

Virgin Islands Casino Control Commission

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Virgin Islands Casino Control Commission

before the

Thirty-sixth Legislature of the Virgin Islands Committee on Economic Development & Agriculture

Frits E. Lawaetz Legislative Conference Room

St. Croix, U.S. Virgin Islands

July 14, 2025

12:00 PM

Marvin L. Pickering

Chairman/Chief Executive Officer

GOOD AFTERNOON, HONORABLE SENATOR HUBERT L. FREDERICK, CHAIRMAN OF THE COMMITTEE ON ECONOMIC DEVELOPMENT AND AGRICULTURE, ALL HONORABLE MEMBERS OF THE COMMITTEE, OTHER HONORABLE MEMBERS OF THE THIRTY-SIXTH LEGISLATURE, LEGISLATIVE STAFF, AND THOSE LISTENING AND VIEWING VIA RADIO, TELEVISION AND THE INTERNET.

FOR THE RECORD, MY NAME IS MARVIN L. PICKERING, AND I AM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION (“THE COMMISSION”). ACCOMPANYING ME TODAY IS COMMISSIONER CAROLYN P. HERMON-PERCELL, VICE-CHAIR, APPEARING FROM THE EARLE B. OTTLEY LEGISLATIVE HALL ON ST. THOMAS, COMMISSIONER LUTHER F. RENEE, SECRETARY/TREASURER, AND OUR LEGAL COUNSEL, KELVIN L. VIDALE, ESQ.

WE THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE ON ECONOMIC DEVELOPMENT AND AGRICULTURE TO PROVIDE TESTIMONY ON THE OPERATIONS, REGULATORY ACTIVITIES, FINANCIAL OVERSIGHT, AND COMMUNITY IMPACTS OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION.

THE COMMISSION IS RESPONSIBLE FOR THE LICENSURE AND REGULATION OF CASINOS PURSUANT TO THE VIRGIN ISLANDS CASINO AND RESORT CONTROL ACT OF 1995, AS AMENDED (CODIFIED AT VIRGIN ISLANDS CODE ANN., TIT. 32, § 401 *ET. SEQ.*);

INTERNET GAMING AND GAMBLING PURSUANT TO THE VIRGIN ISLANDS INTERNET GAMING AND GAMBLING ACT, AS AMENDED (CODIFIED AT 32 VIC § 601 *ET. SEQ.*); CASINOS AT RACETRACKS (COLLOQUIALLY KNOWN AS RACINOS) ON ST. CROIX PURSUANT TO THE VIRGIN ISLANDS HORSE RACING INDUSTRY ASSISTANCE ACTS OF 2011 AND 2016 AND CASINO IV ESTABLISHMENTS ACT PERMITTED WITHIN THE ENTERPRISE ZONES OF CHRISTIANSTED AND FREDERIKSTED, ST. CROIX, U.S. VIRGIN ISLANDS. THESE STATUTES, AND ALL RELEVANT AMENDMENTS AND RULES AND REGULATIONS PROMULGATED THERETO, ESTABLISH THE BASIS FOR THE GOVERNANCE AND OPERATIONS OF THE COMMISSION AND ITS STAFF.

THE COMMISSION HAS FOUR (4) FUNDING SOURCES: (1) THE GENERAL FUND FOR SALARIES OF THE COMMISSIONERS AND STAFF ONLY; (2) THE CASINO CONTROL REVOLVING FUND PURSUANT TO 32 VIC § 514. THIS ACCOUNT IS FUNDED BY CASINO LICENSE FEES, CASINO EMPLOYEE LICENSE FEES, FINES, AND OTHER FEES IMPOSED BY LAW OR THROUGH REGULATION BY THE COMMISSION; (3) THE CASINO REVENUE FUND PURSUANT TO 32 VIC § 517, WHICH IS FUNDED BY THE TWELVE PERCENT (12%) TAX ON GROSS REVENUES FROM THE TWO CASINOS AND CASINO HOTELS CURRENTLY OPERATING IN THE CASINO ZONE, NAMELY DIVI CARINA BAY CASINO AND RESORT (A CASINO II HOTEL, MINIMUM OF 200-299 ROOMS) AND VIGL OPERATIONS, LLC, COMMONLY REFERRED TO AS CARAVELLE HOTEL AND CASINO (A CASINO IV HOTEL, AS THE ONE HOTEL PERMITTED IN THE CHRISTIANSTED ENTERPRISE ZONE, MINIMUM OF 75 ROOMS). THE COMMISSION RECEIVES 25% OF

THESE TAX REVENUES, WITH 75% ALLOCATED TO OTHER GOVERNMENT DEPARTMENTS OR AGENCIES, INCLUDING 1% TO THE COMMISSION FOR PROGRAMS TO TREAT AND PREVENT GAMBLING ADDICTION; AND (4) THE HORSE RACETRACK CASINO REVENUE FUND PURSUANT TO 32 VIC § 901. THE COMMISSION HAS NOT RECEIVED FUNDING FROM THIS SOURCE SINCE 2016 WHEN TRAXCO CEASED OPERATIONS AT THE RANDALL “DOC” JAMES RACETRACK. AS HAS BEEN MUCH REPORTED IN LOCAL NEWS AND FOLLOWED BY THE GENERAL POPULACE, WHILE THE COMMISSION ISSUED AN INITIAL LICENSE ON APRIL 18, 2024, TO VIGL OPERATIONS, LLC (VIGL) TO OPERATE A CASINO AT THE RANDALL “DOC” JAMES RACETRACK., VIGL DID NOT PROCEED WITH THE CONSTRUCTION AND ALLOWED THAT LICENSE TO EXPIRE ON APRIL 19, 2025.

LICENSING ACTIVITIES

UNDER ITS REGULATORY SCHEME, THE COMMISSION REVIEWS ALL PERSONS AND ENTITIES INVOLVED IN THE LOCAL CASINO INDUSTRY. THE COMMISSION ISSUES LICENSES AND STATEMENTS OF COMPLIANCE FOR BOTH NEW AND RENEWAL IN ALL LICENSE CATEGORIES TO INCLUDE CASINOS, CASINO EMPLOYEES, CASINO KEY EMPLOYEES, GAMING RELATED ENTITIES AND NON-GAMING RELATED ENTITIES. THE TABLE BELOW SHOWS A COMPARISON OF LICENSES ISSUED BY THE COMMISSION FOR FISCAL YEAR 2024 AND THUS FAR FOR THE CURRENT FISCAL YEAR 2025 AS OF MAY 31, 2025:

<u>Type of License</u>	<u>FY 2024 Number of Licenses</u>	<u>FY 2025 Number of Licenses</u>
Casino Employees	101	53
Casino Key Employees	43	36
Gaming Related Licenses	9	1
Non-Gaming Related Licenses	7	4
Work Permits	357	234
Statements of Compliance	173	<u>104</u>
Total Licenses	690	432

PLEASE NOTE THAT A TOTAL OF 690 LICENSES IN ALL CATEGORIES AND WORK PERMITS WERE ISSUED IN FISCAL YEAR 2024. THROUGH MAY OF THE CURRENT FISCAL YEAR 2025, A TOTAL OF 432 LICENSES AND WORK PERMITS WERE ISSUED.

AS SUCH, THE COMMISSION ENVISIONS THAT IT WILL EXCEED THE NUMBER FOR FISCAL YEAR 2024. ADDITIONALLY, THROUGH MAY OF FISCAL YEAR 2025, THE COMMISSION ISSUED 86 EXEMPTIONS FROM LICENSURE AND 30 WAIVERS FROM REGISTRATION/LICENSURE VERSUS 104 AND 86, RESPECTIVELY, FOR FISCAL YEAR 2024.

ECONOMIC IMPACT DATA

PURSUANT OT 32 VIC § 515, LICENSED CASINOS IN THE CASINO ZONE OF ST. CROIX, PAY TAXES ON THEIR GROSS REVENUE, WHICH AS DEFINED BY 32 VIC § 402 (36), IS “THE TOTAL OF ALL SUMS, INCLUDING CHECKS, RECEIVED BY A CASINO LICENSEE PURSUANT TO SECTION 457 OF THIS TITLE, WHETHER COLLECTED OR NOT, ACTUALLY RECEIVED BY A CASINO LICENSEE FROM GAMING OPERATIONS,

LESS ONLY THE TOTAL OF ALL SUMS PAID OUT AS WINNINGS TO PATRONS AND A DEDUCTION FOR UNCOLLECTIBLE GAMING RECEIVABLES.” THE TAX RATE IS APPLIED AT A GRADUATED SCALE AS FOLLOWS: EIGHT (8%) PERCENT PER ANNUM DURING THE FIRST TWO YEARS OF OPERATION; TEN (10%) PERCENT PER ANNUM DURING THE THIRD AND FOURTH YEARS OF OPERATIONS AND TWELVE (12%) PERCENT FOR EACH SUCCEEDING YEAR THEREAFTER. THE TWO CASINO LICENSEES HAVE BEEN OPERATING FOR MORE THAN FOUR YEARS AND ARE CURRENTLY TAXED AT THE 12% RATE.

FOR THE CURRENT FISCAL YEAR 2025 THROUGH APRIL, BOTH CASINOS REPORTED GROSS TAXABLE REVENUES IN THE AMOUNT OF \$11, 102,962. GROSS TAXABLE REVENUES REPORTED FOR FISCAL YEARS 2024 AND 2023 WERE \$18,527,135 AND \$18, 743, 392, RESPECTIVELY. CORRESPONDINGLY, CASINO REVNUUE TAXES PAID THUS FAR THIS FISCAL YEAR 2025 THROUGH APRIL AMOUNTED TO \$1,306,248. FOR FISCAL YEARS 2024 AND 2023, CASINO REVENUE TAXES AMOUNTED TO \$2,216,528 AND \$2,176,423, RESPECTIVELY.

IN ADDITION TO THE TAXES PAID ON CASINO GROSS REVENUES, THE CASINO LICENSEES PROVIDE EMPLOYMENT TO SEVERAL HUNDRED ST. CROIX RESIDENTS. IN FY 2023 PAYROLL AND EMPLOYEE HEADCOUNT WAS \$9,736,388 FOR 296 EMPLOYEES. IN FY 2024, PAYROLL AMOUNTED TO \$10,511,233 WITH 313

EMPLOYEES. FOR THE FIRST TWO QUARTERS OF FY 2025, PAYROLL AMOUNTED TO \$5,289,337 WITH A HEADCOUNT OF 304 EMPLOYEES.

LICENSEES ALSO PROCURE OTHER GOODS AND SERVICES SUCH AS LEGAL AND PROFESSIONAL, FOOD AND BEVERAGE, CLEANING SUPPLIES, INSURANCE, ADVERTISING, ETC. SPENDING IN THOSE CATEGORIES FOR FY 2024 AMOUNTED TO \$21,994,355. THUS FAR FOR FY 2025, SPENDING TOTALS \$10, 736,640.

FINANCIAL AUDITS AND REGULATORY COMPLIANCE EFFORTS

THE COMMISSION RECEIVED UNQUALIFIED FINANCIAL AUDITS OR “CLEAN AUDITS” FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2022. THESE AUDITS WERE PERFORMED BY BERT SMITH & COMPANY, A LICENSED CPA FIRM BASED IN WASHINGTON, D.C. THAT CONDUCTS FINANCIAL AUDIT SERVICES FOR OTHER AGENCIES AND ENTITIES OF THE GOVERNMENT OF THE VIRGIN ISLANDS. FOR BOTH OF THE FISCAL YEARS AUDITED, THERE WAS THE SAME FINDING THAT THE COMMISSION DOES NOT HAVE A FORMALIZED POLICY FOR REVIEW AND APPROVAL OF FINANCIAL TRANSACTIONS. HOWEVER, THE AUDIT REPORTS WENT ON TO STATE THAT “WHILE WE DID NOT FIND ANY ILLEGITIMATE TRANSACTIONS, WE BELIEVE THAT FORMALIZED POLICIES AND PROCEDURES ARE KEY TO THE PREVENTION AND DETECTION OF ERRORS AND FRAUD.” THE COMMISSION HAS SINCE IMPLEMENTED PROCEDURES FOR REVIEW AND APPROVAL OF ALL TRANSACTIONS AND HAS DRAFTED AN ACCOUNTING POLICY MANUAL THAT SHOULD SOON BE FINALIZED.

THE COMMISSION AND ITS STAFF ARE EXTREMELY PROUD OF RECEIVING THESE UNQUALIFIED AUDIT REPORTS AND WILL CONTINUE TO ADHERE TO THE HIGHEST STANDARDS OF ACCOUNTABILITY AND TRANSPARENCY.

THE DIVISION OF GAMING ENFORCEMENT (DGE) IS THE INVESTIGATIVE AND ENFORCEMENT ARM OF THE COMMISSION. THE DGE IS UNDER THE V.I. DEPARTMENT OF JUSTICE, BUT ITS ACTIVITIES ARE SOLELY FOR THE BENEFIT OF THE COMMISSION. THE DGE RECENTLY CONCLUDED A REGULATORY COMPLIANCE AUDIT OF THE LICENSED CASINOS IN THE TERRITORY, NAMELY DIVI CARINA BAY CASINO AND CARAVELLE HOTEL AND CASINO. THAT AUDIT WAS PERFORMED BY THE SPECTRUM GAMING GROUP (SPECTRUM), A GLOBALLY RECOGNIZED GAMING CONSULTANCY FIRM. THE AUDIT REPORTS WERE DATED JULY 17, 2024, AND THE COMMISSION RECEIVED THE AUDIT REPORTS ON JULY 22, 2024. THE AUDITS RESULTED IN A NUMBER OF FINDINGS AND RELATED RECOMMENDATIONS TO ADDRESS THOSE FINDINGS. SUBSEQUENT TO THE RECEIPT OF THE SPECTRUM AUDIT REPORTS, THE COMMISSION CONVENED MEETINGS WITH EACH CASINO LICENSEE, ALONG WITH DGE, TO DISCUSS THE FINDINGS AND RECOMMENDATIONS. THE COMMISSION DIRECTED THE LICENSEES TO SUBMIT THEIR WRITTEN RESPONSES AND PLANS OF CORRECTIVE ACTIONS TO ADDRESS DEFICIENCIES NOTED IN THE AUDITS. THE LICENSEES COMPLIED WITH THE DIRECTIVE AND THE COMMISSION ACCEPTED THE SUBMITTED COMPLIANCE ACTIONS.

COMPLIANCE AND ENFORCEMENT ACTIVITIES

THE COMMISSION RECEIVED A TOTAL OF FIVE (5) PATRON COMPLAINTS IN 2024 AND FIVE (5) THUS FAR THIS CALENDAR YEAR 2025. OF THE FIVE CASES FILED IN 2024 AND SUBMITTED TO THE DGE FOR INVESTIGATION, THREE WERE INVESTIGATED AND CLOSED AND TWO ARE PENDING. OF THE FIVE FILED IN 2025, FOUR HAVE BEEN INVESTIGATED AND CLOSED AND ONE CASE IS PENDING. DGE FILED NINE (9) COMPLAINTS AGAINST REGISTRANTS AND LICENSEES WITH THE COMMISSION IN 2024. FINES WERE ASSESSED IN THREE CASES AND SETTLEMENT AGREEMENTS REACHED IN TWO CASES. TWO CASES RESULTED IN FORFEITURE OF JACKPOTS AND TWO RESULTED IN FAVORABLE SATISFACTION TO THE RESPONDENTS.

STATUS OF RESPONSIBLE GAMING AND PROBLEM GAMBLING PROGRAMS

AS PREVIOUSLY STATED, PURSUANT TO 32 VIC § 517(C), THE COMMISSION RECEIVES ONE PERCENT (1%) OF THE CASINO REVENUE FUND FOR PROGRAMS TO PREVENT AND TREAT PROBLEM GAMBLING ADDICTION AND THIS MANDATE APPLIES TERRITORY-WIDE. THIS SUM AMOUNTS TO A YEARLY AVERAGE OF \$22,000.00. THE COMMISSION HAS SEVERAL INITIATIVES TO ENCOURAGE RESPONSIBLE GAMBLING BECAUSE WE WANT PERSONS TO ENGAGE IN THE RECREATIONAL ACTIVITY OF GAMBLING. WE ARE COGNIZANT THAT, UNFORTUNATELY, FOR SOME, GAMBLING BECOMES A PROBLEM WITH DEVASTATING CONSEQUENCES TO THEMSELVES, THEIR FAMILIES, AND THEIR COMMUNITIES. THE COMMISSION IS EVER VIGILANT AS TO

HOW WE CAN REDUCE SUCH OCCURRENCES IN THE U.S. VIRGIN ISLANDS. SPECIFICALLY, THE COMMISSION HAS IMPLEMENTED THE FOLLOWING:

(A) VOLUNTARY SELF-EXCLUSION. PURSUANT TO 32 VIC § 423A, THE COMMISSION PROVIDES A VOLUNTARY SELF-EXCLUSION (VSE) PROGRAM WHERE A GAMBLING PATRON CAN VOLUNTARILY ELECT TO BE EXCLUDED FROM ALL LICENSED CASINOS FOR A PERIOD OF 1, 2 OR 3 YEARS. DURING THE EXCLUSION PERIOD, THE PATRON IS PROHIBITED FROM ENTERING ONTO THE CASINO FLOORS AND BARRED FROM COLLECTING ANY WINNINGS OR RECOVERING ANY LOSSES. IF THE PATRON IS FOUND ON THE CASINO FLOOR DURING THE BANNED PERIOD, HE/SHE WILL BE EJECTED AND COULD BE SUBJECT TO CRIMINAL MISDEMEANOR PROSECUTION. CASINO MANAGEMENT AND OUR CASINO INSPECTORS MONITOR THE VSE LIST. THE COMMISSION HAS STRENGTHENED THE PROGRAM TO PROVIDE THAT A PATRON MUST REMAIN ON THE VSE LIST FOR A MANDATORY MINIMUM OF 6 MONTHS. REGARDLESS OF THE TERM SELECTED, A PATRON CAN ONLY REQUEST ONE EARLY REMOVAL FROM THE LIST. FURTHERMORE, THE PATRON MUST AFFIRMATIVELY PETITION FOR REMOVAL FROM THE LIST NOTWITHSTANDING THAT THE TERM HAS EXPIRED. IN 2024, THE COMMISSION GRANTED EIGHT (8) VSE PETITIONS AND THREE (3) REMOVAL PETITIONS. IN 2025, TO DATE, THE COMMISSION HAS PLACED ONE (1) PATRON ON THE VSE LIST AND REMOVED TWO (2).

(B) PLAYWISEVI.ORG. IN MARCH 2025, THE COMMISSION LAUNCHED PLAYWISEVI.ORG, A WEBSITE DEDICATED TO RESPONSIBLE GAMBLING AND PROBLEM GAMBLING INFORMATION AND SELF-ASSESSMENT TOOLS. THE

INFORMATION ON THE SITE IS AVAILABLE IN ENGLISH, SPANISH, AND HAITIAN CREOLE. WITH THE ASSISTANCE OF NEVILLE JAMES, HOST OF *ANALYZE THIS* AND WTJX, WE HAD A MEDIA BLITZ WITH RADIO APPEARANCES AND RADIO ADVERTISING. OUR CASINO LICENSEES HAVE POSTED PLAYWISEVI.ORG SIGNAGE, PROVIDED BY COMMISSION, ON ALL CASINO FLOORS AND THE PLAYWISEVI BANNER IS SCROLLING ON THE SLOT MACHINES AT CARAVELLE AND THE TELEVISIONS AT DIVI. ANALYTICS REVIEWED BY OUR IT SPECIALIST INDICATE THAT PLAYWISEVI IS “STICKING” (VIEWERS TO THE SITE ARE STAYING LONGER AND ARE ACCESSING MORE PAGES). THE SITE PROVIDES LINKS TO NATIONAL RESOURCES SUCH AS I-800GAMBLER FOR CALLS, TEXTS, AND LIVE CHATS AND THE COMMISSION LOOKS FORWARD TO WHEN WE CAN ADD LINKS TO THE WEBSITE FOR RESOURCES SITUATED IN THE U.S. VIRGIN ISLANDS.

(C) MEMORANDUM OF UNDERSTANDING WITH V.I. DEPARTMENT OF HEALTH.

ON OCTOBER 24, 2024, AFTER MONTHS OF MEETINGS AND MANY DRAFT DOCUMENTS, THE COMMISSION AND THE V.I. DEPARTMENT OF HEALTH (DoH), THROUGH COMMISSIONER JUSTA ENCARNACION, EXECUTED A MEMORANDUM OF UNDERSTANDING WHERE THE COMMISSION PROVIDED THE FUNDING FOR SIX COUNSELORS, 3 IN EACH ISLAND DISTRICT, CURRENTLY EMPLOYED WITH THE BEHAVIORAL HEALTH DIVISION, TO BE TRAINED AND CERTIFIED IN TREATING PROBLEM GAMBLING DISORDERS. THE COMMISSION CHOSE TO PARTNER WITH DoH AS IT ENSURES THAT FREE OR LOW-COST OPTIONS WILL BE AVAILABLE TO PERSONS NEEDING SUCH HELP. WE HAVE FULLY PAID FOR THE COURSE WORK AND OUR

UNDERSTANDING IS THAT THE COUNSELORS ARE PREPARING TO TAKE THE EXAMS TO ADVANCE TO THE NEXT STEPS. WE ALSO CHOSE TO PARTNER WITH DoH AS THE COMMISSION BELIEVES HELP THAT IS AVAILABLE WHERE THE PERSON IS AND THAT UNDERSTANDS HIS/HER COMMUNITY AND TRIGGERS, IS MORE LIKELY TO BE EFFECTIVE IN TREATING GAMBLING DISORDERS. IT IS WELL RESEARCHED THAT CULTURAL AWARENESS IS ALSO IMPORTANT TO THE EFFECTIVE TREATMENT OF GAMBLING ADDICTION. IN THAT RESPECT, THE COMMISSION WAS RECENTLY HONORED TO PRESENT AT THE NORTH AMERICAN GAMING REGULATORS ASSOCIATION (NAGRA) 2025 EDUCATION AND TRAINING CONFERENCE ON JUNE 4, 2025, IN NASHVILLE, TENNESSEE, A SESSION ENTITLED “WE HAVE A STORY TO TELL: THE VIRGIN ISLANDS CASINO CONTROL COMMISSION AND THE BUILDING OF CULTURALLY ADAPTED PROBLEM GAMBLING AWARENESS INITIATIVES”. DURING THE SESSION, THE COMMISSION DETAILED OUR EFFORTS TO “SPEAK” TO VIRGIN ISLANDERS BY WORKING TO PROVIDE INFORMATION IN THE THREE PROMINENT LANGUAGES SPOKEN IN OUR ISLANDS, LOCAL ASSISTANCE, AND SUCH SMALL STEPS OF INCLUDING LOCAL TALENT AND MUSIC IN ADVERTISING. BY ALL ACCOUNTS, THE SESSION WAS WELL RECEIVED AND RESONATED ON THE NEED FOR CULTURAL SENSITIVITY IN DESIGNING PROBLEM GAMBLING PROGRAMS

(D) OTHER ACTIVITIES. IN MARCH OF EACH YEAR, THE COMMISSION PARTICIPATES IN PROBLEM GAMBLING AWARENESS MONTH (PGAM) THAT IS LED BY THE NATIONAL COUNCIL ON PROBLEM GAMBLING (NCPG), THE ONLY NATIONAL NON-PROFIT ORGANIZATION THAT SEEKS TO MINIMIZE THE ECONOMIC AND SOCIAL

COSTS ASSOCIATED WITH GAMBLING ADDICTION. THE COMMISSION HAS OBSERVED THE MONTH THROUGH THE ISSUANCE OF AN EXECUTIVE PROCLAMATION, OUTREACH AT SENIOR CENTERS, DISTRIBUTION OF SELF-SCREEN CARDS ON PROBLEM GAMBLING SCREENING DAY, AND GIVEAWAYS AT THE CASINOS. LIKEWISE, WE PARTICIPATE EACH SEPTEMBER IN RESPONSIBLE GAMING EDUCATION MONTH (RGEM), THE BRAINCHILD OF THE AMERICAN GAMING ASSOCIATION (AGA), THE PREMIER NATIONAL TRADE GROUP FOR THE U.S. CASINO INDUSTRY. DURING SEPTEMBER, AS ALWAYS, THE COMMISSION EMPHASIZES THE KEY RESPONSIBLE GAMBLING MESSAGES OF : 1. SET A BUDGET AND STICK TO IT. 2. KEEP IT SOCIAL AND KEEP IT FUN. 3. KNOW THE GAME AND KNOW THE ODDS. 4. DON'T CHASE LOSSES. 5. PLAY LEGALLY.

AT OUR QUARTERLY MEETINGS WITH OUR CASINO LICENSEES, WE ALSO ASK WHAT THEY DID OR PLAN TO DO FOR THE OBSERVATIONS OF PGAM AND RGEM. AT OUR LAST QUARTERLY MEETING HELD ON JUNE 25, 2025, OUR CASINO LICENSEES PROVIDED FULL ACTION PLANS FOR THIS YEAR'S RGEM THAT INCLUDE, BUT ARE NOT LIMITED TO: EMAIL CAMPAIGN TO CLUB MEMBERS, SOCIAL MEDIA OUTREACH, IN-HOUSE TRAINING OF STAFF TO IDENTIFY THE CHARACTERISTICS OF PROBLEM GAMBLING AND HOW TO PROVIDE ASSISTANCE, AND ON PROPERTY MESSAGING. ALSO, OUR CASINO LICENSEES ARE STATUTORILY MANDATED TO INCLUDE RESPONSIBLE GAMING MESSAGES IN ALL ADVERTISING.

COMMUNITY BENEFIT PROGRAMS FUNDED THROUGH CASINO OPERATIONS

PURSUANT TO 32 VIC § 517(C), 75% OF MONEYS DEPOSITED IN THE CASINO REVENUE FUND ARE ALLOCATED TO VARIOUS AGENCIES OF THE GOVERNMENT OF THE VIRGIN ISLANDS. RECIPIENTS AND THE PERCENTAGE ALLOCATION INCLUDE: AGRICULTURE (10%), EDUCATION (20%), HEALTH (15%), SPORTS, PARKS AND RECREATION (15%), VIPD (10%), VI GOVERNMENT HOSPITAL & HEALTH FACILITIES (4%) AND VI ALLIANCE FOR RESPONSIBLE GAMING (1%). COMBINED AMOUNTS DISTRIBUTED TO THE AFOREMENTIONED ENTITIES FOR FISCAL YEARS 2023, 2024 AND THUS FAR FOR FISCAL YEAR 2025 WERE \$1,632,317; \$1,662,317 AND \$1,142,373, RESPECTIVELY. WORTHY OF NOTE HERE IS THAT ON MARCH 25, 2024, THE COMMISSION PRESENTED A CHECK TO COMMISSIONER GARY MOLLOY OF THE V.I. DEPARTMENT OF LABOR, IN THE AMOUNT OF \$385,956.64 TO SUPPORT THE JAG-VI PROGRAM, A YOUTH EMPLOYMENT TRAINING PROGRAM. THIS PROGRAM WAS FUNDED IN PART FROM TEN (10%) OF MONIES DEPOSITED INTO THE CASINO REVENUE FUND. THIS ALLOCATION WAS DEFUNDED BY THE LEGISLATURE WITH THE ENACTMENT OF ACT NO. 8577. IN ADDITION, THE COMMISSION HAS DIRECTLY SUPPORTED ENTITIES SUCH AS OUR COMMUNITY SALUTES, ST. CROIX FOUNDATION, THE TEN SLEEPLESS KNIGHTS FOUNDATION, COMMUNITY FOUNDATION OF THE VI, AMERICAN CANCER SOCIETY, TO NAME A FEW.

LEGISLATIVE RECOMMENDATIONS TO SUPPORT THE COMMISSION’S OPERATIONS

THE VIRGIN ISLANDS INTERNET GAMING AND INTERNET GAMBLING ACT, ACT NO. 6419, (“THE IGIG ACT”) WAS PASSED BY THE 24TH LEGISLATURE IN AUGUST OF 2001. PROVISIONS OF THE IGIG ACT COULD NOT BE IMPLEMENTED PENDING RESOLUTION OF THE INTERSTATE WIRE ACT’S PROHIBITION AGAINST WAGERING IN ONLINE GAMING, AS THE VIRGIN ISLANDS IS SUBJECT TO U.S. FEDERAL LAW. IN 2018, WHEN IT OVERTURNED THE PROFESSIONAL AND AMATEUR SPORTS PROTECTION ACT OF 1992 (PAPSA), THE UNITED STATES SUPREME COURT DETERMINED THE LEGALITY OF ONLINE GAMING AND CONCLUDED THAT THE PROHIBITIONS AGAINST ONLINE WAGERING DO NOT EXTEND TO ALL FORMS OF GAMBLING. SINCE THAT DECISION, 39 STATES, ALONG WITH WASHINGTON, D.C. AND PUERTO RICO, HAVE LEGALIZED SPORTS BETTING IN ONE FORM OR ANOTHER. THIRTY-TWO OF THOSE STATES SPECIFICALLY HAVE ONLINE AND MOBILE SPORTS BETTING. IN 2024, SPORTS BETTING REVENUE WAS \$13.78 BILLION, UP FROM \$11.04 BILLION IN 2023. IGAMING REVENUE WAS \$8.4 BILLION IN 2024 VERSUS \$6.53 BILLION IN 2023. THE U.S. VIRGIN ISLANDS IS CURRENTLY NOT PARTICIPATING IN THESE ACTIVITIES AND IS NOT GENERATING ANY REVENUE FROM THESE SOURCES. THE COMMISSION IS COMMITTED TO DEVELOPING A MODERN LICENSING AND REGULATORY FRAMEWORK FOR INTERNET GAMING THAT FITS THE NEEDS OF THE 21ST CENTURY. TO THAT END, THE COMMISSION ENLISTED THE SERVICES OF A GLOBAL LEADING FIRM IN THE GAMING INDUSTRY TO REVIEW THE STATUTES CONTAINED IN 32 VIC § 601 *ET SEQ.* AND RELATED REGULATIONS, AND PROPOSE AMENDMENTS TO THE

COMMISSION FOR CONSIDERATION. THE COMMISSION ALSO CONTRACTED WITH ANOTHER CONSULTING FIRM WITH GLOBAL EXPERIENCE IN THE GAMING INDUSTRY TO CONDUCT A MARKET IMPACT ANALYSIS TO LAY OUT THE ECONOMIC BENEFITS, THROUGH TAXATION AND OTHER MEANS, ASSOCIATED WITH THE IGIG ACT'S FULL IMPLENTATION. THE COMMISSION IS HOSTING A SUMMIT ON JULY 31, 2025, TO WHICH YOU AND OTHER STAKEHOLDERS HAVE BEEN INVITED. WE CERTAINLY HOPE THAT ALL SENATORS, OR, IN THEIR ABSENCE, THEIR STAFFERS, ATTEND AS THE INFORMATION SHARED AT THE SUMMIT WILL BE VALUABLE IN FUTURE DISCOURSE AND DELIBERATION AS THIS MATTER ADVANCES THROUGH THE POLICYMAKING LEVELS.

THE COMMISSION IS ALSO SEEKING THE SUPPORT OF THE LEGISLATURE IN AMENDING THE CASINO REVENUE FUND TO RESTORE FUNDING FOR THE JAG-VI PROGRAM (V.I. DEPARTMENT OF LABOR) THAT WAS DEFUNDED IN ACT NO. 8577 AND TO PROVIDE AN ALLOCATION TO THE DGE FOR ADDITIONAL STAFFING TO ADDRESS THE TREMENDOUS BACK LOG OF INVESTIGATIONS THAT IS HAMPERING THE COMMISSION'S OPERATIONS. IN A LETTER DATED JULY 22, 2024 ADDRESSED TO THEN BUDGET APPROPRIATIONS CHAIR, THE HONORABLE DONNA A. FRETT-GREGORY AND THEN VICE-CHAIR, THE HONORABLE NOVELLE E. FRANCIS, JR., THE COMMISSION SUGGESTED THE RE-ALLOCATION OF THE CASINO REVENUE FUND, WHICH INCLUDED A SLIGHT REDUCTION TO THE COMMISSION'S SHARE, TO ADDRESS THE FUNDING ISSUES OF THE AFOREMENTIONED ENTITIES. WE WILL BE MORE THAN

HAPPY TO PROVIDE YOU AND MEMBERS OF YOUR COMMITTEE WITH COPIES OF THAT CORRESPONDENCE.

FINALLY, AS IT RELATES TO LEGISLATIVE SUPPORT, THE COMMISSION RESPECTFULLY REQUESTS THE FULL APPROVAL OF OUR FISCAL YEAR 2026 BUDGET REQUEST. AS YOU KNOW, THE PAYMENT OF SALARIES AND FRINGE BENEFITS FOR THE COMMISSION AND STAFF ARE FUNDED FROM THE GENERAL FUND. FOR THREE CONSECUTIVE FISCAL YEARS, THE COMMISSION WAS FUNDED AT THE SAME LEVEL OF \$1,423,800. FOR FISCAL YEAR 2026, THE COMMISSION HAS REQUESTED, AND THE GOVERNOR HAS RECOMMENDED A BUDGET OF \$1,723,800. WE THANK GOVERNOR ALBERT BRYAN, JR. FOR HIS SUPPORT AND LOOK FORWARD TO THE SENATE'S SUPPORT AS WELL.

IN CLOSING, I EXTEND MY SINCERE THANKS AND APPRECIATION TO MY COLLEAGUES, COMMISSIONER HERMON-PERCELL AND COMMISSIONER RENEE, AS WELL AS TO OUR DEDICATED AND CAPABLE STAFF FOR THEIR UNWAVERING SUPPORT IN ADVANCING THE MISSION OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION. TOGETHER, WE REMAIN STEADFAST IN OUR COMMITMENT TO FULFILLING THE MANDATES ENTRUSTED TO US.

MR. CHAIRMAN, THIS CONCLUDES THE TESTIMONY OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION WHERE WE ARE CURRENTLY CELEBRATING 30 YEARS OF CASINO REGULATORY EXCELLENCE BY HONORING OUR LEGACY AND SHAPING THE FUTURE. THE REPRESENTATIVES OF THE COMMISSION STAND READY TO RESPOND,

**TO THE BEST OF OUR ABILITY, TO THE QUESTIONS YOU AND THE MEMBERS OF THIS
BODY MIGHT HAVE. THANK YOU.**