



August 21, 2026

Honorable Milton E. Potter
President
36th Legislature of the United States Virgin Islands

Re: Economic Impact of the Proposed Randall “Doc” James Racetrack Legislation

Dear President Potter,

Thank you for the opportunity to comment on the proposed legislation concerning the Randall “Doc” James Racetrack. We support the return of horse racing. Our concern is the proposed gaming structure and its possible effect on existing jobs, hotels, tourism, government revenue, and the future of St. Croix.

The Legislature is being asked to make a major change to the St. Croix gaming market. Before doing so, Senators should carefully consider what already exists and what may be placed at risk.

The Casino and Resort Control Act Has Produced Real Results

The Caravelle Hotel & Casino, Company House Hotel, and Divi Carina Bay exist because the Legislature enacted the Virgin Islands Casino and Resort Control Act of 1995. The Act recognized that regulated casino gaming could support hotels, jobs, private investment, government revenue, and the revitalization of Christiansted.

Caravelle opened in 2016 as part of that vision. Ten years later, downtown Christiansted has a strong mix of restaurants, bars, shops, galleries, and locally owned businesses. Many people contributed to this progress, including business owners, employees, community leaders, investors, and public officials.

Our hotels bring guests downtown. Our employees support the local economy. Our events bring residents and visitors into Christiansted. Our 24-hour operations also provide a consistent security presence that benefits the surrounding area.

The 1995 Act worked as intended. It helped support hotels, employment, historic-property investment, government revenue, and a more active downtown. The question is whether this legislation will strengthen that framework or place it at risk.

From the start of our operations through April 2026, Caravelle generated or paid approximately \$23.7 million in salaries and bonuses, \$4.4 million in employee benefits, \$10.45 million in taxes and license fees, and nearly \$585,000 in charitable donations. In total, Caravelle contributed more than \$39.1 million. These are not projections. They are

dollars already paid to Virgin Islands employees, provided as benefits, donated to the community, or paid to the Government.

The Economic Contribution Continues

Since 2023, the Caravelle and Company House Hotels have generated approximately \$5.39 million in salaries, benefits, taxes, license fees, and charitable contributions. More than \$4.9 million, or about 91%, went directly to salaries, bonuses, and employee benefits.

The Casino Supports the Hotels

The casino and hotels are not financially independent. Between 2023 and 2026, hotel revenue declined about 16.9%, while operating expenses increased about 20.8%. Operating margin fell from positive 16.5% to negative 17%.

St. Croix hotels face limited airlift, growing short-term-rental competition, pressure on room rates, rising insurance and labor costs, and insufficient growth in visitor demand. Casino revenue has allowed us to keep the hotels open and continue investing in these historic properties.

Since acquiring the properties, we have completed three major renovations at Caravelle and two at Company House. Those investments would not have been possible from hotel operations alone.

This Is Also a Regulatory Question

Before receiving a casino license, Caravelle's principal owners underwent extensive background investigations, financial reviews, and licensing examinations. Our operations remain subject to strict surveillance, internal controls, taxation, consumer protections, and government oversight.

The Legislature should determine whether an expanded VLT industry on St. Croix would operate under comparable rules. Allowing another form of gaming to compete for the same customers without similar obligations would create an unequal regulatory and competitive environment.

A U.S. Department of the Interior Inspector General audit of earlier VLT operations on St. Thomas and St. John found serious oversight deficiencies and concerns about the Government's ability to verify revenue and taxes. The audit covered 2003 through 2005 and may not describe today's system. It does show why independent oversight and verification are essential.

The Legislature should also examine age verification, surveillance, location controls, employee training, responsible-gaming rules, and enforcement. These protections are especially important if terminals may be placed in locations that are broadly accessible to the public.

VLT revenue should also be fully transparent. The Legislature and the public should be able to determine gross gaming revenue, the Government's share, the amounts retained by operators and retailers, and how all revenue is distributed.

Before expanding VLTs to St. Croix, Senators should receive clear answers: Who regulates the machines? Who verifies the revenue? Who audits the operator? What is publicly reported? What safeguards address underage and problem gambling?

Are these protections equal to those required of St. Croix casinos?

These are not arguments against gaming. They are questions of fairness, consumer protection, transparency, and accountability.

The Consequences Extend Beyond Caravelle

The Caravelle Hotel & Casino and Company House Hotel support about 90 Virgin Islands jobs. Approximately 35 employees directly support hotel operations. The casino and related functions provide the financial foundation that helps keep the hotels open.

The impact would extend beyond our employees. St. Croix already has limited traditional hotel inventory. When rooms disappear, travelers may shorten or cancel visits. That reduces spending at restaurants, stores, taxis, rental-car companies, attractions, charter boats, and other local businesses.

Caravelle's 76 rooms and Divi's approximately 200 rooms represent 276 rooms that may be affected. Using conservative assumptions, those rooms support about 90,000 visitor-days and approximately \$15 million in direct visitor spending each year. Much of that spending occurs outside the hotels.

This is not simply a dispute between gaming operators. It is a question of whether a government-created structure could weaken existing hotels, reduce employment and room inventory, decrease visitor spending, and harm the wider St. Croix economy.

Measure What May Be Lost Before Voting

This is a long-term economic policy decision. We respectfully ask the Legislature to obtain a comprehensive, independent economic impact analysis before enacting the legislation. The analysis should address jobs, government revenue, hotel operations, room inventory, visitor spending, competitive effects, regulation, consumer protections, public revenue committed to the racetrack, long-term government obligations, and alternative ways to restore racing.

The people of St. Croix deserve to understand both the benefits and the costs before this decision is made.

There Is a Better Way

We support a sustainable return of horse racing at the Randall "Doc" James Racetrack. But restoring racing should not jeopardize existing jobs, hotels, government revenue, or downtown Christiansted.

The Legislature should consider modernizing the Virgin Islands Internet Gaming and Internet Gambling Act, Act No. 6419, as an alternative source of funding. The Casino Control Commission has already retained experienced consultants and evaluated the potential economic and tax benefits. Properly regulated internet gaming could create new revenue for horse racing while maintaining consumer protections and avoiding unnecessary harm to existing businesses.

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Thank you for your time and careful consideration. We urge the Legislature to pursue a solution that restores horse racing while protecting existing jobs, businesses, government revenue, consumers, and the long-term economic future of St. Croix.

Respectfully,

A handwritten signature in black ink, appearing to read 'Ted Schieffer', is placed above the printed name.

Ted Schieffer
Chief Operating Officer
Caravelle Group