

2008

# Annual Report



*Anne Milgram, Attorney General of New Jersey*





*Dear Governor Corzine,  
members of the State Legislature  
and citizens of New Jersey:*

Staffed by civilian employees and sworn law enforcement officers, the Department of Law and Public Safety is a diverse agency that touches millions of lives each day.

At the Department, we are responsible for enforcing the law and ensuring the safety of those who live, travel, work and play in New Jersey.

But our responsibilities do not end there.

Our department also serves as chief provider of legal advice and legal representation to agencies of state government. This dual role makes us unique, and our mission doubly challenging.

Among other things, the department provides regular State Police patrols to ensure that New Jersey roads and communities are safe.

We conduct criminal investigations and prosecutions.

We develop crime prevention and anti-violence strategies.

We provide emergency management and homeland security related services.

At the same time, we defend state statutes and, where necessary, file lawsuits aimed at safeguarding children, combating fraud, protecting consumers, preserving natural resources, and achieving other important outcomes on behalf of New Jersey citizens.

In 2008, the department's work included many actions and accomplishments designed to enhance the quality of life in our state, strengthen public confidence in government and, above all, make neighborhoods safer.

In July, for example, we launched a major initiative in Camden city designed to cut down on violence and street crime.

Done in partnership with Camden police and city government officials, the effort was part of Governor Jon S. Corzine's Strategy for Safe Streets and Neighborhoods.

Key to the initiative was a redeployment of police resources that put more than three times the number of officers on the streets, as well as the creation of a technology-driven police Command and Coordination Center.

The Command and Coordination Center enabled law enforcement to identify emerging crime "hot spots" in Camden and assign appropriate police resources in response. In addition to local police personnel, State Police manpower and resources were deployed to assist in the Camden anti-crime effort. As part of one successful narcotics raid, Troopers rappelled from a State Police helicopter onto the roof of a high-rise apartment building. Although such deployments were not commonplace, the action sent a clear message that local and state law enforcement were working as a team, and were prepared to use every available resource to combat drugs and crime.

Equally vital to our safe streets approach in 2008 were periodic, intelligence-based investigation sweeps conducted throughout New Jersey in conjunction with the various county prosecutors' offices, and local law enforcement and State Police. Directed by Jose Cordero, our statewide Director of Gangs, Guns and Violent Crime Control Strategies, these sweeps resulted in the arrest of more than 1,800 suspects for such crimes as murder, attempted murder, drug trafficking and armed robbery.

Not only did the sweeps take many dangerous criminals off our streets, they led to the seizure of more than \$4 million worth of illegal narcotics and 162 guns, including 22 assault weapons. Among those arrested were numerous members of the violent street gangs the Bloods and Crips. One man arrested in Morris County was charged with attempting to murder his own father, who was part of a rival drug ring.

While aggressive enforcement remained a lynchpin of our crime fighting approach in 2008, we also worked with other stakeholders to expand New Jersey's crime prevention efforts, and to create re-entry programs aimed at helping convicted offenders become law abiding citizens. Both are crucial aspects of Governor Corzine's Strategy for Safe Streets and Neighborhoods.

In October, we joined with the Governor and a coalition known as the America's Promise Alliance to launch the New Jersey High School Graduation Campaign. The campaign is a year-long effort to find solutions to the high drop-out rate among students through a collaboration involving state agencies, schools, non-profit organizations, and the corporate sector. Specifically, the program is aimed at reducing high school drop-out rates by supporting students and their families, supporting teachers, cultivating leaders, promoting business and community involvement, and establishing high expectations and rigorous curriculum.

Our department also worked with other state agencies in 2008 to launch Another Chance, a re-entry initiative aimed at helping 1,300 inmates from Camden, Newark, and Trenton change their lives and successfully return to their home communities.

Informed by the premise that recidivism is expensive – both in terms of human suffering and public dollars – Another Chance coordinates re-entry efforts that begin while an inmate is in prison and continue after release. The program provides intensive diagnostic assessments and expanded educational, vocational and job coaching programs, as well as job placement help. The hope is that programs such as Another Chance will make an impact on the recidivism rate in New Jersey, where 60 percent of adult inmates are re-arrested within three years.

Consistent with our commitment to improving the quality of life in communities by taking criminals - particularly violent ones – off the streets, the Division of Criminal Justice launched significantly more prosecutions in 2008 than the prior year.

Overall, the Division filed 966 new criminal cases by indictment or accusation – a 47 percent increase over 2007. More than 200 of those new prosecutions were brought by our Gangs and Organized Crime Bureau, which increased its case filings by 107 percent compared with the prior year.

Among other successes, the Gangs and Organized Crime Bureau obtained guilty pleas from 25 members of the violent "Sex Money Murder" set of the Bloods in 2008. All 25 defendants were sentenced to prison, including the set's two top leaders in Mercer County. They were sentenced to prison terms of 13 and 12 years, respectively.

Equally notable in 2008 was the Division's success in fighting public corruption. In addition to realizing a 21 percent increase in new case filings, the Division's Corruption Bureau achieved many important convictions.

The Bureau successfully prosecuted former City of Orange Mayor and state Assemblyman Mims Hackett, Jr. on charges related to Hackett's fraudulent billing of the City of Orange. Hackett was sentenced to five years in prison after pleading guilty to collecting more than \$5,000 in phony travel reimbursements. The Division also worked closely with federal authorities in 2008 to convict former Newark Mayor Sharpe James of conspiracy and fraud related to his misuse of public funds. The former mayor was sentenced to a total of 27 months in federal prison for his crimes.

A host of other public employees and officials were either indicted, successfully prosecuted, or sentenced for corruption-related crimes in 2008 including: former state Department of Corrections administrator Gerald T. Kennedy (indicted), former Irvington Mayor Michael Steele (indicted), former Jersey City Municipal Court Chief Judge Wanda Molina (indicted), Camden city school principal Michael Hailey (guilty plea), Blairstown Township Committeeman Ray Davis (three-year prison sentence), and former Clayton borough police chief Frank Winters (seven-year prison sentence.)

The Division of Law had a highly successful year in 2008 litigating on behalf of New Jersey citizens.

In all, the Division obtained \$154 million in recoveries and judgments for the state through its lawsuits aimed at polluters, consumer rip-offs, companies engaged in investment fraud and defendants who owed the state money but did not pay, among others.

The \$154 million in recoveries represented a \$30 million increase – approximately 24 percent – over the amount obtained on behalf of the state in 2007.



Among the noteworthy recoveries were \$63 million from Tyco International Ltd. to settle a pension securities fraud suit against the company and several of its top executives, and a total of \$14.7 million recovered through environmental lawsuits.

But dollars were not the sole measure of achievement for Division of Law attorneys. The Division successfully defended New Jersey's Highlands Water Protection and Planning Act against a constitutional challenge, and carried on the state's fight against foreclosure-related mortgage rip-offs by filing a number of lawsuits targeting companies and individuals who engaged in "foreclosure relief" scams. Altogether, Division lawyers filed five mortgage-fraud-related lawsuits in 2008 targeting a total of 73 individual and corporate defendants.

Division lawyers also went to court to block a half-million-dollar-plus severance payout to the retiring Keansburg school district superintendent. In arguing against the hefty severance package, our lawyers noted that state aid makes up most of Keansburg's annual school district budget. The proposed \$556,290 severance payout was an unacceptable "golden parachute" for the outgoing superintendent, our attorneys contended, and would come at the expense of Keansburg's children and New Jersey's taxpayers. As of year's end, the severance money was being held in escrow pending further court action on the state's effort to void the deal.

The Division of Consumer Affairs worked hard on many fronts in 2008 to ensure that buyers got what they paid for, and to protect investors from fraud.

In one of the Division's many civil investment fraud prosecutions, the Bureau of Securities obtained a Superior Court judgment ordering two North Jersey investment brokers and their companies to pay \$3.6 million in restitution to investors and \$4.35 million in civil penalties to the Bureau.

The two men, Fred J. Miller of Fort Lee and Eric Riedman of New York City, were also permanently barred from engaging in any securities-related activity. Miller and Riedman were shown by the Bureau of Securities to have raised \$3.3 million by making fraudulent representations and omitting key, risk-related information while persuading 160 victims to invest with them. A judge also found that the men had diverted investor funds for their personal use.

Meanwhile, Consumer Affairs took civil action against several major "name" retail outlets accused of engaging in deceptive practices.

The Division filed Superior Court complaints in Hudson and Union Counties charging Target and Wal-Mart with offering expired merchandise for sale, engaging in inaccurate price scanning, failing to have sufficient quantities of advertised items in stock, and failing to display selling prices. The major retailer Drug Fair was also cited in the complaints filed in Hudson and Union counties. Each alleged violation carries a potential fine of up to \$20,000 under enhanced penalties sought by the state.

The department was equally vigorous in 2008 in protecting users of the Internet, particularly young ones. We entered into separate agreements with two popular social networking sites, MySpace and Facebook, that resulted in significant efforts by those sites to protect children, including a commitment from each company to work with us in developing a standardized mechanism for reporting on-line abuses.

In addition, State Police technology units conducted or took part in approximately 50 cyber-crimes-related operations resulting in the arrest of numerous Internet predators. In many cases, those arrested were charged with sexually exploiting children and aiding in the proliferation of child pornography on the Web. Among those arrested by State Police in 2008 were several registered sex offenders who violated the conditions of their parole by accessing MySpace and Facebook.

The Division of Gaming Enforcement continued to ensure the integrity of New Jersey's casinos in 2008, taking action against regulatory violators that resulted in more than \$650,000 in total penalties.

Among other actions, the Division imposed fines against two different Atlantic City casinos – Borgata and Bally's – for allowing underage gambling on their premises, resulting in a total of \$250,000 in fines. The Division also performed more than 43,000 inspections of gaming equipment used by the casinos and tested approximately 8,500 slot machine control and payout percentage programs. Slot machines account for approximately 75 percent of the casino gaming revenue in New Jersey.



Throughout 2008, the Division of Alcoholic Beverage Control worked to combat underage drinking by employing a multi-faceted approach that blended enforcement efforts with public awareness campaigns.

On the enforcement front, the Division worked with local authorities on Cops in Shops, a program that places undercover police officers in retail liquor outlets as employees or patrons. During the fall/winter spanning 2007-2008, Cops in Shops resulted in 148 arrests in and around “college towns.” During summer 2008, Cops in Shops resulted in another 237 arrests in coastal “shore towns.”

Bureau investigators also conducted a number of successful investigations at regular bars and adult-oriented night spots. Among other things, these investigations yielded arrests for offenses ranging from prostitution and unlawful possession of a stun gun to underage drinking and illegal sports betting.

The Division on Civil Rights handled a number of significant cases in 2008, taking action on behalf of those discriminated against in housing, employment, and access to places of public accommodation.

In one case that garnered national attention, the Division issued a Finding of Probable Cause against the Ocean Grove Camp Meeting Association for discriminating against a same-sex couple who sought permission to hold their civil union ceremony at Ocean Grove’s Boardwalk Pavilion. Ocean Grove residents Harriet Bernstein and Luisa Paster had applied for permission to rent the Pavilion for their civil union ceremony in March 2007, but were denied access by the governing Camp Meeting Association. The Camp Meeting Association said a same-sex ceremony conflicted with its United Methodist religious beliefs and that, as custodian of the Boardwalk Pavilion, it was constitutionally empowered to prohibit such activity. However, a Division on Civil Rights investigation found that the Camp Meeting Association had a history of allowing the public to use the Pavilion for weddings and secular events.

The Division also found that the Association had obtained a Green Acres tax exemption from the state Department of Environmental Protection 20 years ago conditioned on the Boardwalk Pavilion being open to the public “on an equal basis.” In light of its investigation results, the Division ruled that the Boardwalk Pavilion is a place of public accommodation under state statute, and that the Camp Meeting Association’s refusal to rent it to Bernstein and Paster was a violation of the New Jersey Law Against Discrimination.

In an unrelated case, the Division on Civil Rights found against a condominium association in Manalapan, Monmouth County, for refusing to install access ramps to accommodate disabled residents. In a significant 2008 Appellate victory, the Division successfully defended its 2007 ruling that a Trenton-area Subway restaurant committed race-based discrimination against two African-American teenagers who worked there by consistently referring to them with a racial slur. As a result of the Division’s successful Appellate defense, the Subway restaurant owner and manager were required to pay each victim \$62,000 in damages and lost wages.

The Racing Commission oversaw an industry that continued to expand in 2008 with the opening of New Jersey’s third off-track wagering facility in Toms River. For the year, bettors wagered a total of nearly \$141 million at the state’s three off-track betting facilities (the other sites are located in Vineland and Woodbridge.) Meanwhile, the gross amount wagered on horse racing at all New Jersey betting venues for 2008 totaled more than \$934 million. Consistent with its mission to ensure the integrity of thoroughbred and harness horse competition, the Racing Commission used expanded testing protocols in 2008 to detect the use of performance-enhancing substances in horses. In one case involving a well-known race horse farm in Burlington County, six harness horses were declared ineligible to compete after testing positive for a performance-enhancing steroid. A veterinarian who owned the horses and a trainer who regularly worked with them were cited for a list of violations.

Although not the only measure of a state’s highway traffic safety climate, a significant drop-off in the number of motor vehicle deaths on New Jersey roadways was an encouraging trend in 2008. Overall, there were 591 highway fatalities in 2008. In the prior year, 724 people died as a result of highway crashes.

The growing use of seatbelts and child safety seats by drivers and passengers, increased public awareness efforts by the Division of Highway Traffic Safety and more aggressive traffic enforcement by police all contributed to making highway travel safer in 2008.

Emblematic of the Division's approach to public awareness were several new or expanded awareness initiatives including a new Web site and elementary school educational program – "Buck, the Buckle Up Dog." Funded by the Division, "Buck, the Buckle Up Dog" is designed to engage children in grades K-through-three in activities that emphasize the importance of proper car, booster seat and seat belt use, as well as bicycle and pedestrian safety.

On the enforcement front, initiatives such as "Obey the Signs or Pay the Fines" targeted drivers whose speeding endangered themselves and others. During the month of July 2008, 56 northern New Jersey police agencies used Division-provided grant funding to conduct saturation patrols aimed at motorists exceeding speed limits on local streets highways.

Meanwhile in 2008, the Juvenile Justice Commission (JJC) played a major role in making New Jersey a national model for success in implementing juvenile detention reform.

Largely through the JJC's efforts, New Jersey was chosen to serve as the first Juvenile Detention Alternatives Initiative (JDAI) state model site in the country by the respected Annie E. Casey Foundation of Baltimore.

New Jersey earned its designation as a model by achieving remarkable results in implementing JDAI, a statewide effort aimed at finding community-based alternatives to housing young offenders in secure detention.

Working with the state Judiciary and various local stakeholders, the JJC significantly reduced juvenile detention admissions and length of stay – primarily for minority youth - in the five original JDAI pilot counties of Atlantic, Camden, Essex, Hudson and Monmouth. Compared with the year 2003, there were 211 fewer young people in juvenile detention in those pilot counties on any given day in 2007 – a 42 percent drop-off. Particularly striking were the JDAI results in Camden and Essex counties.

The number of minority youth in detention in Camden County was cut in half, while Essex County witnessed a 47.5 percent reduction.

During the same time frame, juvenile arrests declined by 9.4 percent in the five pilot counties, debunking the myth that placing more young offenders in community-based settings will only lead to more juvenile crime. Juvenile detention reform is a vital part of Governor Corzine's Strategy for Safer Streets and Neighborhoods.

At the Department of Law and Public Safety, our 9,100 employees have a broad-based mandate that includes everything from safeguarding neighborhoods and protecting consumer investments to safeguarding civil rights and preserving the integrity of legalized gaming.

In 2008, we made the streets safer by putting dangerous criminals in jail. We successfully sued to preserve New Jersey's natural resources and protect its financial assets. We worked round-the-clock to ferret out corruption and hold those responsible for it accountable.

Looking ahead, we remain committed to working both independently, and in collaboration with other agencies at every level of law enforcement, to ensure the safety of New Jersey residents and improve the quality of life in their communities.

Anne Milgram  
Attorney General







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# Division of Criminal Justice

New Jersey's unified, integrated system of law enforcement is unique in the nation. The Criminal Justice Act of 1970 designated the Attorney General as the Chief Law Enforcement Officer of the State. The Division of Criminal Justice, on behalf of the Attorney General, is charged with responsibility to enforce the criminal laws of the State and serve a variety of functions pertaining to the administration of criminal justice. In addition to its direct law enforcement operations, the Division provides oversight and coordination within New Jersey's law enforcement community. It is the goal of the Division to help coordinate law enforcement efforts and resources at all levels – state, county and municipal – to ensure the safety and security of all New Jersey residents. More information about the Division of Criminal Justice is available at [www.njdcj.org](http://www.njdcj.org).





## Overall Crime Fighting

The Division of Criminal Justice had a tremendously productive year in 2008, filing nearly 1,000 cases. The Division continued to make fighting gangs and prosecuting public corruption top priorities, achieving big case increases in those areas, while also stepping up prosecutions of financial fraud. The Division filed 966 cases by indictment or accusation, a 47 percent increase over 2007. The cases involve more than 1,200 defendants. Cases were up across the board in 2008, including a 107 percent increase for the Gangs & Organized Crime Bureau, a 61 percent increase for the Major Crimes Bureau, and a 21 percent increase for the Corruption Bureau. The Office of Insurance Fraud Prosecutor, which consistently ranks as one of the most productive insurance fraud prosecution offices in the U.S., logged a 19 percent increase in 2007, and edged out the 2007 total by one case in 2008.

These totals were reported for indictments and accusations filed by the bureaus:

	2008	2007
■ Corruption	64	53
■ Gangs & Organized Crime	226	109
■ Major Crimes	514	319
■ Office of Insurance Fraud Prosecutor	156	155

The Division's Gangs & Organized Crime Bureau continued to work with the State Police and other law enforcement agencies to target the command structures of some of the most violent gangs in New Jersey. Meanwhile, the Division's Major Crimes Bureau focused on more complex white-collar crime cases, including money laundering and mortgage fraud. The Division's Corruption Bureau worked with the federal government to convict former Newark mayor Sharpe James at trial, while also filing its own cases against prominent and high-ranking public officials.

## Public Corruption

In other prosecutions involving prominent officials, the Corruption Bureau successfully completed its prosecution of Mims Hackett Jr., the former Orange mayor and former State Assemblyman. Hackett was sentenced to five

years in state prison after pleading guilty in May to official misconduct for fraudulently billing the City of Orange for more than \$5,000 in travel expenses he never incurred. In December, the Bureau obtained a state grand jury indictment charging former state assemblyman Neil Cohen with official misconduct and possession, reproduction and distribution of child pornography. Cohen allegedly used computers in the 20th Legislative District office to view child pornography and print copies of child pornography that he left around the office.

The Corruption Bureau also indicted and prosecuted several public officials for rigging contracts and stealing funds in connection with public projects. Department of Corrections administrator Gerald T. Kennedy was indicted in April for allegedly rigging bids, taking kickbacks and engaging in fraud in connection with \$678,000 in state contracts. Former Irvington mayor Michael Steele was indicted in June for allegedly taking at least \$120,000 in kickbacks for rigging contracts as business administrator for the Irvington Board of Education. And former Blairstown Township committeeman Ray Davis was sentenced to three years in prison in November for using his position as chairman of the \$2.6 million municipal complex project to divert \$46,000 in funds to a dummy corporation he created.

In other noteworthy cases prosecuted by the Bureau, Michael Hailey, the former principal at H.B. Wilson Elementary School in Camden, and his top administrator, Patricia Johnson, pleaded guilty to stealing \$14,000 in field trip funds and attempting to steal \$25,000 in extra wages for fictitious meetings. Former chief judge Wanda Molina and former court administrator Virginia Pagan of the Jersey City Municipal Court were indicted in July for allegedly fixing parking tickets.

Two Bergenfield Borough Council members, Dennis Mulligan and Elaine Rabbitt, were indicted in December for allegedly forging resignations of fellow members of the borough's Democratic committee before a special election.

The Division's Gangs & Organized Crime Bureau handled the prosecution of former Clayton Borough police chief Frank Winters. Winters pleaded guilty to theft and official misconduct in September for stealing from Mothers Against Drunk Driving and his

police department. He was sentenced to seven years in prison and ordered to pay \$180,000 in restitution to MADD. The State Police Organized Crime Control Bureau South investigated the case.

## Gangs & Organized Crime

The Division of Criminal Justice Gangs & Organized Crime Bureau continued to turn up the heat on gangs in 2008, targeting the leadership of the most violent sets of the Bloods in New Jersey. In July, the Bureau indicted 15 alleged members of the Nine Trey Headbustas set of the Bloods, which has ties to Philadelphia and controlled narcotics dealing in the Broadway section of Camden through acts of violence and intimidation. The indictment resulted from Operation Broadway, a joint investigation by the Bureau and the High-Intensity Drug Trafficking Area Camden Task Force. In September, 12 alleged members of the violent, Paterson-based Nine Trey Hillside Beehive set of the Bloods, including its two top leaders, were charged in Operation Swarm. The investigation, led by the State Police, Division of Criminal Justice, Department of Corrections' Special Investigations Division and Paterson Police, also uncovered drug smuggling in state prisons.

During 2008, the Gangs & Organized Crime Bureau obtained guilty pleas and prison sentences for 25 out of 32 members of the violent Sex Money Murder set of the Bloods gang who were indicted in 2007. The two top leaders in Mercer County received prison sentences of 13 years and 12 years. One gang member from Pemberton, David Garmon, faces a 40-year prison sentence after pleading guilty in a separate investigation into Sex Money Murder in Burlington and Mercer counties called Operation Razorback, which the Bureau conducted with the State Police, Burlington County Prosecutor's Office, and Pemberton Police Department. In addition, prosecutions of members of the Nine Trey Gangsters set of the Bloods continued in 2008. Guilty pleas were obtained from 27 of the 46 defendants who were indicted in 2007 as a result of a joint investigation led by the New Jersey State Police and the Division of Criminal Justice. The defendants received sentences ranging from 5 years to 16 years in state prison.

Members of the Gangs & Organized Crime Bureau have also worked on important initiatives under Governor Jon S. Corzine's Strategy for Safe Streets and Neighborhoods. Many attorneys and detectives in the Gangs & Organized Crime Bureau are working on the Governor's Camden Violent Crime Task Forces, initiated in June 2008. These multi-agency task forces made 306 arrests for crimes including murder, assault with a firearm, drug and gun trafficking offenses, and armed robbery. Forty firearms were seized, including 13 assault weapons, along with significant quantities of narcotics.

In addition, Bureau attorneys have been embedded in the Essex and Camden county prosecutors' offices under the CeaseFire program, which seeks to reduce gun violence through aggressive prosecution of defendants in non-fatal shootings. They obtained 117 indictments and accusations for shootings, drug and weapons offenses and other crimes.

The Gangs & Organized Crime Bureau indicted five men for trafficking guns from Pennsylvania into New Jersey as a result of a partnership with the State Police and U.S. Department of Alcohol, Tobacco, Firearms and Explosives that utilizes ATF's E-trace system for tracking guns used in crimes.

The Bureau also assisted federal authorities in charging an organized crime figure. Through a cooperative effort of the Bureau and the U.S. Attorney's Office in Brooklyn, captured fugitive Michael J. Coppola, a Genovese Crime Family capo, was indicted in the Eastern District of New York on charges of racketeering and racketeering conspiracy that include, as a predicate act, the 1977 execution-style murder of John "Johnny Cokes" Lardiere.

## Major Crimes

In addition to prosecuting major financial crimes, the Division's Major Crimes Bureau, through its Environmental Crimes Bureau, led an intensive investigation with the Avalon Police Department and the Cape May County Prosecutor's Office that resulted in the arrest and subsequent indictment of a Pennsylvania dentist, Thomas McFarland, for allegedly dumping needles and other medical-type waste that washed up on the beach in Avalon during the last week of August 2008. In April, the Major Crimes Bureau's Casino Prosecutions Unit obtained an indictment charging 24 members of a multimillion-dollar sports betting ring that operated inside the Borgata Hotel Casino poker room. Guilty pleas were obtained from 17 of the defendants, including the two leaders of the ring, Andrew Micali and Jack Buscemi, Jr. The leaders each face up to five years in state prison.

In the area of financial fraud, the Major Crimes Bureau successfully prosecuted a Monmouth County man, Spiro Pollatos, who led others in mortgage fraud schemes involving the theft of \$2.7 million. The schemes caused financial devastation for at least 20 victims and had an adverse impact on two financial institutions that provided loans. Pollatos pleaded guilty in October to first-degree money laundering and faces up to 15 years in prison. His girlfriend pleaded guilty to second-degree money laundering and faces 10 years in prison. In December, the Bureau and the FBI arrested Jeffrey Joseph Southard of Pittsgrove on charges of first-degree money laundering, theft and securities fraud for allegedly stealing more than \$1.3 million from investors.

Jeffrey Scott Lafferty was sentenced to 10 years in state prison in May for stealing approximately \$790,000 from clients of his investment firm, which had a mailing address in Red Bank and offered specialized financial services for podiatrists. That case was investigated by the New Jersey Bureau of Securities, the Division of Criminal Justice and federal authorities. And in March, the Major Crimes Bureau indicted a

Millstone Township man, Michael D'Angelo, on charges he stole \$690,000 from more than two dozen victims who invested millions of dollars in his fraudulent get-rich-quick scheme. The New Jersey Bureau of Securities simultaneously filed a lawsuit seeking restitution and penalties against D'Angelo, his company, CMR Mngt. Group LLC, and two other owners of CMR.

In other noteworthy cases brought by the Major Crimes Bureau, a Bergen County woman, Victoria Rivera, was sentenced to 10 years in prison, and her boyfriend, three years, for stealing \$828,000 by filing fraudulent state tax returns. And Tyrone Maple, of the Bronx, N.Y., was sentenced to three years in prison in October for releasing hazardous asbestos dust and debris at a church and daycare center in Paterson by removing asbestos insulation without a license and without observing federal and state laws. He pleaded guilty to a charge of knowingly causing the unlawful release of a toxic pollutant filed by the Environmental Crimes Bureau.

## Insurance Fraud

In 2008, the Office of Insurance Fraud Prosecutor charged 182 defendants. OIFP obtained fines, judgments, penalties and restitution orders totaling more than \$41 million, representing a 220 percent increase over 2007, and imposed 776 civil insurance fraud sanctions, a 3 percent increase over 2007. The Medicaid Fraud Control Unit assisted in national Medicaid fraud settlements involving pharmaceutical companies that resulted in recoveries of more than \$13 million for New Jersey for its Medicaid program in 2008.

In January 2008, 14 people, including the owners of a pharmacy and a clinic in Essex County, were charged by OIFP in Operation PharmScam, an ongoing investigation into schemes in which completed prescription





forms for HIV/AIDS drugs and other expensive medicines were bought from indigent patients so Medicaid could be billed for drugs that were never dispensed. The total fraud is estimated to have exceeded \$2 million. Clinic owner Bryan X. Chandler pleaded guilty to health care claims fraud, as did two pharmacy operators who were charged separately, Abdul Bari and John Borges. Bari was sentenced to three years in prison, and Chandler and Borges also face prison terms of three to five years under their plea agreements.

In February, Irwin B. Seligsohn was sentenced to three years in prison, becoming the first New Jersey lawyer to be sent to prison for the illegal use of runners. Racketeering and conspiracy charges were filed by OIFP against Seligsohn, his law partner, their firm, and 47 other individuals in connection with the firm's use of runners to recruit individuals to feign auto accident injuries. To date, 26 defendants, including both attorneys and the firm, have pleaded guilty. In December, the two owners of a Newark home health care agency, Touch of Life, and their office coordinator pleaded guilty to fraud charges. An OIFP investigation determined they defrauded Medicaid out of almost \$1 million by billing Medicaid for services that were not provided and services that did not qualify for reimbursement.

In 2008, OIFP also continued to prosecute individuals involved in various auto theft rings in which cars valued in the millions were stolen from New Jersey, New York and Pennsylvania. The cars were re-tagged with altered vehicle identification numbers and sold, sometimes over the Internet on sites such as eBay. Some of the car thieves posed as licensed locksmiths in order to obtain codes that they used to reproduce car keys, and some of the cars were stolen from dealership lots.

## Significant Appellate Matters

The Division's Appellate Bureau had significant victories in the New Jersey Supreme Court that continued to shape state law in areas as diverse as police use of NCIC information during traffic stops, admissibility of statements made by abused children, and appellate review of "overcharging" cases.

**State v. Sloane:** The Court ruled that a check of records for a driver or passenger in the National Crime Information Center database during a traffic stop is not a "search" under the state and U.S. constitutions, so no reasonable and articulable suspicion is needed for such a check. The Court held that there is no reasonable expectation of privacy in the public records maintained by NCIC. By recognizing that an NCIC check is not a search and does not implicate privacy concerns, the Court preserved the ability of officers to quickly conduct such checks, which may be important for their safety and the performance of their duties.

**State v. Buda:** The Division's Appellate Bureau appeared as amicus curiae, or friend of the court, in a case in which the Appellate panel held that the trial court did not abuse its discretion in ruling admissible a young child's statements made to his mother, and to a Division of Youth and Family Services worker, that the defendant had beaten him. The Appellate panel held that such statements were admissible as excited utterances and did not violate the Confrontation Clause of the U.S. and state constitutions under the controlling U.S. Supreme Court cases because the statements were non-testimonial.

**State v. Reid:** This case represented a significant victory for law enforcement's ability to gather computer-based evidence while recognizing the privacy rights of New Jersey citizens. The Court held that while the New Jersey Constitution provides citizens with a reasonable expectation of privacy in the subscriber information they provide to Internet service providers, law enforcement can obtain subscriber information by serving a grand jury subpoena on an Internet provider without notice to the subscriber. The Court upheld the suppression of information obtained by a municipal subpoena, but it provided that the State could reacquire the information with a proper grand jury subpoena.



**State v. Amelio:** In this case, the Court held that a police stop of a defendant's car was proper given that the police dispatcher received information from the defendant's 17-year-old daughter that he was driving a car while drunk. The Court concluded that this provided a reasonable basis for the stop of his car.



## *Other Initiatives*

**DNA Database:** The Division's CODIS Compliance Unit and the State Police Office of Forensic Sciences continued to rapidly expand New Jersey's DNA database and databank in 2008, adding more than 23,696 samples. The databank now contains over 198,534 samples. As the number of DNA profiles in the database continued to grow, the number of DNA hits also increased. There were more than 762 "hits" or matches in 2008. These hits solved or assisted law enforcement in investigating 90 sexual offenses, 355 burglaries, 131 robberies and thefts, and 37 homicides. New Jersey's DNA collection and hit rates are among the highest in the country.



# Division of State Police

Members of the State Police work to protect the general public by providing statewide police services including highway and marine patrols, criminal investigation and enforcement, intelligence gathering, disaster management, homeland-security-related initiatives, emergency medical transport, forensic science, laboratory services, and maintenance of criminal records and crime data. The State Police is organized geographically into various “Troop” areas that are further delineated into sections, units and bureaus that provide for intensified focus on such issues as street crime and violence, drug trafficking and other forms of organized crime, disaster response, cyber-crime, casino crime, and domestic preparedness. The State Police employs traditional law enforcement strategies in conjunction with new approaches and cutting-edge technology to most effectively deal with such threats as illegal drug distribution, violent gang activity, official corruption, Internet predators and identity theft. More information about the State Police is available at [www.njsp.org](http://www.njsp.org).



## Investigation Highlights

**Fugitive Arrests for Murder:** In February 2008 members of the State Police Fugitive Unit and the U.S. Marshals Service New York/New Jersey Regional Fugitive Task Force arrested accused killer David Shepherd in Jim Thorpe, PA. The arrest of Shepherd, who was wanted for the execution-style shooting death of a man outside a bar in Atlantic City in November 2007, resulted from information obtained by a member of the State Police through a confidential informant, as well as information obtained from the social networking Web site My Space. In October 2008, the State Police Fugitive Unit and the U.S. Marshals Service Fugitive Task Force captured wanted killer Sharon Byrd at a residence in Upper Deerfield, Cumberland County. Byrd was wanted in connection with the robbery and shooting murder of a pizza delivery man in Philadelphia in September 2008. Byrd's boyfriend had been arrested in Philadelphia after the killing, but Byrd had fled to New Jersey and remained a fugitive for approximately a month.

**Cardiff Motor Vehicle Agency Probe:** In August 2008, members of the Auto Unit arrested New Jersey Motor Vehicle Commission clerk Lynette Daniel-Peterson in connection with a scheme in which New Jersey Digital Driver's Licenses or New Jersey Identification Cards were essentially being sold to persons unable or unwilling to meet the state's "six points of identification" requirement for \$7,800 each. The arrest resulted from a State Police investigation of activity at the state Motor Vehicle Commission office in Cardiff that began in April 2007 and involved, among other things, use of a confidential informant, an undercover Trooper, various electronic and other surveillance strategies and assistance from local law enforcement. The investigation ultimately led to indictments against Daniel-Peterson and several accomplices. The accomplices included Samuel Pelaez, identified as a "broker" in the scheme, and Luis Matos, who was acting as a "runner" connecting those seeking a digital license with Daniel-Peterson. Daniel-Peterson ultimately pleaded guilty, as did her co-defendants. Each was sentenced to a state prison term.

**Arrest in NJ Correction Officer's Murder:** In early 2008, State Police detectives charged Donnel Logan of Deerfield Township, Cumberland County, with murder in

connection with the January 25, 2008 death of New Jersey Corrections Officer Sonya Mullins, also of Deerfield Township. Mullins, who was assigned to South Woods State Prison, was discovered dead when firefighters and police responded to a fire at her home. An investigation by the State Police Arson/Bomb Unit determined the fire was intentionally set, and evidence at the scene indicated the victim had been assaulted prior to the setting of the fire. State Police detectives subsequently arrested Logan, a former state corrections officer who'd also been assigned to South Woods State Prison and who had formerly lived with Mullins. Logan was charged with murder, felony murder (arson), aggravated arson, aggravated assault, tampering with evidence and burglary. As of year's end, Logan remained in the Cumberland County Jail on \$500,000 bail.

**Sex Offenders on Facebook, My Space:** During the week of April 13, 2008, three registered sex offenders were arrested by the Digital Technology Unit for violating the conditions of their parole by accessing the social networking sites My Space and Facebook. The offenders, each of whom had previously been convicted of sexual crimes against children, were charged with violating a new law (effective in January 2008) restricting Internet access by convicted sex offenders. The arrests followed a four-month investigation by the Digital Technology Unit with assistance from the New Jersey Parole Board. Arrested were Stanton Ulmer of Neptune Township, Felice Black of Paterson and Pietro Parisi of Westville. Each suspect was charged with violating the terms of his parole supervision and released on his own recognizance pending court proceedings. Ulmer was convicted in 1999 of aggravated sexual assault. Black was convicted in 2005 for endangering the welfare of a child. Parisi was convicted in 1996 for endangering the welfare of a child and again, in 2003, for sexual assault.

**Sexual Predator "Chat Room" Arrest:** In September 2008, members of the Digital Technology Investigations Unit arrested Dennis Longdaue of Thorofare, Gloucester County, after he arrived at a Mercer County park to have sex with someone he believed was an underage girl he'd met in an Internet chat room. In fact, the "girl" he had arranged to meet was an undercover State Police detective. Longdaue was arrested while waiting in the woods of Veterans Park in Hamilton Township. The



investigation of Longdaue, 47, began when he entered a Yahoo chat room and engaged an undercover detective who was on-line as part of a State Police operation aimed at catching Internet predators. During the initial chat session, Longdaue allegedly expressed interest in meeting the underage “girl” for sex, and subsequently arranged a date of Sept. 20, 2008. Minutes before he was arrested, Longdaue was allegedly in contact with the “girl” from his spot in the woods via his Internet-capable cell phone. A subsequent search of his truck revealed condoms and chocolates, which Longdaue allegedly had promised to bring during one of his on-line chats with the detective. Longdaue was held on \$100,000 cash bail in the Mercer County Jail and ordered by a Superior Court judge to have no contact with children.

**Cyber Hacking, Extortion Arrest:** Following an investigation, the Cyber Crimes Unit arrested a 21-year-old Hamilton man on charges related to his hacking into a young woman’s e-mail account and attempting to extort nude photos of her. The victim, 19, contacted State Police after receiving a text message on her cell phone informing her that her e-mail account password had been changed to “hack101.” The person who sent that text message also wrote that he’d found nude photos of her in the e-mail account. He demanded additional nude photos, and said he would post the ones he had on the Internet if she didn’t provide them. The victim explained to investigators that, approximately a year earlier, she had taken nude photos of herself and sent them to her boyfriend. She said she had saved the photos in a folder located in her e-mail account. Soon after receiving the text message demanding nude photos, the victim received another message informing her that a My Space account had been created, and that it contained some of the pictures from her e-mail account. After subpoenaing the necessary information from Yahoo, detectives went to the 21-year-old suspect’s home. He admitted to hacking into the woman’s e-mail account and attempting to extort nude photos from her. Investigators also learned that he was related to the victim’s boyfriend. The suspect was charged with theft by extortion and computer theft, and subsequently pleaded guilty.

**Human Trafficking Arrest:** In June 2008, members of the Special Investigations Unit charged Andre L. Cooks with first degree human trafficking related to the exploitation of women for prostitution in Atlantic City. Cooks, who was living at an Essington, PA.,

motel at the time, was also charged with making terroristic threats, promoting prostitution and sexual assault. Cooks was allegedly transporting young women from Orlando to Atlantic City, where they were being coerced into prostitution for Cooks’ benefit. Cooks was lodged in a Delaware County correctional facility and later extradited to New Jersey pending prosecution on the human trafficking and other counts.

**Casino Money Laundering Case:** Based on information developed in consultation with Pennsylvania law enforcement sources, members of the State Police Casino Gaming Bureau’s Financial Crimes Unit learned that a known cocaine distributor from the Harrisburg area, John Hollins, was exploiting the Atlantic City casinos to conduct drug transactions via Western Union. Investigation revealed that Hollins had logged more than \$1 million in casino play. Ultimately, Hollins and his girlfriend, Leslie Lawson, also of Harrisburg, were arrested on charges of first-degree money laundering and lodged in the Atlantic County Jail. The Pennsylvania Attorney General’s Office simultaneously pursued narcotics charges against the two.

## Aviation Bureau

Every year since 2001, the Aviation Bureau has experienced an increase in its mission demands. In 2008, the bureau handled a total of 10,831 missions. Among other assignments, these included: 3,383 homeland-security-related flights, 1,200 training missions, 1,149 successful MedEvac emergency rescue missions, 285 MedEvac inter-hospital transfers, 120 surveillance missions and 13 marijuana eradication flights. Among the Aviation Bureau mission highlights was the successful “hoist” rescue of a 10-year-old child who fell and was injured in the Delaware Water Gap mountain range. Other highlights included:

- The successful hoist rescue of two women and a dog trapped in a frozen marsh area in Middlesex County.
- The successful rescue of a man lost in the Pinelands who was sighted from a half-mile away by a State Police aviator wearing Night Vision Goggles. Bureau pilots then directed rescue teams on the ground to the lost man’s location.
- A predawn aerial raid on a 19-story high-rise apartment building in Camden. State Police helicopters provided a platform for





13 members of the Technical Emergency And Missions Specialist (TEAMS) Unit who rappelled on a “fast rope” mission to the building’s rooftop. Ultimately, Troopers were able to serve arrest warrants on a number of suspects, including a high-profile narcotics dealer and several accomplices.

## Canine Unit

The State Police Canine Unit responded to more than 2,600 requests for service during 2008 from federal, state and local agencies. State Police Explosive Detection K9 Teams assisted in the state’s homeland security mission by conducting 4,295 explosive sniffs and nearly 2,500 explosives sweeps.

State Police Narcotic Detection K9 Teams seized approximately 3,246 grams of heroin, 206,604 grams of marijuana, nearly 138,000 grams of cocaine 490 grams of crack, two grams of methamphetamine, 9,000 grams of ketamine and other drugs valued at a total of \$5.9 million. In addition, Narcotic Detection K9 teams seized \$3.36 million worth of narcotics-tainted U.S. currency. For the year, State Police K9 teams located nine people and 17 pieces of evidence through suspect tracks, missing person searches and building searches. Among other response-to-threat actions, 18 K9 teams were deployed during an incident at a popular amusement park in New Jersey in which there was a report of a possible suicide bomber.

## Homeland Security/ Emergency Management

The State Police maintain a station at the Atlantic City International Airport whose primary mission is homeland security. The station provides airport/aviation security and on-site law enforcement services to the airport.

In 2008, State Police personnel conducted more than 200 investigations of suspicious travel documents, which ultimately led to arrests for such crimes as fugitive from justice, possession of illegal drugs, possession of a concealed deadly weapon and immigration-related wants/warrants. In addition, the State Police identified 14 persons during seven separate investigations into suspicious activity who, based on State Police information, became “persons of interest” to the FBI Joint Terrorism Task Force or were found to already be under current scrutiny by the task force.

Also in 2008, the State Police airport unit conducted a successful joint investigation with the federal Drug Enforcement Administration (DEA) as part of the DEA-sponsored Operation Jetway Task Force Group. The investigation targeted a drug-trafficking organization that had trafficked more than 100,000 pills through the Atlantic City International Airport for distribution throughout South Jersey. The pills included oxycontin, percocet, methadone and other prescription narcotics. The pills were obtained illegally from a Florida physician who was part of a parallel DEA operation in that state. Ultimately, three persons were arrested at the Atlantic City Airport upon their return from a drug-trafficking trip with more than 1,500 narcotic pills. The parallel federal investigation in Florida continues.

## Expansion of ROIC

During 2008, the State Police Communications Bureau oversaw the \$3.5 million interior construction for an expansion of the Regional Operations and Intelligence Center (ROIC) – an overall \$7.72 million project. The expansion will provide State Police the ability to house its Operational Dispatch-Call Center Unit within the ROIC, closing a geographic gap between cellular 911 calls, other Call Center Unit functions, and the Watch Operations element of the ROIC. In short, the project will enhance the “real time” transmittal of information related to all crimes, threats and hazards affecting the state. The new Call Center Unit will consist of 24 work stations, equipped with Motorola Gold Elite dispatch radios, Positron Power 911 phone and mapping systems and Positron Computer Aided Dispatch (CAD). When completed, the facility will be better positioned to receive the more than one million cellular 911 calls received from the northern and central regions of New Jersey, and leave room for expansion of the southern region of the state.



# Division of Law

Staffed by approximately 510 attorneys, the Division of Law is regularly involved in significant and complex litigation on behalf of New Jersey residents. The Division's cases involve everything from protecting children and preserving the environment to safeguarding civil rights and holding accountable those who commit fraud. The Attorney General has a statutory duty to serve as both legal adviser to agencies of state government and as defender of state laws. Through its Affirmative Litigation Section, the Division of Law conducts its own civil investigations and pro-actively files its own lawsuits on behalf of the State. However, the Division's workload is also influenced by the number, and the nature, of lawsuits being pursued by other agencies of State government, and by the volume of lawsuits pending against the State at any given time. In 2008, the Division handled more than 39,000 pending legal matters and resolved or closed out another 18,000. The Division also conducted more than 1,200 trials and 1,100 administrative hearings. To learn more about the Division of Law visit [www.nj.gov/oag/law](http://www.nj.gov/oag/law).





## Keynote Achievements

### Increased Recoveries, Reduced State

**Pay-Outs:** The Division of Law obtained \$154 million in recoveries and judgments on behalf of the state in 2008 through anti-fraud, consumer protection, environmental and other litigation. The \$154 million obtained by the division represents a \$30 million increase – approximately 24 percent – over the amount obtained on behalf of the state in 2007. Total dollars obtained by the Division through litigation in 2008 included \$63 million recovered via settlement of a pension securities fraud lawsuit against Tyco International Ltd. and several of its top executives. In addition, legal action by the division resulted in favorable judgments or cost recoveries as follows: \$22 million via general litigation; \$14.7 million through environmental lawsuits; \$19 million from debt-recovery litigation; \$10.2 million from consumer fraud lawsuits, \$6.5 million from investment fraud litigation; \$4.3 million from civil prosecution of Medicaid and other insurance fraud, and \$1.3 million from litigation related to the state's various professional licensing boards.

At the same time that recoveries and judgments obtained by the Division increased, the total amount paid out by the state as a result of legal action against it dropped in 2008 by more than 40 percent – from \$45.6 million in 2007 to \$26.7 million.

### Civil Mortgage Fraud Prosecutions:

Continuing the department's attack on mortgage fraud, Division of Law attorneys filed five separate mortgage fraud lawsuits in 2008 naming a total of 73 individual and corporate defendants. Fraud schemes outlined in the five complaints ran the gamut and included those aimed at victims seeking to own investment properties, those hopeful of improving their living situations via "rent-to-own" opportunities and – in keeping with a growing societal trend – property owners needing foreclosure rescue assistance. In one case, *Milgram v. Vest/*

*JP Global*, the Division filed civil racketeering and consumer fraud charges against two related enterprises that conducted foreclosure "relief" schemes. Among other things, Vest/JP Global defendants were charged by the state with inducing financially-desperate homeowners to transfer their property titles to third party buyers on the false promise that they would be able to repurchase their homes in one-to-two years. In fact, the state's complaint charges, homeowners never were able to repurchase their homes, because the conspiring businesses and individuals stripped the equity and charged the former homeowners excessive rent.

### The Division filed similar lawsuits against three other enterprises including:

A&E Mortgage, American Millennium and Ultimate Realty. As of year's end, each of the state's five fraud lawsuits was in the discovery phase of litigation.

### Successful Mercury Rule Challenge:

Working with state environmental officials, the Division successfully represented New Jersey's interests as lead state in a 17-state coalition that fought, and ultimately won, against the federal government's controversial "cap-and-trade" approach to regulating harmful mercury emissions from power plants. In February 2008, the U.S. Court of Appeals for the District of Columbia agreed with New Jersey and the other states that the federal government cannot avoid its legal duty to promulgate strict limits on mercury emissions from all power plants – and do so expeditiously. Among other things, the ruling meant elimination of the federal cap-and-trade approach, under which power plants can purchase emissions credits from other plants that have cut emissions below targeted levels rather than meet strict emission standards by installing pollution controls.



**Protection of Children:** The Division filed a civil lawsuit on behalf of New Jersey in 2008 challenging a decision by the federal Department of Health and Human Services to make significant changes to the State Children's Health Insurance Program (S-CHIP).

The changes would have denied health insurance coverage for more than 10,000 New Jersey children. The state's lawsuit charged that federal officials circumvented the public rule-making process by arbitrarily changing the S-CHIP program eligibility standards without proper notice to, or comment by, the regulated states. The federal government ultimately announced it would not implement the proposed changes to S-CHIP.

Division attorneys also worked closely with the New Jersey Department of Children and Families in 2008 to protect abused and neglected children. Through its DYFS Practice Group, the Division won termination of parental rights in more than 900 guardianship cases, freeing the children involved for adoption. With assistance from the Division, DYFS completed more than 1,300 adoption finalizations for children in 2008.

## Significant Matters

**Sunoco Settlement:** As a result of litigation, Sunoco paid New Jersey and the federal government a total of nearly \$1.2 million in stipulated penalties and interest in 2008 after failing to meet a deadline – agreed upon as part of an earlier Consent Decree – for installation of air pollution controls at its Gloucester County oil refinery.

**Assistance on Economic Stimulus Package:** The Division of Law aided in the state's economic recovery effort by working with the New Jersey Economic Development

Authority (EDA) and the State Treasurer in drafting and reviewing two pieces of legislation that were enacted as part of the Governor's Economic Stimulus Package. *Main Street NJ* enables the EDA Chief Executive Officer to participate with and guarantee bank loans to ease the credit crunch by encouraging banks to make loans to companies that either need to refinance old debt or to sustain a line of credit in order to operate. *Invest NJ* is a new program that awards a \$3,000 tax credit per job to corporations that create new jobs in New Jersey, and a \$3,000 grant per job to any non-corporation business that creates new jobs.

**MOU on Nuclear Power Plant Security:** The Division worked on a Memoranda of Understanding with the operators of New Jersey's nuclear power plants – AmerGen Energy Company and PSEG Nuclear – that strengthened security at the three generating stations while freeing up State Police and National Guard resources for deployment on other assignments.

The Memoranda of Understanding with AmerGen and PSEG Nuclear provided for increased private security patrols outside the plants and a new video monitoring system with panning and zoom cameras that have thermal imaging capabilities. The new cameras provide views of the perimeter and access points to the nuclear power sites and feed video images to the state's Regional Operations and Intelligence Center (ROIC) through a secure line. State Police at the ROIC are able to activate and view the cameras at any time.



## DOL Judgements and Recoveries for CY 2006-2008

Judgement/Recovery Type	CY 2006 Amount	CY 2007 Amount	CY 2008 Amount
Civil Insurance Fraud	\$ 1,720,464.22	\$ 1,228,962.57	\$ 1,314,379.41
Consumer Fraud	\$ 19,789,424.34	\$ 5,479,913.24	\$ 10,222,460.44
Debt Recovery	\$ 11,267,392.00	\$ 19,981,300.44	\$ 19,170,048.80
Environmental	\$ 3,016,669.38	\$ 14,532,564.67	\$ 14,746,088.64
General	\$ 1,362,972.81	\$ 10,484,375.38	\$ 22,033,672.86
Medicaid	\$ 1,848,710.19	\$ 3,710,245.97	\$ 3,024,072.27
Pension Security Fraud	\$ 53,500,000.00	\$ 48,573,502.33	\$ 63,804,230.46
Professional Boards	\$ 200,105.99	\$ 1,324,119.01	\$ 1,307,786.05
Securities Fraud	\$ 1,266,000.29*	\$ 8,449,859.35	\$ 6,526,953.80
Tax	\$ 6,661,167.27	\$ 10,514,808.35	\$ 12,486,875.80
<b>Total</b>	<b>\$ 100,632,906.49</b>	<b>\$ 124,279,651.31</b>	<b>\$ 154,636,568.53</b>

\*In CY 2006 a Consent Judgment of \$69,291,511 was entered but not included due to non-collection because of lack of assets.

## Payouts for Matters handled by DOL for CY 2006-2008

Matter Type	CY 2006 Amount	CY 2007 Amount	CY 2008 Amount
Employment	\$ 2,451,291.90	\$ 2,311,077.45	\$ 1,289,830.91
General	\$ 17,580,966.17	\$ 14,836,861.59	\$ 8,904,973.71
Medicaid	\$ 1,558,858.00	\$ 1,261,528.00	\$ 0.00
NJ Transit	\$ 17,650,468.66	\$ 8,703,454.17	\$ 3,362,134.26
Tax	\$ 967,926.49	\$ 865,034.51	\$ 396,447.99
Tort	\$ 31,581,831.23	\$ 17,534,713.77	\$ 12,533,950.00
UMDNJ	\$ 534,580.00	\$ 102,550.00	\$ 233,840.00
<b>Totals</b>	<b>\$ 72,325,922.45</b>	<b>\$ 45,615,219.49</b>	<b>\$ 26,721,176.87</b>



# Division of Consumer Affairs

The Division of Consumer Affairs is responsible for enforcing laws designed to ensure fairness and integrity in New Jersey's commercial and investment marketplaces, and for assisting consumers who may have complaints or questions about particular vendors or service providers. The Division's essential mission is to protect New Jersey consumers from fraud and deception, and to ensure that the state's licensed professions and trades observe high standards of conduct. More information about the Division of Consumer Affairs is available at [www.njconsumeraffairs.gov](http://www.njconsumeraffairs.gov).



## Significant Cases

### Bureau of Securities

**Miller/Riedman:** The Division's Bureau of Securities obtained a state Superior Court judgment ordering Fred J. Miller, of Fort Lee, and Eric Riedman, of New York, and their Bergen County-based companies to pay \$3.6 million in restitution to defrauded securities investors and \$4.3 million in civil penalties to the state. A Superior Court judge also permanently banned the two men from further securities-related activity. Miller and Riedman were shown by the Bureau of Securities to have raised \$3.3 million by making fraudulent representations and omitting key, risk-related information while persuading 160 victims to invest with them. A judge also found that the men had diverted investor funds for their personal use.

**Heritage Financial:** A Bureau of Securities investigation led to a broader probe of investment fraud that involved U.S. and Brazilian authorities and, ultimately, resulted in federal charges against more than 20 suspects accused of operating an international fraud ring.

The Bureau of Securities launched the case several years ago when victims from around the world began contacting the state to complain about a Trenton-based company known as Heritage Financial. In fact, Heritage Financial was fictitious, and investors who believed they were talking to their stock brokers in New Jersey were actually speaking with con artists operating in "boiler rooms" around the globe. Ultimately, the U.S. Justice Department, the FBI, U.S. Postal Inspectors, the U.S. Securities and Exchange Commission and Brazilian Federal Police joined the investigation.

In March more than 20 people – everyone from the leader of the enterprise and his partners to numerous "doleiros" or money launderers – were arrested in Brazil and in Florida.

**Spanlogix:** The founder of a defunct Princeton-based company who allegedly defrauded investors agreed in May 2008 to pay \$200,000 in restitution and a \$75,000 civil penalty to the state to settle a lawsuit brought by the Bureau of Securities. As part of the settlement, Thomas D'Innocenzi, founder of Spanlogix Corp., was also permanently banned from working in the New Jersey securities industry. D'Innocenzi founded

Spanlogix, a Web site and e-learning company, in August 2001. Beginning in January 2002, the company began offering and selling stock in itself. Ultimately, the company sold more than 438,000 shares of stock to 83 investors at \$2 per share. The stock was not registered for sale with the Bureau of Securities, as required by law, and D'Innocenzi also made numerous misrepresentations to investors about the stock sale. Spanlogix never became profitable and D'Innocenzi eventually wired hundreds of thousands of dollars in investment capital overseas to Thailand for what he claimed were outsourcing expenses.

**Talbot/Schroy/Simmons:** The Bureau of Securities filed suit in August against three men who allegedly duped investors – including members of a Wyckoff church – out of an estimated \$500,000 by promising their investments would fund charitable purposes and the purchase of a new church building. In reality, the defendants juggled investors' money among business and personal accounts they controlled and ultimately used the funds for personal expenses.

- A five-count complaint filed in Superior Court in Bergen County charges that David A. Talbot of Hackensack, Robert Schroy of Illinois and Kenneth Simmons of California committed multiple violations of the state's Uniform Securities Law.

In its lawsuit, the Bureau of Securities charges that Talbot, Schroy and Simmons operated a fraud from March through October 2007. Talbot, a former member of the Wyckoff Assembly of God Church, later became affiliated with the New Horizons Fellowship. The Fellowship rented a church in Wyckoff and was interested in buying a church building. Talbot and Schroy allegedly used prayer conference calls to induce Fellowship members and others into investing with the promise that their investments would generate monthly returns of between 12 percent and 35 percent. The men allegedly said investment returns would fund the Fellowship's church purchase, as well as other charitable undertakings. The scam attracted at least 10 investors, including some church members.

The state's lawsuit charges that Talbot, Schroy and Simmons transferred their money among various bank accounts and eventually





spent it on furniture, electronic appliances, hotel stays, restaurant meals, auto leases and other personal expenses. Bureau of Securities investigators have identified at least 15 bank accounts used in the scam.

### Office of Consumer Protection

**Target/Wal-Mart/Drug Fair:** The Division filed separate lawsuits in September 2008 charging major retailers Target, Wal-Mart and Drug Fair with selling infant formula and non-prescription drugs beyond their marked expiration dates. All three companies face enhanced civil penalties because each allegedly have violated the terms of prior agreements with the state over sale of expired infant formula and non-prescription drugs. Consumer Affairs investigators also found that products advertised in store flyers, including “back-to-school” items such as binders, calculators and printers, were not in stock. State inspectors also found the stores engaged in inaccurate price scanning.

Filed in Superior Court in Hudson and Union counties, the state’s lawsuits charged that Target, Wal-Mart and Drug Fair violated the Consumer Fraud Act by offering expired merchandise for sale, engaging in unconscionable commercial practices and making false promises and misrepresentations. Each company was also charged with violating the state’s Weights and Measures Act through inaccurate price scanning. In addition to the infant-formula and prescription drug charges, Target and Wal-Mart were charged with failing to display selling prices, failing to have sufficient quantities of advertised items in stock and failing to post proper notice of New Jersey’s bike helmet law for consumers to view.

Drug Fair was also charged with failing to have sufficient quantities of advertised items in stock. Each alleged violation by Target, Wal-Mart and Drug Fair of the prior agreement carries with it an enhanced penalty of up to \$20,000.

**Chevy 73:** A Berlin, Camden County auto dealership that trades as Chevrolet 73 and Chevrolet 73 Bargain Corral agreed to pay the state \$200,000 to settle a lawsuit brought by the Division of Consumer Affairs. In its original lawsuit, the state charged Chevrolet 73 with multiple violations of the state Consumer Fraud Act, Used Car Lemon Law and related regulations. Specifically, the state charged that Chevrolet 73 failed to honor all advertised

motor vehicle prices, terms and conditions, and that it either misrepresented or failed to disclose the mechanical condition of used vehicles it sold. As part of the settlement, Chevrolet 73 agreed to take part in the Division of Consumer Affairs’ Alternative Dispute Resolution (ADR) program for three years. Under terms of the agreement, any future consumer complaints received by the Division during that period will be forwarded to Chevrolet 73 and the dealership must respond within 30 days. Any complaints not resolved will be forwarded to the Division’s ADR unit for binding arbitration.

**Mecca Travel:** Through the Division’s efforts, a travel agency that failed to deliver on paid-for travel packages to Mecca agreed in 2008 to pay restitution. Woodbridge travel agency owner Syed Ehtesham Naqvi and his business Dar Al Muslimeen USA agreed in December to pay four consumers a total of more than \$23,000 to settle a lawsuit filed by the Division. Naqvi also agreed to binding arbitration to resolve complaints from nine other consumers who are seeking a total of \$29,355 in restitution. Through Naqvi, consumers bought travel packages for a religious pilgrimage to Mecca, but they never made the trip because Naqvi failed to book their flights.

**Celebration Studios:** To the relief of many New Jersey residents who feared they would never own treasured keepsakes from their weddings, the Division began distributing wedding photos and videos belonging to customers of the defunct Celebration Studios in November 2008. Celebration Studios abruptly closed in January 2008 and left many consumers without their contracted-for wedding photos and videos. In early November, acting on a request by the state, a Superior Court judge ordered photographers and videographers who had worked with Celebration Studios to turn over their merchandise for distribution by the state. As part of the effort to unite consumers with their cherished pictures and videos, Division staff sorted and catalogued 4,000 items in the company’s warehouse. Staff also reviewed contracts, receipts and bills submitted by approximately 1,400 Celebration Studios consumers.





## Professional Boards

**Bipin J. Parikh, M.D.:** Jersey City physician Bipin J. Parikh, who was arrested for providing prescriptions in return for cash payments, agreed in June 2008 to surrender his license to practice to the Board of Medical Examiners while related criminal charges are pending. The state charges that Parikh accepted between \$60 and \$100 per transaction, and that he prescribed hundreds of dosage units of Percocet, Vicodin, Viagra and Levitra to individuals who had not been examined, and who lacked legitimate medical reasons to need the drugs.

**Santusht Perera, M.D.:** The Board of Medical Examiners suspended the license of physician Santusht Perera for two years in the wake of an incident in which he removed portions of a patient's lung that did not require removal while operating to remove a tumor in the patient's other lung.

**Sean Nisivoccia, Chiropractor:** The state Board of Chiropractic Examiners suspended the license of Clifton chiropractor Sean Nisivoccia for a minimum of five years in the wake of allegations he fraudulently obtained personal injury protection insurance benefits by billing for nerve conduction velocity (NCV) testing he was not authorized to perform and participating in illegal referrals.

## Initiatives

### Professional Boards Improvement

As part of a comprehensive improvement plan unveiled the prior year, the Division undertook upgrades to its professional board units in 2008. These upgrades included the overhaul of Board Web sites to include online information on disciplinary actions taken against licensees, scanning board records into electronic form for online access, and the purchase and installation of upgraded computers for board staff.

Web sites for the Accountancy, Acupuncture, Alcohol and Drug Counselors, Architects, Athletic Trainers, Audiology and Speech Language Pathology and Cemetery board/committee were significantly revised and upgraded in 2008, with disciplinary records and additional data now available and readily accessible to the public. This effort will continue in 2009 with other Board Web sites.

The on-line renewal of licenses continued to gain momentum in 2008, with nearly 92 percent of applicants using the Division's on-line system. Of 290,000 total license renewals processed in 2008, approximately 266,000 were submitted on-line. The Criminal History Review Unit continued in 2008 to move toward completing criminal background checks on every health care professional licensed by the Division. This project will be completed in 2009.

Two new boards will be functional in 2009 – the Board of Massage Therapy and the Board of Heating, Ventilation, Air Condition and Refrigeration.

### Boardwalk Task Force

Joined by county consumer affairs investigators, the Division inspected numerous boardwalk businesses along the Jersey Shore from Memorial Day to Labor Day, and found violations of the state's retail, amusement games and weights and measures laws and regulations.

### Airport Scales Task Force

Just prior to the Thanksgiving holiday weekend, inspectors with the Division's Office of Weights and Measures checked all baggage scales inside the three passenger terminals at Newark Liberty International Airport to ensure the devices were accurately weighing luggage. Problems were found with 47 of the 252 baggage scales inspected. The 47 scales were serviced and subsequently passed re-inspection. Each airline pays \$250 annually to have its baggage scales inspected.



# Division on Civil Rights

The Division on Civil Rights is responsible for enforcing the New Jersey Law Against Discrimination (LAD) and the Family Leave Act (FLA). The LAD seeks to prevent and remedy discrimination in employment, housing, contracting and places of public accommodation. The FLA provides eligible employees with leaves of absence in connection with the birth or adoption of a child or the serious health condition of an eligible employee's parent, child or spouse. In addition to receiving and investigating complaints of unlawful discrimination, the Division's mission is to foster sensitivity and respect among all people throughout the state. Consistent with that mission, the Division sponsors a variety of educational and community outreach activities. The Division has regional offices located in Atlantic City, Camden, Newark, Paterson and Trenton. Annually, the Division receives more than 18,000 inquiries from the general public about discrimination, and responds to each one. More information about the Division on Civil Rights is available at [www.njcivilrights.org](http://www.njcivilrights.org).



## Significant Cases

### Places of Public Accommodation

#### **Finding Against Ocean Grove Camp Meeting Association for Denying Use of Boardwalk Pavilion for Civil Union Ceremony:**

In a case that garnered national attention, the Division issued a Finding of Probable Cause against the Ocean Grove Camp Meeting Association for discriminating against a same-sex couple who sought permission to hold their civil union ceremony at Ocean Grove's Boardwalk Pavilion. Ocean Grove residents Harriet Bernstein and Luisa Paster had applied for permission to rent the Pavilion for their civil union ceremony in March 2007, but were denied access by the governing Camp Meeting Association. The Camp Meeting Association said a same-sex ceremony conflicted with its United Methodist religious beliefs and that, as custodian of the Boardwalk Pavilion, it was constitutionally empowered to prohibit such activity. However, a Division on Civil Rights investigation found that the Camp Meeting Association had a history of allowing the public to use the Pavilion for weddings and secular events. The Division also found that the Association had obtained a Green Acres tax exemption from the state Department of Environmental Protection 20 years ago conditioned on the Boardwalk Pavilion being open to the public "on an equal basis." In light of the investigation results, the Division issued its Finding of Probable Cause against the Camp Meeting Association in December 2008. In doing so, the Division held that the Boardwalk Pavilion is a place of public accommodation under state statute, and that the Camp Meeting Association's refusal to rent it to Bernstein and Paster was a violation of the New Jersey Law Against Discrimination.

### Disabled Access

#### **Finding Against Manalapan Condo Association for Refusal to Construct Access Ramps:**

The Division issued a Finding of Probable Cause against the Condominium Association at Covered Bridge Condominiums in Manalapan, Monmouth County, for failing to install access ramps. The case began with resident Shirley Edwab, who suffers from neuromyopathy in both legs and uses a wheelchair and walker. In 2006, Edwab and her husband asked the Condominium Association to install a ramp in a common area to allow

safer access to a parking lot for her and other residents with disabilities. In June 2006, the Association approved construction of two small concrete ramps to allow access to the parking lot serving Edwab's building, as well as a neighboring building in which several other residents with disabilities lived. One ramp was actually completed and used for a short period. However, it was removed after Manalapan Township officials advised that it was not designed according to codes pertaining to barrier-free construction. The condominium association never replaced the faulty ramp, and the planned second ramp was never built. A July 30, 2007 letter from the Association to Covered Bridge residents claimed the Association had no legal responsibility to install ramps. The letter advised that residents were free to have a code-compliant ramp built at their own expense. The Edwabs filed a formal complaint in September 2007. The Division subsequently joined the Edwab's complaint, finding that the Association had violated fair housing laws. The case remains pending before the Office of Administrative Law.

#### **Finding Against Landlord for Denial of LINK Access for Disabled Tenant:**

The Division issued a Finding of Probable Cause against a Flemington, Hunterdon County landlord in 2008 for refusing to allow a LINK vehicle onto her property to transport a tenant with a disability. Tenant Glenn Gordon signed a lease to rent a cottage from homeowner Doris Milnes for \$950 per month from May 1, 2007 through April 30, 2008. Gordon suffers from an uncommon connective-tissue disease and, as a result, has difficulty with movement and mobility. In a complaint filed with the Division in February 2008, landlord Milnes was accused of discriminating against Gordon by refusing to allow a LINK vehicle – used to transport persons with disabilities - to traverse her approximately-1,500-foot-long driveway to pick him up for regular treatment at Hunterdon Medical Center. The Complaint also charged that Milnes forbid Gordon to ride his motorized scooter on the driveway to meet the LINK vehicle out on the main road. According to the Division's Finding of Probable Cause, Milnes also rejected efforts by the Hunterdon County Department of Human Services, administrator of LINK, to negotiate a solution. In a December 6, 2007 letter to Gordon, Milnes advised that she felt it was unsafe for him to continue living in her rental unit, and that he should consider



her letter a notice to vacate. Owing to what the Finding of Probable Cause described as an “intolerable” transportation issue, Gordon was eventually forced to leave the rental home prior to his lease expiring. Milnes told Division investigators that a LINK vehicle of any size would damage drainage pipes located under her driveway. She also claimed that one LINK vehicle attempting to pick up Gordon in the past had been stranded in the mud and required towing because there was not sufficient space in her driveway. The Division found that Milnes failed in her obligation to make a “good-faith effort” to accommodate her disabled tenant, and thereby violated his civil rights.

## Hostile Work Environment

**Division Ruling Upheld on Appeal in Subway Racism Case:** In May 2008, a New Jersey Appellate panel upheld a Final Agency Determination by the Division that found a Subway restaurant franchise committed race-based discrimination against two teen-age employees and that, as a result, the restaurant’s owner and manager must pay each victim \$62,000 in damages and lost wages. In February 2007, the Director of the Division on Civil Rights upheld an Administrative Law Judge’s earlier decision and found that two African-American teen-agers who formerly worked at a Subway restaurant in Lawrenceville, Mercer County, were victims of race-based discrimination by restaurant manager Dipen Patel, as well as the Subway franchise itself. Specifically, the Director upheld the ALJ’s finding that the two young men were subjected to a hostile work environment in 2005 by virtue of Patel’s regular use of the “n-word” in addressing them, and such comments directed at them such as “I own you.” The Director also upheld the ALJ’s conclusion that the conduct of the Subway manager left the youths no choice but to quit their jobs, a situation tantamount to the 16-year-olds having been subjected to unlawful “constructive discharge” by Subway. The Director agreed with the ALJ that both Patel and Subway (franchise owner Rupesh Trivedi) were liable for damages and statutory penalties. The Respondents were ordered to pay each young man \$60,000 in pain and humiliation damages, and another \$2,349.72 each in lost

wages. Patel and Subway were also ordered to pay the State \$10,000 each in statutory penalties and another \$27,142 to cover attorneys’ fees and costs. Subway appealed and, on April 30, 2008, a two-judge Appellate panel issued a decision upholding DCR’s Final Agency Determination.

## Equal Housing Access

**Finding Against Apartment Complex for Denying Divorced Man a Rental:** The Division issued a Finding of Probable Cause in 2008 against the owners of a South Jersey apartment complex for allegedly denying a man the opportunity to rent a one-bedroom apartment because he would share the apartment with his children, ages 6 and 9, during visitations resulting from a divorce. Named as a respondent in the Finding of Probable Cause was Lake Valley Associates LLC, trading as University Park Apartments in Pemberton, Burlington County. University Park, located on Swarthmore Court in Pemberton, is accused of unlawfully denying rental housing to Cuthbert Casimir in the summer of 2007. University Park is accused of having rental policies that unlawfully discriminate based on familial status, including a policy of refusing to rent one-bedroom apartments to anyone with children, and a policy of refusing to rent two-bedroom apartments on the second-floor to anyone with children under age 10.

According to the Finding of Probable Cause, University Park’s Property Manager told Division investigators that it’s been policy at University Park not to rent one-bedroom dwellings to tenants with children because “shift workers” living in the one-bedroom units do not like children. The manager also explained to investigators that, as a safety precaution, University Park will not rent two-bedroom units on the second floor to tenants with children under the age of 10. The Division found that two additional alleged policies violated the LAD, specifically a policy requiring that “multiple children must be of the same sex after two years old,” and a policy of “absolutely no pets” without any provision that the policy is not applicable to a service or guide dog used by persons with disabilities.



## Additional Highlights

**eHarmony Settlement:** In November 2008, the Division announced it had entered into a settlement agreement with eHarmony, Inc. under which the compatibility-based relationship Web site would begin providing same-sex matching services in 2009. Under terms of the settlement between Eric McKinley, a gay match-seeker from New Jersey, and eHarmony, the relationship Web site agreed to provide a new service for match-seekers identifying themselves as “male seeking a male” or “female seeking a female” by spring 2009. eHarmony, Inc. entered into the settlement agreement after a discrimination complaint was filed by McKinley against the on-line matchmaker in 2005, triggering a Division investigation and Finding of Probable Cause in 2007. Under terms of the settlement announced in November, the McKinley complaint was dismissed and neither the company nor its founder, Dr. Neil Clark Warren, admitted to any liability. Under the settlement agreement, eHarmony, Inc. was free to create a new or differently-named Web site to provide same-sex matching services, but any new Web site would be required to identify itself as an affiliate of, or a site provided by, eHarmony. As part of the settlement, eHarmony agreed to provide a free, one-year membership to Eric McKinley. In addition, eHarmony agreed to pay McKinley \$5,000, and to pay the Division \$50,000 to cover its investigation-related administrative costs.

**Mediation Unit Success:** In 2008, the Division’s Mediation Unit successfully mediated 72 cases. The total monetary awards obtained for complainants through mediation totaled \$559,204. The Mediation Unit offers parties in a discrimination complaint an opportunity to resolve the matter amicably, in the early stages of the administrative process. Through the program, parties to a complaint can voluntarily meet with one of the Division’s mediators shortly after the complaint is filed. In doing so, the parties can potentially resolve the matter and avoid a lengthy investigative and litigation process. In addition to handling Mediation, the unit conducts Conciliation. Conciliation is essentially a final attempt to resolve a

complaint after it has reached the stage in which a Finding of Probable Cause has been issued. If Conciliation fails, the case is referred to the Office of Administrative Law for assignment to an Administrative Law Judge. In 2008, 25 Findings of Probable Cause were successfully conciliated, resulting in \$320,000 in monetary awards to complainants.

**Training and Outreach:** Through its Bureau of Prevention and Community Relations, the Division conducted four training seminars in 2008 on Preventing Hostile Environments in the Workplace or Academic Environment. A total of approximately 600 people took part in those seminars. In addition, the Division, working in collaboration with the New Jersey State Bar Foundation, sponsored a disability law conference entitled “Protecting the Rights of People with Hearing Loss.”





# Division of Highway Traffic Safety

The mission of the Division of Highway Traffic Safety is to reduce fatalities, injuries and property damage resulting from traffic crashes on the roads of New Jersey. To achieve its mission, the Division undertakes traffic safety programs relating to education, enforcement and engineering. The bulk of the Division's funding comes from the federal government, through the National Highway Traffic Safety Administration. Funding received by the Division is used to undertake statewide traffic safety programs and is also distributed among local, county and state agencies in the form of traffic safety grants. Among the Division's chief priorities are occupant protection, impaired driving, pedestrian safety, distracted driving, aggressive driving and bringing the traffic safety message to New Jersey's diverse populations. More information about the Division of Highway Traffic Safety is available at [www.njsaferoads.com](http://www.njsaferoads.com).



## 2008 Highlights

### Reduction in Traffic Fatalities

While not the only measure of a state's highway traffic safety successes, a significant drop-off in the number of motor vehicle deaths on New Jersey roadways was an encouraging trend in 2008. Overall, there were 591 highway fatalities in 2008. In the prior year, 724 people died as a result of highway crashes. The growing use of seatbelts and child safety seats by drivers and passengers, increased public awareness efforts by the Division, and more aggressive traffic enforcement by police all contributed to making highway travel safer in New Jersey in 2008.

### Seat Belt Safety

**“Click-It or Ticket” Campaign:** In 2008, approximately 95 percent of the municipal police agencies in New Jersey took part in “Click-It or Ticket,” the Division's annual campaign to encourage seat belt usage and to ticket those drivers found not wearing seat belts. The “Click-It or Ticket” campaign took place during a two-week period between May 19 and June 1, 2008, and was launched with high-visibility enforcement efforts. Key to the campaign was targeted seat belt enforcement efforts by local and county law enforcement agencies, as well as New Jersey State Police. More than 200 law enforcement agencies received overtime grants from the Division to help fund the effort. Overall, law enforcement issued more than 46,000 seat belt citations, as well as more than 1,000 citations for improper child restraint. Police also issued 6,831 speeding tickets and made 642 arrests for driving while intoxicated as part of the “Click-It or Ticket” effort.

The annual statewide seat belt usage survey conducted by the New Jersey Institute of Technology after “Click-It or Ticket” was over found New Jersey's seat belt usage rate rose for the 12th consecutive year in 2008 – from 91.36 percent in 2007 to 91.75 percent. The increase equates to 34,000 more New Jersey drivers buckling up, one additional life saved, and 16 fewer serious injuries. The counties with the highest overall seat belt usage rates for 2008 were Middlesex (94.53 percent), Bergen (93.79 percent), Morris (93.71 percent) and Monmouth (93.35 percent.)

**“Buck, the Buckle-Up Dog”:** Among the Division's public awareness efforts focused on seat belt safety in 2008 was a new, interactive educational Web site and elementary school educational program – “Buck, the Buckle Up Dog.” Funded by the Division, “Buck, the Buckle Up Dog” is designed to engage children in grades K-through-three in activities that emphasize the importance of proper car, booster seat and seat belt use, as well as bicycle and pedestrian safety.

**Hispanic Community Outreach:** The Division provided funds in 2008 to the Department of Community Affairs' Center for Hispanic Policy, Research and Development to assist Hispanic organizations in developing public education programs focused on increasing awareness of proper car restraints for young children. The program provided funds and technical assistance to public and private community-based child care and preschool centers that offer programs to serve the needs of children under eight.

### Combating Drunk Driving

**“Over the Limit, Under Arrest” Campaign:** The annual “Over the Limit, Under Arrest” holiday crackdown on drinking and driving culminated in early 2008. Overall, 333 police agencies throughout the state made a total of more than 2,000 drunk driving arrests during the campaign, which began on Dec. 7, 2007 and ended on Jan. 2, 2008. As part of the enforcement initiative, law enforcement agencies also issued more than 4,400 tickets for seat belt violations, nearly 300 summonses for failure to use a child restraint and more than 12,000 speeding citations. From mid-August through September 1, 2008 the Division took part in another “Over the Limit, Under Arrest” impaired driving crackdown



that resulted in another 1,589 DWI arrests. During the August-September initiative, participating police agencies issued more than 9,000 speeding tickets and nearly 5,000 seat belt summonses.

**Cops in Shops:** The Division of Highway Traffic Safety provided grant funding for Cops in Shops, a program administered by the Division of Alcoholic Beverage Control that resulted in the arrest of 385 people in 2008. Cops in Shops aims to prevent underage consumers from buying alcoholic beverages, and to discourage adults from purchasing alcohol for them. During the fall/college phase of Cops in Shops, 23 municipal police agencies participated and a total of 148 arrests were made. During the summer phase of the program, police in 28 shore towns took part, and another 237 arrests were made.

## Anti-Speeding, Aggressive Driving Campaigns

### “Obey the Signs or Pay the Fines”:

Working with law enforcement partners, the Division conducted a region-wide crackdown on speeding in seven northern New Jersey counties in July 2008. Entitled “Obey the Signs or Pay the Fines,” the initiative involved 168 police departments in Bergen, Essex, Hudson, Morris, Passaic, Sussex and Warren Counties. By the end of the campaign, police had issued more than 9,600 speeding citations while also issuing nearly 4,000 tickets for not wearing seat belts and another 446 summonses for child restraint violations. Police also made 490 arrests for drunk driving.



**“Smooth Operator”:** Conducted in four southern New Jersey counties in June and July of 2008, “Smooth Operator” was a Division-sponsored pilot project designed to crack down on aggressive drivers. Aimed at motorists who speed, tailgate, pass improperly and otherwise cause a risk to fellow drivers through their aggressive actions behind the wheel, the campaign involved 26 municipal police departments and the State Police. During the two-week program, police issued 945 speeding tickets. Police also issued 548 citations for talking on a cell phone while driving, 464 tickets for failure to obey traffic control devices and 24 tickets for improper passing. Meanwhile State Police, patrolling the Atlantic City Expressway, made more than 400 vehicle stops and issued 155 speeding tickets, 37 seat belt violations and 14 summonses for talking on a cell phone while driving. During the two-week campaign, there was a 40 percent decrease in crash-related injuries on corridors patrolled by police participating in “Smooth Operator” compared with the prior year. In 2009, the “Smooth Operator” program will be undertaken as a statewide initiative.

## Developing Safer Teen-age Drivers

**Attorney General’s “No Plea Bargain” Directive:** The Teen Driver Study Commission, appointed by Governor Corzine and the Legislature to assess the state of teen-age driving in New Jersey, issued its report and recommendations on March 29, 2008. Included in the Commission report was an overview of the state’s “new and improved” Graduated Driver License (GDL) system. The Commission report also contained a number of key recommendations. On September 17, 2008 the Attorney General, following up on one of those recommendations, directed municipal prosecutors not to plea bargain down driving violations that carry points to “no point” offenses. The Attorney General’s directive

was aimed at ensuring that Graduated Driver License holders take part in driver improvement programs that are mandatory for “probationary” drivers who accumulate three or more motor vehicle points.

### Bergen County GDL Enforcement

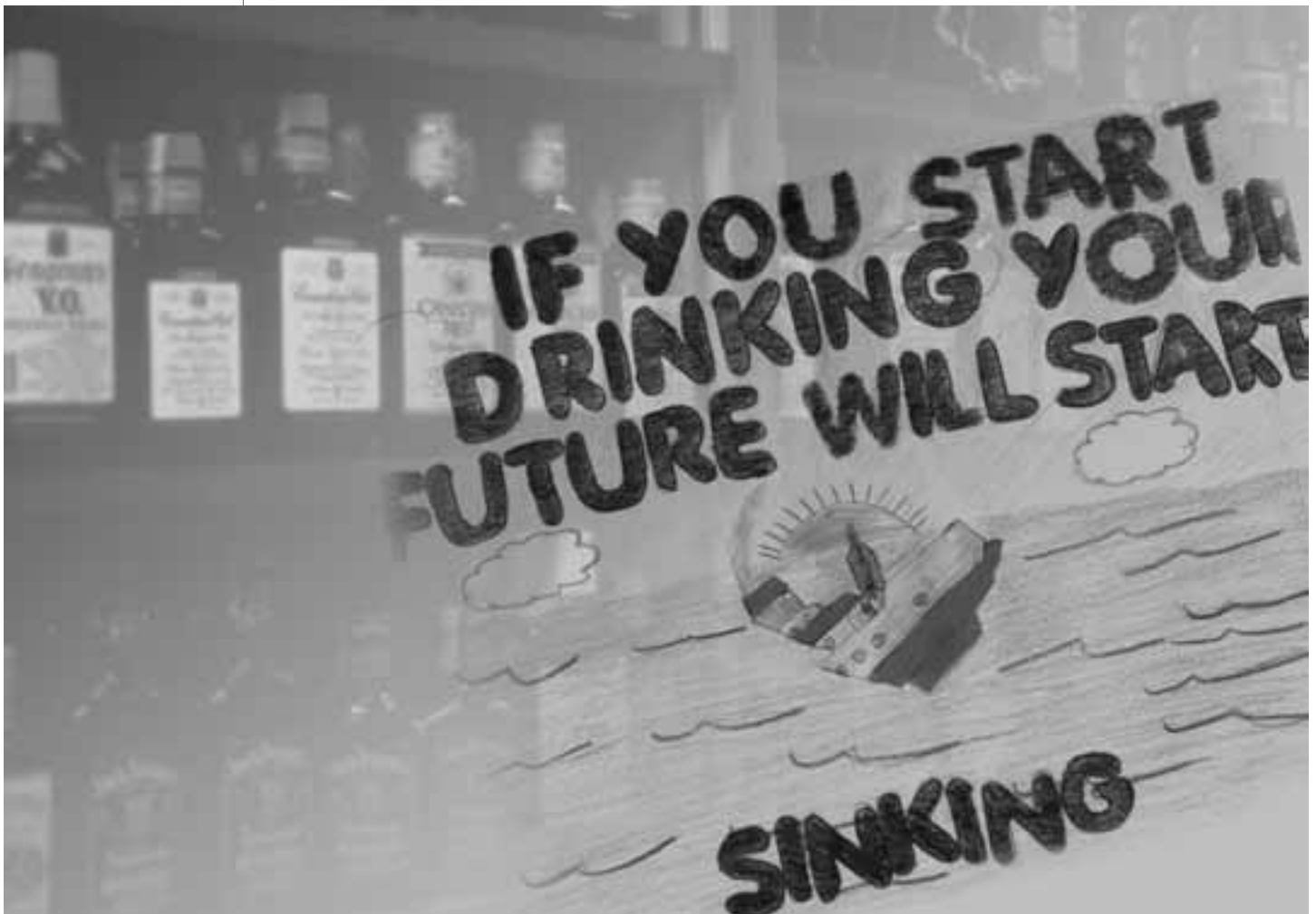
**Campaign:** Police officers in Bergen County issued 317 traffic citations to teen-age drivers for Graduated Driver License violations as part of a pilot program designed to reinforce safe driving behaviors. Conducted by 70 police agencies in Bergen County during a three-week period in April 2008, the program featured roving patrols and Graduated Driver License enforcement checkpoints at schools and other locations frequented by teen-age drivers. A total of nearly 5,000 young drivers went through the enforcement checkpoints, where they received handouts containing safe driving reminders and outlining the restrictions placed on Graduated Driver Licenses.





# Division of Alcoholic Beverage Control

The core mission of the Division of Alcoholic Beverage Control is to protect the public by regulating how alcoholic beverages are sold, and by fostering moderation and responsibility in alcohol consumption. The Division fulfills its mission by regulating and licensing the manufacture, distribution, sale and transportation of all alcoholic beverages within the state. Essential to the state's governance of the liquor industry is the concept that licensees are granted a privilege to sell alcoholic beverages, and that this privilege can be revoked for any violation of the law or alcoholic beverage regulations. Retail liquor licenses are generally issued by the city or town in which the business is located, although the Division may issue a retail license in certain circumstances. Both the municipal issuing authority and the ABC have concurrent jurisdiction to investigate and prosecute violations by retail licensees. More information about the Division of Alcoholic Beverage Control is available at [www.nj.gov/oag/abc/index.html](http://www.nj.gov/oag/abc/index.html).





## Underage Drinking

In 2008, the Division made discouraging underage drinking its top priority, and employed aggressive enforcement efforts and targeted public awareness campaigns to get the job done.

### Awareness

**“Dangers of Underage Drinking” Billboard & Calendar Competition:** A cooperative effort between the Division of Alcoholic Beverage Control and the Partnership for a Drug-Free New Jersey, this statewide contest is designed to encourage middle school students and their parents to work together to create billboard and calendar messages with the theme “Dangers of Underage Drinking.” In 2008, the contest generated more than 2,700 student entries, from which 13 were selected to appear on a 2009 calendar distributed to all middle schools. The grand-prize-winning message was also reproduced on highway billboards in Monmouth, Ocean, Essex, Middlesex and Union counties.

**“Proms and Alcohol Don’t Mix” TV PSA:** In this initiative, high school students throughout New Jersey were invited to develop scripts for a 30-second television public service announcement (PSA) focused on the problem of teen-agers drinking during prom and graduation season. Students submitted more than 50 entries, and the winning script came from a student at KAS Prep of the Hudson County Schools of Technology. The script was ultimately produced and aired on local cable television stations during prom and graduation season.

**“Listen Up to the Dangers” Radio PSA:** Made possible through a grant provided by ABC to the Partnership for a Drug Free New Jersey, this initiative involved middle school students working in consultation with their parents to develop script ideas for a radio Public Service Announcement focused on the dangers of underage drinking. Approximately 500 student entries were submitted, and two scripts were ultimately chosen. Both scripts were turned into PSAs – one produced in English, one in Spanish – and both were distributed to radio stations throughout New Jersey.

## Enforcement

The Division continued to attack the problem of underage drinking in 2008 with Cops in Shops. Launched by the Division in 1996, Cops in Shops is a highly successful program in which members of local law enforcement work with alcoholic beverage retailers to prevent the sale of liquor to underage consumers, and to discourage adults from trying to buy it for them. As of 2008, law enforcement agencies in more than 235 towns had been trained to operate Cops in Shops programs. The program involves placing undercover police officers in retail stores as employees or patrons. To further deter young people from trying to purchase alcohol, participating retail outlets display posters and stickers warning that undercover police may be on the premises. In summer 2008, law enforcement agencies made 237 arrests – with 349 separate offenses charged – as part of the annual Cops in Shops initiative focused on shore resort patrons. Earlier, during the fall and winter months of 2007-2008, Cops in Shops resulted in 148 arrests – with 196 separate offenses charged – as part of an effort focused on college towns and communities located near those towns. Since the inception of Cops in Shops, authorities have arrested more than 7,500 people.

## Regulatory Efforts

### Director Hearings

During the 2008 calendar year, numerous appeals were filed requesting that the Director extend a license or stay a revocation imposed by the local issuing authority. The following examples provide a snapshot of the Division’s ongoing efforts to maintain quality of life in New Jersey communities:

**Irvington:** The Director denied a request for a stay of suspension from Joyce’s Tropical Garden. The license of Joyce’s was suspended for 183 days by Irvington municipal officials after alleged narcotics activity by an employee was reported, as were acts of violence and the presence of gang members. Joyce’s is appealing the suspension, and the matter is before the Office of Administrative Law.



**Bound Brook:** The license of the Rio Sports Bar was suspended for 145 days for allegedly serving an intoxicated patron, and for creating a hazardous condition on the licensed premises by using two illegal gas generators to provide power after the utility company had shut off the bar's electricity. In addition, a patron stabbed a security guard while being escorted out of the bar on one occasion. The Director denied the licensee's request for a stay and imposed a mandatory 75-day suspension.

## Investigations/ Enforcement

In 2008, the Division's Investigations Bureau conducted 1,175 compliance inspections of current licensees and 86 inspections of facilities receiving a newly-issued state license or permit. The Bureau also conducted background investigations on 124 persons with prior convictions for crimes of moral turpitude who were seeking to re-enter the alcoholic beverage industry. As part of the Division's commitment to reducing underage consumption, the Bureau conducted 55 operations targeting establishments that cater to young patrons. A total of 2,371 persons were "carded" for identification, and 138 arrests were made for the sale and/or consumption of alcoholic beverages by underage persons. In addition to the criminal arrests, these cases were forwarded to the Division's Enforcement Bureau for review of 241 administrative violations against the licensees.

### Significant Investigations

**Vic's Place (Irvington):** Acting on information provided by the State Police, Bureau of Investigations personnel conducted an undercover operation at this Irvington club and arrested three dancers for solicitation of prostitution. They also charged the club owner for illegal possession of a stun gun.

**Crossroads of Garwood (Garwood):** Prompted by word of a weekly "beer pong" tournament in which underage drinkers were allegedly participating, Bureau personnel arrested nine underage patrons at the Crossroads of Garwood in Garwood. The investigation was a joint effort conducted with Garwood Police.

### Woody's Roadside Tavern (Farmingdale):

During the course of undercover activities revolving around Monday Night Football promotions, Bureau investigators saw a highly intoxicated patron and her underage "designated driver" consuming alcoholic beverages at this bar in Farmingdale. The underage patron was arrested, and the bar manager arranged a ride home for the intoxicated patron who remained. During the course of a follow-up inspection of the premises, Bureau investigators discovered a \$500-per-week football pool being run by the bartender.

**Buda Bar (Newark):** Based on a citizen complaint concerning underage drinking at this tavern in Newark, Bureau personnel conducted undercover activities resulting in the arrest of nine underage patrons and one underage bartender. The underage server was both dispensing drinks to underage patrons and consuming alcoholic beverages herself.

### Significant Prosecutions

**S.B. Lazarus t/a Sensations Sports Bar and Grill:** The Division prosecuted this Bound Brook licensee on 37 separate violations, the majority of which involved lewd acts. There was one count involving prostitution. Following a trial before the Office of Administrative Law, the Director ordered Sensations' license revoked.

**Allied Beverage, R&R Marketing:** In 2008, the Enforcement Bureau conducted an investigation to determine whether liquor wholesalers were in violation for hiring the relatives of retail licensees as solicitors for their accounts and/or paying commissions to persons related to retail licensees in return for no services. By hiring a retailer's relatives, wholesalers provide that retailer with an additional incentive to buy products from them. The more the related retailer buys from the wholesaler, the more relatives receive commissions. Thus, these practices undermine free competition in the alcoholic beverage industry. ABC's investigation revealed that



Allied Beverage Group paid more than \$1.8 million to three solicitors related to a retailer over a three-year period. During the latter parts of 2005 and 2006, R&R Marketing paid more than \$380,000 in commissions to five solicitors simply because their relatives held alcoholic beverage retail licenses. None of these solicitors performed any services to generate the sales on which their commissions were paid. As a result of its investigation, ABC determined that Allied Beverage Group and R&R Marketing were in violation. Allied Beverage Group ultimately agreed to a settlement payment of \$450,000, while R&R agreed to pay the state \$250,000. Both also agreed to terminate the solicitors who had been receiving commissions in return for doing nothing.

**‘Big Box’ Stores:** As of year’s end, the Division was seeking to settle matters with numerous “big box” discount stores such as Costco, BJ’s Wholesale Club and Sam’s Club regarding allegations they had been selling alcoholic beverages to other retailers. This practice represents a violation of Division regulations, and puts the sale of alcoholic beverages outside the wholesale audit trail that ensures proper sales taxes are paid. As part of its effort, the Division is looking to establish policies and “automatic prices” that will prevent such unlawful sales and ensure that proper sales taxes are ultimately paid by all retailers.



# Division of Gaming Enforcement

The Division of Gaming Enforcement was established in 1977 under the Casino Control Act to ensure the integrity of legalized casino gaming in Atlantic City. The Division's mission is to protect the public interest by maintaining a legitimate and viable gaming industry free from the influence of organized crime, and to ensure the honesty, good character and integrity of casino operators, vendors and employees. The Division performs its mission through enforcement of the Casino Control Act and related regulations, which were designed to ensure a strictly-regulated and economically sound gaming industry. Oversight by the Division includes investigations, inspection and audit, as well as criminal and regulatory prosecution. Criminal cases identified by the Division are prosecuted by the Division of Criminal Justice. For more information about the Division of Gaming Enforcement visit [www.njdge.org](http://www.njdge.org).





## Actions and Accomplishments

### Action Against Regulatory Violators:

The Division continued to ensure the integrity of New Jersey's casinos in 2008, taking action against regulatory violators that resulted in more than \$650,000 in total penalties. Among other actions, the Division imposed fines against two different Atlantic City casinos – Borgata and Bally's – for allowing underage gambling on their premises, resulting in a total of \$250,000 in fines. In each case, the casinos were accused of permitting underage persons to wager, creating patron accounts for those underage bettors and rating the wagering activity of those individuals. The Division's actions against underage gamblers and those caught gambling while on the Self-Exclusion list resulted in \$45,000 in forfeitures. Monies collected as a result of fines and forfeitures are awarded to the New Jersey Council on Compulsive Gambling for use in combating gambling addiction.

### Technical Services Bureau Vigilance:

Through its Technical Services Bureau, the Division carried out its charge of ensuring that machines activated for play on the casino floors of Atlantic City are authentic and in compliance with all relevant laws and regulations. In 2008, the Division performed more than 43,000 inspections of gaming equipment used by the casinos and tested approximately 8,500 slot machine control and payout percentage programs. The Technical Services Bureau plays a vital role in ensuring the integrity of New Jersey's casino gambling industry, as slot machines account for approximately 75 percent of the casinos' gaming revenue. In addition to its other duties, the Technical Services Bureau is responsible for tracking every slot machine that enters New Jersey or is built here. The Bureau accomplished its task by using a database that tracked more than 37,000 slot movements in 2008.

### Investigation of Private Equity Casino

**Owners:** The trend of private equity firms purchasing stakes in casino operations continued in early 2008, with TPG and Apollo, two major private equity firms, combining to purchase the assets of Harrah's Entertainment. Harrah's Entertainment is the owner of four Atlantic City casino hotels including: Harrah's, Showboat, Bally's and Caesar's. After investigating TPG and Apollo and its principals, the Division found Hamlet Holdings – the partnership created by TPG and Apollo for purposes of the transaction – to be a qualified entity. The plenary hearing regarding Hamlet Holdings coincided with license renewal proceedings for the four Atlantic City casinos Hamlet had acquired. As part of the process, the Division completed a financial stability analysis of all four casinos and Hamlet Holdings. The Division found the corporate and individual qualifiers to be suitable, and recommended the four licenses be renewed. Seven years ago, affiliates of Colony Capital, a private equity firm, bought the Resorts Casino Hotel property in Atlantic City. In 2008, when Resorts sought casino license renewal, the Division undertook a review of the private equity owner and fully analyzed the financial stability of the property. Based on its investigation, the Division recommended that the license be granted subject to a number of financial and other conditions. Following a hearing in early 2008, the Casino Control Commission granted the Resorts license, subject to the conditions requested by the Division.





**Employee Licensing:** In 2008, the Division's Employee Licensing Bureau processed nearly 7,300 new license applications. Of the 40,000 people employed by the casino industry in Atlantic City, more than 60 percent are licensed. The categories of employees required to hold credentials include casino key employees, casino employees and casino service employee registrants. The Employee Licensing Bureau performs initial license investigations for all new license applicants and each license renewal, and it carefully monitors databases to determine if any credentialed employee has been charged with an offense that would be license-threatening.

**Regulatory Enforcement Bureau:** The Division's Regulatory Enforcement Bureau is responsible for monitoring casino operations and information technology, enforcing the exclusion and self-exclusion lists, enforcing alcoholic beverage control laws, conducting casino forensic audits, performing security vulnerability assessments of each casino property and coordinating the homeland security needs of the casinos with local, state and federal law enforcement. In 2008, the Bureau's forensic audit units conducted nearly 1,300 investigations of casino internal controls to verify compliance with casino regulations, including monthly analyses of currency transaction reports and suspicious activity reports. The Bureau's casino information technology unit conducted 311 investigations, including computer system security checks to ensure that the systems are providing accurate revenue information and remain free from unauthorized access. The Bureau's casino operations unit conducted a total of 6,521 investigations, including detailed analysis

of surveillance systems, security procedures, compliance with underage gambling and drinking laws, use of unauthorized service industry vendors and compliance with rules of the game and gaming equipment specifications.

## *Significant Cases*

**N.Y. Woman Guilty of Gambling with Stolen \$1 Million:** The Division of Gaming Enforcement assisted with an investigation that culminated in the July 2008 guilty plea of a Westbury, N.Y., woman who admitted to gambling in Atlantic City with \$1 million she stole from her employer. Jamine Alabre, 28, pleaded guilty to receiving stolen property in connection with her gambling at the Borgata Hotel and Casino with cash she took from her employer, IPSOS, an international marketing firm on Long Island. Alabre's boyfriend, Mathurin Ambrose, 34, of St. Albans, N.Y., also pleaded guilty to receiving stolen property in the case. An indictment obtained by the Division of Criminal Justice alleged that, between January and October of 2005, Alabre and Ambrose laundered more than \$500,000 of the stolen cash using slot machines in Atlantic City casinos, particularly those at the Borgata. The investigation was led by the Financial Crimes Unit of the State Police Casino Gaming Bureau.

**Sports Betting Ring Broken:** The Division of Gaming Enforcement was among numerous law enforcement agencies who assisted in an investigation that broke up a \$60 million sports betting ring operating inside the Borgata Hotel and Casino poker room for 20 months. In December 2008, the two leaders of the ring – Jack Buscemi of Mullica Hill and Andrew Micali of Ventnor – pleaded guilty to related criminal charges.

The charges against Buscemi and Micali flowed from Operation High Roller, an investigation led by the New Jersey State Police and the Division of Criminal Justice. Borgata's own security and surveillance departments worked cooperatively on the investigation. In all, 20 people were arrested in connection with the betting ring.



# Racing Commission

The core mission of the New Jersey Racing Commission is to govern, direct and regulate horse racing and pari-mutuel wagering in New Jersey. The Racing Commission conducts vigorous oversight of horse racing matters throughout the state to ensure that racing is conducted in a fair, responsible and lawful manner. Commission staff members also provide administrative support to encourage the growth of the horse racing industry through expansion of wagering opportunities. Attendance at live horse racing events in New Jersey approached 1.5 million for 2008, and the gross amount wagered on racing at all New Jersey betting venues for the year totaled more than \$934 million. More information about the New Jersey Racing Commission is available at [www.nj.gov/oag/racing/](http://www.nj.gov/oag/racing/).



## 2008 Keynotes

### “Out-of-Competition” Doping

**Investigation/Prosecution:** Consistent with its mission to ensure the integrity of thoroughbred and harness horse competition, the Racing Commission used expanded testing protocols in 2008 to detect the use of performance-enhancing substances in horses. In one case involving a well-known horse farm in Chesterfield, Burlington County, six harness horses were declared ineligible to compete after testing positive for the performance-enhancing steroid known as Erythropoietin-Human (EPO). Stephen C. Slender, a veterinarian who owned the horses, and Ernest Adam, a trainer who regularly worked with them, were cited for a list of violations. Ultimately, all six samples were confirmed as containing EPO. Both Slender and Adam were suspended from New Jersey racing for 15-and-a-half years, had their licenses revoked and were fined \$56,000 each. They are appealing the actions against them. The six horses identified as having tested positive for EPO had all raced at Freehold Race Track and the Meadowlands in 2008, and had raced at tracks in New York and Pennsylvania as well.

The Racing Commission’s out-of-competition testing program was launched in late 2007. It began following adoption of a new rule that expanded the Racing Commission’s ability to test horses for illegal substances by authorizing testing not only at race tracks, but at horse farms – and at any time. Previously, the Racing Commission was only authorized to conduct testing of horses on race day, and only at New Jersey’s four racetracks. The EPO at issue is a human drug that artificially increases red blood cells and hemoglobin, and can therefore enhance oxygen consumption during racing. The use of human EPO products is dangerous to the well-being of the horses, because it causes unnatural increases in blood viscosity, which can lead to heart attack or stroke during intense exercise. In addition, EPO is a human pharmaceutical product never intended for use in horses, and never approved for such a purpose. Use of the drug in horses can trigger an immune response, such that the horse begins to destroy not only the human drug, but its own natural equine EPO.

**Equine Testing Laboratory:** The Racing Commission’s Equine Drug Testing Program is administered at the New Jersey State Police Forensic Science Laboratory, located at the Meadowlands race track. A staff of 14 chemists used modern testing equipment and methods in

2008 to detect the presence of illegal substances in horses. For the year, more than 27,000 blood samples and more than 7,000 urine samples were collected and tested, resulting in 10 confirmed violations of Racing Commission medication rules. In addition, nearly 7,000 blood gas samples were collected from standard bred horses, with one “positive” result indicating a violation.

The Racing Commission randomly tests horse jockeys and harness drivers for the presence of illegal drugs. It also tests for alcohol abuse by race participants and officials. In 2008, four “positives” were confirmed out of nearly 700 human samples tested.

### Opening of Third Off-Track Wagering Site:

In 2008, the Racing Commission oversaw the opening of New Jersey’s third off-track wagering facility, located in Toms River, Ocean County. For the year, bettors wagered a total of nearly \$141 million at the state’s three off-track betting facilities, which include the Toms River site and off-track betting locations in Vineland, Cumberland County, and Woodbridge, Middlesex County.

### Wagering Integrity/Quantum Data Center:

All horse race wagering conducted in New Jersey is now processed at one central location – the Quantum Data Center East operated by Scientific Games Racing, Inc. Located in Mount Laurel, Burlington County, the state-of-the-art Quantum Data Center processes all wagers made at New Jersey racetracks, via casino race books in Atlantic City, and at the three off-track wagering facilities located in Vineland, Toms River and Woodbridge. In addition, the Quantum Data Center is a regional hub servicing pari-mutuel wagering from out-of-state locations. In addition to being cost-effective, having one site and one service provider allows for enhanced regulation and oversight by Racing Commission personnel who staff the Data Center during all hours when wagers are placed to ensure that all such activities are conducted properly.



# Juvenile Justice Commission

The mission of the Juvenile Justice Commission is to foster public safety and reduce juvenile delinquency by holding young people accountable for their lawbreaking, providing them opportunities to achieve positive change, and promoting their return to the community as productive, law-abiding citizens. Now in its second decade – the agency was created by statute in 1995 – the JJC continues to focus on serving the needs of at-risk youth and those adjudicated delinquent by the courts and placed in its custody. The year 2008 presented many challenges, as the JJC sought to continue to provide quality services to New Jersey’s youth in fiscally challenging times. All areas of the agency were scrutinized with the goal of reducing spending while not compromising the programs needed to support at-risk youth, provide rehabilitative services for young people under JJC supervision, and structure reentry initiatives that help juvenile offenders make the transition back into their home communities. More information about the Juvenile Justice Commission is available at [www.njjjc.org](http://www.njjjc.org).





## Keynote Developments/ Initiatives

### JDAI Effort Recognized as National Model

The Juvenile Justice Commission (JJC) played a major role in making New Jersey a national model for success in implementing juvenile detention reform in 2008. Largely through the JJC's efforts, New Jersey was chosen to serve as the first Juvenile Detention Alternatives Initiative (JDAI) state model site in the country by the Annie E. Casey Foundation of Baltimore.

New Jersey earned its designation as a model by achieving remarkable results in implementing JDAI, a statewide effort aimed at finding community-based alternatives to housing young offenders in secure detention. Working with the state Judiciary and various local stakeholders, the JJC significantly reduced juvenile detention admissions and length of stay – primarily for minority youth - in the five original JDAI pilot counties of Atlantic, Camden, Essex, Hudson and Monmouth. Compared with the year 2003, there were 211 fewer young people in juvenile detention in those pilot counties on any given day in 2007 – a 42 percent drop-off. Particularly striking were the JDAI results in Camden and Essex counties. The number of minority youth in detention in Camden County was cut in half, while Essex County witnessed a 47.5 percent reduction.

During the same time frame, juvenile arrests declined by 9.4 percent in the five pilot counties, debunking the myth that placing more young offenders in community-based settings will only lead to more juvenile crime. New Jersey was approved by the Casey Foundation as a JDAI replication site in 2004. Each year since, the state has received \$200,000 from the foundation to support its participation in the initiative, which encourages jurisdictions to put in place a number of strategies that help reduce the use of secure detention while maintaining public safety and juvenile court appearance rates. A major focus of the work involves addressing racial disparities in the juvenile justice system and addressing the issue of disproportionate minority confinement.

As a result of its 2008 recognition as a national model, the New Jersey JDAI effort was earmarked to receive an additional \$100,000 from the Casey Foundation to develop and implement a curriculum for hosting delegations from other states, teaching the principles of statewide youth detention reform, and sharing New Jersey's experiences and keys to success.

### Manorwoods Consolidation Cuts Costs

In November 2008, as part of a cost-cutting move, the JJC closed its 24-bed Manorwoods Residential Community Program for younger-age offenders in Estelle Manor, Atlantic County. Although the building lease had expired, the primary reason for closure was a reduced need for community program beds and a desire to realize cost savings. Younger offenders housed at the Manorwoods facility were transferred to the JJC's Albert Elias and Green residential community programs. Staff from Manorwoods were transferred to the Phillip M. Costello Transitional Academy in Tabernacle, a newly-created JJC community program that had formerly operated as a private preparatory academy. The closure of Manorwoods and absorption of its population of offenders and staff by other facilities will save the state \$750,000 in year one and \$1.5 million in year two.



## Comprehensive Reform Plan Progresses

In 2008, the JJC continued to move forward with its Comprehensive Reform Plan focused on improving staff and resident safety. Among other things, the plan is designed to assess juvenile classification methods and behavior management policies, as well as various internal practices, and to provide recommendations for improvement where needed. One part of the plan is aimed at developing a system of rewards/sanctions and incentives/disincentives designed to improve resident behavior and enhance management of JJC facilities. Toward that end, the JJC created a cross-discipline Behavior Management Subcommittee. During 2008, the subcommittee met in focus groups with agency staff and residents and, from the meetings, determined which incentives and disincentives should be available at each custody level. Custody levels have been identified as: Level 1 – residential community programs; Level 2 – medium custody or New Jersey Training School (Monroe Township); Level 3 – maximum custody or Juvenile Medium Security Facility (Bordentown). Custody Level 1 offers the most incentives for positive behavior and the fewest disincentives. Custody Level 2 falls in the middle of the continuum, etc. Under the system, positive behavior will result in reductions in classification scores, thus residents who demonstrate consistently positive behavior will “graduate” from higher to lower custody levels.

The recommendations of the Behavior Management Subcommittee provided consistency between facilities and focused on stabilizing the negative behavior of residents and de-escalating crises.

Training in all aspects of the new approach was provided to JJC personnel by the Subcommittee during September and October of 2008. The Behavior Management Subcommittee has also begun working on realigning other incentives/disincentives across custody levels. Some areas under consideration include canteen, telephone privileges, visits and clothing options. In addition, the JJC is developing a new student ratings system. The system is intended to control behavior through consistent and easily understood feedback

linked to incentives, disincentives and custody level movement. The realignment of incentives/disincentives and the student ratings system are slated for implementation in early 2009.

## Next Step Center Opens at Training School

In keeping with the re-entry element of the Governor’s anti-crime strategy, the New Jersey Training School implemented the Next Step Center on August 18, 2008. The center serves as a resource center for residents returning home to their communities. The idea is to reduce juvenile recidivism by creating an employment/vocational resource center within the JJC’s largest secure care facility that can equip youth with essential job skills, resources and family support.

Next Step is important because it connects juvenile offenders in JJC care with resources that can help them with employment and support services that are crucial to a successful re-entry experience. As part of the Next Step curriculum, residents work in peer groups with instructors to explore topics relating to parole supervision, money management, conflict resolution, coping skills, computer job searches, resume writing and mock interviewing.

The Next Step Center is equipped with video teleconferencing to include the families in the discharge process whenever possible. Residents take part in groups and are assigned homework from the New Freedom Curriculum, a cognitive behavioral-based model used to explore issues relating to substance abuse, negative peer association, and identification of negative thinking and its relationship to addictive and criminal behavior. All residents at the New Jersey Training School begin the discharge planning process approximately three months prior to release.

## Juvenile Reception Unit Opens

The Juvenile Reception Unit (JRU) was opened in November 2008 and serves as the New Jersey Training School's orientation unit. A security control booth has been built and is manned on a 24-hour basis. The JRU provides a highly-structured environment that allows the orientation process to occur with minimal disruption. The unit has 28 rooms including a gymnasium, classroom, medical station, social services office, kitchen, recreational room and multi-purpose room. Residents are transferred to the JRU on a weekly basis from the Juvenile Reception and Assessment Center. Upon arrival, they are examined by medical staff and are given a psychological evaluation. This is followed by a two-week orientation phase accompanied by academic instruction. Residents are classified within two weeks of arrival to determine an appropriate housing assignment. Residents' treatment folders are developed during this period and a Case Action Plan (CAP) initiated. The CAP is an intervention tool that provides the JJC with a standardized process for collecting information about a juvenile's unique circumstances. The CAP involves a multi-disciplinary approach to information gathering and sharing, and is maintained throughout a resident's stay at the Training School.

## Steering Committee Targets Racial Disparities

In 2008, the Racial Disparities Steering Committee continued to address county practices as part of an overall, continuing assessment of racial and ethnic disparities in the New Jersey juvenile justice system. Among other actions, the Steering Committee distributed its 2009-2011 Comprehensive

### County Youth Services Planning Guidelines.

The new publication includes a chapter entitled: "Reducing Disproportionate Minority Contact with the Juvenile Justice System and Reducing Racial and Ethnic Disparities within the Juvenile Justice System." The chapter provides guidance to county planners in viewing their local juvenile justice processes through the lens of race and ethnicity. It asks planners to identify and address disproportionate minority contact in the community, and to address potential disparate outcomes for youths of color in the juvenile justice system. Formed in April 2003, the Racial Disparities Steering Committee is comprised of representatives from the Attorney General's Office, the state Judiciary, Public Defender's Office, county Youth Services Commissions and the JJC.





2008

# Annual Report

New Jersey Office of Attorney General