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## **WAPA Director of Transmission and Distribution Arrested After Company He Co-Owns Awarded Million-Dollar WAPA Contract**

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**WAPA Director of Transmission and Distribution Niel Vanterpool was placed on administrative suspension today after his arrest by the Dept. of Justice for criminal conflict of interest violations.**

Attorney General Denise George announced Thursday evening the arrest of Niel Vanterpool by the V.I. Dept. of Justice for criminal conflict of interest violations arising from a Virgin Islands Water and Power Authority contract.

According to the release, D.O.J. special agents arrested Mr. Vanterpool, WAPA's director of transmission and distribution, on a warrant signed by a V.I. Superior Court Magistrate on St.

Thomas. The Office of the Attorney General also filed in the V.I. Superior Court a criminal information charging Mr. Vanterpool with two counts of conflicts of interest- prohibited acts, each of which is a felony carrying punishment from one to 5 years imprisonment and/or a fine of up to \$500, or the amount of financial gain derived from the violation, whichever is greater.

A complaint filed with the Attorney General's Office by a member of WAPA prompted the DOJ investigation into the award of the WAPA Field Area Network (FAN) Wireless Communication System contract to ABB, Inc. (ABB), with Surge Communications, LLC as its subcontractor. The investigation revealed that Mr. Vanterpool has a 33 percent interest in Surge Communications, LLC, and was on the WAPA selection committee that selected ABB to perform the WAPA FAN project, negotiated the FAN contract with ABB, served as the WAPA project manager on the WAPA FAN project and approved ABB's invoices causing payments to be made to ABB in excess of \$1.2 million dollars, the D.O.J. said.

An internal WAPA audit found conflicts of interest in the award, selection, and administration of the contract by Mr. Vanterpool.

According to an [affidavit](#) by a DOJ special agent in support of the arrest warrant, Mr. Vanterpool knowingly, willingly, and intentionally took advantage of his WAPA position to manipulate circumstances that allowed Surge Communications, LLC to be the subcontractor for ABB, therefore receiving an indirect financial benefit on the WAPA FAN project.

Virgin Islands criminal conflict of interest laws specifically prohibit a public officer or employee from having a financial interest in "any contract made or negotiated by him in his official capacity, or by any public agency of which he is a member."

"Conflict of Interest by public employees and officials, particularly in the bidding and procurement of government contracts should not be tolerated. It is a form of public corruption that severely undermines the integrity and fairness of government contract awards and competitive negotiations and further compromises the proper management of public projects. The investigation into this matter continues," stated Ms. George.

WAPA Communications Director Jean Greaux, Jr. confirmed today that charges have been brought against Mr. Vanterpool. "On today's date, WAPA was advised of a criminal action filed against one of our employees, Niel Vanterpool, Director of Transmission & Distribution. Mr. Vanterpool has been placed on Administrative Suspension with pay pending the outcome of the legal proceedings," he said. Speaking to VIC, Mr. Greaux said WAPA has been fully cooperating with requests from the investigating authorities and will continue to do so. He added, "WAPA deeply apologizes for any resultant concern, alarm, and or inconvenience to our customers, employees, and or members of the community."

The criminal charges brought by the Justice Department follow a steady stream of denial by WAPA management that a conflict of interest existed or that Mr. Vanterpool and his company were enriched by actions he took to facilitate payment to the contractor. During a Senate hearing in July 2020, under direct questioning by senators, including Dwayne DeGraff, WAPA CEO Larry Kupfer, and then-General Counsel Lorelei Farrington testified that based on an investigation they conducted, a conflict of interest did not exist. Farrington recently resigned her position at WAPA, and is now employed at the Virgin Islands Public Finance Authority (PFA).

At a 2019 senate hearing, Senator Janelle Sauraw queried a team of WAPA officials about the conflict of interest allegations involving Mr. Vanterpool. At the time, Mr. Kupfer said he was unaware of such conflict, Ms. Farrington refused to opine, telling senators she would have to

review documentation before rendering an opinion, and WAPA COO Clinton Hedrington, Jr. confirmed that Mr. Vanterpool held an ownership interest in a company that was hired by a WAPA contractor. Ms. Sauraw responded that there is then a conflict: WAPA issues a contract, the contractor hires a sub contractor which is partly owned by the person serving as project manager.

The project manager, Mr. Vanterpool, was also a member of the internal evaluation committee that reviewed bids for the project, recommended the contract award, and approved invoices for payment. At the time the contract was issued by WAPA, Mr. Hedrington was Mr. Vanterpool's direct supervisor, and Hugo Hodge, Jr. was executive director and chief executive officer.

The Consortium has learned that once it became apparent that WAPA's management disagreed with the findings of the Internal Audit Division on the Vanterpool matter, some members of the authority's governing board referred the audit report to A.G. George for review and determination of criminal prosecution.

In his Monday night State of the Territory Address, Governor Albert Bryan alluded to management challenges that continue to adversely impact the territory's only power producing company. "Regrettably WAPA is still plagued with management inefficiencies. WAPA has a tremendous opportunity to transform itself if it can only overcome its immediate challenges. Most glaring is the failures within the billing system. Despite the installation of smart meters and automated metering infrastructure several years ago, we are still faced with delayed and estimated billing and billing errors," Mr. Bryan said.

The governor hinted at the support his administration has provided WAPA over his first two years in office as he signaled for more system-wide changes. "I have called on WAPA's board to fully investigate the lingering issues, demonstrate accountability, and give ratepayers reasonable rates. Customers must feel confident that what is billed is what is owed," Bryan said. "Our customers deserve better."

On Wednesday, Senate President Donna Frett Gregory in a reaction to the State of the Territory Address took note of the governor's more aggressive stance on WAPA. "Several of my colleagues were amazed that the chief executive finally acknowledged inefficient management at WAPA, exacerbated by deteriorating infrastructure, and flawed billing practices." She said the 34th Legislature looks forward to the implementation of new generators, lower bills, and alternative energy sources, along with relief for taxpayers.

The attorney general cautioned the public that any person charged with a crime in the Virgin Islands is considered to be innocent until convicted by a court of competent jurisdiction.

### **Corrections and amplifications**

A previous version of this article included WAPA HR Director Sabrina King Leonce as one of the testifiers during a July 2020 hearing. Ms. King Leonce was not a testifier. The story was also amplified to include the exact month when lawmakers sought answers from the authority. The story has been updated to reflect the amplification and correction.