

The Virgin Islands Consortium

Another Accused Conspirator In Public Auction Scheme Pleads Guilty

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ST. THOMAS -- Another man accused of participating in a scheme to defraud the government through a property auction has admitted to his role in the conspiracy, V.I. Department of Justice Public Media Office Corliss Smithen announced this afternoon.

Sylvester Warner, above, age 43 of Est. St. Peter pleaded guilty to taking part in the plot, which occurred during an Aug. 30, 2012 property bid conducted by the office of the lieutenant governor.

Warner faced two charges – one count each of conspiracy and Criminally Influenced and Corrupt Organizations Act (CICO) – in connection with the crime. However, rather than

face a jury, Warner accepted the terms of a closed plea bargain offered by Attorney General Claude Earl Walker.

Warner appeared in court for a change-of-plea hearing on Feb. 3 and stood before V.I. Superior Court Judge Michael Dunston to formally admit to the crime. Under the terms of the plea bargain, Warner entered a guilty plea to the single charge of conspiracy and in exchange for his testimony and full co-operation against the remaining co-defendants, the second count against him will be dismissed, Warner will testify against the other co-defendants and he will be sentenced to a period of one-year supervised probation. Warner also has to pay fees and court costs.

Warner was arrested Nov. 19, 2015, following an investigation by Nicholas Peru, special investigator in the office of the Inspector General. He was released from custody after posting bail.

In all, four men – Warner, Calford Charleswell, Paul Sabers and Edward McKenzie – were taken into custody and charged in connection with the public auction scheme. On Wednesday, Charleswell, who faced 14 charges stemming from the incident, admitted his wrongdoing and pleaded guilty to the single count of conspiracy.

In commenting on the matter, AG Walker said his office is prepared to go to trial with the



Mugshot of Calford Charleswell, provided by

the V.I.P.D.

“Now, we have the guilty pleas of two of the defendants, who have also agreed to testify against the other two, and so, it appears that will have a trial involving Sabers and McKenzie,” AG Walker said. “We can’t wait for trial because the people of the Virgin Islands have been getting ripped off for years in these government property auctions, and at trial, we will finally get to the bottom of what has been going on.”

Condemning the men’s actions, AG Walker said the government auctions were not designed “to enrich the elites.”

“As Gov. Mapp indicated, one of the main reasons for having these property auctions is to give ordinary working people such as teachers, police officers and small business owners a chance to own a home in the Virgin Islands,” AG Walker said. “That purpose, however, has been hijacked by the sheer greed of certain people in this community because these real property auctions have been tainted by fraud and bid-rigging, which resulted in properties being sold way below market value.”

According to the affidavit filed by Peru, a property auction was conducted on Aug. 30, 2012. One of the properties being auctioned was 97 Est. Frydenhoj, on which the opening bid was placed at \$6,442.28. The first bidder offered \$75,000, a second person bid \$42,000 and the third bid was \$10,100; however, the bidder tracking sheet prepared by Charleswell showed that there were only two bidders on the property, according to Peru.

An unwritten policy developed by officials in 2012 required that the three highest bidders be recorded in the event that the highest bidder failed to meet the ten percent deposit amount, but the day after the auction, the winning bidder did not make the required deposit and the second highest bidder should have been contacted, Peru wrote.

On Sept. 4, 2012, a deposit of \$2,000 was paid on a bid that was not noted on the record and on Oct. 11, 2012, a man paid the balance of \$8,000 on the Est. Frydenhoj property and the office of the lieutenant governor transferred the property to that man for \$10,000. Then, on Sept. 25, 2013, the man transferred the same property to another man, according to Peru.

A woman whose name appeared on the bidder tracking sheet told Peru that she accompanied Warner to the auction and he completed the registration form using her name, but used his address. She said Warner bid on the Frydenhoj property and told her that he was bidding for a friend. On the day of the auction, Warner bid on three other properties, but although he was the highest bidder, he failed to pay deposits or take any of the properties, according to Peru.

The investigation revealed that certain procedural changes made by officials at the office of the lieutenant governor allowed individuals to fraudulently manipulate the bidding process in a scheme in which the highest bidder purposefully makes a substantially inflated high bid, then fails to post the ten percent deposit so that the property would go to another bidder or individual for a substantially low price, Peru wrote.

This manipulation prevented potential bidders from making fair and legitimate bids on properties offered at public auctions and potentially reduced the likelihood of the property owner recouping any excess proceeds from the sale after taxes and fees are paid, according to Peru.

Judge Dunston has not scheduled a date for Warner's sentencing. Warner remains on bail pending his sentencing hearing.