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**TESTIMONY BEFORE THE COMMITTEE ON  
CULTURE, YOUTH, AGING, SPORTS AND PARKS**

**Thirty-Fifth Legislature of the Virgin Islands**

**Friday, September 20, 2024  
12:30 PM**

**Honorable Carolyn P. Hermon-Percell  
Vice-Chairman**

**On behalf of  
Honorable Marvin L. Pickering  
Chairman/CEO**

**GOOD DAY, CHAIRMAN ANGEL BOLQUES, JR. AND MEMBERS OF THE COMMITTEE ON CULTURE, YOUTH, AGING, SPORTS AND PARKS, OTHER SENATORS OF THE 35<sup>TH</sup> LEGISLATURE, LEGISLATIVE STAFF, TESTIFIERS, AND PEOPLE OF THE U.S. VIRGIN ISLANDS WHO ARE WATCHING AND LISTENING. I AM CAROLYN P. HERMON-PERCELL, COMMISSIONER/VICE CHAIR OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION. WITH ME IS LUTHER F. RENEE, COMMISSIONER/SECRETARY-TREASURER OF THE COMMISSION. WE APPEAR BEFORE YOU ON BEHALF OF MARVIN L. PICKERING, CHAIRMAN/CHIEF EXECUTIVE OFFICER OF THE COMMISSION WHO, DUE TO A PREVIOUSLY SCHEDULED TRAVEL, IS UNABLE TO APPEAR ON THE INVITATION OF THE COMMITTEE AND PRESENT TESTIMONY ON THE PROCESS FOLLOWED BY THE COMMISSION FOR THE LICENSURE OF VIGL OPERATIONS, LLC (VIGL) TO OPERATE A CASINO AT THE RANDALL “DOC”**

**JAMES RACETRACK ON ST. CROIX. SUCH A CASINO IS COLLOQUIALLY REFERRED TO AS A RACINO. THE COMMITTEE’S INVITATION DATED AUGUST 21, 2024, SPECIFICALLY ASKED THE COMMISSION “TO PROVIDE INFORMATION ON THE STATUS OF THE RECENTLY AWARDED RACINO LICENSE TO VIGL AND ITS PARAMETERS AS IT RELATES TO COMPLIANCE WITH THE REQUIRED REGULATION, EFFECTIVE DATE, AND EXPIRATION OF THE LICENSE.” OUR TESTIMONY WILL THEREFORE BE LIMITED TO THESE MATTERS.**

**AS THE ENTITY CHARGED WITH THE LICENSURE AND REGULATION OF THE CASINO INDUSTRY ON ST. CROIX IN ACCORDANCE WITH THE VIRGIN ISLANDS CASINO AND RESORT CONTROL ACT OF 1995 (CRCA), AS AMENDED, AND CODIFIED AT VIRGIN ISLANDS CODE, TIT. 32, § 401 *ET SEQ.* AND THE RULES AND REGULATIONS PROMULGATED**

**THERE TO, THE COMMISSION IS GUIDED BY A PLETHORA OF LEGAL MANDATES IN ITS REVIEW AND DETERMINATION OF THE QUALIFICATIONS AND FINANCIAL SUITABILITY OF AN APPLICANT SEEKING A CASINO LICENSE. THE COMMISSIONERS MUST ASCERTAIN THE INTEGRITY OF THE APPLICANT TO HOLD SUCH A LICENSE AND, ONCE ISSUED, CONTINUE TO REGULATE TO ENSURE THAT THEIR CONDUCT IS NOT INIMICAL TO THE PUBLIC INTEREST.**

**THE COMMISSION ADHERED TO ALL APPLICABLE LAW AS SUCH PERTAINS TO VIGL AS OUTLINED IN THE FOLLOWING CHRONOLOGY:**

- 1. ON AUGUST 12, 2023, VIGL OPERATIONS, LLC, CRG HOLDINGS, LLC, AND CASINO HOLDINGS, LLC, ALONG WITH QUALIFIERS ANDREW DUBUQUE, JANIS BOBECK, SUSANNAH DUBUQUE, AUSTIN**

**JONES, AND HOWARD BAYLESS SUBMITTED AN APPLICATION FOR AN INITIAL LICENSE TO OPERATE A CASINO AT THE RANDALL “DOC” JAMES RACETRACK. WHILE VIGL’S SPECIAL PURPOSE REVOCABLE TRUST (RLT) DID NOT FILE AN APPLICATION, IT WAS NONETHELESS SUBJECT TO THE VETTING PROCESS AS IT IS INTENDED TO BE AN OWNER BASED ON THE CORPORATE RE-ORGANIZATION STRUCTURE OF VIGL OPERATIONS, LLC. THE COMMISSION REFERS TO THE CORPORATE ENTITIES AND INDIVIDUALS COLLECTIVELY AS VIGL.**

**2. AT THE TIME OF THE SUBMISSION OF THE APPLICATION, VIGL WAS THE HOLDER OF A FRANCHISE AGREEMENT WITH THE GOVERNMENT OF THE U.S. VIRGIN ISLANDS TO PROMOTE AND CONDUCT HORSERACING AND RELATED**

**ACTIVITIES AT THE RANDALL “DOC” JAMES RACETRACK AND HAD EXECUTED A LEASE WITH THE GOVERNMENT OF THE U.S. VIRGIN ISLANDS, THROUGH THE DEPARTMENT OF SPORTS, PARKS AND RECREATION, FOR THE OPERATION OF A RACETRACK AND RELATED ACTIVITIES. IN ADDITION, VIGL HAS A LIVE RACING AGREEMENT WITH THE FLAMBOYANT PARK HORSEMEN’S ASSOCIATION TO HOST HORSE RACES AND OTHER RELATED ACTIVITIES AT THE RANDALL “DOC” JAMES RACETRACK.**

**3. PURSUANT TO 32 V.I.C. § 428(B)(1), THE COMMISSION HAD TO INVESTIGATE THESE NINE (9) ENTITIES AND INDIVIDUALS. THE VIRGIN ISLANDS DIVISION OF GAMING ENFORCEMENT (DGE) CONDUCTS THE INVESTIGATIONS AND SUBMITS THE INVESTIGATORY REPORTS TO THE COMMISSION.**

**HOWEVER, DUE TO THE MASSIVE SCALE OF THESE INVESTIGATIONS, THE DGE OUTSOURCED THE PROCESS TO SPECTRUM GAMING GROUP, ONE OF THE PREMIER GAMING CONSULTING FIRMS IN THE WORLD. THE INVESTIGATIONS REQUIRED NUMEROUS, TIME-CONSUMING INTERVIEWS WITH THE APPLICANTS AND A THOROUGH REVIEW OF CRIMINAL BACKGROUND CHECKS, FINANCIAL TRANSACTIONS THAT WENT AS FAR BACK AS FIVE (5) TO TEN (10) YEARS, COURT RECORDS, MEDIA SEARCHES, AND EVEN INCLUDED INTERVIEWS WITH KNOWN ASSOCIATES OF THE APPLICANTS.**

**4. PURSUANT TO 32 V.I.C. § 436(F), VIGL WAS ALSO REQUIRED TO SUBMIT ITS BUILDING AND RELATED PLANS AS APPROVED BY THE VIRGIN ISLANDS DEPARTMENT OF PLANNING AND NATURAL RESOURCES AND OTHER GOVERNMENT AGENCIES.**

**5. AFTER MONTHS OF REVIEW OF THE VOLUMINOUS REPORTS AND OTHER DOCUMENTS, AND FOLLOW-UP CONVERSATIONS WITH THE APPLICANTS AND THEIR COUNSEL, THE COMMISSION HELD A SPECIAL MEETING AND HEARING ON FEBRUARY 21, 2024, AT THE FRITZ E. LAWAEZ LEGISLATIVE CHAMBER. THE RACINO APPLICATION WAS ONE OF THE ITEMS ON THE AGENDA. ONCE AGAIN, THE COMMISSION WISHES TO THANK SENATE PRESIDENT NOVELLE FRANCIS, JR. FOR ALLOWING THE COMMISSION TO HOLD THAT HEARING IN THIS LEGISLATIVE CHAMBER. THE COMMISSION CLEARLY STATED THAT ITS WORK AT THAT POINT WAS LIMITED TO FACT FINDING. THE COMMISSION RECEIVED TESTIMONY FROM THE APPLICANTS, INDUSTRY STAKEHOLDERS, AND INTERESTED INDIVIDUALS FROM THE GENERAL PUBLIC AND**



**HEARD THE ARGUMENTS OF THE APPLICANTS' COUNSEL. THE COMMISSION ALSO RECEIVED TESTIMONY AND RECOMMENDATIONS FROM THE DGE. THE DGE RECOMMENDED THE ISSUANCE OF THE INITIAL LICENSE TO VIGL FOR THE OPERATION OF A RACINO BECAUSE THE INVESTIGATION DID NOT REVEAL ANY DEROGATORY INFORMATION PERTAINING TO THE FINANCIAL STABILITY, GOOD CHARACTER, HONESTY, INTEGRITY, AND THE BUSINESS ABILITY AND CASINO EXPERIENCE OF THE APPLICANTS THAT WOULD ADVERSELY IMPACT A FINDING OF SUITABILITY.**

**6. SUBSEQUENT TO THAT SPECIAL MEETING AND HEARING, THE COMMISSION AGAIN REVIEWED THE VOLUMINOUS EVIDENCE AND OTHER INFORMATION GATHERED PRIOR TO AND AT THE**

**HEARING. THE COMMISSION ALSO REQUIRED VIGL TO SUBMIT CERTAIN ADDITIONAL INFORMATION AND CLARIFICATIONS TO COMPLETE THE DELIBERATIONS BY THE COMMISSION.**

**7. ON APRIL 18, 2024, IN ACCORDANCE WITH 32 V.I.C. § 439(A), THE COMMISSION HELD A SPECIAL MEETING AND HEARING AT THE EILEEN RAMONA PETERSEN CASINO CONTROL COMMISSION BUILDING. THE COMMISSION ANNOUNCED THIS WAS A DECISION-MAKING MEETING AND THE RACINO APPLICATION WAS ONE OF THE ITEMS ON THE AGENDA. NO ADDITIONAL TESTIMONY OR EVIDENCE WAS ELICITED, HEARD, OR RECEIVED AT THAT MEETING AS IT WAS LIMITED TO THE APPROVAL OR DENIAL OF THE RACINO APPLICATION.**

**8. THE COMMISSION FOUND THAT THE APPLICANTS HAD MET THE STATUTORY QUALIFICATIONS OF FINANCIAL STABILITY, INTEGRITY AND RESPONSIBILITY BY CLEAR AND CONVINCING EVIDENCE. ON A UNANIMOUS VOTE WITH ALL THREE COMMISSIONERS PRESENT, THE COMMISSION GRANTED THE INITIAL LICENSE TO VIGL TO OPERATE A CASINO AT THE RANDALL “DOC” JAMES RACETRACK ON ST. CROIX.**

**9. PURSUANT TO 32 V.I.C. § 439(E), THE COMMISSION CAN ONLY ISSUE AN INITIAL LICENSE FOR ONE YEAR. AS SUCH, ON APRIL 19, 2024, THE COMMISSION ISSUED RESOLUTION NO. 005-2024 THAT GRANTED THE LICENSE CONTAINING FINDINGS, CONDITIONS, AND EFFECTIVE DATES. IMPORTANTLY, RESOLUTION NO. 005-2024 PROVIDES THAT THE LICENSE TO OPERATE A**

**CASINO AT THE RANDALL “DOC” JAMES RACETRACK SHALL BE EFFECTIVE FOR ONE (1) YEAR, BEGINNING ON APRIL 19, 2024, AND “SHALL EXPIRE ON APRIL 19, 2025.”**

**10. BASED ON APPLICABLE REGULATIONS, THE COMMISSION ASSESSED AN INITIAL RACINO LICENSE FEE OF \$43,270.00, WHICH FEE VIGL PAID IN TWO EQUAL INSTALLMENTS BEFORE THE ISSUANCE OF THE LICENSE.**

**11. IN RESOLUTION NO. 005-2024, THE COMMISSION PROVIDED FOR VIGL TO ADHERE TO CERTAIN CONDITIONS AND TAKE CERTAIN ACTIONS BY SPECIFIED DATES TO INCLUDE BUT NOT LIMITED TO:**

**(A) ADHERE TO ALL REQUIREMENTS OF THE CRCA OF 1995, AS AMENDED, AND ALL APPLICABLE TERRITORIAL AND FEDERAL LAW;**

**(B) ON OR BEFORE SEPTEMBER 1, 2024, SUBMIT FOR THE COMMISSION'S APPROVAL, INCLUDING BUT NOT LIMITED TO, VIGL'S POLICIES AND PROCEDURES FOR OWNER/SHAREHOLDER DISTRIBUTIONS AND ESTABLISHMENT OF INTERNAL AUDIT AND COMPLIANCE DEPARTMENTS. THESE DOCUMENTS HAVE BEEN TIMELY SUBMITTED TO THE COMMISSION AND AWAIT OUR REVIEW.**

**12. FINALLY, PURSUANT TO 32 V.I.C. § 439(G), RESOLUTION NO. 005-2024 PROVIDES THAT WITHIN SIX MONTHS OF OBTAINING ALL NECESSARY LICENSES, PERMITS AND OTHER REQUIREMENTS NEEDED TO PROCEED WITH CONSTRUCTION, VIGL SHALL COMMENCE AND CONTINUE SUBSTANTIAL CONSTRUCTION. THE APPLICABLE STATUTE FURTHER PROVIDES THAT IN THE EVENT**

**CONSTRUCTION HAS NOT COMMENCED WITHIN THE SIX MONTHS, THE COMMISSION, AFTER SUBMITTAL OF AN APPLICATION FOR AN EXTENSION AND AFTER INVESTIGATION AND HEARING, MAY GRANT AN EXTENSION OF SIX MONTHS WITHIN WHICH CONSTRUCTION MUST BEGIN. AFTER THE EXPIRATION OF THE SIX-MONTH EXTENSION PERIOD, IF THE LICENSEE HAS NOT COMMENCED SUBSTANTIAL CONSTRUCTION THE COMMISSION SHALL AUTOMATICALLY SUSPEND THE LICENSE TO OPERATE A CASINO ON ST. CROIX. OUR UNDERSTANDING IS THAT VIGL HAD OBTAINED ALL NECESSARY APPROVALS BY THE TIME THE COMMISSION ISSUED THE LICENSE ON APRIL 19, 2024, AND, THEREFORE, THE INITIAL SIX MONTHS EXPIRES ON OCTOBER 19, 2024.**

**13. ON AUGUST 5, 2024, THE COMMISSION ISSUED A STATEMENT OF COMPLIANCE TO ATLANTIC CARIBBEAN CONSULTING, LLC, TO ENABLE IT TO SERVE AS VIGL'S CONSTRUCTION AND PROJECT MANAGER ON THE RACINO PENDING AN INVESTIGATORY REPORT FROM DGE. IT IS THE COMMISSION'S UNDERSTANDING THAT THE CONTRACTOR FIRST RETAINED BY VIGL WAS UNABLE TO MOVE FORWARD ON THE PROJECT.**

**THIS IS THE TIMELINE TO DATE FOR THE COMMISSION'S ACTIONS CONCERNING VIGL AND THE ISSUANCE OF THE RACINO LICENSE.**

**WHILE COMMISSIONER RENEE AND I STAND READY TO ANSWER YOUR QUESTIONS, IT IS IMPORTANT THAT WE NOTE THAT VIGL IS A LICENSEE OF THE COMMISSION AND WE OVERSEE THEIR FINANCIAL TRANSACTIONS AND**

**BUSINESS OPERATIONS IN A COMPETITIVE MARKET. CONSEQUENTLY, OUR RESPONSES MIGHT BE TEMPERED BY THE NEED FOR CONFIDENTIALITY AND PROTECTION OF PROPRIETARY INFORMATION. HOWEVER, WE ALSO NOTE THAT IT HAS BEEN THE LONG-STANDING AND DECLARED STATEMENT OF CHAIRMAN PICKERING THAT THIS COMMISSION SERVES WITH FULL TRANSPARENCY. WE WILL THEREFORE ANSWER ALL QUESTIONS TO THE BEST OF OUR ABILITY GIVEN THESE CONSTRAINTS. THE VIRGIN ISLANDS CASINO CONTROL COMMISSION THANKS YOU FOR YOUR UNDERSTANDING AND FOR THE INVITATION TO APPEAR BEFORE THIS BODY.**