

The Virgin Islands Consortium

Individuals At Lt. Gov. Office May Have Participated In Bid Manipulation Scheme

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The Office of the Virgin Islands Inspector General recently released its finding of what was supposed to be fair, government-approved real estate auctions. But in a damning 49-page report, claims of fraudulent dealings, manipulation and non-compliance were laid bare for [everyone to see](#).

The report, just like the Centers for Medicare and Medicaid Services' (CMS) document detailing Juan F. Luis deficiencies, is too much to release in one article, so this reporter will parse further the content and make it available to the *VI Consortium's* audience in digestible portions.

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In this article, we looked at parts of the Inspector General's report detailing a scheme at the Lieutenant Governor's office that allowed individuals to "fraudulently manipulate the bidding process to prevent potential bidders from making legitimate bids on properties offered at public auctions."

According to the report, "at least 15 properties at four (4) St. Thomas/St. John auctions were awarded to individuals after the highest bidders, most with artificially inflated high bids, did not make the required 10% deposit amount. There was only 1 instance in the St. Croix District where the highest bidder was not awarded the property purchased."

The report also revealed that officials at the Lieutenant Governor's Office failed to "adequately monitor the bidding process," which allowed individuals to develop a bid manipulation scheme to prevent potential bidders from making legitimate bids on real property offered at public auctions.

Interviews with legitimate bidders confirmed that they were frozen out by the inflated bid price, and while unsuspecting of the scheme being perpetrated, were prepared to bid and purchase at amounts higher than was paid. This scheme also denied the original property owners, or their estates, the ability to benefit from the largest possible fair dollar value return after all taxes, fees, and other costs were deducted.

This scheme, according to the report, required the cooperation of at least two individuals who would bid on a given property, "with an extremely inflated bid being placed right after the planned winning bidder," thereby closing off the bidding process for the auctioned property. There were coordinated efforts by bidders to artificially inflate bid amounts with the intention of not honoring those bids.

"The highest bidder, and at times the second highest bidder, would not pay the 10% deposit by the required due date, thereby cancelling their bid, resulting in the property being awarded to the next highest bidder. There were instances where the non-responsive highest bidder for one property would be the second or third highest bidder for another property at the same auction, and would end up being the winning bidder for that other property," the report states.

Furthermore, the report pointed out there was "strong indication" that one or more individuals from the Lieutenant Governor's Office "either participated in the bid manipulation scheme or were aware of it happening and failed to prevent it from continuing."

This scheme was identified 16 times--15 instances on St. Thomas/St. John District and once on St. Croix.

To date, there hasn't been any arrests made at the Lieutenant Governor's Office; however, two individuals were given paid leave. The *VI Consortium* will continue to cover this story.

