

# Virgin Islands Casino Control Commission

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## Virgin Islands Casino Control Commission

Fiscal Year 2019

Budget Presentation

Before the

Thirty-Second Legislature of the Virgin Islands  
Committee on Finance

Earle B. Ottley Legislative Hall  
St. Thomas, Virgin Islands

September 18, 2018

11:00 O'clock AM

Usie R. Richards  
Vice-Chairman

GOOD MORNING MR. CHAIRMAN, MEMBERS OF THE COMMITTEE ON FINANCE OF THE THIRTY-SECOND LEGISLATURE OF THE VIRGIN ISLANDS, OTHER MEMBERS OF THE LEGISLATURE PRESENT.

FOR THE RECORD, MY NAME IS USIE R. RICHARDS, AND I AM THE VICE-CHAIRMAN OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION. ACCOMPANYING ME TODAY IS COMMISSIONER STACY A. BOURNE, SECRETARY/TREASURER OF THE COMMISSION AND THE EXECUTIVE DIRECTOR BARBARA JAMES-PETERSEN.

THANK YOU FOR THE OPPORTUNITY TO DISCUSS THE FISCAL YEAR 2019 BUDGET OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION BEFORE THIS COMMITTEE ON FINANCE.

THE VIRGIN ISLANDS CASINO CONTROL COMMISSION IS RESPONSIBLE FOR THE REGULATION OF LAND-BASED CASINOS, INTERNET GAMING AND GAMBLING, RACINO'S, AND CASINO'S WITHIN THE ENTERPRISE ZONES OF CHRISTIANSTED AND FREDERIKSTED. PURSUANT TO ACTS 6069, 6419, 6529, 7318 AND 7702. THE PASSAGE OF ACT 7702, EXTENDED THE CONSTRUCTION OF CASINO'S IN THE ENTERPRISE ZONES OF CHRISTIANSTED AND FREDERIKSTED, AND ASSIGNED ADDITIONAL REGULATORY RESPONSIBILITIES TO THE COMMISSION.

THE APPROVAL OF COMMISSIONER STACY A. BOURNE, BY THIS BODY, PROVIDED FOR A FULL COMPLIMENT OF MEMBERS ON THE VIRGIN ISLANDS CASINO CONTROL COMMISSION AS MANDATED BY LAW. THIS ACT HAS ALLOWED FOR A NUMBER OF

ACTIONS TO BE EXECUTED IN ORDER TO EXECUTE THE MANDATES OF THE LAWS, RULES AND REGULATIONS, AND BY-LAWS THAT GOVERN THE BUSINESS OF THE COMMISSION AND THE REGULATION OF THE GAMING INDUSTRY IN THE VIRGIN ISLANDS.

SPECIFICALLY, ON AUGUST 6, 2018, AT THE VICCC-SPECIAL MEETING NO. 18-08-06, THE COMMISSION EXECUTED A RESOLUTION ENTITLED VICCC ADMINISTRATIVE ACTIONS AS PER 2016 BY-LAWS. THE RESOLUTION WAS EXECUTED AS THE FIRST ITEM ON THE AGENDA OF THE SPECIAL MEETING, THEREBY EMPOWERING AN ACTING CHAIR PRO TEMPORE, AND A QUORUM OF TWO MEMBERS TO CONDUCT A REVIEW, DISCUSSION AND APPROVAL OF TEMPORARY LICENSES FOR THE CURRENTLY LICENSED CASINOS IN THE VIRGIN ISLANDS. SIMILARLY, APPROVAL OF THE RESOLUTION LED TO THE ADOPTION OF ALL OFFICERS AS REQUIRED BY THE BY-LAWS, NAMELY THE OFFICE OF VICE-CHAIRMAN AND SECRETARY/TREASURER.

THE COMMISSION HAS CONDUCTED SITE VISITS TO BOTH THE CARAVELLE HOTEL AND CASINO, AND THE DIVI CARINA BAY RESORT AND CASINO, IMMEDIATELY FOLLOWING THE HURRICANES OF IRMA AND MARIA, IN ADDITION TO VISITS TO MONITOR REPAIRS AND UPGRADES REQUIRED FOR THE RE-OPENING OF BOTH CASINOS. SITE INSPECTIONS WERE ALSO CONDUCTED AT THE VIGL ACQUIRED HOTEL PROPERTIES, NAMELY THE COMPANY HOUSE AND KING CHRISTIAN HOTELS.

THERE IS NO DOUBT THAT THE ELEPHANT IN THE ROOM IS THE RECENTLY COMPLETED AND PUBLISHED AR-01-39-18, AUDIT OF THE ADMINISTRATIVE FUNCTIONS

OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION, ISSUED BY THE VIRGIN ISLANDS OFFICE OF THE INSPECTOR GENERAL ON SEPTEMBER 4, 2018. AS NOTED IN THE DISTRIBUTED COPIES TO THIS BODY, OTHER ELECTED OFFICIALS, AND AUTHORITIES OF BOTH THE LOCAL AND FEDERAL GOVERNMENTS, THE AUDIT COVERED FISCAL YEARS 2013 THRU 2016 AND TOOK ALMOST TWO (2) YEARS TO BE COMPLETED. THE FIRST INTERACTION WITH THE REFERENCED AUDIT FOR COMMISSIONER BOURNE AND MYSELF, CAME VIA AN EMAIL **PRELIMINARY DRAFT** COPY OF THE AUDIT AND A REQUEST TO PARTICIPATE IN AN EXIT CONFERENCE ON JULY 10, 2018 IN THE OFFICES OF THE CASINO COMMISSION.

THE OFFICE OF THE INSPECTOR GENERAL, ON JULY 27, 2018, ISSUED AN **OFFICIAL DRAFT** OF THE AUDIT WITH A DEADLINE OF AUGUST 17, 2018, FOR AN OFFICIAL RESPONSE FROM THE COMMISSION. GIVEN THE NUMBER OF EXCHANGES BETWEEN THE CHAIRMAN OF THE COMMISSION AND THE INSPECTOR GENERAL, THE COMMISSION WAS GRANTED AN EXTENSION TO AUGUST 24, 2018, TO RESPOND TO THE **“RECOMMENDATIONS”** OF THE AUDIT. ON AUGUST 23<sup>RD</sup> COMMISSIONER BOURNE AND MYSELF SUBMITTED AN AUDIT RESPONSE, MEETING THE DEADLINE AND OUTLINING A PLAN OF ACTION TO MEET THE STATED RECOMMENDATIONS. THE COMMISSION’S RESPONSE IS ALSO INCLUDED IN THE DISTRIBUTED REPORT AND WORK IS ON-GOING TO MEET THE SELF-IMPOSED DEADLINE OF OCTOBER 26, 2018.

THE COMMISSION HAS TAKEN A NUMBER OF ACTIONS SINCE THE SUBMITTAL OF THE RESPONSE, SPECIFICALLY, ON AUGUST 27<sup>TH</sup> AND 28<sup>TH</sup> THE COMMISSION HAS SUBMITTED THE REQUIRED FORMS AND DOCUMENTATION TO CHANGE THE

AUTHORIZED SIGNATURES ON THE COMMISSION'S ACCOUNTS AT BOTH FIRST BANK AND BANCO POPULAR DE PUERTO RICO ORANGE GROVE BRANCHES; REQUESTED A HOLD ON ELECTRONIC FUND TRANSFERS THAT REQUIRED ONLY ONE (1) SIGNATURE; AND AMENDED THE AUTHORIZATION LETTER TO ONE LOVE GAS STATION REGARDING ISSUANCE OF GASOLINE. TODAY, THE REQUIRED SIGNATURES FOR DISBURSEMENTS FROM THE COMMISSION'S BANK ACCOUNTS ARE TWO (2) OF THE THREE (3) COMMISSIONERS, AND GASOLINE DISTRIBUTION IS LIMITED SOLELY TO COMMISSION OWNED AND LICENSED VEHICLES.

SIMILARLY, THE MANDATES ENACTED WITH THE ADOPTION OF ACT 7643, WHICH RESULTED IN THE EXTINCTION OF THE CASINO CONTROL REVOLVING FUND AND ESTABLISHMENT OF "A SPECIAL CHECKING ACCOUNT" REMAINS A MATTER OF CONCERN TO THE COMMISSION. THE COMMISSION WOULD RESPECTFULLY REQUEST THAT ALL REFERENCES IN TITLE 32 VIC SECTION 514 TO "THE CHAIRMAN OF THE CASINO CONTROL COMMISSION" BE STRICKEN AND REPLACED BY THE VIRGIN ISLANDS CASINO CONTROL COMMISSION.

TO DATE, ALL FINANCIAL RECORDS AND INFORMATION THAT SHOULD HAVE BEEN SUBMITTED TO THE LEGISLATURE AND THE POST AUDIT DIVISION REMAINS IN THE CUSTODY OF THE COMMISSION CHAIRMAN, WITH LIMITED RECORDS IN THE POSSESSION OF THE EXECUTIVE DIRECTOR. ON SEPTEMBER 11<sup>TH</sup> I WROTE TO THE CHAIRMAN REQUESTING THE INFORMATION BASED ON THIS COMMITTEE'S INITIAL SCHEDULING OF THE BUDGET HEARING ON AUGUST 28<sup>TH</sup> AND RE-SCHEDULING TO TODAY, SEPTEMBER 18<sup>TH</sup>. I DID RECEIVE AN INITIAL RESPONSE FROM THE CHAIRMAN

ON THE SAME DATE STATING, “HAVE BEEN WORKING ON THIS SINCE I FINALLY GOT WORKSHEETS ON 4<sup>TH</sup> AND SHOULD HAVE ALL FINANCIALS FROM RECONCILED ACCOUNTS IN THE NEXT 24 TO 36 HOURS”. TO DATE NONE OF THE PROMISED INFORMATION OR DOCUMENTATION HAS BEEN TRANSMITTED.

THE OPERATIONS OF THE VIRGIN ISLANDS CASINO CONTROL COMMISSION ARE FINANCED BY SEVERAL FUNDING SOURCES: THE GENERAL FUND, THE CASINO REVENUE FUND, AND A NEWLY ESTABLISHED SPECIAL CHECKING ACCOUNT WHICH REPLACED THE CASINO CONTROL REVOLVING FUND PURSUANT TO ACT 7643. ALL LICENSE FEES, PERMITS, EXEMPTION FEES, FINES, AND OTHER REVENUES ARE DEPOSITED INTO THIS NEW ACCOUNT, WHICH IS SUBJECT TO ANNUAL AUDITS AS PROVIDED BY LAW.

THE VIRGIN ISLANDS CASINO COMMISSION IS CURRENTLY EXPERIENCING A NUMBER OF OPERATIONAL ISSUES, SPECIFICALLY, OUTSTANDING PAYMENTS TO A NUMBER OF VENDORS; OUTSTANDING RENT TO OUR LANDLORD IN THE AMOUNT OF \$63,004.50, WHICH REPRESENTS THREE (3) QUARTERS; A GENERATOR THAT IS TOTALLY NON-FUNCTIONAL; AND AN AIR CONDITION SYSTEM THAT’S BEEN INOPERABLE FOR AT LEAST FOUR (4) WEEKS. COMMISSIONER BOURNE AND MYSELF ARE MOVING FORWARD WITH SECURING THE UPDATED OUTSTANDINGS FROM THE EXECUTIVE DIRECTOR, TO DEVELOP A PLAN OF ACTION TO ADDRESS THESE OUTSTANDING PAYMENTS. THE COMMISSION HAS A LOT OF WORK TO DO, IN A SHORT PERIOD OF TIME.

MR. CHAIRMAN, WE STAND READY TO RESPOND TO ALL QUESTIONS TO THE BEST OF OUR ABILITY.