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Good afternoon, Senator Avery Lewis, Chairman of the Committee on Government Operations, Veterans' Affairs, and Consumer Protection, distinguished committee members, other senators present, and the viewing and listening audience.

My name is Raymond J. Williams, Executive Director of the Virgin Islands Lottery. I appear here virtually today to provide testimony on Bill number 36-0233 an act amending title 32 Virgin Islands Code chapter 13 relating to the establishment and operation of the Virgin Islands Lottery. Along with me today is Deputy Executive Director, Ms. Shalyn Proctor.

The Virgin Islands Lottery ("Lottery") has been in existence for just under 90 years. The V. I. Lottery is the second oldest lottery in the United States after Puerto Rico. The Lottery was created for the purpose of providing a game of chance for Virgin Islanders to play and to provide an entrepreneurial opportunity for residents to resell the game at a reduced ticket cost, thereby making a profit in the process. In addition, through these games, the Virgin Islands Lottery was established to support the community through grants, sponsorships, promotions, and mandated quarterly transfers.



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The Virgin Islands Lottery has operated ‘independent of Central Government’ for almost its entire existence. The Lottery is probably the only government entity that generates its own revenue and has no dependence on the central government for any financial appropriation(s). We not only generate our own revenue but also transfer appropriations to the general fund as determined by this august body.

In addition to the sales of traditional lottery tickets on a biweekly basis, we generate other revenue via other games—for example, instant scratch, Powerball & Mega Million games, Video Lottery Terminals (VLT’in the St. Thomas/St. John District and other games authorized by the commission.

We, and I say it proudly, we pay out almost 80% of the revenues we derive to the bearer(s) of winning lottery tickets, mandatory transfers to the Department of Human Services to be used for the purchase of pharmaceuticals for the indigent, the Department of Education for its Educational Initiative Fund, the GERS for an annuity that is paid to its retirees, the St. Thomas horse racing commission, and the operator of the Clinton Phipps Race track. We provide a supplement to the Veterans Affairs Office for its own purposes and use of those funds.

In addition to those, we set aside funding for philanthropic

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contributions to sports, music, arts, youth programs, and a plethora of other promotional or just causes throughout our community. “You name it, Lottery probably sponsored it!”

In addition, the Virgin Islands Lottery, through its Commission and administration, functioned properly and in accordance with all of its rights and responsibilities as established by the VI Code and the laws relating to public contracts, without the management of the Central Government. The Virgin Islands Lottery functioned efficiently and with integrity, generating benefits for the people while fully realizing the purpose for which it was established. Stand alone and quasi public lottery models consistently demonstrate stronger commercial performance due to dedicated governance, enterprise decision speed, and structural insulation from general government administrative constraints with oversight from its Boards and Commissions. Approximately 31 lotteries across the U.S. and Canada are operated autonomously.

There are several benchmarks to consider:

- ✚ Independent governing board with fiduciary duties
- ✚ Lottery specific procurement authority
- ✚ Enterprise risk management framework

- ✚ As a member of MUSL we must remain financially viable to maintain our membership (sales of Powerball & Mega Million games).

In February 2022, an opinion issued by the then Attorney General Denise George (“AG”), at the request of the Department of Property & Procurement, concluded that the Lottery must use the procurement and disposal laws utilized by all other executive branch agencies, then requiring the Lottery to go through the Department of Property and Procurement for all its procurement needs. The AG’s opinion rested on the argument that, as written, the language establishing the Virgin Islands Lottery was either missing or included language in certain sections of the enabling statute that did not clearly establish its autonomy. The Attorney General argued that the Lottery qualifies as an executive branch instrumentality based on the language contained in 32 V.I.C. §§ 243 and 248. In support of that position, the Attorney General noted that the Legislature:

- (1) did not include language designating the Lottery as “independent” or grant it the express authority to “sue and be sued”;
- (2) vested the Governor with absolute veto authority over Lottery decisions; and
- (3) did not exempt the Virgin Islands Lottery from the central



government's procurement laws or authorize it to establish its own independent procurement procedures.

This Bill addresses and attempts to correct those shortcomings, reaffirming and restoring the autonomy the Virgin Islands Lottery was originally intended to possess. We present before you today several reasons besides those I mentioned:

- ✓ From its inception, it should've been legislated to be an autonomous agency.
- ✓ Based on the type of enterprise the lottery operates, the requirement to utilize the Department of Property & Procurements lengthy process, as a newly added responsibility to them as well, makes it almost impossible to operate. The Lottery must be able to operate on an expeditious basis.
- ✓ We operate this entity similarly to other autonomous agencies: WAPA, Waste Management Authority, Virgin Islands Housing Finance Authority, and Port Authority, just to name a few. What sets us apart from these agencies is that we DO NOT depend on the central government for any funding, nor do we receive any federal funding for our operation.
- ✓ The VIL has been effectively governed by the Commission for its



entire existence; removing the Governor's Absolute Veto does not remove the reporting requirement to the Legislature and the Governor pursuant to Section 246.

- ✓ Our objective, as it is with other autonomous agencies, is to manage procurement based on applicable laws through a structured process that promotes accountability, equity, and efficiency.

Once proper autonomy is restored, we will be in a better position to enhance performance and operational efficiency, positioning the organization to compete more effectively and generate greater revenue for the U.S. Virgin Islands.

Senators, we have begun the work of planning our path forward, but we ask you to amend the code to restore our autonomy, enabling us to become even more efficient and stronger, to carry the Territory forward in this rapidly growing industry.

This concludes my testimony, and we await any questions you may have.