

Good morning, Honorable Senator Clifford Graham, Chairman of the Committee on Finance, distinguished Committee members, other distinguished senators and good morning to all. I am, Juan Figueroa Sr. Executive Director of the Virgin Islands Lottery. Before I begin, I would like to acknowledge members of my executive team:

- ✓ Ms. Shalyn Proctor, Chief Financial Officer;
- ✓ Mr. Rodney Parris, Director of Operations;
- ✓ Mr. Luis Osorio, Director of Security and Investigations;
- ✓ Mr. Robert Clouden, Information Technology Specialist;
- ✓ Ms. Victoria Burgess, Confidential Executive Assistant;
- ✓ Ms. Corinne Carmichael, Special Projects Coordinator/ Human Resources Coordinator and
- ✓ Ms. Mabel Maduro, Educational Outreach Manager.

I would like to take this opportunity to first thank all the men and women of the Virgin Islands Lottery for their professionalism and commitment to the agency. It is a result of their hard work and dedication along with the continued support of the Virgin Islands community that has allowed us to remain the oldest continuous lottery of any state or territory in the United States. The Virgin Islands Lottery was founded in 1937; its mandate was amended in 1971, within Title 32, Chapter 13 of the Virgin Islands Code. The Virgin Islands Lottery is an instrumentality of the Government of the United States Virgin Islands. Over the past 79 years, the VI Lottery has woven itself into the social fabric of the Virgin Islands, both culturally and economically.

Although the Virgin Islands Lottery has experienced significant growth and development, our efforts to expand, increase player satisfaction, and give back to our community are ongoing.

As a result, our agency has become much more visible and viable and is now one of the top contributors to the economy of the Virgin Islands, generating more than 18 million dollars annually.

On June 22, 2016, I held a Commission meeting with members of the Board to introduce Mr. Samuel Garnett our newest board member. We welcome him and appreciate his experience and insight. Other Commission members are Mr. Valdemier Collens, Commissioner of Finance and Chair of the Board, Nellon Bowry, Director of the Office of Management and Budget, Mr. Vernon Finch from the Island of St. Thomas and Mr. Lloyd Daley from the Island of St. Croix.

Commission meetings were also held on January 11, 2016, to review the update of the Virgin Islands Lottery Procedural Manual, on January 28, 2016, to have a discussion on the Information Technology upgrade and on March 17, 2016 to review the Organizational Manual and its approval. On July 15, 2016 our commission members voted in favor of the selected bidder for our Information Technology Infrastructure Upgrade and to approve the Fiscal Year 2017 Virgin Islands Lottery Budget.

Our accomplishments for Fiscal Year 2016 begin with the continuation of our efforts to provide open and constant communication with our dealers. We held open house Lottery Dealers meetings which were held on all three islands, beginning on St. John on May 9, 2016, St. Thomas on May 10, 2016 and St. Croix on May 11, 2016.

Dealers who attended were given the opportunity to voice their opinions on the current operations, let us know of any challenges or concerns they face as well as ideas on how to promote sales. We also updated them on our plan to increase sales, developed by our marketing team, to gain feedback from them. The ability to move forward with our IT Upgrade is a major accomplishment that we will now be able to implement. This upgrade will put the VI Lottery at a major advantage, allowing us to operate with a new and fully functioning Point of Sale system.

I conducted a General Staff meeting of all employees from the district of St. Thomas/St. John on June 7, 2016 and June 8, 2016 on the Island of St. Croix. Our staff was able to provide management with ideas to improve office efficiency, enhance revenues of the Virgin Islands Lottery, and to express their concerns. Unfortunately, I would be misleading if I did not report that morale is low among VI Lottery employees, no different than other departments and agencies. This low morale is as a result of our employees wanting their long overdue pay raise.

We are happy to report that we have met our quarterly mandated contributions as follows: Education Initiative Fund for the amount of \$1.2 million has been provided to assist with the various programs within the public schools.

We have contributed close to 1million dollars to the Retirees' Bonus Program. We have provided 1.2 million dollars for the Pharmaceutical Assistance Program to assist with the purchase of medication for senior citizens. Even though, it is not a requirement we voluntarily provided 100 Thousand Dollars to the Office of Veterans Affairs and finally, 191 Thousand Dollars was granted to the Horse Race Commission.

In our efforts to provide quality service to the people of the Virgin Islands we believe that it is imperative to have a fully equipped and knowledgeable staff. We are pleased to report that our Sales Office and Frontline staff in the St. Thomas, St. John district as well as St. Croix have received and completed Customer Service Trainings and all of our new employees have completed Sexual Harassment Training. Our staff takes part in the Government of the Virgin Island's Wellness Program and we had 100% participation in the Health Risk Assessment in both districts. Years of service recognition program was instituted on December 2015. An Employee Birthday Recognition Program was implemented for the employees whereby a birthday cake is presented to those whose birthday's falls during a given month and the employees are featured in our Website www.winusvilottery.com. We are continuing our efforts to engage our staff and improve morale. Union negotiations are soon to begin for both Supervisors and Rank and file.

Proceeds from the Virgin Islands Lottery Sponsorships and Donations Program are used to fund specific government and nonprofit organizations. Although not mandated by law, Virgin Islands Lottery has traditionally allocated approximately \$300,000 to sponsor/fund community-service programs that fall in line with our "Make a Difference Pillars": Education, Economic and Business Development, and Health and Public Welfare. For Fiscal Year 2016, a total of \$307,000 has been awarded to various community programs. One of the objectives that we are implementing within our Sponsorships and Donations Program is diversifying the organizations that we fund, which are measurable and mutually beneficial.

We believe that by educating more local agencies and organizations about the opportunities to receive funding and support from the VI Lottery; will allow us to reach a wider demographic and gather more support from more Virgin Islanders.

The main area that we are focusing on is addressing our decreasing sales within our traditional lottery game. An analysis of our current marketing efforts was conducted in order to identify the strengths, weakness, and opportunities for growth. The VI Lottery is implementing an in depth marketing plan focusing on public relations, promotions, and expansion of the VI Lottery. The goal of this public relations campaign is to clear up the misconceptions and educate the public about our agency. This public relations campaign will address the way the traditional lottery game works, better inform the public of the significant contributions that the VI Lottery gives to our community, and publicize the large number of prize payouts that are won each drawing; in order to increase drawing excitement and awareness. Recruiting new dealers is essential to the expansion of the VIL. Diversifying and recruiting dealers that have their own niche clientele will allow us to broaden our customer base. Our marketing team is also increasing our promotions and sales opportunities for our dealers. Executing more small scale promotions and social media campaigns will allow us to increase sales throughout the year.

Our Security and Investigation Division's main focus remains the safety of our employees and integrity of our agency. In the past year we have hired more enforcement officers on both islands. We have partnered up with various law enforcement agencies in our efforts to crack down on illegal gaming and the sales of illegal Puerto Rico Lottery tickets.

Our efforts have resulted in confiscation of tickets and various arrests. We have begun our initiatives geared towards decreasing the amount of illegal gaming on all three islands. In order to have a successful unit our officers received necessary training and equipment needed to complete their day to day responsibilities. Our Security and Investigation Division continues to receive more VLT trainings and certifications, which allow us to efficiently track, monitor, secure, and regulate all 672 VLT machines in the St. Thomas and St. John district.

I am now pleased to present our Fiscal Year 2017 Budget. The major revenue components of the budget include the Traditional Game, Video Lottery Gaming, and On-Line Games such as Powerball, Mega Millions, Super Lotto and other Scratch Games. We continue to feel the effects of a recovering economy as we missed our projected revenue targets this year by 4.30% in the traditional game and showing a gain of 3.70% in the Video Lottery Gaming. The original Fiscal Year 2016 revenue projection of \$19,348,640 is now estimated based on actual dollars through May to be \$12,927,974 and projected to be at yearend, at \$19,114,257 as of September 30, 2016. This represents a decrease in projected revenue of \$234,383 or an estimated 1.20% reduction in revenue for Fiscal Year 2016.

Our revenue projection for Fiscal Year 2017 of \$19,642,985 is above Fiscal Year 2016 budget. It is however, a 3% increase over the yearend projection based on actual dollars through May. Based on new applications for video gaming sites, plans for new games in Fiscal Year 2017, our expected increase in dealers by way of a recruiting campaign and a recovering economy, we consider this a realistic goal.

We will monitor the operating expenses for Fiscal Year 2017 very closely. The next Extra-Ordinary Drawings are schedule for December and April of Fiscal Year 2017. Fiscal Year 2017 proposes wage increases and no new positions.

Our total Operating expenses for Fiscal Year 2017 budget is \$14,970,910, which results in operating income before mandatory transfers of \$4,672,075. After accounting for mandatory transfers and other non-operating expenses we are projecting a surplus of \$19,196.

We continue to hemorrhage monetarily due to the mandated transfers of funds dictated by legislative statutes, which approximate 5 million dollars annually. We are now asking that you consider restructuring the set aside requirement to be net of operating expenses. This would be a significant improvement over the existing requirement that applies it against gross revenue.

Mr. Chairman, the Virgin Islands Lottery has made significant improvements over the past few years and this would not have been possible without the hard work of the employees of the Virgin Islands Lottery.

On behalf of the Virgin Islands Lottery Commission and management, I say thank you to the men and women of the Virgin Islands Lottery. This concludes my testimony. My team and I are available to respond to any questions you may have regarding the budget and or the operations of the Virgin Islands Lottery.

Juan Figueroa Sr.



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August 15, 2016

The Honorable Clifford Graham, Senator,
Chairman, Committee on Finance
31st Legislature of the Virgin Islands
Capitol Building, Charlotte Amalie
St. Thomas, USVI 00802

Dear Senator Graham:

In preparation for your hearing of August 15, 2016, we advise that listed below are the balances of all of our accounts as at August 12, 2016.

Banco Popular

Operating Account	\$720,270.06
Payroll Account	\$ 0.00
Powerball Account	\$ 0.00
Special Savings Account	\$ 416.98
Certificate of Deposit	\$513,558.76

Firstbank

Statement Savings Account	\$619,233.85
Checking Account	\$ 0.00
Certificate of Deposit	\$246,738.80
Certificate of Deposit	\$352,243.01
Certificate of Deposit	\$535,669.20

Please feel free to contact me if you have any further questions.

Regards,

Juan Figueroa
Executive Director

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