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PRESS RELEASE

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Conspirators in public property auction scheme sentenced

ST. THOMAS, V.I. - Former government employee, Calford Charleswell, who confessed to participating in a scheme to defraud the government through a property auction, will be spending one year behind bars.

In a brief statement following the sentencing, Attorney General Claude Earl Walker said, "Charleswell's conduct was a disgraceful violation of the people's trust. I thank the Inspector General, Steven Van Beverhoudt, and his team of agents and auditors for their partnership with the Attorney General's office. Together, we will continue to target public corruption in the Virgin Islands and hold government officials accountable who have been found to have misused the people's precious resources."

Charleswell, 51, of Anna's Retreat pleaded guilty to a single charge of conspiracy based on a plea agreement he entered into with prosecutors and in return, the other 13 charges he faced were dismissed with prejudice.

On Monday morning, Charleswell stood before V.I. Superior Court Judge Michael Dunston for his sentencing.

"I made a mistake," Charleswell told the court when given an opportunity to speak on his own behalf. "I'm sorry for letting the Lieutenant Governor's office and my family down."

In accordance with the plea agreement, Judge Dunston punished Charleswell to three years' incarceration with all but one year suspended with credit for the one day he served in jail when he was arrested, while chiding him for using his office to further the fraudulent scheme.

"He held a position with the government and it was through this position that this crime was committed," Judge Dunston said. "The conspiracy may have had its origin elsewhere, but... he was the supervisor of the auction, which permitted the transfer of this property."

Charleswell has also been sentenced to two years of supervised probation, he was ordered to complete 100 hours of community service and pay \$675 in fees and court costs within the first year of his probation.

Charleswell was permitted to report to the Bureau of Corrections on Monday, July 31, to begin serving his sentence.

Sylvester Warner, 43, of Est. Peter, another one of the conspirators in the scheme, also appeared before Judge Dunston on Monday morning to be sentenced. Based on a plea deal in which he also pleaded guilty to one count of conspiracy, Judge Dunston sentenced Warner to supervised probation for a period of one year and ordered him to pay \$575 in fees and court costs within the first six months of his probationary period.

A third co-conspirator, Paul Sabers, 66, pleaded guilty Monday morning to one count 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.

On March 31, Edward McKenzie, a fourth man who was involved in the plot, pleaded guilty to one count 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.

The four men were arrested on Nov. 19, 2015, following an investigation by Nicholas Peru, special investigator in the office of the Inspector General, into a property auction scheme, which occurred during an Aug. 30, 2012 property bid conducted by the office of the lieutenant governor.

According to the affidavit filed by Peru, Charleswell worked as Chief Enforcement Officer in the lieutenant governor's office and as part of his duties, he was responsible for collecting property taxes in the St. Thomas-St. John district, preparing payment plans, property tax liens and property listings for auction, as well as conducting public property auctions.

On Aug. 30, 2012, Charleswell oversaw a public auction in the St. Thomas-St. John district. One of the properties being auctioned was 97 Est. Frydenhoj, on which the opening bid was placed at \$6,442.28. The first bidder tendered \$75,000, a second person proffered \$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.

The case was prosecuted by Assistant Attorney General John Tolud.