

The Virgin Islands Consortium

Attorney General Issues Stern Warning To Potential Fraudsters Ahead Of Upcoming Property Auctions

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ST. THOMAS -- Attorney General Claude Earl Walker has issued a stern warning that his office will prosecute anyone engaged in any scam at the upcoming government property auctions.

“Persons having any ideas of engaging in fraudulent acts on auction day to secure property are hereby warned that they do so at their own peril as we intend to prosecute anyone having been found to have engaged in such activity at any of the lieutenant governor’s real property auctions,” Mr. Walker said Friday morning during a joint press conference with Lt. Gov. Osbert Potter at Government House here.

Mr. Walker made these comments in light of the recent arrests and subsequent sentencing of several persons who pleaded guilty to participating in a scheme to defraud the government through a 2012 property auction.

Four men – Calford Charleswell, Sylvester Warner, Paul Sabers and Edward McKenzie – [were taken into custody](#) on Nov. 19, 2015 and charged in connection with an Aug. 30, 2012 public auction scheme. On Feb. 8, Mr. Charleswell, 51, of Anna's Retreat, who faced 14 charges stemming from the incident, admitted his wrongdoing and pleaded guilty to the single count of conspiracy. He has since been barred from engaging in any future public auctions for several years.

Mr. Warner, 43, of Est. St. Peter, who faced two charges – conspiracy and Criminally Influenced and Corrupt Organizations Act (CICO) – in connection with the crime, also pleaded guilty to a single charge of conspiracy at a change-of-plea hearing on Feb. 3. The second count against him was dismissed and he was sentenced to a period of one-year supervised probation. Mr. Warner was also ordered to pay fees and court costs.

On March 31, Mr. 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 settling a civil CICO claim with the DOJ, Mr. McKenzie also paid \$100,000 to the Virgin Islands government.

Mr. Walker pledged the assistance of the Department of Justice in the property auctions to be held throughout the territory over the next few weeks and said DOJ's involvement is to ensure transparency and fairness in the bidding process.

"As a result of the recent criminal cases prosecuted by DOJ concerning the real property auctions conducted in 2012, DOJ special agents have become very knowledgeable about certain illegal bidding practices that the auctioneer, in this case the Office of the lieutenant governor, must be aware of to prevent internal and external fraud at the auction," Mr. Walker said in his prepared statement. "The lieutenant governor is providing the general public with an opportunity to own a piece of America's paradise and the Department of Justice will be there on auction day to assist in whatever way that we can to ensure absolute fairness in the bidding process."

The property auctions are scheduled for June 29 on St. Croix at the Juan F. Luis hospital and on July 6 at the Windward Passage hotel for the district of St. Thomas/St. John/Water Island.

DOJ agents will be on hand throughout the entire auctions to monitor the bidding for the purpose of detecting any illegal activity that may occur, according to the attorney general.

"The Department of Justice has already notified certain persons that they are banned from participating in these auctions, personally or through an agent, because of certain activities that these persons were involved in at past public auctions," Mr. Walker said.

Mr. Walker added that DOJ's participation will help to restore the public's confidence in the auction. "Having the public's confidence restored is important because we know buying real estate at an auction for a very reasonable price – and in some instances at a discounted or reduced price – is an appealing idea..." he said.

The lieutenant governor's office will be auctioning a total of 65 properties – on St. Croix, 23 properties valued at \$12 million with \$1.1 million owed in taxes; on St. Thomas, 36 properties valued at \$16.7 million with \$1.5 million owed in taxes; and on St. John, six properties worth \$15 million with \$909,000 owed in taxes.

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