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Horse Racing in USVI Could be a Thing Again as VIGL, Southland Gaming Reach Preliminary Settlement

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Horseracing could be back again in the U.S. Virgin Islands following years of setbacks caused by a dispute between VIGL — with whom the government of the Virgin Islands [signed a contract in Dec. 2016](#) — and Southland Gaming, which operates gambling machines in St. Thomas. The two had been embroiled in a court battle since 2017, leading to the halt of construction of the territory's two race tracks that were being developed under the VIGL-GVI agreement.

According to Governor Albert Bryan, the warring parties have reached an agreement. Mr. Bryan, in a release issued Friday, said he met with current Senate President Novelle Francis Jr., incoming Senate President Donna Frett-Gregory, current chairman of the Youth, Sports, Parks and Recreation Committee Chairman Sen. Javan James and current Finance Committee Chairman Sen. Kurt Vialet.

"Thursday's meeting was to discuss the ongoing mediation between VIGL and Southland Gaming over the use of Video Lottery Terminals at the racetracks, and the Government of the Virgin Islands is a party to the dispute because of its agreement with VIGL to rebuild and operate the racing facilities," said Government House release.

At the meeting, Mr. Bryan shared a broad outline of what it will require legislatively to move the settlement forward, giving senators a preview of what the government is considering and providing them with an opportunity to weigh-in on items they think should be included or excluded from the proposed settlement, according to the release.

"Our meeting was fruitful and productive, and the Legislature and the Bryan/Roach Administration are in accord with getting horse racing in the Territory up and running as quickly as possible," the governor said. "I'm looking forward to working with my colleagues in the 34th Legislature to making the revival of the horse racing industry a priority and jointly and proactively pushing this effort forward."

Currently, VIGL, the company that operates Hotel Caravelle in Christiansted and has a number of other business holdings in the territory, has invested \$17 million to rebuild, operate and manage the Randall "Doc" James Race Track on St. Croix and the Clinton E. Phipps Race Track on St. Thomas.

Mr. Bryan added. "The current conversations are to ensure that both branches of government are in lockstep with the changes needed in order to settle the disagreement between the two parties and bring horse racing back to the Territory. We know how important this is to the horsemen and racing fans."

The governor said the Virgin Islands Horse Racing Commission was in the process of finalizing the racing rules and regulations for the territory.

The last court ruling on the VIGL/Southland Gaming dispute took place in July, when District Court Judge Robert Molloy [reversed](#) the court's earlier decision under former District Court Judge Curtis Gomez, that said the government of the Virgin Islands and its partner, VIGL Operations, LLC, violated the contract clause of the United States Constitution when the Legislature, through Act 7952, granted VIGL authorization to operate slot machines in St. Thomas in contravention of an agreement the GVI had signed with Southland Gaming in 2003.

In his ruling, Judge Molloy wrote, "The Court is now of the opinion that the resolution of the VLT definition issue is not fully dispositive of Southland's claims and that the Court erred in ruling that they were. As such, the Court finds it necessary to vacate those portions of the April 10, 2020 Order finding a breach of contract and an unconstitutional impairment of contract."

Judge Molloy ordered that the portions of the Court's April 10, 2020 Order ruling on the merits of Southland's breach of contract and Contract Clause claims be vacated. He also ordered that the parties file an updated discovery memorandum; and that the parties complete mediation no later than Sept. 4. He also encouraged them to settle the matter.