The Virgin Islands Consortium

Violet Ann Golden, Receiving Medical Care Away, Responds Sharply To IG Report, Deeming It Political Hit Job By Mapp

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The Consortium ran two stories late Thursday relative to an Inspector General audit report that details startling lack of controls and untamed spending of the people's tax dollars at the Casino Control Commission. The report spotlights the commission's current chairperson, Violet Ann Golden, as running the government-owned entity as if she were the only authority, processions over $1 million without a signatory over a period of time, among other stunning findings.

In a response also issued on Thursday, Ms. Golden forcefully refuted the report, and she condemned the territory's inspector general, Steven van Beverhoudt, as a political hack whose doing Governor Kenneth Mapp's bidding.

Below, we've included Ms. Golden's full response to the audit, seen here, verbatim.

In November 2014 the Virgin Islands Casino Control Commission ("Commission") retained the services (via contract) of a CPA/Forensic Accounting team to conduct a complete administrative/financial review of all Commission activities and other matters to ensure compliance with the Virgin Islands Casino and Resort Control Act of 1995 and Rules and Regulations. No such review was ever conducted since the Commission was established by the Legislature in 1995. A copy of our preliminary findings was submitted to the Legislature, Government House and copy given to Inspector General and Commission members.

On July 2015, the Chairman/CEO was advised that an anonymous call was made to the Inspector General's hotline where a caller made certain allegations about the 2015 International Masters of Gaming Law (IMGL) Spring Conference hosted by the VI Casino Control Commission, IMGL and other corporate sponsors on St. Thomas. *(program booklet attached for reference*) On July 10, 2015, all the documents pertaining to the IMGL conference were requested and forwarded to Mr. Nick Peru of the IG's Office to fully and openly cooperate with the IG's request for information about this conference and to dispel any unfounded and vicious allegations made by an anonymous caller regarding the conduct of Commission business. Regrettably, the information shared with the IG's Office came from a disgruntled employee of the Commission. The following comment offered by a leading attorney who was a founding member of the IMGL and who attended the conference on St. Thomas sums up the sentiment about the conference in his email to the IMGL members on April 9, 2015:

"*My observation is about the IMGL Conference in the US Virgin Islands. If you were not there, you missed a lot. The event was spectacular. Much credit has to be given to Anne Golden, the chair of the Virgin Islands Casino Control Commission, for her efforts. The Governor not only spoke at the conference but opened the Governor's mansion to an amazing closing reception that was attended by what seemed to be every government dignitary. This was the frosting on the cake. The opening reception, the dinner, the after-dinner party and the aforementioned reception all had terrific food, outstanding music and great company. Like all IMGL conferences, the content was timely and well presented. One new attendee remarked that he had never been to a conference, particularly in such a setting, where the last session was (almost) as well attended as the Governor's opening speech. From someone who had nothing to do with organizing the conference, my congratulations go to all those who did. Bravo."*

On July 29, 2015, nineteen (19) days following the release of the documents to Mr. Peru, Governor Mapp wrote a letter to the Inspector General requesting that the he "launch an internal audit into the financial reporting records of the Virgin Islands Casino Control Commission from FY 2012 to 2015." *(See attached letter***)** The Governor never contacted this Chairman/CEO about any concerns he may have had about the Commission operations. To the contrary, the Chief Executive and his staff not only approved all the requests made for the use of Government property for the IMGL conference, but they fully participated in the IMGL activities which was widely publicized locally nationally and internationally. It was rather unusual for the Chief executive become involved in the affairs of an independent Commission, and to target my tenure without regard to objectively reviewing the tenure of others who had run the Commission for the bulk of the years the Commission was in existence.

On August 12, 2015, the IG and his staff visited the Commission to discuss the Governor's audit request. The Commission members and the CPA/Forensic Accounting team were also present at the meeting. Mr. John DeLuca (*deceased*) one of the lead forensic accountants at the meeting offered the IG and his team an analysis of our financial and administrative review and presented the IG with a copy of "A Forensic Accounting Report for Period October 1, 1996 – September 30, 2014" which was one phase of our internal accounting review and the preliminary report of the work being done by the accounting team. At this meeting, it was agreed that we would continue our internal work and there was no need for the IG to duplicate the effort. We believed at the time that the IG was satisfied with the process employed by the Commission and thought that we could finish our important work and continue our review. A confidential memo was prepared of the IG's position, and this document will be made available to the press when I return to the territory.

The Commission continued its internal financial review, and was once again interrupted by a notice that the IG would be conducting an audit of the Commission. This was a surprise to us, but we were prepared to cooperate with the IG as he was carrying out the Governor's request for an audit. The audit entrance conference was held on July 27th, 2016 at 10AM. The Commission was faced with halting its own internal forensic review and delaying the implementation of any recommendations of its own review to prepare for the audit requested by the Governor, which was significantly costly to the Commission and further interrupted our operations as we would not have to undergo a second review requested by the Chief Executive based on allegations made by an (*anonymous caller*) employee of the Commission.

For four years (2014-2018) the Commission has faced the scrutiny of its own experts coupled with the IG's audit of the agency. At every step of the internal review our staff cooperated with the auditors and maintained transparency throughout the process. We were conducting our own internal review so the Commission did not have time to identify timely the documents needed by the auditors so it took us additional time to locate all the requested documents for their review. It also took time to locate documents which were never properly filed by previous administrations which was a finding in our own internal review. This entire ordeal disrupted the business of the Commission for four (4) long years but cooperation was of paramount concern to us.

The hurricanes (Irma and Maria) interrupted our audit temporarily, but not long after power was restored, the IG resumed its review, and the first draft of the audit was transmitted to the Commission recently. Additional information was provided to the IG by Commission staff until the IG decided it was time to release a Draft Report and he would not accept any further documents as he determined they would not change the results of his findings. I disagreed with this assessment as credit card files were not released to the IG prior to the storm as they were being reconciled and compiled, but this did not matter to the IG. His office received copies of these files directly from the bank and did his own assessment based on statements received and without a single question about a single expense directed to the Commission Chair, the target of the Governor's Audit.

I am therefore publicly objecting to the release and publication of the Inspector General's Audit of the Virgin Islands Casino Control Commission on August 24th, 2018 without first being allowed to personally respond to its serious and egregious errors, findings and conclusions. As Chairman/CEO, I was denied an extension of time once for the exit interview with the IG team, and another for the extension of time to offer my comments to the final report, notwithstanding the fact that I have been on the mainland United States, disabled and recovering from

major surgery. I also object to the IG's insistence that two sitting Commissioners who were not even employed by the Commission during the audit period are being asked to respond to the Audit, accept the findings, and offer

their recommendations without having any prior knowledge or information about the findings in the audit. This is malpractice at its worst. This strong-arming by the IG is truly sad and this conduct I believe is contrary to the principles that established the IG's office in the first place. I was always of the opinion that the IG existed to help make agencies better through its reviews, not "slash and burn" entities with findings that are erroneous, selectively analyzed, and unfounded. We cannot permit our public servants to weaponize Government agencies to "punish" political enemies or prepare reports with interpretation bias that damage the reputation of certain public servants to achieve devious ends. These reports should adhere to at least the requirements of the Generally Accepted Government Auditing Standards ("GAGAS") regarding *"reasonable assurance that the evidence is sufficient and appropriate to support the auditor's findings and conclusion in relation to the audit objectives."* Further GAGAS specifies that the audit report contain a "summary of the view of responsible officials." (Emphasis added). The purpose of giving me an opportunity to respond to the draft report is to assist the auditor to produce "a report that is fair, complete and objective." GAGAS Paragraph §7.33. GAGAS requires the auditor to modify their report if comments are valid and supported with sufficient, appropriate evidence. GAGAS Paragraph §7.37. Therefore, the IG's statement "I am beyond the state of reviewing support documentation" when I requested an extension of time to respond to the audit because I am on the mainland recovering from major surgery and have no access to my files or supporting documentation, is contrary to GAGAS and calls into question the IG's objectivity and the validity of the audit report.

I have served the people of the Virgin Islands for almost thirty (30) years and on the eve of my retirement, an Audit report that seeks to discredit my ten (10) years of hard work at the Commission, and casts aspersions on the decisions I made is not the treatment one expects from its government. I take full responsibility for managing an agency that I publicly stated needs improvement, which was determined in our own preliminary internal financial and administrative review. I also take responsibility for working with the Legislature and current operators who have generated millions of dollars in revenues since I began my tenure in 2009, and who have collectively generated $450 million in revenues over the past 18 years. I also take responsibility for introducing great investors to the territory who have invested millions in building upgrades in Christiansted town, and who will continue to invest more than $40 million dollars in the downtown hotel/casino and two horse race tracks/racinos on St. Croix and St. Thomas. With the Supreme Court ruling on Sports betting and legalized online gaming, the prospects of new and innovative projects entering the VI market with positive revenue streams is great. This should be our primary focus and long term goal.

I will prepare and release a comprehensive response to the IG Audit report when I am able to safely return to the territory in the coming weeks, and will release my response to the findings to the Legislature and the Governor and other related entities, notwithstanding the release of a Final Report today without my participation. I regret that I must express these objections publicly, but when my character is being tainted by a report that is flawed and causes damage to my reputation, it is imperative that I respond and take every possible action to protect my good name. I look forward to preparing my response to the findings of the IG Audit of the Commission and sharing my response with the public on my return to the territory. In the words of Senator Daniel Patrick Moynihan "Everyone is entitled to his own opinion, but not to his own facts."