



Southland Gaming

of the Virgin Islands

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November 14, 2016

The Honorable Neville A. James
President
Thirty-First Legislature of the Virgin Islands
Capitol Building
Charlotte Amalie St. Thomas, USVI 00804

Re: **Letter from Governor Mapp Regarding USVI
Horseracing Dated October 27, 2016**

Dear Mr. President:

As President and CEO of Southland Gaming of the Virgin Islands, Inc. ("SGVI"), I am compelled to take this opportunity to clarify the record as to a statement attributed to me in the letter to you from Governor Mapp dated October 27, 2016. I also want to state for the record SGVI's strong opposition, and the reasons therefor, to allowing slot machines under the Casino Control Commission to be operated for the first time in St. Thomas. In advance, I want to thank you, and all parties copied, for your time and attention to this very important matter.

The Governor's October 27 letter states on page 2: "I have also met with the Government's partner in Video Lottery Terminals (VLTs), Southland Gaming, whose president personally assured me that he anticipates that the new St. Thomas racino will have very little impact on Southland's VLT business in St. Thomas."

I certainly did have a recent meeting with the Governor to express my serious opposition to statements I read in the press indicating that Casino Control Commission slot machines would be coming to the St. Thomas racetrack. With all due respect, the Governor must have misunderstood something I said, because I did not make the above "assurance," and, in fact, am convinced of the exact opposite: Casino Control slot machines at the St. Thomas racetrack will significantly reduce video lottery revenue and harm the vital Government programs it supports.

At his Press Conference on October 27, the Governor said he asked me about the impact of a racino in St. Croix on video lottery business in St. Thomas. I agree that neither the former, nor the proposed future, St. Croix racino should affect the Lottery's St. Thomas/St John video lottery revenue. A Casino Commission controlled racino in St Thomas, however, would certainly reduce video lottery revenue, harm the VI Lottery, cost Lottery and retailer jobs and

siphon money away from education, veterans and Government retirees programs just to name a few.

By any measure, the video lottery program on St. Thomas and St. John has been a success. Currently the program generates annually around \$10 million for the Virgin Islands Lottery and around \$6-7 million for local businesses that are video lottery retailers. That money stays in the Territory, generating salaries, local purchases and local taxes. The Lottery receives over half of all video lottery revenue, plus SGVI pays all its income taxes in the USVI and pays a 5% gross receipts tax. All in all, since beginning in 2003, the Video Lottery program has generated a positive economic impact in the Territory of \$300 million.

The Virgin Islands Lottery and the hundreds of employee and lottery dealer jobs it supports would not exist without the revenue from video lottery. Further, as you can see from the attached Petition from Video Lottery Retailers, many local business jobs would be lost without video lottery revenue.

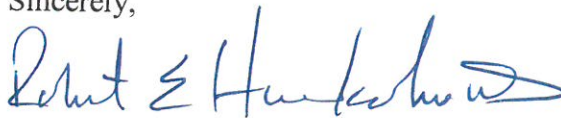
The Governor's horse racing plan would concentrate up to 200 casino slot machines (in a building that does not exist) at the Phipps Racetrack in St. Thomas. That is over double the number of video lottery terminals in any other location in St. Thomas and represents about one-third of all the VLTs everywhere else on St. Thomas. Obviously any revenue earned by those slot machines would cannibalize video lottery revenue from current locations hurting jobs and Government programs as described above.

We support and would like to assist the Governor in his efforts to promote tourism and economic development in the U.S. Virgin Islands.

Any money spent at the Phipps track, gambling or otherwise, however, will just be money that would have been spent anyway, somewhere else in St. Thomas. Taking millions in revenue away from video lottery with 200 casino slot machines will cripple the successful video lottery program, bankrupt the Lottery itself and cost nearly 700 Lottery related jobs.

Southland Gaming thanks you again and asks for a thorough public hearing on this matter. We have made a proposal to place video lottery terminals at the St. Thomas racetrack and make substantial improvements to the track grounds and facilities. That proposal can happen quickly,. A vast majority of the St. Thomas horsemen support Southland's video lottery proposal, as you have seen from their petition. We look forward to moving forward with that video lottery proposal, saving your video lottery program and saving the USVI Lottery, the oldest Lottery in the United States.

Sincerely,



Robert E. Huckabee, III
CEO, Southland Gaming of the Virgin Islands, Inc.

Attachment

cc: (all with attachment)
Honorable Kenneth E. Mapp, Governor, USVI
Members of the Senate of the USVI
The Virgin Islands Lottery Commission
Honorable Juan Figueroa, Executive Director, Virgin Islands Lottery