



DEPARTMENT OF JUSTICE  
OFFICE OF THE ATTORNEY GENERAL

34-38 Kronprindsens Gade  
GERS Complex, 2<sup>nd</sup> Floor  
St. Thomas, V.I. 00802  
(340) 774-5666 Fax: (340) 776-3494

#6040 Estate Castle Coakley  
Christiansted  
St. Croix, V.I. 00820  
(340) 773-0295 Fax: (340) 773-1425

## PRESS RELEASE

### FOR IMMEDIATE RELEASE

August 7, 2017

By Corliss Smithen  
Public Media Officer  
(340) 774-5666 ext. 105  
Email: [corliss.smithen@doj.vi.gov](mailto:corliss.smithen@doj.vi.gov)

## DOJ settles civil CICO claim against co-conspirator in public auction scheme

**ST. THOMAS, V.I.** – The Department of Justice (DOJ) has settled its civil claims against Paul Sabers, one of four conspirators who admitted to participating in a public auction scheme to defraud the government.

Sabers, 66, pleaded guilty to taking part in the scheme that occurred between January 18, 2012 and June 26, 2013, in which the Office of the Lieutenant Governor (OLG) initiated a series of real property auctions. He faced four charges – conspiracy, obtaining money by false pretense, conversion of government property and Criminally Influenced and Corrupt Organizations (CICO) – in connection with the crime. On July 24, Sabers appeared before Superior Court Judge Michael Dunston and pleaded guilty to the single count of compounding a crime. He was sentenced to a suspended jail term of 90 days, supervised probation for one year and 100 hours of community service.

DOJ also brought civil charges against Sabers. Under title 14 VIC Section 607(a), the Attorney General is granted the authority to institute civil proceedings against any person in the Superior Court to obtain relief from conduct constituting a violation of CICO, and the civil penalty may be as high as \$1,000,000. In accordance with an agreement entered into with the DOJ, Sabers has paid \$500,000 to the Government of the Virgin Islands. He also 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.

Commenting on the resolution of Sabers' criminal and civil cases, Attorney General Claude Earl Walker stated, "We believe at the Attorney General's Office that in the Virgin Islands, we will have one set of rules for everybody – no matter how rich or powerful. What is deeply disturbing about the allegations is that in the Virgin Islands, a person's home is usually his most valuable asset that is acquired after years of hard work and saving, and that is why I intended to pursue a civil action. This is an unprecedented civil settlement under CICO, which reflects the continued commitment of the Attorney General's Office to protecting the interests of Virgin Islands residents by pursuing such matters."

In all, four men – Sabers, Sylvester Warner, Calford Charleswell and McKenzie – were taken into custody on Nov. 19, 2015 and charged in connection with the public auction scheme, which occurred during an Aug. 30, 2102 property bid conducted by the office of the lieutenant governor.

An investigation by Nicholas Peru, special investigator in the office of the Inspector General, led to the apprehension of the four. In his affidavit supporting the arrests, Peru gave the following details:

A property auction was conducted on Aug. 30, 2012. Charleswell, who worked as Chief Enforcement Officer in the lieutenant governor's office, oversaw the property auction. 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.

The other three men have also admitted to their role in the conspiracy and have since been sentenced. McKenzie, 61, pleaded guilty to 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 settled its civil claim against him and he has paid \$100,000 to the government.

Warner, 43, of Est. Peter, pleaded guilty to one count of conspiracy for which he was sentenced to supervised probation for a period of one year and was ordered to pay \$75 in fees and court costs within the first six months of his probationary period.

Charleswell, 51, of Anna's Retreat, pleaded guilty to a single charge of conspiracy and will be spending one year behind bars. He was also sentenced to two years of supervised probation, ordered to complete 100 hours of community service and pay \$675 in fees and court costs within the first year of his probation.