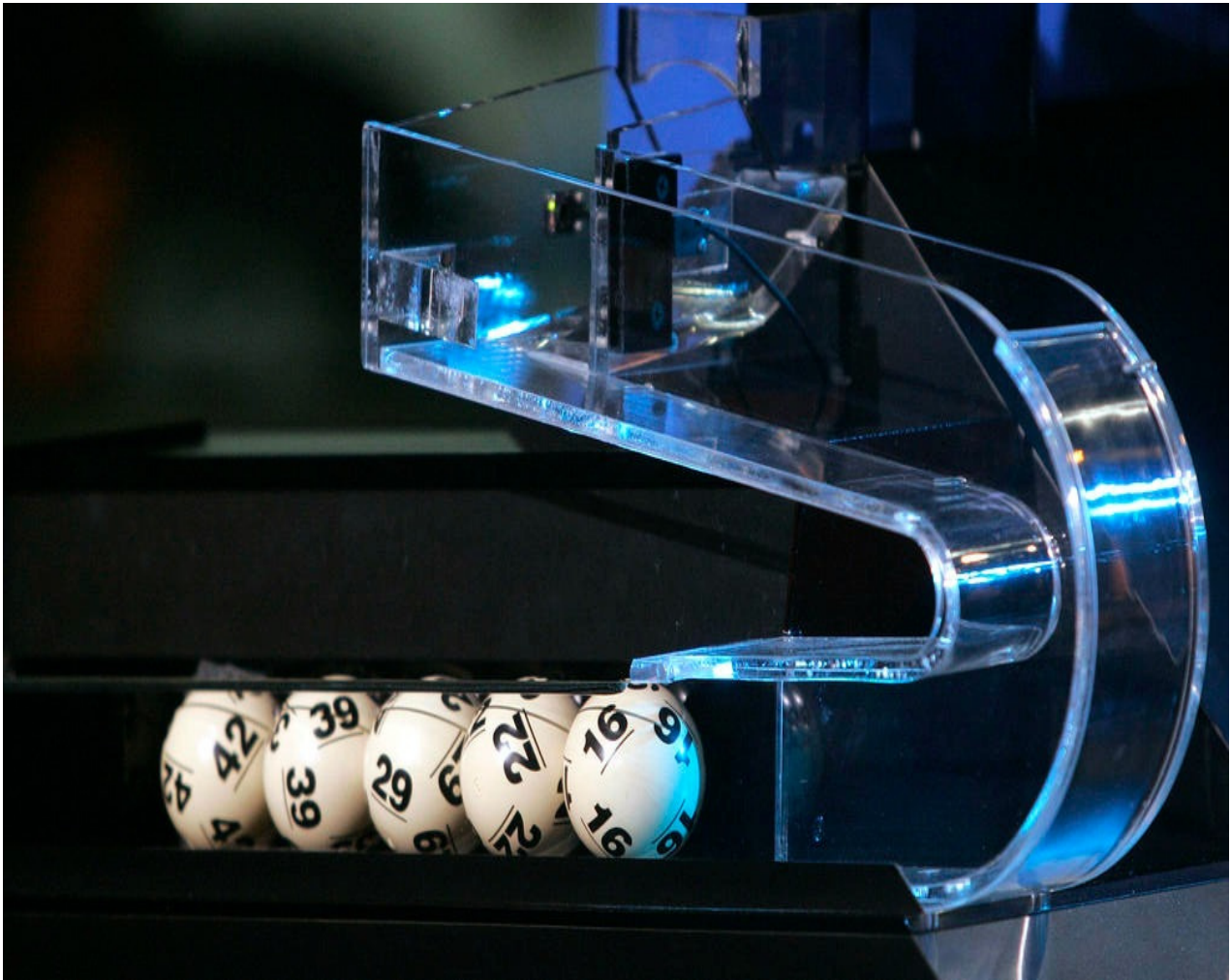


The Virgin Islands Consortium

VI Lottery To Rein In 'Illegal' Lotteries Operating In Territory; Chief of Them Puerto Rico's

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ST. THOMAS -- The Virgin Islands Lottery's bottom line is being affected by illegal gaming -- the most troublesome being Puerto Rico's lottery tickets sold by dealers in the territory -- and the government-owned entity told senators sitting on the Committee on Finance that it intends to take action, having recently filled four new enforcement positions.

That's according to Lottery Director Juan Figueroa, Sr., while giving testimony at the Earl B. Ottley Legislative Hall on Tuesday. He told Sen. Tregenza A. Roach that the new enforcement officers will help in curtailing the illegal ticket sales. He said while the entity is set to break even for fiscal year 2015, there was a notable slowdown in sales for fiscal

year 2014, "and we attribute that to the economy and illegal games in the Virgin Islands," Figueroa said. He also made known that if it wasn't for Southland Gaming and Caribbean Lotto revenues, VI Lottery would have seen a loss.

"We need to do something about it, and by that I mean we need to coordinate with all law enforcement agencies to tackle the problem," Figueroa said.

The selling of Puerto Rico lottery tickets or any other not sanctioned by the government is illegal in the territory, according to VI law, and while there's a measure ostensibly circulating in the Senate that seeks to legalize the widely accepted PR lottery, Figueroa said a study should first be conducted to get a clear sense as to PR lottery's impact on the VI lottery before action is seen on any such bill.

Enforcement officers are hired to assure that buildings are secure, police selling areas, and to investigate any wrongdoing with the Virgin Islands lottery, according to Figueroa, responding to a question from Sen. Kurt Vialet.

Director of Security and Investigations Luis Osorio said there had been little investigations into dealers selling PR lottery tickets because VI Lottery had been short-staffed. They are now organizing to take action, Osorio said, revealing that Lottery was in the process of collaborating with the Department of Justice and other enforcement agencies to crack down on illegal sales.

"It's so easy to find Puerto Rico tickets," Vialet said. "They are not hiding anymore because they believe that the Virgin Islands lottery really isn't going to do what they're supposed to do in terms of enforcement. So if you are the enforcement officer, you have a challenge ahead of you to make sure that those dealers who are dealing Virgin Islands lottery fully understand that it's illegal to sell Puerto Rico tickets. So perhaps a memo needs to come out from the executive director letting them know that you guys are going to be clamping down."

Vialet also made mention of unregulated lottery games (scratch-off games) being sold in grocery stores across the island, owned by "a certain segment of this community," and asked Osorio whether Lottery had a plan.

"Because if we're not planning to do something, let's just tax them and make it legal. Because it's tremendous money and these games are being played everyday."

The Virgin Islands Lottery was created in 1937, and stands as the oldest lottery in the Caribbean, according to Sen. Myron Jackson, a noted historian. He said prior to 1937, there was a Danish West Indian Lottery in the territory, and urged Figueroa and his team to support the upcoming Centennial events that celebrates the territory's 100th anniversary transfer from Danish West Indies (Denmark) to the United States.

Jackson then challenged Figueroa on the idea of restoring rollover to lottery, but the recently appointed director disagreed, "because when one grand prize doesn't play, it keeps accumulating, and if it takes, for example, three rollovers, you're talking at over \$400,000, so that would be a big hit for the lottery."

But in a followup to Sen. Jackson's question, Sen. Clifford Graham, chairman of the powerful committee, asked whether lottery had considered at least including 25 percent

of the profits made from sales of a grand prize that did not draw in an effort to spur excitement, hence building on sales. Graham cited Powerball as an example, and the long lines seen all around the U.S. as the jackpot gets larger.

"Because the one thing that you want to do is drive sales," Graham said." And inasmuch as the Puerto Rico lottery is illegal in the Virgin Islands, you would think it's legal; because you can get it just about anywhere and sometimes you get it from the same VI dealers selling VI lottery. And you would think it's legal, and that's having an effect on your sales."

Graham added: "So 1), you have to crackdown on [the sales] of the Puerto Rico lottery, and 2), you have to entice people to the VI lottery. And if the first and second prizes don't play, I think just using a portion of that, roll it over and help build a bigger prize. Because I think if you rollover, and the next grand prize is \$225,000 instead of \$175,000, you'll see some more people come out."

Figueroa said adding a percentage of rollover profits to new drawings had not been considered, but it's an option that could be discussed.

And on the idea of making the illegal games legal, Figueroa said Lottery should attempt to clamp down first, "and if that doesn't work, then we should join them." He said the PR lottery has been in the territory ever since he was a child, hinting that ending the illegal activity altogether would be a difficult task.

Other action being taken to help boost participation includes the upping of the entity's advertising budget by \$50,000 for fiscal year 2016, bringing the total to \$325,000.

VI Lottery was also able to meet all of its quarterly mandated contributions, including the following:

- \$1.5 million the Education Initiative Fund.
- \$1 million to the Retirees' Bonus Program.
- \$1.5 million for the Pharmaceutical Assistance Program.
- \$250,000 to the Horse Race Commission and the Horse Owners Association, the Department of Agriculture and Islands Horse Welfare Operators.

"Although it is not a requirement, we voluntarily provided \$125,000.00 to the Office of Veterans Affairs," Figueroa said. See his full testimony [here](#).