

2007

Annual Report



Anne Milgram, Attorney General of New Jersey



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

Staffed by approximately 9,400 employees, the Department of Law and Public Safety is a unique agency with a challenging mission: by statute, it serves both as New Jersey's chief law enforcement agency and as the principal provider of legal advice to departments and agencies of State government.

In its role as the State's chief provider of law enforcement services, the Department conducts criminal investigations, carries out crime prevention and anti-bias initiatives, and operates round-the-clock State Police patrols. In its role as chief legal adviser to entities of State government, the Department provides legal counsel, defends state statutes and initiates lawsuits aimed at protecting New Jersey's citizens and vital resources.

But our duties do not end there.

The Department is responsible for informing and protecting New Jersey consumers.

It is responsible for preserving and promoting civil rights.

It is responsible for ensuring the integrity of our state's legalized casino gaming and horse racing industries.

It regulates the sale of alcoholic beverages, and leads the fight to reduce such threats to public safety as underage drinking and driving while intoxicated.

Perhaps most significantly, the Department is responsible for protecting New Jersey citizens from such threats as gun violence, drug trafficking and illegal street gang activity.

In short, millions of lives each day are touched by the work of the Department of Law and Public Safety.

In 2007, the Department – through its Divisions of Criminal Justice and State Police – dealt significant blows to the leadership of such criminal gangs as the “Nine Trey” and “Sex Money Murder” sets of the Bloods. In all, more than 175 members or associates of these violent and highly-organized gangs were arrested for racketeering, drug-related offenses, illegal possession of weapons, and other crimes.

The Division of Criminal Justice, working with technical assistance from State Police, also broke up a multi-billion-dollar illegal gambling ring operated by the Lucchese organized crime family of New York. The illicit gambling ring appears to have been bankrolling smuggling activities by an imprisoned leader of the Bloods. A state prison guard who allegedly aided in the smuggling effort was among those arrested.

The Division also filed corruption-related criminal charges against more than 50 public officials in 2007, including a major-city mayor and a former police chief. In addition, the Division obtained trial convictions or guilty pleas in several high-profile corruption prosecutions, including cases involving a former state Commerce Commission official, a municipal mayor from Salem County and a former police detective in Camden city. Each of the individuals convicted faces state prison time, or has already been sentenced to it.

In the ongoing effort to keep sexual predators from exploiting Internet users – particularly young people – our Department subpoenaed information from MySpace and other social networking Web sites in 2007 to determine whether convicted sex offenders had created profiles on those sites. In the case of MySpace alone, we established that 268 New Jersey sex offenders had logged onto MySpace 34,000 times during the time they were registered with the site, which ranged from a few months to two years. As a result of the Department's actions, the MySpace accounts of known sex offenders were deleted.

Meanwhile, the Office of Insurance Fraud Prosecutor continued to obtain criminal convictions, jail sentences and stiff financial penalties against those who submitted bogus claims to insurance companies or otherwise took part in insurance fraud. The OIFP obtained approximately 200 criminal fraud convictions in 2007, and obtained \$9.6 million in criminal and civil penalties and restitution. In addition, the OIFP charged a total of more than 200 new defendants with insurance fraud.

Through a variety of efforts, our Division of Law continued its work to protect New Jersey's air, land and water. Working with the Department of Environmental Protection, the Division filed more than 35 new Natural Resource Damage (NRD) lawsuits in 2007. NRD lawsuits are designed to obtain compensation for the State for contamination-related "loss of use" of vital land and water resources. As of this writing, the Division has a total of 106 NRD lawsuits pending in some phase of litigation.

The Division also litigated more than 25 major enforcement actions on behalf of DEP in 2007, and negotiated a number of settlements favorable to the environment. For example, the Division joined with seven other states and the federal government in reaching a \$4.6 billion settlement with American Electric Power (AEP). The settlement resolved an eight-year-old lawsuit that alleged violations of the federal Clean Air Act at nine coal-fired power plants in the states of Ohio, West Virginia, Virginia and Indiana. In addition to substantially cutting back on sulfur-dioxide emissions, AEP will pay \$60 million in mitigation project funds to New Jersey, the other states, and the federal government.

The State Police achieved a milestone in 2007 by gaining accreditation from a nationally-respected credentialing authority – the Commission on Accreditation of Law Enforcement Agencies. The accreditation came after an intensive, two-year review of facilities, equipment, procedures and personnel. It places our State Police among an elite group of law enforcement agencies nationwide that have met the Commission's high standard for "best practices."

The Division of Consumer Affairs is currently implementing a plan to increase the quality, professionalism, and diligence of the 42 professional licensing boards under its supervision. At the same time the Division provided vital protection for consumers through random product inspections such as the ones that found contaminated "Topps" brand meats still on store shelves weeks after Topps announced a recall, and the inspections that discovered lead-tainted, nationally-recalled toys still for sale in some retail outlets as the holiday shopping season began.

Our newly-created Affirmative Litigation Section launched an investigation in 2007 into whether pharmaceutical maker AmGen, Inc. violated patient confidentiality laws and promoted its injectable drug Enbrel for non-approved uses. The principal focus of our review is whether AmGen engaged in "off-label marketing" – essentially promoting a drug for uses other than those for which it was approved – and whether the company violated medical privacy laws for the purpose of direct marketing.

The Affirmative Litigation Section is organized under the Division of Law, although it utilizes investigative resources from the Division of Consumer Affairs as well. Its goal is to pursue cases vital to the public interest including those focused on issues involving corporate governance, labor and fair wage practices, and health-industry-related matters.

In a matter important to the integrity of the casino industry, our Division of Gaming Enforcement obtained the largest civil penalty in New Jersey gaming history – \$750,000 – following a review by the Division of Gaming Enforcement of a merger involving prospective casino licensee Wimar Tahoe Corporation. The Casino Control Commission subsequently denied Wimar a license on integrity grounds, based on the Division's findings.

The New Jersey Racing Commission successfully oversaw the hosting of the Breeder's Cup – the nationally-recognized "Superbowl" of horse racing – at Monmouth Park Racetrack in Freehold in 2007. The culmination of more than a year of work and planning by our Racing Commission in collaboration with other entities, the Breeder's Cup attracted upwards of 70,000 patrons and featured record-setting purse awards. The Breeder's Cup coincided with the Racing Commission's introduction of tough new testing requirements to detect Epogen and other blood-doping, performance-enhancing drugs in race horses. The new testing protocols are a crucial deterrent to the use of drugs which, left unchecked, would threaten the health of horses and compromise the integrity of the sport.

The Department also dealt affirmatively with an emerging national issue in 2007 when it disseminated an Attorney General's Directive dealing with the question of when police in New Jersey can and cannot inquire as to a person's immigration status. The directive made clear that police are



not to inquire about the immigration status of any individual who has been victimized or who is attempting to assist police in their investigation of a crime.

In line with our commitment to even-handed treatment of all persons and vigorous enforcement of anti-discrimination laws, our Division on Civil Rights successfully prosecuted several cases that reinforced the message that discrimination will not be tolerated. As a result of DCR's actions, a Trenton-area restaurant was ordered to pay substantial back wages and emotional distress damages to two young African-American men who were repeatedly referred to by the "n-word" while on the job. In addition, two individual landlords and a North Jersey real estate agency were required to pay costs to the State to settle cases involving discriminatory housing-for-rent ads placed on the Internet.

Through our Division of Highway Traffic Safety, the Department provided overtime grant funding to upwards of 200 local police agencies in New Jersey participating in a national "Over the Limit, Under Arrest" crackdown on impaired driving. Meanwhile, through our nationally-recognized "Last Drink" initiative, we began compiling information on where those arrested for driving under the influence did their drinking. As of year's end, our Division of Alcoholic Beverage Control had catalogued nearly 1,500 "Last Drink" reports from local police agencies. These reports help us to identify potential problem bars or restaurants, and help us to focus our investigation efforts.

New Jersey is a diverse state of 8 million people that serves as a global transportation hub, and as a center of manufacturing, research, international trade, agriculture, higher education and tourism.

The challenge of protecting such a populous and vital state, both in terms of its neighborhoods and its infrastructure, is a complex and multi-faceted one.

Working closely with the state Office of Homeland Security – and employing the capabilities of our \$28 million, State-Police-managed Regional Operations and Intelligence Center (ROIC) – the Department continued in 2007 to play a lead role in domestic preparedness planning and disaster management efforts designed to protect all New Jersey residents.

The Department also continued to work closely with Governor Corzine and local stakeholders on developing and implementing the Governor's plan to reduce crime and violence across New Jersey.

The anti-crime plan involves three key components: pro-active law enforcement, crime prevention strategies, and efforts to help those who have been incarcerated to re-enter society as productive, law-abiding citizens. The enforcement component focuses on blending traditional, street-level police work with cutting-edge technology to attack violent crime, gang activity, and illegal guns. Community outreach and cooperation among law enforcement agencies are hallmarks of the plan, as are intelligence-led, data-driven policing strategies aimed at mapping crime trends, and pinpointing violence "hot spots."

The bedrock of the crime plan's prevention aspect, meanwhile, is a blend of locally-based and state-level programs that provide alternatives to delinquency, gang-involvement, drugs, and crime. The third phase of the program – re-entry – involves a comprehensive approach to fighting recidivism and giving former inmates a chance to succeed by providing help in the areas of education, substance abuse treatment, housing, health care, and employment.

The Department worked to improve the quality of life in New Jersey by taking gang members, drugs and firearms off the streets, prosecuting public corruption, combating insurance fraud, pursuing litigation to protect our state's natural resources, ensuring that retailers did not sell contaminated products, and keeping sex offenders away from social networking Web sites, among many other accomplishments.

Looking ahead, we remain committed to working both on our own, and in collaboration with other agencies and community stakeholders, to fight crime and make New Jersey as safe a place to live, work, and travel in as possible.

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.



New Priorities

■ **Turning Up HEAT on Gangs, Organized Crime, Corruption:** On Dec. 18, 2007, Attorney General Milgram and Division Director Gregory A. Paw announced the culmination of Operation HEAT, a 15-month investigation by the Division that uncovered a multi-billion dollar gambling operation run by the Lucchese New York crime family, as well as an alarming alliance between old-school organized crime and new-school organized crime in the form of the Bloods street gang. It is charged that the Lucchese family was providing financing for an imprisoned leader of the Nine Trey Gangster set of the Bloods to smuggle heroin, cocaine, marijuana and pre-paid cell phones into East Jersey State Prison through a corrupt corrections officer.

Among the 32 arrested were the gang leader, Edwin Spears – who is an alleged top-ranking “five-star general” in the violent Bloods set – the prison guard, Michael T. Bruinton, and 27 members and associates of the Lucchese crime family, including two out of three members of its ruling panel in New York – Joseph DiNapoli and Matthew Madonna – and its top capo in New Jersey, Ralph V. Perna. Operation HEAT, with its combined elements of gangs, organized crime and corruption, is emblematic of the new priorities that the Division of Criminal Justice pursued in 2007. At the close of 2006, the Division had been reorganized to direct greater resources to fighting public corruption and gangs.

Targeting Public Corruption

The Division charged more than 50 public officials in 2007 for alleged corrupt activities. In July, Attorney General Milgram and U.S. Attorney Christopher J. Christie announced the indictment of former Newark Mayor Sharpe James in a joint prosecution by the U.S. Attorney’s Office and the Division of Criminal Justice. James was charged with using city-

issued credit cards to spend lavishly on himself, eight female companions and others during vacations to such places as Martha’s Vineyard, Rio de Janeiro, the Dominican Republic and Puerto Rico. The indictment also charged that James, as mayor and state senator, facilitated and approved sales of city-owned properties at cut-rate prices to companion Tamika Riley through a redevelopment program. Riley, who also was charged, made more than \$500,000 by quickly selling, or “flipping,” the properties at much higher prices without any rehabilitation.

In July, the Division indicted former Clayton police chief Frank Winters and his wife on charges they stole more than \$150,000 from Mothers Against Drunk Driving. Frank and Bernice Winters allegedly funneled money from MADD to two companies they owned, Holiday House and Lasting Impact, for promotional items like pens and key chains that were never actually ordered or delivered. In November, Frank Winters was charged in a new indictment with stealing from the borough and police department by billing for fictitious purchases for the police from Holiday House and by stealing a digital camcorder and camera he bought for the police.

In November, the Division charged four Jersey City Municipal Court judges with official misconduct for taking judicial action on parking or traffic tickets – or in one instance, soliciting a fellow judge to take action – in cases where the ticket was issued to the judge, a relative, a friend or a colleague. In some cases, tickets were dismissed or fines reduced.

In March, the former principal of H.B. Wilson Elementary School in Camden, Michael Hailey, and his top administrator, Patricia Johnson, were indicted by the Division on charges they stole \$14,000 from students and teachers by

tricking them into paying for field trips already paid for by the district. They also were charged with conspiring with another principal and a teacher in an attempt to bill the district more than \$25,000 in overtime wages for eight School Leadership Council meetings that were never held. Johnson has pleaded guilty to conspiracy and attempted theft by deception.

The Division's Corruption Bureau had significant trial victories, including the July conviction by a Mercer County jury of former state Commerce Commission chief of staff Lesly Devereaux on charges of official misconduct and misapplication of government property for misusing state employees to run her private law practice while at the Commerce Commission. In addition, Devereaux pleaded guilty in October to falsifying records for drafting two false recusal letters purporting to exclude her from taking part in Commerce's hiring of her

mother and sister as paid consultants. She also pleaded guilty to theft by deception for obtaining more than \$500 in food stamps by filing an application that failed to report her true income. Devereaux was sentenced to 6 ½ years in state prison.

In December, former Carneys Point mayor John "Mack" Lake was found guilty in a bench trial of official misconduct and bribery for attempting to bribe his opponent to drop out of the race for township committee in 2006.

In another noteworthy Division corruption case, former Camden police officer Michael Anthony Hearne pleaded guilty in September to official misconduct for providing a loaded handgun for a second man to use to rob a drug dealer in exchange for a share of the robbery proceeds. Hearne faces a seven-year prison sentence.



Combating Gangs & Organized Crime

In 2007, the Division's Gangs & Organized Crime Bureau – in partnership with the New Jersey State Police and other law enforcement agencies – arrested more than 175 defendants, and filed charges against another 56. In addition to Operation HEAT, the Division concluded a number of investigations targeted at street gangs and other criminal enterprises.

The Division of Criminal Justice, the State Police, and other law enforcement agencies arrested and subsequently indicted 34 members of the violent Sex Money Murder set of the Bloods, including the set's three top leaders in New Jersey, its two Trenton-area leaders, and five men charged in connection with two murders in Long Branch. The Division also indicted 46 members of the Nine Trey set of the Bloods, including its top leaders, on first-degree racketeering and other charges stemming from a joint investigation with the State Police.

In January, the Division and State Police arrested and charged alleged ringleader Mohamed Hassanain and nearly 20 other members of a Newark-based based narcotics ring that distributed millions of dollars a year in illegal prescription painkillers such as OxyContin. The defendants were subsequently indicted by the Division, and Dr. Mario Comesanas pleaded guilty to racketeering and distribution of narcotics for writing thousands of fraudulent prescriptions for the ring. The doctor faces a state prison sentence of 15 years and forfeited \$600,000 in cash seized in his home.

In November, Attorney General Milgram and Director Paw announced charges against the leader, Andrew Micali, and 22 other participants in a sports bookmaking ring that operated inside the Borgata Hotel Casino poker room and took in more than \$22 million in bets in 20 months. The charges stemmed from an investigation dubbed Operation High Roller that was led by the New Jersey State Police and Division of Criminal Justice with assistance from 11 other law enforcement agencies in New

Jersey and Pennsylvania. Six casino employees were charged, including two poker room supervisors and two dealers at the Borgata, as well as a Tropicana poker room supervisor.

Other Significant Division Cases

- **Melanie McGuire:** In a case that garnered national media attention, Melanie McGuire was convicted at trial and sentenced to life in prison for the 2004 shooting death of her husband, William McGuire, whose severed remains were found in three suitcases along the Virginia coast. The trial attorneys, Assistant Attorney General Patricia Prezioso and Deputy Attorney General Christopher Romanyshyn, were supported by a team of investigators from the State Police and Division of Criminal Justice, as well as experts from the Office of the State Medical Examiner.
- **\$11.5 Million Energy Rebate Ripoff:** The Division obtained guilty pleas from a former JCP&L manager and a company consultant in connection with a theft of \$11.5 million from a state energy rebate program. The manager, Harold Stamateris, was sentenced to 10 years in prison, and the consultant, Anant Patel, was sentenced to 15 years. The men admitted they conspired to obtain \$11.5 million in payments for bogus or inflated applications under the New Jersey Smart Start Buildings Program, which offers rebates to companies that install more efficient lighting or HVAC systems. A third man was sentenced to three years probation for assisting in the scheme.
- **Environmental Crimes Bureau:** The Environmental Crimes Bureau obtained 11 indictments and accusations in 2007 charging a total of 14 defendants. The Bureau obtained more than \$1.3 million in fines in restitution. In April, the ECB finalized a civil settlement in which Chevron agreed to pay \$1 million for spilling more than 10,000 gallons of crude oil into the Arthur Kill in 2006.

The settlement directed the funds to NY/NJ Baykeeper for a project to reestablish oyster beds in the New York/New Jersey Harbor in the area of the Arthur Kill and Raritan Bay. In July, the ECB indicted Seymour Berkowitz, the owner of a Newark meat plant, and his companies on charges related to the release of contaminated wastewater and foul odors from the plant and their failure to maintain required pollution control equipment. In August, the Bureau indicted a Southampton contractor, James E. Haas Jr., on charges he falsified documents to make it appear that truckloads of contaminated soil from a state bridge project in Trenton were taken to an approved landfill, when he actually dumped them at a farm in Burlington County.

- **Tax/Financial Fraud Cases:** The Division indicted and obtained guilty pleas from Rosa Victoria Rivera and her former boyfriend John Arturo Perez Silva for stealing \$828,000 from the State of New Jersey by filing fraudulent state tax returns. In an unrelated case, the Division indicted six Jersey City residents on charges they stole \$573,000 from the State by filing bogus Homestead Rebate applications. In a third case, the co-owners of an investment firm that offered specialized financial services for podiatrists, Jeffrey Scott Lafferty and Vincella L. Ross, were indicted on first-degree conspiracy and money laundering charges for stealing more than \$500,000 from clients.

Office of Insurance Fraud Prosecutor

In 2007, OIFP charged 218 defendants and sent defendants to jail for a total of more than 146 years. Indictments were up 19 percent. OIFP obtained fines, judgments, penalties and restitution orders totaling more than \$12.7 million and imposed 753 civil insurance fraud sanctions.

During 2007, OIFP successfully resolved several significant medical provider fraud cases. Dr. Juan Carlos Fischberg pleaded guilty to health care claims fraud for running an illegal “PIP mill” where patient records and test results were falsified to bill 17 auto insurers for millions of dollars in Personal Injury Protection claims. He was sentenced to three years in state prison

and was ordered to pay more than \$2.2 million in restitution and fines. Dr. Martin Weinstein, a podiatrist, was sentenced to five years in prison for electronically submitting more than \$250,000 in claims for services never rendered. OIFP extradited Weinstein from the Dominican Republic where he fled after being indicted.

In addition, OIFP obtained its first criminal conviction based on a defendant's violation of contract restrictions. Dr. Gary Reba, a licensed dentist, falsified dates on which services were provided to avoid contractual date restrictions in patients' insurance policies. Reba pleaded guilty to theft by deception and falsifying records.

Following a 14-day jury trial, Ademola Salami, a licensed pharmacist, and his business, Bethel Pharmacy Inc., were convicted of health care claims fraud and Medicaid fraud for submitting thousands of dollars in fraudulent prescription claims to the Medicaid program. In another case, the owners and operators of Touch of Life Home Health Agency were indicted on charges of conspiracy, health care claims fraud and Medicaid fraud for allegedly submitting approximately \$1 million in fraudulent Medicaid claims. In addition, Pedro Acosta and Osvaldo Morales Sr., owners of Chambers Mental Health Clinic, a now-defunct drug and alcohol counseling center, and its former medical director, Dr. Arnold Jacques, were indicted on charges they fraudulently billed Medicaid more than \$160,000. Another co-owner pleaded guilty to Medicaid fraud.

In another major PIP mill case, Irwin B. Seligsohn and his law firm, Goldberger, Seligsohn & Shinrod, pleaded guilty to conspiracy charges and 10 co-defendants were sentenced in connection with a scheme to pay runners to solicit phony auto accident clients and stage accidents so the firm could increase its personal injury practice.

OIFP also successfully prosecuted corrupt police officers. Former Hamilton Township sergeant Jeffrey Nemes was convicted at trial of offering bribes to chiefs of several volunteer fire departments to delay their response time and enhance damage at fire scenes so as to

increase property damage claims and potential profits for Nemes' construction business. Nemes was sentenced to eight years in prison. In another case, nine defendants, including two police officers, were sentenced for their roles in a staged accident insurance fraud scam. Marco Rebelo, owner of Creative Auto Body, and an accomplice, Eli Vasquez, received state prison sentences totaling nine years. Former Plainfield police officer Samad Abdel and former Borough of Roselle police officer John A. Smith pleaded guilty to official misconduct. The nine defendants must pay a total of more than \$200,000 in restitution and \$155,000 in fines.

Other Initiatives

- **DNA Database:** The Division's CODIS Compliance Unit and the State Police Office of Forensic Sciences, through its Forensic Science Technology Center in Hamilton, continued to rapidly expand New Jersey's DNA database, adding more than 20,000 samples this year. The database now has more than 173,000 samples. More critically, there were 893 "hits" or matches in 2007, which more than doubled the cumulative hits since 2003 to a total of 1,451. The 2007 hits solved or assisted law enforcement in investigating approximately 800 crimes including 188 sex offenses, 354 burglaries, 49 homicides, 78 robberies and 74 thefts.
- **Medical Examiner's Office:** The Office of the State Medical Examiner gained a new leader in March 2007 with the appointment of Acting State Medical Examiner Dr. Victor W. Weedn. Dr. Weedn is a renowned pioneer in forensic DNA victim identification who established the military's DNA identification program. Weedn has published more than 80 articles in forensic pathology and criminalistics, and has served on the boards of leading professional journals and associations. Weedn developed national accreditation standards for medical examiner offices and has led strategic planning for the National Association of Medical Examiners for the past decade. The Office's extensive caseload in 2007 included critical assistance in the murder trial of Melanie McGuire.



Division of State Police

Founded in 1921, the New Jersey State Police is a diverse agency with a complex and ever-evolving mission. 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, maintenance of criminal records and crime data, and much more.

The State Police is organized into various sections that provide for intensified focus on such areas as street crime and violence (Operations), drug trafficking and other forms of organized crime (Intelligence), disaster response (Emergency Management) and domestic preparedness (Homeland Security). 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 street gang activity, official corruption, Internet predators, identity theft and casino crime, among many others. Additional information about the State Police is available at www.njsp.org.

- **CALEA Accreditation:** State Police achieved a milestone in 2007 by gaining accreditation from a nationally-respected credentialing authority – the Commission on Accreditation of Law Enforcement Agencies. The accreditation came after an intensive, two-year review of facilities, equipment, procedures and personnel. It places the State Police among an elite group of law enforcement agencies nationwide that have met the Commission’s high standard for “best practices” in hundreds of categories. CALEA standards accreditation was achieved in less than two years. CALEA is an independent, international accrediting authority created by the International Association of Chiefs of Police, the National Organization of Black Law Enforcement Executives, the National Sheriffs’ Association, and the Police Executive Research Forum.

Special Investigations/Intelligence

- **“Operation Bloodwork”:** Because of an increase in violent crimes within the Borough of Glassboro, State Police and the Glassboro Police Department launched a cooperative investigation intended to identify those responsible for the surge of violence. As a result of these efforts, several individuals and street gang “sets” closely aligned with the Bloods street gang were identified as operating in the Glassboro area. These gang sets were actively recruiting potential members while simultaneously trying to control local drug and firearm distribution networks. On September 28, 2007, State Troopers and local police investigators acted on four search warrants targeting residences in Glassboro. Based on evidence obtained through the investigation, as well as evidence confiscated during execution of the search warrants, 11 alleged members and/or associates of the Bloods were charged with crimes related to drug distribution and the sale of firearms.
- **“Operation Dawgpound”:** In conjunction with a separate but related investigation dubbed “Operation Sex Money Murder,” the “Operation Dawgpound” investigation resulted in dismantling of the leadership of the Sex Money Murder set of the Bloods street gang in New Jersey. “Operation Dawgpound” resulted in the arrest of 61 ranking members of the Sex Money Murder set. The investigation spanned six counties and required the coordinated efforts of law enforcement officers from several local, county, and federal agencies.
- **“Operation Centerfield”:** On January 25, 2007, state and federal authorities arrested 14 individuals in New Jersey and Arizona capping a 10-month investigation. Search warrants were also executed in Gloucester, Camden and Burlington counties resulting in the confiscation of 15 lbs. of powder cocaine, 10 lbs. of “crack” cocaine, \$244,000 cash, two handguns and a shotgun. Those arrested were charged with possession of cocaine, possession of cocaine with intent to distribute, and conspiracy to distribution cocaine. “Operation Centerfield” had its roots in a State-Police-initiated effort – done in collaboration with other agencies – that targeted a large-scale narcotics network distributing multi-kilogram amounts of cocaine and crystal methamphetamine in the Philadelphia/South Jersey region. The investigation revealed that motor vehicles equipped with highly sophisticated hydraulic “traps” capable of storing 100 kilogram-sized packages of drugs were being used to transport the cocaine and methamphetamine into the region.
- **“Operation High Roller”:** In November 2007, the State Police Casino Unit, working in collaboration with the Division of Criminal Justice, the Division of Gaming Enforcement, the Pennsylvania Attorney General’s Office, the Borgata Hotel/Casino security department, and nine other law enforcement agencies, charged 23 people with offenses related to an illegal sports betting operation. The State-Police-led investigation revealed that known



members of organized crime operating in Philadelphia orchestrated an illegal gambling operation from within the Borgata Hotel/ Casino Poker Room. The operation had allegedly booked more than \$22 million in illegal sports bets since March 2006. These bets were placed on college and professional football games, as well as college and professional basketball games. “Operation High Roller” resulted in the confiscation of cash and property valued in excess of \$500,000.

- **“Operation S.A.F.E. GUARD”**: The State Police Fugitive Unit initiated “Operation S.A.F.E. (Sexual Assailant Fugitive Enforcement) Guard” as an ongoing initiative that attempts to locate and arrest sexual offenders who are wanted by county agencies for failing to register. Operation Safeguard began in Union County and will continue until all 21 New Jersey counties have been completed. To date, 63 sexual offenders have been arrested for failing to register.
- **“Operation Silent Shield”**: This investigation was a two-month operation aimed at the distribution of child rape videos being disseminated on a Peer-to-Peer (P2P) network via the Internet. Peer-to-Peer networks allow two or more users to connect their computers directly with one another, via the Internet, for the purpose of rapid exchange of files. Operation Silent Shield targeted 62 individual P2P users in New Jersey. Utilizing software developed by the Internet Crimes Against Children (ICAC) Task Force, State Police investigators were able to locate subjects who were offering these videos to others. Search teams were assembled for the execution of a total of 50 search warrants. As a result of the investigation, 44 arrests were made.
- **“Operation Auto Export”**: Operation Auto Export was a long-term investigation conducted by the State Police Auto Unit., and involved stolen vehicles being exported overseas to destinations in Greece and West Africa. The vehicles were being shipped through the ports of Newark and Elizabeth via various freight forwarding companies. As a result of the investigation, 12 suspects were arrested for various auto-theft-related crimes, and additional arrests are still pending. Seventy-two vehicles were seized with an estimated value of \$2.5 million dollars. Investigation revealed that the

thieves procured vehicles by car-jacking, insurance fraud, rental vehicle fraud, theft from long term parking areas, theft from port areas, thefts from rail lines and the theft of cars parked on the street. All vehicles were recovered with at least one ignition key. Intelligence developed through Operation Auto Export revealed that stolen vehicles equipped with keys demanded higher profits. In fact, vehicles sold with two factory keys fetched the most profits. Vehicles shipped overseas via the illegal operation were being sold for almost double their retail value in the United States.

Operations Branch

- **Service Area Crime Suppression**: In 2007, the State Police Operations Branch formed service area crime suppression details to protect patrons using rest stops along the New Jersey Turnpike and other major roadways. By employing the Intelligence Led Policing Model, a number of State Police investigations were launched involving these special units. As a result of the program, Troopers made numerous arrests and drugs valued at \$2.3 million were taken off of the streets.
- **“Safe Passage” Program**: Under the Safe Passage Initiative, State-Police-based education and information programs such as Graduated Driver License Checkpoints, the Serious and Fatal Accident Reduction Initiative and the Electronic Data Program have gained attention within the law enforcement community and – most importantly – among those who travel New Jersey roadways.
- **Youth Leadership Safety Program**: Recognizing that it is easier to build young men and women than to mend adults, the State Police has taken an active role in the lives of New Jersey youth. The State Police Community Services Unit actively mentors young people while helping them focus on education, on finding safe, creative outlets of expression and on being “a leader not a follower” in any social circle. The goal of the Community Services Unit is to deter young individuals from a life of crime, negative behavior, and bad choices.

Emergency Management, Homeland Security

- **OEM Offers Flood Relief :** The Preparedness/Mitigation Unit of the State Police Office of Emergency Management distributed approximately \$29 million to counties throughout the state in fiscal year 2007. Most notable was \$3 million dedicated for the purchase and demolition of homes in the Hoffman Grove section of Wayne. This ongoing, cooperative project has offered relief to families who for decades have had to endure recurring floods. The Preparedness/Mitigation Unit has combined efforts with the state Department of Environmental Protection's Green Acres program to maximize funding. Once completed, it will be the largest such acquisition project in state history, and in the history of Region II of the Federal Emergency Management Administration's jurisdiction.
- **OEM Enhances CERT Teams & Services:** The OEM Support Services Unit coordinates development of the New Jersey Citizen Corps programs, including Community Emergency Response Teams (CERT), Medical Reserve Corps, Fire Corps, Neighborhood Watch, and Volunteers in Police Services. New Jersey's Citizen Corps is one of the largest in the nation, with more than 15,000 volunteers participating in programs designed to make communities safer, stronger, and better prepared. The Support Services Unit also coordinates development of the New Jersey Resource Directory Database. The Database is a project to identify and catalog all assets available for emergency response to ensure the state is prepared to assist with national efforts in accordance with the Emergency Management Assistance Compact (EMAC).

On September 27, 2007 the New Jersey Citizen Corps State Council and the New Jersey Office of Emergency Management held a CERT trailer deployment ceremony at State Police Division Headquarters in West Trenton. Nine emergency response trailers were awarded to select CERT Programs throughout the state. The trailers were equipped with items that would assist with the set up of a mobile command post: a power generator, chairs, tables, flood lights, medical equipment, shovels, crow bars, and other miscellaneous items. There

are now a total of 62 trailers deployed across the state, and a total of 375 CERT Teams. Notably, State Police OEM worked in partnership with Bergen County OEM and Bergen County's Division on Disability Services in 2007 to train and graduate New Jersey's first-ever special needs CERT Program volunteers.

- **USAR to the Rescue:** New Jersey Task Force One, the State-sponsored Urban Search and Rescue Team (USAR), responded to seven Office of Emergency Management deployments in 2007 that involved building and infrastructure collapses and swiftwater/flood rescues. USAR Strike Teams have been trained and equipped to respond as the initial wave of a seamless response to any collapse situation in the New York/New Jersey metropolitan area.
- **Medevac Helicopters:** Medevac helicopters assigned to the State Police emergency management/homeland security sections transported 1,629 patients to area hospitals in 2007. The helicopters continue to conduct daily homeland security patrols to help protect New Jersey's critical infrastructure.

Other Highlights

- **Information and Technology:** The State Police Identification and Information Technology Section is a leader in its field. Most notably, the I&IT section was one of the first to implement and use an Intelligence Led Policing program. The Intelligence Led Policing Program has provided advanced mapping capabilities to enhance New Jersey's emergency response and situational awareness capabilities.



Division of Law

Staffed by approximately 500 Deputy Attorneys General, the Division of Law is regularly involved in significant and complex litigation pertaining to the protection of children, preservation of the environment, delivery of quality health care, funding of public education, safeguarding of civil rights, and many other issues. The Attorney General has a statutory duty to serve as both legal adviser to agencies of State government and defender of State laws. Through its new 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 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 2007, the Division handled a total of approximately 30,000 legal matters. The Division also briefed, presented, or addressed more than 1,750 appeals, prevailing in 80 percent of those cases. To learn more about the Division of Law visit www.nj.gov/oag/law



Keynote Achievements

■ **Reduced State Settlement, Judgment**

Pay-Outs: Through the litigation work of Division of Law attorneys, the total dollar value of settlements and judgments paid out by the State in 2007 decreased by \$27 million from the prior year. Settlements and judgments paid out by the State totaled approximately \$72 million in 2006 compared with \$45 million in 2007—a 37 percent decrease.

■ **Recoveries and Judgments:** The Division helped to obtain more than \$116.5 million in recoveries and judgments on behalf of the State in 2007. Those judgments included more than \$48 million for the Division of Investments as a result of pension securities fraud cases. Judgments obtained also included a total of \$18 million in debt recovery, \$15 million related to civil consumer, insurance and other fraud prosecutions, and \$11.5 million in environmental matters.

■ **Environmental Litigation:** Through a variety of actions, the Division of Law continued its efforts to protect New Jersey's air, land, and water in 2007. Working with the Department of Environmental Protection, the Division filed 35 new Natural Resource Damage lawsuits. As of this writing, there are a total of 106 NRD lawsuits pending. The Division also litigated more than 25 major enforcement actions on behalf of DEP, and negotiated many case settlements favorable to the environment.

■ **Affirmative Litigation:** The Division established a new Affirmative Litigation Section in 2007. The Affirmative Litigation Section is responsible for initiating lawsuits to advance the public good by seeking damages, injunctive relief, development of favorable precedent or a change in policies, practices and actions that run counter to the public interest. The Section generates cases through research and investigation, polling of state agencies, communication

with public interest groups, coordination with its counterparts in other states, and the exchange of information with the National Association of Attorneys General, as well as other multi-state organizations. Among other efforts, the Affirmative Litigation Section has been fighting for the rights of low-income children in the federal S-CHIP litigation, and has been exploring ways to protect New Jersey communities through gun control legislation. The Affirmative Litigation Section also prepared in late 2007 to launch an investigation into whether pharmaceutical maker AmGen, Inc. violated patient confidentiality laws and promoted its injectable drug Enbrel for non-approved uses. Enbrel, which can have serious side-effects in some patients, has been approved by the federal Food and Drug Administration for treatment of juvenile rheumatoid arthritis and moderate to severe psoriasis. The principal focus of the review is whether AmGen engaged in “off-label marketing” -- essentially promoting a drug for uses other than those for which it was approved – and whether the company violated medical privacy laws for the purpose of direct marketing.

- **Civil Enforcement Actions:** Civil Enforcement Actions brought on behalf of the Department of Banking and Insurance in 2007 resulted in 20 license revocations and suspensions, \$505,850 in fines, \$893,172 in restitution and \$12, 695 in costs.
- **Civil Trials:** The Division of Law tried more than 400 civil matters in 2007, handling numerous administrative hearings and prevailing on hundreds of summary judgment motions. DAsG won cases in the area of employment litigation and tort liability litigation, as well as matters involving securities fraud, corrections, State Police, civil rights and the judiciary.

Significant Matters

N.J. v. Delaware: Division of Law attorneys continued throughout 2007 to litigate this important U.S. Supreme Court case focused on the question of which state had jurisdiction over riparian development proposed as part of a planned liquefied natural gas terminal by a BP (British Petroleum) subsidiary in Logan Township, Gloucester County. As proposed, the terminal's pier would extend almost halfway into the Delaware River, into waters claimed by the state of Delaware since colonial times. The Division of Law argued on behalf of the State that, under a 1905 compact between New Jersey and Delaware, New Jersey has exclusive jurisdiction over the construction, maintenance and use of improvements extending from the State's shoreline into Delaware territory. However, a court-appointed Special Master who presided over testimony in Philadelphia found that while New Jersey riparian owners have the right to "wharve out" into Delaware territory, the State of Delaware has the right to exercise full police power jurisdiction over the construction, maintenance and use of those same wharves. In effect, the Special Master gave Delaware veto power over projects extending into its territory. Subsequently, the Division of Law filed exceptions with the Supreme Court opposing the Special Master's findings. (Note: the Supreme Court issued a ruling in March 2008. By a 6-2 vote, the court held in favor of Delaware's ability to exercise jurisdiction over the proposed \$750 million liquefied natural gas terminal project. Writing for the majority, Justice Ruth Bader Ginsburg said that New Jersey rightfully retains sole jurisdiction over ordinary riparian development projects on its side of the river, but that the proposed liquefied natural gas receiving terminal "goes well beyond the ordinary or usual.")

■ Advice on New Jersey Civil Union

Statute: As New Jersey's historic civil union law took effect in early 2007, the Division of Law assisted the Attorney General in issuing two vital Opinions providing clarification on questions that had been raised by elected officials, members of the clergy and the public at large. In order to help ensure uniform statewide practices, the Division of Law provided advice that no public official is compelled by the law to perform either marriages or civil unions, but that those officials who choose to perform marriage ceremonies must also make themselves available to perform civil unions or face possible legal action for violating the New Jersey Law Against Discrimination (LAD).

The Division also provided a second Opinion concluding that members of the clergy may legally decline to perform civil union ceremonies if doing so would conflict with "sincerely held religious beliefs." According to the DOL's advice, discriminatory treatment of same-sex and mixed-gender couples by mayors and other public officials would "raise significant equal protection concerns under the State Constitution." However, clergy members "should not be viewed as public actors in these circumstances." The advice also noted that "a religious ceremony is not necessary for the solemnization of either a marriage or a civil union."

■ Natural Resource Damage Lawsuits:

The Division of Law filed approximately 120 lawsuits in 2007 that could result in hundreds of millions of dollars in compensation to the State from polluters who have harmed New Jersey's natural resources. Among the defendants sued were numerous



manufacturers and marketers of the gasoline additive methyl tertiary butyl ether (MTBE). The lawsuits, known as Natural Resource Damage (NRD) claims, seek compensation above and beyond cleanup costs and fines that the State levies against polluters. The State uses money from NRD settlements to fund ecological restoration projects, typically in the same watershed or general area where resource damages occur. One of the lawsuits filed by the Division in 2007 specifically targets scores of designers and manufacturers of MTBE, as well as major-brand refiners and marketers of gasoline that used MTBE. New Jersey became the third state to file complaints seeking natural resource damages for the recovery of all past and future costs to investigate, remediate, and restore natural resources damaged by the discharge of MTBE.

■ **American Electric Power Settlement:**

Resolving a nine-year-old lawsuit, the Division helped negotiate a historic settlement with American Electric Power on behalf of the State that is expected to result in significant sulfur dioxide emission reductions from nine coal-fired AEP plants in Ohio, West Virginia, Virginia and Indiana. As part of a settlement reached with New Jersey, other states, and the federal government, AEP must install billions of dollars worth of environmental controls, pay \$60 million in mitigation project funds, and pay a \$15 million penalty. Installation of new pollution controls at the nine AEP plants is expected to remove from the air more sulfur dioxide emissions than are generated by all sources in New Jersey, New York, and Connecticut combined.



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.

In addition to investigating and prosecuting those who commit fraud and other consumer-related violations, the Division provides information to the public on a variety of consumer-related issues. The major units of the Division include the Bureau of Securities, Office of Weights and Measures, Lemon Law Unit, Regulated Business Unit, Charitable Registration and Investigation Unit, Legalized Games of Chance Control Commission, Alternative Dispute Resolution Unit, Kosher Enforcement Unit and Halal Enforcement Unit.



Significant Cases

- **Duane Reade Settlement:** Duane Reade International Inc. agreed in November 2007 to pay a \$200,000 civil penalty and reimburse the State its investigative and legal expenses as part of a settlement that resolved allegations it sold expired and mispriced non-prescription drugs, infant formula, baby food and other products at company drug stores. As part of the settlement, Duane Reade agreed to not sell expired or mispriced products, and to comply with the New Jersey Consumer Fraud Act. Duane Reade, which agreed to instruct and train its employees about product expirations as part of the settlement, made no admission of liability or wrongdoing.

The Division sued Duane Reade after the company allegedly violated terms of a previous settlement agreement reached in August 2006.

- **Corfacts, Inc. Consent Orders:** Under terms of a settlement reached with the Division, Howell-based Corfacts, Inc. agreed to pay \$120,000 in penalties and to refrain from activities that violate the state's Do Not Call Law, Consumer Fraud Act, and Deceptive Mail Order Practices Regulations. Corfacts, Inc. – also known as Metro Marketing, Inc., National Warranty Division, L.L.C. and Warranty Warehouse.Com, L.L.C. – agreed not to make unsolicited telemarketing calls to consumers who are on the Do Not Call list, and to comply with requirements of New Jersey's Do Not Call law and regulations. The company also agreed not to make certain misleading and/or inaccurate statements when offering vehicle warranty plans. The company allegedly created a false sense of urgency in offering its automotive vehicle warranty for purchase and failed to provide consumers with a free copy of the warranty provisions before purchases were made.

- **Samuel Goodwin Surplus Funds Lawsuit:** The Division filed suit in August 2007 against a Gloucester County businessman who allegedly collected tens of thousands of dollars in surplus funds that homeowners otherwise would have received for a small fee after their homes were sold in foreclosure. The state's two-count complaint against Samuel E. Goodwin III was the first action filed under the state's Consumer Fraud Act to address deceptive practices in the area of surplus funds recovery.
- **Topps Meat Recall Inspections:** In 2007, the Elizabeth-based Topps Meat Company announced it was recalling 21.7 million pounds of ground beef products that may have been contaminated with E. coli bacteria. Division investigators, working in conjunction with State, county and municipal health officials, conducted random inspections at retail stores across New Jersey and found recalled Topps products still available for sale one month after the recall was announced. The items were removed from store shelves and the Division alerted the public of its findings, as well as the need to check store and home freezers for recalled Topps Meat items.
- **Tainted Toys Inspections:** Toys containing excessive amounts of lead made national headlines just before the December holiday shopping season. Consumer Affairs investigators checked to see if the toy items at issue had been removed from store shelves following recalls issued by the federal Consumer Product Safety Commission. During their inspections, Division investigators found toys that had been recalled for potential lead contamination on sale in nine of 160 stores. The inspection results were issued just prior to Black Friday, and the Division subsequently re-emphasized



the need for consumers to be vigilant for recalled toys during their holiday shopping. In cooperation with the state Department of Education, the Division also prepared a letter about toy safety and toy recalls that was sent to school districts throughout New Jersey.

- **FTS Tire Subpoenas:** In June 2007, Foreign Tire Sales, Inc. (FTS) of Union announced the recall of 255,000 Westlake, Compass and YKS brand steel-belted radial tires that were manufactured by Hangzhou Zhongce Rubber Co. of Hangzhou, China. FTS sold the tires for SUVs, pick-up trucks and vans from early 2004 to mid-2006. The tires lacked a gum strip which makes them susceptible to tread or belt separation. The Division issued a subpoena to FTS that sought the locations to which these tires were shipped, the identity of consumers who might be using them and FTS's knowledge that the tires might be defective. The Division also printed information cards concerning the recalled tires to alert consumers, and the cards were distributed at New Jersey Motor Vehicle Commission inspection stations.

Key Initiatives

- **Professional Boards Improvement Plan:** In October, the Division announced that it had begun implementing an action plan to improve the services provided by its 42 licensing boards. The plan is based on the results of an internal review conducted during the summer. The licensing boards regulate and oversee more than 500,000 individuals working in 80-plus professions ranging from plumbers to physicians. They are fully funded by licensure fees and fines collected by each board. The improvement plan targets use of these funds to enhance the services to both licensees and consumers, expand use of modern technology, and make more efficient use of personnel. One primary goal is to reduce the amount of time it takes applicants to obtain a license. Of equal importance, the plan is designed to speed the handling of complaints filed against licensees.

A systematic redesign of each board's Web site is underway. Consumers looking to read disciplinary actions taken against licensees by the Board of Medical Examiners can view scanned documents on its Web site. As part of the Web site redesign program, disciplinary actions taken by the other boards will be available for review on individual board Web sites. In addition, a new Web-based verification system providing real-time updates on licensee status and disciplinary actions will be launched.

- **Prescription Drug Retail Price Registry:** In 2007, the Division launched the New Jersey Prescription Drug Retail Price Registry, a database that helps consumers compare the retail prices charged by many pharmacies for the 150 most-frequently prescribed prescription drugs. By comparing prices, consumers can see what a pharmacy has reported to the state that it charged for a specific prescription drug. The on-line registry is located at <http://www.njconsumeraffairs.gov/njpd>.

The Prescription Drug Retail Price Registry is updated weekly to provide consumers with current pricing information. In its first three months of operation, the Registry received 266,512 total user hits.

- **Foreclosure Scam Awareness:** The national mortgage crisis caused by subprime lending practices resulted in a sharp increase in defaults and foreclosures in New Jersey and across the nation in 2007. In March, the Division alerted New Jersey residents to potential scams via an outreach campaign that included public dissemination of two new Consumer Briefs.

The foreclosure-related scams typically target "surplus funds" to which homeowners may be entitled if their homes are sold at a sheriff's sale. Surplus funds are monies remaining after the sheriff's foreclosure sale takes place and mortgage and tax obligations have been paid, but



neither the homeowner's mortgage lender nor the sheriff's office are required to notify a homeowner if surplus funds exist.

In one scam, the con artist offers to accept the property deed and, in exchange, pay the homeowner a minimal amount of money -- typically no more than a few thousand dollars. By transferring the deed, the homeowner signs away ownership of his or her house and any equity in the property. The homeowner may be told he/she can buy the deed back if certain conditions are met. Many times, however, these conditions are almost impossible to satisfy or the scammer never intends to honor the promise. Instead, the house is sold through a sheriff's foreclosure sale and the con artist keeps the resulting surplus funds.

In another scam, the con artist offers to help the homeowner in obtaining surplus funds that may be available after the house is sold via a sheriff's foreclosure sale. The homeowner is often told he cannot apply for surplus funds on his own, or that the process is very complicated or costly. In fact, the process involves filling out a form and paying less than \$100.

- **Appointment of New BOS Chief:** In October 2007, Vincent J. Oliva, a former FBI agent and state and federal prosecutor, was appointed Chief of the New Jersey Bureau of Securities. The BOS administers and enforces the State's Uniform Securities Law, registers investment advisors, financial planners, and broker-dealers doing business in New Jersey and acts to protect investors by initiating investigations and lawsuits. Oliva worked as a Special Agent at the FBI's Denver office in the 1980s, serving on the White Collar Crime Squad that investigated securities fraud. He then joined the New York County District Attorney's Office, serving as an Assistant District Attorney in the Trial Division. Oliva returned to Colorado when he joined the U.S. Attorney's Office in Denver as an Assistant U.S. Attorney in the Complex Crimes Unit. Oliva most recently served as Director and Senior Associate General Counsel of UBS Financial Services.



Division on Civil Rights

The Division on Civil Rights is responsible for enforcing the New Jersey Law Against Discrimination (LAD) and the New Jersey 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.

Division's mission is to foster sensitivity and respect among all people throughout the State and sponsors a variety of education and community outreach activities. The Division has five regional offices located in Atlantic City, Camden, Newark, Paterson, and Trenton. In addition to receiving and investigating complaints of unlawful discrimination, the Division receives – and responds to – approximately 20,000 inquiries from the public and employers each year regarding civil rights law.



2007 Significant Cases

Disabled Access

■ **Heller v. Claridge House II**

Condominium Association: Claridge House II resident Susan Heller, of Verona, filed a Complaint against the Claridge House II Condominium Association alleging that it had discriminated against her by denying repeated requests to accommodate her use of a wheelchair since 2005. Heller, who has Multiple Sclerosis, alleged that her wheelchair did not fit through narrow doorways in the building and charged that access ramps at Claridge House II were exceedingly steep.

The Division investigated Heller's complaint and, in May 2007, issued a Finding of Probable Cause against the Condo Association. The matter was ultimately settled by the Division's Conciliation Unit. The Condo Association agreed to comply with the Law Against Discrimination by making renovations to ensure accessible entrances, exits and common areas for residents with disabilities. Heller was awarded \$5,000 for humiliation and mental pain. The Condo Association was required to pay the Division \$2,500 for costs related to the investigation.

Equal Housing Opportunity

- **Resolution of Three Discriminatory Internet Advertising Prosecutions:** In 2007, the Division resolved three separate prosecutions targeting the discriminatory advertising of housing on the Internet through settlements negotiated by its Mediation Unit. One of the cases involved a real estate agency, the Metropolitan Gallery of Homes in Jersey City. Two other cases involved individual property owners – Stephen F. Mandato of Malvern, Pa. and Robert Pratola of West Orange. Both Mandato and Pratola were

accused in separate Directors' Complaints of placing discriminatory ads for their rental units on the popular Internet Web site www.Craigslist.org. In each case, the Respondents settled by agreeing to comply with the LAD by never again engaging in discriminatory rental advertising of any kind. Metropolitan Gallery of Homes was required to pay the Division \$2,000 for administrative costs, Mandato was required to pay the Division \$1,000 and Pratola was required to pay \$500.

Race-Based Hostile Work Environment

■ **Guardians for R.W. and B.W. v.**

Subway: On February 2, 2007, Division Director Frank Vespa-Papaleo issued a formal order awarding back pay of \$2,433 and \$60,000 in emotional distress damages to each of two young, African-American men who worked at a Subway restaurant in Lawrenceville, Mercer County, and were found to have been the victims of race-based discrimination. According to their Complaint, which was filed by adult guardians on behalf of the boys, the two teen-agers were repeatedly referred to with the "n-word" by their supervisor at Subway, Dipen Patel, and were told by Patel "I own you." Based on information placed in the record during an Administrative Law hearing, Director Vespa-Papaleo found that the two teen-agers had been victims of a pervasive, race-based hostile work environment. The Director concluded, among other things, that Patel often used derogatory racial terms to address his two young workers within earshot of others. He found Patel's conduct particularly egregious because Patel held a supervisory position. In addition to requiring back pay and emotional distress damages, the Director

imposed a \$10,000 penalty against the Lawrenceville Subway franchise and upheld an Administrative Law Judge's decision to assess the business \$27,142 in attorneys' fees.

Sexual-Harassment-Based Hostile Work Place

- **Director, DCR v. City Coffee:** The Division on Civil Rights filed a five-count discrimination lawsuit in June 2007 charging the owner of a Camden eatery and coffee shop with sexual harassment, creating a hostile work environment and the retaliatory firing of a female employee who reported his alleged conduct. Filed in New Jersey Superior Court in Camden County, the lawsuit named as defendants both Ronald Ford Jr. and City Coffee, Inc., the restaurant and catering business Ford owns and operates in Camden. The Complaint charges that a hostile work environment prevailed at City Coffee, with Ford allegedly engaged in a "pattern or practice" of subjecting female employees to lewd comments, unwanted touching and repeated requests for sexual favors. The lawsuit also alleges that, in the case of one employee, Ford engaged in "quid pro quo" sexual harassment by asking her to accompany him to a rear office and discussing the possibility of promoting her to Assistant Manager while making unwanted physical overtures. The Complaint accuses Ford of terminating the same employee after she reported his alleged harassment, first to other employees, then to the Camden police.

Unlawful Discharge Based on Disability

- **Lampley v. Astral Air Parts:** The Division awarded \$50,000 in emotional distress compensation to a woman who claimed she was terminated from her job at Astral Air Parts of Elmwood Park, Bergen County, because she needed time off to recover from a cardiac procedure. Complainant Barbara Lampley had a number of medical conditions including congestive heart failure and bronchitis, and her physician had recommended she work in a smoke-free environment. However, the events

surrounding Lampley's complaint took place prior to enactment of the current Smoke-Free Air Act, and employees at Astral Air Parts routinely smoked in the office area to which Lampley was assigned. Lampley alleged in her Complaint that Astral Air Parts refused to relocate her work space, refused to instruct employees not to smoke in her work area, and otherwise failed to accommodate her need for a smoke-free environment. Lampley continued to work at Astral Air Parts despite the smoke, at times wearing a surgical mask to reduce the effects. Lampley subsequently took time off for a cardiac surgical procedure, and was fired when she advised Astral Air that she needed to extend her leave in order to properly recuperate. In addition to the \$50,000 for emotional distress, Lampley was awarded back pay, and reimbursement for health insurance premiums. Astral Air Parts was also assessed a \$10,000 statutory penalty.

Keynote Initiatives

- **Regulatory Compliance or "Poster" Initiative:** The Major Case Unit launched its "Poster Initiative" in 2007 designed to ensure that employers and places of public accommodation comply with a requirement that they conspicuously display the official Employment and, where applicable, Family Leave Act posters of the Division on Civil Rights. The poster initiative began in March 2007 and was launched with inspections at the largest shopping malls in New Jersey. As of year's end, 2,094 retail establishments in 18 malls had been inspected. Of the businesses inspected, 1,546 were found to be in violation of the state's posting requirements and were issued violation notices. Nearly 1,000 business owners have settled with the Division while 70 others have either contested the allegations or failed to respond to Division-issued notices of violation, prompting the issuance of formal Verified Complaints by the Division.



As of year's end, the Division had collected \$481,000 in payments in lieu of penalties from merchants found in violation. Significantly, when the Poster Initiative began, only one of the first 500 establishments inspected was in compliance with the posting requirements. Subsequent inspections revealed noticeably higher compliance rates – an 81 percent compliance rate was noted in a mall inspection that took place near the end of 2007.

- **Training and Outreach:** Through its Bureau of Prevention and Community Relations, the Division continued in 2007 to provide quality civil-rights-related training to employers in the public and private sectors, in addition to landlords, fair housing organizations, school districts, and others. For the year, the Division conducted 94 training seminars involving approximately 5,000 participants. The Division also took part in a number of joint training initiatives for employers, fair housing advocates, real estate agents, tenants and tenants' rights associations, community groups and the general public. These joint training efforts were conducted in partnership with the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development.
- **Mediation Unit:** In 2007, the Division's Mediation Unit successfully resolved 102 cases. The total amount of money obtained for complainants through mediation was \$571,678. The Mediation Unit provides parties an opportunity to resolve complaints amicably in the early stages of the process. Successful mediation allows parties to address a complaint expeditiously while eliminating litigation expenses. The Mediation Unit is staffed by three professional civil rights mediators.



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 message of traffic safety to New Jersey's diverse populations.



2007 Highlights

Impaired Driving Campaign: “Over the Limit, Under Arrest”

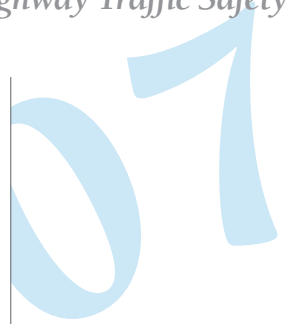
From August 17 through September 3, 2007, the Division of Highway Traffic Safety participated in the national “Over the Limit, Under Arrest” crackdown on impaired driving. The goal of the crackdown was to raise public awareness about the dangers of impaired driving through a combination of stepped-up enforcement and public education. As part of the effort, the Division provided \$5,000 in overtime grant funding to 186 police departments throughout the state. Other police agencies were asked to support the crackdown using their own resources. In addition to the enforcement effort, the Division organized press events to generate public awareness of the “Over the Limit, Under Arrest” campaign, such as one held in Toms River with the Attorney General in August 2007. The statewide crackdown resulted in 1,655 arrests for driving while intoxicated. In addition, participating police agencies issued nearly 7,000 speeding summonses and 3,762 seat belt summonses. Police agency participation during the crackdown reached an all-time high, with a record 96 percent of the state’s law enforcement agencies taking part.

Seatbelt Safety: “Click It or Ticket” Campaign

For the first time in the history of “Click-It or Ticket,” 100 percent of New Jersey’s municipal police departments participated in the annual campaign to encourage seat belt usage and to ticket those drivers found not wearing seat belts. Throughout the two-week crackdown, participating police

agencies issued a total of more than 58,000 seat belt citations. In addition, police wrote more than 1,000 citations for failure to use child restraints, about 5,400 citations for speeding, and made 643 drunken driving arrests. The “Click It or Ticket” campaign was conducted from May 21 through June 3, 2007. In support of the effort, the Division of Highway Traffic Safety provided overtime seat belt enforcement grants to more than 200 police agencies statewide. In addition to the enforcement component, there campaign’s awareness effort that included a radio public service announcement and distribution of educational materials by partner agencies. Several high-profile events were held to launch the 2007 campaign, including seat belt enforcement check-points at the George Washington Bridge, on Route 73 in Pennsauken, and on South Broad Street in Trenton.

“Click-It or Ticket” was also a component of the state’s annual “101 Days of Summer” kick-off event held in Atlantic City. The seat belt issue received additional attention statewide – and throughout the nation – as a result of a serious auto accident that resulted in the hospitalization of Governor Corzine. The Governor subsequently became a national spokesman for seat belt use, appearing in a television public service announcement that aired in regular rotation during the “Click-It or Ticket” campaign. In the aftermath of the “Click-It or Ticket” campaign, the New Jersey Institute of Technology conducted its annual seat belt survey on behalf of the State. The survey



found that seat belt usage had risen to 91.4 percent statewide – a 1.6 percent increase from the previous year. The survey result marked the 11th consecutive year in which seat belt usage had increased in New Jersey.

Anti-Speeding, Aggressive Driving Campaigns

As part of an effort to deter aggressive driving and speeding, the Division sponsored a crackdown campaign dubbed “Obey the Signs or Pay the Fines” in seven northern New Jersey counties in July 2007. A total of 171 police agencies in Bergen, Essex, Hudson, Morris, Passaic, Sussex, and Warren counties took part in the campaign. Altogether, police issued 10,898 speeding tickets during the four-week initiative. In addition, police made 470 drunken driving arrests and issued 4,217 citations for failing to wear seat belts, as well as 1,270 citations for failure to use child restraints.

The “Obey the Signs” campaign generated extensive media coverage both statewide and in local markets. Participating police departments – 91 percent of all policing agencies in the seven-county region took part – put out their own news releases, raising awareness and garnering public support for the enforcement effort.

Also in 2007, a new public awareness and education program informed motorists on New Jersey’s toll roads about the potentially fatal consequences of excessive speed and aggressive driving. The campaign displayed the message “The Highway is not a Racetrack” and featured Ray Evernham, a

New Jersey native and founder of Evernham Motorsports. To further heighten the message that the highway is not a racetrack, posters and palm cards were displayed in casinos and at all toll plazas and service areas along the Parkway, Turnpike and Atlantic City Expressway. In addition, a 30-second radio public service announcement featuring Evernham was distributed to all radio stations throughout the state.

Year-End Holiday Season DWI Crackdown

Recognizing that more driving while intoxicated occurs during the holiday season (Thanksgiving through New Year’s Day), the Division conducted a year-end impaired driving crackdown from December 2006 through early January 2007. The goal of the crackdown was to generate public awareness about the dangers of impaired driving through stepped-up enforcement and public education. All police agencies in Bergen, Essex, Mercer and Monmouth Counties were invited to participate. Fifty-four of the 126 participating agencies received \$5,000 grants to fund 100 hours of enforcement efforts (roving patrols and/or sobriety checkpoints).

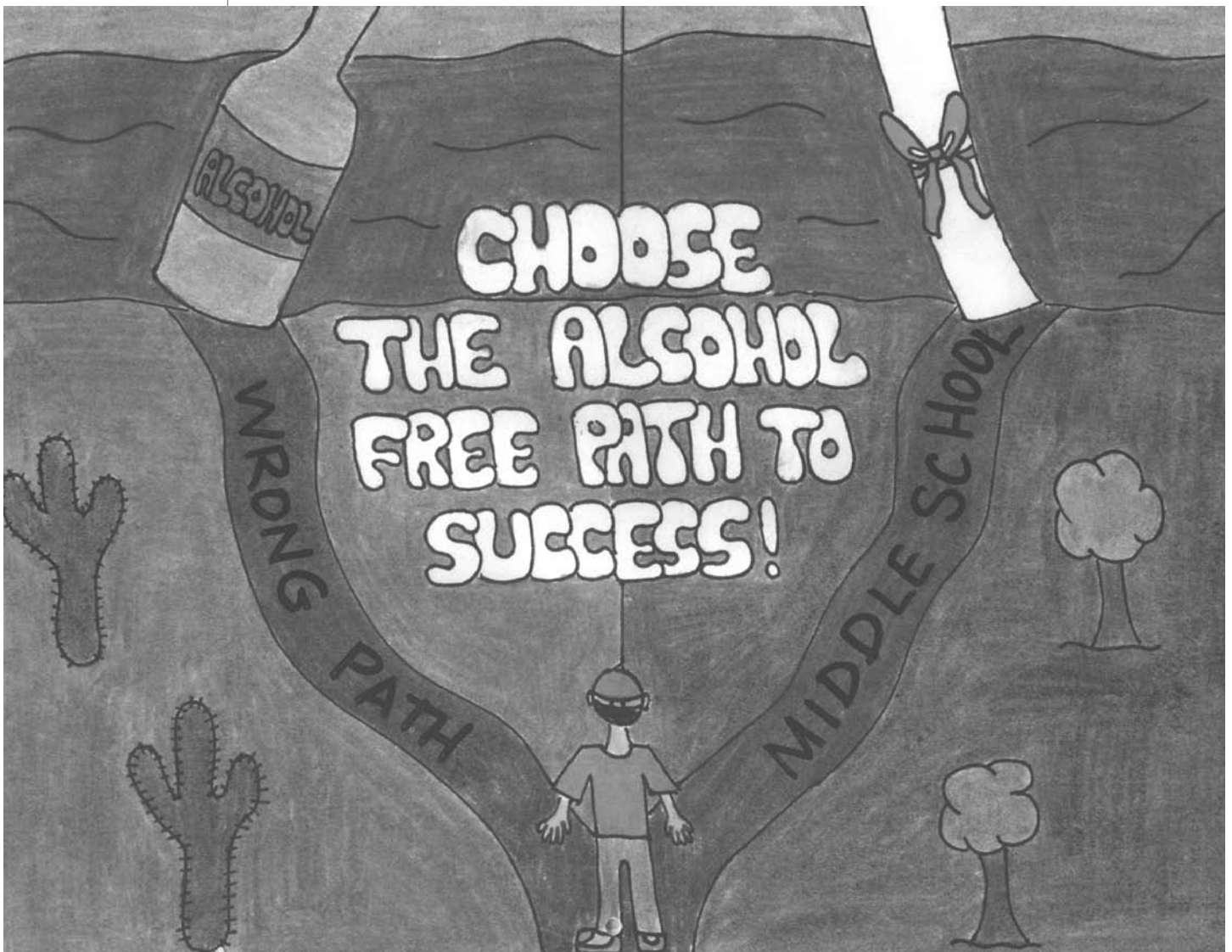
The year-end crackdown resulted in 441 driving-while-intoxicated arrests. In addition, participating police departments issued 2,538 speeding tickets and 1,455 summonses for failure to wear seat belts.

07



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. If a licensee commits a violation, the Director may suspend or revoke the license, impose a fine, and/or impose other appropriate conditions.



Retail liquor licenses are generally issued by the city or town where 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.

The issuance of new licenses as well as transfers and renewals of existing licenses must be approved by the municipal issuing authority and then sent to the Division, where the information is processed. ABC is the official repository for license ownership information. The Division is the sole issuing authority for manufacturing and wholesale licenses and for a variety of special permits for charitable and business-related events. There are approximately 9,400 separate ABC licenses and more than 27,000 permits and insignia issued.

Prevention

“Last Drink” Initiative and AG’s Directive

The “Last Drink” initiative enables law enforcement to collect detailed information on whether an individual was drinking in a licensed commercial establishment, such as a tavern or restaurant, before being stopped and arrested for driving under the influence. Under a Directive issued by Attorney General Milgram in 2007, police officers are required to ask those who are arrested for drunk driving where they have been doing their drinking. If a driver provides the name of a licensed establishment, the officer records the name and address of that establishment on a form along with other information, and the report is forwarded to the ABC. The information is then entered into a data base and used as an investigative tool to help identify patterns that may point to a potential problem at a bar or restaurant.

As of year’s end, a total of 1,467 “Last Drink” reports had been received by the ABC. Using the information provided, the Division began numerous investigations into the practices of liquor licensees listed among the “top 10” for frequency of reports. Three of those investigations have identified violations of regulations designed to promote moderation. The “Last Drink” initiative, which exists in only two other states, has received nationwide recognition.

Underage Drinking PSAs

Throughout 2007, the Division’s chief priority remained combating underage drinking through a variety of awareness and enforcement efforts. As part of its awareness strategy, the Division sponsored radio and television public service announcements or “PSAs” including:

- **“Dangers of Underage Drinking” Radio**

PSA: In response to increasing concerns about alcohol use among middle school students -- and mindful of the critical role that parents play in helping combat drinking at the middle school age – the Partnership for a Drug Free New Jersey launched an effort known as “Listen Up to the Dangers of Underage Drinking” in 2007.

Aimed at middle school students, the program challenged young people to create a script for a 30-second radio public service announcement that spoke directly to parents about the dangers of underage alcohol use. The prize-winning script, which was selected from more than 200 entries statewide, was produced in English and in Spanish, and was distributed to radio stations in the New York, New Jersey, and Philadelphia media markets. The winning script was written by students Alyssa Paterno and Juliana Nase at Memorial Middle School in Point Pleasant Borough, Ocean County. The winning students also participated in the taping of the spots.

- **“Proms and Alcohol Don’t Mix” TV PSA:**

As part of this initiative, high school students from throughout the State were asked to develop and submit scripts for a 30-second television public service announcement focused on the value of young people enjoying prom season – as well as other good times and life milestones – alcohol-free. Ultimately, more than 50 script entries were received. An entry developed by six students from the Cicely Tyson School for the Performing and Fine Arts in East Orange was produced into an actual PSA. The students responsible for the winning script included Itunu Balogun, Lonell Burke, Ashley Burke, Jessica Watson, Maryanne Sharp and Nadia Jossie. Their finished video can be viewed on the Division’s Web site at <http://www.nj.gov/oag/abc/downloads/psa-proms-alcohol-07>.

mp4. The PSA is scheduled to air during the 2008 prom and graduation season.

- **Rutgers Coach Greg Schiano TV and Radio PSAs:** Rutgers University Head Football Coach Greg Schiano recorded a 30-second TV and radio public service announcement in 2007 featuring a message directed to young people about the dangers of underage alcohol consumption, as well as the perils of drinking and driving. Coach Schiano's message was viewed on cable television stations throughout the summer of 2007. The companion audio PSA was distributed for airing on radio stations statewide as well, and a print advertisement was published in the Rutgers Football Game Day program.
- **"Dangers of Underage Drinking" 2008 Billboard and Calendar Contest:** A cooperative effort between the ABC and the Partnership for a Drug-Free New Jersey, the "Dangers of Underage Drinking" billboard and calendar competition is a statewide initiative designed to encourage middle school students and their parents to work together to create billboard and calendar messages focused on the perils of underage drinking. The 2007-2008 competition generated more than 2,400 entries statewide for the 2008 calendar. Thirteen winning messages chosen from among the entries are featured on a calendar that is distributed to all middle schools. One message is featured each month, and the grand prize winning message is displayed on the calendar's front cover. The grand prize winning message is also reproduced on highway billboards throughout the state.

Investigation/ Enforcement Activity

The Division's Investigations Bureau examined 3,672 matters involving the alcoholic beverage industry in 2007, resulting in the identification of more than 4,000 potential administrative violations. The Bureau conducted 1,836 compliance inspections of current licensees and 50 inspections of facilities receiving a newly-issued State license or permit. As part of the Division's commitment to reducing underage drinking, the Bureau conducted 64 operations targeting licensed establishments that cater to young patrons. A total of 1,600 persons were "carded" for identification and 135 arrests for the sale,

service of and/or consumption of alcoholic beverages by underage persons were made during these enforcement actions.

Significant Investigations

- **Jersey City Social Club Raids:** At the request of the Jersey City Police Department, ABC Bureau of Investigation personnel assisted in the search and seizure of two unlicensed social clubs, the Rod and Gun Club and the Fifteen Strong Club. The contents of the clubs were seized by ABC, while the club owners and bartenders were arrested by the Jersey City Police Department on charges of selling alcohol without a license.
- **Alleged Prostitution at Licensed Club in Irvington:** ABC undercover investigators, working with State Police and officers assigned to the Attorney General's Irvington Initiative, recovered a handgun and arrested three women on charges of prostitution at the Bottoms Up Club in Irvington in April 2007
- **Drug Sales Uncovered at South Hackensack Club:** ABC Bureau of Investigation personnel took part in an undercover operation at The Flamingo, located in South Hackensack, that resulted in the arrest of a club bouncer for allegedly selling 150 tablets of the prescription pain medication Percoset to ABC investigators. Also charged were two dancers at the club, for allegedly selling cocaine.
- **Club Fourteen "Welcome Back to School" Event:** Acting on information provided by the College of New Jersey, Bureau of Investigation personnel conducted an undercover operation at a "welcome back to school" event held at Club Fourteen in Trenton in early 2007. As a result, six persons were arrested for underage drinking. One of those charged was also found to have false identification. The case is currently pending before the Division, which is seeking a 60-day suspension of the club's license.

Significant Enforcement Actions

The ABC Enforcement Bureau prosecuted a number of cases in 2007 involving the sale of alcoholic beverages to underage persons. In **Division of ABC v. Boyz Club and Sportz Yard, t/a Keenans Irish Pub**, there were three separate incidents involving the sale of alcoholic beverages to a total of nine underage persons.



The Enforcement Bureau also filed charges in **Division of ABC v. Mason Hospitality, Inc. t/a Romanelli's By the Sea**. The case involve the death of a 17-year-old bicyclist. In addition, the Division is reviewing at least two other cases involving fatalities that resulted from the sale of alcoholic beverages to an intoxicated patron.

The Bureau conducted a number of investigations involving lewd behavior on licensed premises in 2007. Among those cases was **ABC v. 705 Neptune, LLC, t/a Centerfolds**. In that case, the Bureau filed charges related to four alleged incidents of lewd activity. Prior to trial, the licensee agreed to de-license the premises, pocket the license, and sell it within a specific period of time as an alternative to non-renewal.

Cops in Shops

Undercover police work cooperatively with local liquor retailers in a Division initiative known as Cops in Shops to prevent the sale of alcohol to underage persons. During a summer 2007 initiative at the Jersey Shore, Cops in Shops resulted in approximately 190 arrests, with 313 separate offenses charged. The summer shore initiative was funded through a grant from the Division of Highway Traffic Safety. A previous Cops in Shops initiative focused on college towns during the fall and winter of 2006-2007. That effort resulted in 153 arrests with 190 separate offenses charged. That effort was also funded with a Division of Highway Traffic Safety grant.

Developed by the Century Council, a national non-profit organization committed to fighting underage drinking, the Cops in Shops program operates in selected towns at cooperating retail liquor establishments. A team of two undercover officers is assigned to work two evenings a week – typically weekends – in four-hour shifts per night. One officer works undercover as an employee or patron in each store and stops anyone under the age of 21 who attempts to buy alcohol or use false identification. The second officer serves as a “back-up” outside the store to determine if alcoholic beverages have been purchased by an adult and passed along to an underage person. To further deter young people from trying to buy alcohol, participating retail outlets display posters throughout the store and place stickers on cold cases warning that an undercover officer may be on the premises. While Cops in Shops

was originally conceived as a “college town” and “summer resort town” strategy for addressing the problem of underage drinking, its results have sparked a demand from municipalities throughout the State to expand the program. Currently, law enforcement personnel and cooperating retailers in more than 230 towns are trained to run Cops in Shops.

Training

- **Quality of Life Training for Licensees:**
Mindful that the Division plays a vital role in ensuring the public health, safety and welfare, the ABC has adopted an initiative to enhance the quality of life in every municipality. Each year, cities throughout New Jersey, including Newark, Perth Amboy, Camden, Union City and Woodbridge, require liquor licensees to attend a training session where information is provided on their legal duties and responsibilities as license holders. Included in the presentation to licensees is information on how the handling of their obligations and responsibilities under the law affect the quality of life in a community, with an emphasis on avoiding the pitfalls of operating a liquor business.
- **Training for Police, Municipal Clerks:**
Through two-day regional training seminars, the ABC continued to provide training in 2007 for police officers regarding alcoholic beverage control laws. The two-day sessions offered a broad range of information on ABC-related topics such as license transfers and local enforcement of ABC regulations, including underage drinking. In addition, ABC staff members also attended training seminars for municipal clerks, where they provided information to help municipalities address any and all questions related to liquor licenses.



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



Investigation, Enforcement Actions

DGE Awarded Largest Civil Penalty in N.J. Gaming History

The Division of Gaming Enforcement obtained the largest civil penalty in New Jersey gaming history in 2007 – a \$750,000 penalty imposed by the Casino Control Commission against Wimar Tahoe Corporation. Wimar failed to have an independent audit committee in place for a six-month period following its merger with Aztar Corporation, as required by law. Wimar acquired the Tropicana Casino and Resort in Atlantic City – a prior holding of Aztar – as part of the merger.

Under the Casino Control Act, Wimar was required to have an independent audit committee in place to review the casino's operations and all casino-related issues. Following an investigation of Wimar's activities, the Division presented its findings at a hearing before the Casino Control Commission in November 2007. In a subsequent ruling, the Commission denied Wimar a license, finding that Wimar lacked the required business ability, financial integrity, honesty and good character. Following the ruling, the Commission placed Wimar's Atlantic City holdings under the control of a trustee, former State Supreme Court Justice Gary Stein. Trustee Stein's responsibilities include selling the property. As the State's principal regulator of Atlantic City gaming, the Division of Gaming Enforcement will monitor the sale.

DGE Complaints Result in More Than \$1 Million in Fines

In 2007, the Division of Gaming Enforcement filed a total of 14 complaints against Atlantic City's 11 casinos alleging violations of the Casino Control Act

and industry regulations. Among the offenses charged were underage drinking, misuse of security staff, and misuse of surveillance staff. As a result of the Division's enforcement actions, the Casino Control Commission collected \$1.1 million in fines in 2007. The Division complaints also resulted in forfeiture of a total of \$38,000 from those found to be underage gamblers and those who were discovered gambling while on the Self-Exclusion list. Monies collected as a result of the fines and forfeitures are awarded to the New Jersey Council on Compulsive Gambling. The Council uses the funds to educate compulsive gamblers and to combat gambling addictions.

Arrest and Indictment in Theft Case

Members of the Casino Enforcement Bureau investigated a case in 2007 that led to the arrest and indictment of two women on charges of stealing more than \$185,000 in lottery tickets at Resorts in Atlantic City. One of the suspects was employed by the Essentials gift shop located inside Resorts, where the thefts occurred. The New Jersey Lottery Commission referred the Resorts theft case, which was assigned to the Casino Enforcement Bureau. The Bureau is made up of State Police personnel and a Deputy Attorney General assigned to the Casino Prosecutions Bureau of the Division of Criminal Justice.

“Quality of Life” Enforcement Initiative

The Criminal Enforcement Bureau, made up of State Police personnel assigned to the Division of Gaming Enforcement, initiated the Atlantic City Corporate Outreach Project in 2007. The Corporate Outreach Project is



designed to address “quality of life” issues within the Atlantic City Casino District. Within the first six months of 2007, the Criminal Enforcement Bureau conducted 89 investigations resulting in the arrest of 141 individuals, including two for soliciting prostitution, and located five juveniles who had been reported as missing persons. In addition to conducting investigations, outreach project personnel made nearly 190 contacts with hotels and motels along the Pacific Avenue corridor, as well as businesses along Route 30, Route 40 and Route 322.

Casino Licensure Investigations

The Division’s Casino Entity Licensing Bureau is conducting a licensure investigation of Apollo and TPG, two private equity firms that plan to acquire Harrah’s Entertainment, Inc. in a \$31 billion deal. In December 2006, the private equity firms entered into an agreement with Harrah’s Entertainment to acquire Harrah’s four casino-hotels: Harrah’s Atlantic City, Showboat Casino Hotel, Bally’s Atlantic City and Caesar’s Atlantic City. In October 2007, the Casino Control Commission granted these private equity firms a temporary qualification. The firms will operate under the corporate heading Hamlet Holdings LLC. The Division’s investigation is continuing and a hearing for a plenary license is scheduled for summer 2008. The plenary hearing focused on Hamlet and its qualifiers will coincide with the license renewal of the four casinos that Hamlet is acquiring.

Employee Licensing Bureau

The casino industry employes approximately 41,000 people, 65 percent of them licensed as casino key employees, casino employees, or casino service employee registrants. The Division of Gaming Enforcement’s Employee Licensing Bureau conducts background and financial investigations to determine an applicant’s suitability for licensure. The Bureau also investigates existing licensees to determine if revocation is warranted. During 2007, the Bureau processed more than 7,400 applications and forwarded more than 700 applications to the Division of Gaming Enforcement’s legal staff for further review and action. During this period, the Bureau reduced its inventory of casino license applications from approximately 1,100 to about 900.

07



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.



2007 Breeders Cup Races

On October 26 and 27, Monmouth Park Racetrack hosted the Breeders' Cup Races – two days of thoroughbred racing that offered owners' purse awards of more than \$23 million, a world record.

In all, 11 races were conducted during the two days, with nearly 68,000 patrons attending. The event marked the first time that the Breeders' Cup – the "Super Bowl of Racing" – had been held in New Jersey, and was the culmination of planning and preparation work that had been going on for a year. During 2006, Monmouth Park completely refurbished its turf course to conform to Breeders Cup standards. Meanwhile, the Racing Commission worked with the Breeders' Cup Committee and Monmouth Park on related initiatives such as development of regulatory oversight plans for licensing, pari-mutuel matters unique to the Breeder's Cup, and medication standards. The most important new rules adopted prior to the Breeders' Cup were those pertaining to out-of-competition testing and TCO₂ Blood Gas Testing in thoroughbreds. Both tests were conducted for the first time on horses entered in the Breeders' Cup and the Breeders' Crown (a standardbred racing event held at the Meadowlands). The only way to test for Epogen (EPO) and other blood-doping, performance-enhancing drugs is to conduct tests far in advance of race day. As a result, horses were tested at remote, off-track stable facilities with full cooperation from veterinarians and horse farm management. No positives were recorded during this initial testing phase. The TCO₂ tests were performed for the first time on thoroughbred horses as a pre-race test and, again, no positives were recorded. The Racing Commission believes the new testing rules provide an effective deterrent to use of

drugs that, left unchecked, would threaten the health of horses and compromise the safety of the sport.

Investigations, Enforcement Actions

The Racing Commission's in-house investigative unit, which is responsible for helping to maintain the integrity of the sport, conducts inquiries on potential licensees, administers license checks or "sweeps" at racetracks, investigates race horse abuse complaints, inspects licensed off-track farms where race horses are situated, provides testimony in matters that are in litigation, and assists other law enforcement agencies and track security units in conducting their duties.

In March 2007, the Racing Commission reached a settlement agreement that resolved – in terms of the racing licenses of those involved – the Commission's prosecution of several racing industry figures that had resulted from an investigation dubbed Operation Horsepower. Operation Horsepower was a cooperative probe of horse doping involving the Racing Commission, the State Police and the New Jersey Division of Criminal Justice. As a result of the settlement, five individuals involved with nationally-known Ledford Stables were suspended and fined by the Commission. Suspensions ranged from one to six years, and included an agreement by a trainer to never again apply for a Racing Commission license in New Jersey. Fines levied by the Commission ranged from \$5,625 to \$9,000, and totaled \$38,625.



There was also a criminal prosecution related to the Ledford Stables doping matter. In January 2007, Monmouth County veterinarian [redacted] pleaded guilty to falsifying records in connection with the Ledford case. [redacted], 68, of Freehold, pleaded guilty before Superior Court Judge Bette E. Uhrmacher to a criminal accusation that charged fourth-degree falsifying or tampering with records. At his guilty plea, [redacted] admitted falsifying bills related to prescription medicines requested by Seldon Ledford, the owner of Ledford Stables, by including charges for one prescription medicine when, in fact, another prescription medicine had been provided. A week prior to [redacted] guilty plea, four members of Ledford Stables – the owner, his son, and two stable employees – pleaded guilty to possessing a controlled dangerous substance. Owner Seldon Ledford, 60, of Illinois, pleaded guilty to third-degree conspiracy to possess the anabolic steroid Equipoise, a controlled dangerous substance. Ledford's son, Eric Ledford, of Monroe Township, and stable employees Ryan and Aredena Daily, both of East Windsor, pleaded guilty to third-degree possession of a controlled dangerous substance.

Another high profile matter was settled during the year involving an incident that occurred in the 2006 Hambletonian held at the Meadowlands. The case involved an improper drive by Trond Smedshammer, a standardbred horseman, that resulted in one of the driver/trainer's other horses in the race unfairly benefiting by his actions. The trainer, who had three horses in the race, was the driver of the horse on the lead and the rail. He swerved out in such a manner as to allow his other horse to improve position on the rail as well as interfering with other horses in the race. A settlement agreement was reached in December that included a Racing Commission license suspension of 35 days and a fine of \$18,000 – one the highest fines ever imposed on a licensee.

Wagering Integrity

All of the wagering conducted at New Jersey racing facilities is now processed at one central location – Scientific Games Corporation's Mount Laurel Data Center. During the year, the Atlantic City Casino wagering hub was merged with the Data Center and all account wagering data will also be processed through the Center. 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. New Jersey also agreed to be a participant in a regional effort to research and provide additional security software to prevent and/or detect illegal betting patterns.

Off-track Wagering Facilities

New Jersey's first off-track wagering facility opened in Vineland, Cumberland County, on March 30, 2007 following Racing Commission review and approval of the application. The Vineland facility is the first of 15 off-track wagering outlets permitted under the legislation. The second facility opened October 16, 2007 in Woodbridge, Middlesex County. The Woodbridge off-track betting facility quickly evolved into one of the most successful facilities in the nation, capturing nearly \$7 million in wagers in its first full month of operation. A third off-track wagering facility is expected to open in Spring 2008 in Toms River.

Safety Initiatives

The Racing Commission approved advertisement of new rules in 2007 that will enhance the safety of the sport for horses, jockeys, drivers, and exercise riders. First, safety reins will now be required to prevent the unexpected snapping of the lines that control a horse's direction during a race or a training session. The reins have a double hook-up to the horse's mouth bit – one, that is nylon, is used as a backup in the event the primary leather rein breaks, allowing the jockey/driver to continue to control the horse in a safe manner. Second, the toe grab on horseshoes will have maximum size limits (not to exceed four millimeters). Research has proven that there is a direct link to muscular-skeletal injury and fatality in thoroughbred horses when the toe grab is larger than the four millimeters.

Both of these measures are intended to reduce injuries and provide a safer environment for racing and training of horses. In order to ensure that as many industry employees as possible receive workers compensation insurance, the Board decided in 2007 to seek to expand coverage to include, in addition to the jockeys, drivers and exercise riders now covered, thoroughbred trainers' employees working in racetrack stable areas. Expanding the coverage requires a legislative amendment.

07



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 of existence – 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 2007 brought many significant changes in the JJC, including retirement of the agency’s former Executive Director. Under new leadership, the JJC will confront a host of significant challenges in 2008 as it addresses such vital issues as how to help incarcerated juveniles successfully re-enter their home communities, and how to sustain the gains that have been made in reducing secure juvenile detention populations by finding detention alternatives.



Significant Initiatives

Juvenile Detention Alternatives Initiative Shows Real Progress

In 2007, the Juvenile Justice Commission released its Juvenile Detention Alternatives Initiative (JDAI) Annual Data Report for 2006. The report shows that JDAI – a joint initiative of the JJC, the Judiciary and various county agencies – is safely reducing the unnecessary use of secure detention for New Jersey’s youth. The JDAI report documents annual trends in the use of county-operated juvenile detention centers in five pilot sites: Atlantic, Camden, Essex, Hudson and Monmouth counties.

The report, prepared by the JJC’s Office of Local Programs and Services, found that, on any given day across JDAI sites in 2006, there were 215 fewer young people in detention centers compared to 2003. The change represented a 43 percent decrease in the number of young offenders in secure detention. Minority youth accounted for 93 percent of the reduction, with 199 fewer youth of color in secure detention on any given day. In addition, the disparity in the length of stay has also been reduced, so that across JDAI sites, minority youth no longer remain in detention an average of twice as long as white youth.

While all JDAI sites experienced decreases, Essex, Camden, and Monmouth counties have seen the most substantial and sustained changes, with daily populations reduced by about 50 percent at each site.

As a result of these decreases, detention centers that used to operate beyond rated capacity are now right-sized. Essex and Monmouth Counties have not housed a young person in an overcrowded facility since 2003 and 2004, respectively. Since the end of 2006, Camden County has been consistently reporting daily counts at or below capacity.

Juvenile detention is a temporary placement of a youth accused of a delinquent act, while awaiting the final outcome of his or her case in court. The purpose of detention is to house youths who, by virtue of alleged offenses or documented prior histories, pose a serious public safety or flight risk.

A primary goal of JDAI is to make certain that secure detention is, in fact, used only for this purpose: to ensure that serious and chronic young offenders are detained, and that effective alternatives are available for other youth who can be safely supervised in the community while awaiting final court disposition. The JDAI provides a framework of strategies that help reduce the inappropriate use of secure juvenile detention, while maintaining public safety and court appearance rates. A major focus of the work is reducing the disparate use of detention for minority youth.

In April 2004, the state was selected to receive a \$200,000 grant from the Baltimore-based Annie E. Casey Foundation to replicate JDAI in New Jersey. As lead agency, JJC worked in partnership with the New Jersey courts and other state and local agencies to create a steering committee to guide the JDAI effort. Each participating county also has a local steering committee that relies on collaboration, leadership, and data to make improvements in its county juvenile detention system.

Consistent with the goal of ensuring that detention is used for more serious and chronic offenders, much of the drop in detention population can be attributed to fewer youth admitted for rule violations and non-delinquency matters. For example, JDAI stresses the development of effective strategies for intervening with youth struggling with the rules of probation prior to resorting to secure lock-up. As a result, the use of secure detention for technical violations of probation is down across all sites (and by as much as 59 percent in Hudson County, where during the last quarter of 2006, just five youth were admitted for a probation rule violation, accounting for only 1.6 percent of all detention admissions.



As a result of the JDAI, the average length of stay in participating juvenile detention centers decreased by more than 30 percent, with youth remaining in detention 10 days less than they did in 2003. Half of all youth remained in detention for less than one week. In addition, the proportion of young people remaining in detention for more than two months dropped by more than 33 percent across JDAI sites.

The average daily population of females in detention also decreased dramatically across JDAI sites between 2003 and 2006, dropping by more than 60 percent, with 31 fewer girls in detention on any given day. Camden and Atlantic Counties each approached a three-quarters reduction (72 percent and 70 percent respectively) in the number of girls in detention on any given day, and Essex County decreased by almost two-thirds, from 20 girls to 7 girls on any given day.

The JJC and its partners in the JDAI are expanding the initiative to Bergen, Burlington, Mercer, Ocean and Union counties over the coming year.

Performance based Standards Project

Through a partnership with the Council of Juvenile Correctional Administrators (CJCA), the Juvenile Justice Commission continues to participate in a Performance-Based Standards project that allows the agency to view its policies comparatively with those of other states. As a result of its involvement in the project, JJC has implemented significant operational changes, including implementing of a policy that limits the number of days a youth can spend in isolation for a disciplinary infraction and calls for the punishment resulting from a disciplinary infraction to be commensurate with an offender's age and the nature of the offense. The CJCA is a national, non-profit organization committed to the improvement of juvenile correctional services and practices. The Performance-Based Standards program has won awards from the Ash Institute for Democratic Governance and Innovation at Harvard University and the Council for Excellence in Government. New Jersey's experience, which has used as an example of the project's success, was highlighted on the Public Broadcasting System's documentary-style show entitled "Visionaries."

Transition of Life Skills and Leadership Academy/Project USE

In January 2007, the Juvenile Justice Commission completed transition of the Life Skills & Leadership Academy (the "boot camp") into a residential community home, thus establishing the Phillip M. Costello Transitional Academy in Tabernacle, Burlington County. With the support of the Attorney General's Office, the JJC has achieved the management and efficiency savings proposed for fiscal year 2007 via the transition. Most important, however, is that new and innovative programs and services are being offered at the Transitional Academy that address the educational, social, therapeutic and recreational needs of the residents. Currently, a total of 50 young male offenders live at the Phillip M. Costello Transitional Academy.

As a result of the transition, the Florence Crittenton House, located in Trenton, has been refurbished. Crittenton now houses 24 young people in a transitional living arrangement, under the supervision of the JJC's Office of Community Programs. Those residing at Florence Crittenton are preparing to return to their communities and have earned placement in a community program. It is required that the residents at Crittenton be 18 years of age or older and take part in various work programs instituted through a collaborative effort with the Department of Treasury. Specifically, the Department of Treasury employs 10 young men from JJC at a state warehouse in Hamilton Township, where they are trained in warehousing, furniture repair, computer repair, and transportation of goods.

Ongoing Programs/Initiatives

In 2007, the Juvenile Justice Commission continued moving forward on a number of programs and initiatives that were discussed in its 2006 Annual Report. The following is an update on those concerns:

Racial Disparities Study

The Racial Disparities Steering Committee, established in April 2003, continues to address county practices as related to possible racial and ethnic disparities in the juvenile justice system. To reiterate, the Attorney General, the Chief Justice of the New Jersey Supreme Court and the Juvenile Justice Commission's Executive Director jointly charged each of New Jersey's Youth Services Commissions to conduct an inquiry in its county's practices relative to this concern. In all 21 counties in New Jersey, diverse actors in the juvenile justice system have been involved in the project. The Racial Disparities Steering Committee is comprised of representatives from the Office of the Attorney General, Commission, Judiciary, Public Defender's Office, and County Youth Services Commissions.

Preliminary findings have resulted in the creation of a Stationhouse Adjustment Committee, established through the Office of the Attorney General. This committee is charged with looking at the current use of informal and formal police stationhouse adjustments in an effort to ensure equal access to diversionary programs available statewide. Policy and practice recommendations for improving the juvenile justice system are being considered at the state and local levels, which will positively impact on the number of minority juveniles who have contact with the juvenile justice system.

Family Justice, Inc.

The Juvenile Justice Commission's partnership with Family Justice, Inc. of New York City continues to play an integral role in reentry efforts on behalf of youth returning to their communities. Family Justice, Inc. has provided extensive training to Commission staff and other state partners. This critical family support component draws on the unique strengths of families and neighborhoods to break cycles of involvement with the criminal and juvenile justice systems. The organization partners with government agencies, such as the Juvenile Justice Commission, to implement new methodologies that promote change, offers training and technical assistance, and serves as a leading resource for policy development.

Going Home "The Serious and Violent Offenders Reentry Initiative"

The Juvenile Justice Commission's selection as a recipient of a grant from the United States Justice Department's Office of Justice Programs' Going Home – "The Serious and Violent Offenders Reentry Initiative" (SVORI) has enabled it to redesign the parole and transition process for those youth best described as serious and violent offenders. With this grant, the agency is better able to address individual needs and gaps in service for those youth who may pose the greatest risk for re-offending. This effort represents a partnership between the New Jersey State Parole Board, the Department of Corrections, and the Juvenile Justice Commission. SVORI's objective is to guide youth toward positive lifestyles that are crime free and help them become responsible adults. The Juvenile Justice Commission is helping to make that a reality in the State of New Jersey.

Suicide Prevention Initiative

The Juvenile Justice Commission continues its efforts to eliminate juvenile suicides through the establishment of minimum standards that serve as site-specific protocols. Utilizing best practices and National Commission on Correctional Health Care (NCCHC) standards, the Commission developed a set of assessments designed to provide guidelines in eight critical areas: training, identification/screening, communication, housing, levels of supervision, intervention, reporting and follow-up/mortality review. Throughout 2007, the Commission remained committed to supporting efforts to eliminate juvenile suicides through the use of the Suicide Prevention Handbook for Juvenile Justice Commission Facilities and Programs.

