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"There's Trouble in Paradise": HUD Secretary Escalates Rhetoric Against VIHFA as White House Fraud Task Force Enters Matter

HUD Secretary Scott Turner's "trouble in paradise" warning was amplified by the White House fraud task force, which reports directly to President Trump, as federal officials broadened scrutiny of alleged waste, kickbacks and recovery failures at VIHFA.

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A photo illustration combines HUD headquarters, U.S. currency and a White House fraud task force post announcing VIHFA's suspension from federal funding amid an investigation into potential fraud. By. V.I. CONSORTIUM.

ST. THOMAS — U.S. Housing and Urban Development Secretary Scott Turner has intensified the Trump administration's public criticism of the V.I. Housing Finance Authority, declaring that the agency has wasted federal money while the White House Task Force to Eliminate Fraud elevated HUD's ongoing investigation as a matter involving "massive potential fraud."

The comments followed HUD's decision Monday to immediately suspend VIHFA from receiving additional federal funding and participating in future federal procurement and nonprocurement transactions while the department investigates allegations of financial mismanagement, improper payments, deficient fraud controls and false certifications.

Mr. Turner later summarized the administration's position in a pointed social-media post. "There's trouble in paradise. The Virgin Islands Housing Finance Authority has wasted and abused taxpayer dollars for the last time."

HUD's official social-media accounts carried the same message, extending the statement beyond Mr. Turner's personal account and making it part of the department's public communications surrounding the suspension.

The language marked a further escalation from HUD's formal announcement, which itself accused VIHFA officials of choosing to "prioritize kickbacks" rather than helping families recover from Hurricanes Irma and Maria.

In its official release, HUD said the authority would be prevented from receiving additional funding while the investigation continues and warned other federal grant recipients that the administration intended to impose consequences for abuses of taxpayer money.

White House Fraud Task Force Enters the Matter

The White House Task Force to Eliminate Fraud subsequently placed the VIHFA suspension at the center of an "Anti-Fraud News" thread posted through its official account.

The task force credited Vice President JD Vance and its leadership before announcing that HUD was suspending VIHFA amid an investigation into "massive potential fraud." In a separate post, the task force described the authority's performance as involving "pitiful results" and said the funding cutoff demonstrated that there were consequences for abusing taxpayer dollars.

The task force's thread repeated several of HUD's principal findings, including the department's assertion that nearly a decade of audits revealed extensive mismanagement and fraud risks at VIHFA. It also highlighted the limited number of completed housing projects despite the territory receiving approximately \$1.9 billion in Community Development Block Grant disaster-recovery and mitigation funding.

The task force's involvement moves the administration's handling of the VIHFA matter beyond HUD alone.

President Donald Trump created the Task Force to Eliminate Fraud by executive order on March 16. The entity operates within the Executive Office of the President, is chaired by Mr. Vance and includes representatives from HUD, the Justice Department, the Treasury Department and other federal agencies.

The executive order directs the task force to coordinate federal investigations, identify vulnerabilities in benefit programs and determine when suspected fraud warrants proactively

suspending funding. It also authorizes the task force and its member agencies to examine whether funds should be withheld from territorial, state, local or tribal jurisdictions that lack adequate fraud controls.

The task force operates under the president's direct supervision and is required to provide him with frequent updates. However, neither Mr. Trump nor Mr. Vance had personally issued a public statement specifically addressing VIHFA as of publication.

The administration's public statements concerning the territory have instead come from Mr. Turner, HUD and the White House task force.

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The department said that nearly nine years after Hurricanes Irma and Maria, VIHFA had spent less than one-third of its disaster-recovery allocation. HUD further alleged that some federal resources were directed toward administrative kickbacks and fraudulent schemes rather than projects intended to assist families and communities still recovering from the 2017 storms. Those allegations remain under investigation.

The department cited the federal conviction of former VIHFA Chief Operating Officer Darin Richardson as the central completed criminal case supporting its concerns about the authority's handling of disaster-recovery programs.

Mr. Richardson, [who is out of prison pending an appeal](#), was sentenced in March to 36 months in federal prison after being convicted of criminal conflict of interest, bank fraud, making false statements to a federal agent, making false statements on a loan and credit application, and money laundering.

Evidence presented at trial established that Mr. Richardson participated in awarding a multimillion-dollar VIHFA contract to a company whose owner later provided him with \$107,000 under the guise of a business investment. He failed to disclose the relationship truthfully and continued taking official actions affecting the contractor, including approving payments.

HUD also reported that VIHFA had completed only 2 percent of planned single-family rental rehabilitation projects and none of its identified single- and multifamily housing projects.

The department said its Office of Inspector General assessed VIHFA's fraud-risk management processes as being "at or below the lowest desired goal state." HUD further alleged that VIHFA sought \$6.2 million in disaster-related expenses that the Federal Emergency Management Agency had already paid and repeatedly certified that it maintained an effective compliance program despite evidence to the contrary.

HUD's suspension notice does not withdraw the territory's underlying \$1.9 billion allocation. Instead, it freezes VIHFA's future participation in federal transactions and restricts the authority's ability to access and use the resources while the investigation and administrative process proceed.

Delegate to Congress Stacey Plaskett described the action as a freeze rather than a withdrawal of federal funding and said the notice initiated a 30-day appeal process.

Governor Albert Bryan Jr. said Monday that he first learned of the federal action through a Fox News report and that neither he nor Government House had received separate formal notification from HUD beyond correspondence sent directly to VIHFA.

Mr. Bryan said his administration would seek clarification regarding the scope, basis and duration of the suspension. He acknowledged the importance of accountability while arguing that many of the findings involved previously identified issues that VIHFA had since attempted to correct.

The governor also urged HUD to avoid unnecessarily interrupting housing assistance, disaster recovery and community-development projects while the matter is reviewed.

VIHFA subsequently said it was reviewing HUD's notice and had already taken steps to strengthen its internal controls, operating procedures and compliance with federal requirements.

The authority said many of the issues referenced by HUD originated in prior years and pledged to provide additional documentation of its corrective work while seeking to limit disruptions affecting employees, partners and ongoing projects.

Those responses contrast with the increasingly forceful language being used by federal officials.

HUD's formal notice initiated the suspension and administrative process. Mr. Turner's "trouble in paradise" statement and the White House fraud task force's subsequent posts broadened the matter into a public warning from the Trump administration about its treatment of jurisdictions and agencies accused of failing to protect federal funds.