

Virgin Islands Casino Control Commission

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Virgin Islands Casino Control Commission

Fiscal Year 2022

Budget Presentation

Before the

**Thirty-Fourth Legislature of the Virgin Islands
Committee on Finance**

**Frits E. Lawaetz Legislative Conference Room
St. Croix, Virgin Islands**

August 5, 2021

1:00 PM

**Marvin L. Pickering
Chairman/Chief Executive Officer**

GOOD AFTERNOON HONORABLE KURT A VIALET, CHAIRMAN OF THE COMMITTEE ON FINANCE, ALL HONORABLE MEMBERS OF THE COMMITTEE, OTHER HONORABLE MEMBERS OF THE THIRTY-FOURTH LEGISLATURE, LEGISLATIVE STAFF AND THOSE LISTENING AND VIEWING VIA RADIO, TELEVISION OR 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. ACCOMPANYING ME TODAY IS COMMISSIONER USIE R. RICHARDS, VICE-CHAIRMAN OF THE COMMISSION AND THE EXECUTIVE DIRECTOR SELMA DETERVILLE-DACOSTA.

WE THANK YOU FOR THE OPPORTUNITY TO PRESENT AND DISCUSS THE FISCAL YEAR 2022 BUDGET REQUEST FOR THE COMMISSION.

THE COMMISSION IS RESPONSIBLE FOR THE REGULATION OF CASINOS PURSUANT TO THE VIRGIN ISLANDS CASINO AND RESORT CONTROL ACT OF 1995, AS AMENDED; INTERNET GAMING AND GAMBLING PURSUANT TO THE VIRGIN ISLANDS INTERNET GAMING AND GAMBLING ACT, AS AMENDED; RACINOS PURSUANT TO THE VIRGIN ISLANDS HORSE RACING INDUSTRY ASSISTANCE ACT OF 2011; AND CASINO IV ESTABLISHMENTS ACT PERMITTED WITHIN THE ENTERPRISE ZONES OF CHRISTIANSTED AND FREDERIKSTED. THESE STATUTES, AND ALL RELEVANT AMMENDMENTS, ESTABLISH THE BASIS FOR THE GOVERNANCE AND OPERATIONS OF THE COMMISSION AND ITS STAFF.

FINANCES

THE COMMISSION HAS FOUR (4) FUNDING SOURCES: (1) THE GENERAL FUND FOR EMPLOYEE SALARIES ONLY, (2) THE CASINO CONTROL REVOLVING FUND PURSUANT TO 32 VIC §514, WHICH WAS AMENDED BY ACT NO. 7643, AND MOST RECENTLY BY SECTION 4 OF ACT NO. 8184. THIS ACCOUNT IS FUNDED IN THE SAME MANNER AS THE FORMER REVOLVING FUND, NAMELY BY CASINO AND 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 TEN PERCENT (10%) TAX ON GROSS REVENUES FOR DIVI CARINA BAY CASINO AND RESORT AND VIGL-CRG, COMMONLY REFERRED TO AS CARAVELLE HOTEL AND CASINO. THE TWELVE PERCENT (12%) TAX ON GROSS REVENUES WAS REINSTATED DURING THE SECOND QUARTER OF FY 2021 FOR DIVI CARINA BAY CASINO AND RESORT, AS AUTHORIZED BY SECTION 13(b) OF ACT 7952. THE COMMISSION RECEIVES A MERE 10% OF THESE TAXES, WITH 90% ALLOCATED TO OTHER GOVERNMENT DEPARTMENTS OR AGENCIES, IN ADDITION TO NOT-FOR-PROFIT ENTITIES, AND (4) THE HORSE RACETRACK CASINO REVENUE FUND PURSUANT TO 32 VIC §901.

AS IT RELATES TO THE GENERAL FUND FOR THE COMMISSION'S PERSONNEL, THE TOTAL SUM WE ARE REQUESTING IS \$833,700, WHICH REPRESENTS THIRTEEN (13) EMPLOYEES, INCLUDING ONE (1) VACANCY. THE VACANT POSITION IS FOR ONE COMMISSIONER TO FILL THE SEAT VACATED BY FORMER COMMISSIONER STACY A. BOURNE, WHO RESIGNED FROM THE COMMISSION IN FEBRUARY OF THIS YEAR DUE TO PERSONAL REASONS. AT THE TIME OF HER DEPARTURE, COMMISSIONER

BOURNE HELD THE OFFICE OF SECRETARY/TREASURER OF THE COMMISSION. THE TABLE BELOW LISTS THE NAMES AND RELATED INFORMATION FOR THE EMPLOYEES OF THE COMMISSION.

Name	Position	Current Salary	Activity Center	Funding	Retirement	Classification
Pickering, Marvin L.	Chairman/CEO	\$105,000	STX	General	Yes	Unclassified
Richards, Usie R.	Commissioner	\$100,000	STX	General	Yes	Unclassified
VACANT	Commissioner	\$100,000	STT	General	Yes	Unclassified
Deterville-DaCosta, Selma	Executive Director	\$ 80,000	STX	General	Yes	Unclassified
Henry E, Schjang	Special Assistant for Licensing & Compliance	\$ 65,000	STX	General	Yes	Unclassified
Smith, Romesha	Executive Assistant	\$ 60,500	STX	General	Yes	Unclassified
O'Reilly, Daren H.	Archive Technician	\$ 52,000	STX	General	Yes	Unclassified
Henry, Masai	Senior Casino Inspector	\$ 52,000	STX	General	Yes	Unclassified
Browne, Sean	Casino Inspector II	\$ 48,200	STX	General	Yes	Unclassified
Luis, Jr., Juan	Casino Inspector II	\$ 47,000	STX	General	Yes	Unclassified
Encarnacion, Rafael	Casino Inspector II	\$ 47,000	STX	General	Yes	Unclassified
Womack, Cheray	Casino Inspector I	\$ 45,000	STX	General	Yes	Unclassified
Rodriguez de Garcia, Claridilia	Custodial Worker	\$ 32,000	STX	General	Yes	Unclassified
Total Personnel Costs		\$833,700				

THE CASINO CONTROL REVOLVING FUND IS A SPECIAL CHECKING ACCOUNT THAT SERVES AS A DEPOSITORY OF MONIES COLLECTED FROM ALL LICENSE, REGISTRATION, PERMITS AND OTHER FEES, FINES, PENALTIES, ALL SUMS APPROPRIATED THERETO BY THE LEGISLATURE OF THE VIRGIN ISLANDS, AND ALL DONATIONS, GIFTS AND BEQUESTS. IN THIS FISCAL YEAR 2021, FROM OCTOBER 1, 2020 THRU MAY 31, 2021, THE COMMISSION COLLECTED \$221,950 OF WHICH 80% OR \$177,560 WAS ALLOCATED TO THE COMMISSION AND 20% OR \$44,390 WAS ALLOCATED TO THE DEPARTMENT OF JUSTICE'S, DIVISION OF GAMING ENFORCEMENT OPERATING ACCOUNT FOR THEIR OPERATING EXPENSES RELATIVE TO GAMING ENFORCEMENT. THE SIGNATORIES ON THIS ACCOUNT ARE THE COMMISSIONERS AND THE ATTORNEY GENERAL OF THE VIRGIN ISLANDS.

**REGARDING THE CASINO REVENUE FUND, IN FY 2020, THE TEN PERCENT (10%)
DISBURSED TO THE COMMISSION FROM THE DEPARTMENT OF FINANCE WAS
\$156,376.92, AS COMPARED TO \$195,908.51 FOR FY '19, A DECREASE OF 20%. THE FIRST
TWO QUARTERS OF FY '21 YIELDED \$109,641.18 AS COMPARED TO \$101,469.26 FOR THE
SAME PERIOD OF FY '20, A SLIGHT INCREASE OF 8%. THE SECOND QUARTER
REPORT BELOW FROM THE DEPARTMENT OF FINANCE FOR FY '21 SHOWS THE
PERCENTAGES AND AMOUNTS DISTRIBUTED.**

CASINO REVENUE FUND
SCHEDULE OF COLLECTIONS AND
DISTRIBUTION AS AUTHORIZED BY ACTS
6069, 6132 & 6534 & 7100

COLLECTIONS	\$	F/Y' 21 661,755.09
DISTRIBUTIONS		Amount to be paid 2nd Qtr 03/31/2021
Agency/Program/Org	%	
Roy L. Schneider Hospital	4	26,470.20
Juan F. Luis Hospital	4	26,470.20
Hospital & Health	4	26,470.20
Myrah Keating Smith Clinic	3	19,852.65
Education ²	16	105,880.82
Worker Prep Edu Prog/High School ²	2	13,235.10
Youth Programs	10	66,175.51
Agriculture	10	66,175.51
Tourism/Casino Promotion STX	5	33,087.76
Union Arbitration & Incr. Fund	8	52,940.40
Bureau of Internal Revenue	1	6,617.55
University of the Virgin Islands	5	33,067.76
V.I. Alliance for Responsible Gaming	1	6,617.55
Housing, Parks, & Recreation	10	66,175.51
Casino Control Commission	10	66,175.51
Public Safety	5	33,087.76
St. Croix Foundation ¹		
Casino Rehabilitation Fund	2	13,235.10
Total Distribution	100	\$ 651,755.09

¹ Effective September 2004 Casino Revenue collection to the St. Croix Foundation is deposited in the Casino Rehabilitation Fund.

² Authorized by Act 7100 to change from 18 percent of Education to 16 percent effective January 15, 2010.

DOF - 04/14/2021

THE FUNDS WERE DISTRIBUTED TO THE ROY L. SCHNEIDER HOSPITAL; JUAN F. LUIS HOSPITAL; HOSPITAL AND HEALTH; MYRAH KEATING SMITH CLINIC; EDUCATION; WORKER PREP EDU PROG/HIGH SCHOOL; YOUTH PROGRAMS; AGRICULTURE; TOURISM/CASINO PROMOTION STX; UNION ARBITRATION & INCREMENT FUND; BUREAU OF INTERNAL REVENUE; UNIVERSITY OF THE VIRGIN ISLANDS; V.I. ALLIANCE FOR RESPONSIBLE GAMING; SPORTS, PARKS, & RECREATION; CASINO CONTROL COMMISSION; PUBLIC SAFETY AND THE CASINO REHABILITATION FUND. THE DISTRIBUTIONS FOR FISCAL YEAR 2018, FY 2019, FY 2020 AND THROUGH THE SECOND QUARTER OF FY 2021 CAN BE FOUND ON THE COMMISSION'S WEBSITE.

THE HORSE RACETRACK CASINO REVENUE FUND HAS NOT PROVIDED ANY FUNDING DURING FISCAL YEARS 2019, 2020 AND 2021, DUE TO THE NON-EXISTENCE OF A RACINO.

IN FISCAL YEAR 2021, THE COMMISSION RECEIVED \$2,760 IN FEDERAL FUNDS, THROUGH VITEMA, AS A REIMBURSEMENT FOR DAMAGES TO OUR SECURITY LIGHTS. MINOR INTERNAL BUILDING DAMAGES WERE REPAIRED BY THE COMMISSION AT A MINIMUM COST WHILE THE APPROVED PROJECT WORK SHEET CURRENTLY HAS THE SOLE PROJECT OF MOLD REMEDIATION REMAINING.

THE COMMISSION ADMINISTERS THE YOUTH PROGRAMS FUNDING IN COMPLIANCE WITH THE STATUTE. ON JULY 13, 2021, THE COMMISSION RECEIVED A LETTER REQUESTING FUNDING, UNDER SECTION 518(3) THAT PROVIDES FIFTY

PERCENT (50%) OF THE BUDGETARY NEEDS OF THE JOBS FOR AMERICA'S GRADUATES (JAG) VIRGIN ISLANDS PROGRAM, FROM THE DEPARTMENT OF LABOR. DESPITE THE TRANSMITTAL LETTER INDICATING A BUDGET WAS ATTACHED, NO SUCH ATTACHMENT WAS TRANSMITTED AND THE DEPARTMENT HAS BEEN NOTIFIED OF THIS OMISSION. ONCE A BUDGET HAS BEEN SUBMITTED, THE COMMISSION WILL REVIEW AND ACT ACCORDINGLY. (IT MUST BE NOTED THAT SUBSEQUENT TO THE SUBMITTAL OF OUR BUDGET TESTIMONY, WHICH WAS REQUIRED BY JULY 22, 2021, THE COMMISSION DID RECEIVE THE PROPOSED BUDGET FROM THE DOL ON JULY 27, 2021, AND IT IS NOW UNDER REVIEW.)

CURRENTLY WE ARE EXERCISING OUR FIDUCIARY RESPONSIBILITY IN SECURING THE DISBURSEMENTS OF FUNDS FOR THE V.I. ALLIANCE FOR RESPONSIBLE GAMING. OUR INITIAL EFFORTS TO REVITALIZE THE ORGANIZATION WERE INTERRUPTED BY THE COVID-19 PANDEMIC DURING FY '21. THE COMMISSION MUST NOW REFOCUS ON THE NEXT STEPS FORWARD IN ORDER TO ENSURE THE EXISTENCE OF THESE NECESSARY SERVICES.

A FINANCIAL OVERVIEW OF THE COMMISSION, BY BANK ACCOUNTS, FOR THE PERIOD OCTOBER 1, 2020 THRU MAY 31, 2021 IS INSERTED FOR YOUR REVIEW.

Accounts	Beginning Balance October 1, 2020	Deposit	Disbursements	Ending Balance May 31, 2021
Commission Operating Account (BP)	\$49,693	\$150,767	\$167,300	\$33,160
Youth Programs Account (BP)	366,247	109,642	0	475,889
Commission Revolving Account (FB)	41,063	165,396	89,116	117,343
Commission\DGE Revolving Account (FB)	53,755	246,501	176,012	124,244

**VIRGIN ISLANDS CASINO CONTROL COMMISSION
INCOME/ EXPENSE TREND REPORT
FISCAL YEAR 2021**

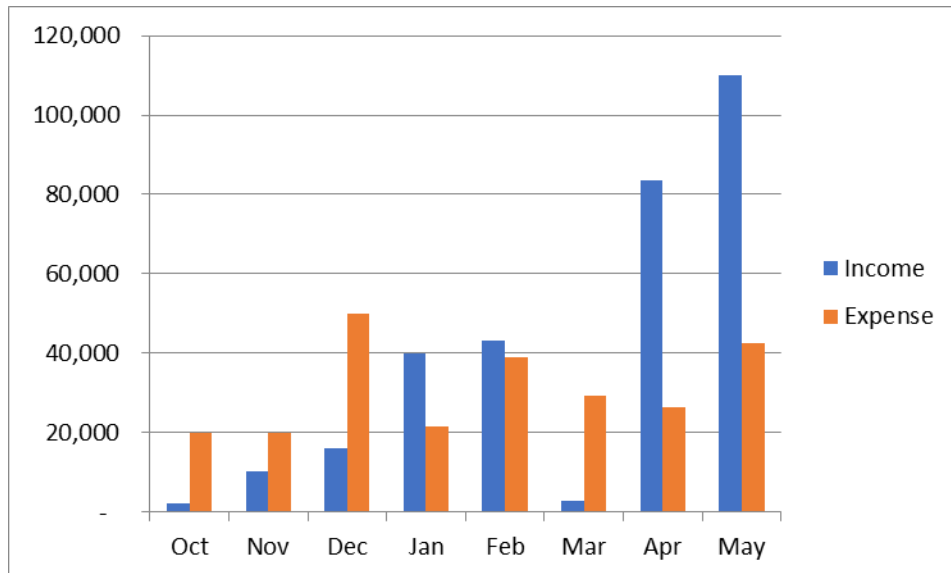


Exhibit I.

ADMINISTRATIVE ACTIONS

AS PREVIOUSLY REPORTED, THE COMMISSION’S WEBSITE IS OPERABLE AND CAN BE FOUND AT WWW.CASINOCONTROLCOMMISSION.VI. THE SITE CURRENTLY CONTAINS THE LAWS AND REGULATIONS GOVERNING THE OPERATIONS OF CASINOS; LAWS AND REGULATIONS GOVERNING INTERNET GAMING AND INTERNET GAMBLING; THE COMMISSION’S BYLAWS; THE COMMISSION’S CODE OF ETHICS;

LICENSING REQUIREMENTS AND APPLICATION FORMS FOR CASINO AND HOTEL EMPLOYEES, CASINO OPERATORS AND VENDORS; APPLICATION FOR CASINO HOTEL ALCOHOLIC BEVERAGE LICENSE; VOLUNTARY EXCLUSION FROM CASINO GAMBLING INSTRUCTIONS AND APPLICATION; FEE SCHEDULES; CASINO REVENUE FUND REPORTS FOR FISCAL YEARS 2018, 2019, 2020 AND THROUGH THE SECOND QUARTER OF THE CURRENT FISCAL YEAR 2021; RESPONSIBLE GAMING LINK; AND INFORMATION ABOUT THE COMMISSION AND THE DIVISION OF GAMING ENFORCEMENT. ALL APPLICATIONS ON THE WEBSITE ARE EDITABLE AND PROVIDE EASY ACCESS TO THE LICENSING PROCESS FOR EMPLOYEES AND THE HUMAN RESOURCES DEPARTMENTS OF THE CASINOS. ON DECEMBER 10, 2020, THE COMMISSION ISSUED FOR THE FIRST TIME IN ITS HISTORY, AN ANNUAL REPORT TO THE GOVERNOR AND THE LEGISLATURE OF THE VIRGIN ISLANDS. THE REPORT WAS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF 32 V.I.C., § 424. THE COMMISSION IS ON COURSE TO ISSUE THE SECOND EDITION SHORTLY AFTER THIS FISCAL YEAR CONCLUDES.

WITH THE RETIREMENT OF THE FORMER EXECUTIVE DIRECTOR, BARBARA JAMES PETERSEN, THE COMMISSION COMMENCED A PUBLIC AND TRANSPARENT PROCESS TO HIRE A NEW EXECUTIVE DIRECTOR. A PROCESS THAT YIELDED RESPONSES FROM SOME TWENTY (20) APPLICANTS FROM WITHIN AND OUTSIDE OF THE TERRITORY. PERSONAL INTERVIEWS WERE CONDUCTED FOR FIVE (5) OF THE TWENTY (20) APPLICANTS, AND TODAY WE ARE PLEASED TO BE ACCOMPANIED BY OUR NEW EXECUTIVE DIRECTOR SELMA DETERVILLE-DACOSTA.

THE COMMISSION HAS CONDUCTED TIMELY HEARINGS FOR THE REVIEW OF CASINO LICENSEES AND HAS ISSUED A PERMANENT CASINO LICENSE AND A PERMANENT OPERATING CERTIFICATE TO VIGL-CRG EFFECTIVE JULY 14, 2020 THRU JULY 14, 2024. DIVI CARINA BAY CASINO AND RESORT IS CURRENTLY OPERATING ON A TEMPORARY CASINO LICENSE, PENDING SATISFACTORY COMPLIANCE WITH MANDATES ISSUED BY THE COMMISSION'S RESOLUTIONS.

FOLLOWING THE CLOSURE OF BOTH CASINOS, DUE TO THE COVID-19 PANDEMIC, THE COMMISSION ADOPTED A COVID-19 CONTINGENCY PLAN BASED ON THE INPUT OF BOTH CASINO OPERATORS AND NATIONAL STANDARDS ESTABLISHED BY CASINO REGULATORS AND OPERATORS NATIONWIDE. THESE PROTOCOLS INCLUDED PHYSICAL MODIFICATIONS TO THE GAMING FACILITIES, SAFE SOCIAL DISTANCING AND SANITIZING MEASURES TO ENSURE THE HEALTH AND SAFETY OF PATRONS, VENDORS, CASINO EMPLOYEES, COMMISSION EMPLOYEES AND THE EMPLOYEES OF THE DIVISION OF GAMING ENFORCEMENT THROUGHOUT THE CASINO AND HOTEL FACILITIES. ENFORCEMENT OF THESE MANDATES ARE THE DUTY AND RESPONSIBILITY OF OUR CASINO INSPECTORS WHO REMAIN THE EYES AND EARS OF THE COMMISSION AT ALL GAMING FACILITIES. BOTH CASINOS DID EXPERIENCE THREE (3) CASES OF COVID-19 EXPOSURES OVER THE PAST YEAR AND THE PROTOCOLS ESTABLISHED BY THE COMMISSION, THE DEPARTMENT OF HEALTH AND THE CENTER FOR DISEASE CONTROL WERE EFFECTIVELY IMPLEMENTED TO ADDRESS THESE INCIDENTS.

DURING FISCAL 2021, THERE WERE NO MORE THAN EIGHT (8) CASINO CUSTOMERS THAT WERE 86(d), WHICH REFERS TO PERSONS EJECTED OR BANNED FOR IMPROPER CONDUCT IN A CASINO. TO DATE THE COMMISSION HAS NOT SECURED THE SERVICES OF AN INDEPENDENT HEARING OFFICER (IHO) DUE TO THE PRIORITIZATION OF OUR OPERATIONAL FINANCIAL MANDATES. THE COMMISSION HAS ASSUMED THE ROLE OF ENSURING ALL DUE PROCESS MEASURES ARE IMPLEMENTED WHEN NECESSARY. TO DATE NO HEARINGS WERE NECESSARY AS NO PATRON HAS APPEALED ANY ACTION OF OUR LICENSEES.

THE COMMISSION REMAINS CONCERNED AS TO THE TERRITORY'S EFFORTS TO SOLICIT AND PROMOTE CASINOS IN THE TERRITORY. IT IS OUR CONTENTION THAT THE RESPONSIBILITY FOR THOSE EFFORTS FALL TO THE DEPARTMENT OF TOURISM. FOR THE FISCAL YEARS 2018, 2019, 2020 AND THE FIRST TWO QUARTERS OF THE CURRENT FISCAL YEAR, A TOTAL OF \$267,841.94 WAS DISBURSED TO THE DEPARTMENT OF TOURISM "FOR TOURISM AND CASINO PROMOTION FOR ST. CROIX." ON JUNE 18, 2020, THE COMMISSION WROTE COMMISSIONER OF TOURISM, JOSEPH BOSCHULTE IN OUR EFFORTS TO ASCERTAIN EXACTLY WHAT THE DEPARTMENT OF TOURISM HAD DONE OR HAVE PLANS TO DO REGARDING THEIR STATUTORY MANDATE TO PROMOTE THE CASINOS ON ST. CROIX. MOREOVER, TITLE 32, CHAPTER 21, SECTION 517 AUTHORIZES THE COMMISSION TO REQUIRE A MONTHLY REPORT AND RECOGNITION STATEMENT FROM THE DEPARTMENT. TO DATE COMMISSIONER BOSCHULTE'S RESPONSE WAS LIMITED TO A PHONE CALL AND A PLANNED FOLLOW-UP MEETING, THAT HAS YET TO OCCUR.

WEB CASH MANAGEMENT HAS BEEN RE-ESTABLISHED AT BANCO POPULAR DE PUERTO RICO, A SERVICE THAT IS ONLY ACCESSIBLE TO THE CURRENT MEMBERS OF THE COMMISSION AND REQUIRES APPROVAL OF AT LEAST TWO (2) COMMISSIONERS TO ACCESS THE FUNDS. ALSO, AS WAS STATED IN OUR LAST BUDGET TESTIMONY IN JULY OF LAST YEAR, THE COMMISSION HAS IMPLEMENTED A FINANCIAL MANAGEMENT SYSTEM, WHICH PROVIDES FOR THE TIMELY ENTERING OF INVOICES, BILLINGS, AND PAYMENTS ISSUED BY THE COMMISSION. THE FMS SYSTEM IS OVERSEEN BY THE COMMISSION'S CHAIRMAN/CEO AND EXECUTED BY OUR EXECUTIVE DIRECTOR AND EXECUTIVE ASSISTANT.

THE COMMISSION HAS ESTABLISHED QUARTERLY PAYMENTS TO THE ACCOUNT OF THE DIVISION OF GAMING ENFORCEMENT (DGE). THESE PAYMENTS REPRESENT THE DGE'S TWENTY PERCENT (20%) SHARE OF FEES COLLECTED IN OUR OFFICES VIA CREDIT CARD PAYMENTS AND DEPOSITED TO THE COMMISSION'S OPERATING ACCOUNT AT BANCO POPULAR.

THE COMMISSION HAS NO OUTSTANDING PAST DUE INVOICES, AND OUR ONLY OUTSTANDING PAYMENTS ARE FOR CURRENT GOODS AND SERVICES PROCURED OVER THE PREVIOUS AND CURRENT MONTHS.

THE COMMISSION IS LOCATED AT #3005 ESTATE ORANGE GROVE, CHRISTIANSTED, ST. CROIX. THE BUILDING IS LEASED FROM THE GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (GERS) AND CONSISTS OF APPROXIMATELY 4,667 SQUARE FEET OF GROSS LEASABLE AREA. THE COMMISSION REMAINS CURRENT

WITH OUR RENTAL OBLIGATIONS TO GERS. THE COMMISSION HAS BEEN IN DISCUSSIONS WITH GERS DURING THE PAST YEARS TO COME TO TERMS ON A NEW LEASE. WE BELIEVE THAT WE ARE VERY CLOSE TO AN AGREEMENT, ALTHOUGH THE GERS BOARD'S MANDATED ONE-YEAR TERM OF THE LEASE IS OF GRAVE CONCERN TO THE COMMISSION. THE COMMISSION RECENTLY TERMINATED ITS LEASE WITH SUN-SELF STORAGE, WHERE IT MAINTAINED FILES FOR STORAGE. WE SHREDDDED FILES THAT WERE HELD BEYOND THE COMMISSION'S FILE RETENTION PERIOD AND MOVED THE RETAINED FILES TO THE COMMISSION'S OFFICES. THE TERMINATION OF THIS LEASE WILL RESULT IN A MINIMAL SAVINGS OF OVER \$3,000 ANNUALLY.

THE COMMISSION AND THE DIVISION OF GAMING ENFORCEMENT (DGE), UNDER THE VERY CAPABLE LEADERSHIP OF ATTORNEY R. OLIVER DAVID, DIRECTOR, HAVE SUCCESSFULLY ADDRESSED A BACKLOG OF APPLICATIONS DATING BACK TO MARCH OF 2019, SOME 121 OF THEM. THIS HERCULEAN TASK WAS ACCOMPLISHED THROUGH THE HARD WORK AND DETERMINED EFFORTS OF DIRECTOR DAVID AND HIS TEAM, AT THE EXPENSE OF PRIORITIZING THIS TASK OVER ALL BUT THE MOST CRITICAL DUTIES OF THE DGE. THE COMMISSION MOST CERTAINLY APPRECIATES THEIR EFFORTS. THE COMMISSION ISSUED LICENSES THAT INCLUDED BOTH NEW AND RENEWAL FOR ALL CATEGORIES TO INCLUDE 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 YEARS 2020 AND THUS FAR FOR THE CURRENT FISCAL YEAR:

<u>Type of License</u>	<u>FY 2020 Number of Licenses</u>	<u>FY 2021 # of Licenses</u>
Casino Employees	45	128
Casino Key Employees	25	35
Gaming Related Licenses	7	7
Non-Gaming Related Licenses	9	14
Total Licenses	86	184

A COLOR-CODED ID SYSTEM, FOR THE ISSUANCE OF ALL CATEGORIES OF WORK PERMITS, WAS IMPLEMENTED BY THE COMMISSION DURING THE PREVIOUS FISCAL YEAR. THE SYSTEM ADDRESSES ALL EMPLOYEES LICENSED BY THE COMMISSION, CASINO INSPECTORS OF THE COMMISSION AND OFFICE STAFF OF THE COMMISSION AND INCLUDES A PHOTO OF THE EMPLOYEE AND EXPIRATION DATE, AND MUST BE VISIBLY WORN BY ALL EMPLOYEES WHILE ON-DUTY. THE COLOR CODES ARE CASINO KEY EMPLOYEES (CKE) – LIGHT BLUE; CASINO EMPLOYEES (CE) – ORANGE; HOTEL EMPLOYEES (CHE) – WHITE; CASINO INSPECTORS (CI) – RED; COMMISSION STAFF – GRAY; AND COMMISSIONERS – DARK BLUE. THE COMMISSION’S INSPECTORS, SPECIAL ASSISTANT FOR LICENSING AND COMPLIANCE, AND COMMISSIONERS HAVE ALSO BEEN ISSUED APPROPRIATE BADGES THAT ALIGN WITH THEIR RESPECTIVE DUTIES.

THE COMMISSION THANKS THIS BODY FOR ADOPTING OUR RECOMMENDED AMENDMENTS TO THE INTERNET GAMING AND GAMBLING LAW OF THE VIRGIN ISLANDS. AS WE TRANSITION FROM THE IMPACTS OF THE COVID-19 PANDEMIC, THE COMMISSION WILL RAMP UP ITS EFFORTS TO ENSURE THE MASTER FRANCHISEES EXECUTE THE MANDATES OF THE LAW. IF THE COMMISSION DETERMINES THAT ANY MASTER FRANCHISEE IS UNWILLING OR UNABLE TO IMPLEMENT THE AGREEMENT, WE INTEND TO RECOMMEND THAT THE LEGISLATURE CONSIDER

AMENDING THE EXISTING LAW THAT GRANTS EXCLUSIVE RIGHTS TO THE TWO (2) CURRENT MASTER FRANCISEES.

MAJOR CONCERNS

THE COMMISSION IS OVERLY CONCERNED WITH THE LACK OF FULL STAFFING RESOURCES FOR THE DIVISION OF GAMING ENFORCEMENT TO MEET ITS MANDATES. THE DGE IS A CRITICAL COMPONENT IN ASSISTING THE COMMISSION TO FULFILL ITS REGULATORY OBLIGATIONS. AS MENTIONED BEFORE, IT REQUIRED THE DGE TO FOREGO OTHER PRIORITIES TO ADDRESS THE BACKLOG OF INVESTIGATIONS OF APPLICANTS. WE DO NOT BELIEVE THAT THE OFFICE SHOULD BE OPERATING UNDER SUCH STRESSFUL CONDITIONS. THE DIVISION WAS LACKING PERMANENT LEADERSHIP UNTIL THE PRESENT DIRECTOR, ATTORNEY R. OLIVER DAVID WAS NOMINATED AND SUBSEQUENTLY CONFIRMED BY THE 33RD LEGISLATURE. ALTHOUGH NOT A PART OF THE COMMISSION'S BUDGET, THE COMMISSION IS ADVOCATING ON BEHALF OF THE DGE THAT THE LEGISLATURE FUND THE NECESSARY POSITIONS TO ASSIST THE DGE TO CARRY OUT ITS DUTIES IN A MORE EFFICIENT MANNER AND ENSURE THE CONTINUOUS REVENUE FLOW TO THE GOVERNMENT OF THE VIRGIN ISLANDS.

THE COMMISSION DOES NOT HAVE A FULL COMPLEMENT OF COMMISSIONERS SINCE FORMER COMMISSIONER STACY BOURNE RESIGNED FROM THE COMMISSION FOR PERSONAL REASONS. VICE-CHAIRMAN RICHARDS' TERM ENDS IN DECEMBER OF THIS YEAR. THE GOVERNOR HAS BEEN APPRISED OF THIS SITUATION ON MORE THAN ONE OCCASION AND WE AWAIT HIS ACTION ON THIS

VERY SERIOUS CONCERN. THE WORK OF THE COMMISSION WILL COME TO A SCREECHING HALT IF WE ONLY HAVE A SINGLE COMMISSIONER.

SIMILARLY, ON JANUARY 25, 2021, COMMISSIONER RICHARDS, VIA WRITTEN CORRESPONDENCE, BROUGHT TO THE ATTENTION OF THIS BODY A PERCIEVED ERROR IN THE CODE REGARDING THE POLITICAL AFFILIATION OF COMMISSION MEMBERS. HISTORICALLY, THE MEMBERSHIP OF THE COMMISSION WAS CONSTRUCTED BY LAW TO ENSURE THAT THE COMMISSION REMAINS AN APOLITICAL BODY. HOWEVER, THE ADOPTION OF ACT 7872 DID NOT ADDRESS SECTION 405 (c) WHICH STATES, “NO MORE THAN TWO (2) MEMBERS OF THE COMMISSION MAY BE OF THE SAME POLITICAL AFFILIATION”. GIVEN THE CURRENT MANDATES OF THREE (3) COMMISSIONERS, WE RESPECTFULLY SUGGEST THAT THIS SECTION BE AMENDED TO NO MORE THAN ONE (1) MEMBER OF THE SAME POLITICAL AFFILIATION.

ANOTHER MAJOR CONCERN IS THE LACK OF A LONG-TERM LEASE AT OUR CURRENT LOCATION. THE COMMISSION IS CURRENTLY LEASING SPACE FROM THE GOVERNMENT EMPLOYEES’ RETIREMENT SYSTEM, GERS, AS PREVIOUSLY MENTIONED, AND WE ARE UNSURE IF OUR ONE YEAR LEASE WILL BE RENEWED. THIS WOULD BE SOMEWHAT CATASTROPHIC IF THAT OCCURS, SINCE THE COMMISSION DOES NOT CURRENTLY HAVE FUNDING TO PURCHASE OR CONSTRUCT ITS OWN BUILDING, WHICH WOULD BE THE BEST OPTION IF WE WERE TO BE DISPLACED.

MR. CHAIRMAN, THIS CONCLUDES THE TESTIMONY OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION RELATIVE TO ITS FISCAL YEAR 2022 BUDGET. THE REPRESENTATIVES OF THE COMMISSION STAND READY TO RESPOND TO ALL QUESTIONS TO THE BEST OF OUR ABILITY.

CLOSING STATEMENT

MR. CHAIRMAN, I WISH TO THANK YOU AND ALL THE MEMBERS OF THE FINANCE COMMITTEE AND OTHER MEMBERS OF THE 34TH LEGISLATURE WHO WERE PRESENT TODAY, FOR AFFORDING THE VIRGN ISLANDS CASINO CONTROL COMMISSION THE OPPORTUNITY TO TESTIFY TODAY ON IT'S FISCAL YEAR 2022 BUDGET REQUEST. IT IS OUR HOPE THAT THE REQUEST WILL BE FAVORABLY CONSIDERED AND GRANTED. I ALSO WOULD LIKE TO THANK MY COLLEAGUE, VICE-CHAIRMAN USIE RICHARDS FOR HIS VALUABLE INPUT AND OUR EXECUTIVE DIRECTOR, MS. DACOSTA AND THE EXECUTIVE STAFF OF THE COMMISSION FOR THEIR ASSISTANCE. THANK YOU AS WELL TO THE STAFF OF THE POST AUDIT DIVISION FOR THEIR COURTESIES AND PROFESSIONALISM.