The Virgin Islands Consortium

Slot Machines At Proposed St. Thomas Racetrack Would Cost VI Nearly 700 Jobs, Millions In Revenue, Southland Gaming Says

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ST. THOMAS -- The proposed revamping of the territory's horse racing facilities to the tune of $27 million by VIGL Operations LLC -- a Virgin Islands firm and operator of the Caravelle Hotel and Casino in Christiansted -- was heralded by Governor Kenneth Mapp during an October 27 press conference here as a deal that would not only revive the ailing industry, but also welcome new job opportunities, as well as world-class structures in both St. Thomas and St. Croix.

The deal comes laced with new benefits for the government (see details here) and has generally been viewed as a positive by residents and lawmakers, including Senate President Neville James.

“As a lifelong horse racing fan, it was a pleasure to hear Governor Mapp cover all of the aspects of the industry when making details of the agreement available for public consideration. People tend to focus on the dollars associated with horse racing, but the governor’s desire to implement anti-doping mandates is what makes this initiative attractive to me,” Mr. James said in a press release issued on October 30. “Drug-free and sound horses are important variables that allow for any horse racing circuit with designs on promoting a fan desirable product, to be attractive.”

But following a release issued on Thursday by Government House on behalf of the governor, revealing that the administration had sent the bill to ratify the agreement to the Senate, as well as a transmittal letter to Mr. James in which the governor stated that the inclusion of slot machine gaming at the racetracks had raised no objections from established gaming operations, Southland Gaming Chief Operating Officer Shaine Gaspard, shared with The Consortium a letter the company addressed to Mr. James that relayed a view contrary to the governor's claims.

Southland Gaming has a popular video lottery operation in St. Thomas with hundreds of machines at various locations. The company says the business has generated over $300 million in the local economy since starting in 2003; has employed hundreds of residents and generates around $10 million for the Virgin Islands Lottery annually, not to mention benefits to nonprofits and other groups.

But the firm fears that the government's new deal with VIGL, LLC -- which recommends 200 slot machines at the proposed facility at the Clinton Phipps Racetrack -- would greatly damage its current operation.

"That is over double the amount of video lottery terminals in any other location in St. Thomas and represents about one-third of all VLTs everywhere else in St. Thomas," wrote Robert E. Huckabee, III, Southland Gaming's CEO. Mr. Huckabee contends that any money spent at the proposed racetrack with its 200 slot machines, "would have been money spent anyway somewhere else on St. Thomas." He also contended that taking millions of dollars away from the current video lottery business, which he assumes would happen if the VIGL deal were to go through as proposed, "will cripple the successful video lottery program, bankrupt the Lottery itself, and cost nearly 700 hundred jobs." Mr. Huckabee did not substantiate his claims, however.

The Southland Gaming CEO said the company has its own proposal to make "substantial improvements" to the St. Thomas racetrack, where it would install 200 of its own slot machines. "This can happen quickly," he said, adding that a majority of the St. Thomas horsemen approves of the proposal.

This new information has the potential to upend at least the St. Thomas portion of Mr. Mapp's agreement with VIGL, which was detailed in full at the October press conference. Discussions The Consortium has had with lawmakers indicated then a small majority in favor of the bill, which is expected to be taken up before the the 31st Legislature ends. But with lobbying efforts ongoing, it remains to be seen where senators stand during the upcoming public hearings.