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Charlemagnes, Richardson To Be Tried Separately in HUD Fraud Investigation, Court Rules

Charges against Davidson and Sasha Charlemagne will proceed separately from Darin Richardson after judge finds no joint conspiracy evidence

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David Charlemagne and his attorney at the V.I. District Court in St. Croix on June 20, 2024. By. ERNICE GILBERT, V.I. CONSORTIUM

Following their [indictments in June](#), Davidson Charlemagne, Sasha Charlemagne, and Darin Richardson asked the court to sever the matters from each other. Over the objections of prosecutors, the District Court of the Virgin Islands granted their request on Wednesday.

The charges stem from a two-year investigation involving a VIHFA contract for storage and management of [lumber that was shipped to the territory](#) to be used for the reconstruction of commercial and residential buildings following Hurricanes Irma and Maria in 2017. The Charlemagnes stand accused of government program fraud, wire fraud and money laundering conspiracy, while Mr. Richardson was charged with criminal conflict of interest and making materially false statements.

The defendants argued that Mr. Richardson's case be tried separately from the Charlemagnes' matter, because prosecutors have failed to make the case that the trio participated in a joint conspiracy. Government lawyers tried to argue that even in the absence of conspiracy charges, joint proceedings can still be proper if all defendants participated in the same actions. There was a common illicit enterprise in this instance – to defraud the federal government when it came to storage and management of the lumber, prosecutors claimed.

?Looking at the matter before it, however, the court sided with the defendants, noting the differing charges faced by Mr. Richardson and the Charlemagnes, as well as their lack of demonstrated knowledge or understanding of the other's alleged offenses. Ultimately, the court found that "the Charlemagnes' alleged scheme and Richardson's alleged scheme are improperly joined," and laid out the separate matters as they saw things.

?“The Charlemagnes' scheme allegedly began when Davidson Charlemagne approached Individual One with the proposal to bid on the Woodpile Contract,” the court held. Individual One - designated in the court opinion only as the owner of a company called ISG – is then said to have drawn up and submitted the bid to VIHFA, proposing inflated labor estimates that Mr. Charlemagne had prepared. The owners of ISG, or Island Services Group, were [accused in March](#) of misusing in \$500,000 Paycheck Protection Program funds.

The bid was successful, perhaps due at least in part to fraudulent insurance certificates and other irregularities allegedly perpetrated by Mr. Charlemagne. With the overly-generous contract in place, the Charlemagnes then allegedly began enjoying the proceeds of the illicit activity.

Darin Richardson, on the other hand, while still employed with VIHFA, was pursuing a business relationship with Individual One outside of his official duties. He is alleged to have improperly involved himself in the bidding process for the woodpile contract despite his conflict of interest, playing an instrumental role in ensuring that the proposal submitted by Individual One was the winning one. He was allegedly paid handsomely by Individual One following the contract's acceptance, and reportedly lied to the HUD Office of Inspector General that he had recused himself from all VIHFA's matters relating to Individual One's business.

Despite the indictment detailing how Individual One interacted with both the Charlemagne scheme and the Richardson scheme, the court noted that prosecutors make no allegations that the person in question committed any of the offenses the defendants are being accused of. “Individual One is not alleged to have authorized, known about, or participated in Davidson Charlemagne's allegedly fraudulent submissions to VIHFA or alleged overbilling practices, or the Charlemagnes' alleged money laundering scheme,” the Court held. “Similarly, there is no allegation that Individual One knew about Richardson's alleged participation in the bid selection process for the Woodpile Contract, and thus the Court cannot reasonably infer that he knew that his alleged business relationship and eventual payment to Richardson constituted a criminal conflict of interest for Richardson.”?

Neither is there evidence that the Charlemagnes knew about Mr. Richardson's plans or vice versa, despite both schemes seeming to revolve around the same contract, the court said. "Here, where the Indictment merely alleges that the Charlemagnes and Richardson separately conspired to commit different offenses, joinder is inappropriate, notwithstanding that they all participated in the Woodpile Contract," District Judge Wilma Lewis decided.

Following the order to sever the charges against the Charlemagnes from those against Mr. Richardson, and absent something along the lines of a superseding indictment providing more evidence linking the two fraudulent schemes together, prosecutors will now have to prepare to manage two trials moving forward.

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