Saturday and Sunday. Wally, Matfi and Yusef were in store. Met Mary Gonzalez for first time. She is in charge of Accounts Payable. Today was a restocking the shelves event after a big weekend of sales. The Receiving area was extremely busy. Picked up Bill Schroeder, Len Briskman and Ilene R. Baylinton and drove to the East Store. Attempted to meet with Wally Hamad but had to reschedule for later in afternoon. Walked about store and warehouse area. Returned later in afternoon. Met with Allan Mallory about Laundromat. Mr. Mallory provided copies of documentation and answered questions proposed by Mr. Briskman. Participated in interview of Wally Hamad. Drove to Christensted and to real estate office to pay condo lease payment. Drove to Seaplane for flight of visitors to St. Thomas. Reconciled Till Report. Walked around store and warehouse. The receiving dock was completely full with a couple of trailers loaded with products. Exchanged pleasantries with Fathi. Approved checks for products and attorney fees. Conducted count of cash in safe. Will try approving all checks as I do in West store. It is a disruption for Mary to have to pull the checks and invoices after they are filed. I don't expect that it will involve a lot of time for me. I received a telephone call from Bill Schroeder. He asked that I check the Lis Penders filed against United Corps. property at La Grande Princess to determine if it included
5/5/2004	Yes	\$ 84,000.00	Yes	Yes	
5/6/2004	No		Yes	Yes	

HAMD243642

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/7/2004	Yes	\$ 88,000.00	Yes	Yes	Parcel B. I drove to Christenstead and searched property records at Recorder of Deeds. Since my last visit, a computerized system was installed for the period 4-10-2001 to 4-29-2004. I brought up United Corp and clicked on Lis Pendens. There was only one and it was filed for the Estate of Michael Wadlington. There was nothing else during that time frame for United. I telephone Mr. Schroeder and informed him. Drove to East Store and reconciled Till, approved checks and walked around store and receiving area. Everything appeared normal. Reconciled Till; approved checks; conducted cash count with Yusef. Walked around store and receiving. Allan Mallory stopped by for Len Briskman's phone number. Allan told me Mike agreed to structure Laundromat anyway that Briskman wants it. I don't have Briskman's number but would get it. Allan replied that he would check with Mike. The store was not particularly busy for a Saturday, nor was receiving. I didn't see any of the principals. Received e-mail from OSM regarding changing titles and formats my workpapers. Changed and remailed to OSM. Received another e-mail regarding Shopping Center. Scanned monthly receivables and e-mailed to OSM. Had telephone conference with Allan Mallory regarding the Shopping Center. Mallory stated there were a number of late payments made the first week in May which will show up on next months summary. The two \$1,000 checks issued to Plaza Extra is for reimbursement for Jeff Girard, who is an employee of Plaza but also does work for the shopping center, such as lawn cutting, light maintenance, etc.; also there are three stores undergoing improvements and rent is abated until work completed. Reconciled Tills for 5-7, 5-8 and 5-9-04; approved checks. Walked around store and receiving. Lots of activity restocking shelves and unloading trailers.
5/8/2004	No		Yes	Yes	
5/10/2004	No		Yes	Yes	

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/11/2004	No		Yes	Yes	Reconciled Till. Yusef took the Seaplane for Puerto Rico and may not be back for a few days. I think the trip relates to his wife who is expecting any day. This may affect the cash count. Will discuss with Wally and see if someone else can do it. Approved checks. The store is very slow today. Could be attributed to stormy weather. Have not seen Fathi in receiving last two days. Wally was lying on the floor near a freezer trying to fix a leak. He is a very hands on manager and performs a lot of maintenance. Reconciled Till; approved checks; recorded deposits. Walked about store and warehouse. Fathi was back on job and extremely busy. Yusef was in store earlier but left. I went to west store and completed work. Returned later in afternoon to East Store and conducted cash count with Yusef. Cash count was \$22,000 over. Yusef stated he will deposit the cash tomorrow. Reconciled Till; approved checks; had conversation with Allan Mallory regarding a couple of problem tenants and the headaches associated with being a landlord. Walked about store and receiving. The weather has been bad with heavy rain and strong winds which is slowing down business. Reconciled Till; recorded deposits; approved checks; walked about store and receiving. Wally was driving fork lift in receiving. Fathi not there. Yusef not there. Will return to store later for cash count. After finishing Western Store, attempted to drive to East. Between the rain and traffic jam, I thought it wiser to try tomorrow.
5/12/2004	Yes	\$ 102,000.00	Yes	Yes	
5/13/2004	No		Yes	Yes	
5/14/2004	No		Yes	Yes	
5/15/2004	Yes	\$ 80,000.00	Yes	No	Conducted cash count with Yusef. The weather continues to be bad and is hurting business. "big time" according to Yusef. Store operations slow but normal. Reconciled Till for Friday, Sat. & Sunday; approved checks; conducted cash count; walked about store and warehouse. Everything is normal. The weather is improving.
5/17/2004	Yes	\$ 80,000.00	Yes	Yes	Reconciled Till. Store operations normal. Yusef and Matfi off island. Reconciled Till; recorded deposits; approved checks. Yusef off island but he left \$10,000 in cash in Avilia's safe.
5/18/2004	No		Yes	No	
5/19/2004	No		Yes	Yes	

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/20/2004	Yes	\$ 95,000.00	Yes	Yes	Avilia gave the \$10,000 in one delivery to the Service Desk since she only works to noon. Walked about store and warehouse. Everything appears normal. Reconciled Till; recorded deposits; approved checks. Walked around store and receiving. The weather is bad with heavy showers and high winds. Conducted cash count. Yusef ordered \$15,000 in change but the deposit didn't make it to the bank today causing the count to be \$95,000. Had discussion with Yusef about keeping cash at \$80,000. He explained that had Avilia taken the deposit, it would have \$80,000. Reconciled Till; recorded deposits; approved checks; walked around store. Everything appears normal. Fairly busy considering the weather. Walked around store and warehouse.
5/21/2004	No		Yes	Yes	Reconciled Till for Friday, Saturday and Sunday; recorded deposits; walked around store and warehouse.
5/22/2004	No		Yes	Yes	Conducted cash count with Yusef. There was \$95,000 but Yusef stated Avilia was suppose to make a deposit today, so Wadda was given \$15,000 in cash, prepared a deposit ticket and gave me a copy. Also, Yusef is taking his mother and sister to the Mayo Clinic in Jacksonville and will not be back until next Monday. He doesn't want Mateed to move money around in safe and asks that I wait until he returns. E-mailed OSM about the situation.
5/24/2004	Yes	\$ 80,000.00	Yes	Yes	Reconciled Till; recorded deposits; approved checks; walked around store and receiving. Big restocking of shelves day.
5/25/2004	No		Yes	Yes	Reconciled Till; recorded deposits; approved checks. Spoke with Allan Mallory regarding monthly summary for the Shopping Center. Allan's computer crashed and he is in the process of recovering information. He told me everything should be correct but the deposits might be off. He will know when bank statements received on June 12th.
5/26/2004	No		Yes	Yes	Walked about store and receiving. Everything normal. Reconciled Till; recorded deposits; approved checks; walked about store and receiving.
5/27/2004	No		Yes	Yes	

HAMD243615

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/28/2004	No		Yes	Yes	<p>Had conversation with Keith Rodgers about some unidentified wire transfers and Debits to BVS operating account. Asked Wadda to research. Found that two of the wires were sent from the West Store and one from the East. All three were payable to BJ's Wholesale which requires payment in advance. I examined the wire and invoices for \$31,598.73 and found everything in order. I reminded Wadda and Mary that wire transfers above \$10,000 had to be approved in advance. There were three debit memos which Wadda identified as purchases of change for the stores. Yusef had ordered two and Sean the other. I also, with Wadda's help, was able to identify three deposits to the BNS account but inadvertently were left off my deposit analysis. Notified Keith of findings. Reconciled Till; record deposits; approved checks; walked about store and receiving. Everything normal. Walked around store and receiving. Lots of customers and unloading activity in receiving. None of the managers were in the store. Reconciled Till for Friday, Saturday and Sunday; recorded deposits; approved checks. Walked about store and receiving. The only manager working today is Murfeed. Obtained copy of Aged Payables, Payroll and Check Register. Everything was normal.</p>
5/29/2004	No		Yes	Yes	
5/31/2004	No		Yes	Yes	

DAILY LOG – ST. CROIX WEST

HAMD243617



Daily Log
St. Croix West
May 2004

DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/3/2004			Yes	Yes	Reconciled Friday, Saturday and Sunday's Till Reconciliations. When Veronica prepares the bank deposit, she includes the cash loan paybacks from the Service Desk. Recorded all deposit tickets. Approved checks. Walked about store and receiving. Observed the outside of the building for repair work.
5/4/2004			No	No	Drove Bill Schroeder, Len Briskman and Ilene Baylinton to West Store. Met with Mike Yuset and discussed the laundromat in detail. Later Allan Mallory joined the discussion and answered questions about the organizational structure and financial plan. Mallory also agreed to provide copies of related documentation when we returned to the East Store in the afternoon. Mike Yuset had an account opened at Blanco Popular, #191107867 that will be used exclusively for Western Union. I added a column on the spreadsheet to account for this deposit.
5/5/2004	No		Yes	Yes	Reconciled Till; recorded deposits; approved checks; walked about store and receiving area. Everything appears normal. Had planned to do cash count Tuesday, but involved with meeting. Sean is off today. Will conduct back-to-back cash count to meet requirement.
5/6/2004	Yes	\$76,526.00	Yes	Yes	Reconciled Till, recorded deposits and conducted cash count. Walked about store and warehouse. Everything is normal.
5/7/2004	Yes	\$66,526.00	Yes	Yes	Reconciled Till; recorded deposits; conducted cash count with Shawn; walked about store and receiving. Normal operations.

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/8/2004	No		Yes	Yes	Walked around store and receiving area. Not particularly busy. Chatted with Mike Yusef.
5/10/2004	No		Yes	Yes	Reconciled Till for Friday and Saturday. Walked around store and receiving. Approved checks. Recorded deposits.
5/11/2004	Yes	\$80,526.00	Yes	Yes	Conducted cash count with Sean. He is attempting to maintain \$80K in safe in compliance with our request. Reconciled Till, which always balances to the penny. Recorded deposits and West Union. I have a separate spread for Western Union because the account with Banco Popular. It is a rainy day. Mike has an employee at entrance putting customer's umbrellas in plastic bags. He truly is conscious of slip and falls.
5/12/2004	No		Yes	Yes	Reconciled Till. There were no Western Union sales. Checked with Veronica and she confirmed. Walked about store and warehouse. Normal activities. Approved checks.
5/13/2004	No		Yes	Yes	Reconciled Till; recorded deposits. Walked around store and receiving. Everything appears normal. Not particularly busy. Weather is bad with flash flood warnings. Prior days Western Union reported in today's Till.
5/14/2004	Yes	\$81,526.00	Yes	Yes	Reconciled Till; recorded deposits; approved checks; conducted cash count with Sean. Walked around store and receiving. Bad weather again.
5/15/2004	No		Yes	Yes	Walked around store and receiving. Everything normal. Heavy rain showers appear to be affecting business.
5/17/2004	No		Yes	Yes	Reconciled Till for Fri., Sat. and Sunday. Saturday turned out to be a pretty good day as sales exceeded \$113,000. Recorded deposits and Western Union. The store and warehouse appear to be normal.

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/18/2004			Yes	Yes	Reconciled Till; recorded deposits and Western Union. approved checks. Store operations normal.
5/19/2004	Yes	\$77,726.00	Yes	Yes	Reconciled Till; recorded deposits and Western Union; conducted cash count; walked about store and warehouse. Everything normal.
5/20/2004	No		Yes	Yes	Reconciled Till; recorded deposits and Western Union; walked about store and receiving. I think the weather is affecting business.
5/21/2004	Yes	\$69,726.00	Yes	Yes	Early morning inquiry and then telephone conference with OSM regarding Till Reconciliation for May 7th. OSM wanted to know why there was a \$4,000 variance. After looking at the manual reconciliation, it was determined that \$4,000 at the SD had been included but not deposited. Apparently up to this date, the West Store was still borrowing from the Tills to provide cash to the SD. I had asked Sean to discontinue this practice subsequent to this date. Reconciled Till; recorded deposits; approved checks; conducted cash count; walked about store and warehouse. Business is slow due to storms.
5/22/2004	No		Yes	Yes	Business was pretty brisk during my visit. I walked around the second floor of the warehouse. They seemed to have better organized inventory. Sean was the only manager working.
5/24/2004			Yes	Yes	Reconciled Till for Friday, Saturday and Sunday; recorded deposits and Western Union. Walked about store and receiving. Very few customers today.
5/25/2004	Yes	\$82,726.00	Yes	Yes	Reconciled Till; recorded deposits; walk around store and receiving. Normal activity. Conducted cash count with Sean.
5/26/2004	No		Yes	Yes	Reconciled Till; recorded deposits and Western Union; approved checks; walked about store and receiving. Everything normal.

MADISON ASSOCIATES, INC.



DATE	CASH COUNT Y/N	AMOUNT OF CASH IN SAFE	STORE WALKABOUT Y/N	WAREHOUSE WALKABOUT Y/N	COMMENTS
5/27/2004	Yes	\$82,726.00	Yes	Yes	Reconciled Till; recorded deposits; conducted cash count. Walked around store and receiving. Everything appears normal. Approved checks. The stores printers have not been working. In process of installing new ones. As a result, have not received copies of Electronic Till Summaries. Asked Sean had vending proceeds are handled: "Reported at the cash registers as sales." Didn't pursue any farther. Reviewed two Wire Transfers to BJ's Wholesale, which had not been approved by me for 5-5-04 and 5-19-04. Everything in order. Apparently the office staff person was not aware of the approval procedure.
5/28/2004	No		Yes	Yes	Reconciled Till; recorded deposits; approved checks. Western Union: Obtained a summary of the monthly activity; on Sunday, Veronica will make copies of the daily activity reports; Sean will have a copy made each day for us. Spoke with Keith Rodgers about the summary and how to integrate or extract information to match his report. Will scan and email to him this afternoon. Store activity is normal.
5/29/2004	No		Yes	Yes	Walked around store but had to cut it short. My left heel became very painful and I had to leave. Didn't notice any of the managers in store. Worked at the condo on Western Union spreadsheet. Completed and e-mailed to OSM and a copy to SM on STE.
5/31/2004	N		Yes	Yes	Reconciled Till for Friday, Saturday and Sunday; recorded deposits; walked about store. The office personnel only worked half a day. Left a note requesting month ending Payroll, Aged Payables. Plan on picking them up tomorrow-on way to airport. Western Union: Apparently Sean forgot to tell Veronica about making copies of the Daily Activity Report. She will start on it tomorrow and also include a copy in our daily Till information.



MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE

Quarterly Business Monitoring Report

United Corporation U.S. Virgin Islands

**For the Reporting Period
June Through August 2004**

**Contract No: GS-10F-0803
Order No: DJMS-04-AFO-P-0013
September 2004**



**QUARTERLY MONITORING REPORT
BUSINESS MONITORING SERVICES
UNITED CORPORATION
VIRGIN ISLANDS
FOR THE REPORTING PERIOD
JUNE 2004 – AUGUST 2004**

1.0 ACTIVITIES COMPLETED DURING QUARTER

The sections that follow highlight the major activities completed during the reporting period.

1.1 TRAINING CONDUCTED BY OFF-SITE MONITOR

The Off-Site Monitor conducted a review and training visit on June 29 through July 1, 2004, and oversaw the transition of a new second team St. Croix Monitor as well as a temporary St. Thomas Monitor.

1.2 REQUEST BY FATHI YUSUF TO REIMBURSE LONG-TIME EMPLOYEE FOR COST OF RETURNING HIS SON TO THE MIDDLE EAST FOR BURIAL

On June 18, 2004, the COTR was advised that Fathi Yusuf had requested approval of the USMS to provide a long-time employee money to assist in the cost of returning the employee's son to the Middle East for burial. The son had been ill for some time and had recently died. The COTR approved the use of \$10,000 of UC funds to be used as requested but requested that the Monitor obtain some documentation supporting the request. A copy of the death certificate and a copy of the deceased's U.S. passport were obtained. The COTR was informed of this fact on June 18, 2002.

1.3 PREPARATION OF QUARTERLY REPORTS FOR USE BY COTR FOR QUARTERLY REPORTING TO DISTRICT COURT IN THE VIRGIN ISLANDS

On July 9, 2004, the Project Managers for MAXIMUS and Madison Associates, Inc. (MAI) met and agreed to provide the COTR with draft quarterly reports for the COTR that summarized the financial and monitoring data collected during the quarterly reporting period. This Report represents the first of these quarterly reports. These reports will continue to be submitted to the COTR on a quarterly basis.

1.4 REQUEST BY FATHI YUSUF FOR AN ADDITIONAL FUNDS REGARDING CONSTRUCTION OF HOME

On July 16, 2004, the Project Manager for MAI contacted the COTR to relay a request of Mr. Fathi Yusuf for an additional \$14,000.00 withdrawal from United Corporation's (UC) operational checking account to expedite a dispute resolution that has developed with a contractor involved in construction work on Mr. Yusuf's house on St. Thomas. Mr. Yusuf also requested approval to accelerate



the pace of the payments that had been approved for use in completing construction on the house. The COTR approved the withdrawal of funds to be placed in an escrow-type account for the purpose of resolving the dispute. He advised that any decision regarding an acceleration of the payment schedule previously approved would have to wait until he visited St. Thomas and spoke with Mr. Yusuf. The conditional approval for the transfer of funds was communicated to Mr. Yusuf and the check relating to that transfer was approved.

1.5 SITE VISIT TO THE VIRGIN ISLANDS BY COTR AND MAI PROJECT MANAGER

The COTR and the Project Manager for MAI traveled to the Virgin Islands on July 26, 2004. During the course of their visit they met with government attorneys, attended a scheduled status hearing in district court and visited the businesses being monitored and the owner/managers in each location on St. Thomas and on St. Croix. During discussions with Mr. Fathi Yusuf, the COTR agreed to allow an accelerated pace of withdrawals from the UC's operational bank account for the purpose of expediting the completion of Mr. Yusuf's house on St. Thomas. (See section 2.4, below)

1.6 MEETING WITH COTR TO FINALIZE CONTRACT CHANGES

On August 20, 2004, a meeting was held at the offices of MAXIMUS with the COTR to reach agreement on final changes to the contract with the USMS and to discuss funding needs for the remainder of the calendar year. The COTR also discussed the issue of carrying contract services through option year 2005.



intervals an individual wire transferred a significant amount of money from the St. Thomas store's Western Union facility to the same recipient in a foreign location. This information was provided to the USMS COTR for appropriate action. In June similar transactions were observed and reported upon. No additional similar suspicious transactions were observed in July and August.

2.4 RESIDENTIAL CONSTRUCTION COST

During May monitoring began of the disbursement of UC funds that are to be used to complete construction of a single-family residence on St. Thomas. The monitoring process includes a review and reporting of checks issued to Fathi or Nejeah Yusuf for this purpose and invoices presented by store management demonstrating that these funds were used for construction costs. The monitoring process does not include oversight of the construction process itself. It is noted that many of the invoices initially presented by store management represent expenses paid prior to the issuance of the first check to Fathi Yusuf on May 21, 2004.

During a visit to St. Thomas at the end of July, the COTR decided to allow the transfer of funds from UC operation account to pay for construction costs at an accelerated rate. The COTR was provided a copy of a spreadsheet summarizing the information reviewed by the Monitors relating to the construction costs paid with transferred funds. The COTR authorized and approved an immediate withdrawal of \$25,000.00 for that purpose. The COTR limited the total funds that could be withdrawn under the amended schedule to \$72,000.00. Any withdrawal over that amount will require the approval of the COTR.

Table No. 1 lists the checks issued from the UC operating bank account for transfer for residential construction cost reimbursement. This includes the check for \$14,000.00 that was placed in an escrow type account with the Consumer Services Agency in order to settle a contract dispute with a contractor.

TABLE NO. 1

List of Checks Issued for Construction

5/21/04	Check # 15765	\$25,000
6/14/04	Check # 15819	\$25,000
7/5/04	Check # 15857	\$25,000
7/8/04	Check # 15868	\$908.40
7/19/04	Check # 15891	\$14,000
7/29/04	Check # 15921	\$25,000
8/10/04	Check # 15943	\$25,000
8/30/04	Check # 15975	\$25,000
TOTAL		\$164,908.40

2.5 TAX PAYMENT TO VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE

On August 25, 2004 Check #21826 was issued from the operating account of the St Thomas store payable to the Virgin Islands Bureau of Internal Revenue in the amount of \$273,328.58 for payment of gross receipts taxes due for July 2004. The Monitor inspected the check and accompanying transmittal document. This



review should not be construed as attesting to the accuracy of the gross receipts tax return for which this payment was made.

2.6 REBATE CHECKS IN EXCESS OF \$5000

During the month of August two rebate checks were received from the Coca Cola Corporation. Both were in excess of \$5000. The checks were in the amounts of \$5,480 and \$5,208. Both checks were deposited into the St Croix Bank of Nova Scotia operating account.

2.7 CONTRIBUTIONS TO CHARITY BY UC

The following charitable contributions were made in amounts of \$1000 or more:

Donation Beneficiary	Amount	Specific Designation
Queen Louis House	\$1,000.00	
Island Center	\$1,000.00	
University of Virgin Islands	\$1,080.30	Scholarship for student - Solomon
University of Virgin Islands	\$1,711.00	Scholarship for student - Said
University of Virgin Islands	\$2,000.00	Scholarship for student - Toussant
University of Virgin Islands	\$1,327.25	Scholarship for student - Bermudez

2.8 PENDING LAW SUITS POSING FINANCIAL RISK

On August 25, 2004, the COTR was advised by memorandum of three pending civil suits that had been filed against UC that appear to represent the potential of significant financial risk to UC.

- In *Elwood Thomas v. United Corporation*, (Civil Case No. 2003/504) Mr. Elwood Thomas alleges that he was delivering water to the Plaza Extra West store when a forklift driven by a Plaza Extra employee injured him. An offer has been made by Mr. Thomas' attorney to settle the lawsuit for the sum of \$850,000.
- In *Germaine Scott v. United Corporation*, a Plaza Extra West customer alleges that she was struck by a shopping cart being moved by a Plaza Extra employee and has claimed damages in an amount exceeding \$170,000.
- In *Amanda Hartzog v. United Corporation*, the claimant alleges that her son became violently ill after ingesting a substance he obtained from touching a plant in a Plaza Extra store. While the nature of the illness is unclear, this does not appear to fit into the normal "slip and fall" type of claim and could result in a significant claim for damages.

2.9 FEBRUARY FINANCIAL STATEMENT

On August 25, 2004, the COTR was provided a copy of the February Financial Statement prepared by the former Comptroller of UC that had been provided by UC on August 24, 2004.

2.10 FAILURE BY BANCO POPULAR TO HONOR CERTAIN CHECKS OF UC

On September 9, 2004, a Monitor was advised of the initial refusal of Banco Popular to honor two checks totaling \$1,250,000 that were issued by UC for the



purpose of transferring funds from the credit card accounts of UC to the operating accounts maintained by the Bank of Nova Scotia. This method of transferring funds is customary for UC. Banco Popular has apparently realized its mistake. However, because of the amount involved a number of Plaza Extra checks presented to the Bank of Nova Scotia for payment by vendors of UC may be returned because there are insufficient funds in the account to cover them. The Monitor suggested to UC management that in order to expedite the transfer of funds they might consider a wire transfer.

2.11 PROPERTY POSSIBLY OWNED BY UC

The Monitor on St. Croix was presented with fifteen separate checks totaling \$127,000.15 that were issued by UC to pay property taxes owed the Government of the U.S. Virgin Islands. The Monitor did not hold up the payment of the taxes pending his more extensive inquiry but approved each of the individual checks and commenced an inquiry that led to both island Monitors conducting their own searches at local government offices. Their searches revealed that five of the parcels are owned by "Palm Shore Ventures;" four are listed as being owned by "Peter's Farm Investment Corporation;" four are listed under the name of "Plessen Enterprises, Inc.," and; two are listed as being owned by Fathi Yusuf, dba "Sixteen Plus Corporation."

One of the issues presented by this discovery that was brought to the attention of the COTR relates to the propriety of using UC funds to pay property taxes on land owned by individuals and corporations other than UC. The issue in turn relates to why, if the taxes are properly paid because the property is owned by UC, some of the properties do not have a lis pendens filed against them. Indeed, the Monitors discovered that one of the properties listed as owned by Fathi Yusuf, dba "Sixteen Plus Corporation," is located at Frenchman's Bay 21-17 / Frenchman's Bay Qtr, Parcel # 1-07404-0281-00 and consists of approximately one half of an acre that was purchased in 1997.



3.0 IMPLEMENTATION OF MONITORING PLAN

The information presented below is a consolidated report of monitoring activity conducted by MAXIMUS at the three markets of UC in the U.S. Virgin Islands. Monitors engaged in the activity in accordance with the Business Monitoring Plan approved by the USMS. The information is organized to correspond to the specific numbered monitoring activities outlined in the Plan.

3.1 ACTIVITY NO 1 – REVIEW AND RECONCILIATION OF INCOME AND DEPOSITS

For each day during the Quarter the Point of Sale (POS) summary, till reconciliation, deposit slips, phone and lottery reconciliations, and the Western Union (St. Thomas and St. Croix West) the Monitors assigned to each store reviewed reconciliations. In total, till reconciliations balanced in a satisfactory manner with reported deposits and the POS summary. Any significant deviations were reconciled with store management on a daily basis. In summary, the data collected and reconciled by the site Monitors is presented below.

TABLE NO. 2
POS Summary and Till Reconciliation

ITEM	JUNE	JULY	AUGUST	TOTALS
Total Sales	\$6,691,999	\$6,869,172	\$7,115,591	\$20,676,62
Over/(Short)	(\$1,363.63)	(\$2,884)	(\$1,975)	(\$6,222.63)

The "Total Sales" figures represented in Table No. 2 are the sales figures as reported by the stores' networked cash registers according to the computer program reporting system used by UC. The "Over/(Short)" figures represent the total net amount of discrepancy between reported sales and the amounts collected in the registers' tills for the month. The cumulative shortage amount for all stores is \$6,222.63 which is, on average \$ 2,074.21 per month, well within store management's acceptable range, and is comprised mostly of errors made at the register and unofficial "loans" taken out of the till by cashiers. Cashiers are personally responsible for till shortages, which are deducted from their checks weekly.

TABLE NO. 3
Detailed Till Reports

ITEM	JUNE	JULY	AUGUST	TOTALS
Cash	\$2,918,460	\$3,072,273	\$3,068,815	\$9,059,548
Checks	1,168,551	1,276,812	1,288,725	\$3,734,088
WIC	139,328	126,173	127,844	\$393,345
Telecheck	360,010	340,596	363,834	\$1,064,440
FS/EBT	568,690	577,755	604,996	\$1,751,441
Debit Cards	713,780	755,270	786,334	\$2,255,385
Credit Cards	774,673	801,548	844,318	\$2,420,539
Totals	\$6,643,491	\$6,950,427	\$7,084,866	\$20,678,784

The figures in Table No. 3 represent monthly totals taken directly from the till reconciliation sheets prepared and reconciled by store personnel to the daily collections of register tills and reports from the POS system. These figures were



not reconciled with reports from the store's Peachtree accounting software program as those reports are generally months behind the actual data.

TABLE NO. 4

Detailed Deposit Reports

ITEM	JUNE	JULY	AUGUST	TOTALS
Cash	\$3,000,398	\$3,142,938	\$3,199,440	\$9,342,776
Checks	1,272,642	1,351,309	1,447,255	\$4,071,206
Lottery and Phone Cards	86,085	69,122	78,327	\$233,534
Undepositables	16,048	22,630	18,011	\$56,689

The figures in Table No. 4 represent monthly totals taken directly from the deposit slips and reconciliations prepared by store personnel daily.

Undepositables are items which are counted as receipts in the till reconciliations for the purpose of balancing the registers, but are not deposited into the store's bank account. Examples of undepositable items include redeemed gift certificates, in-store credits for exchanged merchandise, WIC checks held for approval and direct payments from the register to local suppliers of fresh fish and produce. Store Monitors inspected documentation for these items when they exceeded \$1,000 in any store for a given day. It is noted that the amount of undepositables for the July store does not include \$18,171.70 in checks that were withheld from the deposit on July 14th. The store manager was not available to sign employee's payroll checks on that day. Consequently, employees were given unsigned payroll checks that they were allowed to cash at the store. These check amounts were withheld from the deposits pending the store manager's signature being fixed to the checks. They were subsequently signed and deposited.

3.2 ACTIVITY NO. 2 – COMPARISON OF ELECTRONIC DATA WITH PAPER COPIES

This monitoring activity was not conducted, as independent electronic access to the POS summary data was not available.

3.3 ACTIVITY NO. 3 - REVIEW AND RECONCILIATION OF WESTERN UNION DATA

Western Union daily spreadsheets are compiled from the Western Union daily printouts. Store reported deposits to the Western Union accounts are monitored daily and verified with bank records received directly from Banco Popular. No discrepancies were noted. The balance in the St. Thomas Western Union account as of August 31, 2004, was \$86,926.50 and the balance in the new St. Croix-West Western Union account was \$84,631.40.

3.4 ACTIVITY NO. 4 – REVIEW AND RECONCILIATION OF BANK STATEMENTS WITH POS FIGURES AND DISBURSEMENTS JOURNALS

Electronic access to the Banco Popular accounts became available in March. Banco Popular account records are reviewed electronically by the Monitors on a weekly basis. The Banco Popular accounts are used primarily to receive



electronic payments that result from customer purchases using credit and debit cards as well as electronic food stamps (EBT).

TABLE NO. 6
Sales and Deposits

ITEM	JUNE	JULY	AUGUST	TOTAL
Total Electronic Sales	\$2,059,712	\$2,134,572	\$2,235,649	\$6,429,933
Total Net Deposits	2,057,781	\$2,120,707	\$2,250,557	\$6,429,045
Differences	(1,931)	(13,865)	\$14,908	(\$888)
Variance	(0.09%)	(0.65%)	0.67%	0.01%

Total deposits are unable to be completely reconciled to sales each month due to deposit timing differences and in some instances to the timing of the banks recording of the electronic deposits, net of transaction fees. A net variance of less than one percent for the month is not considered significant.

All transfers of funds out of the Banco Popular accounts were traced to the Bank of Nova Scotia operating accounts of the stores.

3.5 ACTIVITY NO. 5 – VERIFICATION OF DEPOSITS IN ACCOUNTS AT THE BANK OF NOVA SCOTIA

The St. Thomas store maintains a separate operating account at the Bank of Nova Scotia into which each day's depositable receipts are placed. The Monitors conduct weekly reconciliations between what the till reports indicated should have been deposited (deposable) and the actual amount deposited, as verified by the bank records.

TABLE NO. 7
St. Thomas Till Reports and Deposits BNS

ITEM	JUNE	JULY	AUGUST	TOTAL
Till Reported Deposits	\$1,826,416	\$1,913,098	\$1,931,999	\$5,671,513
Deposits per Bank	\$3,024,867	\$2,245,357	\$3,151,220	\$8,421,444
Difference	\$1,198,451	\$332,259	\$1,219,221	\$2,749,931
Adjustments	(\$1,220,643)	(\$353,999)	\$1,219,222	(\$355,420)
Net Difference	(\$22,192)	(\$21,740)	1	(\$43,931)
Percentage	(1.22%)	(1.14%)	0.0%	(0.7%)

Adjustments must be made as part of the analysis involved in reconciling deposits to the operating bank account with money taken in at the tills because the money recorded by the tills includes items, such as transfers from credit card accounts, deposits recorded late and deposits of other non-till sourced monies, etc.

As noted in the table above, the net difference between the amount to be deposited and the amount recorded as deposited by the bank, after adjustments are made is less than one percent and in context is not deemed significant. We believe that the recurring fluctuations in differences is likely due in part to the timing of Bank of Nova Scotia's recording of deposits, which often appears to have little discernable correlation to when the particular deposit was delivered to the bank by store personnel.



The St. Croix stores share one operating account at the Bank of Nova Scotia into which each day's depositable receipts from the till reconciliation are made. The Monitors conducted weekly reconciliations of what the till reports indicated should have been deposited and what the bank records showed had been deposited.

TABLE NO. 8
St. Croix Till Reports and Deposits BNS

ITEM	JUNE	JULY	AUGUST	TOTAL
Total Till Reports Deposits	\$2,515,312	\$2,581,129	\$2,630,334	\$7,726,775
Deposits per Bank	\$2,858,247	\$4,550,347	\$4,456,178	\$11,864,772
Difference	\$342,935	\$1,969,218	\$1,825,844	\$4,137,997
Adjustments	(\$328,011)	(\$1,986,142)	\$1,797,829	\$516,324
Net Difference	\$14,924	(\$16,924)	\$28,015	\$26,015
Percentage	0.59%	(0.66%)	1.07%	0.3%

Adjustments to reconcile bank deposits to deposits per the till reconciliation are made up of items similar to those mentioned above. Monthly fluctuations in irreconcilable differences may be due in part to the timing of Bank of Nova Scotia's recordings of deposited amounts, which in St. Croix often appears to have little discernable correlation to when a particular deposit was delivered to the bank by store personnel.

3.6 ACTIVITY NO. 6 – ELECTRONIC MONITORING THROUGH STORE CAMERAS

A determination has been made that electronic access to the store's video surveillance system will not be secured. This Monitoring procedure has been eliminated as a pending amendment to the Business Monitoring Plan. See Activity No. 19, below.

3.7 ACTIVITY NO. 7 – COMPARISON OF ACCOUNTS PAYABLE AGING REPORTS

The Monitors conduct a review of the rate at which each of UC's three stores paid their respective bills. The purpose of this review is to ensure that debt is not increased in a manner that is other than usual and customary. Table No. 9 shows the overall rates of payment for the stores by month during the Quarter. As demonstrated by this Table, accounts that remain unpaid after 90 days comprise less than 1 percent of the total amount of goods purchased on credit. The percentage of bills that are paid within the first thirty days has remained relatively stable.



TABLE NO. 9
Accounts Payable Aging

Month	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	TOTALS
August %	73.89%	23.75%	1.93%	0.43%	100%
July %	75.55%	22.86%	1.91%	(0.32%)	100%
June %	72.38%	24.23%	2.48%	0.92%	100%
QT. Average	73.94%	23.61%	2.11%	0.34%	100%

3.8 ACTIVITY NO. 8 – REVIEW OF HIGH DOLLAR AND UNUSUAL DISBURSEMENTS

Since June all three stores have been submitting all checks (with the exception of payroll checks) to their respective Monitors for review and approval prior to issuance. As long as this procedure continues there will no longer be a need to randomly select disbursements which have not already been approved for tracing back to their originating invoices, as all disbursements now will have been reviewed prior to issuance. This has eliminated the need to maintain a separate disbursements verification log. Monitors continue to review the Peachtree generated check register/disbursements journal to make sure that all recorded checks have been reviewed and approved prior to issuance.

3.9 ACTIVITY NO. 9 – THIRD PARTY VERIFICATION OF UNRESOLVED DISBURSEMENTS

No third party verification or follow-up was necessary as no discrepancies were discovered between checks written and back-up documentation reviewed.

3.10 ACTIVITY NO. 10 – REVIEW AND COMPARISON OF BANK STATEMENTS AND DISBURSEMENT JOURNALS

A weekly review and comparison between UC checks issued through the Peachtree accounting software program's disbursements journal and the corresponding bank statements for the operating accounts of each store revealed no checks were issued that were not recorded in the check disbursements journals. Table No. 10, below, reflects the bank accounts of UC that were reviewed by the Monitors and compared with the disbursement journals as well as the ending balances of each at the end of each month. The balances reported below were taken from the banks' records and have not been reconciled for outstanding disbursements and/or deposits in transit.



TABLE NO. 10
Bank Accounts Reviewed

BANK - ACCOUNT	ACCT. NO.	JUNE ENDING BAL.	JULY ENDING BAL.	AUGUST ENDING BAL.
SB - STT Operating	55312010	\$3,024,878.48	\$782,728.20	\$986,460
SB - STT Lottery and Phone Card	96001238	\$37,599.52	\$180,187.68	\$157,484
SB - STT Telecheck	55356719	\$109,815.44	\$828,187.73	\$581,323
BP - STT Credit/Debit	192026143	\$287,965.19	\$247,344.77	\$992,859
BP - STT-Western Union	192042300	\$105,153.54	\$79,537.90	\$86,927
SB - STX Operating	65811	\$2,857,740.23	\$2,519,773.84	\$3,852,119
SB - STX-East Telecheck	60086413	\$154,957.77	\$135,072.29	\$155,145
BP - STX-East Credit/Debit	191013307	\$884,219.76	\$734,865.19	\$771,622
SB - STX-West Telecheck	6009218	\$144,965.17	\$120,854.65	\$117,568
BP - STX-West Credit/Debit	191063789	\$820,128.59	\$697,012.98	\$739,281
BP - STW-West Western Union	191107867	\$53,581.47	\$67,523.99	\$84,631
SB - STX-Shopping Center	92031923	\$317,383.22	\$380,124.95	\$284,247
Total Cash in Bank		\$8,789,387.70	\$6,773,124.95	\$8,809,665

3.11 ACTIVITY NO. 11 – REVIEW OF DISBURSEMENTS IN EXCESS OF \$10,000 AND ANY THAT ARE UNUSUAL OR NON-ROUTINE

During the Quarter the Monitors were presented with checks, excluding payroll, for review and approval prior to issuance, in accordance with the Monitoring Plan. In each instance store management was required to present invoices to document payments for which approval was requested. The total amount represented by the checks reviewed and approved in the Quarter was \$18,821,859.

TABLE NO. 11
Checks Reviewed Prior to Issuance

MONTH	NO. OF CHECKS	AMOUNTS
June	519	\$5,765,412
July	558	\$6,099,344
August	522	\$6,957,103
Totals	1599	\$18,821,859

3.12 ACTIVITY NO. 12 – ANALYSIS TO DETERMINE AVERAGE REOCCURRING PAYMENTS

Vendor payment patterns were established in January during the development of the Business Monitoring Plan. Nothing was observed in the Quarter that revealed the need to alter the previously determined vendor check approval listing or the amounts established in that analysis. Future analysis of vendor payment patterns should not be needed as Monitors are now reviewing and approving all disbursements prior to issuance, exclusive of payroll.



3.13 ACTIVITY NO. 13 – ANALYSIS OF OPERATING PERCENTAGES

The latest financial statements produced by UC are for the period ending February 2004. Without the information from timely financial statements, a review of operating percentages suffers from an absence of important information necessary to identify any change in trends in a timely manner. Nonetheless, a rough computation and comparative analysis of the gross profit operating percentages of UC has been made and is summarized in Table 12 below.

TABLE NO. 12
Operating Percentages for UC

Average Gross Profit Calendar Year 2003	35.50%
Gross Profit January 2004	35.59%
Gross Profit February 2004	35.64%
Gross Profit March 2004	43.48%
Gross Profit April 2004	30.03%
Gross Profit May 2004	44.95%
Gross Profit June 2004	30.12%
Gross Profit July 2004	40.01%
Gross Profit August 2004	45.54%
Average Gross Profit Jan-August 2004	38.32%

The gross profit percentages are computed using sales of merchandise and costs of goods sold. Expenses and revenues from other sources are not included, such as from Western Union and the Shopping Center. In the absence of financial statements, we have reconstructed the gross profit percentages. The sales figure comes from Till Reconciliation data gathered by the Monitors while the cost of goods sold figure is computed from Peachtree summaries of disbursements that have been coded for expense categories. Where those figures are unavailable the sales figures are obtained from the Monitor's Till Reconciliations. The cost of goods sold figures are reconstructed using monthly check registers and the Monitor's Check Approval Logs. Because a Peachtree summary of disbursements is not always available, an effort is made to use similar coding rationales to code these disbursements.



CHART NO. 1
Cumulative Sales of Plaza Extra

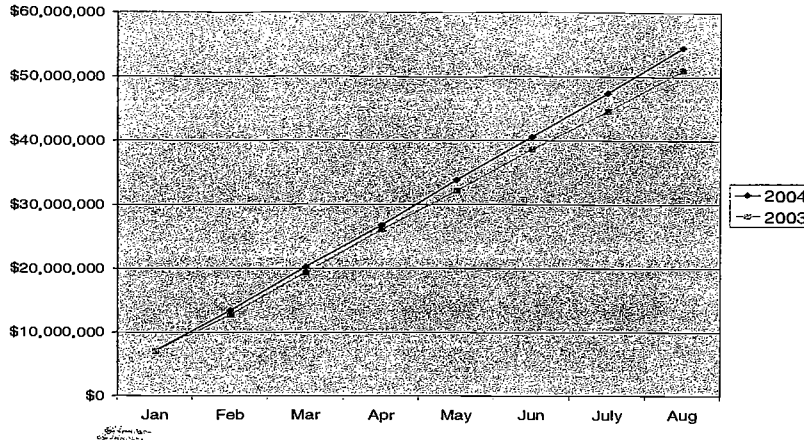


Chart No. 1 compares the cumulative sales figures for the first eight months of 2004 with those of 2003. As the chart shows, the sales figures for 2004 are slightly ahead of the sales figures for 2003. The total figures are \$54,491,567 for the first eight months of 2004 and \$50,942,345 for the first eight months of 2003; an increase of nearly 7 percent.

Because the figures used in Table No. 12 have been obtained from unaudited and unverified sources, MAI and MAXIMUS make no representations and provide no assurances that the figures are accurate. They are offered solely for the purpose of showing, to the extent possible with information available, trends in the financial position of UC based upon comparisons with data from 2003.

3.14 ACTIVITY NO. 14 AND 15 – REVIEW OF INCOME AND DISBURSEMENTS OF SHOPPING CENTER ON ST. CROIX.

All rental income earned from the shopping center and disbursements made for the months of June, July, and August were reconciled to the shopping center tenant’s account. The adjusted balances for each month are displayed below. The ending balance as of August 31st according to information obtained from shopping center records was \$269,015.87. The following is a summary of tenant account activity:

TABLE NO. 13
Summary of Tenant Account Activity

Item	June Amounts	July Amounts	August Amounts
Beginning Balance	\$323,134.66	\$319,533.22	\$340,758.29
Rent Collected	\$33,145.47	\$31,237.47	\$40,053.59
Disbursements:	38,896.91	10,012.24	\$111,796.21
Ending Balance	\$317,383.22	\$340,758.29	\$269,015.87

The large increase in expenses for August (1016 percent increase) was due primarily to two nonrecurring expenditures: a capital investment of \$37,720.50 as a down payment on the purchase of washers and dryers for the UC Laundromat,



and; \$55,492.32 for annual property taxes. The increase in expenses in June was due to the extraordinary expenditure of \$29,842.00 for a boiler to be used by the new UC Laundromat.

TABLE NO. 14
Shopping Center Change in Activity

Item	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	LAST MONTH CHANGE
Tenants	37	37	36	35	34	34	(0.0%)
Rent Collected	\$43,563	\$33,828	\$55,466.74	\$33,416.32	\$31,237.47	\$40,053.59	28.2%
Rent Due	\$43,640	\$43,090	\$41,940.92	\$41,971.92	\$43,121.92	\$43,976.92	2%
Expenses	\$9,038	\$8,922	\$10,384	\$38,896.91	\$10,012.40	\$111,796.21	1016%

A number of the Shopping Center's tenants appear to be struggling to make their rent payments in a timely manner. The Shopping Center manager claims that he is attempting to bring all of these tenants current. Table No. 15 reflects the monthly balances for the three tenants most seriously in arrears and the percentage of change in those balances between April and August.

TABLE NO. 15
Amount Owed by Three Major Tenants

TENANT	APRIL	MAY	JUNE	JULY	AUGUST	CHANGE
JP Sales	\$16,619	\$18,959	\$21,299	\$23,639	\$25,979	10%
New Plaza Café	\$13,702	\$2,424	\$2,424	\$2,424	\$2,424	-0-%
Best Furniture	\$10,866	\$7,366	\$14,377	\$17,877	\$21,377	20%

3.15 ACTIVITY NO. 16 – REVIEW OF PAYROLL RECORDS FOR UNUSUAL PAYMENTS

The payroll records of each store were reviewed by the Monitors for unusual or extraordinary payments. None were noted. Key family members on the payroll continue to receive \$3,000 per month, before withholding deductions.

3.16 ACTIVITY NO. 17 – UNSCHEDULED CASH COUNTS

Monitors conduct unscheduled cash counts each week at all of the stores in order to ensure unneeded cash is not accumulating in the stores rather than being deposited in bank accounts. Experience has indicated that \$80,000 is the maximum that should be maintained at any store. At various time during the week the St. Croix stores may order small bill deliveries from the bank. These small bill purchases are funded from the operating account. On the days that the bills are delivered the safe balance may exceed its mandated limit of \$80,000. On the first business day following the order, an amount in larger bills is normally deposited into the bank account to bring the safe balance down to the authorized limit of \$80,000 or less. On each day when a surprise count revealed a balance in excess of this limitation the Monitor verified that a small bills purchase had been made and that a corresponding deposit was made as soon as possible thereafter.



3.17 ACTIVITY NO. 18 – THIRD PARTY VERIFICATION TO LARGE VENDORS

No third party refund verification letters were sent out during the Quarter, as the USMS is reluctant to risk an adverse response on the part of vendors who might be contacted, thereby posing a risk to the business interests of UC and ultimately to the interests of the government.

3.18 ACTIVITY NO. 19 – DAILY VISITS TO THE MARKETS

Throughout the Quarter, Monitors physically observed store and warehouse operations on a daily basis while conducting walks through the store facilities. Monitors were vigilant for any unusual or extraordinary conduct or activities that might suggest financial risk to the government's interest in UC, its operations and assets.

During February an outside vendor conducted a complete physical inventory. Store management has reported that a final inventory report has not as yet been received in a usable manner. Store management is continuing to integrate the results of the physical inventory with the accounting software used by UC. Management previously estimated the results of that effort would become available in late May or early June, however with the departure of the Comptroller that time frame has not been met.



4.0 RECOMMENDATIONS

The sections that follow highlight recommendations made to the USMS COTR that have arisen out of the monitoring activities.

4.1 USE OF ELECTRONIC INVENTORY CONTROL SYSTEM BY UNITED CORPORATION

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that UC already owns and uses an electronic platform that contains the capacity for tracking the inventory, we continue to recommend efforts be made to convince or require the owners of UC to begin using an effective electronic inventory control system.

4.2 PROVISION OF ACCURATE AND TIMELY FINANCIAL INFORMATION TO MONITORS BY UNITED CORPORATION

The availability of accurate and timely financial statements is essential to the monitoring process. The USMS should consider requiring that store management provide accurate monthly financial statements from the Peachtree system to monitoring personnel no later than the 15th day following the end of a month.

4.3 SECURING OUTSIDE PART-TIME FINANCIAL SUPPORT TO ASSIST IN PREPARING ACCURATE AND TIMELY FINANCIAL INFORMATION

With the return of UC's Comptroller on a part time basis and the hiring and training of a new Comptroller just beginning, it is anticipated that financial information will continue to be produced and made available to the Monitors on a less than timely basis. A continuing example of the lack of timely financial information is demonstrated by the fact that the latest monthly financial statement made available to the Monitors at the writing of this report is the February financial statement. The USMS should consider requiring that store management temporarily secure outside accounting assistance to augment preparation of the accurate and timely internal financial information that is needed to implement the Business Monitoring Plan.



90 Day Monitoring Report

United Corporation U.S. Virgin Islands

For the Reporting Period
September Through November 2004

Contract No: GS-10F-0080J
Order No: DJMS-04-AFO-P-0013
December 2004



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**NINETY-DAY MONITORING REPORT
BUSINESS MONITORING SERVICES
UNITED CORPORATION
VIRGIN ISLAND
FOR THE REPORTING PERIOD
SEPTEMBER 2004 - NOVEMBER 2004**

1.0 ACTIVITIES COMPLETED DURING REPORTING PERIOD

The COTR and the Madison Associates, Inc. (MAI) manager visited the Virgin Islands the week of October 18–22, 2004. The sections that follow discuss the issues that were addressed during that visit.

1.1 VISIT WITH ASSISTANT UNITED STATES ATTORNEY

On October 19, 2004 Assistant United States Attorney (AUSA) Jones advised that a tentative date had been set by the Court for the trial of the defendants who are owners and operators of United Corporation (UC). The trial is scheduled for June 6, 2005. During the visit the COTR provided AUSA Jones with the first Ninety-Day Monitoring Report to be filed with the Court.

1.2 VISIT WITH U.S. MARSHALS SERVICE ST. THOMAS OFFICE

On October 19, 2004 the office of the U.S. Marshals Service (USMS), St. Thomas, U.S. Virgin Islands, advised that a *lis pendens* had not been filed on the property inadvertently overlooked when the original order restraining the property of UC had been filed. The office of the USMS also advised that a *lis pendens* had not been filed on the property owned by the defendants consisting of approximately 9.5 acres on St. Thomas. Efforts were to be undertaken by the office to assist the AUSA in filing the appropriate *lis pendens*.

1.3 USE OF UNITED FUNDS IN CONSTRUCTION OF HOUSE

During the visit to St. Thomas, the COTR and the MAI manager visited the house being built with funds from UC. After viewing the house and realizing that the estimates provided by the owners earlier in the year on the amount necessary for completion were not going to be sufficient, the COTR authorized additional funding of \$25,000. This brings the total amount authorized to \$239,000. Based upon discussions with Mr. Nejeh Yusuf and the inspection of the house conducted on October 19, 2004 the COTR indicated that he thought additional funds may be needed in order to complete the house. However, the COTR requested that he be notified of any additional funds sought beyond the limit authorized. The COTR also requested that the Monitor be on the alert for any effort to use UC funds to decorate the house; an activity he believed to be beyond the scope of the authority granted to use UC funds to complete the structure. See *Section 2.3*, below.



1.4 NEW COMPTROLLER ON ST. THOMAS

On October 19, 2004 the COTR and MAI manager met the new Comptroller hired by UC. Based upon discussions with the Comptroller, the COTR advised that he believed she appeared to be sufficiently competent to provide timely financial information once she got caught up on the backlog of work resulting from the intermittent schedule of her predecessor. After reviewing the most recent monthly financial statement provided by the Comptroller (April 2004), the COTR discussed with her the rationale for several of the entries, particularly the realized and unrealized gains and losses booked in connection with the Merrill Lynch accounts. She explained the rationale used and the COTR advised that he was satisfied with the explanation.

1.5 ADDITIONAL FUNDS FOR THE LAUNDROMAT ON ST. CROIX

During the visit to St. Croix on October 20, 2004 the COTR discussed the progress being made in establishing a laundromat in the shopping center on St. Croix. The COTR visited the construction site of the new laundromat and viewed the progress in refurbishing the space in order to accommodate the plans for the new laundromat. Mr. Alan Mallory discussed with the COTR the need for additional funding. The COTR subsequently advised that since the laundromat was an undertaking of UC, he believed reasonable requests for additional funds should be granted as long as the funding remained consistent with the viability of the business plan proposed.

1.6 PLAN TO OBTAIN ALTERNATIVE ELECTRICAL POWER

On October 20, 2004 the COTR engaged in discussions with Mike Yusuf and Wally Hamed regarding their evolving plan to obtain electrical power for the two stores on St. Croix from an alternative source. The recent rate increases imposed by WAPPA caused UC management to look for alternative sources of power in order to reduce costs. One such alternative involves UC purchasing its own generators to produce electrical power for use on a full or part-time basis. It was clear from the discussions that a final plan had not yet been developed as there appeared to be disagreement between the two principals regarding a number of issues central to purchasing the generators, the appropriate use of such generators, and the potential return on their investment. The COTR advised that no action need be taken by the Monitors as UC had not yet adopted a plan or requested funding.



2.0 ISSUES AND INFORMATION BROUGHT TO THE ATTENTION OF THE COTR

The sections that follow highlight issues and information brought to the attention of the USMS COTR.

2.1 PROPOSED LAUNDROMAT AT THE ST. CROIX SHOPPING CENTER

A tenant operating a laundromat at the shopping center on St. Croix went out of business in February. Store management surfaced a proposal for use of the space earlier this year. The proposal is to be a joint venture of Mike Yusuf and Alan Mallory, the manager of the shopping center on St. Croix. Mr. Mallory is to be the hands-on manager. Mr. Yusuf will review and approve all major purchases, any improvements that might be made, and procedures used to run the laundromat. The laundromat was originally projected to cost approximately \$73,000. After store management agreed to run the laundromat as a part of UC, the COTR authorized the use of UC funds.

In November, Mr. Mallory reported to the Monitor that the laundromat project is projected to exceed its original budget and estimated the total cost at between \$160,000 and \$165,000. As of November 30, 2004 a total of \$148,726.88 has been expended on this project. Mr. Mallory advised that he believed that the laundromat should begin operations in early 2005.

2.2 SUSPICIOUS WESTERN UNION TRANSACTIONS

In the course of reviewing Western Union transactions in May 2004 as part of the Business Monitoring Plan, the St. Thomas Monitor noticed a series of transactions that appeared suspicious. On four separate occasions at approximately one-week intervals, an individual wire transferred a significant amount of money from the St. Thomas store's Western Union facility to the same recipient in a foreign location. This information was provided to the COTR for appropriate action. In June similar transactions were observed by the Monitor and reported. On October 12, 2004 the Monitor of the St. Croix West store discovered a series of twenty-three (23) money orders purchased by the same individual. The money orders were in amounts of \$400 and \$500, with a total of just over \$10,000. The store does not record the name of purchasers of such orders, a practice different than that followed when money transfers are involved. This information was reported to the COTR on October 14, 2004. No suspicious transactions were observed during November.

2.3 RESIDENTIAL CONSTRUCTION COST

During May monitoring began of the disbursement of UC funds that were to be used to complete construction of a single-family residence on St. Thomas. The monitoring process includes a review and reporting of checks issued to Fathi or Nejeah Yusuf for this purpose and invoices presented by store management demonstrating that these funds were used for construction costs. The monitoring process does not include oversight of the construction process itself. Any withdrawal over the amount designated by the COTR would require the approval of the COTR. To date, a total of \$239,000 has been transferred to Fathi or Nejeah Yusuf for use in purchasing materials and services for construction of the



residence on St. Thomas. Monitors have reviewed invoices presented by store management for construction materials and services equal to \$246,238.48. Store management has reported that construction of the residence is substantially complete; however, additional expenditures may be necessary for final completion.

2.4 DONATIONS TO CHARITY

On September 23, 2004 Check No. 27181 was issued from the operating account of the St. Croix stores for \$3,000 payable to Neurology/Juan Luis Hospital. This payment was a donation to the hospital as part of a fund-raising effort to purchase a new EEG machine. Store management presented a photocopy of the check to the Monitor for approval after it had already been issued and given to the hospital. Store management was reminded that all checks should be presented to the Monitors prior to issuance and specifically that a donation of \$1,000 or more must be submitted for approval to the USMS before issuance. The COTR was advised of the failure of store management to obtain approval before issuing the check and determined that no action need be taken.

During October, twelve checks for a total of \$3,125 were issued by store management for charitable contributions. Inspection of these items by the Monitors indicated that they were made payable to charities. The largest single item was a donation made on October 26, 2004 for \$1,000 to Devine University for the Shei Fel housing scholarship (Check No. 25341).

Nine checks for a total of \$4,873.75 were issued in November by store management for charitable purposes. Inspection of the checks by the Monitors indicated that they were made payable to charities. Two of the items exceeded \$1,000. One check (St. Croix check No. 25422) was issued on November 18, 2004 for \$1,042 and made payable to the "Angie Payne Scholarship." Another (St. Croix check No. 25425) was issued on November 23, 2004 for \$1,713 and made payable to "The University of the Virgin Islands." Store management explained that these items represent payments toward the educational expenses of promising Plaza Extra employees and viewed the contributions as investments in retaining high quality employees, as much as charitable contributions.

2.5 PAYMENT OF GROSS RECEIPTS TAX

On September 28, 2004 Check No. 20688 was issued from the operating account of the St. Thomas store payable to the Virgin Islands Bureau of Internal Revenue for \$278,486. This check was issued for payment of gross receipts taxes due for August 2004.

On October 27, 2004 Check No. 20804 was issued from the operating account of the St. Thomas store payable to the Virgin Islands Bureau of Internal Revenue for \$274,732.75 in payment of the gross receipts taxes due for September 2004.

On November 29, 2004 Check No. 20915 was issued from the operating account of the St. Thomas store payable to the Virgin Islands Bureau of Internal Revenue for \$286,296.93. The check represented payment of gross receipts taxes due for October 2004. In each case, the Monitor reviewed the check and accompanying transmittal documents.



2.6 LOAN TO STORE MANAGER

In late September store management requested approval to make a loan to the floor manager of the St Croix West store in the amount of \$5,000. This loan was to assist a key employee with a personal financial problem and was to be repaid by withholding \$100 per week from the employee's paycheck for each of the next 50 weeks. The Monitor determined that this employee was not related to store management and the COTR approved the loan.

2.7 TRAVEL OF MR. YUSUF TO JORDAN

On October 6, 2004 the U.S. District Court of the Virgin Islands issued an order granting permission for Mr. Fathi Yusuf to travel to Amman, Jordan, to attend to a family medical emergency. The Court authorized travel from October 8, 2004 through November 21, 2004. The Court subsequently granted a ten-day extension of this trip. Mr. Yusuf returned to the U.S. Virgin Islands on November 29, 2004. Mr. Yusuf has resumed his normal duties at Plaza Extra.

2.8 HURRICANES

The month of September was a time of unsettled weather in the Caribbean. Tropical storm and hurricane watches and warnings were repeatedly raised for the U.S. Virgin Islands. On September 15, 2004 what was soon to become Hurricane Jeanne struck the islands with sustained winds of 70 miles per hour and gusts up to 90 miles per hour. Due to the fact that the police had closed most of the roads on St. Thomas, the St. Thomas Monitor was not able to visit the store on that day. His visit the following day determined that the store sustained no damage and in fact remained open throughout the storm running on generator power. The St. Croix Monitor visited both of the stores on St. Croix during the storm. He reported that they did not sustain any significant damage and remained open while operating on generator power.

2.9 PURCHASE OF FORK LIFT

On October 14, 2004 the COTR was advised that Mr. Mike Yusuf intended to purchase a used fork lift for the St. Croix West Plaza Extra to replace the one that was in use at that time. The purchase price was \$9,000. The COTR was advised of this request and approved the purchase.

2.10 PURCHASE OF FREEZER FOR ST. CROIX EAST STORE

In early November store management requested approval for the expenditure of \$83,314.00, to purchase a new freezer from National Cooler Corporation. The COTR was advised of the request and the prices that management had obtained from two sources. The COTR approved the use of funds for a new freezer.

2.11 APPROVAL OF PURCHASE OF NEW CAR FOR USE BY MR. FATHI YUSUF

During a visit to St. Thomas in October, the COTR approved the use of up to \$28,000 of funds from UC operating accounts for the purchase of a new Toyota Camry to be used by Mr. Fathi Yusuf. The automobile was to be purchased in the name of UC. The vehicle was ordered from the St. Thomas Toyota dealer on October 26, 2004 and paid for by charging Neje Yusuf's personal credit card in the amount of \$25,800. Neje Yusuf was reimbursed by the issuance of Check



No. 16073 from the St. Thomas operating account. When the vehicle was delivered on November 10, 2004 it was not acceptable to Mr. Yusuf and was exchanged for another 2005 Toyota Camry from the car dealer's inventory. The replacement Camry cost \$3,100 more, which was paid for by Nejeah without prior approval of the Monitor.

2.12 PAYMENTS MADE IN SETTLEMENT OF CIVIL SUITS

UC is frequently confronted with civil suits filed or threatened as a result of injuries incurred by patrons of the Plaza Extra stores. UC employs a local law firm to provide advice on these matters and represent its interests in those cases where suits are filed.

Many of these claims are settled for relatively small amounts. Some involve claims involving more significant amounts.

On October 4, 2004 an agreement was reached to settle a civil suit with Diane Angol for \$6,000. Ms. Angol alleged that she ingested a molded cinnamon roll that was purchased from Plaza Extra. The co-defendant in the case, Honey Buns Bakery's insurance company, is expected to reimburse Plaza Extra for the settlement and costs.

On October 28, 2004 a check for \$15,000 was issued from the St. Thomas store's operating account payable to a local law firm's escrow account as payment for release of liability from an alleged injury incurred by Delita Donovan at the St. Thomas store on or about February 23, 2003. Store management issued this check without prior approval of the Monitor. At the time this was discovered store management was reminded that prior review and approval was required for payments of this amount and nature.

There remain three suits that are still unresolved and pose potential financial risk to UC. The three suits in question involve the following:

- Plaintiff - Edith Williams
Civil Case # 2002/478
Potential liability - \$380,000
- Plaintiff - Germaine Scott
Civil Case # 2004/156
Potential liability - \$170,924
- Plaintiff - Elwood Thomas
Civil Case # 2003/504
Potential liability - \$850,000

Settlement discussions were held during November regarding the suit brought by Elwood Thomas. Store management reported that it made an offer through a court-appointed mediator to settle the case for \$225,000. The plaintiff countered with a figure of \$400,000. Mr. Thomas was a bread delivery driver who was struck and injured by a Plaza Extra forklift while working in the dock area. He has been out of work since the accident. Store management has indicated that it expects the \$225,000 offer to be accepted by Mr. Thomas.

The Monitors have learned that while the St. Thomas Plaza Extra store is covered by a liability insurance contract, extending to December 13, 2005, there is no liability coverage for the St. Croix properties. Indeed, Mr. Fathi Yusuf



confirmed that he carried no liability insurance for the St. Croix stores and any claims paid as a result of injuries would be paid out of operating account funds.

2.13 FAILURE BY BANCO POPULAR TO HONOR CERTAIN CHECKS OF UC

On September 9, 2004, a Monitor was advised of the initial refusal of Banco Popular to honor two checks totaling \$1,250,000 that were issued by UC for the purpose of transferring funds from the credit card accounts of UC to the operating accounts maintained by the Bank of Nova Scotia. This method of transferring funds is customary for UC. Banco Popular realized its mistake and the Monitor suggested to UC management that they might consider a wire transfer in order to expedite the transfer of funds.

2.14 FINANCIAL STATEMENTS

On October 6, 2004 a copy of the First Quarter Financial Statements, consisting of consolidated income and balance sheets, was made available to the COTR after being obtained from the new Comptroller. Also provided was a copy of the balance sheet and income statement for the month ending March 31, 2004.

On December 13, 2004 the May Financial Statements, consisting of three pages of a Consolidated Balance Sheet, dated May 31, 2004 and seven pages of a Consolidated Income Statement ending May 31, 2004 were made available to the COTR.



3.0 IMPLEMENTATION OF MONITORING PLAN

The information presented below is a consolidated report of monitoring activity conducted by MAXIMUS at the three markets of UC in the U.S. Virgin Islands. Monitors engaged in the activity in accordance with the Business Monitoring Plan approved by the USMS. The information is organized to correspond to the specific numbered monitoring activities outlined in the Plan.

3.1 ACTIVITY NO 1 – REVIEW AND RECONCILIATION OF INCOME AND DEPOSITS

For each day during the reporting period, the Point of Sale (POS) summary, till reconciliation, deposit slips, phone and lottery reconciliations, and the Western Union (St. Thomas and St. Croix West) reconciliations were reviewed by the Monitors assigned to each store. In total, till reconciliations balanced in a satisfactory manner with reported deposits and the POS summary. Any significant deviations were reconciled with store management on a daily basis. In summary, the data collected and reconciled by the site Monitors is presented below.

TABLE NO. 1
POS Summary and Till Reconciliation

ITEM	SEPTEMBER	OCTOBER	NOVEMBER	TOTALS
Total Sales	\$6,814,148	\$7,325,262	\$7,606,639	\$21,746,049
Over/(Short)	(\$1,790)	(\$1,416)	(\$4,203)	(\$7,409)

The "Total Sales" figures represented in Table No. 1 are the sales figures as reported by the stores' networked cash registers according to the computer program reporting system used by UC. The "Over/(Short)" figures represent the total net amount of discrepancy between reported sales and the amounts collected in the registers' tills for the month. The cumulative shortage amount for all stores is \$7,409 which is, on average \$ 2,469 per month, and is comprised mostly of errors made at the register and unofficial "loans" taken out of the till by cashiers. Cashiers are personally responsible for till shortages, which are deducted from their checks weekly.



TABLE NO. 2
Detailed Till Reports

ITEM	SEPTEMBER	OCTOBER	NOVEMBER	TOTALS
Cash	\$2,806,222	\$3,155,284	\$3,165,348	\$9,126,854
Checks	1,432,420	1,275,125	1,375,730	\$4,083,275
WIC	123,604	134,114	119,677	\$377,395
Telecheck	331,651	367,626	368,503	\$1,067,780
FS/EBT	603,115	639,846	671,225	\$1,914,188
Debit Cards	821,817	838,497	948,749	\$2,609,063
Credit Cards	802,963	872,971	986,545	\$2,662,479
Totals	\$6,921,792	\$7,283,463	\$7,635,777	\$21,841,032

The figures in Table No. 2 represent monthly totals taken directly from the till reconciliation sheets prepared and reconciled by store personnel to the daily collections of register tills and reports from the POS system. These figures were not reconciled with reports from the store's Peachtree accounting software program as those reports are generally months behind the actual data.

TABLE NO. 3
Detailed Deposit Reports

ITEM	SEPTEMBER	OCTOBER	NOVEMBER	TOTALS
Cash	\$2,983,746	\$3,283,323	\$3,312,501	\$9,579,570
Checks	1,460,817	1,380,080	1,510,302	\$4,351,199
Lottery and Phone Cards	80,707	86,381	98,572	\$265,660
Undepositables	23,336	25,167	29,421	\$77,924

The figures in Table No. 3 represent monthly totals taken directly from the deposit slips and reconciliations prepared by store personnel daily. Undepositables are items which are counted as receipts in the till reconciliations for the purpose of balancing the registers, but are not deposited into the store's bank account. Examples of undepositable items include redeemed gift certificates, in-store credits for exchanged merchandise, WIC checks held for approval, and direct payments from the register to local suppliers of fresh fish and produce. Store Monitors inspected documentation for these items when they exceeded \$1,000 in any store for a given day.

3.2 ACTIVITY NO. 2 – COMPARISON OF ELECTRONIC DATA WITH PAPER COPIES

This monitoring activity was not conducted as independent electronic access to the POS summary data was not available.

3.3 ACTIVITY NO. 3 - REVIEW AND RECONCILIATION OF WESTERN UNION DATA

Western Union daily spreadsheets are compiled from the Western Union daily printouts. Store-reported deposits to the Western Union accounts are monitored daily and verified with bank records received directly from Banco Popular. No discrepancies were noted. The balance in the St. Thomas Western Union account as of November 30, 2004, was \$99,189.46. The balance in the new St. Croix-West Western Union account was \$187,584.18.



3.4 ACTIVITY NO. 4 – REVIEW AND RECONCILIATION OF BANK STATEMENTS WITH POS FIGURES AND DISBURSEMENTS JOURNALS

Banco Popular account records are reviewed electronically by the Monitors on a weekly basis. The Banco Popular accounts are used primarily to receive electronic payments that result from customer purchases using credit and debit cards as well as electronic food stamps (EBT).

TABLE NO. 4
Sales and Deposits

ITEM	SEPTEMBER	OCTOBER	NOVEMBER	TOTAL
Total Electronic Sales	\$2,227,896	\$2,351,312	\$2,605,519	\$7,184,727
Total Net Deposits	2,248,763	\$2,236,884	\$2,694,829	\$7,180,476
Net Differences	(\$20,660)	\$10,040	\$3,360	(\$4,251)
Variance	(0.093%)	0.43%	0.12%	(0.05%)

Total deposits cannot be completely reconciled to sales each month due to deposit timing differences and in some instances to the timing of the banks recording of the electronic deposits, net of transaction fees. The figures for "Net differences" in the table above are adjusted figures, arrived at by adding to the monthly figures those deposits not booked by the bank until the following month and subtracting those deposits from the previous months that are booked in the next month.

All transfers of funds out of the Banco Popular accounts were traced to the Bank of Nova Scotia operating accounts of the stores.

3.5 ACTIVITY NO. 5 – VERIFICATION OF DEPOSITS IN ACCOUNTS AT THE BANK OF NOVA SCOTIA (BNS)

The St. Thomas store maintains a separate operating account at the Bank of Nova Scotia into which each day's depositable receipts are placed. The Monitors conduct weekly reconciliations between what the till reports indicated should have been deposited (deposable) and the actual amount deposited, as verified by the bank records.

TABLE NO. 5
St. Thomas Till Reports and Deposits BNS

ITEM	SEPTEMBER	OCTOBER	NOVEMBER	TOTAL
Till Reported Deposits	\$1,757,351	\$1,882,590	\$1,864,545	\$5,504,486
Deposits per Bank	\$3,472,227	\$2,115,831	\$2,416,024	\$8,004,082
Difference	\$1,714,876	\$233,241	\$551,479	\$2,499,596
Adjustments	(\$1,719,298)	(\$237,230)	(\$516,080)	(\$2,472,608)
Net Difference	(\$4,423)	(\$3,989)	\$35,398	\$26,986
Percentage	(0.25%)	(0.21%)	1.9%	0.49%

Adjustments must be made as part of the analysis involved in reconciling deposits to the operating bank account with money taken in at the tills because the money recorded by the tills includes items such as transfers from credit card accounts, deposits recorded late, and deposits of other non-till sourced monies, and so on.



As noted in the table above, the net difference between the amount to be deposited and the amount recorded as deposited by the bank, after adjustments are made, is less than one percent. MAXIMUS believes that the recurring fluctuations in differences are likely due in part to the timing of Bank of Nova Scotia's recording of deposits, which often appears to have little discernable correlation to when the particular deposit was delivered to the bank by store personnel.

The St. Croix stores share one operating account at the Bank of Nova Scotia into which each day's depositable receipts from the till reconciliation are made. The Monitors conduct weekly reconciliations of what the till reports indicated should have been deposited and what the bank records showed had been deposited.

TABLE NO. 6
St. Croix Till Reports and Deposits BNS

ITEM	SEPTEMBER	OCTOBER	NOVEMBER	TOTAL
Total Till Reports Deposits	\$2,682,971	\$2,778,130	\$1,864,545	\$7,325,646
Deposits per Bank	\$2,724,057	\$3,270,607	\$2,416,024	\$8,410,688
Difference	\$41,086	\$492,477	\$551,479	\$1,085,042
Adjustments	(\$42,080)	(\$525,363)	(\$516,080)	(\$1,083,523)
Net Difference	(\$994)	(\$32,886)	\$35,398	\$1,518
Percentage	(0.04%)	(1.2%)	1.9%	0.02%

Adjustments to reconcile bank deposits to deposits per the till reconciliation are made up of items similar to those mentioned above. Monthly fluctuations in irreconcilable differences may be due in part to the timing of Bank of Nova Scotia's recording of deposited amounts, which in St. Croix often appears to have little discernable correlation to when a particular deposit was delivered to the bank by store personnel.

3.6 ACTIVITY NO. 6 – ELECTRONIC MONITORING THROUGH STORE CAMERAS

A determination has been made that electronic access to the stores' video surveillance system will not be secured. This Monitoring procedure has been eliminated as a pending amendment to the Business Monitoring Plan. See Activity No. 19, below.

3.7 ACTIVITY NO. 7 – COMPARISON OF ACCOUNTS PAYABLE AGING REPORTS

The Monitors conduct a review of the rate at which each of UC's three stores paid their respective bills. The purpose of this review is to ensure that debt is not increased in a manner that is other than usual and customary. Table No. 7 shows the overall rates of payment for the stores by month during the three month period. The percentage of bills that are paid within the first thirty days has remained relatively stable.



TABLE NO. 7
Accounts Payable Aging

	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	TOTALS
September %	75.15%	24.5%	0.42%	(0.07)%	100%
October %	77.88%	21.22%	1.24%	(0.34)%	100%
November %	76.83%	23.48%	0.57%	(0.88)%	100%
Average	76.62%	23.06%	0.74%	(0.43)%	100%

3.8 ACTIVITY NO. 8 – REVIEW OF HIGH DOLLAR AND UNUSUAL DISBURSEMENTS

Since June all three stores have been submitting all checks (with the exception of payroll checks) to their respective Monitors for review and approval prior to issuance. As long as this procedure continues there is no need to randomly select disbursements which have not already been approved for tracing back to their originating invoices, as all disbursements have been reviewed prior to issuance. This has eliminated the need to maintain a separate disbursements verification log. Monitors continue to review the Peachtree-generated check register/disbursements journal to make sure that all recorded checks have been reviewed and approved prior to issuance.

3.9 ACTIVITY NO. 9 – THIRD PARTY VERIFICATION OF UNRESOLVED DISBURSEMENTS

No third party verification or follow-up was necessary as no discrepancies were discovered between checks written and back-up documentation reviewed.

3.10 ACTIVITY NO. 10 – REVIEW AND COMPARISON OF BANK STATEMENTS AND DISBURSEMENT JOURNALS

Weekly reviews and comparisons between UC checks issued through the Peachtree accounting software program's disbursements journal and the corresponding bank statements for the operating accounts of each store revealed no checks were issued that were not recorded in the check disbursements journals. Table No. 8, below, reflects the bank accounts of UC that were reviewed by the Monitors and compared with the disbursements journals as well as the ending balances of each at the end of each month. The balances reported below were taken from the banks' records and have not been reconciled for outstanding disbursements and/or deposits in transit.



TABLE NO. 8
Bank Accounts Reviewed

BANK - ACCOUNT	ACCT. NO.	SEPTEMBER ENDING BAL.	OCTOBER ENDING BAL.	NOVEMBER ENDING BAL.
SB - STT Operating	55312010	\$814,595	\$328,114	\$392,082.65
SB - STT Lottery and Phone Card	96001238	\$148,890	\$137,019	\$127,276.05
SB - STT Telecheck	55356719	\$668,058	\$747,805	\$848,550.42
BP - STT Credit/Debit	192026143	\$450,912	\$272,573	\$382,544.52
BP - STT-Western Union	192042300	\$105,602	\$148,563	\$99,189.46
SB - STX Operating	65811	\$2,878,018	\$2,052,933	\$2,208,617.32
SB - STX-East Telecheck	60086413	\$284,480	\$41,649	\$210,321.42
BP - STX-East Credit/Debit	191013307	\$1,577,575	\$2,348,935	\$2,646,157.47
SB - STX-West Telecheck	6009218	\$240,981	\$35,646	\$182,792.90
BP - STX-West Credit/Debit	191063789	\$1,487,484	\$2,217,222	\$2,597,913.57
BP - STW-West Western Union	191107867	\$101,196	\$137,914	\$187,584.18
SB - STX-Shopping Center	92031923	\$276,656	\$273,591	\$273,590.77
Total Cash in Bank		\$9,034,447	\$8,741,964	\$8,752,267.93

3.11 ACTIVITY NO. 11 – REVIEW OF DISBURSEMENTS IN EXCESS OF \$10,000 AND ANY THAT ARE UNUSUAL OR NON-ROUTINE

During the reporting period the Monitors were presented with checks, excluding payroll, for review and approval prior to issuance, in accordance with the Monitoring Plan. In each instance store management was required to present invoices to document payments for which approval was requested. The total amount represented by the checks reviewed and approved during the reporting period was \$18,905,062.

TABLE NO. 9
Checks Reviewed Prior to Issuance

MONTH	NO. OF CHECKS	AMOUNTS
September	518	\$6,366,219
October	530	\$6,572,897
November	504	\$5,965,946
Totals	1,552	\$18,905,062

3.12 ACTIVITY NO. 12 – ANALYSIS TO DETERMINE AVERAGE RECURRING PAYMENTS

Vendor payment patterns were established in January during the development of the Business Monitoring Plan. Nothing was observed during the reporting period that revealed the need to alter the previously determined vendor check approval listing or the amounts established in that analysis.

3.13 ACTIVITY NO. 13 – ANALYSIS OF OPERATING PERCENTAGES

The latest financial statements produced by UC are for the period ending May 2004. Without the information from timely financial statements, a review of operating percentages suffers from an absence of important information necessary to identify any change in trends in a timely manner. Nonetheless, a rough computation and comparative analysis of the gross profit operating percentages of UC has been made and is summarized in Table 10, below.



TABLE NO. 10
Operating Percentages for UC

Average Gross Profit Calendar Year 2003	35.50%
Gross Profit January 2004	35.59%
Gross Profit February 2004	35.64%
Gross Profit March 2004	43.48%
Gross Profit April 2004	30.03%
Gross Profit May 2004	44.95%
Gross Profit June 2004	30.12%
Gross Profit July 2004	40.01%
Gross Profit August 2004	45.54%
Gross Profit September 2004	32.62%
Gross Profit October 2004	29.66
Gross Profit November 2004	36.75
Average Gross Profit Jan. - Nov. 2004	36.76%

The gross profit percentages are computed using sales of merchandise and cost of goods sold. Expenses and revenues from other sources are not included, such as from Western Union and the shopping center. In the absence of financial statements, we have reconstructed the gross profit percentages. The sales figures come from till reconciliation data gathered by the Monitors while the cost of goods sold figures are computed from Peachtree summaries of disbursements that have been coded by expense categories. Where those figures are unavailable, the sales figures are obtained from the Monitor's till reconciliations. The cost of goods sold figures are reconstructed using monthly check registers and the Monitor's Check Approval Logs. Because a Peachtree summary of disbursements is not always available, an effort is made to use similar coding rationales to code these disbursements.

CHART NO. 1
Cumulative Sales of Plaza Extra

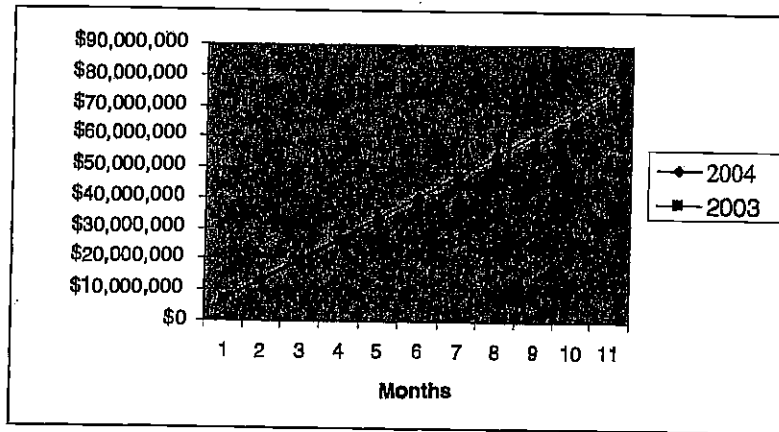


Chart No. 1 compares the cumulative sales figures for the first eleven months of 2004 with those of 2003. As the chart shows, the sales figures for 2004 are slightly ahead of the sales figures for 2003. The total figures are \$76,237,616 for the first eleven months of 2004 and \$71,379,089 for the first eleven months of 2003; an increase of 6.8 percent.

Because the figures used in Table No. 10 have been obtained from unaudited and unverified sources, MAI and MAXIMUS make no representations and provide



no assurances that the figures are accurate. They are offered solely for the purpose of showing, to the extent possible, trends in the financial position of UC based upon comparisons with similar data from 2003.

3.14 ACTIVITY NO. 14 AND 15 – REVIEW OF INCOME AND DISBURSEMENTS OF SHOPPING CENTER ON ST. CROIX

On a monthly basis, the Monitor on St. Croix obtains spreadsheets from the shopping center manager showing rents collected and funds disbursed by check in payment of expenses related to the shopping center. These figures are reconciled with the monthly bank statements of the shopping center account. It is noted that, on occasion, a total reconciliation cannot be made because the figures supplied by the manager are not always consistent with figures previously provided by him. For example, the figure provided on the spreadsheet showing the balance of funds available at the end of one month may not be the same figure as that shown as the beginning balance for the following month. These inconsistencies appear to be related to adjustments that are made at the end of the month by the UC Comptroller. To date, the inconsistencies have not been in amounts that are significant; generally no more than several hundred dollars. The following is a summary of tenant account activity during the reporting period:

TABLE NO. 11
Summary of Tenant Account Activity

ITEM	AMOUNT
Beginning Balance	\$270,890.67
Rent Collected	\$119,978.86
Disbursements:	\$116,184.17
Ending Balance	\$274,302.34

TABLE NO. 12
Shopping Center Change in Activity

Item	September	October	November	Last Month Change
Tenants	34	34	34	No Change
Rent Collected	\$46,792	\$31,524	\$41,506	31.7%
Rent Due	\$43,046	\$43,047	\$43,047	No Change
Expenses	\$53,900	\$33,261	\$29,021	(12.7%)

Eight tenants are substantially in arrears in their rent payments. The shopping center manager claims that he is attempting to bring all of these tenants current.



Table No. 13 reflects the monthly balances for the tenants in arrears.

TABLE NO. 13
Amount Owed by Tenants

TENANT	MONTHLY RENT	AMT. IN ARREARS	MANAGER COMMENTS
J P Sales	\$2,340.00	\$32,000	Owner/Mgr. Hospitalized
Pearl's Travel	\$780.00	\$1,560.00	Two months behind including Nov.
VI Nails	\$575.00	\$575.00	Only behind Nov.
Bee's Record Shop	\$781.00	\$4,091.00	Chronically late but always pays
Gill Electronics	\$781.25	\$3,843.41	Chronically late but always pays.
Elsa Beauty Parlor	\$780.00	\$3,120.00	Chronically late but always pays
Skelton, Lindo & Gizelle	\$780.00	\$4,260.00	Chronically late but always pays
Sion Farms Cleaners	\$3,250.83	\$688.18	Made arrangements
Speedy Services	\$1,312.00	\$6,175.00	Glven a 3-month rent grace period.
Dr. Diaz	\$1,100.00	\$1,885.00	Late this month

3.15 ACTIVITY NO. 16 – REVIEW OF PAYROLL RECORDS FOR UNUSUAL PAYMENTS

The payroll records of each store were reviewed by the Monitors for unusual or extraordinary payments. None were noted. Key family members on the payroll continue to receive \$3,000 per month, before withholding deductions.

3.16 ACTIVITY NO. 17 – UNSCHEDULED CASH COUNTS

Monitors conduct unscheduled cash counts each week at all of the stores in order to ensure unneeded cash is not accumulating in the stores rather than being deposited in bank accounts. Experience has indicated that \$80,000 is the maximum that should be maintained at any store. At various times during the week the St. Croix stores may order small bill deliveries from the bank. These small bill purchases are funded from the operating account. On the days that the bills are delivered, the safe balance may exceed its mandated limit of \$80,000. On the first business day following the order, an amount in larger bills is normally deposited into the bank account to bring the safe balance down to the authorized limit of \$80,000 or less. On each day when a surprise count revealed a balance in excess of this limitation, the Monitor verified that a small bills purchase had been made and that a corresponding deposit was made as soon as possible thereafter.

3.17 ACTIVITY NO. 18 – THIRD PARTY VERIFICATION TO LARGE VENDORS

No third party refund verification letters were sent out during the reporting period in view of concerns by the COTR that such letters could lead to an adverse response on the part of vendors, thereby posing a risk to the business interests of UC and ultimately to the interests of the government.

3.18 ACTIVITY NO. 19 – DAILY VISITS TO THE MARKETS

Throughout the reporting period, Monitors physically observed store and warehouse operations on a daily basis while conducting walks through the store facilities. Monitors were vigilant for any unusual or extraordinary conduct or activities that might suggest financial risk to the government's interest in UC, its operations and assets.



4.0 RECOMMENDATIONS

The sections that follow highlight recommendations made to the USMS COTR as a result of the monitoring activities.

4.1 INVENTORY CONTROL SYSTEM

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that UC already owns and uses an electronic platform that contains the capacity for tracking the inventory, we continue to recommend efforts be made to convince or require the owners of UC to begin using an effective electronic inventory control system.

4.2 FINANCIAL STATEMENT BACKLOG

The availability of accurate and timely financial statements is essential to the monitoring process. The USMS should consider requiring that store management provide accurate monthly financial statements to monitoring personnel no later than the 15th day following the end of a month. The latest monthly financial statement made available to the Monitors at the writing of this report is the May financial statement. In addition, the USMS may wish to consider requiring store management to temporarily secure outside accounting assistance to assist in preparing monthly and quarterly statements currently in arrears.



MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE

Ninety-Day Business Monitoring Report

**United Corporation
U. S. Virgin Islands**

**For the Reporting Period
December 2004 - February 2005**

**Contract No: GS-10F-0080J
Order No: DJMS-04AFO-P-0013
March 2005**

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**NINETY-DAY MONITORING REPORT
BUSINESS MONITORING SERVICES
UNITED CORPORATION
VIRGIN ISLANDS
FOR THE REPORTING PERIOD
DECEMBER 2004 - FEBRUARY 2005**

1.0 ACTIVITIES COMPLETED DURING REPORTING PERIOD

The sections that follow highlight the activities completed during the reporting period.

1.1 MEETING WITH COTR REGARDING AMENDING MONITORING PLAN

On December 20, 2004 representatives of MAXIMUS, Inc. (MAXIMUS) and Madison Associates, Inc. (MAI) met with the Contracting Officer's Technical Representative (COTR) to discuss implementation of the Business Monitoring Plan in 2005. During the meeting, the COTR expressed a desire to reduce the current number of Monitors being used under the current Business Monitoring Plan in order to conserve government costs in 2005. The COTR expressed a desire to eliminate the Monitor's position on St. Croix and allow one Monitor, stationed on St. Thomas, to cover the activities of United Corporation (UC) on both islands by traveling to St. Croix once a week. The representatives agreed to develop an Amended Business Monitoring Plan that would reduce costs but advised that elimination of one of the two Monitor positions being used under the current Plan would, by necessity, reduce the physical presence in monitoring the daily routine of UC operations and shift analytical responsibilities. On January 11, 2005, a draft of an Amended Business Monitoring Plan was provided to the COTR for discussion.

1.2 SECOND AMENDED MONITORING PLAN

On January 18, 2005 the COTR and representatives of MAXIMUS and MAI held a teleconference to discuss proposed changes to the Business Monitoring Plan, as requested by the COTR. Following these discussions a new, amended Business Monitoring Plan was drafted.

1.3 COTR ON-SITE VISIT TO VIRGIN ISLANDS

The COTR, representatives of MAXIMUS, and the MAI Project Director visited the Virgin Islands from January 24 through 27, 2005, to conduct an on-site visit of the businesses of UC. During the visit, the following items were reviewed:

- **Use of United Funds in Construction of House:** After viewing the house and realizing that the amount needed to complete the construction as estimated by the owners earlier in the year was not going to be sufficient, the COTR authorized additional funding of \$13,000 for landscaping expenses. This brings the total amount authorized to \$277,000.



- **Laundromat on St. Croix:** Mr. Alan Mallory discussed the progress made at the laundromat and explained the inability of the machines to provide an acceptable record of the income to be generated. Mr. Mallory also advised that a separate corporation, known as "M and M Laundry, Inc." had been formed by Mike Yusuf and it was Messrs. Yusuf and Mallory's intent to operate the laundromat through this corporation. M and M Laundry, Inc. intended to lease the space from UC. The COTR advised Mr. Mallory and Mr. Yusuf in a subsequent discussion that because UC funds had been used to finance the venture the only way he would allow the new company to operate the laundromat would be if M and M Laundry, Inc. was owned by UC. Mr. Mike Yusuf advised that he would take steps to assure that condition was met.
- **Gross Profit Margins:** Mr. Fathi Yusuf advised on January 24, 2005 that he expected the gross profit margin of UC to be lower than it had been in the recent past. He attributed this to a number of causes but highlighted the reduced value of the United States dollar in foreign commerce. Mr. Yusuf advised that a number of products sold by UC markets were obtained from foreign countries and the reduced value of the dollar increased the cost to UC.
- **Business Monitoring Plan (Second Amended Plan):** During the visit an agreement was reached on a change of monitoring activities as delineated in the Business Monitoring Plan (Second Amended Plan). The new Business Monitoring Plan reduces the current number of on-site Monitors used from two to one. The new Plan was fully implemented in February. A single Monitor now spends on average three days a week monitoring the St. Thomas Plaza Extra store activities and two days a week monitoring the St. Croix Plaza Extra stores and shopping center.



2.0 ISSUES AND INFORMATION BROUGHT TO THE ATTENTION OF THE COTR

The sections that follow present issues brought to the attention of the COTR during the reporting period.

2.1 PROPOSED LAUNDROMAT AT THE ST. CROIX SHOPPING CENTER

An additional \$12,270 was expended in January toward completion of the laundromat project, bringing the total expended to \$168,006. The COTR discussed the operation of the laundromat with Mr. Mike Yusuf and Mr. Alan Mallory during his visit in January. At that time Mr. Yusuf agreed to transfer all shares of "M and M Laundry, Inc." corporation to UC. See discussion of COTR's visit, *supra*.

The laundromat opened for business on January 31, 2005. Documents were presented to the Monitor indicating that all 100 shares of common stock in M and M Laundry, Inc., the entity that is represented as owning the laundromat, were transferred to UC. In addition, a copy of IRS Form 2553 was presented indicating that M and M Laundry, Inc. had elected to be treated as a Small Business Corporation. Copies of these documents were provided to the COTR on February 13, 2005. The documents were made available by UC management in response to issues raised by the COTR regarding the opening of a bank account in the name of M and M Laundry, Inc. On February 23, 2005 Mr. Mallory, the shopping center manager, provided the COTR with a copy of a letter dated February 22, 2005 expressing Mr. Mallory's intent to open the new bank account with the understanding that the account would be subject to the constraints of the Temporary Restraining Order. On February 24, 2005 the COTR concurred in the procedures that will be used to monitor the laundromat activities.

On March 5, 2005 the COTR provided a letter addressed to a Senior Manager of the Bank of Nova Scotia, St. Thomas, U.S. Virgin Islands, requesting access to the account of M and M Laundry, Inc. The letter was drafted as a result of a request we received from the Senior Manager who was reluctant to provide access to the bank information without a formal request. The letter was personally delivered to the Manager on March 11, 2005.

2.2 SUSPICIOUS WESTERN UNION TRANSACTIONS

On January 7, 2005 a series of Western Union money orders were purchased from the St. Croix Plaza Extra West store in a manner sufficiently unusual to bring it to the COTR's attention. Beginning at approximately 10:00 a.m. four different pairs of men purchased money orders at the store in cash. Each pair purchased a money order and left the store. Shortly thereafter, another pair would enter the store and conduct a similar transaction. They repeated this process until they had made a total of 24 purchases worth the sum of \$11,775 over a 3 ½ hour period. Although identification is not required to purchase a money order, store personnel identified the men as a part of a group that regularly "hangs out" at a gas station near the store. The purchased money orders were all blank as to the payee. Due to the unusual nature of the pattern of



purchases, Plaza Extra store management has decided not to sell Western Union money orders to these individuals in the future.

On January 8, 2005 in a totally unrelated transaction, a Ms. Aida Yusuf came into the St. Croix Plaza Extra West store and requested that \$8,000 in cash be wired to Amjad Yusuf in Miami, Florida. Western Union refused an initial attempt at sending this money, as a transaction in that amount requires that the registered Western Union agent at the location approve the transactions. Sean Hamid, who is the registered agent at the store, was not available at the time so the store employee handling Western Union transactions suggested that the transaction be broken down into smaller amounts. The transaction was then processed by the transfer of the money in five smaller amounts.

Shortly after the last transmission, Western Union contacted the store and informed them that the transaction as completed was a violation of Western Union policy as well as possibly being criminal in nature. Store personnel involved in the transaction stated that they were not aware that it was a violation to "break down" transactions in this manner and were only doing it as an accommodation to a customer who wanted to complete the transaction quickly to be able to attend the Island's Three Kings Celebration. Store management also stated that they were unaware of this transaction and would take steps to insure that this type of action does not occur in the future. Store management also assured the Monitor that the person conducting this transaction and the intended recipient was unknown to them.

No additional suspicious transactions were reported or observed during the reporting period.

2.3 RESIDENTIAL CONSTRUCTION COST

Store management has reported that construction of the residence is substantially complete. During the visit of the COTR in January, he approved the use of an additional \$13,000 in UC funds for landscaping expenses, bringing the total approved amount to \$277,000.

2.4 CAPITAL EXPENDITURES

On December 22, 2004 the COTR was informed of a request from store management to spend up to \$15,000 on new shelves for the St. Croix Plaza Extra East store. The shelves were to be a part of the improvements made to make Plaza Extra more competitive with a new Cost-U-Less store being built near the store. That same date the COTR approved the expenditure as requested. On January 11, 2005 the St. Croix Plaza Extra East store issued Check No. 27725 to Ypson Alliance Warehouse in the amount of \$6,319.76 to purchase store shelving to begin this project.

2.5 LIABILITY INSURANCE

On December 8, 2004 the COTR was advised that UC made a settlement offer in a civil suit brought against the corporation by Elwood Thomas, a delivery man who was run over by a fork lift in the warehouse area of the St. Croix Plaza Extra East store. The attorney for Mr. Thomas originally sought damages of over \$800,000 for the physical injuries suffered in the accident. UC offered to settle



the suit for \$225,000. The COTR requested that we determine whether the payment would be paid with liability insurance funds.

In response to the COTR's request, we determined that UC does not have liability insurance for the stores on St. Croix. UC has a \$1 million insurance policy for the St. Thomas store facility. It covers exposure up to \$29 million and has a \$50,000 deductible clause. The Monitor spoke with Mr. Fathi Yusuf about liability coverage for the St. Croix stores. He advised that he did not obtain liability insurance coverage for the St. Croix facilities, and that because of the nature of the claims generally made against the stores (mostly slip and fall type accidents) he would not have liability insurance for the St. Thomas store but for the requirement of his lease. As a result, any settlement of the civil case would be paid with UC funds.

2.6 PAYMENTS MADE IN SETTLEMENT OF CIVIL SUITS

A settlement was reached in December 2004 in a civil matter in which UC was one of several defendants. In the case of *McSween v. Dr. Pepper, Bellows International and UC*, an agreement was reached that released UC of all liability. Bellows International and its insurance carrier paid an undisclosed amount to the plaintiff in settlement of this matter.

On February 16, 2005 St. Croix Plaza Extra East check No. 27879 was issued to the law firm of Bryant, Barnes, Moss and Beckstedt, LLC, in the amount of \$37,890.12. The Monitor's inspection of the detail supporting the payment indicated that the check was in payment of continuing litigation expenses relating to 13 separate "slip and fall" type lawsuits involving UC.

2.7 PAYMENTS TO CHARITIES

UC made a contribution to the Ebenezer Methodist Church's Steel Bank Fund in December 2004 in the amount of \$1,000. Store management explained that this donation was made for advertising and community relations purposes.

UC issued two checks in January 2005 from the St. Croix operating account for a total of \$1,640 payable to the Thomas Hill Funeral Home to assist in the funeral expenses of a former UC employee.

On January 13, 2005 the COTR advised that he had information that efforts may be underway to negotiate the three checks UC issued in March 2004 to various charities with an aggregate of \$250,000 despite the stop-payment order placed on the checks by the United States Marshals Service (USMS). During the COTR's visit to the Virgin Islands in January 2005, he visited the Bank of Nova Scotia on St. Thomas. During discussions with bank officials, the COTR obtained renewed assurances that the bank would not honor the checks should efforts be made to negotiate them.

Two checks were issued in February 2005 in amounts of \$1,000. On February 1, 2005 St. Croix Plaza Extra East check No. 27816 was issued in the amount of \$1,000 to the St. Croix Environmental Association for Plaza Extra sponsorship of the annual Sea Creatures Masquerade Ball. On February 14, 2005 St. Croix Plaza Extra East check No. 27879 was issued in the amount of \$1,000 to the Youth Musical Committee of St. Croix as a donation. Store management considered both payments as more promotional than charitable in nature.



2.8 TAX PAYMENTS

On December 24, 2004 check No.1898 was issued from the operating account of the St. Thomas Plaza Extra store payable to the Virgin Islands Bureau of Internal Revenue in the amount of \$299,892.26 for payment of gross receipts taxes due for November 2004. On January 7, 2005 check No.21975 was issued from the operating account of the St. Thomas Plaza Extra store payable to the Virgin Islands Bureau of Internal Revenue in the amount of \$334,266.47. The check was in payment of gross receipts taxes due for December 2004. On February 24, 2005 check No.22137 was issued from the operating account of the St. Thomas Plaza Extra store payable to the Virgin Islands Bureau of Internal Revenue in the amount of \$308,239.02 for payment of gross receipts taxes due for January 2005. The Monitor inspected the check and accompanying transmittal documents in each case.

2.9 FINANCIAL STATEMENTS

The COTR requested an inquiry be made of UC regarding the May 2004 Financial Statements prepared by the Comptroller. In response, the Comptroller advised that the realized and unrealized gain questioned by the COTR related to the Merrill Lynch account and the gains and losses listed in the Statements were those resulting from market fluctuations. She advised that the manner of booking those gains and losses in the May Statements was the same as she had used in previous months.

In January 2005 the COTR was provided with a copy of the UC Consolidated Balance Sheet for June 2004 and a Consolidated Income Statement for the Six Months Ending June 30, 2004 as received from UC management. In early March 2005, the COTR was provided copies of the July, August, and September Financial Statements by the Comptroller of UC.

2.10 PAYMENTS OF FINES

During the January 2005 UC paid a \$500 fine to the Virgin Islands Health Department for pest control violations, a \$450 fine to the Virgin Islands Department of Licensing and Consumer Affairs for the sale of out-of-date goods, and a \$600 fine to the same Department for "misrepresentations and deceptive trade practices." Store management explained that citations and fines of this nature are not unusual and happen from time to time. Store management indicated that steps had been taken to address the issues raised, including pest control and increased vigilance over the sale of out-of-date and/or expired merchandise.

2.11 PAYMENT OF EXTRA FEES DUE ON LEASE

On December 27, 2004 the COTR was advised that UC issued a check for \$107,334.67 to TUTU Park Limited, of St. Thomas, the landlord of the property being leased by UC for its store. The money represented extra lease payments required when the annual gross sales of UC at the store exceeded \$25 million. The lease provision requires UC to pay the landlord 1.5 percent of all sales over \$25 million. The sales were calculated for the period of twelve months, ending October 27, 2004.



While we did not have all of the 2003 detailed sales figures, we estimated sales for the twelve months to be \$31,304,536. The amount of sales used by UC to compute the lease payment was \$32,147,397. The difference between their figure and ours was likely due to our use of estimates for the volume of sales in the later months of 2003. The Monitor approved the check after reviewing the lease and the extra fee requirement as well as the calculations used by UC to arrive at its figure.

2.12 PAYMENT OF YEAR-END BONUSES

On December 29, 2004 store management approached a Monitor and requested authority to pay end-of-the-year bonuses to senior and mid-level management. The initial request involved payments of \$30,000 to each of the senior management personnel. After some discussion, the COTR approved bonuses at the same level as bonuses were paid last year. For senior management, the COTR approved bonuses of no more than \$6,000. The COTR also approved specific amounts for individuals who were not employed by UC last year but were scheduled to receive bonuses this year. The total amount proposed by UC management was \$131,900. The total amount paid these individuals last year was \$109,900. The total amount approved by the COTR amounted to \$128,900.

2.13 FIRE DAMAGE AT THE ST. CROIX SHOPPING CENTER

On January 20, 2005 at approximately 6:00 a.m., a report was received of a fire in the *Totally Kidz* store located in the United Shopping Center. Fire units responded and found the back storage area of the store fully engulfed in flames. The fire was quickly extinguished. A preliminary investigation by the Virgin Islands Fire Service determined that the fire was caused by water intrusion into the electrical service panel causing a short circuit. *Totally Kidz* sustained water, smoke and fire damage estimated at \$100,000, while the adjacent stores, *Platinum* and *Best Furniture* sustained smaller amounts of smoke and water damage. The *Totally Kidz* store has not been open since the fire. None of the tenants had fire insurance on the contents of the stores. UC management believes that lawsuits against UC are likely.

2.14 WORKERS COMPENSATION PAYMENT

On February 25, 2005 check No. 22143 was issued from the operating account of the St. Thomas Plaza Extra store payable to the Government of the Virgin Islands Workers Compensation Fund in the amount of \$81,887.17. The check was in payment of the annual workers compensation liability of UC.

2.15 INVENTORY

A full physical inventory began on March 3, 2005 at the St. Croix Plaza Extra East store. Physical inventories are to be conducted at all three stores. RGIS Inventory Specialists, the same company that conducted the inventory count last year, has returned to complete this count.

2.16 CHECKS MADE PAYABLE TO NEJEH YUSUF

The COTR raised a concern about the practice of NejeH Yusuf using a personal credit card to pay bills of UC. Under this practice, Mr. Yusuf is reimbursed for the payments by checks drawn on the operating account of UC. The COTR



requested information about two specific checks issued to Neje Yusuf in January 2005 relating to this practice: check No. 16217 for \$43,000 and check No. 16222 for \$2,475.32. Both were issued to Neje Yusuf and dated January 25 and 29, respectively.

On March 1, 2005 the COTR was advised that the \$43,000 check was reimbursement to Neje Yusuf for payment to the Virgin Islands Water and Power Authority (WAPA) made with Mr. Yusuf's personal credit card. The Monitor had inspected the bill from WAPA and the receipt showing the credit card payment of \$43,000. Mr. Yusuf explained to the Monitor when asked that UC uses credit cards whenever possible to earn frequent flyer points which are in turn used for UC business travel. Mr. Yusuf advised that the practice of using a credit card is particularly helpful when vendors such as B.J.'s Wholesale require payment prior to the shipment of goods, and will accept only credit card payments from UC.

Check No. 16222 for \$2,475.32, issued to Mr. Yusuf, represented reimbursement for miscellaneous business supplies purchased for the store by Mr. Yusuf. The Monitor inspected the individual receipts representing the items purchased by Mr. Yusuf and was satisfied they were appropriate expenses of UC.

The COTR advised that he was concerned about the practice of using a personal credit card to pay large corporate expenses because the expenses may not be accurately reflected in subsequent financial statements. He advised that he would like to see the practice stopped. He added that he did not see a problem with smaller amounts for items such as office supplies.

2.17 UC FUNDS TO BE USED IN PAYMENT OF ESTIMATED TAX LIABILITY OF SHAREHOLDERS

On March 10, 2005 the COTR was advised that the Monitor on St. Thomas has been asked to approve six checks issued from the UC operating account to pay personal tax liabilities of Mr. Fathi Yusuf and five other shareholders. The total amount of the checks presented was \$900,000. The COTR requested additional information before approving the checks.

On March 14, 2005 we forwarded a copy of a document that had been provided by UC management to explain the calculation used to estimate the tax liabilities. The document was from an attorney in New York who appeared to have calculated the amounts to be paid on behalf of the shareholders from financial information that was available through July 31, 2004 that was then annualized. The COTR advised after reviewing the document that he would not approve the checks as the information used to estimate the tax liability did not appear to adequately address the significant losses to the UC as a result of the Merrill Lynch investment account that were booked by UC in the latest financial statements. The COTR advised that he would reconsider the decision upon the submission of additional information by UC that indicates more current information was included in the calculation of tax liabilities. This decision was conveyed to UC management.



3.0 IMPLEMENTATION OF MONITORING PLAN

The information presented below is a consolidated report of monitoring activity conducted by MAI at the three markets of UC in the U.S. Virgin Islands. Monitors engaged in the activity in accordance with the Business Monitoring Plan approved by the USMS. The information is organized to correspond to the specific numbered monitoring activities outlined in the Plan.

3.1 ACTIVITY NO. 1 – REVIEW AND RECONCILIATION OF INCOME AND DEPOSITS

For each day during the first two months of the reporting period, the Point of Sale (POS) summary, till reconciliation, deposit slips, phone card and lottery reconciliations, and the Western Union (St. Thomas Plaza Extra and St. Croix Plaza Extra West) reconciliations were reviewed by the Monitors assigned to each store. In total, till reconciliations balanced in a satisfactory manner with reported deposits and the POS summary. Any significant deviations were reconciled with store management. In summary, the data collected and reconciled by the on-site Monitors is presented below.

TABLE NO. 1
POS Summary and Till Reconciliation

ITEM	DECEMBER	JANUARY	FEBRUARY	TOTALS
Total Sales	\$8,479,574	\$7,811,051	\$6,997,096	\$23,287,721
Over/(Short)	(\$2,421)	(\$1,735)	\$4,332	\$176

The "Total Sales" figures represented in Table No. 1 are the sales figures as reported by the stores' networked cash registers according to the computer program reporting system used by UC. The "Over/(Short)" figures represent the total net amount of discrepancy between reported sales and the amounts collected in the registers' tills for the month. The cumulative shortage amounts in December and January for all stores is comprised mostly of errors made at the register and unofficial "loans" taken out of the till by cashiers. Cashiers are personally responsible for till shortages, which are deducted from their checks weekly. The net overage for January was the result of a reported overage of \$7,763 by the St. Thomas Plaza Extra store. This overage was traced to computer networking errors between the registers and the POS computer that caused individual totaling errors. Store management and the Monitor believe that the errors were the result of reporting errors on selected registers and do not represent a loss of funds. The networking errors occurred between February 3rd and February 8th, and were corrected by the installation of a new router connecting the registers to the POS computer.



TABLE NO. 2
Detailed Till Reports

ITEM	DECEMBER	JANUARY	FEBRUARY	TOTALS
Cash	\$3,580,271	\$3,051,714	\$2,800,565	\$9,432,550
Checks	\$1,531,469	\$1,548,612	\$1,271,671	\$4,351,752
WIC	\$124,685	\$125,233	\$117,987	\$367,905
Telecheck	\$418,003	\$366,792	\$317,655	\$1,102,450
FS/EBT	\$655,581	\$663,962	\$634,186	\$1,953,729
Debit Cards	\$945,586	\$883,057	\$788,208	\$2,616,851
Credit Cards	\$1,176,132	\$1,126,851	\$1,020,143	\$3,322,926
Totals	\$8,431,727	\$7,766,021	\$6,950,415	\$23,148,163

The figures in Table No. 2 represent monthly totals taken directly from the till reconciliation sheets prepared and reconciled by store personnel to the daily collections of register tills and reports from the POS system. These figures were not reconciled with reports from the stores' *Peachtree* accounting software program as those reports are generally months behind the actual data.

TABLE NO. 3
Detailed Deposit Reports

ITEM	DECEMBER	JANUARY	FEBRUARY	TOTALS
Cash	\$3,777,147	\$3,238,297	\$3,238,297	\$10,253,741
Checks	\$1,694,831	\$1,718,648	\$1,718,648	\$5,131,927
Lottery and Phone Cards	\$103,596	\$69,851	\$69,851	\$243,298
Undepositables	\$39,993	\$38,590	\$38,590	\$117,173

The figures in Table No. 3 represent monthly totals taken directly from the deposit slips and reconciliations prepared by store personnel. Undepositables are items which are counted as receipts in the till reconciliations for the purpose of balancing the registers, but are not deposited into the stores' bank account. Examples of undepositable items include redeemed gift certificates, in-store credits for exchanged merchandise, WIC checks held for approval and direct payments from the register to local suppliers of fresh fish and produce. Monitors inspected documentation for these items when they exceeded \$1,000 in any store for a given day.

3.2 ACTIVITY NO. 2 - REVIEW AND RECONCILIATION OF WESTERN UNION DATA

Western Union daily spreadsheets are compiled from the Western Union daily printouts. Store reported deposits to the Western Union accounts are monitored weekly and verified with bank records received directly from Banco Popular. No discrepancies were noted. The balance in the St. Thomas Plaza Extra Western Union account as of February 28, 2005 was \$109,926.47. The balance in the St. Croix Plaza Extra West Western Union account was \$342,417.22.



3.3 ACTIVITY NO. 3 – REVIEW AND RECONCILIATION OF BANK STATEMENTS WITH POS FIGURES AND DISBURSEMENTS JOURNALS

Banco Popular account records are reviewed electronically by the Monitors on a weekly basis. The Banco Popular accounts are used primarily to receive electronic payments that result from customer purchases using credit and debit cards as well as electronic food stamps (EBT).

TABLE NO. 4
Sales and Deposits

ITEM	DECEMBER	JANUARY	FEBRUARY	TOTAL
Total Electronic Sales	\$2,777,300	\$2,673,670	\$2,442,537	\$7,893,507
Total Net Deposits	\$2,668,540	\$2,720,439	\$2,427,514	\$7,816,493
Net Differences	(\$19,922)	\$11,994	(\$32,105)	(\$40,033)
Variance	(0.72%)	0.72%	(1.31%)	(1.31%)

Total deposits are unable to be completely reconciled to sales each month due to deposit timing differences and in some instances to the timing of the banks' recording of the electronic deposits, net of transaction fees. The figures for "Net Differences" in the table above are adjusted figures, arrived at by adding to the monthly figures those deposits not booked by the bank until the following month and subtracting those deposits from the previous months that are booked in the next month.

All transfers of funds out of the Banco Popular accounts were traced to the Bank of Nova Scotia operating accounts of the stores.

3.4 ACTIVITY NO. 4 – VERIFICATION OF DEPOSITS IN ACCOUNTS AT THE BANK OF NOVA SCOTIA

The St. Thomas Plaza Extra store maintains a separate operating account at the Bank of Nova Scotia into which each day's depositable receipts are placed. The Monitors conduct weekly reconciliations between what the till reports indicated should have been deposited (depositable) and the actual amount deposited, as verified by the bank records.

TABLE NO. 5
St. Thomas Till Reports and Deposits BNS

ITEM	DECEMBER	JANUARY	FEBRUARY	TOTAL
Till Reported Deposits	\$2,173,809	\$1,860,416	\$1,690,800	\$5,725,025
Deposits per Bank	\$3,408,776	\$2,667,342	\$2,136,658	\$8,212,776
Difference	\$1,234,967	\$806,926	\$445,858	\$2,487,751
Adjustments	\$1,226,115	\$810,961	\$472,068	\$2,509,144
Net Difference	\$8,852	(\$4,035)	(\$26,210)	(\$21,393)
Percentage	.26%	(0.22%)	(1.55%)	-1.51%

Adjustments must be made as part of the analysis involved in reconciling deposits to the operating bank account with money taken in at the tills, because the money recorded by the tills includes items such as transfers from credit card



accounts, deposits recorded late, and deposits of other non-till sourced monies, and so on.

As noted in the table above, the net difference between the amount to be deposited and the amount recorded as deposited by the bank, after adjustments are made is 1.51 percent. MAI believes that the recurring fluctuations in differences is due in part to the timing of the Bank of Nova Scotia's recording of deposits, which often appears to have little discernable correlation to when the particular deposit was delivered to the bank by store personnel.

The St. Croix Plaza Extra stores share one operating account at the Bank of Nova Scotia into which each day's depositable receipts from the till reconciliation are made. Monitors conduct weekly reconciliations of what the till reports indicated should have been deposited and what the bank records showed had been deposited.

TABLE NO. 6
St. Croix Till Reports and Deposits BNS

ITEM	DECEMBER	JANUARY	FEBRUARY	TOTAL
Total Till Reports Deposits	\$3,344,399	\$3,042,515	\$2,649,416	\$9,036,330
Deposits per Bank	\$4,292,661	\$3,347,502	\$3,959,250	\$11,599,413
Difference	\$948,262	\$304,987	\$1,309,834	\$2,563,083
Adjustments	\$942,188	\$276,559	\$1,325,157	\$2,543,884
Net Difference	\$6,094	\$28,429	(\$15,326)	\$19,197
Percentage	0.18%	0.93%	(0.58%)	0.53%

Adjustments to reconcile bank deposits to deposits per the till reconciliation are made up of items similar to those mentioned above. Monthly fluctuations in irreconcilable differences may be due in part to the timing of the Bank of Nova Scotia's recording of deposited amounts, which often appear to have little discernable correlation to when particular deposits are delivered to the bank by store personnel.

3.5 ACTIVITY NO. 5 – COMPARISON OF ACCOUNTS PAYABLE AGING REPORTS

The Monitors conduct a review of the rate at which each of UC's three stores paid their respective bills. The purpose of this review is to ensure that debt is not increased in a manner that is other than usual and customary. Table No. 7 depicts the overall rates of payment for the stores by month during the three month period. The percentage of bills that are paid within the first thirty days has remained relatively stable.

TABLE NO. 7
Accounts Payable Aging

	0 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	TOTALS
December	68.09%	19.69%	11.95%	0.27%	100%
January	66.84%	25.40%	6.99%	0.77%	100%
February	70.04%	21.81%	7.12%	1.03%	100%
Average	68.32%	22.3%	8.69%	0.69%	100%



3.6 ACTIVITY NO. 6 – REVIEW AND COMPARISON OF BANK STATEMENTS AND DISBURSEMENT JOURNALS

Weekly reviews and comparisons of UC checks issued through the *Peachtree* accounting software program's disbursement journals and the corresponding bank statements for the operating accounts of each store revealed no checks were issued that were not recorded in the check disbursement journals. Table No. 8, below, reflects the bank accounts of UC that were reviewed by the Monitors and compared with the disbursement journals as well as the ending balances of each at the end of each month. The balances reported below were taken from the banks' records and have not been reconciled for outstanding disbursements or deposits in transit.

TABLE NO. 8
Bank Accounts Reviewed

BANK - ACCOUNT	ACCT. NO.	DECEMBER ENDING BAL.	JANUARY ENDING BAL.	FEBRUARY ENDING BAL.
SB - STT Operating	55312010	\$830,523.30	\$132,424.29	\$301,957
SB - STT Lottery and Phone Card	96001238	\$76,824.07	\$78,288.06	\$70,189
SB - STT Telecheck	55356719	\$936,351.43	\$1,021,604.29	\$793,448
BP - STT Credit/Debit	192026143	\$80,515.73	\$105,990.94	\$614,013
BP - STT-Western Union	192042300	\$112,832.45	\$162,382.01	\$109,929
SB - STX Operating	65811	\$1,731,478.04	\$1,266,723.47	\$1,589,906
SB - STX-East Telecheck	60086413	\$78,018.11	\$94,290.34	\$150,033
BP - STX-East Credit/Debit	191013307	\$3,419,435.71	\$4,399,919.56	\$4,621,950
SB - STX-West Telecheck	6009218	\$46,359.28	\$70,745.33	\$106,696
BP - STX-West Credit/Debit	191063789	\$3,289,961.81	\$4,176,866.96	\$4,470,167
BP - STW-West Western Union	191107867	\$225,155.58	\$296,857.11	\$342,417
SB - STX-Shopping Center	92031923	\$307,135.37	\$312,085.66	\$329,806
Total Cash in Bank		\$11,134,590.88	\$12,118,178.02	\$13,453,511

3.7 ACTIVITY NO. 7 – REVIEW OF DISBURSEMENTS

During the reporting period the Monitors were presented with checks, excluding payroll, for review and approval prior to issuance, in accordance with the Monitoring Plan in affect. Store management was required to present invoices to



support and document payments for which approval was requested. The total amount represented by the checks reviewed and approved in the reporting period was \$18,214,190.

TABLE NO. 9
Checks Reviewed Prior to Issuance

MONTH	NO. OF CHECKS	AMOUNT
December	598	\$6,314,786
January	465	\$6,071,689
February	455	\$5,827,715
Totals	1518	\$18,214,190

3.8 ACTIVITY NO. 8 – ANALYSIS OF OPERATING PERCENTAGES

The latest financial statements produced by UC are for the period ending September 2004. Without the information from timely financial statements, a review of operating percentages suffers from an absence of important information necessary to identify changes in trends in a timely manner. Nonetheless, a rough computation and comparative analysis of the gross profit operating percentages of UC has been made and is summarized in Table No. 10, below.

TABLE NO. 10
Operating Percentages for UC

Average Gross Profit % 2003	35.50%
Gross Profit January 2004	35.59%
Gross Profit February 2004	35.64%
Gross Profit March 2004	43.48%
Gross Profit April 2004	30.03%
Gross Profit May 2004	44.95%
Gross Profit June 2004	30.12%
Gross Profit July 2004	40.01%
Gross Profit August 2004	45.54%
Gross Profit September 2004	32.62%
Gross Profit October 2004	29.66%
Gross Profit November 2004	36.75%
Gross Profit % December 2004	41.61%
Average Gross Profit % 2004	33.68%
Gross Profit % January 2005	39.24%
Gross Profit % February 2005	34.15%

The gross profit percentages are computed using sale of merchandise and cost of goods sold. Expenses and revenues from other sources are not included, such as from Western Union and the shopping center. In the absence of financial statements, we have reconstructed the gross profit percentages. The sales figure comes from Till Reconciliation data gathered by the Monitors while the cost of



goods sold figure is computed from *Peachtree* summaries of disbursements that have been coded by expense categories. Where those figures are unavailable, the sales figures are obtained from the Monitor's Till Reconciliations. The cost of goods sold figures are reconstructed using monthly check registers and the Monitor's Check Approval Logs. Because a *Peachtree* summary of disbursements is not always available, an effort is made to use similar coding rationales to code these disbursements.

CHART NO. 1
Cumulative Sales of Plaza Extra

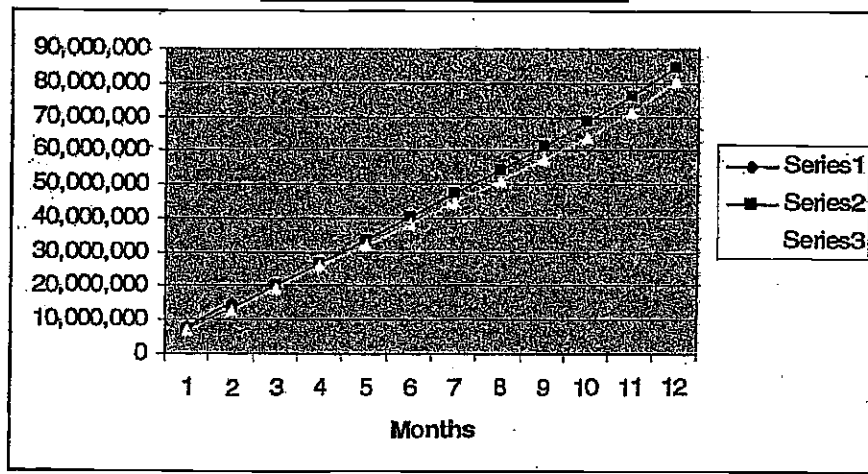


Chart No. 1 shows the cumulative monthly growth in sales for years 2003 and 2004, and the first two months of 2005. As the chart shows, the sales figures for 2004 (Series 2) are slightly greater than the sales figures for 2003 (Series 3). The total figures are \$84,717,190 for 2004, and \$80,218,546 for 2003; an increase of \$4,498,644 or 5.6 percent.

Because the figures used in Table No. 10 have been obtained from unaudited and unverified sources, MAXIMUS makes no representations and provides no assurances that the figures are accurate. They are offered solely for the purpose of showing, to the extent possible, trends in the financial position of UC based upon comparisons with similar data from 2003.

3.9 ACTIVITY NO. 9 – REVIEW OF INCOME AND DISBURSEMENTS OF SHOPPING CENTER ON ST. CROIX.

On a monthly basis, the Monitor on St. Croix obtains spreadsheets from the shopping center manager showing rents collected and funds disbursed by check in payment of expenses related to the shopping center. These figures are reconciled with the monthly bank statements of the shopping center account. It is noted that, on occasion, a total reconciliation cannot be made because the figures supplied by the manager are not always consistent with figures previously provided by him. For example, the figure provided on the spreadsheet showing the balance of funds available at the end of one month may not be the same figure as that shown as the beginning balance for the following month. These



inconsistencies appear to be related to adjustments that are made at the end of the month by the UC Comptroller. To date, the inconsistencies have not been in amounts that are significant; generally no more than several hundred dollars. The following is a summary of tenant account activity during the reporting period:

TABLE NO. 11
Summary of Tenant Account Activity

ITEM	AMOUNT
Beginning Balance	\$260,362
Rent Collected	\$121,295
Disbursements:	\$51,136
Ending Balance	\$330,521

TABLE NO. 12
Shopping Center Change in Activity

Item	December	January	February	Last Month Change
Tenants	34	33	32	(3%)
Rent Collected	\$53,376	\$37,525	\$30,394	(19%)
Rent Due	\$43,047	\$42,327	\$35,327	(16.5%)
Expenses	\$13,956	\$23,619.83	\$7,652	(67.6%)

Total expenses from the shopping center account in January 2005 equaled \$29,528; however, \$5,908.17 of that amount was used to pay expenses of the laundromat. Total expenses from the shopping center account in February 2005 equaled \$19,633, with \$7,652 used to pay expenses for the shopping center and the remainder used to pay expenses of the laundromat. Since the laundromat is being treated separately, the money paid out of the shopping center account to pay for laundromat expenses is not included in the table shown above.

Seven tenants remain substantially in arrears in their rent payments; a reduction from eight tenants in the last ninety-day report. Table No. 13 reflects the monthly balances for all tenants in arrears. The owner and manager of tenant *JP Sales* has been ill and is not currently operating his business. The shopping center manager has begun action to terminate the lease and evict this tenant.



TABLE NO. 13
Amount Owed by Tenants

Tenant	Monthly Rent	Amt in Arrears	Manager Comments
J P Sales	\$2,340	\$39,020	(See Comments above)
Bee's Record Shop	\$781	\$4,091	Chronically late but always pays.
Gill Electronics	\$781	\$4,201.66	Chronically late but always pays.
Elsa Beauty Parlor	\$780	\$1,900	Chronically late but always pays.
Skelton, Lindo & Gizelle	\$780	\$3,060	Chronically late but always pays.
Speedy Services	\$1,312	\$9,957	Has been given a 3-month rent grace period. Paid \$2,264 in February 2005
Best Furniture	\$7000	\$14,366	Paid \$28,000 during ninety-day reporting period

3.10 ACTIVITY NO. 10- REVIEW OF PAYROLL RECORDS FOR UNUSUAL PAYMENTS

The payroll records of each store were reviewed by the Monitors for unusual or extraordinary payments. None were noted. Key family members on the payroll continue to receive \$3,000 per month, before withholding deductions.

3.11 ACTIVITY NO. 11 - UNSCHEDULED CASH COUNTS

Monitors conduct unscheduled cash counts each week at all of the stores in order to ensure unneeded cash is not accumulating in the stores rather than being deposited in bank accounts. Experience has indicated that \$80,000 is the maximum that should be maintained at any store. On each day when a surprise count reveals a balance in excess of this limitation, the Monitor verifies the reason and instructs store management to bring the level of currency on hand within proper limits. Under the new Second Amended Monitoring Plan, the Monitor traveling to St. Croix encounters factors related to travel and availability of store management that interferes with conducting the counts on schedule. The store manager at the St. Croix Plaza Extra West store with access to the cash safe is often not in the store until late in the afternoon, making it difficult for the Monitor to conduct the cash count and make the last seaplane back to St. Thomas. As a result, the Monitor is looking for alternative transportation to St. Thomas that would allow for additional time on St. Croix.

3.12 ACTIVITY NO. 12 - DAILY VISITS TO THE MARKETS

Throughout the reporting period, Monitors physically observed store and warehouse operations on a daily basis while conducting walks through the store facilities. Monitors are vigilant for any unusual or extraordinary conduct or activities that might suggest financial risk to the Government's interest in UC, its operations and assets.



3.13 ACTIVITY NO. 13- TRACK AND RECONCILE THE USE OF CERTAIN FUNDS IN COMPLETING A RESIDENCE ON ST THOMAS

Store management reported that construction of the residence is substantially complete. However, additional funds may be needed to fund final landscaping costs. During the COTR's January 2005 visit he approved the use of an additional \$13,000 in UC funds for landscaping expenses, increasing the total approved amount to \$277,000. In preparing this report it was determined that the cumulative total of funds approved for completing the residence that was previously reported as \$252,000 did not reflect the \$25,000 approved early in November 2004.



4.0 RECOMENDATIONS

The sections that follow highlight recommendations made to the USMS COTR as a result of the monitoring activities.

4.1 INVENTORY CONTROL SYSTEM

In view of the significance that an accurate inventory control system bears to the credibility and reliability of any assessment of the cost of goods purchased and sold, and the fact that UC already owns and uses an electronic platform that contains the capacity for tracking the inventory, we continue to recommend efforts be made to convince or require the owners of UC to begin using an effective electronic inventory control system.

4.2 FINANCIAL STATEMENT BACKLOG

The availability of accurate and timely financial statements is essential to the monitoring process. The USMS should consider requiring that store management provide accurate monthly financial statements to monitoring personnel no later than 15 days following the end of a month. The latest monthly financial statement made available to the Monitors at the writing of this report is the September 2004 financial statement. In addition, the USMS may wish to consider requiring store management to temporarily secure outside accounting assistance to assist in preparing monthly and quarterly statements currently in arrears.

Independent Monitoring Report

September 2, 2015

United Corporation d/b/a



September 2, 2015

Lori A. Hendrickson
Trial Attorney
Department of Justice, Tax Division, Western Criminal

Re: Independent Monitoring Report

Kaufman, Rossin & Co. (“KRC”, “We” or the “Firm”) has completed its engagement to provide consulting services in the litigation matter of United States, et al., v. United Corp., et al. Specifically, we were asked to be the Independent Monitor for United Corporation (“United”) during the probationary period, as agreed to in the “Plea Agreement” dated February 26, 2010, and agreed to by the U.S. District Court of the Virgin Islands on December 18, 2014 as part of United’s sentencing.

The engagement was performed under the Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants (“AICPA”). The monitoring procedures set forth in the Plea Agreement and as further described in our engagement letter dated August 15, 2013, do not constitute an audit, examination or review in accordance with standards established by the AICPA. Our procedures are summarized in the Executive Summary attached herein. Based on the procedures performed no significant findings were noted, that in our judgment, would need to be reported in accordance with our engagement.

Our engagement to be the Independent Monitor required quarterly reporting on a prospective basis. Due to changes in condition of United based upon the civil litigation discussed in Section 1 herein, it was agreed that the monitoring procedures would be retrospective for the entire year of 2014. Therefore, this report replaces the quarterly reports.

This report is intended solely for the purpose of the monitoring engagement as required by the Plea Agreement and is not to be used for any other purpose or to be distributed to any other parties not mentioned in the Plea Agreement without our express written authorization.

We appreciate the opportunity to work with the U.S. Department of Justice (“US DOJ”), the District Court of the Virgin Islands (“Court”) and United, and thank management and staff of United for their cooperation and assistance during the course of our engagement. We will be pleased to discuss this report with you at your convenience.

Very Truly Yours,

A handwritten signature in black ink that reads "Kaufman, Rossin & Co." in a cursive script.

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1. MONITORING ENGAGEMENT

The Firm was engaged to conduct an independent monitoring engagement in accordance with the Plea Agreement (section 8 paragraphs E 1 through E 4). Based upon agreement with United and the US DOJ, the following is a summary of the monitoring tasks:

- Analyze the gross receipts of United to ensure that the gross receipts tax (VI Form 720-B) is properly reported.
- Analyze W2VI withholding and Form 941 for FICA/FUTA taxes to ensure they are properly reported.
- Verify whether gross receipts of United Corporation are properly included in any income tax filings that may be submitted by United Corporation during the monitoring period.
- Analyze United's books and records and review on a sample basis, against underlying source data.
- Submitting quarterly reports to the Department of Justice, Tax Division, and the United States Attorney for the District of the Virgin Islands (collectively referred to as the "Government"), the District Court of the Virgin Islands (herein referred to as the "Court") and United of United's financial condition, results of business operations, status of tax filings and tax payments, and accounting for the source and use of funds. The formats of such reports were to be agreed upon between the parties.
- Conduct an analysis of United's books and records at United's business premises on at least a quarterly basis.
- Review and approve any checks or counterchecks, or withdrawal of funds, or any transfers, in excess of \$1,000, except for transactions incurred in the ordinary course of business.

Subsequent to KRC's engagement in August 2013, approval of the Plea Agreement and commencement of the monitoring was delayed by the Court as a result of certain ongoing civil litigation regarding the existence of a partnership amongst the parties. In November 2014 the civil court ruled that a partnership between Fathi Yusuf ("Yusuf") and Mohammed Hamed ("Hamed") existed ("Partnership").¹

Specifically, the Partnership is for the operations (but not the real estate activities) of the three Plaza Extra Stores (East, West and St. Thomas) that were owned by United at the time of the court order. Therefore, commencing January 2013 the net income of the non-real estate activity of United (grocery operations and investment income) was passed through to the Partnership tax return in accordance with the court order. As a result of this pass through activity we extended

¹ See Exhibit D.

our procedures to include the Partnership return for 2014 to ensure all revenues were reported. In January 2015, the civil court further ruled that the Partnership be split.²

As part of the Partnership split, Hamed received the Plaza Extra West store (“West”), Yusuf received the Plaza Extra East store (“East”) and the Plaza Extra St. Thomas store (“STT”) went to Hamed after an auction was held.

Due to the Partnership split, monitoring of United during 2015 would likely not accomplish the intention of the probationary period under the Plea Agreement. Because of the Partnership split, Hamed would own West and STT and those operations would no longer be part of United for the majority of the monitoring period. After discussions with Lori Hendrickson, Attorney for the Department of Justice, Tax Division, it was determined that reviewing the financial information for 2014 retrospectively for the entire year would suffice for the intent of the Plea Agreement since all Plaza Extra stores were under United for tax reporting purposes.

² See Exhibit E.

2. EXECUTIVE SUMMARY

Analyze the gross receipts of United to ensure that the gross receipts tax (VI Form 720-B) is properly reported

In order to verify that all revenue of United Corporation that is subject to the Gross Receipts tax is declared for the year ended December 31, 2014, we obtained a copy of the monthly Gross Receipts tax forms 720-VI, as filed by United with the Virgin Islands Bureau of Internal Revenue (VIBIR). We then obtained an electronic copy of the general ledgers for each of the three locations of the Plaza Extra stores as well as the real estate division. We agreed the gross receipts reported on the forms 720-VI to the revenues reflected in the combined ledgers for all locations. There were no significant exceptions noted. We also did extensive testing of the underlying source data and sales journals used to record the transactions into the general ledger. See Section 4 for our detailed testing in this area.

Analyze W2VI withholding and Form 941 for FICA/FUTA taxes to ensure they are properly reported

As part of our monitoring procedures, we performed an analysis of the payroll taxes for the year ended December 31, 2014 to ensure that they were properly reported. We obtained the quarterly payroll reporting forms 941V and forms 941SS. We agreed the amount withheld from the employees for income tax, social security and medicare taxes, by quarter as reported on the respective forms to the combined general ledger for all of the Plaza Extra stores. We also agreed the year end totals for all payroll amounts as reflected on the forms 941 and the general ledger to the W2VI as filed by United. No significant variances were noted.

Verify whether gross receipts of United Corporation are properly included in any income tax filings that may be submitted by United Corporation during the monitoring period

In order to verify that the amount of revenue recorded by United for the year ended December 31, 2014 is properly stated we selected 61 days from the year for each store and all cashiers for that day for testing. This yielded 4,140 cashiers shifts selected as part of our gross receipts testing.

For each of the 61 days selected we obtained the Point of Sale (“POS”) reports for every cashier for each day selected. We agreed the POS reports to the end of day accounting summary schedule which is used to summarize the day’s sales into the general ledger including sales discounts. We then agreed the end of day accounting summary schedule to the general ledger to ensure the revenue and sales discounts were recorded properly and accurately. We also traced the bank deposits per the bank statements for the selected day and ensured it agreed to the end of day accounting summary which reconciles any differences between sales and the amount deposited in the bank. There were no significant exceptions noted. In addition, we performed a

monthly analysis of sales discounts to total sales, by month, by store, and noted no significant fluctuations throughout the year.

We also reviewed the monthly bank reconciliations for all cash accounts, for all stores, every month during 2014 and agreed the opening and ending balance to the general ledger and agreed the reconciled balance to the bank statement. There were no significant exceptions noted.

KRC also reconciled net income per the final financial statements for fiscal year ended December 31, 2014 to the income reported on United's Form 1120S and Form 1065 of the Partnership and noted no exceptions. As a result of the procedures performed described above, it appears gross receipts and net income were properly reported on United's tax filings for fiscal year 2014.

Review and approve any checks or counterchecks, or withdrawal of funds, or any transfers, in excess of \$1,000, except for transactions incurred in the ordinary course of business

Due to the independent monitoring engagement changing from a prospective review to a retrospective review as described in Section 1, KRC did not approve payments in excess of \$1,000 contemporaneously as issued. As an alternative, in order to ascertain that disbursements incurred over \$1,000, not part of the ordinary course of business³, were business related or properly classified as distributions, we reviewed and selected several different types of disbursements made throughout the year which include the following:

- Disbursements to a "Hamed" or "Yusuf" listed in the general ledger
- Disbursements made by credit cards
- Disbursements made for employee loans
- Reviewed disbursements made to vendors with United's staff and judgmentally selected items for additional review
- Additional randomly selected disbursements from the cash accounts selected from the general ledger

For each of the selections we reviewed supporting documentation such as vendor invoices, check copies and general ledger notations as well as discussions with the Controller and accounting staff to ensure they were in fact business expenses or otherwise properly recorded in the books and records. There were no significant exceptions noted.

³ In a letter from Joseph A. DiRuzzo, III, dated July 16, 2013, it defines "ordinary course of business" as the following types of expenditures and transactions made by United directly in bona fide arm's length transactions as part of United's regularly conducted business; (i) purchase and/or necessary use of supplies and equipment; (ii) payment of accounts payable, including but not limited to, those relating to rent, mortgage, insurance premiums, license fees, utilities, and taxes; (iii) payment of reasonable and necessary employee salaries; and (iv) payment of normal and necessary upkeep and/or maintenance of any real property, equipment, and furnishings and fixtures necessary for regularly conducted business operations.

Analyze United's books and records and review on a sample basis, against underlying source data

As part of the procedures and sample testing mentioned above, we generally reviewed the underlying source data as part of the procedures performed for each individual area. In addition to the above procedures mentioned, we also performed the following procedures discussed below.

The Pharmacies at the Plaza Extra stores are owned and operated by a third party. In order to ensure that the amount being deducted from total gross receipts related to pharmacy sales was reasonable, we selected three weeks from the year for Plaza Extra East and four weeks from the year for Plaza Extra West, the only stores with a pharmacy inside, and reviewed and agreed the sales reports from the pharmacy to the amounts recorded in the general ledger. There were no significant exceptions noted.

KRC reviewed the physical inventory count reports and total cost by department provided by third party consultants and agreed them to the balance reported on the financial statements. KRC also performed gross profit analysis by store for 2014 noting no significant variances noted.

In order to ascertain that the amount recorded by United related to investment income such as dividends, interest income and realized gains is properly stated KRC obtained the monthly investment statements and agreed the related investment income to the general ledger and financial statements. In addition, KRC recalculated the realized gains for the year reported on the financial statements using the investment statements. There were no significant exceptions noted

KRC also tested rental income for the year by obtaining the rent roll schedule for the year, selecting four lease agreements and agreed the rental amounts per the lease agreements to the rent roll schedule. KRC then traced the rental income per the rent roll schedule to the general ledger for every month in 2014. There were no significant exceptions noted.

KRC also agreed all the individual general ledgers provided and used for making selections during testing for each store to the combined financial statements provided. There were no exceptions noted.

Based on the above procedures no significant findings were noted, that in our judgment, would need to be reported in accordance with our engagement.

3. DETAILED PROCEDURES AND FINDINGS

Analyze the gross receipts of United to ensure that the gross receipts tax (VI Form 720-B) is properly reported

Gross Receipts Tax Reconciliation

In order to verify that all revenue of United that is subject to the Gross Receipts tax is declared for the year ended December 31, 2014 the Firm reconciled the Company's revenue accounts per the general ledger to the monthly Gross Receipts Tax Form 720-VI for the period January 2014 to December 2014. The following table illustrates the Firm's reconciliation:

Description	Amount
Taxable Receipts per 720-VI	\$ 94,314,381
Gross Receipts per General Ledger: ⁴	
Plaza East	32,706,930
Plaza West	31,289,507
Plaza STT	29,977,701
Shopping Center	1,073,129
Total Gross Receipts	\$ 95,047,267
Less: Exemptions: Lotto Sales	(64,215)
Less: Accrued Rent for Plaza East ⁵	(678,549)
Total Gross Receipts per General Ledger	\$ 94,304,503
Difference from 720-VI to General Ledger	\$ 9,878

The Firm noted that the overall difference from the filed Gross Receipts Tax Form 720-VI to the general ledger was \$9,878 or 0.001% of total gross receipts. In addition, we agreed the tax due as reported on the monthly Gross Receipts Tax Form 720-VI for the entire year amounting to \$4,715,659 to amounts recorded in the general ledger with insignificant differences.

Analyze W2VI withholding and Form 941 for FICA/FUTA taxes to ensure they are properly reported

Payroll Reconciliation

In order to ensure that payroll taxes for the year ended December 31, 2014 were properly reported, the Firm reconciled the Company's payroll accounts per the general ledger to the

⁴ This amount does not include gross receipts from pharmacies. See section on pharmacy revenue testing below.

⁵The shopping center owned by Plaza East includes an entry to recognize the rent expense that would be paid if Plaza East did own the location. Therefore this amount is never actually paid and not subject to gross receipts tax.

quarterly payroll tax form 941-VI and 941-SS for the period January 2014 to December 2014. The following table summarizes the Firm’s reconciliation for the year related to tax form 941-VI:

Description	Amount
Per 941-VI and W-2 Payroll Summary:	
Total Wages, Tips, plus other comp.	\$ 9,841,152
Total Income Tax withheld from wages	1,024,594
Total Deposits for the year, including overpayment applied from prior year	<u>1,025,461</u>
Difference	<u>\$ 867</u>
Total Income Tax withheld from wages per above	\$ 1,024,594
Payroll Taxes per General Ledger	<u>999,023</u>
Difference	25,571
Overpayment from prior year ^(a)	<u>26,438</u>
Remaining Difference from General Ledger and 941-VI	<u><u>\$ 867</u></u>

^(a) - The overpayment from prior year applied in the 3rd quarter.

The Firm noted that of the \$53,504 overpayment shown above, \$26,393 related to an overpayment of payroll taxes made in the 4th quarter of 2012 which was carried forward until it was finally corrected in the 1st quarter of 2014. In addition, there was an overpayment of \$26,438 made in the 2nd quarter of 2014 which was adjusted in the general ledger in the 3rd quarter to reduce the expense for the quarter. The total amount of the difference of \$867 from the General Ledger to the 941-VI was related to immaterial differences noted during the year including an overpayment of \$624 in the fourth quarter of 2014.

The Firm also reconciled the Company’s general ledger to the quarterly payroll tax form 941-SS for the period January 2014 to December 2014 which is summarized in the following table:

Description	Amount
Per 941-SS and W-2 Payroll Summary:	
Taxable Social Security Wages	\$ 8,489,151
Taxable Medicare Wages and Tips	\$ 9,841,152
Per 941-SS:	
Social Security Taxes	\$ 1,052,655
Medicare Taxes	285,393
Additional Medicare Tax Withholding	6,192
Total Medicare and Social Security Taxes Reported	1,344,240
Total Deposits for the Year	1,338,746
Amount of Underpayment	\$ (5,494)
Total Medicare and Social Security Taxes Reported	\$ 1,344,240
Total SS and Medicare Taxes per General Ledger	1,338,696
Difference from General Ledger and 941-SS	\$ 5,544
Less: Underpayment amount paid in 2015	5,567
Total Difference	\$ (22)

The Firm noted that the overall difference from the filed 941-SS to the general ledger was an overpayment of \$22 or 0.001% of total Medicare and social security taxes. The Firm also recalculated the percentage of social security taxes to the social security wages and the medicare taxes to the medicare wages and noted the percentages were 12.4% and 2.9%, respectively.

The Firm also verified that the amount recorded for payroll in the general ledger for each of the members of the Yusuf and Hamed families (“Management”) was the amount agreed upon by Management of \$286,000. The following schedule summarizes the cash, withholdings and associated payroll expense recorded for each member of management:

Store	Payee	Net Payroll	FICA Withholding	Tax Withholding	Gross Payroll	Payroll Expense per General Ledger
East	Mufeed Hamed	\$ 212,847	\$ 12,175	\$ 60,978	\$ 286,000	\$ 286,000
East	Waleed Hamed	219,364	12,175	54,461	286,000	286,000
East	Yusuf Yusuf	212,847	12,175	60,978	286,000	286,000
East	Fathi M. Yusuf	212,847	12,175	60,978	286,000	286,000
West	Maher Yusuf	215,453	12,175	58,372	286,000	286,000
West	Hisham M. Hamed	214,150	12,175	59,675	286,000	286,000
St. Thomas	Waheed M. Hamed	214,150	12,175	59,675	286,000	286,000
St. Thomas	Najeh F. Yusuf	215,453	12,175	58,372	286,000	286,000
Total		\$ 1,717,110	\$ 97,400	\$ 473,490	\$ 2,288,000	\$ 2,288,000

There were no exceptions noted in the review of the general ledger related to compensation for members of Management.

Verify whether gross receipts of United Corporation are properly included in any income tax filings that may be submitted by United Corporation during the monitoring period

Gross Receipts and Sales Discounts Testing

In order to verify that the amount of gross receipts recorded by United for the year ended December 31, 2014 is properly stated the Firm made sample selections of days for each store for testing. For purposes of determining an appropriate sample size for testing, the Firm used audit methodologies in order to ensure adequate coverage. The Firm first determined an appropriate materiality dollar amount using preliminary financial statements provided by United on March 11, 2015.⁶ Since gross receipts were considered the most significant area of the Firm's monitoring engagement, the materiality estimate calculated was approximately \$650,000 using total gross receipts as the determining factor. In order to be conservative the Firm further reduced materiality for purposes of calculating a sample size to \$500,000.

Using \$500,000 as materiality and the assumption that the combined risk of material misstatement is high, the firm calculated a sample size based on the Statements of Auditing Standards 39 ("SAS 39")⁷ which yielded a sample size of 852. For purposes of gross receipts testing the Firm determined that a sampling unit to be a cashier's shift for one day at one store. Again, to be conservative, the Firm determined that the sample size would be doubled, or a minimum of 1,704 cashiers shift's tested. As it was difficult to determine how many cashiers work on a per day basis, the Firm concluded that testing 61 days for each of the stores would give at least the required minimum sample size of 1,704 calculated for testing.⁸ The 61 days selected yielded 4,140 cashiers shifts selected as part of our gross receipts testing.

For each of the 61 days selected we obtained the Point of Sale ("POS") reports for every cashier for each day selected. As the POS system does not interface with the general ledger system, we agreed the POS reports to the end of day accounting summary schedule which is used to summarize the day's sales into the general ledger including sales discounts. We then agreed the end of day accounting summary schedule to the general ledger to ensure the gross receipts and sales discounts were recorded properly and accurately. We also traced the bank deposits per the bank statements for the selected day and ensured it agreed to the end of day accounting summary which reconciles any differences between sales and the amount deposited in the bank.

⁶ The final financial statements were reconciled to the preliminary financial statements. The differences noted in the reconciliation process were not significant.

⁷ SAS 39 deals with audit sampling which "is the application of an audit procedure to less than 100 percent of the items within an account balance or class of transactions for the purpose of evaluating some characteristic of the balance or class. This Statement provides guidance for planning, performing and evaluating audit samples." This quote was taken directly from the AICPA literature for SAS 39. SAS 39 provides the generally accepted auditing standard related to sampling methodology and the determination on adequate sample size which was used for the Firm's revenue testing.

⁸ In order to spread the sample throughout the year, the 61 days were selected by starting with January 1, 2014 and selecting every sixth day subsequently.

The following table summarizes the gross receipts testing performed by the Firm:

Store	Cashiers' Shifts Tested	Difference Between POS and Actual Cash Count	Difference Between POS and End of Day Accounting Summary	Difference Between End of Day Accounting Summary and General Ledger	Gross Receipts Tested Per General Ledger
East	1,553	\$ 1,446	\$ -	\$ -	\$ 5,578,977
West	1,360	4,218	-	-	5,255,886
St. Thomas	1,227	639	-	-	4,969,623
Total Tested	4,140	\$ 6,303	\$ -	\$ -	\$ 15,804,486

The Firm noted a variance of \$6,303 or 0.04% of gross revenue tested related to the physical cash count compared to the POS report. There was no variance noted between the POS report and the end of day accounting summary or the general ledger.

In conjunction with the revenue testing described above, for the same sample selections we also agreed the sales discounts per the POS reports to the end of day accounting summary schedule. We then agreed the end of day accounting summary schedule to the general ledger to ensure the sales discounts were recorded properly and accurately. There were no significant exceptions noted. In addition, we performed an analysis of sales discounts to total sales by month by store and noted no significant fluctuations throughout the year. The following table summarizes the sales discounts recorded for the year ended December 31, 2014 by United:

Store	Gross Receipts	Sales Discounts	Percentage of Discounts/Gross Receipts
East	\$ 32,706,930	\$ 543,803	1.66%
West	31,289,507	456,662	1.46%
St. Thomas	29,977,701	445,499	1.49%
Total	\$ 93,974,138	\$ 1,445,965	1.54%

Financial Statement/Tax Return Reconciliation

KRC also reconciled net income per the final financial statements for fiscal year ended December 31, 2014 to the income reported on United's Form 1120S and Form 1065 of the Partnership and noted no exceptions. As a result of the procedures performed described above, it

appears gross receipts and net income were properly reported on United's tax filings for fiscal year 2014 as demonstrated by the following table:

		United Corp Adjusted Form 1120S (Exhibit B)	Per Schedule K	Plaza Extra Adjusted Form 1065 (Exhibit C)	Totals	Per Financial Statements (Exhibit A)
Book Net Income		\$ (750,525)		\$ 7,603,885	\$ 6,853,360	\$ 6,853,360
Pro-Rata Share Items						
Ordinary Income	Line 1	(1,783,792)	Line 1	3,668,300	1,884,508	1,884,508
Net Rental R/E Income	Line 2	700,332	Line 2	-	700,332	700,332
Interest Income	Line 4	141,236	Line 5	239,822	381,058	381,058
Dividends - Ordinary	Line 5a	-	Line 6a	372,691	372,691	372,691
Net Short-Term Cap Gain	Line 7	-	Line 8	60,280	60,280	4,072
						<u>56,208</u>
Net Long-Term Cap Gain	Line 8a	191,699	Line 9a	2,968,128	3,159,827	2,320,861
						1,004,472
						(500,000)
						334,494
Charitable Contributions	Line 12a	-	Line 13a	(22,604)	(22,604)	(22,604)
Other Investment Expenses	Line 12d	-	Line 13d	(563,563)	(563,563)	(563,563)
		<u>\$ (750,525)</u>		<u>\$ 6,723,054</u>	<u>\$ 5,972,529</u>	<u>\$ 5,972,529</u>
Other Tax-Exempt Income	Line 16b	-	Line 18a	881,860	881,860	881,860
Nondeductible Expenses	Line 16c	-	Line 18c	(1,029)	(1,029)	(1,029)
		<u>\$ -</u>		<u>\$ 880,831</u>	<u>\$ 880,831</u>	<u>\$ 880,831</u>
Tax Net Income		<u>\$ (750,525)</u>		<u>\$ 7,603,885</u>	<u>\$ 6,853,360</u>	<u>\$ 6,853,360</u>

Bank Reconciliation Testing

The Firm also reviewed all the bank reconciliations for all the stores' cash accounts in order to ascertain that the accounts were being properly reconciled, as a further review of underlying source data and to verify that all deposits (potential unrecorded revenue) is being captured in the general ledger. The Firm agreed the opening balance and ending balance per the reconciliation to the general ledger and agreed the reconciled balance to the bank statements.

The Firm also reviewed the reconciliations for unusual items including items outstanding for more than one month that were greater than \$20,000. For such items, the Firm obtained supporting documentation and/or explanations when necessary to determine the reconciliations were being performed accurately, timely and to determine the item is properly included on the reconciliation. There were no significant exceptions noted.

Review and approve any checks or counterchecks, or withdrawal of funds, or any transfers, in excess of \$1,000, except for transactions incurred in the ordinary course of business

Disbursements Testing

In order to determine that disbursements made by United during the year ended December 31, 2014 over \$1,000 not part of the ordinary course of business were business related or properly classified as a distribution the Firm made various selections based on different criteria. The following is a listing of the different types of disbursement selections made for testing:

- Disbursements to a “Hamed” or “Yusuf” listed in the general ledger
- Disbursements made by credit cards
- Disbursements made for employee loans
- Reviewed disbursements made to vendors with United’s staff and judgmentally selected items for additional review
- Additional randomly selected disbursements from the cash accounts selected from the general ledger

Disbursements to “Yusuf” or “Hamed” listed in the general ledger

We searched the general ledger cash accounts for any disbursements to any “Yusuf” or “Hamed” and reviewed supporting documentation such as vendor invoices, check copies and general ledger notations as well as discussions with the Controller and accounting staff to verify that the disbursement was for the operations of the business if recorded as an expense or recorded as a distribution if it was not related to an expense. There were no significant exceptions noted.

Disbursements made to credit cards

Management historically has paid various vendors such as utilities, taxes, suppliers and other service providers using personal credit cards. The accounting department has established appropriate procedures to account for and reconcile the charges on the credit cards as payments are made.

While there were other credit cards noted, the majority of credit card transactions for all stores are processed through Banco Popular credit cards. The following table summarizes the credit card charges for the year 2014 over \$1,000 charged to credit cards.

Credit Card	Amount	Percentage of Total
Banco Popular	\$ 12,540,013	74.30%
ScotiaBank	1,545,469	9.16%
Sam's Club Discover	996,235	5.90%
Merrill Lynch	813,877	4.82%
BJ'S Business Card Services	593,420	3.52%
Bank of America	298,671	1.77%
Comenity Capital Bank	61,751	0.37%
Cardmember Services	9,019	0.05%
Citi Cards	7,000	0.04%
American Express	8,449	0.05%
Discover Card	4,021	0.02%
Total	\$ 16,877,927	100.00%

As the table shows, Banco Popular charges account for nearly 75% of all credit card charges over \$1,000. In order to test the procedures, we reviewed the general ledger for disbursements made through Banco Popular credit cards held by Management, randomly selected 30 disbursements, and obtained supporting documentation including check copies and invoices to verify that the disbursements related to the operations of United. There were no exceptions noted. Since Banco Popular was the majority of the charges we decided to separately test those disbursements. Payments made on other credit cards were included in our population of selections made for overall disbursements testing and therefore had the opportunity to be selected for testing.

Disbursements made for employee loans

We selected all employee loans listed on the general ledger over \$1,000 for testing to ensure the disbursement was for a valid employee and that it was repaid. For all employee loans selected we agreed the name listed in the general ledger to the employee list provided from payroll to ensure they were a valid employee. We also reviewed the general ledger activity to verify the loans were being repaid. Employee loans are repaid over time through payroll deductions made each week. In instances where the loan was not repaid we obtained an explanation as to why it was not fully repaid by the employee. There were no significant exceptions noted during testing.

Reviewed disbursements made to vendors with United's staff and judgmentally selected items for additional review

We also summarized all disbursements made out of the operating accounts on the general ledger for each of the three stores to vendors that were greater than \$1,000 and reviewed them with

John Gaffney, Controller, the assistant controller and accounts payable clerks. We inquired regarding vendors with names that did not initially appear to be related to grocery store operations or vendors that only had a few disbursements (non-recurring) and viewed invoices/check copies as needed. There were no significant exceptions noted.

Additional randomly selected disbursements from the cash accounts selected from the general ledger

We also randomly selected 30 disbursements, ten disbursements for each of the three stores, and reviewed supporting documentation such as vendor invoices, check copies and general ledger notations as well as discussions with the Controller and accounting staff to verify that the disbursement were for expenses related to the stores and properly recorded.

Analyze United's books and records and review on a sample basis, against underlying source data

In addition to all the testing described above, the Firm performed additional tests on various areas of United in order to gain comfort with previously untested balances and review additional underlying source data and documentation. The additional procedures performed are described in detail below.

Pharmacy Revenue Testing

Plaza Extra East and Plaza Extra West each have an on-site pharmacy which is owned and operated by an unrelated third party. Revenue related to the pharmacies at each of these stores is recorded in the POS system and general ledger along with all other grocery store sales. A copy of the prescription receipt is retained by the cashier to use in reconciling these sales at the end of the week to the report provided by the pharmacies. As this revenue belongs to the respective pharmacies and not United, they need to be carved out and excluded from revenue for United.

In order to verify that the amount of pharmacy revenue being excluded from United's revenue is reasonable the Firm selected three weeks of pharmacy sales for Plaza Extra East and Plaza Extra West for testing. The Firm obtained the revenue report provided from the pharmacies to United and agreed the report to the amount recorded in the general ledger. The Firm noted one difference of \$106.98 at Plaza Extra West and as a result selected an additional week for testing at that store. There were no additional differences noted. The Firm also obtained check copies of payments by United to the pharmacies for the corresponding weeks selected to ensure payment was being remitted. There were no issues noted with the payments.

In order to further ensure that amount recorded on the financial statements related to pharmacy sales for the year was reasonable, the Firm calculated the average weekly sales for each pharmacy and extrapolated the weekly sales for the entire year. The following table summarizes this analysis:

Pharmacy Sales Reasonableness	Amount
Average Sales per Week Tested - East	\$ 8,276
Average Sales per Week Tested - West	7,943
Total Average Sales per Week Tested	16,219
Extrapolated for the Year (\$16,219 x 52)	843,388
Pharmacy Sales per Income Statement	819,119
Difference	24,269
Percentage Difference	2.96%

Based on the testing performed and analysis above, it appears that the amount of pharmacy revenue recorded in the financial statements which reduces total revenue appears reasonable.

Inventory Testing

United does not have a perpetual inventory system nor does it perform monthly counts. In addition, items received are not recorded into inventory. The inventory balance is kept the same for the year until a physical inventory count is performed subsequent to year end at which point an inventory adjustment is posted to true up the balance. In order to perform the physical count, and as part of the year end procedures, United hires RGIS, a third party inventory service company, which performs a physical count of each of the three stores during February of each year (subsequent to the fiscal year-end for the previous year). RGIS counts all the items in the store and warehouse for each of the Plaza Extra stores, excluding perishables which are not a significant balance. The perishable counts are performed by a member of management for the store and range from approximately \$60,000 - \$80,000 per store.

Upon completion of the physical counts RGIS provides a file which only has a barcode number for each item and the number of items counted for that specific barcode number. This file is sent to a third party consultant (“Consultant”) hired by United which retains all the barcode numbers held by United. In addition, the cost of items is sent to the Consultant. The Consultant will then use the RGIS report and the cost of items provided by United to create a report for the stores which summarizes the cost of the inventory by department. The perishable cost is then added to this report to get to the total cost of inventory. Based on the total cost in the report, inventory is adjusted as of the date of the inventory count (not year-end). This is consistent with prior year.

John Gaffney, the Controller, does not believe there is a material difference in inventory levels between February and December. KRC reviewed the physical count reports and total cost by department provided for inventory by third party consultants for all stores and agreed them to the balance reported on the financial statements. In order to verify there wouldn't be any significant fluctuations KR performed a sales, purchases (cost of sales) and gross profit for January and February of 2014 and 2015 to ensure there is not a significant variance in sales or purchases which could have an impact on the inventory balance. No significant differences were noted. The following table summarizes this analysis:

	General Ledger Description	For the two months ended February 28, 2015					For the two months ended February 28, 2014				
		Plaza East	Plaza West	Plaza STT	Shopping Center	Totals	Plaza East	Plaza West	Plaza STT	Shopping Center	Totals
	Revenues										
40000	Revenue - Sales	\$5,602,943	\$5,418,908	\$4,883,647		\$15,905,499	\$ 5,667,095	\$5,227,918	\$5,032,871		\$ 15,927,884
40800	Revenue - Less Pharmacy Sales	(80,735)	(59,938)			(140,673)	(71,827)	(66,101)			(137,928)
41000	Revenue - Net Lotto Sales	7,105	2,464			9,568	7,606	4,106			11,712
42000	Revenue - Net Phone Card Sales	4,459	6,595			11,054	3,408	4,786			8,194
47000	Revenue - Miscellaneous Sales	10,826	9,054	2,730		22,611		3,817	4,581		8,398
48000	Revenue - Sales Discounts	(95,542)	(48,193)	(80,311)		(224,046)	(92,764)	(63,862)	(86,747)		(243,373)
49000	Revenue - Rental Income			6,500		6,500		6,500	180,378		186,878
	Total Revenues	\$5,449,056	\$5,328,890	\$4,806,067	\$ -	\$15,584,013	\$ 5,513,518	\$5,110,663	\$4,957,205	\$180,378	\$15,761,765
	Purchases/Cost of Sales										
50000	COS - Purchases	\$3,404,184	\$2,948,620	\$3,059,128		\$ 9,411,933	\$ 3,544,971	\$2,922,165	\$3,006,084		\$ 9,473,220
51000	COS - Freight Expense	168,955	215,119	191,733		575,807	163,172	216,813	183,638		563,623
52000	COS - Excise Tax Expense	3,553	88,933			92,487		47,363			47,363
52200	COS - US Customs Expense	21,917	25,129	74,892		121,939	578	25,192	51,739		77,509
52400	COS - Broker Fees			520		520			520		520
54000	COS - Supplies	1,222	8,963			10,184	778	16,246			17,023
58000	COS - Less Vendor Rebates	(9,393)	(378)	(834)		(10,605)	(1,357)	(37,438)			(38,795)
	Total Cost of Sales	\$3,590,438	\$3,286,386	\$3,325,440	\$ -	\$10,202,264	\$ 3,708,142	\$3,190,341	\$3,241,981	\$ -	\$10,140,464
	Gross Profit	\$1,858,618	\$2,042,504	\$1,480,627	\$ -	\$ 5,381,749	\$ 1,805,376	\$1,920,322	\$1,715,224	\$180,378	\$ 5,621,300

As the table shows there was an approximate \$178,000 difference in sales or 1.13% and approximately \$62,000 difference in purchases (cost of sales) or 0.61% which is not deemed to be a significant difference.

In addition, KR performed an overall gross profit analysis by store for the year to analytically review that if there were any significant differences between stores and investigate further as applicable. There were no significant differences noted. The following table summarizes gross margins for the year by store:

General Ledger Description	Plaza East	Plaza West	Plaza STT	Shopping Center	Totals
Revenue:					
Revenue - Less Pharmacy Sales	\$ (410,950)	\$ (408,168)	\$ -	\$ -	\$ (819,119)
Revenue - Miscellaneous Sales	60,798	114,281	29,636	-	204,715
Revenue - Net Lotto Sales	33,716	30,498	-	-	64,215
Revenue - Net Phone Card Sales	26,137	40,466	-	-	66,603
Revenue - Sales	33,541,033	31,969,092	30,352,664	-	95,862,788
Revenue - Sales Discounts	(543,803)	(456,662)	(445,499)	-	(1,445,965)
Revenue - Rental Income	-	-	40,900	1,073,129	1,114,029
Total Revenue	32,706,930	31,289,507	29,977,701	1,073,129	95,047,267
Cost of Goods Sold:					
COS - Broker Fees	-	-	3,380	-	3,380
COS - Excise Tax Expense	-	387,202	25	-	387,227
COS - Freight Expense	1,012,022	1,504,057	1,141,251	-	3,657,330
COS - Inventory Adjustments	(146,126)	(348,339)	(150,817)	-	(645,283)
COS - Less Vendor Rebates	(93,122)	(491,468)	(189,146)	-	(773,736)
COS - Purchases	21,511,834	20,637,777	19,150,796	-	61,300,408
COS - Supplies	778	56,186	1,442	-	58,406
COS - US Customs Expense	130,322	158,728	331,380	-	620,429
Total Cost of Goods Sold	\$ 22,415,708	\$ 21,904,143	\$ 20,288,311	\$ -	\$ 64,608,162
Gross Profit	\$ 10,291,222	\$ 9,385,364	\$ 9,689,390	\$ 1,073,129	\$ 30,439,105
Gross Profit Percentage	31.46%	30.00%	32.32%	100.00%	32.03%

The gross profit percentage variances between the stores are not significant and the overall gross profit is consistent with the prior year.

Investments Testing

In order to ascertain that the amount recorded by United related to investment income such as dividends and interest income is properly stated KRC obtained the monthly investment statements and agreed the related investment income to the financial statements. Specifically, KRC agreed the interest income (taxable and nontaxable), dividend income, capital gains/ (losses), foreign taxes paid and fees for 2014 to the total amount reported on all the monthly investment statements provided by Banco Popular. The following tables summarize the investment income recorded on the financial statements and the comparison to the Banco Popular statements:

General Ledger Description	Per Banco Popular Investment Account		
	Statements	F/S as of 12/13/14	Difference
Interest Income - Nontaxable	\$ 881,860	\$ 881,860	\$ -
Dividend Income	372,347	372,691	(345)
Foreign Taxes Paid	(3,141)	(3,141)	-
Broker & Account Mgt Fees	(258,765)	(258,832)	67
ST Cap Gain Distrib's - BPPR	4,072	4,072	-
LT Cap Gain Distrib's - BPPR	334,494	334,494	-
Total Investment Income	\$ 1,330,868	\$ 1,331,146	\$ (278)

Recalculation of Realized Gain	
	Per Financial Statements
Proceeds from Securities Sold	\$ 21,255,907
Cost of Securities Sold	(18,878,838)
Realized Gain Per F/S as of 12/31/14	\$ 2,377,069
	Per Banco Popular Investment Account Statements
Net LT Gain	\$ 2,320,862
Net ST Gain	56,208
Net Realized Gain on Investments	\$ 2,377,070
Difference	\$ (1)

There were no significant exceptions noted.

Rental Income Testing

KRC also tested rental income for the year by obtaining the rent roll schedule for the year, selecting four lease agreements and agreeing the rental amounts per the lease agreements to the rent roll schedule. KRC then traced the rental income per the rent roll schedule to the general ledger for every month in 2014 noting a net difference of \$3,370 for the year. KRC also agreed the rental income receivable and associated deferred rental income from the rent roll schedule to the general ledger noting a net difference of \$2,445 for the year. Neither of the differences was deemed to be significant for the year.

Source Data Testing Summary

As part of the monitoring engagement the Firm analyzed United's books and records and reviewed on a sample basis, against underlying source data. The following is a listing which summarizes all the source data reviewed by the Firm in its testing of the various areas of United as part of the monitoring engagement:

- W-2 payroll summary report
- POS system reports
- Bank statements
- Bank reconciliations
- Supporting documentation related to all disbursements to a “Hamed” or “Yusif”
- Supporting documentation including invoice and check copies related to payments made on credit cards
- Supporting documentation including check copies related to employee loans
- Supporting documentation including invoices and check copies for additionally selected disbursements to further review source data
- Supporting documentation for disbursements made to vendors judgmentally selected by the Firm
- Pharmacy sales reports provided from the third party pharmacy inside the Plaza Extra stores
- Inventory count performed by a third party
- Broker statements related to United’s investments
- Lease agreements related to United’s rental income for the shopping center

4. INDEPEDNET MONITOR'S QUALIFICATIONS

Steven M. Berwick, CPA, CVA, CITP, CFF
Principal, Kaufman Rossin
305.857.6708 | sberwick@kaufmanrossin.com

PROFESSIONAL EXPERIENCE

Kaufman Rossin | 1974 to present

Audit & Litigation Consulting Principal

Steve has extensive experience in lost profit calculations, commercial damage models, professional malpractice matters, and expert witness testimony. He has testified in numerous commercial litigation matters, and has qualified as an expert witness in various federal and state courts throughout the nation.

In addition, he has provided litigation consulting services to help companies address various phases of discovery, from evidence identification, preservation and collection to analysis, production and expert testimony.

Steve leads the Firm's technology department, supporting the Firm's growth through innovations that meet the needs of professionals and clients. He was named Technology Leader of the Year (CTO) by the Greater Miami Chamber of Commerce in 2008.

PROVIDED TESTIMONY AS EXPERT

- United States District Court, Southern District of Florida
- United States District Court, Western District of Kentucky
- Circuit Court, Dade County, Florida
- Circuit Court, Broward County, Florida
- Circuit Court, Palm Beach County, Florida
- Circuit Court, Pinellas County, Florida
- Circuit Court, Pasco County, Florida

AUTHOR AND LECTURER

- Litigation support services – Business Damages (lecturer)
- Accounting and auditing standards updates (lecturer)
- Accounting and auditing for the Construction Industry (lecturer)
- Financial Statement Disclosures Under SOP 94-6 and FAS 107 (article)
- Auditing Property and Casualty Insurers (article)

EDUCATION

Florida International University, B.B.A. in Accounting

- American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants Continuing Education Courses
- National Association of Certified Valuation Analysts, Professional Development Program

PROFESSIONAL QUALIFICATIONS

Certified Public Accountant (CPA), State of Florida, License No. 7694

American Institute of Certified Public Accountants (AICPA), Member

AICPA Valuation, Forensic Accounting and Litigation Services Section, Member

AICPA Information Technologies Section, Member

Florida Institute of Certified Public Accountants (FICPA), Member

Florida Institute of Certified Public Accountants, Quality Review Committee 1988-1989

FICPA, Accounting Principles and Auditing Standards Committee 1992-1997, Chairman 1995-1997

National Association of Certified Valuation Analysts (NACVA), (CVA) Member

Certified Information Technology Professional (CITP), AICPA

Certified in Financial Forensics (CFF), AICPA

Association of Certified E-Discovery Specialists (ACEDS), Member

Florida International University School of Accounting Advisory Board, Member

Contact information

Steve Berwick, CPA

Forensic and Valuation Services Principal

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www.kaufmanrossin.com

UNITED CORPORATION
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

ASSETS	2014	2013
CURRENT ASSETS		
Cash	\$ 788,970	\$ 8,556,902
Accounts receivable	205,044	123,551
Inventory	10,199,265	9,553,983
Prepaid expenses	329,030	296,637
Due from employees	84,345	78,606
Investments - Marketable securities	39,186,061	35,779,438
Total current assets	50,792,715	54,389,117
PROPERTY AND EQUIPMENT, NET	5,643,248	5,906,304
OTHER ASSETS	9,343,667	15,690,516
TOTAL ASSETS	\$65,779,631	\$75,985,937
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$5,121,513	\$5,471,032
Deferred income	43,239	-
Due to related parties	2,000,134	1,196,941
Total current liabilities	7,164,886	6,667,973
LONG-TERM LIABILITIES		
Due to Plaza Extra partnership	4,206,374	-
Tenant security deposits	36,530	31,980
Total long-term liabilities	4,242,904	31,980
TOTAL LIABILITIES	11,407,790	6,699,953
SHAREHOLDERS' EQUITY	54,371,841	69,285,984
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$65,779,631	\$75,985,937

Note: The financial information is summarized from the internally produced financial statements provided by the client.

UNITED CORPORATION
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
REVENUES	\$ 95,047,267	\$ 98,974,592
COSTS OF SALES	(64,608,162)	(66,312,648)
GROSS PROFIT	30,439,105	32,661,944
OPERATING EXPENSES	(28,150,804)	(28,387,362)
NET OPERATING INCOME	2,288,301	4,274,582
OTHER INCOME (EXPENSES)		
Non-operating income	4,827,032	2,793,644
Non-operating costs	(261,973)	(1,293,443)
Total other income (expenses)	4,565,059	1,500,201
NET INCOME, BEFORE PASSTHROUGH TO PARTNERSHIP	\$ 6,853,360	\$ 5,774,783

Note: The financial information is summarized from the internally produced financial statements provided by the client.

Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2014

Department of the Treasury
Internal Revenue Service

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

For calendar year 2014 or tax year beginning 2014, ending 2014, ending

A Selection effective date 01/01/99	TYPE OR PRINT	Name UNITED CORPORATION	D Employer identification number 66-0391237
B Business activity code number (see instrs) 445110		Number, street, and room or suite no. If a P.O. box, see instructions. P O BOX 763 CHRISTIANSTED	E Date incorporated 03/05/79
C Check if Schedule M-3 attached <input checked="" type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code ST CROIX VI 00821	F Total assets (see instructions) \$ 65,804,330.

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If 'Yes,' attach Form 2553 if not already filed

H Check if: (1) Final return (2) Name change (3) Address change
(4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year 6

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

INCOME	1 a Gross receipts or sales	1 a 93,974,138.		
	b Returns and allowances	1 b		
	c Balance. Subtract line 1b from line 1a		1 c 93,974,138.	
	2 Cost of goods sold (attach Form 1125-A)		2 64,608,162.	
	3 Gross profit. Subtract line 2 from line 1c		3 29,365,976.	
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)		4	
5 Other income (loss) (see instrs - att statement)	STMT		5 327,989.	
6 Total income (loss). Add lines 3 through 5.			6 29,693,965.	
DEDUCTIONS	7 Compensation of officers (see instructions - attach Form 1125-E)		7 572,000.	
	8 Salaries and wages (less employment credits)		8 9,443,690.	
	9 Repairs and maintenance		9 760,488.	
	10 Bad debts		10	
	11 Rents		11 1,132,144.	
	12 Taxes and licenses		12 5,599,524.	
	13 Interest		13	
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		14 225,281.	
	15 Depletion (Do not deduct oil and gas depletion.)		15	
	16 Advertising		16 209,108.	
	17 Pension, profit-sharing, etc, plans		17	
	18 Employee benefit programs		18 25,188.	
	19 Other deductions (attach statement)	STMT		19 13,510,334.
	20 Total deductions. Add lines 7 through 19			20 31,477,757.
	21 Ordinary business income (loss). Subtract line 20 from line 6			21 -1,783,792.
TAX AND PAYMENTS	22 a Excess net passive income or LIFO recapture tax (see instructions)	22 a		
	b Tax from Schedule D (Form 1120S)	22 b		
	c Add lines 22a and 22b (see instructions for additional taxes)		22 c	
	23 a 2014 estimated tax payments and 2013 overpayment credited to 2014	23 a		
	b Tax deposited with Form 7004	23 b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23 c		
	d Add lines 23a through 23c		23 d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached		24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed		25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid		26	
27 Enter amount from line 26 Credited to 2015 estimated tax <input type="checkbox"/> Refunded <input checked="" type="checkbox"/>		27		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: _____ Date: _____ Title: _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/Type preparer's name: JOHN GAFFNEY Preparer's signature: [Signature] Date: _____

Firm's name: JOHN GAFFNEY Check self-employed PTIN: P01410466

Firm's address: 3016 ORANGE GROVE 3R CHRISTIANSTED, VI 00821 Firm's EIN: _____

Phone no.: 305-332-7094

EXHIBIT B

Schedule B Other Information (see instructions)				Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____					
2 See the instructions and enter the: a Business activity. ▶ <u>RETAIL SALES</u> b Product or service. ▶ <u>GROCERIES</u>					
3 At any time during the tax year, was any shareholder of the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation					X
4 At the end of the tax year, did the corporation: a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below					X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%, Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made	
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below					X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum % Owned in Profit, Loss, or Capital	
5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "Yes," complete lines (i) and (ii) below.					X
(i) Total shares of restricted stock ▶ _____					
(ii) Total shares of non-restricted stock ▶ _____					
b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "Yes," complete lines (i) and (ii) below.					X
(i) Total shares of stock outstanding at the end of the tax year ▶ _____					
(ii) Total shares of stock outstanding if all instruments were executed ▶ _____					
6 Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?					X
7 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.					
8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$ _____					
9 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$ _____					
10 Does the corporation satisfy both of the following conditions?					
a The corporation's total receipts (see instructions) for the tax year were less than \$250,000					X
b The corporation's total assets at the end of the tax year were less than \$250,000 If "Yes," the corporation is not required to complete Schedules L and M-1.					
11 During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? If "Yes," enter the amount of principal reduction \$ _____					X
12 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions					X
13 a Did the corporation make any payments in 2014 that would require it to file Form(s) 1099?				X	
b If "Yes," did the corporation file or will it file required Forms 1099?				X	

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	-1,783,792.
	2 Net rental real estate income (loss) (attach Form 8825)	2	700,332.
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	141,236.
	5 Dividends: a Ordinary dividends	5a	0.
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	0.
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	191,699.	
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
10 Other income (loss) (see instructions) Type ▶	10		
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Charitable contributions STMT	12a	0.
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶	12c (2)	
d Other deductions (see instructions) Type ▶	12d		
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
	d Other rental real estate credits (see instrs) Type ▶	13d	
	e Other rental credits (see instrs) Type ▶	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type ▶	13g	
Foreign Transactions	14a Name of country or U.S. possession		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level	14c	
	Foreign gross income sourced at corporate level		
	d Passive category	14d	
	e General category	14e	
	f Other (attach statement)	14f	
	Deductions allocated and apportioned at shareholder level		
	g Interest expense	14g	
	h Other	14h	
	Deductions allocated and apportioned at corporate level to foreign source income		
	i Passive category	14i	
	j General category	14j	
	k Other (attach statement)	14k	
Other information			
l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l		
m Reduction in taxes available for credit (attach statement)	14m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	3,351.
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties — gross income	15d	
	e Oil, gas, and geothermal properties — deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	0.
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	0.
	d Distributions (attach stmt if required) (see instrs)	16d	8,809,459.
	e Repayment of loans from shareholders	16e	

EXHIBIT B

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Other Information	17a Investment income	17a	141,236.
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	0.
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	-750,525.

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		8,556,902.		788,970.
2a Trade notes and accounts receivable	123,551.		205,044.	
b Less allowance for bad debts		123,551.		205,044.
3 Inventories		9,553,983.		10,199,265.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach stmt) . . Ln 6. St . .		375,243.		378,375.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement) . Ln 9. St . .		40,939,320.		44,345,944.
10a Buildings and other depreciable assets	18,909,785.		18,934,349.	
b Less accumulated depreciation	13,003,481.	5,906,304.	13,291,101.	5,643,248.
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)		3,353,652.		3,353,652.
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach stmt) . . Ln 14. St . .		7,176,982.		889,832.
15 Total assets		75,985,937.		65,804,330.
Liabilities and Shareholders' Equity				
16 Accounts payable		4,865,245.		4,277,763.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach stmt) . Ln 18. St . .		605,787.		886,989.
19 Loans from shareholders		1,196,941.		2,024,834.
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach statement) . Ln 21. St . .		5,386,139.		4,242,904.
22 Capital stock		200,000.		200,000.
23 Additional paid-in capital		12,454,539.		12,454,539.
24 Retained earnings		51,677,286.		42,117,301.
25 Adjustments to shareholders' equity (all stmt)				
26 Less cost of treasury stock		400,000.		400,000.
27 Total liabilities and shareholders' equity		75,985,937.		65,804,330.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. The corporation may be required to file Schedule M-3 (see instructions)

<p>1 Net income (loss) per books</p> <p>2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):</p> <hr/> <p>3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 14I (itemize):</p> <p>a Depreciation \$ _____</p> <p>b Travel and entertainment . \$ _____</p> <hr/> <p>4 Add lines 1 through 3</p>	<p>5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):</p> <p>a Tax-exempt interest \$ _____</p> <hr/> <p>6 Deductions included on Schedule K, lines 1 through 12 and 14I, not charged against book income this year (itemize):</p> <p>a Depreciation . . \$ _____</p> <hr/> <p>7 Add lines 5 and 6</p> <p>8 Income (loss) (Schedule K, ln 18). Ln 4 less ln 7</p>
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Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	48,290,174.	3,387,112.	
2 Ordinary income from page 1, line 21			
3 Other additions : STMT.	1,033,267.	0.	
4 Loss from page 1, line 21	1,783,792.		
5 Other reductions : STMT.	1.		
6 Combine lines 1 through 5	47,539,648.	3,387,112.	
7 Distributions other than dividend distributions	8,809,459.	0.	0.
8 Balance at end of tax year. Subtract line 7 from line 6	38,730,189.	3,387,112.	0.

Form **8825**

(Rev December 2010)

Department of the Treasury
Internal Revenue Service

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

OMB No. 1545-1186

▶ See instructions.

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

Name UNITED CORPORATION	Employer identification number 66-0391237
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1	Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions. See page 2 to list additional properties.			
	Physical address of each property – street, city, state, ZIP code	Type – Enter code 1-8; see page 2 for list	Fair Rental Days	Personal Use Days
A	<u>SION FARM ST CROIX</u> <u>CHRISTIANSTED, VI 00820</u>	<u>4</u>	<u>365</u>	<u>0</u>
B	-----			
C	-----			
D	-----			

Rental Real Estate Income		Properties					
		A	B	C	D		
2	Gross rents	2	1,073,229.				
Rental Real Estate Expenses							
3	Advertising	3					
4	Auto and travel	4					
5	Cleaning and maintenance	5	5,996.				
6	Commissions	6					
7	Insurance	7	43,990.				
8	Legal and other professional fees	8	17,818.				
9	Interest	9					
10	Repairs	10	82,716.				
11	Taxes	11	82,857.				
12	Utilities	12	33,999.				
13	Wages and salaries	13					
14	Depreciation (see instructions)	14	62,339.				
15	Other (list) ▶ <u>CONTRACT LABOR</u>	15	33,503.				
	<u>NSF CHECK EXPENSE</u>		7,300.				
	<u>BANK CHARGES</u>		364.				
	* <u>STMT</u>		2,015.				
16	Total expenses for each property. Add lines 3 through 15	16	372,897.				
17	Income or (Loss) from each property. Subtract line 16 from line 2	17	700,332.				
18a	Total gross rents. Add gross rents from line 2, columns A through H	18a				1,073,229.	
18b	Total expenses. Add total expenses from line 16, columns A through H	18b				-372,897.	
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19					
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a					
	b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:						
	(1) Name	(2) Employer identification number					
	-----	-----					
	-----	-----					
21	Net rental real estate income (loss). Combine lines 18a through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4	21				700,332.	

Form **1125-A**

(Rev December 2012)

Department of the Treasury
Internal Revenue Service

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

OMB No. 1545-2225

Name UNITED CORPORATION	Employer identification number 66-0391237
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1 Inventory at beginning of year	1	9,553,983.
2 Purchases	2	61,300,408.
3 Cost of labor	3	
4 Additional section 263A costs (attach schedule)	4	
5 Other costs (attach schedule) : .STMT	5	3,953,036.
6 Total. Add lines 1 through 5	6	74,807,427.
7 Inventory at end of year	7	10,199,265.
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	64,608,162.

9a Check all methods used for valuing closing inventory:

- (i) Cost
- (ii) Lower of cost or market
- (iii) Other (Specify method used and attach explanation) . . . ▶

b Check if there was a writedown of subnormal goods ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

**SCHEDULE D
(Form 1120S)**

Capital Gains and Losses and Built-in Gains

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1120S.
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.
▶ Information about Schedule D and its separate instructions is at www.irs.gov/form1120s.

2014

Name UNITED CORPORATION	Employer identification number 66-0391237
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Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off the cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked	3,199,249.	3,138,969.		60,280.
2 Totals for all transactions reported on Form(s) 8949 with Box B checked	0.	60,280.		-60,280.
3 Totals for all transactions reported on Form(s) 8949 with Box C checked				
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37				4
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824				5
6 Tax on short-term capital gain included on line 23 below				6
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). Enter here and on Form 1120S, Schedule K, line 7 or 10				7 0.

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off the cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked	18,395,225.	15,739,870.	-563,563.	2,091,792.
9 Totals for all transactions reported on Form(s) 8949 with Box E checked	0.	2,404,565.		-2,404,565.
10 Totals for all transactions reported on Form(s) 8949 with Box F checked	1,004,472.	500,000.		504,472.
11 Long-term capital gain from installment sales from Form 6252, line 26 or 37				11
12 Long-term capital gain or (loss) from like-kind exchanges from Form 8824				12
13 Capital gain distributions (see instructions)				13
14 Tax on long-term capital gain included on line 23 below				14
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Enter here and on Form 1120S, Schedule K, line 8a or 10				15 191,699.

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 1120S.

Schedule D (Form 1120S) 2014

Department of the Treasury
Internal Revenue Service

Sales and Other Dispositions of Capital Assets

Information about Form 8949 and its separate instructions is at www.irs.gov/form8949.
File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

OMB No. 1545-0074

2014

Attachment
Sequence No. **12A**

Name(s) shown on return

SSN or taxpayer identification no.

UNITED CORPORATION

66-0391237

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part I Short-Term. Transactions involving capital assets you held 1 year or less are short term. For long-term transactions, see page 2.

Note. You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (B) Short-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- (C) Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold or disposed (Mo, day, yr)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	SECURITIES	Various	12/31/14	3,195,177.	3,138,969.			56,208.
	SECURITIES	Various	12/31/14	4,072.	0.			4,072.
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1b (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked)								
				3,199,249.	3,138,969.			60,280.

Note. If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

EXHIBIT B

Form 8949 (2014)

Attachment Sequence No. 12A Page 2

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side.

SSN or taxpayer identification no.

UNITED CORPORATION

66-0391237

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part II Long-Term. Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1.

Note. You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (E) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- (F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold or disposed (Mo, day, yr)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	SECURITIES	Various	12/31/14	4,361,028.	4,284,312.			76,716.
	SECURITIES	Various	12/31/14	13,699,703.	11,455,558.	E	-563,563.	1,680,582.
	SECURITIES	Various	12/31/14	334,494.	0.			334,494.
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) ▶				18,395,225.	15,739,870.		-563,563.	2,091,792.

Note. If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

Sales and Other Dispositions of Capital Assets

Information about Form 8949 and its separate instructions is at www.irs.gov/form8949. File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

2014

Attachment Sequence No. 12A

Department of the Treasury Internal Revenue Service

Name(s) shown on return

SSN or taxpayer identification no.

UNITED CORPORATION

66-0391237

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part I Short-Term. Transactions involving capital assets you held 1 year or less are short term. For long-term transactions, see page 2.

Note. You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
(B) Short-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
(C) Short-term transactions not reported to you on Form 1099-B

Table with 8 columns: (a) Description of property, (b) Date acquired, (c) Date sold or disposed, (d) Proceeds, (e) Cost or other basis, (f) Code(s) from instructions, (g) Amount of adjustment, (h) Gain or (loss). Includes entry for PASS VERBOUE TO PLAZA EXTRA PARTNERSHIP 66-0391237.

2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1b (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked).

EXHIBIT B

Form 8949 (2014)

Attachment Sequence No. 12A Page 2

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side.

SSN or taxpayer identification no.

UNITED CORPORATION

66-0391237

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part II **Long-Term.** Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1.

Note. You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (E) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- (F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold or disposed (Mo, day, yr)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	PASS TERRACE 70 PLAZA EXTRA PARTNERSHIP 66-918409	Various	12/31/14	0.	2,404,565.			-2,404,565.
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) ▶					0.	2,404,565.		-2,404,565.

Note. If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

Sales and Other Dispositions of Capital Assets

OMB No. 1545-0074

Department of the Treasury Internal Revenue Service

Information about Form 8949 and its separate instructions is at www.irs.gov/form8949. File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

2014

Attachment Sequence No. 12A

Name(s) shown on return

SSN or taxpayer identification no.

UNITED CORPORATION

66-0391237

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part I Short-Term. Transactions involving capital assets you held 1 year or less are short term. For long-term transactions, see page 2.

Note. You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
(B) Short-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
(C) Short-term transactions not reported to you on Form 1099-B

Table with 8 columns: (a) Description of property, (b) Date acquired, (c) Date sold or disposed, (d) Proceeds (sales price), (e) Cost or other basis, (f) Code(s) from instructions, (g) Amount of adjustment, (h) Gain or (loss). Includes a 'Totals' row at the bottom.

Note. If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

EXHIBIT B

Form 8949 (2014)

Attachment Sequence No. 12A Page 2

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side.

SSN or taxpayer identification no.

UNITED CORPORATION

66-0391237

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part II **Long-Term.** Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1.

Note. You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).

You **must** check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (E) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- (F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold or disposed (Mo, day, yr)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	BYORDER INVESTMENTS	05/19/00	03/17/14	1,004,472.	500,000.			504,472.
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) ▶				1,004,472.	500,000.			504,472.

Note. If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

EXHIBIT B

671113

OMB No. 1545-0123

**Schedule K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

2014

Final K-1

Amended K-1

For calendar year 2014, or tax
year beginning _____, 2014
ending _____,

Shareholder's Share of Income, Deductions, Credits, etc ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation	
A Corporation's employer identification number 66-0391237	
B Corporation's name, address, city, state, and ZIP code UNITED CORPORATION P O BOX 763 CHRISTIANSTED ST CROIX, VI 00821	
C IRS Center where corporation filed return U.S. VIRGIN ISLANDS	
Part II Information About the Shareholder	
D Shareholder's identifying number 580-09-1013	
E Shareholder's name, address, city, state, and ZIP code FATHI YUSUF P. O. BOX 763 CHRISTIANSTED St Croix, VI 00821	
F Shareholder's percentage of stock ownership for tax year. 36.00000 %	
FOR USE ONLY	

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	13	Credits
	-1,783,792.		
2	Net rental real estate income (loss)		
	252,120.		
3	Other net rental income (loss)		
4	Interest income		
	50,843.		
5 a	Ordinary dividends		
	0.		
5 b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
	0.		
8 a	Net long-term capital gain (loss)		
	69,011.		
8 b	Collectibles (28%) gain (loss)		
8 c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	1,205.
11	Section 179 deduction	16	Items affecting shareholder basis
		A	0.
12	Other deductions		
A	0.	C	0.
		D	3,171,406.
		17	Other information
		A	50,843.

*See attached statement for additional information.

Sch K-1, Credit Details

Sch K-1, Supporting Details

**Form 8825 Rental Income/Loss Details
For Reporting Purposes**

SION FARM ST CROIX, Property Type 4

Property type: 4 Commercial

252,120.

EXHIBIT B

671113

OMB No. 1545-0123

**Schedule K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

2014

Final K-1

Amended K-1

For calendar year 2014, or tax
year beginning _____, 2014
ending _____

Shareholder's Share of Income, Deductions, Credits, etc ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation	
A Corporation's employer identification number 66-0391237	
B Corporation's name, address, city, state, and ZIP code UNITED CORPORATION P O BOX 763 CHRISTIANSTED ST CROIX, VI 00821	
C IRS Center where corporation filed return U.S. VIRGIN ISLANDS	
Part II Information About the Shareholder	
D Shareholder's identifying number 580-13-9331	
E Shareholder's name, address, city, state, and ZIP code FAWZIA YUSUF P. O. BOX 763 CHRISTIANSTED St Croix, VI 00821	
F Shareholder's percentage of stock ownership for tax year. 36.00000 %	
FOR IRS USE ONLY	

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	13	Credits
	0.		
2	Net rental real estate income (loss)		
	252,120.		
3	Other net rental income (loss)		
4	Interest income		
	50,845.		
5a	Ordinary dividends		
	0.		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
	0.		
8a	Net long-term capital gain (loss)		
	69,012.		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	1,206.
11	Section 179 deduction	16	Items affecting shareholder basis
		A	0.
12	Other deductions		
A	0.	C	0.
		D	3,171,405.
		17	Other information
		A	50,845.

*See attached statement for additional information.

Sch K-1, Credit Details

Sch K-1, Supporting Details

**Form 8825 Rental Income/Loss Details
For Reporting Purposes**

SION FARM ST CROIX, Property Type 4

Property type: 4 Commercial

252,120.

EXHIBIT B

671113

OMB No. 1545-0123

Schedule K-1
(Form 1120S)
Department of the Treasury
Internal Revenue Service

2014

Final K-1

Amended K-1

For calendar year 2014, or tax
year beginning _____, 2014
ending _____.

Shareholder's Share of Income, Deductions, Credits, etc ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation	
A Corporation's employer identification number 66-0391237	
B Corporation's name, address, city, state, and ZIP code UNITED CORPORATION P O BOX 763 CHRISTIANSTED ST CROIX, VI 00821	
C IRS Center where corporation filed return U.S. VIRGIN ISLANDS	
Part II Information About the Shareholder	
D Shareholder's identifying number 580-25-3925	
E Shareholder's name, address, city, state, and ZIP code ZAYED F. YUSUF P. O. BOX 763 CHRISTIANSTED St Croix, VI 00821	
F Shareholder's percentage of stock ownership for tax year. 7.00000 %	
FOR IRS USE ONLY	

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	13	Credits
	0.		
2	Net rental real estate income (loss)		
	49,023.		
3	Other net rental income (loss)		
4	Interest income		
	9,887.		
5 a	Ordinary dividends		
	0.		
5 b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
	0.		
8 a	Net long-term capital gain (loss)		
	13,419.		
8 b	Collectibles (28%) gain (loss)		
8 c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	235.
11	Section 179 deduction	16	Items affecting shareholder basis
		A	0.
12	Other deductions		
	0.	C	0.
		D	616,662.
		17	Other information
		A	9,887.

*See attached statement for additional information.

Sch K-1, Credit Details

Sch K-1, Supporting Details

**Form 8825 Rental Income/Loss Details
For Reporting Purposes**

SION FARM ST CROIX, Property Type 4

Property type: 4 Commercial

49,023.

Schedule K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

2014

Final K-1

Amended K-1

For calendar year 2014, or tax
year beginning _____, 2014
ending _____.

Shareholder's Share of Income, Deductions, Credits, etc ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
66-0391237

B Corporation's name, address, city, state, and ZIP code
UNITED CORPORATION
P O BOX 763 CHRISTIANSTED
ST CROIX, VI 00821

C IRS Center where corporation filed return
U.S. VIRGIN ISLANDS

Part II Information About the Shareholder

D Shareholder's identifying number
580-21-9738

E Shareholder's name, address, city, state, and ZIP code
YUSUF F. YUSUF
P. O. BOX 763 CHRISTIANSTED
St Croix, VI 00821

F Shareholder's percentage of stock ownership for tax year. 7.00000 %

FOR IRS USE ONLY

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	13	Credits	0.
2	Net rental real estate income (loss)			49,023.
3	Other net rental income (loss)			
4	Interest income			9,887.
5 a	Ordinary dividends			0.
5 b	Qualified dividends	14	Foreign transactions	
6	Royalties			
7	Net short-term capital gain (loss)			0.
8 a	Net long-term capital gain (loss)			13,419.
8 b	Collectibles (28%) gain (loss)			
8 c	Unrecaptured section 1250 gain			
9	Net section 1231 gain (loss)			
10	Other income (loss)	15	Alternative minimum tax (AMT) items	235.
		A		
11	Section 179 deduction	16	Items affecting shareholder basis	0.
		A		
12	Other deductions			0.
A		C		
		D		616,662.
		17	Other information	9,887.
		A		

*See attached statement for additional information.

Sch K-1, Credit Details

Sch K-1, Supporting Details

**Form 8825 Rental Income/Loss Details
For Reporting Purposes**

SION FARM ST CROIX, Property Type 4

Property type: 4 Commercial

49,023.

Schedule K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

2014

Final K-1

Amended K-1

For calendar year 2014, or tax
year beginning _____, 2014
ending _____.

Shareholder's Share of Income, Deductions, Credits, etc ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation	
A Corporation's employer identification number 66-0391237	
B Corporation's name, address, city, state, and ZIP code UNITED CORPORATION P O BOX 763 CHRISTIANSTED ST CROIX, VI 00821	
C IRS Center where corporation filed return U.S. VIRGIN ISLANDS	
Part II Information About the Shareholder	
D Shareholder's identifying number 580-17-0046	
E Shareholder's name, address, city, state, and ZIP code MAHER F. YUSUF P. O. BOX 763 CHRISTIANSTED St Croix, VI 00821	
F Shareholder's percentage of stock ownership for tax year. 7.00000 %	
FOR USE ONLY	

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	13	Credits
	0.		
2	Net rental real estate income (loss)		
	49,023.		
3	Other net rental income (loss)		
4	Interest income		
	9,887.		
5 a	Ordinary dividends		
	0.		
5 b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
	0.		
8 a	Net long-term capital gain (loss)		
	13,419.		
8 b	Collectibles (28%) gain (loss)		
8 c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	235.
11	Section 179 deduction	16	Items affecting shareholder basis
		A	0.
12	Other deductions		
A	0.	C	0.
		D	616,662.
		17	Other information
		A	9,887.

*See attached statement for additional information.

Sch K-1, Credit Details

Sch K-1, Supporting Details

**Form 8825 Rental Income/Loss Details
For Reporting Purposes**

SION FARM ST CROIX, Property Type 4

Property type: 4 Commercial

49,023.

EXHIBIT B

671113

OMB No. 1545-0123

**Schedule K-1
(Form 1120S)**

Department of the Treasury
Internal Revenue Service

2014

Final K-1

Amended K-1

For calendar year 2014, or tax
year beginning _____, 2014
ending _____.

Shareholder's Share of Income, Deductions, Credits, etc ▶ See page 2 of form and separate instructions.

Part I Information About the Corporation	
A Corporation's employer identification number 66-0391237	
B Corporation's name, address, city, state, and ZIP code UNITED CORPORATION P O BOX 763 CHRISTIANSTED ST CROIX, VI 00821	
C IRS Center where corporation filed return U.S. VIRGIN ISLANDS	
Part II Information About the Shareholder	
D Shareholder's identifying number 580-25-3840	
E Shareholder's name, address, city, state, and ZIP code NEJEH F. YUSUF P. O. BOX 763 CHRISTIANSTED St Croix, VI 00821	
F Shareholder's percentage of stock ownership for tax year. 7.00000 %	
FOR USE ONLY	

Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	13	Credits
	0.		
2	Net rental real estate income (loss)		
	49,023.		
3	Other net rental income (loss)		
4	Interest income		
	9,887.		
5a	Ordinary dividends		
	0.		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
	0.		
8a	Net long-term capital gain (loss)		
	13,419.		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
		A	235.
11	Section 179 deduction	16	Items affecting shareholder basis
		A	0.
12	Other deductions	C	0.
	0.	D	616,662.
17	Other information	A	9,887.

*See attached statement for additional information.

Sch K-1, Credit Details

Sch K-1, Supporting Details

**Form 8825 Rental Income/Loss Details
For Reporting Purposes**

SION FARM ST CROIX, Property Type 4

Property type: 4 Commercial

49,023.

SCHEDULE M-3
(Form 1120S)

Net Income (Loss) Reconciliation for S Corporations
With Total Assets of \$10 Million or More

OMB No. 1545-0123

2014

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1120S.
▶ Information about Sch M-3 (Form 1120S) and its separate instructions is at www.irs.gov/form1120s.

Name of corporation

Employer identification number

UNITED CORPORATION

66-0391237

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

1 a Did the corporation prepare a certified audited non-tax-basis income statement for the period ending with or within this tax year?
(See instructions if multiple non-tax-basis income statements are prepared.)

- Yes. Skip line 1b and complete lines 2 through 11 with respect to that income statement.
 No. Go to line 1b.

b Did the corporation prepare a non-tax-basis income statement for that period?

- Yes. Complete lines 2 through 11 with respect to that income statement.
 No. Skip lines 2 through 3b and enter the corporation's net income (loss) per its books and records on line 4a.

2 Enter the income statement period: Beginning _____ Ending _____

3 a Has the corporation's income statement been restated for the income statement period on line 2?

- Yes. (If 'Yes', attach an explanation and the amount of each item restated.)
 No.

b Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2?

- Yes. (If 'Yes', attach an explanation and the amount of each item restated.)
 No.

4 a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 **4a** -750,525.

b Indicate accounting standard used for line 4a (see instructions):

- (1) GAAP (2) IFRS
(3) Tax-basis (4) Other (specify) _____

5 a Net income from nonincludible foreign entities (attach statement) **5 a**

b Net loss from nonincludible foreign entities (attach statement and enter as a positive amount) **5 b**

6 a Net income from nonincludible U.S. entities (attach statement) **6 a**

b Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount) **6 b**

7 a Net income (loss) of other foreign disregarded entities (attach statement) **7 a**

b Net income (loss) of other U.S. disregarded entities (except qualified subchapter S subsidiaries) (attach statement) **7 b**

c Net income (loss) of other qualified subchapter S subsidiaries (QSubs)(attach statement) **7 c**

8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement) **8**

9 Adjustment to reconcile income statement period to tax year (attach statement) **9**

10 Other adjustments to reconcile to amount on line 11 (attach statement) **10**

11 Net income (loss) per income statement of the corporation. Combine lines 4 through 10 **11** -750,525.
Note. Part I, line 11, must equal Part II, line 26, column (a) or Schedule M-1, line 1 (see instructions).

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
a Included on Part I, line 4	72,759,314.	18,387,474.
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Name of corporation

Employer identification number

UNITED CORPORATION

66-0391237

Part II Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return (see instructions)

Income (Loss) Items (Attach statements for lines 1 through 10)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Gross foreign distributions previously taxed				
5 Income (loss) from equity method U.S. corporations		0.	0.	
6 U.S. dividends not eliminated in tax consolidation				
7 Income (loss) from U.S. partnerships				
8 Income (loss) from foreign partnerships				
9 Income (loss) from other pass-through entities				
10 Items relating to reportable transactions				
11 Interest income (see instructions)	141,236.	0.	0.	141,236.
12 Total accrual to cash adjustment				
13 Hedging transactions				
14 Mark-to-market income (loss)				
15 Cost of goods sold (see instructions)				
16 Sale versus lease (for sellers and/or lessors)				
17 Section 481(a) adjustments				
18 Unearned/deferred revenue				
19 Income recognition from long-term contracts				
20 Original issue discount and other imputed interest				
21 a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	191,699.			
b Gross capital gains from Schedule D, excluding amounts from pass-through entities		0.	0.	191,699.
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach statement)				
g Other gain/loss on disposition of assets other than inventory				
22 Other income (loss) items with differences (attach statement)				
23 Total income (loss) items. Combine lns 1 through 22	332,935.	0.	0.	332,935.
24 Total expense/deduction items (from Part III, ln 32)		0.	0.	0.
25 Other items with no differences	-1,083,460.			-1,083,460.
26 Reconciliation totals. Combine lines 23 through 25	-750,525.	0.	0.	-750,525.

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120S, Schedule K, line 18.

Name of corporation

Employer identification number

UNITED CORPORATION

66-0391237

Part III Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return – Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense				
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Equity-based compensation				
8 Meals and entertainment			0.	0.
9 Fines and penalties				
10 Judgments, damages, awards, and similar costs				
11 Pension and profit-sharing				
12 Other post-retirement benefits				
13 Deferred compensation				
14 Charitable contribution of cash and tangible property				
15 Charitable contribution of intangible property				
16 Current year acquisition or reorganization investment banking fees				
17 Current year acquisition or reorganization legal and accounting fees				
18 Current year acquisition/reorganization other costs				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs				
22 Reserved				
23 a Depletion – Oil and Gas				
b Depletion – Other than Oil and Gas				
24 Depreciation		0.		0.
25 Bad debt expense				
26 Interest expense (see instructions)				
27 Corporate owned life insurance premiums				
28 Purchase versus lease (for purchasers and/or lessees)				
29 Research and development costs				
30 Section 118 exclusion (all stml)				
31 Other expense/deduction items with differences (attach statement)				
32 Total expense/deduction items. Combine lines 1 through 31. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive		0.	0.	0.

Form 1125-E

(Rev. December 2013)
 Department of the Treasury
 Internal Revenue Service

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120S.
 ▶ Information about Form 1125-E and its separate instructions is at www.irs.gov/form1125e.

OMB No. 1545-2225

Name **UNITED CORPORATION** Employer identification number **66-0391237**

Note. Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of total receipts.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	FATHI YUSUF	580-09-1013	100.0 %	%	%	286,000.
	MAHER YUSUF	580-17-0046	100.0 %	%	%	286,000.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
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			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2 Total compensation of officers						572,000.
3 Compensation of officers claimed on Form 1125-A or elsewhere on return						
4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of your tax return						572,000.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 1125-E (Rev. 12-2013)

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

2014

Department of the Treasury Internal Revenue Service (99)

Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Attachment Sequence No. 179

Name(s) shown on return

Identifying number

UNITED CORPORATION

66-0391237

Business or activity to which this form relates

Form 1120S Line 21

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

Table with 5 main rows for Part I. Row 1: Maximum amount (500,000). Row 2: Total cost of section 179 property. Row 3: Threshold cost of section 179 property (2,000,000). Row 4: Reduction in limitation. Row 5: Dollar limitation for tax year. Row 6-13: Detailed table for listed property with columns (a) Description, (b) Cost, (c) Elected cost, and rows 7-13 for various property types and calculations.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

Table with 3 rows for Part II. Row 14: Special depreciation allowance. Row 15: Property subject to section 168(f)(1) election. Row 16: Other depreciation (including ACRS) (816).

Part III MACRS Depreciation (Do not include listed property.)

Section A

Table with 2 rows for Section A. Row 17: MACRS deductions for assets placed in service in tax years beginning before 2014 (218,743). Row 18: If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.

Section B - Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 19a 3-year property, b 5-year property, c 7-year property, d 10-year property, e 15-year property, f 20-year property, g 25-year property, h Residential rental property, i Nonresidential real property.

Section C - Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System

Table with 3 rows for Section C. Row 20a Class life, b 12-year, c 40-year.

Part IV Summary (See instructions.)

Table with 3 rows for Part IV. Row 21: Listed property. Row 22: Total. Row 23: For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24 a Do you have evidence to support the business/investment use claimed? Yes No 24b If 'Yes,' is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25
26 Property used more than 50% in a qualified business use:								
AUTOS	05/31/03	100.00	31,250.	31,250.	5.00	200 DB-HY	1,775.	
2005 TOYOTA CAMRY	10/27/04	100.00	25,800.	15,190.	5.00	200 DB-HY	0.	
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1								28 1,775.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2014 tax year (see instructions):					
43 Amortization of costs that began before your 2014 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

Attach to your tax return.

2014

Department of the Treasury Internal Revenue Service (99)

Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Attachment Sequence No. 179

Name(s) shown on return

Identifying number

UNITED CORPORATION

66-0391237

Business or activity to which this form relates

Form 8825 SION FARM ST CROIX, Property Type 4

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

Table with 5 main rows for Part I. Line 1: Maximum amount (500,000). Line 2: Total cost of section 179 property. Line 3: Threshold cost (2,000,000). Line 4: Reduction in limitation. Line 5: Dollar limitation for tax year. Line 6-13: Detailed table for listed property with columns for description, cost, and elected cost.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

Table with 3 rows for Part II. Line 14: Special depreciation allowance. Line 15: Property subject to section 168(f)(1) election. Line 16: Other depreciation (including ACRS).

Part III MACRS Depreciation (Do not include listed property.)

Section A

Table with 2 rows for Section A. Line 17: MACRS deductions for assets placed in service in tax years beginning before 2014 (60,564). Line 18: If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.

Section B - Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 3-year, 5-year, 7-year, 10-year, 15-year, 20-year, 25-year, Residential rental, and Nonresidential real property.

Section C - Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System

Table with 6 columns: (a) Class life, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 12-year and 40-year classes.

Part IV Summary (See instructions.)

Table with 3 rows for Part IV. Line 21: Listed property (1,775). Line 22: Total (62,339). Line 23: For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24 a Do you have evidence to support the business/investment use claimed? Yes No 24b If 'Yes,' is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25	
26 Property used more than 50% in a qualified business use:									
AUTO	08/31/07	100.00	101,355.	101,355.	5.00	200 DB-HY	1,775.		
27 Property used 50% or less in a qualified business use:									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1								28	1,775.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29	

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2014 tax year (see instructions):					
43 Amortization of costs that began before your 2014 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form 1120S, Page 1, Line 5
Other Income (Loss)

CASH OVERAGE	55,183.
OTHER INCOME	272,806.
Total	327,989.

Form 1120S, Page 1, Line 19
Other Deductions

ACCOUNTING FEES	540,129.
AUTO EXPENSE	6,378.
BANK CHARGES	55,103.
CASH SHORTAGE EXPENSE	2,468.
COMPUTER SUPPLIES EXPENSE	3,146.
CONTRACT LABOR EXPENSE	26,769.
DUES AND SUBSCRIPTION	372.
INSURANCE - EMPR HEALTH	355,540.
INSURANCE - GENERAL LIABILITY	361,772.
INSURANCE - PROPERTY	309,910.
INSURANCE - WORKERS COMP	87,309.
LEGAL FEES	1,610,674.
MERCHANT FEES - MC VISA AMEX	751,888.
MERCHANT FEES - TELECHECK	18,056.
NSF CHECK EXPENSE	28,137.
OFFICE SUPPLIES	60,008.
POSTAGE	5,193.
PHYSICAL INVENTORY EXPENSE	107,495.
SECURITY EXPENSE	43,060.
TELEPHONE EXPENSE	47,266.
TRASH REMOVAL	71,348.
TRAVEL EXPENSE	24,757.
UTILITIES - ELECTRIC	5,216,687.
UTILITIES - GAS & DIESEL	76,999.
UTILITIES - WATER	30,540.
PASS THROUGH TO PLAZA EXTRA PARTNERSHIP 66-0818409	3,669,330.
Total	13,510,334.

Other Current Assets:
 1120S, Schedule L, Line 6

Other Current Assets:	Beginning of tax year	End of tax year
PREPAID EXPENSES	296,637.	329,030.
DUE FROM EMPLOYEES	78,606.	49,345.
Total	375,243.	378,375.

Other Investments:
1120S, Schedule L, Line 9

Other Investments:	Beginning of tax year	End of tax year
INVESTMENTS	35,443,059.	38,849,683.
INVESTMENTS-LAUNDROM	159,883.	159,883.
INVESTMENT - MERRILL	336,378.	336,378.
INVESTMENTS - MATTRE	5,000,000.	5,000,000.
Total	40,939,320.	44,345,944.

Other Assets:
1120S, Schedule L, Line 14

Other Assets:	Beginning of tax year	End of tax year
DUE FROM AFFILIATES	6,744,019.	0.
DEPOSITS	57,963.	115,986.
DUE FROM BYORDER		464,146.
DUE FROM ROYAL FURNI	375,000.	250,000.
DUE FROM HANNUN		35,000.
DUE FROM HAMEDS		24,700.
Total	7,176,982.	889,832.

Other Current Liabilities:
1120S, Schedule L, Line 18

Other Current Liabilities:	Beginning of tax year	End of tax year
ACRUED EXPENSES	81,886.	225,000.
ACCRUED GROSS RECEIPTS TAX	446,997.	440,404.
PAYROLL TAXES PAYABL	76,904.	178,346.
DEFERRED INCOME		43,239.
Total	605,787.	886,989.

Other Liabilities:
1120S, Schedule L, Line 21

Other Liabilities:	Beginning of tax year	End of tax year
TENANT SECURITY DEPO	31,980.	36,530.
DUE TO PLAZA EXTRA	5,354,159.	4,206,374.
Total	5,386,139.	4,242,904.

Form 1120S, Page 3, Schedule K, Line 12a
Charitable Contributions

A	CHARITABLE CONTRIBUTIONS	22,604.
A	PASS THROUGH TO PLAZA EXTRA PARTNERSHIP 66-0818409	-22,604.
Total		<u>0.</u>

Form 1120S, Page 3, Schedule K, Line 16d
List of Property Distributed

Date property was acquired	Date property was distributed	Fair market value on date of distribution	Basis in the property
Various	12/31/14	140,720.	140,720.
Various	12/31/14	1,598,689.	1,598,689.
Various	12/31/14	4,504,610.	4,504,610.
Various	12/31/14	282,720.	282,720.
Total		<u>6,526,739.</u>	<u>6,526,739.</u>

Form 1120S, Page 5, Schedule M-2, Line 3
Schedule M-2, Other Additions

NET INCOME FROM RENTAL REAL ESTATE	700,332.	
INTEREST INCOME	141,236.	
NET LONG-TERM CAPITAL GAIN	191,699.	
TAX EXEMPT INTEREST		0.
Total	<u>1,033,267.</u>	<u>0.</u>

Form 1120S, Page 5, Schedule M-2, Line 5
Schedule M-2, Other Reductions

ROUNDING	1.	
Total	<u>1.</u>	

Form 8825, Page 1, Line 15
Other Expenses Stmt

Other (list) ▶				
POSTAGE	49.			
RENTAL EXPENSE	1,966.			
Total	<u>2,015.</u>			

Form 1125, Line 5
Other Costs Statement

FREIGHT EXPENSE	3,657,330.
EXCISE TAX EXPENSE	387,227.
US CUSTOMS EXPENSE	620,429.

Form 1125, Line 5
Other Costs Statement

Continued

<u>BROKER FEES</u>	<u>3,380.</u>
<u>SUPPLIES</u>	<u>58,406.</u>
<u>VENDOR REBATES</u>	<u>-773,736.</u>
Total	<u>3,953,036.</u>

Supporting Statement of:

Form 1120S p1-2/Meals and Ent 50% allow.

Description	Amount
MEALS AND ENTERTAINMENT	2,059.
PASS THROUGH TO PLAZA EXTRA PARTNERSHIP 66-0818409	-2,059.
Total	<u>0.</u>

Supporting Statement of:

Form 1120S p3-5/Sch K, Line 4, Others

Description	Amount
INTEREST INCOME	381,058.
PASS THROUGH TO PLAZA EXTRA PARTNERSHIP 66-0818409	-239,822.
Total	<u>141,236.</u>

Supporting Statement of:

Form 1120S p3-5/Sch K, Ln 5a ord div oth

Description	Amount
DIVIDEND INCOME	372,691.
PASS THROUGH TO PLAZA EXTRA PARTNERSHIP 66-0818409	-372,691.
Total	<u>0.</u>

Supporting Statement of:

Form 1120S p3-5/Sch K, Line 16a others

Description	Amount
TAX EXEMPT INTEREST INCOME	881,860.
PASS THROUGH TO PLAZA EXTRA PARTNERSHIP 66-0818409	-881,860.
Total	<u>0.</u>

UNITED CORPORATION
2014 BANCO POPULAR INVESTMENT ANALYSIS

YTD through: 12/31/14

	Begin Value 12/31/2013	Securities Transfers	Additions (Withdrawals)	Income	Taxes, Fees & Expenses	Other Activity	Change in Inv Value	Ending Value 12/31/14	Unrealized Gain (Loss)	Cost or Basis YTD
PSF-001422	2,732.11		(2,732.27)	0.17	(17,540.81)	(0.01)	193,844.13	-	-	-
PSF-002763	6,562,360.28	(6,496,624.90)	(339,329.36)	97,290.66	(54,162.81)	(54,162.81)	64,438.36	10,655,232.78	463,919.04	10,191,313.74
PSP-055360	10,186,532.49			458,424.74	(51,357.77)	(51,357.77)	380,859.79	10,867,651.62	679,858.78	10,187,792.84
PSP-055379	10,121,145.62			417,003.98	(37,700.50)	(37,700.50)	291,981.97	0.01	-	0.01
PSV-004901	4,279,105.11	(4,597,944.46)	(785,850.91)	64,557.89	(33,800.01)	(33,800.01)	(75,178.70)	-	-	-
PSV-004910	4,219,370.08	(3,631,573.09)	(785,850.91)	307,032.63	(13,757.73)	(13,757.73)	2,829.82	-	-	-
PSV-004928	1,421,934.88	(1,410,939.91)	(1,410,939.91)	0.02	(53,585.98)	(67.08)	(375,906.79)	18,058,558.72	(412,017.40)	18,470,576.12
PSV-004936	974,248.46	10,128,197.99	7,136,796.91	248,808.13						
PSV-004944										
	37,767,429.03	-	-	1,593,118.22	(156,385.03)	(105,587.67)	482,868.58	39,581,443.13	731,760.42	38,849,682.71

	Taxable		Non-Taxable		Short Term Distributions		Long Term Distributions		Foreign		Account
	Dividends	Interest	Return of Capital	Interest	Gains	Losses	Gains	Losses	Tax Paid	Fees	
PSF-001422	0.17	-	-	-	-	-	-	-	-	(0.01)	(0.01)
PSF-002763	97,290.66	-	-	-	-	-	-	-	-	(17,540.81)	(17,540.81)
PSP-055360	28.90	-	-	458,395.84	-	-	-	-	-	(54,162.81)	(54,162.81)
PSP-055379	25.83	-	-	416,978.15	-	-	-	-	-	(51,357.77)	(51,357.77)
PSV-004901	58,071.51	-	6,486.38	-	-	-	-	-	(3,141.04)	(34,559.46)	(34,559.46)
PSV-004910	16,046.87	-	-	-	3,537.82	-	287,447.94	-	-	(33,800.01)	(33,800.01)
PSV-004928	0.02	-	-	-	-	-	47,046.43	-	-	(13,757.73)	(13,757.73)
PSV-004936	201,227.53	-	-	-	534.17	-	-	-	-	(53,585.98)	(53,585.98)
PSV-004944	-	-	-	-	-	-	-	-	-	-	-
	372,691.49	-	6,486.38	875,373.99	4,071.99	-	334,494.37	-	(3,141.04)	(258,764.58)	(258,764.58)

Description	Disposed	Proceeds	Basis	Net Gain (Loss)	Net ST Gain (Loss)	Net LT Gain (Loss)	Gross Short-Term		Gross Long-Term	
							Gains	Losses	Gains	Losses
PSF-001422	YTD 2014	-	-	-	-	-	-	-	-	-
PSF-002763	YTD 2014	-	-	-	-	-	-	-	-	-
PSP-055360	YTD 2014	2,126,041.34	1,991,420.16	134,621.18	-	134,621.18	-	134,621.18	-	-
PSP-055379	YTD 2014	1,629,094.82	1,586,082.40	43,012.42	-	43,012.42	-	45,462.92	-	(2,450.50)
PSV-004901	YTD 2014	4,965,473.14	3,305,629.21	1,659,843.93	29,258.96	1,630,584.97	35,024.30	1,638,740.40	(5,765.34)	(8,155.43)
PSV-004910	YTD 2014	-	-	-	-	-	-	-	-	-
PSV-004928	YTD 2014	1,419,158.02	1,271,433.14	147,724.88	7,825.85	139,899.03	7,825.85	139,899.03	-	-
PSV-004936	YTD 2014	11,116,139.71	10,724,273.54	391,866.17	19,122.77	372,743.40	21,154.82	(2,032.05)	(68,440.75)	(68,440.75)
PSV-004944	YTD 2014	-	-	-	-	-	-	-	-	-
1099 Proceeds -->		21,255,907.03	18,878,838.45	2,377,068.58	56,207.58	2,320,861.00	64,004.97	(7,797.39)	2,399,907.68	(79,046.68)

UNITED CORPORATION
2014 BANCO POPULAR INVESTMENT ANALYSIS

Settle Date	Trx	Description	Remarks	Quantity	Proceeds	Cost Basis	Gain (Loss)	ST Gain		LT Gain		Short-Term		Long Term	
								(Loss)	(Loss)	(Loss)	(Loss)	Gains	Losses	Gains	Losses
01/14/14	SOLD	ST LAWRENCE CNTY NY	LT	350000	395,451.94	366,184.17	29,267.77	-	-	(Loss)	-	Gains	Losses	Gains	Losses
02/10/14	SOLD	ATLANTA GA ARTP REV	LT	250000	282,127.17	281,091.44	21,035.73	-	-	21,035.73	-	-	-	21,035.73	-
04/16/14	SOLD	TARGET CORP EXEC	LT	3180	186,438.95	194,594.38	(8,155.43)	-	-	(8,155.43)	-	-	-	-	(8,155.43)
05/13/14	SOLD	FLORIDA ST BRD ED PUB	LT	350000	403,773.09	378,752.09	25,020.91	-	-	25,020.91	-	-	-	25,020.91	-
06/11/14	SOLD	BAXTER INTL INC EXEC	LT	3247	239,454.46	219,287.77	20,166.69	-	-	20,166.69	-	-	-	20,166.69	-
06/24/14	SOLD	VIRGINI ST HSG DEV	LT	475000	476,320.35	478,770.85	(2,450.50)	-	-	(2,450.50)	-	-	-	-	(2,450.50)
08/29/14	SOLD	ACCENTURE PLC CLS A	LT	2722	220,558.78	120,329.10	80,229.68	-	-	80,229.68	-	-	-	80,229.68	-
08/29/14	SOLD	CANADIAN NAT'L RAIL	LT	3884	279,646.08	122,798.49	156,847.59	-	-	156,847.59	-	-	-	156,847.59	-
08/29/14	SOLD	COLGATE-PALMOLIVE CO	LT	3371	217,829.20	145,231.79	72,597.41	-	-	72,597.41	-	-	-	72,597.41	-
08/29/14	SOLD	FACTSET RESEARCH SYS	LT	1771	225,738.71	158,624.57	67,114.14	-	-	67,114.14	-	-	-	67,114.14	-
08/29/14	SOLD	GRAINGER WW INC	LT	755	185,753.07	115,344.15	70,408.92	-	-	70,408.92	-	-	-	70,408.92	-
08/29/14	SOLD	HORMEL FOODS CORP	LT	4760	241,442.80	126,491.77	114,951.03	-	-	114,951.03	-	-	-	114,951.03	-
08/29/14	SOLD	MAGELLAN MIDSTREAM	LT	3530	295,811.70	105,782.10	190,029.60	-	-	190,029.60	-	-	-	190,029.60	-
08/29/14	SOLD	MEDTRONIC INC	LT	3754	238,992.74	123,985.61	115,007.13	-	-	115,007.13	-	-	-	115,007.13	-
08/29/14	SOLD	NIKE INC CLASS B	LT	2770	217,591.71	114,624.00	102,967.71	-	-	102,967.71	-	-	-	102,967.71	-
08/29/14	SOLD	NOVO-NORDISK AS ADR	LT	1000	45,953.98	19,332.34	26,621.64	-	-	26,621.64	-	-	-	26,621.64	-
08/29/14	SOLD	NOVO-NORDISK AS ADR	LT	1000	45,952.98	19,341.74	26,611.24	-	-	26,611.24	-	-	-	26,611.24	-
08/29/14	SOLD	NOVO-NORDISK AS ADR	LT	2989	137,371.40	57,801.28	79,570.12	-	-	79,570.12	-	-	-	79,570.12	-
08/29/14	SOLD	NOVO-NORDISK AS ADR	LT	756	34,744.99	14,616.50	20,128.49	-	-	20,128.49	-	-	-	20,128.49	-
08/29/14	SOLD	PETSMART INC UNSOL	LT	2656	190,454.10	196,219.44	(5,765.34)	-	(5,765.34)	-	-	-	(5,765.34)	-	-
08/29/14	SOLD	PRAXAIR INC AVERAGE	LT	1653	217,285.35	153,679.17	63,606.18	-	-	63,606.18	-	-	-	63,606.18	-
08/29/14	SOLD	T ROWE PRICE GROUP	LT	2754	222,749.06	128,301.80	94,447.26	-	-	94,447.26	-	-	-	94,447.26	-
08/29/14	SOLD	SCRIPPS NETWORKS INT	ST	100	7,977.82	7,370.81	607.01	607.01	-	-	607.01	-	-	-	-
08/29/14	SOLD	SCRIPPS NETWORKS INT	ST	100	7,977.82	7,370.81	607.01	607.01	-	-	607.01	-	-	-	-
08/29/14	SOLD	SCRIPPS NETWORKS INT	ST	100	7,977.82	7,370.81	607.01	607.01	-	-	607.01	-	-	-	-
08/29/14	SOLD	SCRIPPS NETWORKS INT	ST	1100	87,755.95	82,079.47	5,676.48	5,676.48	-	-	5,676.48	-	-	-	-
08/29/14	SOLD	SCRIPPS NETWORKS INT	ST	262	20,901.86	19,311.52	1,590.34	1,590.34	-	-	1,590.34	-	-	-	-
08/29/14	SOLD	SCRIPPS NETWORKS INT	ST	100	7,977.82	7,370.81	607.01	607.01	-	-	607.01	-	-	-	-
08/29/14	SOLD	SCRIPPS NETWORKS INT	ST	700	55,844.69	51,738.48	4,106.21	4,106.21	-	-	4,106.21	-	-	-	-
08/29/14	SOLD	TIX COMPANIES INC EX	LT	3540	210,910.65	98,757.68	112,152.97	-	-	112,152.97	-	-	-	112,152.97	-
08/29/14	SOLD	TORONTO-DOMINION BK	LT	100	5,255.88	4,204.04	1,051.84	-	-	1,051.84	-	-	-	1,051.84	-
08/29/14	SOLD	TORONTO-DOMINION BK	LT	100	5,255.88	4,204.05	1,051.83	-	-	1,051.83	-	-	-	1,051.83	-
08/29/14	SOLD	TORONTO-DOMINION BK	LT	1397	73,416.31	58,730.51	14,685.80	-	-	14,685.80	-	-	-	14,685.80	-
08/29/14	SOLD	TORONTO-DOMINION BK	LT	2626	138,003.75	110,398.22	27,605.53	-	-	27,605.53	-	-	-	27,605.53	-
08/29/14	SOLD	TORONTO-DOMINION BK	LT	291	15,292.87	12,233.77	3,059.10	-	-	3,059.10	-	-	-	3,059.10	-
08/29/14	SOLD	US BANCORP DEL COM	LT	4759	200,793.95	162,318.54	38,475.41	-	-	38,475.41	-	-	-	38,475.41	-
08/29/14	SOLD	UNITEDHEALTH GROUP	ST	3141	271,666.30	251,050.08	20,616.22	20,616.22	-	-	20,616.22	-	-	-	-
08/29/14	SOLD	WALGREEN COMPANY	LT	3580	216,442.01	122,712.02	93,729.99	-	-	93,729.99	-	-	-	93,729.99	-
08/29/14	SOLD	XILINK INC UNSOL	LT	4273	180,273.88	134,650.78	45,623.10	-	-	45,623.10	-	-	-	45,623.10	-
09/03/14	SOLD	PENNSYLVANIA ST TPK	LT	225000	250,496.50	239,218.21	11,278.29	-	-	11,278.29	-	-	-	11,278.29	-
09/05/14	SOLD	ROYCE PENNSYLVANIA	ST	95953.889	1,419,158.02	1,271,433.14	147,724.88	7,825.85	7,825.85	139,899.03	-	-	-	139,899.03	-
09/08/14	SOLD	ABERDEEN TOTAL RET	LT	76856.118	1,032,946.23	1,032,946.23	-	-	-	-	-	-	-	-	-
09/08/14	SOLD	DOUBLELINE TOTAL RET	ST	47666.156	523,374.39	539,815.04	(16,440.65)	(819.84)	(819.84)	(15,620.81)	-	-	(819.84)	-	(15,620.81)
09/08/14	SOLD	HARBOR INT'L INSTITUT	LT	4652.046	335,877.72	297,405.30	38,472.42	-	-	38,472.42	-	-	-	38,472.42	-
09/08/14	SOLD	OAKMARK INT'L CL I	LT	10538.787	275,483.89	234,909.56	40,574.33	-	-	40,574.33	-	-	-	40,574.33	-
09/08/14	SOLD	PIMCO LOW DURATION	ST	10374.738	107,378.54	106,930.26	448.28	425.67	425.67	22.61	-	-	-	22.61	-
09/08/14	SOLD	PIMCO TOTAL RETURN	ST	116575.048	1,277,662.53	1,303,084.26	(25,421.73)	(702.09)	(702.09)	(24,719.64)	-	-	(702.09)	-	(24,719.64)
09/08/14	SOLD	PIMCO UNCONSTRAINED	ST	155001.703	1,759,269.33	1,741,509.81	17,759.52	17,759.52	17,759.52	-	-	-	-	17,759.52	-
09/08/14	SOLD	PIMCO INFL RSPNS MULT	ST	76705.75	767,057.50	787,542.47	(20,484.97)	(77.25)	(77.25)	(20,407.72)	-	-	(77.25)	-	(20,407.72)

EXHIBIT B

Settle Date	Trx	Description	Remarks	Quantity	Proceeds	Cost Basis	Gain (Loss)	ST Term		Long Term		
								Gain (Loss)	Losses	Gain	Losses	
09/08/14	SOLD	RUSSELL GL OPPORTUN	ST	23310.392	236,367.37	244,458.55	(8,091.18)	(398.60)	-	(398.60)	-	
09/09/14	SOLD	RUSSELL GL OPPORTUN	ST	93.379	945.00	979.27	(34.27)	(34.27)	-	(34.27)	-	
09/10/14	SOLD	DAVIS NEW YORK VENT	LT	88445.521	3,647,493.29	3,346,677.52	300,815.77	-	-	-	300,815.77	
09/10/14	SOLD	AMERICAN EUROPACIFIC	LT	7025.489	353,803.63	297,740.23	56,063.40	-	-	-	56,063.40	
09/10/14	SOLD	TEMPLETON GLOBAL	ST	59454.973	798,480.29	790,275.04	8,205.25	2,969.63	2,969.63	-	5,235.62	
09/18/14	SOLD	GILBERT ARIZ GO BDS	LT	350000	405,269.06	374,747.55	30,521.51	-	-	-	30,521.51	
10/14/14	SOLD	MICHIGAN FIN AUTH REV	LT	575000	666,946.94	638,670.15	28,276.79	-	-	-	28,276.79	
10/15/14	SOLD	MASSACHUSETTS ST GO	LT	250000	274,310.92	260,589.01	13,721.91	-	-	-	13,721.91	
12/09/14	SOLD	EL PASO TEX INDPT SCH	LT	350000	388,923.67	371,426.70	17,496.97	-	-	-	17,496.97	
12/17/14	SOLD	FLORIDA ST ED SYS UNIV	LT	200000	211,516.61	208,052.39	3,464.22	-	-	-	3,464.22	
				1099 Proceeds --->	21,255,907.03	18,878,838.45	2,377,068.58	56,207.58	2,320,861.00	(7,797.39)	2,399,907.68	(79,046.68)
					7,556,204.97	7,423,280.88				(7,797.39)	145,157.26	(68,440.75)
					13,699,702.06	11,455,557.57				-	2,254,750.42	(10,605.93)
					21,255,907.03	18,878,838.45				(7,797.39)	2,399,907.68	(79,046.68)

SHORT TERM TRX'S
LONG TERM TRX'S

EXHIBIT B

UNITED CORPORATION
SUMMARY OF INCOME TRANSFERS BETWEEN RELATED COMPANIES
FYE 12/31/14

ORIGINATING ENTITY:	TARGET ENTITY:	
UNITED CORPORATION	PLAZA EXTRA SUPERMARKET	
FEIN: 66-0391237	FEIN: 66-0818409	

			PRE-TRANSFER TOTALS	UNITED CORP ADJUSTED	PLAZA EXTRA ADJUSTED
BOOK NET INCOME			6,853,360	(750,525)	7,603,885
FORM 1120S	FORM 1065	PRO-RATA SHARE ITEMS			
SCH K, LINE 1	SCH K, LINE 1	ORDINARY INCOME	1,884,508	(1,783,792)	3,668,300
SCH K, LINE 2	SCH K, LINE 2	NET RENTAL R/E INCOME	700,332	700,332	-
SCH K, LINE 4	SCH K, LINE 5	INTEREST INCOME	381,058	141,236	239,822
SCH K, LINE 5a	SCH K, LINE 6a	DIVIDENDS - ORDINARY	372,691	-	372,691
SCH K, LINE 7	SCH K, LINE 8	NET SHORT-TERM CAP GAIN	60,280	-	60,280
SCH K, LINE 8a	SCH K, LINE 9a	NET LONG-TERM CAP GAIN	3,159,827	191,699	2,968,128
SCH K, LINE 12a	SCH K, LINE 13a	CHARITABLE CONTRIBUTIONS	(22,604)	-	(22,604)
SCH K, LINE 12d	SCH K, LINE 13d	OTHER INVESTMENT EXPENSES	(563,563)	-	(563,563)
			5,972,529	(750,525)	6,723,054
SCH K, LINE 16b	SCH K, LINE 18a	OTHER TAX-EXEMPT INCOME	881,860	-	881,860
SCH K, LINE 16c	SCH K, LINE 18c	NONDEDUCTIBLE EXPENSES	(1,029)	-	(1,029)
			880,831	-	880,831
TAX NET INCOME			6,853,360	(750,525)	7,603,885
RECONCILING DIFFERENCE			-	-	-

MEMO:
AS A RESULT OF ONGOING LITIGATION INVOLVING UNITED CORPORATION (ORIGINATING ENTITY) AND ITS SHAREHOLDERS CONCERNING THE EXISTENCE OF PLAZA EXTRA PARTNERSHIP (TARGET ENTITY), CERTAIN ACTIONS HAVE BEEN TAKEN AND AGREED TO FACILITATE WINDING UP THE PARTNERSHIP. ATTACHED ARE RELEVANT DOCUMENTS TO SUBSTANTIATE THAT THE PARTIES HAVE AGREED TO TREAT A PORTION OF UNITED CORPORATION'S ACTIVITIES AS BELONGING TO PLAZA EXTRA PARTNERSHIP FOR TAX PURPOSES WITH AN EFFECTIVE DATE OF JANUARY 1, 2013 AND CONTINUING THEREAFTER UNTIL LITIGATION IS CONCLUDED OR A PARTNERSHIP LIQUIDATION OCCURS. ACCOUNTING AND REPORTING OF ALL ACTIVITIES WILL REMAIN CONSISTENT WITHIN UNITED CORPORATION. THE ABOVE SCHEDULE PROVIDES THE DETAIL TRANSFER AMOUNTS FROM THE ORIGINATING ENTITY TO THE TARGET ENTITY FOR 2014.

**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX**

MOHAMMAD HAMED, by his)	
authorized agent WALEED HAMED,)	
	)	CIVIL NO. SX-12-CV-370
Plaintiff/Counterclaim Defendant,)	
	)	ACTION FOR DAMAGES,
vs.	)	INJUNCTIVE RELIEF
	)	AND DECLARATORY RELIEF
FATHI YUSUF and UNITED CORPORATION,)	
)	
Defendants/Counterclaimants,)	
)	
vs.)	
	)	JURY TRIAL DEMANDED
WALEED HAMED, WAHEED HAMED,)	
MUFEEED HAMED, HISHAM HAMED, and)	
PLESSEN ENTERPRISES,)	
)	
Additional Counterclaim Defendants.)	
)	
)	

14 JUN -2 P 6:14

**OPPOSITION TO PLAINTIFF'S RENEWED MOTION FOR PARTIAL SUMMARY
JUDGMENT AS TO THE EXISTENCE OF A PARTNERSHIP**

Defendants Fathi Yusuf ("Yusuf") and United Corporation ("United") (collectively, the "Defendants"), through their undersigned counsel, respectfully submit this Opposition to "Plaintiff's Renewed Motion for Partial Summary Judgment as to the Existence of a Partnership" filed on May 8, 2014 (the "Motion"). The Motion should be summarily denied for the following reasons:

1. Plaintiff is by this motion seeking a partial summary judgment in the form of a declaratory judgment that there exists a partnership for the operation of the Plaza Extra stores. The Virgin Islands Declaratory Judgment Act is set forth at V.I. Code Ann. tit. 5, § 1261 et seq. Section 1271 of the Act provides that the act is to "so interpreted and construed as to . . . harmonize, as far as possible, with federal laws and regulations on the subject of declaratory judgments and decrees." See also Estate of George v. George, 50 V.I. 268, 274 (V.I. 2008)

DUDLEY, TOPPER
AND FEUERZEIG, LLP
1000 Frederiksborg Gate
P.O. Box 756
St Thomas, U.S. VI 00804-0756
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Case No. SX-12-CV-370
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Contrary to the clear requirements of LRCI 56.1(a)(1), the Motion was not accompanied by a brief, affidavits, statement of material facts about which Plaintiff contends there is no genuine issue, or any supporting documents other than two unauthenticated emails, one of which did not even stand for the proposition for which it was cited.¹ Accordingly, the Motion should be summarily denied for its failure to comply with the applicable procedures regarding summary judgment motions.

5. Second, although Plaintiff claims that he "sought a declaration of the existence of the partnership pursuant to the Uniform Partnership Act," see Motion at p. 2, no such relief was specifically sought in his First Amended Complaint. While Plaintiff may have sought "declaratory . . . relief as to his rights," see ¶ 37 of the First Amended Complaint, he never requested a declaration of the existence of the partnership pursuant to the Uniform Partnership Act or any other partnership law that may apply.

6. In any event, there is no need for the declaration of the existence of the partnership since there is no longer any controversy regarding that subject given Yusuf's concession in his Memorandum In Support Of Motion To Appoint Master For Judicial Supervision Of Partnership Winding Up Or, In The Alternative, To Appoint Receiver To Wind Up Partnership (the "Memorandum") at ¶ 7 and the definition of "Partnership" set forth at § 1.23 of the Plan For Winding Up Partnership attached as Exhibit A to the Memorandum. Since April 7, 2014, there is no longer any controversy that there was a partnership between Yusuf and Hamed to carry on as co-owners the business of the Plaza Extra Stores. This position was also stated by counsel for Defendants on the record at the telephonic hearing held on May 29, 2014.

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¹ Plaintiff claims the email attached as Exhibit 1 "unequivocally stat[ed] that the three Plaza Extra stores had always been a partnership." See Motion at p. 2. A simple reading of Exhibit 1 reveals no such unequivocal statement.

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX

MOHAMMAD HAMED, by his	)	CIVIL NO. SX-12-CV-370
authorized agent WALEED HAMED,)	
	)	ACTION FOR DAMAGES,
Plaintiff/Counterclaim Defendant,	)	INJUNCTIVE RELIEF
	)	AND DECLARATORY RELIEF
vs.)	
	)	JURY TRIAL DEMANDED
FATHI YUSUF and UNITED CORPORATION,)	
)	
Defendants/Counterclaimants,)	
)	
vs.)	
)	
WALEED HAMED, WAHEED HAMED,)	
MUFEED HAMED, HISHAM HAMED, and)	
PLESSEN ENTERPRISES, INC.,)	
)	
Additional Counterclaim Defendants)	

MEMORANDUM IN SUPPORT OF
MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION
OF PARTNERSHIP WINDING UP OR,
IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP PARTNERSHIP

Defendants/counterclaimants Fathi Yusuf ("Yusuf") and United Corporation ("United") (collectively, the "Defendants"), respectfully submit this Memorandum in Support of their Motion To Appoint Master For Judicial Supervision Of Partnership Winding Up Or, In the Alternative, To Appoint Receiver To Wind Up Partnership (the "Motion").

FACTUAL AND PROCEDURAL BACKGROUND

1. On September 17, 2012, plaintiff/counterclaim defendant Mohammed Hamed ("Hamed" or "Plaintiff") filed his complaint in this matter. Hamed filed his first amended complaint ("FAC") on October 19, 2012. The FAC alleges, among other things, that Hamed and Yusuf formed a partnership to own and operate a supermarket business comprised of three supermarket stores located in Sion Farm, St. Croix, Estate Plessen, St. Croix, and Tutu Park, St.

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they hired as managerial employees because they were nephews of ...Yusuf's wife") See December 5, 2013 Order Denying Motion for Partial Summary Judgment, p. 6.

4. This Court also preliminarily found that "[o]n March 13, 2012, through counsel, Yusuf sent a Proposed Partnership Dissolution Agreement to Hamed, which described the history and context of the parties' relationship, including the formation of an oral partnership agreement to operate the supermarkets, by which they shared profits and losses." Hamed v. Yusuf, 58 V.I. at 126; see also Yusuf v. Hamed, 2013 V.I. Supreme LEXIS 67, * 4 ("A few months later, Yusuf informed Mohammad Hamed of his intention to end their business relationship, sending a proposed "Dissolution of Partnership" agreement to Hamed on March 12, 2012.').

5. In its April 25, 2013 Memorandum Opinion, this Court noted the following:

Neither party has sought and the Court has not considered the prospect of appointing a receiver or bringing in any other outsider to insure that the joint management and control of the partnership is maintained. Rather, notwithstanding the animosity that exists between the parties, they are left to work out issues of equal management and control themselves as they have done successfully over the years.

Hamed v. Yusuf, 58 V.I. at 136-137.

6. On December 23, 2013, Defendants filed their Answer and Counterclaim, which, among other things, denied the existence of the partnership as alleged in the FAC. Defendants filed a First Amended Counterclaim on January 13, 2014. Although Defendants denied the existence of any partnership as alleged in the FAC, they pled in the alternative in the event a partnership is nevertheless found to exist. See, e.g., First Amended Counterclaim at ¶ 12.

7. Given the animosity between the parties noted by this Court, Yusuf's complete lack of trust in Hamed, and Yusuf's unwillingness to continue to carry on any business

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relationship whatsoever with Hamed, Yusuf now concedes for the purposes of this case that he and Hamed entered into a partnership to carry on the business of the Plaza Extra Stores and to share equally the net profits from the operation of the Plaza Extra Stores.

ARGUMENT

I. THE PARTNERSHIP HAS BEEN DISSOLVED AND ITS BUSINESS MUST BE WOUND UP.

As provided in the Uniform Partnership Act, V.I. Code Ann. tit. 26, §§ 1-274

("UPA"):

A partnership is dissolved, and its business must be wound up, only upon the occurrence of the following events:

- (1) in a partnership at will, the partnership's having notice from a partner other than a partner who is dissociated under Section 121, subsections (2) through (10) of this chapter, of that partner's express will to withdraw as a partner, or on a later date specified by the partner[.]

UPA § 171(1).

Here, the partnership has either already been dissolved or is dissolved by virtue of this filing. Therefore, assuming *arguendo* that Hamed's retirement from the partnership in 1996 or counsel for Yusuf's March 12, 2012 notice of intent to end the partnership did not dissolve the partnership by operation of law, then clearly paragraph 7, above, sets forth Yusuf's "express will to withdraw as a partner," thus dissolving the partnership, if it had not already been dissolved.

Pursuant to UPA § 172(a):

Subject to subsection (b) of this section, a partnership continues after dissolution *only* for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX

MOHAMMAD HAMED, by his)
 authorized agent WALEED HAMED,)
)
 Plaintiff/Counterclaim Defendant,)
)
 vs.)
)
 FATHI YUSUF and UNITED CORPORATION,)
)
 Defendants/Counterclaimants,)
)
 vs.)
)
 WALEED HAMED, WAHEED HAMED,)
 MUFEEED HAMED, HISHAM HAMED, and)
 PLESSEN ENTERPRISES, INC.,)
)
 Additional Counterclaim Defendants)

CIVIL NO. SX-12-CV-370
 ACTION FOR DAMAGES,
 INJUNCTIVE RELIEF
 AND DECLARATORY RELIEF
 JURY TRIAL DEMANDED


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 P5:01

**MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION OF PARTNERSHIP
 WINDING UP OR, IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP
 PARTNERSHIP**

Defendants/counterclaimants Fathi Yusuf ("Yusuf") and United Corporation ("United") (collectively, the "Defendants"), respectfully move this Court to appoint a Master to supervise the winding up of the partnership at issue by Yusuf pursuant to the Plan submitted with the motion or appointing a Receiver to effect the wind up and provide such further relief as is just and proper under the circumstances. In support of this motion, the Court is respectfully referred to the accompanying memorandum and proposed order.

DUDLEY, TOPPER and FEUERZEIG, LLP

Dated: April 4, 2014

By: 
 Gregory H. Hodges (V.I. Bar No. 174)
 1000 Frederiksberg Gade - P.O. Box 756
 St. Thomas, VI 00804
 Telephone: (340) 715-4405
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Page 2 of 2

and

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Attorneys for Fathi Yusuf and United Corporation

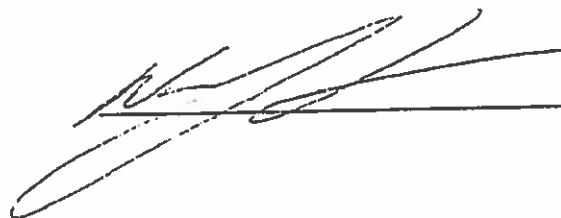
CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of April, 2014, I caused the foregoing MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION OF PARTNERSHIP WINDING UP OR, IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP PARTNERSHIP to be served upon the following via e-mail:

Joel H. Holt, Esq.
LAW OFFICES OF JOEL H. HOLT
2132 Company Street
Christiansted, V.I. 00820
Email: holtvi@aol.com

Carl Hartmann, III, Esq.
5000 Estate Coakley Bay, #L-6
Christiansted, VI 00820
Email: carl@carlhartmann.com

Mark W. Eckard, Esq.
Eckard, P.C.
P.O. Box 24849
Christiansted, VI 00824
Email: mark@markeckard.com



Form **1065**

U.S. Return of Partnership Income
For calendar year 2014, or tax year beginning _____, 2014,
ending _____, 20_____.

OMB No. 1545-0123

2014

Department of the Treasury
Internal Revenue Service

Information about Form 1065 and its separate instructions is at www.irs.gov/form1065.

A Principal business activity RETAIL SALES	Type or Print	Name of partnership PLAZA EXTRA PARTNERSHIP	D Employer identification no. 66-0818409
B Principal product or service GROCERIES		Number, street, and room or suite number. If a P.O. box, see the instructions. P O BOX 763 CHRISTIANSTED	E Date business started 01/01/13
C Business code number 445110		City or town, state or province, country, and ZIP or foreign postal code Christiansted VI 00821	F Total assets (see the instrs) \$ 4,206,374.

G Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return
(6) Technical termination — also check (1) or (2)

H Check accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year _____ **2**

J Check if Schedules C and M-3 are attached

Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

I N C O M E	1 a Gross receipts or sales	1 a		
	b Returns and allowances	1 b		
	c Balance. Subtract line 1b from line 1a		1 c	
	2 Cost of goods sold (attach Form 1125-A)		2	
	3 Gross profit. Subtract line 2 from line 1c		3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)		4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))		5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		6	
7 Other income (loss) (attach statement) STMT.		7	3,669,330.	
8 Total Income (loss). Combine lines 3 through 7		8	3,669,330.	
S E E I N S T R S F O R L I M I T A T I O N S	9 Salaries and wages (other than to partners) (less employment credits)		9	
	10 Guaranteed payments to partners		10	
	11 Repairs and maintenance		11	
	12 Bad debts		12	
	13 Rent		13	
	14 Taxes and licenses		14	
	15 Interest		15	
	16 a Depreciation (if required, attach Form 4562)	16 a		
	b Less depreciation reported on Form 1125-A and elsewhere on return.	16 b	16 c	
	17 Depletion (Do not deduct oil and gas depletion.)		17	
	18 Retirement plans, etc.		18	
	19 Employee benefit programs		19	
	20 Other deductions (attach statement) MEALS AND ENTERTAINMENT. (50%).		20	1,030.
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20		21	1,030.
22 Ordinary business income (loss). Subtract line 21 from line 8		22	3,668,300.	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager _____ Date _____

May the IRS discuss this return with the preparer shown below (see instrs)? Yes No

Paid Preparer Use Only

Print/Type preparer's name JOHN GAFFNEY	Preparer's signature <i>John Gaffney</i>	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN P01410466
Firm's name JOHN GAFFNEY			Firm's EIN	
Firm's address 3016 ORANGE GROVE 38 CHRISTIANSTED, VI 00821			Phone no. 305-332-7094	

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:				Yes	No
a <input checked="" type="checkbox"/> Domestic general partnership	b <input type="checkbox"/> Domestic limited partnership				
c <input type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership				
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other ▶				
2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?					X
3 At the end of the tax year:					
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership.					X
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership.				X	
4 At the end of the tax year, did the partnership:					
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below.					X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock		
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below					X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital	
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details					X
6 Does the partnership satisfy all four of the following conditions?					
a The partnership's total receipts for the tax year were less than \$250,000.					
b The partnership's total assets at the end of the tax year were less than \$1 million.					
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.					
d The partnership is not filing and is not required to file Schedule M-3					X
If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.					
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?					X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?					X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?					X
10 At any time during calendar year 2014, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If 'Yes,' enter the name of the foreign country. ▶					X

EXHIBIT C

Schedule B Other Information (continued)

	Yes	No
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12 a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instrs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶	<input type="checkbox"/>	<input type="checkbox"/>
16 Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶	<input type="checkbox"/>	<input type="checkbox"/>
18 a Did you make any payments in 2014 that would require you to file Form(s) 1099? See instructions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If 'Yes,' did you or will you file required Form(s) 1099?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶	<input type="checkbox"/>	<input type="checkbox"/>
20 Enter the number of partners that are foreign governments under section 892. ▶	<input type="checkbox"/>	<input type="checkbox"/>

Designation of Tax Matters Partner (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	▶ FATHI YUSUF	Identifying number of TMP	▶ 580-09-1013
If the TMP is an entity, name of TMP representative	▶	Phone number of TMP	▶
Address of designated TMP	▶ P. O. BOX 763 Christiansted, VI 00821		

EXHIBIT C

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	3,668,300.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss) 3a		
	b Expenses from other rental activities (attach stmt) 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a 3c		
	4 Guaranteed payments	4	
	5 Interest income	5	239,822.
	6 Dividends: a Ordinary dividends 6a		372,691.
	b Qualified dividends 6b		
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 8		60,280.
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) 9a		2,968,128.	
b Collectibles (28%) gain (loss) 9b			
c Unrecaptured section 1250 gain (attach statement) 9c			
10 Net section 1231 gain (loss) (attach Form 4797) 10			
11 Other income (loss) (see instructions) Type ▶ 11			
Deductions	12 Section 179 deduction (attach Form 4562) 12		
	13a Contributions Cash contributions (50%) 13a		22,604.
	b Investment interest expense 13b		
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶ 13c (2)		
d Other deductions (see instructions) Type ▶ BROKERAGE FEES 13d		563,563.	
Self-Employment	14a Net earnings (loss) from self-employment 14a		3,668,300.
	b Gross farming or fishing income 14b		
	c Gross nonfarm income 14c		3,669,330.
Credits	15a Low-income housing credit (section 42(j)(5)) 15a		
	b Low-income housing credit (other) 15b		
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable) 15c		
	d Other rental real estate credits (see instructions) Type ▶ 15d		
	e Other rental credits (see instructions) Type ▶ 15e		
	f Other credits (see instructions) Type ▶ 15f		
Foreign Transactions	16a Name of country or U.S. possession . . . ▶ 16a		
	b Gross income from all sources 16b		
	c Gross income sourced at partner level 16c		
	Foreign gross income sourced at partnership level		
	d Passive category ▶ e General category ▶ f Other ▶ 16f		
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶ 16h		
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ k Other ▶ 16k		
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> 16l		
m Reduction in taxes available for credit (attach statement) 16m			
n Other foreign tax information (attach statement) 16n			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment 17a		
	b Adjusted gain or loss 17b		
	c Depletion (other than oil and gas) 17c		
	d Oil, gas, and geothermal properties — gross income 17d		
	e Oil, gas, and geothermal properties — deductions 17e		
	f Other AMT items (attach stmt) 17f		
Other Information	18a Tax-exempt interest income 18a		881,860.
	b Other tax-exempt income 18b		
	c Nondeductible expenses 18c		1,029.
	19a Distributions of cash and marketable securities 19a		8,751,671.
	b Distributions of other property 19b		
	20a Investment income 20a		612,513.
b Investment expenses 20b		563,563.	
c Other items and amounts (attach stmt) 20c			

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l						1	6,723,054.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other	
a General partners . . .			6,723,054.				
b Limited partners . . .							

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach stmt)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach stmt)				
9a	Buildings and other depreciable assets				
b	Less accumulated depreciation				
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach stmt)		5,354,154.		4,206,374.
14	Total assets		5,354,154.		4,206,374.
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach stmt)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach stmt)				
21	Partners' capital accounts		5,354,154.		4,206,374.
22	Total liabilities and capital		5,354,154.		4,206,374.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. The partnership may be required to file Schedule M-3 (see instructions).

1 Net income (loss) per books	7,603,885.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest . . . \$	881,860.
-----			881,860.
3 Guaranteed pmts (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a Depreciation . . . \$	
a Depreciation . . . \$		8 Add lines 6 and 7	881,860.
b Travel and entertainment . . . \$	1,029.	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	6,723,054.
5 Add lines 1 through 4	7,604,914.		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	5,354,154.	6 Distributions: a Cash	8,751,671.
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	7,603,885.	-----	
4 Other increases (itemize):		8 Add lines 6 and 7	8,751,671.
• STMT	6.	9 Balance at end of year. Subtract line 8 from line 5	4,206,374.
5 Add lines 1 through 4	12,958,045.		

**SCHEDULE B-1
(Form 1065)**

(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

**Information on Partners Owning 50% or
More of the Partnership**

▶ Attach to Form 1065. See instructions.

OMB No. 1545-0099

Name of partnership PLAZA EXTRA PARTNERSHIP	Employer identification number (EIN) 66-0818409
---	---

Part I Entitles Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

Part II Individuals or Estates Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
MOHAMMAD HAMED	580-02-9872	US	50.0000
FATHI YUSUF	580-09-1013	US	50.0000

Schedule D
(Form 1065)

OMB No. 1545-0123

Capital Gains and Losses

2014

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1065 or Form 8865. ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.
▶ Information about Schedule D (Form 1065) and its separate instructions is at www.irs.gov/form1065.

Name of partnership

PLAZA EXTRA PARTNERSHIP

Employer identification number

66-0818409

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked	60,280.	0.		60,280.
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37			4	
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824			5	
6 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts			6	
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). Enter here and on Form 1065, Schedule K, line 8 or 11; or Form 8865, Schedule K, line 8 or 11			7	60,280.

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked	2,968,128.	0.		2,968,128.
11 Long-term capital gain from installment sales from Form 6252, line 26 or 37			11	
12 Long-term capital gain or (loss) from like-kind exchanges from Form 8824			12	
13 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts			13	
14 Capital gain distributions (see instructions)			14	
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Enter here and on Form 1065, Schedule K, line 9a or 11; or Form 8865, Schedule K, line 9a or 11			15	2,968,128.

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Schedule D (Form 1065) 2014

Sales and Other Dispositions of Capital Assets

► Information about Form 8949 and its separate instructions is at www.irs.gov/form8949.
 ► File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

2014

Attachment Sequence No. **12A**

Department of the Treasury
Internal Revenue Service

Name(s) shown on return

SSN or taxpayer identification no.

66-0818409

PLAZA EXTRA PARTNERSHIP

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part I Short-Term. Transactions involving capital assets you held 1 year or less are short term. For long-term transactions, see page 2.

Note. You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (B) Short-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- (C) Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold or disposed (Mo, day, yr)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	SECURITIES PASS TRSU FROM UNITED CORP 66-0818409	Various	12/31/14	60,280.	0.			60,280.
2	Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1b (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked) ►			60,280.	0.			60,280.

Note. If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

EXHIBIT C

Form 8949 (2014)

Attachment Sequence No. 12A Page 2

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side.

SSN or taxpayer identification no.

PLAZA EXTRA PARTNERSHIP

66-0818409

Before you check Box D, E, or F below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).

Part II Long-Term. Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1.

Note. You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (E) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
- (F) Long-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold or disposed (Mo, day, yr)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	SECURITIES PASS TRUST FROM UNITED CORP 66-0818409	Various	12/31/14	2,968,128.	0.	E		2,968,128.
2	Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8b (if Box D above is checked), line 9 (if Box E above is checked), or line 10 (if Box F above is checked) ▶			2,968,128.	0.			2,968,128.

Note. If you checked Box D above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

EXHIBIT C

651113

OMB No. 1545-0123

Final K-1

Amended K-1

**Schedule K-1
(Form 1065)**

2014

For calendar year 2014, or tax

year beginning _____, 2014

ending _____

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	1,834,150.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	119,911.		
6a	Ordinary dividends		
	186,345.		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
	30,140.		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
	1,484,064.		
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	A	440,930.
		C	514.
12	Section 179 deduction	19	Distributions
		A	4,375,835.
13	Other deductions	20	Other information
A	11,302.		
L	281,781.	A	306,256.
		B	281,781.
14	Self-employment earnings (loss)		
A	1,834,150.		
C	1,834,665.		

*See attached statement for additional information.

FOR IRS USE ONLY

Part I Information About the Partnership

A Partnership's employer identification number
66-0818409

B Partnership's name, address, city, state, and ZIP code
PLAZA EXTRA PARTNERSHIP
P O BOX 763 CHRISTIANSTED
Christiansted, VI 00821

C IRS Center where partnership filed return
U. S. VIRGIN ISLANDS

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
580-02-9872

F Partner's name, address, city, state, and ZIP code
MOHAMMAD HAMED
P.O. BOX 2926
Frederiksted, VI 00841-2926

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ 2,677,077.

Capital contributed during the year . . . \$ _____

Current year increase (decrease) . . . \$ 3,801,945.

Withdrawals & distributions \$ 4,375,835.

Ending capital account \$ 2,103,187.

Tax basis GAAP Section 704(b) book

Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If 'Yes', attach statement (see instructions)

Final K-1

Amended K-1

Schedule K-1
(Form 1065)

2014

For calendar year 2014, or tax

year beginning _____, 2014

ending _____, 2014

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Part I Information About the Partnership

- A Partnership's employer identification number
66-0818409
- B Partnership's name, address, city, state, and ZIP code
PLAZA EXTRA PARTNERSHIP
P O BOX 763 CHRISTIANSTED
Christiansted, VI 00821
- C IRS Center where partnership filed return
U. S. VIRGIN ISLANDS
- D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

- E Partner's identifying number
580-09-1013
- F Partner's name, address, city, state, and ZIP code
FATHI YUSUF
P. O. BOX 763
Christiansted, VI 00821
- G General partner or LLC member-manager Limited partner or other LLC member
- H Domestic partner Foreign partner
- I1 What type of entity is this partner? INDIVIDUAL
- I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here
- J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	50.00000 %	50.00000 %
Loss	50.00000 %	50.00000 %
Capital	50.00000 %	50.00000 %
- K Partner's share of liabilities at year end:
 Nonrecourse \$ _____
 Qualified nonrecourse financing \$ _____
 Recourse \$ _____

- L Partner's capital account analysis:
 Beginning capital account \$ 2,677,077.
 Capital contributed during the year . . . \$ _____
 Current year increase (decrease) . . . \$ 3,801,946.
 Withdrawals & distributions \$ 4,375,836.
 Ending capital account \$ 2,103,187.

- Tax basis GAAP Section 704(b) book
- Other (explain)

- M Did the partner contribute property with a built-in gain or loss?
 Yes No
 If 'Yes', attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	1,834,150.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	119,911.		
6a	Ordinary dividends		
	186,346.		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
	30,140.		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
	1,484,064.		
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	A	440,930.
		C	515.
12	Section 179 deduction	19	Distributions
		A	4,375,836.
13	Other deductions	20	Other information
A	11,302.		
L	281,782.	A	306,257.
		B	281,782.
14	Self-employment earnings (loss)		
A	1,834,150.		
C	1,834,665.		

*See attached statement for additional information.

FOR IRS USE ONLY

Form 1065, Line 7
Other income (loss)

PASS THROUGH INCOME FROM UNITED CORP	3,669,330.
FEIN 66-0391237 PER COURT ORDER	<u> </u>
Total	<u><u>3,669,330.</u></u>

Form 1065, Schedule M-2, Line 4
Other increases

ROUNDING	6. | <u> </u>
Total	<u><u>6.</u></u>

Form 1065, Schedule L, Line 13
Other Assets

Other Assets:	Beginning of tax year	End of tax year
Due From United Corp	5,354,154.	4,206,374.
Total	<u><u>5,354,154.</u></u>	<u><u>4,206,374.</u></u>

EXHIBIT C

PLAZA EXTRA PARTNERSHIP
SUMMARY OF INCOME TRANSFERS BETWEEN RELATED COMPANIES
FYE 12/31/14

ORIGINATING ENTITY: UNITED CORPORATION FEIN: 66-0391237	TARGET ENTITY: PLAZA EXTRA SUPERMARKET FEIN: 66-0818409
--	--

			<u>UNITED TRANSFERS</u>	<u>PLAZA EXTRA ADJUSTED</u>
BOOK NET INCOME			7,603,885	7,603,885
<u>FORM 1120S</u>	<u>FORM 1065</u>	<u>PRO-RATA SHARE ITEMS</u>		
SCH K, LINE 1	SCH K, LINE 1	ORDINARY INCOME	3,668,300	3,668,300
SCH K, LINE 2	SCH K, LINE 2	NET RENTAL R/E INCOME		-
SCH K, LINE 4	SCH K, LINE 5	INTEREST INCOME	239,822	239,822
SCH K, LINE 5a	SCH K, LINE 6a	DIVIDENDS - ORDINARY	372,691	372,691
SCH K, LINE 7	SCH K, LINE 8	NET SHORT-TERM CAP GAIN	60,280	60,280
SCH K, LINE 8a	SCH K, LINE 9a	NET LONG-TERM CAP GAIN	2,968,128	2,968,128
SCH K, LINE 12a	SCH K, LINE 13a	CHARITABLE CONTRIBUTIONS	(22,604)	(22,604)
SCH K, LINE 12d	SCH K, LINE 13d	OTHER INVESTMENT EXPENSES	(563,563)	(563,563)
			<u>6,723,054</u>	<u>6,723,054</u>
SCH K, LINE 16b	SCH K, LINE 18a	OTHER TAX-EXEMPT INCOME	881,860	881,860
SCH K, LINE 16c	SCH K, LINE 18c	NONDEDUCTIBLE EXPENSES	(1,029)	(1,029)
			<u>880,831</u>	<u>880,831</u>
TAX NET INCOME			<u>7,603,885</u>	<u>7,603,885</u>
RECONCILING DIFFERENCE			<u>-</u>	<u>-</u>

MEMO:

AS A RESULT OF ONGOING LITIGATION INVOLVING UNITED CORPORATION (ORIGINATING ENTITY) AND ITS SHAREHOLDERS CONCERNING THE EXISTENCE OF PLAZA EXTRA PARTNERSHIP (TARGET ENTITY), CERTAIN ACTIONS HAVE BEEN TAKEN AND AGREED TO FACILITATE WINDING UP THE PARTNERSHIP. ATTACHED ARE RELEVANT DOCUMENTS TO SUBSTANTIATE THAT THE PARTIES HAVE AGREED TO TREAT A PORTION OF UNITED CORPORATION'S ACTIVITIES AS BELONGING TO PLAZA EXTRA PARTNERSHIP FOR TAX PURPOSES WITH AN EFFECTIVE DATE OF JANUARY 1, 2013 AND CONTINUING THEREAFTER UNTIL LITIGATION IS CONCLUDED OR A PARTNERSHIP LIQUIDATION OCCURS. ACCOUNTING AND REPORTING OF ALL ACTIVITIES WILL REMAIN CONSISTENT WITHIN UNITED CORPORATION. THE ABOVE SCHEDULE PROVIDES THE DETAIL TRANSFER AMOUNTS FROM THE ORIGINATING ENTITY TO THE TARGET ENTITY FOR 2014.

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX

MOHAMMAD HAMED, by his)	
authorized agent WALEED HAMED,)	
	)	CIVIL NO. SX-12-CV-370
Plaintiff/Counterclaim Defendant,)	
vs.	)	ACTION FOR DAMAGES,
	)	INJUNCTIVE RELIEF
	)	AND DECLARATORY RELIEF
FATHI YUSUF and UNITED CORPORATION,)	
)	
Defendants/Counterclaimants,)	
vs.)	
	)	JURY TRIAL DEMANDED
WALEED HAMED, WAHEED HAMED,)	
MUFEED HAMED, HISHAM HAMED, and)	
PLESSEN ENTERPRISES,)	
)	
Additional Counterclaim Defendants.)	
)	

14 JUN -2 P6:14

OPPOSITION TO PLAINTIFF'S RENEWED MOTION FOR PARTIAL SUMMARY JUDGMENT AS TO THE EXISTENCE OF A PARTNERSHIP

Defendants Fathi Yusuf ("Yusuf") and United Corporation ("United") (collectively, the "Defendants"), through their undersigned counsel, respectfully submit this Opposition to "Plaintiff's Renewed Motion for Partial Summary Judgment as to the Existence of a Partnership" filed on May 8, 2014 (the "Motion"). The Motion should be summarily denied for the following reasons:

1. Plaintiff is by this motion seeking a partial summary judgment in the form of a declaratory judgment that there exists a partnership for the operation of the Plaza Extra stores. The Virgin Islands Declaratory Judgment Act is set forth at V.I. Code Ann. tit. 5, § 1261 et seq. Section 1271 of the Act provides that the act is to "so interpreted and construed as to . . . harmonize, as far as possible, with federal laws and regulations on the subject of declaratory judgments and decrees." See also Estate of George v. George, 50 V.I. 268, 274 (V.I. 2008)

DUDLEY, TOPPER
AND FEUERZERG, LLP
1000 Frederiksborg Gate
P.O. Box 756
St. Thomas, U.S. VI 00804-0756
(340) 774-4422

Hamed v. Yusuf, et al.
Case No. SX-12-CV-370
Page 3

Contrary to the clear requirements of LRCI 56.1(a)(1), the Motion was not accompanied by a brief, affidavits, statement of material facts about which Plaintiff contends there is no genuine issue, or any supporting documents other than two unauthenticated emails, one of which did not even stand for the proposition for which it was cited.¹ Accordingly, the Motion should be summarily denied for its failure to comply with the applicable procedures regarding summary judgment motions.

5. Second, although Plaintiff claims that he "sought a declaration of the existence of the partnership pursuant to the Uniform Partnership Act," see Motion at p. 2, no such relief was specifically sought in his First Amended Complaint. While Plaintiff may have sought "declaratory . . . relief as to his rights," see ¶ 37 of the First Amended Complaint, he never requested a declaration of the existence of the partnership pursuant to the Uniform Partnership Act or any other partnership law that may apply.

6. In any event, there is no need for the declaration of the existence of the partnership since there is no longer any controversy regarding that subject given Yusuf's concession in his Memorandum In Support Of Motion To Appoint Master For Judicial Supervision Of Partnership Winding Up Or, In The Alternative, To Appoint Receiver To Wind Up Partnership (the "Memorandum") at ¶ 7 and the definition of "Partnership" set forth at § 1.23 of the Plan For Winding Up Partnership attached as Exhibit A to the Memorandum. Since April 7, 2014, there is no longer any controversy that there was a partnership between Yusuf and Hamed to carry on as co-owners the business of the Plaza Extra Stores. This position was also stated by counsel for Defendants on the record at the telephonic hearing held on May 29, 2014.

DUDLEY, TOPPER
AND FEUERZEIG, LLP
1000 Frederiksborg Gate
P.O. Box 734
St. Thomas, U.S. VI. 00804-0734
(340) 774-4422

¹ Plaintiff claims the email attached as Exhibit 1 "unequivocally stat[ed] that the three Plaza Extra stores had always been a partnership." See Motion at p. 2. A simple reading of Exhibit 1 reveals no such unequivocal statement.

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX

MOHAMMAD HAMED, by his	)	CIVIL NO. SX-12-CV-370
authorized agent WALEED HAMED,)	
)	
Plaintiff/Counterclaim Defendant,	)	ACTION FOR DAMAGES,
	)	INJUNCTIVE RELIEF
	)	AND DECLARATORY RELIEF
vs.)	
	)	JURY TRIAL DEMANDED
FATHI YUSUF and UNITED CORPORATION,)	
)	
Defendants/Counterclaimants,)	
)	
vs.)	
)	
WALEED HAMED, WAHEED HAMED,)	
MUFEEED HAMED, HISHAM HAMED, and)	
PLESSEN ENTERPRISES, INC.,)	
)	
Additional Counterclaim Defendants)	

**MEMORANDUM IN SUPPORT OF
MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION
OF PARTNERSHIP WINDING UP OR,
IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP PARTNERSHIP**

Defendants/counterclaimants Fathi Yusuf ("Yusuf") and United Corporation ("United") (collectively, the "Defendants"), respectfully submit this Memorandum in Support of their Motion To Appoint Master For Judicial Supervision Of Partnership Winding Up Or, In the Alternative, To Appoint Receiver To Wind Up Partnership (the "Motion").

FACTUAL AND PROCEDURAL BACKGROUND

1. On September 17, 2012, plaintiff/counterclaim defendant Mohammed Hamed ("Hamed" or "Plaintiff") filed his complaint in this matter. Hamed filed his first amended complaint ("FAC") on October 19, 2012. The FAC alleges, among other things, that Hamed and Yusuf formed a partnership to own and operate a supermarket business comprised of three supermarket stores located in Sion Farm, St. Croix, Estate Plessen, St. Croix, and Tutu Park, St.

Hamed v. Yusuf, et al.
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Page 3 of 12

they hired as managerial employees because they were nephews of ...Yusuf's wife") See December 5, 2013 Order Denying Motion for Partial Summary Judgment, p. 6.

4. This Court also preliminarily found that "[o]n March 13, 2012, through counsel, Yusuf sent a Proposed Partnership Dissolution Agreement to Hamed, which described the history and context of the parties' relationship, including the formation of an oral partnership agreement to operate the supermarkets, by which they shared profits and losses." Hamed v. Yusuf, 58 V.I. at 126; see also Yusuf v. Hamed, 2013 V.I. Supreme LEXIS 67, * 4 ("A few months later, Yusuf informed Mohammad Hamed of his intention to end their business relationship, sending a proposed "Dissolution of Partnership" agreement to Hamed on March 12, 2012.").

5. In its April 25, 2013 Memorandum Opinion, this Court noted the following:

Neither party has sought and the Court has not considered the prospect of appointing a receiver or bringing in any other outsider to insure that the joint management and control of the partnership is maintained. Rather, notwithstanding the animosity that exists between the parties, they are left to work out issues of equal management and control themselves as they have done successfully over the years.

Hamed v. Yusuf, 58 V.I. at 136-137.

6. On December 23, 2013, Defendants filed their Answer and Counterclaim, which, among other things, denied the existence of the partnership as alleged in the FAC. Defendants filed a First Amended Counterclaim on January 13, 2014. Although Defendants denied the existence of any partnership as alleged in the FAC, they pled in the alternative in the event a partnership is nevertheless found to exist. See, e.g., First Amended Counterclaim at ¶ 12.

7. Given the animosity between the parties noted by this Court, Yusuf's complete lack of trust in Hamed, and Yusuf's unwillingness to continue to carry on any business

Hamed v. Yusuf, et al.
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relationship whatsoever with Hamed, Yusuf now concedes for the purposes of this case that he and Hamed entered into a partnership to carry on the business of the Plaza Extra Stores and to share equally the net profits from the operation of the Plaza Extra Stores.

ARGUMENT

I. THE PARTNERSHIP HAS BEEN DISSOLVED AND ITS BUSINESS MUST BE WOUND UP.

As provided in the Uniform Partnership Act, V.I. Code Ann. tit. 26, §§ 1-274

("UPA"):

A partnership is dissolved, and its business must be wound up, only upon the occurrence of the following events:

- (1) in a partnership at will, the partnership's having notice from a partner other than a partner who is dissociated under Section 121, subsections (2) through (10) of this chapter, of that partner's express will to withdraw as a partner, or on a later date specified by the partner[.]

UPA § 171(1).

Here, the partnership has either already been dissolved or is dissolved by virtue of this filing. Therefore, assuming *arguendo* that Hamed's retirement from the partnership in 1996 or counsel for Yusuf's March 12, 2012 notice of intent to end the partnership did not dissolve the partnership by operation of law, then clearly paragraph 7, above, sets forth Yusuf's "express will to withdraw as a partner," thus dissolving the partnership, if it had not already been dissolved.

Pursuant to UPA § 172(a):

Subject to subsection (b) of this section, a partnership continues after dissolution *only* for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX

MOHAMMAD HAMED, by his)
 authorized agent WALEED HAMED,)
)
 Plaintiff/Counterclaim Defendant,)
)
 vs.)
)
 FATHI YUSUF and UNITED CORPORATION,)
)
 Defendants/Counterclaimants,)
)
 vs.)
)
 WALEED HAMED, WAHEED HAMED,)
 MUFEEED HAMED, HISHAM HAMED, and)
 PLESSEN ENTERPRISES, INC.,)
)
 Additional Counterclaim Defendants)

CIVIL NO. SX-12-CV-370
 ACTION FOR DAMAGES,
 INJUNCTIVE RELIEF
 AND DECLARATORY RELIEF
 JURY TRIAL DEMANDED


APR -7 11:01
 P5:01

**MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION OF PARTNERSHIP
 WINDING UP OR, IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP
 PARTNERSHIP**

Defendants/counterclaimants Fathi Yusuf ("Yusuf") and United Corporation ("United") (collectively, the "Defendants"), respectfully move this Court to appoint a Master to supervise the winding up of the partnership at issue by Yusuf pursuant to the Plan submitted with the motion or appointing a Receiver to effect the wind up and provide such further relief as is just and proper under the circumstances. In support of this motion, the Court is respectfully referred to the accompanying memorandum and proposed order.

DUDLEY, TOPPER and FEUERZEIG, LLP

Dated: April 4, 2014

By: 
 Gregory H. Hodges (V.I. Bar No. 174)
 1000 Frederiksberg Gade - P.O. Box 756
 St. Thomas, VI 00804
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Hamed v. Yusuf, et al.
Civil No. STX-12-cv-370
Page 2 of 2

and

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Attorneys for Fathi Yusuf and United Corporation

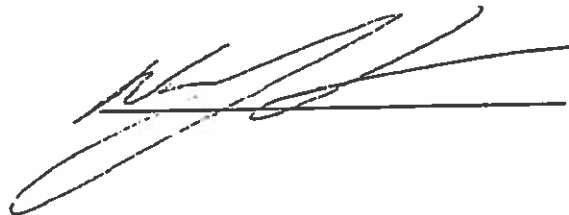
CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of April, 2014, I caused the foregoing MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION OF PARTNERSHIP WINDING UP OR, IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP PARTNERSHIP to be served upon the following via e-mail:

Joel H. Holt, Esq.
LAW OFFICES OF JOEL H. HOLT
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IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX

MOHAMMED HAMED by his authorized agent)
WALEED HAMED,)
Plaintiff/Counterclaim Defendant,)
v.)
FATHI YUSUF and UNITED CORPORATON,)
Defendants/Counterclaimants)
v.)
WALEED HAMED, WAHEED HAMED,)
MUFEED HAMED, HISHAM HAMED, and)
PLESSEN ENTERPRISES, INC.)
Counterclaim Defendants.)

CIVIL NO. SX-12-CV-370
ACTION FOR DAMAGES, etc.

ORDER

THIS MATTER is before the Court on Plaintiff’s Motion for Partial Summary Judgment, filed November 12, 2012 in the District Court of the Virgin Islands, prior to remand to this Court; Defendants’ Motion to Appoint a Master for Judicial Supervision of Partnership Winding Up, or in the alternative to Appoint Receiver to Wind Up Partnership (“Motion re Master”), filed April 7, 2014; Plaintiff’s Renewed Motion for Partial Summary Judgment as to the Existence of a Partnership (“Plaintiff’s Motion”), filed May 9, 2014; Defendants’ Opposition, filed June 2, 2014; Plaintiff’s Reply, filed June 10, 2014, and Plaintiff Mohammad Hamed’s Notice of Additional Facts Regarding his Motion for Summary Judgment as to Partnership, filed September 11, 2014. This matter came on for a telephonic status conference on October 7, 2014, at which time the Court advised that based Defendants’ agreement that the relationship between Plaintiff and Defendant

Yusuf constituted a partnership that it would enter summary judgment as to the existence of a partnership. As such, Plaintiff's Motion will be granted for the reasons that follow.

By Amended Complaint filed October 19, 2012, Plaintiff alleged that a partnership existed between Hamed and Yusuf pursuant to the Uniform Partnership Act adopted in the Virgin Islands, and brought this action pursuant to V.I. CODE ANN. tit. 26, § 75 seeking, among other things, entry of declaratory judgment recognizing the Hamed-Yusuf Partnership. In his Motion re Master, Defendant Yusuf conceded the existence of a partnership by operation of law between himself and Plaintiff Hamed, and requested that this Court dissolve said partnership. See Motion re Master, ¶7. In subsequent filings and in open court, Defendants have reiterated their concession as to the existence of the partnership. Accordingly, Plaintiff renewed his motion for partial summary judgment, seeking the Court's entry of judgment on Count One of Plaintiff's Amended Complaint declaring the existence of the Hamed-Yusuf Partnership.

Defendants object to Plaintiff's Motion on the following grounds: 1) Pursuant to LRCi 56.1, Plaintiff's Motion lacks a separate statement of material facts; 2) Plaintiff's Amended Complaint does not request declaratory relief based on the Uniform Partnership Act; and 3) there is no need to enter summary judgment as Defendant Yusuf already conceded the existence of a partnership. Opposition, at 2-4.

The Court is not persuaded by Defendants' arguments: First, Plaintiff's Motion before the Court is "renewed." His original Motion for Partial Summary Judgment, filed in the District Court, included an accompanying statement of undisputed material facts. As such, Plaintiff in compliance with LRCi 56.1. Second, Paragraphs 36 and 37 of Plaintiff's Amended Complaint specifically seeks declaratory relief as to the existence of a partnership pursuant to the Uniform

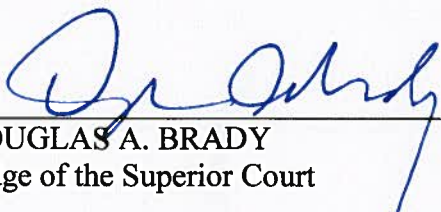
Partnership Act, as codified in the V.I. Code. Finally, contrary to Defendants' argument, the declaration by the Court of the legal relationship of the parties, disputed in the pleadings but undisputed in fact, brings clarity to the record and conforms the law of the case to the undisputed facts upon which the parties agree. The formal declaration of the existence of a partnership is a necessary prerequisite to the dissolution and winding-up of the partnership, the process upon which the parties have embarked. In light of the foregoing, it is hereby

ORDERED that Plaintiff's Renewed Motion for Partial Summary Judgment as to the Existence of a Partnership is GRANTED; and it is further


ORDERED that the Court finds and declares that a partnership was formed in 1986 by the oral agreement between Plaintiff and Defendant Yusuf for the ownership and operation of the three Plaza Extra Stores, with each partner having a 50% ownership interest in all partnership assets and profits, and 50% obligation as to all losses and liabilities; and it is further

ORDERED that Plaintiff may properly maintain this action against Defendant Yusuf for legal and equitable relief to enforce his rights under the parties' partnership agreement and the Uniform Partnership Act.

Dated: *November 7, 2014*


DOUGLAS A. BRADY
Judge of the Superior Court

ATTEST:
ESTRELLA GEORGE
Acting Clerk of the Court

By: 
Court Clerk Supervisor
11/7/14

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS

DIVISION OF ST. CROIX

MOHAMMED HAMED by his authorized agent WALEED HAMED
Plaintiff)
Vs.)
FATHI YUSUF and UNITED)
CORPORATION, ET AL)
Defendant)

CASE NO. SX-12-CV-370
ACTION FOR: DAMAGES; ET AL

NOTICE
OF
ENTRY OF JUDGMENT/ORDER

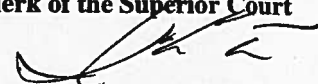
TO: JOEL HOLT, ESQ.; CARL HARTMANN III, Esquire HON. EDGAR ROSS (edgarrossjudge@hotmail.com)
NIZAR DEWOOD, ESQ.; GREGORY HODGES, Esquire
MARK ECKARD, ESQ.; JEFFREY MOORHEAD, Esquire

Please take notice that on JANUARY 7, 2015 Orders were
entered by this Court in the above-entitled matter.

Dated: January 9, 2015

ESTRELLA H. GEORGE (ACTING)

Clerk of the Superior Court



By: IRIS D. CINTRON

COURT CLERK II

**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX**

MOHAMMED HAMED by his authorized agent)
 WALEED HAMED,)
 Plaintiff/Counterclaim Defendant,)
 v.)
 FATHI YUSUF and UNITED CORPORATON,)
 Defendants/Counterclaimants)
 v.)
 WALEED HAMED, WAHEED HAMED,)
 MUFEED HAMED, HISHAM HAMED, and)
 PLESSEN ENTERPRISES, INC.)
 Counterclaim Defendants.)

CIVIL NO. SX-12-CV-370
 ACTION FOR DAMAGES, etc.

ORDER ADOPTING FINAL WIND UP PLAN

By Order Soliciting Comments, Objections and Recommendations, entered October 7, 2014, the Court ordered the parties to review the Proposed Wind Up Plan (“Proposed Plan”) presented therewith relative to the Hamed-Yusuf (Plaza Extra) Partnership and to present comments, objections and recommendations. Plaintiff Mohammed Hamed submitted his Comments re Proposed Winding Up Order (filed October 21, 2014); Defendant Fathi Yusuf submitted his Comments, Objections and Recommendations Concerning the Court’s Proposed Plan (filed October 21, 2014). The Parties each then responded to the filing of the other: Plaintiff filed his Response to Defendant’s Comments re Proposed Winding Up Order on October 28, 2014; and Defendant Yusuf filed his Response to Hamed’s Comments Concerning the Court’s Proposed Wind-Up Plan on October 29, 2014.

Upon consideration of the Parties' submissions, the Court enters this Order Adopting Final Wind Up Plan of the Plaza Extra Partnership ("Order"). A complete copy of the Final Wind Up Plan of the Plaza Extra Partnership ("Final Plan") adopted by this Order is submitted with and constitutes a part of this Order. The Final Plan incorporates certain modifications to the Proposed Plan, as noted below, with revised provisions in italics, and excluded provisions stricken. These modifications, together with the provisions to which the Parties have jointly agreed, which are accepted and incorporated, are adopted by the Court and shall constitute the Final Plan. For the Parties' ease of reference, provisions of the Proposed Plan are modified by the terms of this Order and incorporated into the Final Plan, as follows:

~~PROPOSED-FINAL~~ WIND UP PLAN

Section 1: Definitions

1.18 "Liquidating Partner" means Yusuf.

Section 3: Liquidating Partner

Yusuf shall be the Liquidating Partner with the exclusive right and obligation to wind up the partnership pursuant to this Plan *and the provisions of the V.I. Code Ann. tit. 26, § 173(c)*, under the supervision of the Master. No person other than the Liquidating Partner may act on behalf of the Partnership, represent the Partnership in any official capacity or participate in management or control of the Partnership, for purposes of winding up its business or otherwise. The Liquidation Partner's rights and obligations relative to the winding up, subject to the review and supervision of the Master, shall be deemed to have commenced as of April 25, 2013, the date of the issuance of the Preliminary

2) Plaza Extra-Tutu Park

~~Yusuf will purchase from the Partnership the following elements of the existing business operation known as Plaza Extra-Tutu Park: the inventory at landed cost and the equipment and leasehold improvements at their depreciated value, as mutually determined by the Partners. In the event the Partners cannot agree, such value shall be determined by a qualified appraiser selected by the Master. Yusuf will reimburse the Partnership for 50% of the reasonable costs and attorneys' fees incurred to date in the Tutu Park litigation. Upon payment for such inventory, equipment, leasehold improvements and attorneys' fees, Yusuf will assume full ownership and control and may continue to operate the business Plaza Extra-Tutu Park without any further involvement of Hamed or the Hamed sons, and free and clear of any claims or interests of Hamed.~~

The Parties will be allowed to bid on Plaza Extra-Tutu Park at a closed auction supervised by the Master. The auction shall take no more than one day and should not cause any delay in implementing this Plan or disrupt the business operations of any Plaza Extra store. The Parties may discuss and jointly or individually propose the format and procedures for the auction, subject however to the Master's sole determination.

The Partnership assets sold in connection with Plaza Extra-Tutu Park shall consist of the leasehold interests, the inventory, equipment, and all leasehold improvements not a part of the real property. The value of such assets shall be determined by a qualified appraiser selected by the Master prior to the auction. Whichever Partner submits the winning bid for Plaza Extra-Tutu Park shall receive and assume all existing rights and obligations to the pending litigation with the landlord, in the Superior Court of the Virgin

Injunction. All acts of the Liquidating Partner, except those customarily undertaken in the ordinary course of the ongoing business operations of the Partnership, are subject to prior notification to and approval of the Master.

Section 8: Plan of Liquidation and Winding Up

1) Plaza Extra-East

Yusuf will purchase from the Partnership the following elements of the existing business operation known as Plaza Extra-East: the inventory at *one half of the* landed cost and the equipment ~~and leasehold improvements~~ at their its depreciated value, as mutually determined by the Partners. In the event the Partners cannot agree, such value shall be determined by a qualified appraiser selected by the Master. *In the event that Yusuf is unwilling to pay the appraised depreciated value of the equipment, the same shall be sold at public auction under the direction and supervision of the Master, with net proceeds equally divided and disbursed by the Master.* Upon payment for such inventory, *and upon payment (or auction and distribution of proceeds) for the equipment,* Yusuf will assume full ownership and control and may continue to operate the business Plaza Extra-East without any further involvement of Hamed or the Hamed sons, and free and clear of any claims or interest of Hamed.

For purposes of winding up the Partnership, Plot 4-H Estate Sion Farm shall not be considered partnership property and is not subject to division under this plan, but without prejudice to any accounting claim that may be presented by Hamed.

Islands, Division of St. Thomas and St. John, United Corporation d/b/a Plaza Extra v. Tutu Park Limited and P.I.D., Inc. (Civ. No. ST-01-CV-361) (the "Tutu Park Litigation"). The Partner who receives and assumes said rights and obligations to the Tutu Park Litigation shall be obligated to reimburse the other Partner 50% of the of the amount of costs and attorneys' fees incurred to date directly attributable to the Tutu Park Litigation. Additionally, the prevailing Partner at auction shall be responsible for obtaining releases or otherwise removing any continuing or further leasehold obligations and guarantees of the Partnership and the other Partner.

3) Plaza Extra-West

Hamed will purchase from the Partnership the following elements of the existing business operation known as Plaza Extra-West: inventory at *one half of the* landed cost and the equipment ~~and leasehold improvements~~ at ~~their~~ its depreciated value, as mutually determined by the Partners. In the event the Partners cannot agree, such value shall be determined by a qualified appraiser selected by the Master. *In the event that Hamed is unwilling to pay the appraised value of the equipment, the same shall be sold at public auction under the direction and supervision of the Master.* Upon payment for such inventory, *and upon payment (or auction and distribution of the proceeds) for the* equipment, Hamed will assume full ownership and control and may continue to operate Plaza Extra-West without any further involvement of Yusuf, Yusuf's sons or United and free and clear of any claims or interests of Yusuf or United.

Hamed will be entitled to a recordable non-exclusive easement for the existing sewage line servicing Plaza Extra-West, which shall not preclude Plessen Enterprises, Inc.,

the owner of the servient parcel, from reserving the right to tap into and to utilize such sewage line.

4) Stock of Associated Grocers

The stock of Associated Grocers held in the name of United shall be split 50/50 between Hamed and Yusuf, with United retaining in its name Yusuf's 50% share, and 50% of such stock being reissued in Hamed's name or his designee's name.

5) Plaza Extra Name

~~Yusuf shall own and have the right to use the trade name "Plaza Extra" in the operation of Yusuf's Plaza Extra stores. Hamed will operate Plaza Extra West under the trade name "Plaza West."~~

The Master will conduct and supervise a closed auction wherein the Parties alone will be allowed to bid to purchase the trade name "Plaza Extra." The prevailing Partner at the auction shall receive the right to the exclusive use of the name "Plaza Extra," to the exclusion of all others, including the other Partner, who shall be forever barred from using the name "Plaza Extra" in connection with operation of any business in the U.S. Virgin Islands.

The auction shall take no more than one day and will be conducted in a manner that will not cause any delay in implementing this Plan or any disruption in the business operations of any Plaza Extra store. The parties may discuss and jointly or individually propose the format and procedures for the auction, subject however to the Master's sole determination.

Steps to Be Taken for the Orderly Liquidation of the Partnership

This Plan is conditioned upon the ability of Hamed and Yusuf to use the 50% interest of each in Available Cash and Encumbered Cash to purchase the non-liquid Partnership Assets. While the bid-in process may continue, actual payment of the funds shall be subject to approval of the Master, the Court and, to the extent necessary, District Court.

Step 1: Budget for Wind Up Efforts

The Liquidating Partner proposes the Wind Up Budget (Exhibit A) for the Wind Up Expenses. Such expenses include but are not limited to, those incurred in the liquidation process, costs for the continued operations of Plaza Extra Stores during the wind up, costs for the professional services of the Master, costs relating to pending litigation in which Plaza Extra and/or United d/b/a/ Plaza Extra Stores is named as a party, and the rent to be paid to the landlords of Plaza Extra-East and Plaza Extra-Tutu Park.

Step 2: Setting Aside Reserves

The sum of Ten Million Five Hundred Thousand Dollars (\$10,500,000) shall be set aside in a Liquidating Expenses Account to cover the Wind Up Expenses as set out in the Wind Up Budget with a small surplus to cover any miscellaneous or extraordinary Wind Up expenses that may occur at the conclusion of the liquidation process. Such Account shall be held in trust by the Liquidating Partner under the supervision of the Master. *All disbursements shall be subject to prior approval by the Master.* The Liquidating Partner shall submit to Hamed and the Master each month a reconciliation of actual expenditures against the projected expenses set forth in Exhibit A. Unless

the Partners agree or the Master orders otherwise, the Liquidating Partner shall not exceed the funds deposited in the Liquidated Expenses Account.

Step 3: Continued Employment of Employees

Yusuf and Hamed, and their respective successors, shall attempt to keep all employees of the Plaza Extra Stores fully employed, *not including members of the Hamed and Yusuf families*. Although approval of this plan should avoid any need to comply with the provisions of the Virgin Islands Plant Closing Act, to the extent necessary, Yusuf and Hamed, and their respective successors, shall comply with the PCA for any affected employees of the Plaza Extra Stores as a result of the winding up and closure of the Partnership business. Any severance payments due to the employees determined in accordance with the PCA shall be paid by the Master out of the Claims Reserve Account.

Step 4: Liquidation of Partnership Assets

The Liquidating Partner shall promptly confer with the Master and Hamed to inventory all non-Plaza Extra Stores Partnership assets, and to agree to and implement a plan to liquidate such assets, which shall result in the maximum recoverable payment for the Partnership. *All previous Partnership accountings are deemed preliminary. Hamed's accountant shall be allowed to view all partnership accounting information from January 2012 to present and submit his findings to the Master. The Liquidating Partner is ordered to submit an updated balance sheet to Hamed and to the Master without delay.*

Step 5: Other Pending Litigation

The pending litigation against United set forth in Exhibit C arises out of the operation of the Plaza Extra Stores. As part of the wind up of the Partnership, the Liquidating Partner shall undertake to resolve those claims in Exhibit C, and to the extent any claims arise in the future relating to the operation of a Plaza Extra Store during the liquidation process, within the available insurance coverage for such claims. Any litigation expenses not covered by the insurance shall be charged against the Claims Reserve Account.

Step 6: Distribution Plan

Upon conclusion of the Liquidation Process, the funds remaining in the Liquidation Expenses Account, if any, shall be deposited into the Claims Reserve Account. Within 45 days after the Liquidating Partner completes the liquidation of the Partnership Assets, Hamed and Yusuf shall each submit to the Master a proposed accounting and distribution plan for the funds remaining in the Claim Reserve Account. Thereafter, the Master shall make a report and recommendation of distribution for the Court for its final determination. Nothing herein shall prevent the Partners from agreeing to distribution of Partnership assets between themselves rather than liquidating assets by sale and distributing proceeds.

Step 7: Additional Measures to Be Taken

- a) Should the funds deposited into the Liquidating Expenses Account prove to be insufficient, the Master shall transfer from the Claims Reserve Account sufficient funds required to complete the wind up and liquidation of the Partnership, determined in the Master's discretion.


- b) All funds realized from the sale of the non-cash Partnership Assets shall be deposited into the Claims Reserve Account under the exclusive control of the Master.
- c) All bank accounts utilized in the operation of the Partnership business shall be consolidated into the Claims Reserve Account.
- d) All brokerage and investment accounts set forth in Exhibit D shall be turned over to the Master as part of the Claims Reserve Account.
- e) Any Partnership Assets remaining after the completion of the liquidation process shall be divided equally between Hamed and Yusuf under the supervision of the Master.

On the basis of the foregoing, it is hereby

ORDERED that the foregoing modifications of the Proposed Plan shall be incorporated into and form a part of the Final Wind Up Plan of the Plaza Extra Partnership, submitted herewith, which Final Plan is ADOPTED by this Order. It is further

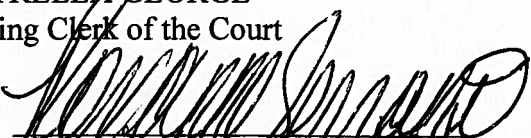
ORDERED that the Parties shall meet and confer with the Master FORTHWITH relative to the implementation of the Final Plan, which will be deemed final and effective ten (10) business days following the date of the entry of this Order.

Dated: January 7, 2015


DOUGLAS A. BRADY
Judge of the Superior Court

ATTEST:

ESTRELLA GEORGE
Acting Clerk of the Court

By: 
Court Clerk Supervisor 1/7/15

CERTIFIED TO BE A TRUE COPY
This 7th day of Jan 20 15

CLERK OF THE COURT
By  Court Clerk II

**FINAL WIND UP PLAN
OF THE PLAZA EXTRA PARTNERSHIP**

This Plan provides for the winding up of the Partnership, as defined below. This is a liquidating plan and does not contemplate the continuation of the Partnership's business except as may be required for the orderly winding up of the Partnership.

Section 1. DEFINITIONS

1.1 "Act" means the Uniform Partnership Act, V.I. Code Ann. tit. 26, §§ 1-274.

1.2 "Available Cash" means the aggregate amount of all unencumbered cash and securities held by the Partnership including cash realized from any Litigation Recovery or any Liquidation Proceeds.

1.3 "Case" means *Hamed v. Yusuf, et al.*, Superior Court of the Virgin Islands (Civil No. SX-12-CV-370).

1.4 "Claim" means

- (a) any right to payment from the Partnership whether or not such right is reduced to judgment, liquidated, unliquidated, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or
- (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Partnership whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.5 "Claimant" means the holder of a Claim.

1.6 "Claims Reserve Account" means one or more interest-bearing bank account(s), money market or securities account(s) to be established and held in trust by the Master for the purpose of holding the Available Cash until distributed in accordance with the Plan and any interest, dividends or other income earned upon the investment of such Claims Reserve Account. The Claims Reserve Account will be further funded from time to time by the Liquidating Partner with:

- (i) any Liquidation Proceeds realized, plus
- (ii) any Litigation Recovery realized, minus
- (iii) any amounts necessary to pay Wind Up Expenses.

1.7 "Court" means Superior Court of the Virgin Islands in which the Case is pending.

1.8 “Criminal Case” means Case No. 1:05-CR-00015-RLF-GWB pending in the District Court of the Virgin Islands.

1.9 “Debt” means liability on a Claim.

1.10 “Disputed Claim” means any Claim or portion of a Claim as to which an objection to the allowance thereof has been interposed, which objection has not been withdrawn or determined by Final Order.

1.11 “District Court” means the District Court of the Virgin Islands, in which the Criminal Case is pending.

1.12 “Effective Date” means ten (10) business days following the date of entry of the Order Adopting Final Wind Up Plan in the Case.

1.13 “Encumbered Cash” means all of the cash and securities encumbered by a restraining order issued by the District Court in the Criminal Case.

1.14 “Final Order” means an order or judgment of the Court or District Court:

- (i) which has not been reversed, stayed, modified or amended;
- (ii) as to which the time to or the right to appeal or seek reconsideration , review, rehearing or *certiorari* has expired or has been waived; and
- (iii) as to which no appeal or motion for reconsideration, review, rehearing or *certiorari* is pending.

1.15 “Hamed” means Mohammad Hamed.

1.16 “Hamed Sons” means Waleed Hamed, Waheed Hamed, Mufeed Hamed, and Hisham Hamed.

1.17 “Liquidating Expenses Account” means one or more checking account(s) to be utilized by the Liquidating Partner for Wind Up Expenses based upon the Wind Up Budget and to satisfy debts of the Partnership.

1.18 “Liquidating Partner” means Yusuf.

1.19 “Liquidating Proceeds” means any cash or other consideration paid to or realized by the Partnership or the Liquidating Partner, as applicable, upon the sale, transfer, assignment or other distribution of the Partnership Assets.

1.20 “Litigation” means the interest of the Partnership or the Liquidating Partner, as applicable, in any and all claims, rights and causes or action that have ben or may be commenced by the Partnership or the Liquidating Partner including, without limitation, any action:

- (i) to avoid and recover any transfers of property determined to be avoidable pursuant to V.I. Code Ann. tit. 28, §§ 171-212 or other applicable law;
- (ii) for the turnover of property to the Partnership or Liquidating Partner, as applicable;
- (iii) for the recovery of property or payment of money that belongs to or can be asserted by the Partnership or the Liquidating Partner, as applicable; and
- (iv) for compensation for damages incurred by the Partnership.

1.21 "Litigation Recovery" means any cash or other property received by the Partnership or the Liquidating Partner, as applicable, from all or any portion of the Litigation including, but not limited to, awards of damages, attorneys' fees and expenses, interest and punitive damages, whether recovered by way of settlement, execution on judgment or otherwise.

1.22 "Master" means Honorable Edgar D. Ross, appointed by the Court to serve as master in the Case.

1.23 "Partnership" means the association of Yusuf and Hamed carried on as co-owners of the business of the Plaza Extra Stores.

1.24 "Partners" means Yusuf and Hamed.

1.25 "Partnership Assets" means any and all property, assets, rights or interest of the Partnership whether tangible or intangible, and any Liquidation Proceeds realized therefrom, including without limitation, all Available Cash, Encumbered Cash, Litigation, and any Litigation Recovery.

1.26 "Plan" means this Final Wind Up Plan of the Plaza Extra Partnership, including exhibits, as it may be amended, modified or supplemented from time to time.

1.27 "Plaza Extra-East" means the supermarket located at Sion Farm, St. Croix.

1.28 "Plaza Extra-Tutu Park" means the supermarket located at Tutu Park, St. Thomas.

1.29 "Plaza Extra-West" means the supermarket located at Estate Plessen (Grove Place), St. Croix.

1.30 "Plaza Extra Stores" means Plaza Extra-East, Plaza Extra-Tutu Park, and Plaza Extra-West.

1.31 "Termination Date" means six months following the Effective Date, when the Liquidating Partner contemplates completing the winding up of the Partnership.

1.32 "United" means United Corporation.

1.33 "Wind Up Budget" means the budget established to satisfy the anticipated Wind

Up Expenses and to satisfy the Debts set forth in **Exhibit A** hereto.

1.34 "Wind Up Expenses" means the costs and expenses incurred by the Liquidating Partner for the purpose of:

- (i) operating the Plaza Extra Stores during the period required to liquidate the Partnership Assets;
- (ii) prosecuting or otherwise attempting to collect or realize upon the Litigation.
- (iii) assembling and selling any of the Partnership Assets or otherwise incurred in connection with generating the Liquidation Proceeds;
- (iv) resolving Disputed Claims and effectuating distributions to Creditors under the Plan; or
- (v) otherwise implementing the Plan and winding up the Partnership.

1.35 "Yusuf" means Fahti Yusuf.

1.36 "Yusuf Sons" means Maher Yusuf, Nejeh Yusuf, and Yusuf Yusuf.

Section 2. APPOINTMENT OF MASTER

The Honorable Edgar D. Ross, appointed by Order Appointing Master in the Case, entered September 18, 2015, shall serve as Master to oversee and act as the judicial supervision of the wind up efforts of the Liquidating Partner.

Section 3. LIQUIDATING PARTNER

Yusuf shall be the Liquidating Partner with the exclusive right and obligation to wind up the Partnership pursuant to this Plan and the provisions of the V.I. Code Ann. tit. 26, § 173(c), under the supervision of the Master. No person other than the Liquidating Partner may act on behalf of the Partnership, represent the Partnership in any official capacity or participate in management or control of the Partnership, for purposes of winding up its business or otherwise. The Liquidating Partner's rights and obligations relative to the winding up, subject to the review and supervision of the Master, shall be deemed to have commenced as of April 25, 2013, the date of the issuance of the Preliminary Injunction in the Case. All acts of the Liquidating Partner, except those customarily undertaken in the ordinary course of the ongoing business operations of the Partnership, are subject to prior notification to and approval of the Master.

Section 4. POWERS OF LIQUIDATING PARTNER

Pursuant to the Act, the Liquidating Partner shall have authority to wind up the Partnership business, including full power and authority to sell and transfer Partnership Assets, engage legal, accounting and other professional services, sign and submit tax matters, execute and record a statement of dissolution of Partnership, pay and settle Debts, and marshal Partnership Assets for

equal distribution to the Partners following payment of all Debts and a full accounting by the Partners, pursuant to agreement of the Partners or by order of the Court.

The Liquidating Partner shall use his best efforts to complete the winding up of the Partnership on or before the Termination Date.

Section 5. DUTIES OF LIQUIDATING PARTNER

The Liquidating Partner shall devote such time as is reasonably necessary to wind up and liquidate the Partnership in the manner provided herein and as required by the Act.

The Liquidating Partner shall be required to report on a bi-monthly basis to Hamed and the Master as to the status of all wind up efforts. In addition, the Liquidating Partner shall prepare and file all required federal and territorial tax returns and shall pay all just Partnership Debts. The Liquidating Partner shall provide a Partnership accounting. Any Liquidation Proceeds and Litigation Recovery shall be placed into the Claim Reserve Account from which all Partnership Debts shall first be paid. Following payment of all Partnership Debts, any remaining funds shall continue to be held in the Claims Reserve Account pending distribution pursuant to agreement of the Partners or order of the Court following a full accounting and reconciliation of the Partners' capital accounts and earlier distributions.

Section 6. SALARIES, WITHDRAWALS

As compensation for serving as Liquidating Partner, Yusuf shall continue to receive the salary Yusuf is currently receiving as shown on the Wind Up Budget. This compensation will be considered an expense of winding up the Partnership's business. For at least one hundred twenty (120) days following the Effective Date, the Hamed Sons and Yusuf Sons shall continue to receive their current salaries in return for assisting the Liquidation Partner in the wind up of the Partnership. Thereafter, the Liquidating Partner shall have the right to terminate their services upon fourteen (14) days notice as the Partnership business operations decline and their services are no longer needed. The Hamed Sons and Yusuf Sons shall be terminated at the same time.

Section 7. CRIMINAL CASE AND ENCUMBERED CASH

There exists a plea agreement ("Plea Agreement") entered by United in the Criminal Case. Nothing in this Plan or the Partnership wind up efforts shall undermine or impair United's Plea Agreement. The President of United shall meet with the U.S. Department of Justice to see what impact, if any, the implementation of the Plan and wind up of the Partnership may have on United's compliance with the Plea Agreement.

The Encumbered Cash shall be deposited into the Claims Reserve Account immediately after it is no longer encumbered by the Restraining Order entered in the Criminal Case and, thereafter, held for distribution in accordance with this Plan.

Section 8. PLAN OF LIQUIDATION AND WINDING UP**1) Plaza Extra-East**

Yusuf will purchase from the Partnership the following elements of the existing business operation known as Plaza Extra-East: the inventory at one half of the landed cost and the equipment at its depreciated value, as mutually determined by the Partners. In the event the Partners cannot agree, such value shall be determined by a qualified appraiser selected by the Master. In the event that Yusuf is unwilling to pay the appraised depreciated value of the equipment, the same shall be sold at public auction under the direction and supervision of the Master, with net proceeds equally divided and disbursed by the Master. Upon payment for such inventory, and upon payment (or auction and distribution of proceeds) for the equipment, Yusuf will assume full ownership and control and may continue to operate the business Plaza Extra-East without any further involvement of Hamed or the Hamed Sons, and free and clear of any claims or interest of Hamed.

For purposes of winding up the Partnership, Plot 4-H Estate Sion Farm shall not be considered Partnership property and is not subject to division under this Plan, without prejudice to any accounting claim that may be presented by Hamed.

2) Plaza Extra-Tutu Park

The Partners will be allowed to bid on Plaza Extra-Tutu Park at a closed auction supervised by the Master. The auction shall take no more than one day and should not cause any delay in implementing this Plan or disrupt the business operations of any Plaza Extra store. The Partners may discuss and jointly or individually propose the format and procedures for the auction, subject however to the Master's sole determination.

The Partnership assets sold in connection with Plaza Extra-Tutu Park shall consist of the leasehold interests, the inventory, equipment, and all leasehold improvements not a part of the real property. The value of such assets shall be determined by a qualified appraiser selected by the Master prior to the auction. Whichever Partner submits the winning bid for Plaza Extra-Tutu Park shall receive and assume all existing rights and obligations to the pending litigation with the landlord in the Superior Court of the Virgin Islands, Division of St. Thomas and St. John, *United Corporation d/b/a Plaza Extra v. Tutu Park Limited and P.I.D., Inc.* (Civ. No. ST-01-CV-361) (the "Tutu Park Litigation"). The Partner who receives and assumes said rights and obligations to the Tutu Park Litigation shall be obligated to reimburse the other Partner 50% of the amount of costs and attorneys' fees incurred to date directly attributable to the Tutu Park Litigation. Additionally, the prevailing Partner at auction shall be responsible for obtaining releases or otherwise removing any continuing or further leasehold obligations and guarantees of the Partnership and the other Partner.

3) Plaza Extra-West

Hamed will purchase from the Partnership the following elements of the existing business operation known as Plaza Extra-West: inventory at one half of the landed cost and the equipment at its depreciated value, as mutually determined by the Partners. In the event the Partners cannot agree, such value shall be determined by a qualified appraiser selected by the Master. In the event

that Hamed is unwilling to pay the appraised value of the equipment, the same shall be sold at public auction under the direction and supervision of the Master. Upon payment for the inventory, and upon payment (or auction and distribution of the proceeds) for the equipment, Hamed will assume full ownership and control and may continue to operate Plaza Extra-West without any further involvement of Yusuf, Yusuf's sons or United, and free and clear of any claims or interests of Yusuf or United.

Hamed will be entitled to a recordable non-exclusive easement for the existing sewage line servicing Plaza Extra-West, which shall not preclude Plessen Enterprises, Inc., the owner of the servient parcel, from reserving the right to tap into and to utilize such sewage line.

4) Stock of Associated Grocers

The stock of Associated Grocers held in the name of United shall be split 50/50 between Hamed and Yusuf, with United retaining in its name Yusuf's 50% share, and 50% of such stock being reissued in Hamed's name or in the name of his designee.

5) Plaza Extra Name

The Master will conduct and supervise a closed auction wherein the Partners alone will be allowed to bid to purchase the trade name "Plaza Extra." The prevailing Partner at the auction shall receive the right to the exclusive use of the name "Plaza Extra," to the exclusion of all others, including the other Partner, who shall be forever barred from using the name "Plaza Extra" in connection with operation of any business in the U.S. Virgin Islands.

The auction shall take no more than one day and will be conducted in a manner that will not cause any delay in implementing this Plan or any disruption in the business operations of any Plaza Extra store. The Partners may discuss and jointly or individually propose the format and procedures for the auction, subject however to the Master's sole determination.

Section 9. Steps to Be Taken for the Orderly Liquidation of the Partnership

This Plan is conditioned upon the ability of Hamed and Yusuf to use the 50% interest of each in Available Cash and Encumbered Cash to purchase the non-liquid Partnership Assets. While the bid-in process may continue, actual payment of the funds shall be subject to approval of the Master, the Court and, to the extent necessary, the District Court.

Step 1: Budget for Wind Up Efforts

The Wind Up Budget for the Wind Up Expenses is attached hereto as **Exhibit A**. Such expenses include but are not limited to, those incurred in the liquidation process, costs for the continued operations of Plaza Extra Stores during the wind up, costs for the professional services of the Master, costs relating to pending litigation in which Plaza Extra and/or United *d/b/a* Plaza Extra Stores is named as a party, and the rent to be paid to the landlords of Plaza Extra-East and Plaza Extra-Tutu Park.

funds remaining in the Claim Reserve Account. Thereafter, the Master shall make a report and recommendation for distribution to the Court for its final determination. Nothing herein shall prevent the Partners from agreeing to distribution of Partnership Assets between them rather than liquidating Partnership Assets by sale and distributing proceeds of such sale(s).

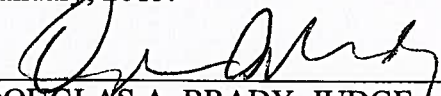
Step 7: Additional Measures to Be Taken

- a) Should the funds deposited into the Liquidating Expenses Account prove to be insufficient, the Master shall transfer from the Claims Reserve Account sufficient funds required to complete the wind up and liquidation of the Partnership, determined in the Master's discretion.
- b) All funds realized from the sale of the non-cash Partnership Assets shall be deposited into the Claims Reserve Account under the exclusive control of the Master.
- c) All bank accounts utilized in the operation of the Partnership business shall be consolidated into the Claims Reserve Account.
- d) All brokerage and investment accounts set forth in **Exhibit D** shall be turned over to the Master as part of the Claims Reserve Account.
- e) Any Partnership Assets remaining after the completion of the liquidation process shall be divided equally between Hamed and Yusuf under the supervision of the Master.

Section 10. INDEX OF EXHIBITS

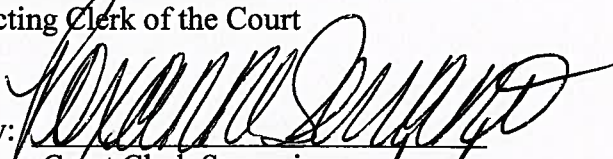
- Exhibit A: Wind Up Budget
- Exhibit B: Plaza Extra Supermarkets Balance Sheet
- Exhibit C: Pending Litigation Against United
- Exhibit D: List of Brokerage and Investment Accounts

DONE AND SO ORDERED this 7 day of January, 2015.




 DOUGLAS A. BRADY, JUDGE

ATTEST:
ESTRELLA GEORGE
Acting Clerk of the Court

By: 

 Court Clerk Supervisor
 1/7/15

CERTIFIED TO BE A TRUE COPY
This 9th day of Jan 2015

CLERK OF THE COURT
 By: 
 _____ Court Clerk 11

Step 2: Setting Aside Reserves

The sum of Ten Million Five Hundred Thousand Dollars (\$10,500,000.00) shall be set aside in a Liquidating Expenses Account to cover the Wind Up Expenses as set out in the Wind Up Budget with a small surplus to cover any miscellaneous or extraordinary Wind Up Expenses that may occur at the conclusion of the liquidation process. Such Account shall be held in trust by the Liquidating Partner under the supervision of the Master. All disbursements shall be subject to prior approval by the Master. The Liquidating Partner shall submit to Hamed and the Master each month a reconciliation of actual expenditures against the projected expenses set forth in Exhibit A. Unless the Partners agree or the Master orders otherwise, the Liquidating Partner shall not exceed the funds deposited in the Liquidated Expenses Account.

Step 3: Continued Employment of Employees

Yusuf and Hamed, and their respective successors, shall attempt to keep all employees of the Plaza Extra Stores fully employed, not including members of the Hamed and Yusuf families. Although approval of this plan should avoid any need to comply with the provisions of the Virgin Islands Plant Closing Act ("PCA"), to the extent necessary, Yusuf and Hamed, and their respective successors, shall comply with the PCA for any affected employees of the Plaza Extra Stores as a result of the winding up and closure of the Partnership business. Any severance payments due to the employees determined in accordance with the PCA shall be paid by the Master out of the Claims Reserve Account.

Step 4: Liquidation of Partnership Assets

The Liquidating Partner shall promptly confer with the Master and Hamed to inventory all non-Plaza Extra Stores Partnership assets, and to agree to and implement a plan to liquidate such assets, which shall result in the maximum recoverable payment to the Partnership. All previous Partnership accountings are deemed preliminary. Hamed's accountant shall be allowed to view all partnership accounting information from January 2012 to present and to submit his findings to the Master. The Liquidating Partner is ordered to submit an updated balance sheet to Hamed and to the Master without delay.

Step 5: Other Pending Litigation

The pending litigation against United, set forth in **Exhibit C**, arises out of the operation of the Plaza Extra Stores. As part of the wind up of the Partnership, the Liquidating Partner shall undertake to resolve those claims in Exhibit C, and to the extent any claims arise in the future relating to the operation of a Plaza Extra Store during the liquidation process, within the available insurance coverage for such claims. Any litigation expenses not covered by the insurance shall be charged against the Claims Reserve Account.

Step 6: Distribution Plan

Upon conclusion of the Liquidation Process, the funds remaining in the Liquidation Expenses Account, if any, shall be deposited into the Claims Reserve Account. Within forty-five (45) days after the Liquidating Partner completes the liquidation of the Partnership Assets, Hamed and Yusuf shall each submit to the Master a proposed accounting and distribution plan for the

EXHIBIT A

EXHIBIT E

Pizza Extra Supermarkets Liquidation Budget

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Operating Expenses	23,000.00	25,000.00	25,000.00	25,000.00	25,000.00	0.00
Advertising & Promotion	250.00	250.00	250.00	200.00	200.00	0.00
Auto Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debts Expense	5,000.00	5,000.00	5,000.00	4,000.00	3,000.00	10,000.00
Bank Charges	1,000.00	800.00	600.00	400.00	200.00	2,000.00
Cash Short (Over)	500.00	0.00	0.00	0.00	0.00	0.00
Charitable Contributions	3,000.00	2,500.00	2,000.00	1,500.00	1,000.00	0.00
Computer Supplies & Expense	5,000.00	3,000.00	2,000.00	1,000.00	500.00	500.00
Contract Labor Expense	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00	18,500.00
Depreciation Expense	23,000.00	23,000.00	23,000.00	23,000.00	20,000.00	13,000.00
Insurance - Emp Health	27,000.00	27,000.00	27,000.00	27,000.00	27,000.00	27,000.00
Insurance - Gen Liability	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00
Insurance - Property	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	0.00
Insurance - Worker's Comp	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Professional Fees	65,000.00	60,000.00	50,000.00	40,000.00	30,000.00	5,000.00
Merchant Fees - MAC/Vis/Amex	2,000.00	2,000.00	2,000.00	1,000.00	750.00	500.00
Merchant Fees - Telecheck	500.00	500.00	500.00	500.00	0.00	0.00
NSF Checks Expense	5,000.00	4,000.00	3,000.00	2,000.00	1,000.00	0.00
Office Supplies & Expense	500.00	500.00	500.00	500.00	500.00	500.00
Postage & Overnight Delivery	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Rent Expense - 10th Park	99,000.00	99,000.00	99,000.00	99,000.00	99,000.00	99,000.00
Repairs & Maintenance Expense	40,000.00	30,000.00	20,000.00	10,000.00	2,000.00	0.00
Security Expense	6,000.00	5,000.00	4,000.00	3,000.00	2,000.00	0.00
Security Expense	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Court Appointed Master	367,000.00	245,000.00	163,000.00	82,000.00	41,000.00	0.00
Taxes - Buror Receipts	78,000.00	65,000.00	59,000.00	46,000.00	2,000.00	5,000.00
Taxes - Buror FICA & Medicare	6,000.00	5,000.00	4,000.00	3,000.00	2,000.00	1,000.00
Taxes - Buror FUTA Expense	10,000.00	9,000.00	8,000.00	6,000.00	4,000.00	1,000.00
Taxes - Buror VI Unemp	300.00	500.00	500.00	500.00	500.00	0.00
Taxes - Licenses	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	0.00
Taxes - Property	4,000.00	4,000.00	4,000.00	4,000.00	3,000.00	2,000.00
Telephone Expense	7,000.00	7,000.00	7,000.00	5,000.00	5,000.00	1,000.00
Trash Removal	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Travel & Hotels Expense	425,000.00	425,000.00	425,000.00	425,000.00	375,000.00	300,000.00
Utilities - Electric	2,500.00	2,500.00	2,500.00	2,500.00	500.00	500.00
Utilities - Gas & Diesel	3,000.00	3,000.00	2,000.00	1,000.00	500.00	500.00
Utilities - Water	27,500.00	22,000.00	22,000.00	22,000.00	22,000.00	22,000.00
Wages - Liquidating Partner	27,500.00	22,000.00	22,000.00	22,000.00	22,000.00	22,000.00
Wages - Other Salaries	185,000.00	176,000.00	176,000.00	150,000.00	150,000.00	150,000.00
Wages - Managers	831,000.00	665,000.00	600,000.00	450,000.00	300,000.00	50,000.00
Wages - Other						
Total Operating Expenses	2,967,250.00	2,023,550.00	1,843,850.00	1,540,600.00	1,256,650.00	793,000.00
Cumulative Total	2,967,250.00	4,390,800.00	6,234,650.00	7,775,250.00	9,031,900.00	9,824,900.00

*This proposed budget is without prejudice to United Corporation's claim for increased rent effective January 1, 2012.

Forecast

EXHIBIT B

Plaza Extra Supermarkets
Balance Sheet
As of January 31, 2014 and Last Year End

ASSETS	<u>Current Period</u>	<u>Last Year End</u>
Current Assets		
10000 Cash - Petty	\$ 31,726.00	\$ 31,726.00
10100 Cash - Registers	33,870.00	33,870.00
10200 Cash - Safe	146,520.20	168,220.20
10300 Cash in Bank - Operating	(2,212,795.52)	(970,814.23)
10350 Cash in Bank - Payroll	15,712.17	15,693.98
10400 Cash in Bank - CC Deposit	1,096,301.95	932,533.54
10500 Cash in Bank - Telecheck	7,967,789.80	7,703,852.94
10900 Cash Clearing - Transfers	0.00	106,910.23
11000 Accounts Receivable - Trade	57,323.37	43,129.55
12000 Inventory	9,553,982.57	9,553,982.57
13100 Prepaid Insurance	226,946.88	278,216.83
13300 Due from Cashiers - Shortages	0.00	(2,719.72)
13400 Due from Employees - Loans	60,638.60	73,497.47
14000 Due from (to) Yusuf	(117,644.33)	(117,644.33)
14100 Due from (to) Plaza East	(458,954.70)	(550,471.77)
14300 Due from (to) Plaza West	405,655.79	476,080.46
14400 Due from (to) Plaza STT	53,298.91	53,298.91
14500 Due from (to) Shopping Ctr	67,251.73	65,688.31
15100 Marketable Securities - BPPR	37,767,429.03	37,767,429.03
15150 Unrealized (Gain) Loss - BPPR	(2,324,369.86)	(2,324,369.86)
15200 Marketable Securities - ML	336,378.45	336,378.45
	<hr/>	<hr/>
Total Current Assets	52,707,061.04	53,674,488.56
Property and Equipment		
16000 Buildings	3,478,103.00	3,478,103.00
16100 Leasehold Improvements	4,214,919.00	4,214,919.00
16200 Fixtures & Store Equipment	7,377,032.21	7,377,032.21
16400 Security Equipment	304,241.60	304,241.60
16500 Vehicles & Transport Equipment	57,050.50	57,050.50
16900 Accum Depreciation	(10,695,527.03)	(10,677,827.03)
	<hr/>	<hr/>
Total Property and Equipment	4,735,819.28	4,753,519.28
Other Assets		
17000 Land	330,000.00	330,000.00
19000 Deposits	57,963.40	57,963.40
19200 Due from (to) Peter's Farm	1,527,708.00	1,527,708.00
19300 Due from (to) Plessen	5,109,018.00	5,109,018.00
19400 Due from (to) Sixteen Plus	87,004.26	87,004.26
	<hr/>	<hr/>
Total Other Assets	7,111,693.66	7,111,693.66
	<hr/>	<hr/>
Total Assets	\$ 64,554,573.98	\$ 65,539,701.50

Unaudited - For Management Purposes Only

Plaza Extra Supermarkets
Balance Sheet
As of January 31, 2014 and Last Year End

		<u>Current Period</u>	<u>Last Year End</u>
LIABILITIES AND CAPITAL			
Current Liabilities			
20000	Accounts Payable - Trade	\$ 3,269,786.86	\$ 5,026,839.62
21000	VI Income Tax W/H & Payable	24,521.07	47,944.73
21100	FICA / Medicare Payable	20,449.67	29,520.57
21200	Accrued FUTA Payable	2,765.34	3,544.84
21300	Accrued VI Unemp Tax Payable	7,989.20	40,429.11
21500	Garnishments W/H & Payable	1,174.50	541.98
21700	AFLAC W/H & Payable	2,489.84	2,489.84
21800	CIGNA W/H & Payable	21,715.29	(73,907.68)
21900	MASA W/H & Payable	694.41	1,205.41
23000	Accrued Expenses Due United	5,442,894.19	5,383,894.19
23100	Accrued Gross Rcpts Tx Payable	411,786.49	303,485.32
25000	Deferred Income	0.00	(804.56)
	Total Current Liabilities	9,206,266.86	10,765,183.37
Long-Term Liabilities			
	Total Long-Term Liabilities	0.00	0.00
	Total Liabilities	9,206,266.86	10,765,183.37
Capital			
33000	Dividend Distrib's (Ptr Draws)	0.00	(8,486,132.00)
39000	Retained Earnings	54,774,518.13	61,840,197.87
	Net Income	573,788.99	1,420,452.26
	Total Capital	55,348,307.12	54,774,518.13
	Total Liabilities & Capital	\$ 64,554,573.98	\$ 65,539,701.50

Unaudited - For Management Purposes Only

EXHIBIT C

EXHIBIT C
PENDING LITIGATION AGAINST UNITED

MATTER	STATUS/CASE NUMBER
1. Carol Daniel v. United Corporation d/b/a Plaza Extra	No suit filed
2. Edwards, Sonia v. United Corporation d/b/a Extra	No suit filed
3. Fell, Isaline v. United Corporation d/b/a Plaza Extra	
4. Harley, George v. United Corporation d/b/a Plaza Extra	No suit filed
5. Harris v. United Corporation d/b/a Plaza Extra	No suit filed
6. Hartzog, Amanda individually and as Next of Friend of Jahmil Perez, a minor v. United Corporation d/b/a Plaza Extra	Case No. 95/2004 Superior Court of the Virgin Islands Division of St. Croix
7. Issac, Laverne v. United Corporation d/b/a Plaza Extra	Superior Court of the Virgin Islands Division of St. Thomas and St. John
8. Javois, Kyshama and Ferdinand Javois as parents of Kai Javois, a minor v. United Corporation	No suit filed
9. Melendez, Carlos, Jr. v. V.I. Asphalt Products Corporation (VIAPCO) and Mike Yusuf	
10. Philip, Nelda P. v. United Corporation d/b/a Plaza Extra	
11. Samuel, Velma v. United Corporation d/b/a Plaza Extra	Case No. ST-12-CV-457 Superior Court of the Virgin Islands Division of St. Thomas and St. John
12. Santiago, Jacqueline v. United Corporation d/b/a Plaza Extra	Superior Court of the Virgin Islands Division of St. Croix

MATTER	STATUS/CASE NUMBER
13. Santiago, Jacqueline v. United Corporation d/b/a Plaza Extra (DOL Appeal Case)	Superior Court of the Virgin Islands Division of St. Croix
14. United Corporation d/b/a Plaza Extra v. Tutu Park Limited (Light Poles)	Civil No. 97/1997 District Court of the St. Thomas and St. John
15. United Corporation d/b/a Plaza Extra v. Tutu Park Limited and P.I.D. Inc.	Civil No. 361/2001 Superior Court of the Virgin Island Division of St. Thomas and St. John
16. Williams, Edith v. United Corporation d/b/a Plaza Extra	Case No. 478/2000 Territorial Court, Division of St. Croix

EXHIBIT D

Exhibit D

LIST OF BROKERAGE AND INVESTMENT ACCOUNTS

1. Popular Securities Accounts United Corp. d/b/a Plaza Extra
(Denoted on Exhibit B - Balance Sheet as #15100)

Value as of 12/31/13: \$37,767,429.06

2. Merrill Lynch Cash Reserve Account
(Denoted on Exhibit B - Balance Sheet as #15200)

Value as of 12/31/13: \$336,378.45



Dudley, Topper and Feuerzeig, LLP
 Mohammad Hamed v. Fathi Yusuf and United Corporation
 Civil No. SX-12-CV-99
 Funds withdrawn from partnership through checks. (October 2001 to 2012)

Family Member: Fathi Yusuf

Type of Account:	Account Number:	Account Owner:	Year												Total	
			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
Telechecks	600-86413	United Corporation DBA Plaza Extra		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000.00	\$ 2,784,706.25	\$ 3,534,706.25
Checking Account	312010	United Corporation DBA Plaza Extra	70,000.00	516,320.00	113,147.00	224,908.40	-	-	-	-	-	-	-	-	-	924,375.40
Checking Account	65811	United Corporation DBA Plaza Extra	-	150,080.00	-	-	-	-	-	-	-	-	-	-	-	150,080.00
Unknown	058-60092918	United Corporation / Plaza Extra	-	-	-	-	-	-	-	-	-	-	-	750,000.00	-	750,000.00
Total Checks accounted for			\$ 70,000.00	\$ 666,400.00	\$ 113,147.00	\$ 224,908.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000.00	\$ 2,784,706.25	\$ 5,359,161.65



Dudley, Topper and Feuerzeig, LLP

Mohammad Hamed v. Fathi Yusuf and United Corporation

Civil No. SX-12-CV-99

(October 2001 to 2012)

Account Owner: United Corporation DBA Plaza Extra
 Supermarket Location: Sion Farm, St. Croix
 Financial Institution: Scotiabank
 Type of Account: Telechecks
 Account Number: 058-60086413

Year	Statement Date	Transaction Date	Check #	Amount	Adjustment	Adjusted Amount	Pay to the order of	Tickmarks/ Note
2011	N/A	7/7/2011	1149	\$ 750,000.00	\$ (375,000.00)	\$ 375,000.00	Fathi Yusuf	1
2011	N/A	7/7/2011		750,000.00	(375,000.00)	375,000.00	Fathi Yusuf	2
Total Year 2011				1,500,000.00	(750,000.00)	750,000.00		
2012	N/A	8/15/2012	1154	2,784,706.25		2,784,706.25	United Corporation	3
Total Year 2012				2,784,706.25	-	2,784,706.25		
Total				\$ 4,284,706.25	\$ (750,000.00)	\$ 3,534,706.25		

Notes:

- 1 We observed an affidavit signed by Mr. Fathi Yusuf referencing a gift to Mr. Mufeed Hamed for \$750,000. Ms. Fawzia Yusuf signed a similar affidavit for the same amount. A total of \$1,500,000 where withdrawn from Plaza Extra accounts through checks #1149 and #1104 (\$750,000 each) using the Plaza Extra St. Croix accounts #058-60092968 and #058-60086413. Since Mr. Mufeed's wife was Ms. Amal Yusuf, this amount is considered a Partnership distribution from both families.
- 2 We observed an affidavit signed by Mr. Fathi Yusuf referencing a gift to Mr. Hisham Hamed for \$750,000. Ms. Fawzia Yusuf signed a similar affidavit for the same amount. A total of \$1,500,000 was deposited in Mr. Hisham Hamed personal account # 191-85515 on 8/24/2011, amount was observed in bank statement. Since Hisham's wife was Ms. Hoda Yusuf we considered this amount as a Partnership distribution from both families.
- 3 Check #1154 was paid to the order of United Corporation from Plaza Extra account #058-60086413 for \$2,784,706.25 dated 8/15/2012 and signed by Fathi Yusuf and Maher Yusuf.



Dudley, Topper and Feuerzeig, LLP

Mohammad Hamed v. Fathi Yusuf and United Corporation

Civil No. SX-12-CV-99

(October 2001 to 2012)

Account Owner: United Corporation DBA Plaza Extra

Supermarket Location: Tutu Park, St. Thomas

Financial Institution: Scotiabank

Type of Account: Checking Account

Account Number: 312010

Year	Statement Date	Transaction Date	Check #	Amount	Adjustment	Adjustments suggested by Fathi Yusuf	Adjusted Amount	Pay to the order of	Tickmarks/ Note
2001	10/31/2001	10/2/2001	10934	\$ 50,000.00			\$ 50,000.00	Fathi Yusuf	A, 1
2001	11/30/2001	11/9/2001	11114	20,000.00			20,000.00	Fathi Yusuf	C, 2
Total Year 2001				70,000.00	-	-	70,000.00		
2002	N/A	4/15/2002	11866	1,306,265.00		(1,306,265.00)	-	V. I. Bureau of Internal Revenue	3
2002	N/A	4/29/2002	11939	50,000.00			50,000.00	Fathi Yusuf	4
2002	N/A	6/8/2002	12187	50,000.00			50,000.00	Fathi Yusuf	4, 5
2002	N/A	7/23/2002	12419	115,150.00		-	115,150.00	Fathi Yusuf	4, 5, 6
2002	N/A	9/15/2002	12692	20,050.00		-	20,050.00	Scotiabank	C, 4, 6
2002	N/A	10/4/2002	12813	50,000.00			50,000.00	Fathi Yusuf	C, 4
2002	N/A	10/21/2002	12944	100,055.00		-	100,055.00	Scotiabank	4, 5, 6
2002	N/A	10/24/2002	12977	100,055.00		-	100,055.00	The Bank of Nova Scotia	4, 5, 6
2002	N/A	11/20/2002	13145	6,010.00		-	6,010.00		4, 5, 6
2002	N/A	12/23/2002	13356	25,000.00			25,000.00	Scotiabank	C
Total Year 2002				1,822,585.00	-	(1,306,265.00)	516,320.00		
2003	N/A	2/20/2003	13763	50,000.00			50,000.00		4
2003	N/A	3/28/2003	13994	15,000.00			15,000.00	Yusuf	4
2003	N/A	7/10/2003	14537	150,000.00		(150,000.00)	-	Fathi Yusuf	5, 7
2003	N/A	7/14/2003	14560	23,114.00		-	23,114.00	Fathi Yusuf	C, 6
2003	N/A	9/15/2003	14922	25,000.00			25,000.00	The Bank of Nova Scotia	C
2003	N/A	12/19/2003	20041	33.00			33.00	Fathi Yusuf	4
Total Year 2003				263,147.00	-	(150,000.00)	113,147.00		
2004	N/A	5/21/2004	15765	25,000.00			25,000.00	Fathi Yusuf	4, 5
2004	N/A	6/18/2004	15819	25,000.00			25,000.00	Fathi Yusuf	4, 5
2004	N/A	7/5/2004	15857	25,000.00			25,000.00	Fathi Yusuf	C
2004	N/A	7/8/2004	15868	908.40			908.40	Fathi Yusuf	C
2004	N/A	7/19/2004	15891	14,000.00			14,000.00	Fathi Yusuf	5
2004	N/A	7/29/2004	15921	25,000.00			25,000.00	Fathi Yusuf	5
2004	N/A	8/10/2004	15943	25,000.00			25,000.00	Fathi Yusuf	5
2004	N/A	8/30/2004	15975	25,000.00			25,000.00	Fathi Yusuf	5
2004	N/A	9/20/2004	16009	25,000.00			25,000.00	Fathi Yusuf	5
2004	N/A	9/24/2004	16026	25,000.00			25,000.00	Fathi Yusuf	5
2004	N/A	10/6/2004	16039	10,000.00			10,000.00		5
Total Year 2004				224,908.40	-	-	224,908.40		
Total				\$ 2,380,640.40	\$ -	\$ (1,456,265.00)	\$ 924,375.40		

Tickmarks:

- A Amount was observed in bank statement.
- C Amount was observed in cancelled check.

Notes:

- 1 Check was also corroborated with General Ledger #10500-20 of Plaza Extra ST. Thomas Tutu Park account #044-55312010.
- 2 Check was endorsed and deposited to personal account # 55163827.
- 3 As per Mr. Fathi Yusuf, all tax expenses were covered by partnership's funds. He confirmed that these checks were made to V. I. Bureau of Internal Revenue; amount was adjusted in order to eliminate them from his analysis. Also attached, Form 4868 Application for Automatic Extension of Time To File U.S. Individual Income Tax Return 2001.
- 4 Check was also corroborated with General Ledger #105100-20 of Plaza Extra ST. Thomas Tutu Park account #044-55312010.
- 5 Amount was observed in a copy of check.
- 6 Mr. Yusuf disputes all checks with the memo note "Turkey." He argues that all these payments represent advancements or reimbursements for purchases he made in Turkey to acquire inventory for Plaza Extra.
- 7 As per Mr. Fathi Yusuf both family members were responsible for depositing Plaza Extra funds into the 140-07759 United Merrill Lynch account, amount was adjusted.



Dudley, Topper and Feuerzeig, LLP

Mohammad Hamed v. Fathi Yusuf and United Corporation

Civil No. SX-12-CV-99

(October 2001 to 2012)

Account Owner: United Corporation D/B/A Plaza Extra
Supermarket Location: Plaza Extra East, St Croix
Financial Institution: Scotiabank
Type of Account: Checking
Account Number: 058-00065811

Year	Statement Date	Transaction Date	Check #	Amount	Adjustment	Adjustments suggested by Fathi Yusuf	Adjusted Amount	Pay to the order of	Tickmarks/Notes
2002	9/30/2002	9/23/2002	19115	\$ 150,080.00		\$ -	\$ 150,080.00	Fathi Yusuf	C, 1
Total Year 2002				150,080.00	-	-	150,080.00		
Total				\$ 150,080.00	\$ -	\$ -	\$ 150,080.00		

Tickmarks:

C Amount was observed in cancelled check.

Notes:

1 Mr. Yusuf disputes all checks with the memo note "Turkey." He argues that all these payments represent advancements or reimbursements for purchases he made in Turkey to acquire inventory for Plaza Extra.



Dudley, Topper and Feuerzeig, LLP

Mohammad Hamed v. Fathi Yusuf and United Corporation

Civil No. SX-12-CV-99

(October 2001 to 2012)

Account Owner: United Corporation / Plaza Extra
 Supermarket Location: Christiansted
 Financial Institution: Scotiabank
 Type of Account: Unknown
 Account Number: 058-60092918

Year	Statement Date	Transaction Date	Check #	Amount	Adjustment	Adjusted Amount	Pay to the order of	Tickmarks/ Notes
2011	N/A	7/7/2011	1104	\$ 750,000.00	\$ (375,000.00)	\$ 375,000.00	Fawzia Yusuf	1
2011	N/A	7/7/2011		750,000.00	(375,000.00)	375,000.00	Fawzia Yusuf	2
Total Year 2011				1,500,000.00	(750,000.00)	750,000.00		
Total				\$ 1,500,000.00	\$ (750,000.00)	\$ 750,000.00		

Notes:

- 1 We observed an affidavit signed by Mr. Fathi Yusuf referencing a gift to Mr. Mufeed Hamed for \$750,000. Ms. Fawzia Yusuf signed a similar affidavit for the same amount. A total of \$1,500,000 where withdrawn from Plaza Extra accounts through checks #1149 and #1104 (\$750,000 each) using the Plaza Extra St. Croix accounts #058-60092968 and #058-60086413. Since Mr. Mufeed's wife was Ms. Amal Yusuf, this amount is considered a Partnership distribution from both families.
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