

The Virgin Islands Consortium

AG Walker Bars Charleswell From Lt. Governor's Office Property Auctions

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Mugshot of Calford Charleswell, provided by the V.I.P.D.

ST. THOMAS -- A former government employee who confessed and pleaded guilty to participating in a scheme to defraud the government through a property auction has been barred from engaging in any future public auctions for several years.

On Tuesday, Attorney General Claude Earl Walker settled a civil claim against Calford Charleswell, who admitted to his role in the conspiracy, which occurred during an Aug. 30, 2012 property bid conducted by the office of the lieutenant governor.

As part of the settlement, Charleswell, 51, of Anna's Retreat, has agreed "to refrain from personally participating or associating with any real estate, agent, broker or other person for purposes of participating in any property auction conducted by the Office of the Lieutenant Governor, Office of the Tax Assessor for a period of five years..."

AG Walker said his office took this action to prevent any recurrence of similar misconduct. "This is part of restoring public confidence in these property auctions conducted by the Lieutenant Governor's Office" AG Walker said, "by prohibiting specific persons who have been involved in the past and are guilty of wrongdoing pertaining to the auction. This is particularly relevant in light of the Lieutenant Governor's office upcoming property auctions."

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In all, four men –Charleswell, Sylvester Warner, Paul Sabers and Edward McKenzie – were taken into custody and charged in connection with the public auction scheme. On Feb. 8, Charleswell, who faced 14 charges stemming from the incident, admitted his wrongdoing and pleaded guilty to the single count of conspiracy.

Warner, 43, of Est. St. Peter, also pleaded to a single charge of conspiracy at a change-of-plea hearing on Feb. 3.

On March 31, McKenzie, 61, pleaded guilty to the single charge of compounding a crime and was sentenced to a suspended jail term of 90 days, supervised probation for one year and 100 hours of community service.

"In addition, DOJ has settled its civil CICO claims against McKenzie, whereby he has paid \$100,000.00 dollars to the Government of the Virgin Islands, and is barred from personally participating or associating with any real estate, agent, broker or other person for purposes of participating in any real property auction conducted by the Office of the Tax Assessor," AG Walker said in an earlier release.

According to the affidavit filed by Peru in support of the men's arrests, 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.