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Violet Calls on Bryan to Forge New Deal With V.I.G.L. for Horse Racing Facility on St. Croix Following Failure of Territory-Wide Agreement

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Senator Kurt Violet has encouraged Governor Albert Bryan to send legislation to the Senate for two new agreements that would end the protracted legal battle between VIGL — which in 2016 signed a \$30 million agreement with the Government of the Virgin Islands to build state-of-the-art horse racing facilities in the territory — and Southland Gaming, which runs video gaming terminals in St. Thomas and [has contended](#) that the V.I.G.L. agreement violated Southland's prior agreement with the government.

Mr. Violet's stance comes almost in tandem with V.I.G.L.'s recent announcement that it had [abandoned the 2016 agreement](#) following years of roadblocks.

"Years of interference and delays caused by government and private obstruction, specifically on St. Thomas, has prohibited V.I.G.L. from commencing the desperately needed reconstruction of the tracks," the company said in its [opinion piece](#) submitted to the Consortium Friday. "As an example, the Coastal Zone Management (CZM) review and approval process on St. Thomas took 327 days from the time that we received our letter of completeness to the day that the chairman of the CZM committee signed the permit which was itself 4 months after the CZM permit was approved in a public hearing.

"During this delay, on December 18, 2018, two years after the law approving our Franchise Agreement with the Government was approved by the Legislature, and while our development was being held up due to not receiving the signed CZM permit, Southland Gaming filed a lawsuit against the government claiming that the government had acted illegally when it granted the Franchise Agreement to V.I.G.L.

"After all these years of maintaining that Video Lottery Terminals and slot machines are distinctly different machines, Southland is now saying that slot machines and VLTs are the same and that Southland has the exclusive right to operate these machines on the islands of St. Thomas and St. John. In April of this year, Judge Gomez of the United States District Court of the Virgin Islands decided in favor of Southland and its' monopoly of gaming on St Thomas - effectively destroying the economic viability of the Franchise Agreement - and ruling that the Government had violated the Constitution's Contracts Clause.

"As a result of this and the ongoing Covid-19 pandemic, V.I.G.L. had no choice but to suspend all activities under our temporary agreements. Then in July of this year Judge Molloy, who took over the litigation when Judge Gomez left the bench, reversed the previous decision as it related to the constitutionality of the government's action but left in place the decision that ruled VLT's and slot machines are the same, never addressing the Southland Gaming claim that they have exclusive gaming rights in St. Thomas/St. John district, and subsequently ordered all three parties into mediation."

Mr. Violet said the solution to the problem is new agreements that would see V.I.G.L. building the St. Croix horse race track and another for Southland Gaming to build the St. Thomas facility.

"I have recommended to the governor that V.I.G.L. be allowed to continue with the St. Croix race track and that Southland Gaming be given the St. Thomas race track, and that the governor send down two separate agreements," the senator and chair of the powerful Finance Committee told the Consortium.

Agreements between the government and private entities require legislation that must be crafted by the executive branch of government and ratified by the Legislature — in this case, similar to the [2016 agreement between the G.V.I. and V.I.G.L.](#)

Some aspects of the 2016 agreement would remain the same, though changes would be made. For example, numerous new opportunities for young people interested in racing, horses, veterinary science and hospitality that would have been developed under the failed 2016 agreement could return in a new deal. The old agreement also called for more than \$100,000 in related scholarships.

Many new short and long-term jobs would have been created as well, starting with the construction phase, which included:

- The refurbishment and expansion of the territory's two racetracks.

- Construction of bars, restaurants, lounges, restrooms, viewing stands, parking, jockey locker rooms and vendor kiosks.
- New barns, quarantine areas and veterinary care facilities for horses.
- VIGL had to provide for a minimum of 18 live race days annually on both St. Thomas and St. Croix in the first three years and a minimum of 24 each year thereafter. Races would have a \$100,000 minimum purse per race day.

Now that the above items are no longer relevant, the new agreement for V.I.G.L., which would be focused solely on building and operating the St. Croix racing facility, could include similar characteristics, though at roughly half the capacity compared to the prior arrangement.

"There's no litigation per se against St. Croix, so V.I.G.L. can continue with St. Croix if the governor sends down a separate agreement for St. Croix," Mr. Violet said. "I have messaged the whole group, including the governor, about the fact that V.I.G.L. is amenable with moving ahead with St. Croix, and they are amenable to giving St. Thomas to Southland Gaming so Southland Gaming could develop the St. Thomas horse race track."

Mr. Violet added, "The quickest way to get horse racing back is to give V.I.G.L. the St. Croix track in a separate contract. Even if the governor hasn't agreed on what he needs to do with St. Thomas, St. Croix should not be held up because of Southland Gaming on St. Thomas."

Closing its opinion, V.I.G.L. said, "Our commitment to the U.S. Virgin Islands and more particularly St. Croix remains solid. To that end should the government wish to fulfill its commitment to V.I.G.L., we are still willing to discuss the possibility of moving forward with new negotiations to develop the Randall "Doc" James Racetrack on St. Croix. If the Government of the Virgin Islands decides not to move forward with V.I.G.L. on this then let it be known that both the Randall "Doc" James and Clinton E Phipps racetracks now have new racing surfaces, including new breakaway railing systems and completely new drainage systems that will provide the foundation for safe racing activities should the government be able to find a new promoter."