



**Government of the Virgin Islands
of the United States of America
Department of Licensing and Consumer Affairs**

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**H. Nathalie Hodge
Commissioner**

**Testimony
Before the
35th Legislature of the Virgin Islands**

**Kenneth L. Gittens, Chair
Committee on Homeland Security, Justice and Public Safety**

November 12, 2024

"Serving Businesses & Assisting, Educating and Protecting Consumers"

Good day Honorable Senator Kenneth Gittens, Chair of the Committee on Homeland Security, Justice & Public Safety, esteemed members of the 35th Legislature of the Virgin Islands, committee members, non-committee members present, and the listening and viewing audience.

I am Horace Graham, Assistant Commissioner of the Department of Licensing and Consumer Affairs (DLCA). I am accompanied today by Wilbur Francis, Director of Enforcement.

The Department of Licensing and Consumer Affairs operates with a fundamental commitment to ensuring business compliance and consumer protection throughout the territory. Today, I will outline our current enforcement initiatives, highlight our community partnerships, and address the specific concerns that have been raised regarding any known illegal business operations in the territory.

Overview of Enforcement Efforts. Territory-wide, the Division of Enforcement operates with seven Officers. The breakdown is as follows: One (1) director, one (1) chief, and five (5) enforcement officers: three (3) on St. Croix, two (2) in the district of St. Thomas/St. John.

The DLCA's Enforcement Division remains vigilant in overseeing business compliance within both St. Croix and the St. Thomas/St. John Districts. Our enforcement officers are integral to almost every aspect of our department's functions. Their duties include conducting initial inspections and applicant interviews, performing random compliance checks, leading specific enforcement initiatives, investigating

complaints, issuing citations, effectuating arrests when necessary, and serving legal documents on behalf of the department.

Usually, the first point of contact for an applicant after applying for licensure is by an enforcement officer. The team gathers information, verifies and validates the scope of a prospective business operation to ensure license sufficiency, and confirms there are no potential impediments to how the business intends to operate.

Complaints typically reach us through our consumer complaint portal but may also come by email or telephone. The portal has served as a vital tool in our enforcement efforts. During Fiscal Year 2024 through this method, we have received and investigated approximately 40 complaints specifically related to reports of unlicensed business activity.

Each complaint received through the DLCA website is evaluated by our Consumer Services Division and when appropriate, is transmitted to our enforcement division for investigation. An officer is assigned to investigate and provide a written report detailing the findings and actions taken. As with any encounter, citations may be issued consequent to the discovery of infractions.

Overall, for the fiscal year 2024, the Enforcement Division issued 232 citations, 20 warnings, and four Notices of Violation to non-compliant entities. We have prioritized initiatives to address illegal business practices that compromise consumer safety, and the overall regulatory framework of the Virgin Islands. Pursuant to the provisions of Title 27, Chapter 9 of the Virgin Islands Code, the Department vigorously

pursues businesses that fail to comply with the provisions of section 304 or make payment on issued citations.

Collaborative Efforts. The DLCA Enforcement Officers perform random compliance checks throughout the life of the business, ensuring adherence to relevant laws and the terms of licensure. They work closely with other enforcement agencies and community organizations to create a united front against illegal business practices. They also engage in specific calendared initiatives and collaborate with other government agencies when there is a need to.

In instances where investigations reveal there are prevalent matters or the potential thereof under another agency's purview, efforts are coordinated, or information is relayed to guarantee the respective agencies have oversight. Most recently, in the St. Croix district, DLCA enforcement leveraged officers from the Department of Health (DOH) to address businesses suspected to be in violation of both departments' purview. This led to the closure of a business operating illegally, and five citations were issued to two businesses. While our team frequently collaborates with DOH, their unique embargo authority notably enhances our regulatory impact, particularly concerning unauthorized sales of CBD and THC products.

In October 2024, we received several complaints from government agencies and local businesses regarding unregulated commercial activities in the Lindberg Bay area of St. Thomas. Following a thorough investigation, a Petition to Revoke was filed against one business, and a hearing on that petition took place on Thursday, November 7, 2024.

Additional revocation petitions are currently under review and will be scheduled accordingly. As part of our continued efforts, 13 citations have been issued to businesses for violations of territorial licensing laws. All parties cited are entitled to a due process hearing.

We coordinate with the Virgin Islands Police Department (VIPD) for complaints and investigations that involve potential criminal activity, ensuring that public safety remains a priority. As recent as 2024, DLCA Enforcement officers with support from the VIPD effectuated an arrest against a business owner who failed to comply with provisions as outlined in 27 V.I.C. ss 301(a). Businesses that willfully refuse to comply with the Cease and Desist Order issued by the Commissioner. Businesses that willfully refuse to comply with the licensing laws are subject to arrest.

The DLCA recognizes that effective enforcement, in light of its staffing limitations, requires developing strong community partnerships. To this end, we have actively promoted our "If You See Something, Say Something" initiative, which encourages public participation in identifying potential violations of business regulations. This approach has proven particularly effective in helping us identify unlicensed business activities.

Current Enforcement Measures. In response to these issues, the DLCA has implemented the following measures:

Routine and Targeted Inspections. We conduct regular inspections and monitor licensed businesses for compliance, focusing on areas where complaints have indicated illegal activities.

Monitoring and Investigations. Our team actively investigates reports of unlicensed operations, employing a systematic approach to gather evidence and enforce corrective actions, including citations and penalties for violations. Recently, a concerned citizen provided a list of suspected unlicensed businesses, which we have since cross-checked against our database. Ongoing investigations are underway, with citations to be issued as needed, highlighting the impact of our community partnership approach.

Additionally, in response to the evolving tourism sector, we have implemented specific licensing categories for short-term rentals. With 911 licensed short-term rentals across the territory—415 in St. John, 378 in St. Thomas, and 115 in St. Croix—we are focusing on identifying and enforcing against unlicensed operators. Our research indicates there may be as many as 4,000 short-term rental operators across the territory, and we are exploring technological solutions to ensure full compliance in this sector

Enhanced Social Media Monitoring. Our enforcement team actively monitors social media platforms to identify unlicensed pop-up events or businesses promoted within the Territory. This includes collaborating with local influencers and community groups who help report these activities as they arise.

Public Education Campaigns on Licensing Requirements. The DLCA has launched awareness campaigns that encourage compliance and inform the public about the risks associated with unlicensed events.

Developing Streamlined Licensing Processes for Temporary Events. To encourage compliance, we are also working to simplify the process for obtaining short-term or temporary licenses for legitimate pop-up events. This initiative aims to make it easier for businesses to operate legally, reducing the incentive to bypass the licensing process.

Finally, we want to remind the community that, in accordance with Title 27 V.I.C. 301, anyone conducting business in the United States Virgin Islands must first obtain a business license. This applies to a wide range of services. Community members can assist by choosing not to engage with unlicensed individuals. License verification is available by contacting our offices at 713-DLCA / 714-DLCA or visiting our website at www.dlca.vi.gov. Reports of suspected unlicensed activity can be submitted anonymously “If You See Something, Say Something”.

In closing, I would like to thank the Office of the Governor and the DLCA Team for their steadfast support. We are especially proud of our dedicated Enforcement Team who are committed to enhancing compliance and consumer protection for the benefit of our community. I also would like to thank the committee for the opportunity to share our department’s enforcement efforts and initiatives. Thank you for your continued support, and we welcome any questions the committee may have.