

The Virgin Islands Consortium

Horse Racing In Territory At 'Mexican Standoff' As Impasse Between TRAXCO And Horsemen Association Continues

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ST. CROIX -- The horse racing industry in the U.S. Virgin Islands, once a thriving and economy-boosting segment, has hit a standstill that is showing no signs of easing, as TRAXCO officials, and members and representatives of the Flamboyant Horsemen Association are tied in a two-way blame game that Senator Novelle Francis called a "Mexican standoff."

The difficult and convoluted impasse was laid bare during a Senate Committee on Culture, Youth and Recreation hearing at the Fritz E. Lawaetz Legislative Hall here on

Monday, where opposing groups blamed each other for the roadblock that has caused races -- including the crucial Agriculture Fair weekend horse race -- to cease.

And the Government of the Virgin Islands has joined the fray as well, as TRAXCO -- which is owned by Treasure Bay, V.I., the same firm that owns Divi Carina Bay Casino and paying rent to Grapetree Shores for running the casino at the hotel (the hotel is ran by Grapetree Shores) -- was given a notice of eviction by the Department of Property and Procurement after a legal opinion by Attorney General Claude Walker, dated Jan. 12, 2016, contended that TRAXCO's 10-year lease of the racing facility as well as its operation of racino gambling slots had expired. But TRAXCO is now fighting the government in court, maintaining that the franchise agreement clearly gives it 10-year renewal option.

"We filed what is known as declaratory judgement action, which is when parties have a dispute, they can go to the court and say, 'we've got a problem here, please interpret what's going on and say which party is correct,'" said TRAXCO attorney Todd Newman.

Mr. Newman said that TRAXCO was desperately seeking to reach an agreement with the horsemen, but that the horsemen demands were unrealistic. He said during the duration of the first ten-year agreement, which was signed in 2004 by then-St. Croix Horse Racing Commission chairman Wayne Biggs, TRAXCO had paid over \$6 million in purses to the horsemen, first starting with \$270,000 in its first year, and climbing to \$700,000 by 2014. Mr. Newman said when racino slot machine gambling was introduced in 2011, some 46 percent of the 16 percent tax on the new revenues went "directly" to the benefit of the



Randall "Doc" James Racetrack

But Flamboyant Horsemen's Association attorney Kye Walker, gave a different version of the current dispute. Ms. Walker, along with horse owner and trainer Randal Knight, contended that contrary to Mr. Newman's claims, TRAXCO had failed to fulfill its obligations, part of which includes maintenance of the racing facility, including stable, the racetrack itself, and all other aspects of thereof.

According to Mr. Knight, the horsemen maintain the stable with their own funds. He said James Bates of Bates Trucking and Removal, a horseman himself, has used his company's equipment -- free of charge -- to help the horsemen maintain their stalls; work the agreement expressly states should be performed by TRAXCO. He also took pains to explain the other expenses associated with horse ownership, and told senators that for a horseman with four horses, the expenses average around \$1,200 monthly.

And he said horsemen were being forced to accept reduced purses -- all this while TRAXCO has failed to install new slot machines that would help the horsemen make extra money. To date, no new slot machines have been installed at the racing facility aside from the initial 32.

Senators generally sided with the horsemen, but they also acknowledged TRAXCO's own difficulty in reaching a new agreement, with Senator Kenneth Gittens stating that the horsemen needed to learn how to keep "cool" during negotiations.

There has been no races for at least 7 months, but that's because, following the expiration of the first 10-year agreement, TRAXCO and the horsemen have been unable to come to terms, exacerbating an already fragile situation.

"There is no stipulated agreement regarding purses and for the number of races, for years 2014, to 2024," Mr. Newman said, referring to the expired contract. "That has been the subject of negotiation, mediation, litigation and now arbitration, between TRAXCO and the horse owners association."

In the end, Senator Almando Liburd sought to help the parties reach a compromise, noting the long history of horse racing in the territory. Mr. Liburd said it baffled him that grown individuals with ownership of entities that play a vital role in the fabric of the territory, could not reach an understanding. He sought to win a consensus among the two parties to meet and once and for all fix the problem, but that proved difficult.

"This is going to be caught up for a long period of time with back-and-forth legal wranglings," said Senator Kurt Vialet, referring to the impasse. "In the interim we have to have some type of agreement. Because even if tomorrow TRAXCO was supposed to be evicted, there is nobody right in line that could legally run the racetrack. And in order for somebody to be granted the permission to continue with the racetrack, they're going to have to go through that bidding process again. So it's going to be a process that takes, in my estimation, at least a year."

"So we now must decide, are we going to go a year without racing while court filings are back-and-forth, or are we going to somehow develop some type of interim agreement -- whether it includes TRAXCO or Parks and Recreation, and the horse owners association -- so that we could have races for an extended period of time?"

That question remains unanswered.