2012 Annual Report

John J. Hoffman
Acting Attorney General of New Jersey

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

It is my privilege to serve you, and to lead the Department of Law and Public Safety's multi-faceted efforts to protect New Jersey residents.

At the Department of Law and Public Safety, our mission is broad-based.

It includes everything from safeguarding consumers and ensuring the integrity of New Jersey's casino gaming industry, to combating insurance fraud and – most critically – protecting our citizens from such threats as terrorism, gang activity, drug dealing, human trafficking, child pornography, gun violence and other crime.

But the mission does not end there.

The department also is responsible for protecting motorists and pedestrians, preserving civil rights, regulating the sale of alcoholic beverages, and helping young people who've become involved with the juvenile justice system to become productive, law-abiding citizens.

Our mission further includes patrolling New Jersey's roadways and waterways, ensuring the integrity of the horse racing industry, overseeing contractors and licensed professionals, and – as was underscored last October, when Superstorm Sandy wreaked havoc across the state – leading New Jersey's emergency response efforts.

We live in a state that is home to 8 million people, and which welcomes millions more each day to travel, work, study, and vacation here. It is not a stretch to say that, in one way or another, our department's work has the potential to touch all of these lives. That is a significant responsibility, and one we approach with the utmost dedication and professionalism.

As a Department, our daily focus is on getting the job done through action, innovation, collaboration and, above all, a commitment to making a difference.

Two significant efforts in 2012 illustrate this commitment – the Department's response to Superstorm Sandy, and our work in combating gun violence through such efforts as the Passaic Corridor Initiative and the launch of our statewide gun buyback campaign.

It is true that Superstorm Sandy was a historic and devastating hurricane.

It is true that the property lost and the natural resources destroyed by the storm will take many years to restore.

But it is also true that, as difficult as it is to imagine, Sandy could have been much, much worse.

The fact that it wasn't is largely due to the leadership of Governor Christie, as well the resolve and bravery of the people of New Jersey.

However, it's also a credit to the hard work of many employees of the Department of Law and Public Safety – particularly the New Jersey State Police, who led our response efforts through the Office of Emergency Management.

As the storm made landfall on October 29, many planning strategies – strategies born from the hard lessons of Hurricane Irene the year before – were already kicking in.

These strategies turned out to be vital in mitigating the potential damage from Sandy.

It is something of a cliché, but it happens to be true that "extraordinary people rise to the challenge of extraordinary events."

We certainly saw that in our Department during and after Sandy.

Whether operating behind the scenes handling logistics, or in the field rescuing shivering,

exhausted victims from rushing floodwaters, our emergency response personnel did an incredible job of reacting to this statewide catastrophe.

Unfortunately, the storm that brought out the best in our people also brought out the worst in others outside of state government and law enforcement.

As a result, the Department was called on to deal with many acts of greed and opportunism carried out by people seemingly bent on exploiting the tragedy of Sandy for profit.

Throughout the storm and its aftermath, our Division of Consumer Affairs helped New Jersey residents avoid being the victims of price-gouging, storm-related home repair scams and other attempts to take advantage of them by providing easily accessible "consumer tips" and by aggressively investigating consumer complaints.

As of the end of December, we had filed lawsuits against 24 New Jersey businesses – including 11 gas stations and 13 hotels – for price gouging.

Another linchpin effort in 2012 was our multi-pronged strategy to combat gun violence through such programs as the Passaic Corridor Initiative and a campaign of gun buybacks that we launched in December.

On December 5, our office announced that numerous arrests and gun seizures had been made as a result of the Passaic River Corridor Initiative. The Corridor Initiative is a new partnership in which our State Police work collaboratively with local and county law enforcement agencies in Essex, Bergen, Passaic and Hudson counties, as well as federal authorities, to prevent violence, solve crimes and seize guns by sharing intelligence about crime patterns and criminals operating along a broad corridor extending from Newark to Paterson. In an eight-month span in 2012, the Corridor Initiative resulted in 405 arrests and the seizure of upwards of 100 firearms. This specifically-targeted effort dovetailed well with the ongoing efforts of our State Police Intelligence Section, which seized a total of 335 guns for the year by targeting weapons traffickers, particularly those operating in urban environments.

At the same time we were pursuing a proactive, enforcement-driven effort to reduce gun violence, we also began a campaign of gun buybacks aimed at getting firearms off the street before they could be used to maim or kill an innocent person. Our first gun buyback event was held in Camden County on December 14 and 15. It took more than 1,100 deadly firearms out of circulation in Camden city and the surrounding municipalities. Many of these guns were illegal to own because of unlawfully high magazine capacities, or because they'd been sawed off or otherwise modified.

This gun buyback came in the wake of the Newtown, Conn. mass shooting tragedy – although it was planned previously – and would set the stage for a highly successful effort to save lives across New Jersey by getting guns out of circulation.

We in the Department of Law and Public Safety are dedicated to serving the public, and are proud of the work we do each day.

In the pages that follow, you will read about more of the Department's keynote accomplishments for 2012. I urge you to also visit the Web sites of our individual Divisions and Commissions to learn more about our mission, and our work on behalf of New Jersey citizens.

John J. Hoffman
Acting Attorney General

Table of Contents

Division of Criminal Justice 2
Division of State Police 12
Division of Law 22
Division of Consumer Affairs 26
Division on Civil Rights 32
Division of Highway Traffic Safety 36
Division of Alcoholic Beverage Control 40
Division of Gaming Enforcement 44
Racing Commission 50
Juvenile Justice Commission 54
State Athletic Control Board 60

Elie Honig
Director

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 has the original jurisdiction of the Attorney General to investigate and prosecute criminal offenses of statewide significance. In addition to its direct law enforcement operations, it provides oversight and coordination within New Jersey's vast law enforcement community. The mission of the Division of Criminal Justice is to protect the residents of New Jersey by helping to coordinate and enhance the operations and policies of law enforcement at all levels – state, county and municipal. More information about the Division is available at *www.nj.gov/oag/dcj*.

Overview

Bold new strategies targeting gun violence, human trafficking and other crimes against the vulnerable, including child pornography, were a hallmark of the Division of Criminal Justice in 2012. The Division worked with newly-formed State Police Weapons Trafficking Units to seize 335 guns and charge numerous defendants with possessing and trafficking illegal firearms. The Division also charged numerous defendants with distributing child pornography. The Attorney General's Office issued a new, statewide law enforcement directive to increase investigations and prosecutions of human trafficking, and to rescue the victims of such crimes. Meanwhile, the Division continued to pursue with vigor such longstanding priorities as prosecuting public corruption and combating gangs and organized crime. The Division charged more than 900 new defendants in 2012, obtaining indictments and convictions in several major public corruption cases. It prosecuted members of street gangs and drug networks, and secured lengthy prison sentences for individuals who committed acts of violence. The Division prosecuted defendants, including doctors and pharmacists, involved in the black market distribution of narcotic painkillers. In addition, the Division prosecuted white-collar crime cases in which investors, lenders and clients lost huge sums as a result of fraudulent schemes. The Division prosecuted a number of high-profile cases, including the trial of Shamsiddin Abdur-Raheem, who was sentenced to life in prison for killing his infant daughter by tossing her from a bridge into the Raritan River in February 2010.

New Anti-Crime Initiatives

Gun Violence:

In May, the Attorney General's Office announced a new anti-gun-violence initiative involving the collaborative efforts of both the Division of Criminal Justice and State Police. The initiative is designed to aggressively target gun violence through strategic investigations focused on seizing guns in violent areas, disrupting weapons trafficking into those areas, and prosecuting criminals involved in the illegal sale and possession of guns. For the year, the Division's Gangs & Organized Crime Bureau filed indictments against 57 defendants for illegal gun trafficking and possession. The Division will be indicting additional defendants arrested in 2012 by the State Police Intelligence Section, which formed new Weapons Trafficking Units, doubling the number of detectives assigned to these cases and seizing 335 firearms – more than three times the number of guns seized in each of the previous two years.

Human Trafficking:

In July, the Attorney General's Office issued a new statewide law enforcement directive to increase investigations and prosecutions of human trafficking crimes in New Jersey, identify and rescue human trafficking victims, provide comprehensive services to victims, and train police to recognize telltale indicators of human trafficking when investigating other offenses. Also announced was the formation of a Human Trafficking Unit within the Division of Criminal Justice, with additional staff assigned to those crimes. The unit will increase the capability of the Division to perform proactive, long-term sex and labor trafficking investigations with local, county, state and federal partners. It will also lead efforts to train law enforcement, monitor such cases, and provide services to human trafficking victims. In October, detectives of the Division's Human Trafficking Unit and members of the FBI Human Trafficking Task Force in Atlantic City arrested a Ventnor man, Marc A. Branch, on a first-degree charge of human trafficking for allegedly operating a male prostitution ring from his apartment, in which young men, including one or more minors, allegedly were induced to use heroin and cocaine, and were prostituted to male clients. In December, a client of Branch who allegedly engaged in sexual acts with a minor was arrested. A number of other human trafficking investigations were opened in 2012.

Child Pornography:

Stepped-up child pornography enforcement was a priority in 2012, and the Division's Computer Analysis & Technology Unit worked closely with the State Police Digital Technology Investigation Unit, as well as the New Jersey Internet Crimes Against Children Task Force, to increase related investigations

and prosecutions. In April, the Division charged 26 individuals with distribution and possession of child pornography as a result of the multi-agency "Operation Watchdog" investigation led by New Jersey State Police. The defendants arrested included an Audubon man who lived in a residence above a daycare center, a Folsom man who allegedly took photos while sexually assaulting a juvenile, and the former public works administrator for the municipality of Morristown. The Division of Criminal Justice is moving forward to indict those defendants.

The Division's Financial & Computer Crimes Bureau secured a six-year prison sentence in July for John A. Dziegiel of Holmdel, who was convicted at trial of distributing child pornography online. In December, Gavin Swiatek, a former biochemistry instructor at Rutgers University in New Brunswick, pleaded guilty to using a computer in his university office to share videos of child pornography on the Internet. He faces a five-year prison sentence. In September, the Financial & Computer Crimes Bureau took a guilty plea from a Camden County woman, Rachael L. Baker, who admitted having sexual intercourse with a 13-year-old boy and photographing the boy and an 8-year-old girl engaged in a sex act. She faces 10 years in prison, including 8 ½ years without parole. She admitted she told the girl to perform oral sex on the boy, and took a cell phone photo at the request of co-defendant Gary T. Cramer, who faces pending first- and second-degree charges.

Atlantic City Anti-Crime Efforts:

The Division's Gangs & Organized Crime Bureau is playing a critical role in the Atlantic City Violent Crime Task Force, in partnership with the New Jersey State Police Street Gangs Unit, the Atlantic County Prosecutor's Office, the Atlantic City Police Department, the Atlantic County Sheriff's Office, and the State Parole Board. The mission of the Task Force, which was established under the State's Clean & Safe initiative for Atlantic City, is to target organized criminal groups operating throughout the city and beyond, emphasizing long-term investigations aimed at dismantling criminal organizations. Since its launch in late 2011, the Task Force has participated in the arrest of hundreds of suspects in and around Atlantic City on charges ranging from narcotics and weapons offenses to homicide.

Prosecuting Public Corruption

The Division's Corruption Bureau filed 40 new cases against 48 defendants in 2012.

Assemblyman Schroeder Indicted:

A state grand jury indicted New Jersey Assemblyman Robert G. Schroeder and four of his companies in December on charges he stole $1.8 million from individual lenders and wrote $3.4 million in bad checks.

Prosecution of North Bergen Public Works Officials:

The Bureau also indicted Timothy J. Grossi, Deputy Director of the Department of Public Works (DPW) in North Bergen, for allegedly ordering employees to work on political campaigns and do personal chores at his home, and the homes of others, while being paid by the township. Previously, DPW Superintendent James Wiley pleaded guilty to conspiracy to commit official misconduct, admitting he directed DPW employees to perform hundreds of hours of chores at his home and to work on campaigns. Wiley faces five to 10 years in prison. DPW supervisors Troy Bunero and Francis Longo were also indicted.

Insurance Broker Sentenced for Theft from Perth Amboy City, BOE:

Francis X. Gartland, a Maryland insurance broker, was sentenced in December to 15 years in prison, including 7 ½ years without parole, as a result of a Bureau prosecution for stealing nearly $2.6 million from the Perth Amboy Board of Education by submitting fraudulent bills, and stealing $216,495 from the City of Perth Amboy by collecting payments for a non-existent "wellness program" for employees.

Former Engineering Firm Executive Indicted on Pay-to-Play-Related Charges:

Thomas Rospos, the former executive vice president for Birdsall Services Group, a large Monmouth County-based engineering firm, was indicted in December in a scheme in which the firm fraudulently avoided New

Jersey's Pay-to-Play Act by disguising illegal corporate political contributions as personal contributions of employees. Previously, Birdsall's former marketing director, Philip Angarone, pleaded guilty in the scheme. He faces up to 364 days in jail.

In June, the former Superintendent for Special Services at the Passaic Valley Sewerage Commission (PVSC), Kevin Keogh, pleaded guilty for his role in a conspiracy to have subordinate employees complete repairs or improvements at his private residence while on duty. He faces five years in prison. Previously, Chester Mazza, the former Assistant Superintendent for Special Services, pleaded guilty to fourth-degree theft. Two other PVSC officials have been indicted. In July, former Director of the New Jersey Division of Taxation Robert K. Thompson, and former Assistant Deputy Director David M. Gavin, were found guilty of official misconduct in a bench trial for accepting lavish gifts from a state contractor while continuing to take official action on the company's contracts. The Division sought jail and prison sentences, but the judge imposed probation.

State Troopers Prosecuted for Involvement in Unlawful High-Speed Escort:

In July, the Bureau filed complaints charging Sgt. 1st Class Nadir Nassry of the State Police with third-degree tampering with public records and fourth-degree falsifying records. Also charged was Trooper Joseph Ventrella, who was accused of fourth-degree falsifying records. The two Troopers were charged in connection with their alleged participation in an unauthorized escort of a high-speed sports car caravan to Atlantic City in March 2012. Nassry ultimately pleaded guilty to a fourth-degree falsifying or tampering offense and forfeited his job.

Ventrella waived indictment, was charged by accusation with a fourth-degree falsifying or tampering offense, and was permitted to enter a Pre-Trial Intervention program. He also forfeited his job.

Transportation Supervisor, Mother Charged with Theft of $565,772:

In October, the former Transportation Supervisor for the Hazlet and Piscataway School Districts, Michelle Pumilia, and her mother, Virginia Lisay, were charged by complaint with stealing $565,772 from the two school districts by authorizing payments to fictitious bus companies for transportation services that were never provided.

Contractor, Hoboken Official Who Looked Other Way, Get Prison Terms for $1 Million Parking Meter Coin Theft:

In April, Brian A. Petaccio, a Toms River contractor whose company, United Textile Fabricators, collected coins from parking meters for the City of Hoboken, was sentenced to seven years in prison for stealing more than $1 million in parking revenues. John P. Corea, the former director of the Hoboken Parking Utility, was sentenced in April to seven years in prison for official misconduct, admitting he knew Petaccio had stolen revenues, but did not stop him or alert the city.

Fighting Gangs & Organized Crime

The Division's Gangs & Organized Crime Bureau filed charges in more than 120 new cases involving more than 285 defendants in 2012. The Bureau filed charges against violent gang members and drug dealers in three major investigations in Camden, Perth Amboy and Paterson.

Camden Heroin-Dealing Ring Smashed

In May, charges were announced against 28 alleged members of a drug network with ties to the Ñetas street gang that was dealing heroin in Camden. Another 13 alleged drug dealers from outside the network were also charged in Operation Billboard, an investigation led by the Division, with assistance from the Camden Police Department, Camden County Prosecutor's Office, State Police and U.S. Immigration and Customs Enforcement. The alleged leader of the ring, Noel Gonzalez, was charged with leading a narcotics trafficking network, a first-degree crime that carries a sentence of 25 years to life in prison. Gonzalez and 27 others were also charged with first-degree racketeering.

Leader, Members and Associates of Violent Drug Ring in Perth Amboy Indicted:

In August, the Division indicted the alleged leader and 29 members and associates of a violent Perth-Amboy-based drug ring linked to the Ñetas street gang. The ring trafficked heroin and crack cocaine in Middlesex County and in New Jersey State Prison in Trenton. The indictment stemmed from Operation New Era Taking Action, a joint investigation by the Division, Perth Amboy Police, the U.S. Drug Enforcement Administration, Middlesex County Prosecutor's Office and the New Jersey Department of Corrections. The alleged ring leader, Danni Rivera, was charged with leading a narcotics trafficking network, and he and 29 other defendants were charged with first-degree racketeering.

"Operation Dismayed" Busts Heroin Mills in Paterson:

In November, charges were announced against the alleged ringleader and 16 co-defendants in the takedown of a major drug network in Paterson that was distributing millions of dollars in heroin out of a series of processing mills and stash houses. The arrests stemmed from Operation Dismayed, a six-month investigation by the Division, Passaic County Sheriff's Office, U.S. DEA, and State Police. Detectives seized three kilos of bulk heroin, another kilo of heroin packaged in glassine envelopes for individual sale, and about $255,000 in cash. The bulk heroin could have sold for more than $1 million once cut and packaged for street sale. The network is believed to have supplied multiple kilos of heroin per week to suppliers and large-scale dealers in northern New Jersey, New York, Pennsylvania and Washington, D.C. The alleged ringleader, Segundo Garcia, was charged with the crime of leader of a narcotics trafficking network.

Gang Members and Other Violent Criminals Get Lengthy Prison Terms:

The Gangs & Organized Crime Bureau also obtained convictions in ongoing prosecutions that put gang members and violent criminals in prison for lengthy sentences. In May, a New Brunswick man, Antonio Powell, was sentenced to 20 years in prison – including 10 years without parole – for selling an AK-47 assault rifle and two handguns to an informant. Reynel "Mito" Delvalle pleaded guilty to first-degree racketeering in December, admitting he distributed large quantities of heroin in Camden and sold an M-1 assault rifle to an undercover officer. He faces 14 years in prison, including 12 years of parole ineligibility. Delvalle was one of 28 defendants indicted in Operation Jumpstart, an investigation by the Division, State Police, the Camden County Prosecutor's Office, Gloucester County Prosecutor's Office, U.S. DEA and other members of the High-Intensity Drug Trafficking Area Joint Camden Task Force. In August, a Camden man, Damir Lea, was sentenced to 11 years in prison – including nine years without parole – for his role in a narcotics ring in South Camden with ties to the Bloods that was dealing cocaine, heroin and PCP. He admitted he distributed drugs and beat up a man in jail because he believed the man was a witness for the state. Lea and 13 other defendants, including the alleged leader of the ring, Kyle Ogletree, were indicted in Operation City Wide.

Operation Pandora Targets Oxycontin Ring:

In June, Mohamed Hassanain, pleaded guilty to leading a Newark-based drug ring that sold 40,000 OxyContin and Percocet pills per week, mostly to a distribution ring in the Bronx, N.Y. He faces a 15-year prison sentence. Hassanain and 18 other ring members were indicted in Operation Pandora, an investigation by the New Jersey State Police and the Division.

Physician Charged with Writing Illegal Prescriptions:

In February Vincent Esposito, a doctor and ex-councilman in Madison, Morris County, was arrested by the Division in an investigation by the U.S. DEA. He was charged with second-degree conspiracy and distribution of a CDS for allegedly writing prescriptions for the highly addictive painkiller oxycodone for individuals he never treated or examined. Esposito and a pharmacist who allegedly conspired with him have since been indicted. In December,

William C. Kropinicki, a doctor who had an office in Lawrence, was sentenced to seven years in prison for selling prescriptions for Percocet to a drug dealer in the names of purported patients he never treated or examined. The charges resulted from an investigation by the Gangs & Organized Crime Bureau, the Division of Consumer Affairs Enforcement Bureau and the Bordentown City Police Department.

Prison Smuggling Ring Busted:

In August, former state correction officer Luis S. Roman was sentenced to five years in prison for smuggling pre-paid cell phones, cocaine, heroin, and marijuana into Northern State Prison for a network of inmates who solicited customers and distributed the contraband. A former inmate who was an organizer for the network, Willie Wade, was sentenced in May to 10 years in prison. In July, former state correction officers Ardones Livingston and Latasha Walker were each sentenced to five years in prison for smuggling a cell phone to an inmate at the Adult Diagnostic and Treatment Center in Avenel. In addition, in June, a Monmouth County man, Dwayne Spears, pleaded guilty for his role in a scheme in which a corrections officer, a Bloods gang leader, and members of the Lucchese crime family allegedly smuggled drugs and cell phones into East Jersey State Prison. Spears faces five years in prison. He was charged in Operation Heat, an investigation that led to the indictment of those engaged in the smuggling scheme as well as numerous members of the New York-based Lucchese crime family.

Specialized Crimes

The Specialized Crimes Bureau filed 299 new cases charging 359 defendants in 2012. The Bureau prosecuted several high-profile cases of violent crime. It also prosecuted crimes in the Atlantic City casinos, environmental crimes, unemployment fraud, and individuals who conspired to sell driver's licenses to unauthorized persons.

Life Sentence for Man Who Killed Infant Daughter:

The Bureau prosecuted Shamsiddin Abdur-Raheem, who was convicted at trial in September of murder and kidnapping for abducting his 3-month-old daughter, Zara, and throwing her from a bridge into the Raritan River in February 2010. He was sentenced in November to life in prison, plus 30 years. He must serve 89 years in prison without possibility of parole.

Sixty-Two Year Sentence Imposed for Taking Hostages, Wounding Law Enforcement Officer:

In October, a Salem City man, Lavar Rodgers, was sentenced to 62 years in prison – including nearly 52 years without parole – on multiple charges of attempted murder and kidnapping for an incident in which he held his girlfriend and her three children hostage and fired on law enforcement officers, wounding a county investigator and a police dog. He was convicted at trial in August.

Atlantic City Man Sentenced to 25 Years for His Part in Fatal Armed Robbery:

Darrick Hudson pleaded guilty in October to aggravated manslaughter for his part in a robbery in 2007 at a gas station on the White Horse Pike in Atlantic City, in which the owner was fatally shot and an attendant was wounded. Hudson was sentenced to 25 years in prison, including 21 years of parole ineligibility.

Former MVC Clerks Sentenced for Role in Selling Driver's Licenses:

Working with the Motor Vehicle Commission, the Specialized Crimes Bureau convicted corrupt Motor Vehicle Agency clerks and brokers who were selling driver's licenses to individuals without the required six points of identification. In 2012, four MVC clerks were sentenced – each to four years in prison – for participating in illegal license brokering rings out of the Lodi, North Bergen, East Orange and Jersey City Motor Vehicle Agencies. A broker in the Lodi ring was also sentenced to four years in prison.

Indictment Charges Unemployment Benefits Scam:

In March, the Division announced the indictment of 31 individuals in alleged schemes led by five members of a Newark family to defraud the State of more than $2 million by filing false claims for

unemployment benefits. The charges resulted from "Operation Labor Day," a joint investigation by the Specialized Crimes Bureau and the Department of Labor.

Contracting Firm, Principals Indicted in Illegal Asbestos Removal Case:

In a high-profile environmental case, Frank J. Rizzo, Michael Kouvaras, and the company they ran, South Street Fillit Recycling, were indicted by the Bureau in June on charges that they unlawfully removed asbestos from the former Zurbrugg Memorial Hospital in Riverside, Burlington County, without a license, using workers who were not trained or equipped to do the job safely. The charges stem from a joint investigation by the Bureau's Environmental Crimes Unit and the Department of Corrections Special Investigations Division.

Financial & Computer Crimes

In addition to cases involving child pornography and Internet predators, the Financial & Computer Crimes Bureau filed major cases in 2012 targeting financial fraud.

Woman, Lawyer Get Long Prison Terms for Home Purchase Fraud Conspiracy:

Genilza R. Nunes was charged with leading a scheme to defraud a lender of $431,200 by filing a false loan application to buy a home in Newark in the name of a dead man. She pleaded guilty to money laundering and was sentenced in October to 10 years in prison. Paul DiGiacomo, an attorney who conspired with her, was sentenced in September to seven years in prison.

Prosecution of $2 Million Mortgage Fraud Scam Involving Attorney, Five Co-Defendants:

Lawer Mark Bellotti and five co-defendants were charged with fraudulently obtaining mortgage loans totaling more than $2.6 million. Bellotti pleaded guilty to conspiracy and theft by deception, and was sentenced in September to five years in prison. Joann Smith and Wayne Betha, who ran a real estate firm, pleaded guilty in July to stealing from home sellers by diverting proceeds from home sales, and defrauding mortgage companies by falsifying the earnings of loan applicants. They used their firm to steal over $600,000 from sellers in connection with 11 home sales, and defrauded mortgage companies of $641,800. Smith and Betha pleaded guilty to second-degree theft by deception and third-degree failure to file tax returns. They were each sentenced to five years in prison.

Sentencings, Indictment in Two Tax Fraud Cases:

Four defendants were charged with fraudulently obtaining 585 state tax refund checks totaling $435,577. Johnson Coker pleaded guilty to conspiracy and receipt of stolen property, and was sentenced to five years in prison. He admitted he conspired to file false state income tax returns using stolen and fictitious identities to collect refunds. Co-defendant Adebowale Sheba pleaded guilty to two counts of theft by deception, admitting that he used an alias and false employment and earnings information to obtain mortgage loans of $278,950 and $235,000 to buy two homes in Newark. Sheba was sentenced to five years in prison. Ugochukwu H. Madubuike and Taiwo D. Daisi pleaded guilty for their roles in the scheme and were sentenced in September to four and five years in prison, respectively. In a separate case, Wayne Dunich Kolb, who operated a tax preparation service, was indicted for stealing nearly $190,000 in checks that small business clients wrote to pay sales taxes or payroll withholding taxes to the State of New Jersey, State of New York and U.S. Government. He pleaded guilty and was sentenced to four years in prison.

Guilty Pleas in Home Depot Organized Retail Theft Ring:

The Bureau also prosecuted a significant case of organized retail theft. Julio Arriola Suarez pleaded guilty to leading a ring that committed thefts at multiple Home Depot stores per day, stealing thousands of dollars in merchandise by "under-ringing" it through self-checkout areas. Suarez was sentenced in December to four years in state prison. Three other ring members pleaded guilty and were sentenced to jail.

Office of the Insurance Fraud Prosecutor

The Office of the Insurance Fraud Prosecutor (OIFP) opened 463 new cases in 2012. The Medicaid Fraud Control Unit's False Claims Act (FCA) group recovered approximately $46.7 million in restitution, penalties and interest through settlements in FCA cases. The False Claims Act group handles state FCA cases and participates in national cases through the National Association of Medicaid Fraud Control Units (NAMFCU). These civil cases arise when a plaintiff-claimant alleges that an individual or corporate defendant knowingly presented false claims to a State Medicaid program. Through its collaboration with NAMFCU, OIFP's FCA group quadrupled the amount of recoveries as compared to 2011. In fact, since 1992, the Medicaid Fraud Control Unit has reached settlements totaling almost $146 million for the New Jersey Medicaid Program in False Claims Act cases. The $46.7 million recovered in 2012 represents the largest amount of funds recouped in a single year in the past 20 years. OIFP case highlights for 2012 include:

Chiropractic Partners Receive Seven-Year Prison Terms:

Christopher Montana and Fernando Barrese, two chiropractors, were sentenced in December to seven-year prison terms. They were partners in a number of chiropractic clinics across North Jersey. They pleaded guilty to accepting cash kickbacks for referring approximately 100 of their patients for other services, and for failing to report a combined total of more than $1 million dollars in income on their tax returns. The defendants were ordered to pay a total of $200,000 in restitution to 15 insurance carriers. Barrese was ordered to pay $240,451 in back taxes, penalties and interest to the Division of Taxation. Montana was ordered to pay $71,032 in back taxes, penalties and interest.

Insurance Brokerage Employee Sentenced to Prison for Stealing Millions:

Kelly Roetto was sentenced in December to seven years in prison for stealing several million dollars entrusted to the insurance brokerage for which she worked. The brokerage would arrange for its clients, small and medium-sized businesses, to finance the cost of their insurance policies. The brokerage used premium finance companies to provide the financing. As comptroller for the brokerage, Roetto was responsible for arranging this financing and forwarding the borrowed funds from the brokerage's bank accounts to the insurance carriers or their agents. In pleading guilty, Roetto admitted she used her position to steal between $3.8 million and $5 million of financed proceeds.

Owner of Defunct Counseling Center Gets Prison for Medicaid Fraud:

Rostislav Vilshteyn, the owner of a now-defunct Newark mental health and substance abuse counseling center, was sentenced to five years in prison after being convicted at trial in February of defrauding the Medicaid program. The jury determined that he submitted Medicaid claims for counseling services for numerous Medicaid beneficiaries, even though the services either had not been provided or had not been provided to the extent claimed. He was ordered to pay $200,000 in restitution.

"Runner" Who Solicited Car Accident Victims Gets Three-Year Sentence:

A man who illegally acted as a "runner" by soliciting patients for a chiropractor and an attorney was sentenced to three years prison in May. In pleading guilty, Jimmy Tovar admitted he was paid more than $50,000 in 2010 for soliciting people who had been in car accidents for treatment at a chiropractic clinic, and for referring them to an attorney.

Other Initiatives

Domestic Violence Training for Police:

In November, the Division launched a new on-line training program to help ensure that New Jersey police officers are thoroughly trained to respond to domestic violence incidents, investigate domestic violence offenses, and assist victims by protecting them and referring them for services. The program, which is available free of cost to all New Jersey police departments, will enable officers to meet the annual training requirement of the New Jersey Prevention of Domestic Violence Act. The training program – created by attorneys in the Division of Criminal Justice Prosecutors Supervision Bureau, in consultation with police and the Training Bureau of the New Jersey Office of Homeland Security and Preparedness – covers the legal requirements of the Act related to handling domestic violence. It also covers a wide range of practical information that officers need to recognize the tell-tale signs of domestic violence, and to handle the challenges they routinely face in responding to domestic violence calls, as well as those involving abuse of the elderly and disabled. By allowing officers to obtain training in-house with complete flexibility regarding scheduling, the program will save police departments time and money.

Appellate Bureau Victories:

The Division's Appellate Bureau had significant victories that continued to shape state law in key areas related to law enforcement. Among the successful cases:

State v. Harris:

In this case, the Supreme Court held that weapons seized pursuant to a domestic violence search warrant issued under the Prevention of Domestic Violence Act can provide the basis for a separate criminal prosecution relating to the possession of those weapons.

State v. Gaitan:

The Supreme Court ruled that the U.S. Supreme Court's decision in Padilla v. Kentucky – that defense attorneys must advise their clients of the immigration consequences of guilty pleas, or risk providing ineffective assistance of counsel – is a new rule of Constitutional law that is not entitled to retroactive application on collateral review. The effect of this decision was to eliminate challenges to guilty pleas in over 200 cases pending across the state in the aftermath of Padilla.

State v. J.A.C.:

In this case, the Supreme Court ruled that sexually explicit instant messages sent by a minor-victim to adults some two years after the sexual assaults at issue constituted "sexual conduct" under the Rape Shield Law. The Court held that the prejudicial nature of the specific content of those communications outweighed their probative value and their admission would have invaded the victim's privacy. The Court also noted the "chilling effect" that admission of the electronic messages would have on children considering coming forward and reporting abuse.

State v. Ates:

The Appellate Division held that the New Jersey Wiretapping and Electronic Surveillance Control Act permits the interception of telephone calls between individuals outside of New Jersey, so long as the listening post was in New Jersey. The court found that the interception of out-of-state calls was lawfully permitted by the Wiretap Act and federal wiretap law because the law enforcement officials and the listening post were physically in New Jersey at the time of the intercept.

Colonel Rick Fuentes
Superintendent

Division of State Police

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

2012 Highlights

Superstorm Sandy Response

Herbertsville Command Center: The State Police began planning for SuperStorm Sandy during the week of October 22. Weather forecasters were predicting that the eye of the storm would take a direct path over New Jersey. In response, Troopers throughout the Division were placed on operational readiness leading up to the storm, and the Regional Operations Intelligence Center (ROIC) was activated to an unprecedented Level IV on Friday, October 26.

Also, the Field Operations Section activated an operational command post designed to assist barrier island communities with storm-related recovery and security efforts. In the aftermath of Sandy, the Division continued to support the devastated areas in Toms River, Seaside Heights, Seaside Park, Mantoloking, Union Beach, Brick and Berkley Townships. Approximately 45 enlisted members were allocated daily to assist with security and quality-of-life details, along with escorts and other general policing duties. In addition, the Federal Emergency Management Agency (FEMA) relocated 115 storm-impacted families from the barrier islands onto Fort Monmouth property for housing purposes. State Police were designated as the responsible law enforcement agency for all police service calls involving storm victims housed at Fort Monmouth.

Rescue Operation for Little Ferry and Moonachie: Troop B Field Operations activated their Command Post the morning of Sunday October 28, in anticipation of Sandy. As the storm began to batter the state a day later, power outages and fallen trees began to mount, and Troop B sustained its share of damage. The brunt of the storm was felt on October 30. The Bergen County communities of Little Ferry, Moonachie, and Carlstadt were under five feet of water after Hurricane Sandy broke several earth and clay berms in the New Jersey Meadowlands. Massive flooding necessitated the evacuation of more than 1,000 people. Moonachie and Little Ferry's fire and police departments were severely damaged by the flood, as were many of their municipal buildings. Due to the flooding, many rescue operations that would have been coordinated locally were assumed by the County Office of Emergency Management and the State Police. Working closely with emergency first responders from Bergen and Passaic Counties, Troopers teamed with the National Guard to develop a comprehensive rescue operation plan. The State Police Urban Search and Rescue Unit and the Marine Service Bureau coordinated swift water rescue operations while working closely with the National Guard. During a 36-hour period, State Police provided more than 120 troopers to assist with the rescue of more than 800 Moonachie and Little Ferry residents. Along with the high water rescue vehicles provided by the National Guard, nearby municipalities also contributed rescue equipment, including boats and trucks, to the effort.

Regional Operations Intelligence Center (ROIC): The State Police Regional Operations Intelligence Center became the central notification point for all emergent operational information, intelligence and asset requests during Sandy. Throughout the storm and in its aftermath, the ROIC served as an invaluable asset by providing up-to-date intelligence information to state, county and local government leaders, law enforcement and public safety officials, and private sector partners regarding the continuously-changing landscape. Through the ROIC's provision of timely Alerts, Warnings and Notifications, public and private entities were better prepared for the storm, and better able to address situations as they arose.

Fusion Liaison and Intelligence Training Unit (FLIT): The Fusion Liaison and Intelligence Training Unit supported the state Office of Emergency Management and FEMA throughout Sandy by conducting outreach and preliminary post-storm assessments of the critical infrastructure in towns across Monmouth and Ocean counties. Between November 7 and November 14, the FLIT Unit visited and assessed 49 municipalities' critical infrastructure. The purpose was to provide FEMA an idea of the most severely affected areas, and ultimately assist the agency in prioritizing response.

Preventing Post-Sandy Crime: Personnel assigned to the ROIC Intelligence and Analysis Unit fostered in-person, working relationships and developed information streams between State Police and law enforcement in Monmouth and Ocean Counties related to criminal activity in the

aftermath of Superstorm Sandy. These information streams were soon codified into a robust collection of information on the real-time criminal environment in storm-ravaged areas of the state, which was then analyzed and incorporated into a daily report. The report was used to advise local, county and state law enforcement members regarding the environment they were patrolling. The same report was also the basis for daily intelligence briefings provided to the Governor, the Attorney General and State Police command. The report was widely hailed for its depth and breadth in providing useful, real-time information about crime and crime trends during what proved to be the worst natural disaster in New Jersey's history.

Firearms Enforcement

Passaic River Corridor Initiative: On December 5, the Attorney General announced that numerous arrests and gun seizures had been made as a result of the Passaic River Corridor Initiative. The Corridor Initiative is an effective partnership in which the State Police work collaboratively with local and county law enforcement agencies in Essex, Bergen, Passaic and Hudson counties – as well as with federal authorities – to prevent violence, solve crimes and seize guns by sharing intelligence about crime patterns and criminals operating along a broad corridor extending from Newark to Paterson. In an eight-month span in 2012, the Corridor Initiative resulted in 405 arrests and the seizure of upwards of 100 firearms. This specifically-targeted effort dovetailed well with the ongoing efforts of the State Police Intelligence Section, which seized a total of 335 guns in 2012 by focusing on weapons traffickers, particularly those operating in urban environments.

Troopers Arrest Gun-Dealing Felons: Earlier in 2012, the State Police Weapons Trafficking Unit arrested three convicted felons on charges related to the buying and selling of illegal guns throughout Monmouth County. The investigation resulted in seizure by Troopers of eight firearms – seven handguns and a shotgun – as well as numerous rounds of ammunition. Also seized were 300 decks of heroin, 15 grams of crack cocaine and $8,000 cash. The two-month investigation culminated in February 2012. It revealed that convicted felons Dana "Real" Jackson of Aberdeen and Curtis Mitchell of Cliffwood allegedly had been turning a profit by filling gun purchase orders made by people banned from possessing guns due to prior criminal convictions. A third convicted felon, Damien Coleman of Newark, allegedly had been supplying the guns Jackson and Mitchell were reselling. All three defendants were charged with firearms and drug offenses.

Assault Weapon Trafficking Activities Thwarted: The Weapons Trafficking Unit, assisted by other State Police units and local police in Linden, Union County, arrested four men and seized four firearms – including three assault weapons – as the result of an investigation into gun trafficking activities in Union County in January. The seized weapons included a semi-automatic pistol with large capacity magazine, fully-automatic AK-47-type rifle with large capacity magazine, and a semi-automatic, SKS-type rifle with two large capacity magazines. Also seized were a .22 caliber rifle and more than 400 ecstasy pills. Those arrested included Andre Doss and Jamar Smith of Linden, Duquan Wells of Elizabeth, and Ezell Hunter of Piscataway. Doss and Wells were charged with weapons and drug offenses. Smith and Hunter were charged only with possessing Ecstasy with intent to distribute.

Man Charged with Transporting Guns by Train: State Police detectives, working in cooperation with the Amtrak Police Department and the New Jersey Transit Police, arrested a Newark man in July for allegedly using the train system to transport firearms, including illegal weapons. The suspect, Leo Robinson, was stopped by detectives outside of Newark Penn Station on July 20. A background check on Robinson revealed several outstanding criminal warrants, and a search of his belongings revealed three handguns. The handguns included a Ruger 9 mm pistol with an unlawfully defaced serial number, a Ruger 9 mm pistol reported stolen in Savannah, Georgia, a Taurus 9 mm pistol, and five pistol magazines containing 9 mm ammunition rounds. Robinson was charged with a host of weapons offenses, including possession of a weapon by a convicted felon.

"Operation Gravedigger" Yields Eight Arrests, 16 Firearms: The Weapons Trafficking Unit, working in conjunction with Trenton Police, arrested eight people on gun-related charges in August 2012, seizing

16 firearms in the process. The investigation, dubbed "Operation Gravedigger," was launched in March and targeted illegal firearm sales in the City of Trenton. During the investigation, detectives seized five assault rifles, five handguns, three shotguns and three rifles. One of the assault rifles included a 90-round "drum type" ammunition magazine. Each of the eight men arrested as a result of Operation Gravedigger allegedly sold one or more guns to an undercover detective or operative. Each gun transaction took place on Hamilton Avenue in Trenton, near two local funeral homes, resulting in the investigation's nickname.

Machine Guns Seized from Newark Residence: In October, the State Police Street Gang Unit seized two machine guns, as well as two handguns and more than $67,000 worth of heroin, while searching a home in Newark where small children were residing. On October 11, Troopers observed Anthony Prince, of Newark, leave his home and get into a car. As they attempted to stop his vehicle, Prince got out and fled on foot while allegedly tossing aside 59 bricks of heroin. He was quickly captured and placed under arrest. A subsequent search of his home revealed fortification with steel gates and video surveillance equipment. Troopers found an adult named Latoya Johnson living in the home, along with two small children. During the search, Troopers seized two 9 mm machine guns, two 9 mm handguns, a .45 caliber handgun, 135 bricks of heroin, more than $5,500 cash, four automobiles, five all-terrain vehicles and a motorcycle.

Narcotics Enforcement

Operation Bottom of the Block: Culminating a year-long narcotics investigation, State Troopers executed five search warrants in Camden city in November 2012. As a result, Troopers arrested 20 suspects on a variety of drug charges. They also seized several kilos of cocaine, a pound of PCP, 25 handguns, one assault weapon, and $124,000 in U.S. currency. In September 2011, members of the State Police Crime Suppression South Unit (CSU) had initiated an investigation into the narcotics trade around the 1100 block of Sheridan Street in Camden. As part of the investigation, the CSU employed witnesses and covert tracking and surveillance techniques to build a narcotics trafficking case.

Operation Tiger Cub Busts Suburban Heroin Mill: Culminating a three-month investigation, State Police detectives assigned to the Drug Trafficking Unit North, working in conjunction with federal partners, uncovered a heroin mill operating in a residential neighborhood in Cliffside Park, Bergen County, in December 2012. On December 20, detectives were about to execute a search warrant at a home in Cliffside Park when a man walked outside and was arrested with two kilos of heroin secured around his waist. That suspect was identified as Julio Cesar Mendoza of New York, N.Y. A subsequent search of the house revealed a fully-operational heroin production facility. Detectives seized an additional 16 pounds of heroin, as well as quantities of crystal methamphetamine and various items related to the processing and packaging of drugs. Detectives seized 20 pounds of powered heroin valued at $1.1 million, 755 decks of heroin valued at $7,550, and 1.5 ounces of crystal methamphetamine valued at $3,700. Mendoza was charged with possession of a controlled dangerous substance with intent to distribute, possession of a controlled dangerous substance, possession of a controlled dangerous substance within 1,000 feet of a school, maintaining a heroin production facility, and possession of controlled dangerous substance paraphernalia.

Troopers Seize Drugs, Firearms from Couple's Home: State Police detectives arrested a couple in Middletown, Monmouth County, in May as the result of a multi-jurisdictional narcotics investigation. The investigation culminated in the early morning hours of May 18 when detectives searched the home of Edwin Class Jr., 30, and Michelle Galioto, 28, who lived in the house with their two children. Cocaine, marijuana, xanax, oxycontin and ecstasy with a street value of more than $22,000 were seized, along with more than $1,000 in suspected drug proceeds. Also seized were numerous illegal weapons including five assault-type rifles and six handguns. Two of the weapons were reported stolen from Georgia and Kentucky. More than 800 rounds of ammunition and 34 high-capacity magazines were seized as evidence. Both Class and Galioto were charged with a lengthy list of drug and weapons offenses. The investigation

was a collaborative effort involving the State Police TEAMS, Canine and Weapons Trafficking Units, the Maryland State Police McHenry Barracks and the Middletown Police Department's Detective Bureau. Also involved were the Monmouth County Prosecutor's Office and the New Jersey Department of Children and Families.

Major Cocaine Arrest in Bergen County: Detectives assigned to the State Police Drug Trafficking Unit joined with federal and local law enforcement officers to seize 40 kilos of cocaine and more than $1 million cash during a July warehouse search in Metuchen, Bergen County. The warehouse search was part of a cooperative narcotics investigation conducted by the State Police, NY/NJ Drug Enforcement Administration Task Force, and the Metuchen Police. Troopers executed a search warrant in the early morning hours of July 24 and, as a result, arrested four suspects on charges of possession of a controlled dangerous substance with intent to distribute, money laundering and conspiracy. In addition to the large quantities of cocaine and cash, six vehicles were seized, including a 2001 Freightliner tractor. Four of the six seized vehicles contained sophisticated, electronically-activated hidden compartments for drugs known as "traps."

Paterson Raid Reveals Prescription Drugs, Imprisoned Woman: In August, members of the State Police Street Gang Unit executed a search warrant at an address in Paterson. During the search, they seized not only a large quantity of prescription drugs and cash, but found a woman who had been padlocked inside a bedroom of the house and apparently imprisoned for extended periods of time. Arrested was alleged Latin Kings member Michael Mendez, of Paterson, on charges of kidnapping, false imprisonment, and criminal restraint. Mendez, who apparently was the boyfriend of the imprisoned woman, was also charged with possession of a controlled dangerous substance, possession of CDS with intent to distribute, possession of CDS with intent to distribute within 500 feet of public housing, and other drug-related offenses. During their search, detectives found approximately 4,200 prescription pills valued at more than $100,000, 190 grams of marijuana valued at $1,900 and more than $22,000 in cash.

Drugs, Weapons Seized by Street Gang Unit: In July, Troopers from the Street Gang Unit interrupted a suspected drug deal in progress in Newark. As a result, they arrested four men and recovered guns, drugs and a stolen Mercedes Benz. At approximately 3:30 p.m. on Friday, July 8, detectives in the area of Second Street near Gould Street in Newark observed a suspected drug transaction between the occupants of a silver Toyota and the occupants of a silver Mercedes. Detectives moved in and took the Toyota occupants into custody, but those in the Mercedes fled the scene. Working in coordination with members of the Newark police department, State Police were able to locate the Mercedes immediately after it crashed into a parked car and stopped in the backyard of a residence in neighboring Irvington. The two men in the Mercedes, Alvis Price and Michael Wilson, were arrested for possession of a stolen vehicle, eluding police, resisting arrest and for numerous drug and weapons offenses. Detectives seized a loaded .45 caliber semi-automatic handgun with a defaced serial number from the Mercedes, along with a fully-automatic paintball gun that resembled an M-4 submachine gun. In addition, detectives seized 20 grams of marijuana with a street value of $200. Both Price and Wilson are suspected of having ties to the Bloods criminal street gang. The occupants of the Toyota, both residents of West Caldwell, were charged with loitering to commit a drug offense, as well as attempting to purchase a controlled dangerous substance.

Operation Eastern Express: In February of 2012, a Hamilton-Sub Station Trooper obtained information that identified a multi-kilo dealer of methylone, a synthetic designer drug commonly used as a component of dangerous "bath salts." Subsequently, a joint investigation led by the State Police Crime Suppression North Unit and involving the federal Drug Enforcement Agency (DEA) and the U.S. Postal Inspector's Office, was initiated into the trafficking of methylone. Investigation revealed that an individual residing in China was making an average of 50 postal shipments of illegal synthetic drugs per month to the United States, and had more than 1,000 US customers. Additionally, this subject had made shipments to 15

other countries. One of his customers was identified as New Jersey resident Jason Olivera. On October 9, State Troopers executed a search warrant at the residence of Jason Olivera, and items related to the shipping of methylone from China were seized. Overall, Operation Eastern Express resulted in the arrest of eight defendants and the charging of 38 crimes.

Cyber Crime Enforcement

Operation Watchdog Child Porn Sweep: Through an aggressive three-month, technology-driven investigation dubbed Operation Watchdog, State Police arrested 27 people in April 2012 on charges of unlawfully distributing and possessing child pornography. Among the defendants – in fact the first one arrested – was a man who was found to be living in a home connected to a child daycare center in Audubon, Camden County. Another defendant allegedly had taken photos of himself sexually assaulting a juvenile. Detectives were able to link all arrested suspects through their use of the Internet to download or distribute images of child pornography. Operation Watchdog was coordinated by the State Police Digital Technology Investigations Unit. The investigation involved more than 100 State Troopers and other law enforcement officers from 21 different agencies, including local police departments across New Jersey, the FBI and U.S. Immigration and Customs Enforcement. All of the New Jersey partner agencies involved with Operation Watchdog are members of the Internet Crimes Against Children Task Force.

"Facebook Stalker" Arrested: As the result of a cyber-tip from the National Center for Missing and Exploited Children (NCMEC), detectives from the State Police Digital Technology Investigations Unit arrested a 20-year-old man in September 2012 for sending threatening messages via the social media site Facebook. In July, the State Police were notified by the NCMEC that an individual using the name "Jimmy Raketerra" had sent a threatening message to a juvenile from Burlington County. In August, State Police learned from police in Voorhees Township, Camden County, that four apparently unrelated juveniles had received threats via Facebook. Subsequently, 21 other police departments around the state reported contact with additional victims who'd claimed to have been threatened by the same person. Following further investigation, detectives charged Craig L. Wyatt, Jr., of Hamilton Township, Mercer County, with multiple counts of making terroristic threats, theft of services and harassment. Wyatt allegedly used multiple Facebook accounts, e-mail addresses and phone numbers to communicate with his victims. He allegedly sent victims messages warning that they had a few weeks to live, and should use their time wisely.

Robbery/Fraud/ Counterfeiting/Theft

Armed Jewelry Store Robbers Apprehended: State Troopers assigned to the Metro North Unit, acting in response to an alert broadcast by the Orange Police department, apprehended three men who allegedly had robbed a jewelry store at gunpoint on August 6. Shortly before 7 p.m. on that day, three men wearing stockings as masks robbed the Golden Palace Jewelry Store in Orange. Two of them brandished handguns. The robbers fled in an older-model Ford pick-up truck, which State Troopers subsequently identified and stopped at an intersection in Newark. The three occupants, David Williams, Antonio Moore and Charles Madison, all of Newark, were taken into custody and charged with receiving stolen property, possession of weapons for unlawful purposes, possession of prohibited weapons and devices, and other offenses.

Major Retail Theft Operation Foiled: In March 2012, members of the State Police Cargo Theft Unit arrested two men for large-scale retail theft, recovering hundreds of thousands of dollars' worth of goods stolen from a department store distribution center in Seacaucus in the process. Charged with second degree theft in the case was Konstantinos Hantsoulis, of Highland Park. Another suspect, Vincent Ponsoda of Belle Mead, was charged with second-degree theft and second-degree receiving stolen property. A State Police investigation found that Hantsoulis, a merchandise representative at the department store distribution center, handled misdirected freight – typically items that were accidentally sent to retail stores. Instead of sending the misdirected items back to their rightful owners, Hantsoulis

allegedly arranged for the goods to be picked up by Ponsoda in a rental truck. Ponsoda would then sell the merchandise at flea markets. On March 27, detectives executed search warrants at several units in a self-storage facility in Hillsborough rented by Ponsada. During their search, they recovered merchandise stolen from a number of major retailers valued at more than $450,000.

Cardboard Theft Ring Targeting Walmart Busted: In July, the Cargo Theft Unit, working in conjunction with the Division of Criminal Justice and the New York City Business Integrity Commission, halted an organized cardboard theft operation that had yielded profits of more than $100,000. Arrested in connection with the operation were Neal Devito of Old Bridge, John Nichols of Staten Island, N.Y. and Vincent Grasso, also of Staten Island. An investigation revealed that the suspects allegedly had been stealing crushed and baled cardboard boxes from Walmart and Sam's Club. Spotters working for the operation would go to various Walmart and Sam's Club outlets throughout New Jersey in search of crushed cardboard bundles awaiting pick-up by legitimate, contracted recycling haulers. Before the contracted haulers could pick up the cardboard, trucks from the illegal operation would collect the bales and take them to recycling facilities in New York and New Jersey that paid $125 per ton. Between May and the end of July 2012, it's estimated that the illegal operation redeemed approximately 900 tons of cardboard worth in excess of $100,000. As part of the case, Troopers seized two tractor-trailers from a lot in South Amboy, as well as a Cadillac Escalade driven by Devito.

Warehouse Search Yields Pirated DVD Movies, Music CDs: The Cargo Theft Unit arrested two men and recovered more than 23,000 counterfeited DVD movies and music CDs as the result of a building search in Newark in January 2012. Lonnie Hill, of Irvington, and Lamie Diallo, of Bronx, N.Y., were charged with the sale and distribution of pirated films, some of which were still playing in theaters at the time. Troopers and agents from the state Department of Treasury, along with experts from the film and entertainment industry, searched the brick-building on Market Street in Newark on January 27. What they found was a third-floor that was accessible only after being buzzed in through a video-monitored door. Once inside, investigators found the entire floor filled with boxes of movies ready for street sale. Hill allegedly was primary operator of the illegal third-floor business, which served as a distribution hub to a number of street vendors. Among the then-current DVD movie titles found during the search were War Horse, Sherlock Holmes, Underworld Awakening and Contraband. Initial estimates placed the value of the counterfeit discs at more than $200,000.

Fraudulent ID Sweeps Result in 93 Arrests: During two days of sweeps in June 2012, Troopers arrested 93 people who allegedly had purchased fraudulent documents that were later used to obtain genuine New Jersey digital driver's licenses. A cooperative state-federal investigation that led to the arrests involved the State Police Auto Unit, the U.S. Homeland Security Department, the FBI, and the New Jersey Motor Vehicle Commission. Through their work, investigators identified 136 targets who'd obtained driver's licenses using illegal documents. Those individuals were charged with falsifying records and tampering with public records. In a related development, federal authorities arrested Fort Lee, Bergen County resident Young-Kyu Park and charged him with being the leader of a criminal enterprise that counterfeited a variety of government documents to facilitate the phony documents scheme. Twenty-one other people in New Jersey, New York and four other states were also charged federally in connection with the case.

Nazzal Cargo Theft Ring: A year-long investigation into a cargo theft ring that operated within New Jersey resulted in the arrest of nine suspects accused of stealing more than $2.5 million worth of property and reselling the merchandise. Troopers found that this theft ring utilized storage facilities located in Passaic City, Garfield

City, and Little Ferry to store and sell stolen items. During execution of several search warrants at the suspect locations, Troopers recovered five stolen loads of merchandise valued at $915,000. More than 60 criminal charges were filed against the nine suspects, and six open Cargo Theft Unit investigations were closed.

Protecting Motorists

Arrest Made in Fatal Hit-and-Run: On June 4, 2012, State Troopers arrested a Burlington County man on charges related to the hit-and-run death of 29-year-old Michelle MacInnes. Two days earlier MacInnes, of Jackson Township, Ocean County, had been sitting in the rear seat of a Mazda that was stopped for traffic in a northbound lane of I-676 in Camden. A Nisson Xterra operated by Ronald Winzinger apparently struck the rear of the Mazda at an excessive speed while trying to shift lanes and exit the highway. Winzinger stopped briefly following the impact, but then allegedly fled the scene. He surrendered two days later at the Bordentown State Police barracks. He was charged with the second-degree offense of leaving the scene of a fatal motor vehicle accident, and with the third-degree offense of hindering apprehension.

Aviation Unit Helps Get Reckless Motorcyclist off Road: A State Police helicopter helped to remove a repeat, reckless motorcycle rider from New Jersey roadways in August of 2012. Christopher Lane, 23, of Browns Mills, was arrested and charged by local police in Berkely Township, Pine Beach and Beachwood with a total of seven counts of eluding police, as well as a laundry list of motor vehicle violations, after arriving at his job in Lakewood the morning of August 30. Lane was accused of driving his green Kawasaki motorcycle through Berkely Township, Pine Beach, South Toms River and Beachwood with blatant disregard for public safety on several days during late August. In addition to allegedly riding at an excessive speed and ignoring other traffic safety laws, Lane was also suspected of being a persistent toll violator on the Garden State Parkway. On August 30, Berkely Township and Beachwood police detectives worked with the State Police Aviation Unit to set up aerial surveillance over an area where Lane had been spotted. After a short time in the air, Troopers spotted the offending motorcycle speeding up Route 9 near Ocean Gate Drive. Allegedly, Lane flipped his middle finger at police on the side of the road as he sped past en route to the Garden State Parkway. With guidance from local police detectives on the ground, State Police aviators tracked Lane's path from the air as his motorcycle left the Parkway in Brick Township and continued to a building in Lakewood where he is employed as an electrician. The State Police pilots then directed Beachwood Police officers to the location, where Lane was arrested.

Other Important Initiatives

Helping to Safeguard Urban Centers: State Police continued to play a significant role in supporting local law enforcement efforts in New Jersey's urban centers in 2012. Often working cooperatively with law enforcement partners at the local, county and federal levels, Troopers helped to combat such threats as street violence, narcotics dealing, gun trafficking and gang activity, as well as other problems that affect the quality of life in New Jersey cities. In addition to "regular" State Police efforts, Troopers were occasionally deployed during the year to carry out anti-crime "surges" in urban centers, with positive results. A single surge in Trenton, for example, resulted in 122 arrests – many of them on charges related to drugs or weapons – 455 motor vehicle summonses issued, and the removal of 12 drunk drivers from the road.

Graduating New Troopers: As part of a continuing effort to maintain the excellence of the State Police, 85 new Troopers – members of the 151st State Police Recruit Training Class – completed their training in 2012 and were awarded badges during graduation ceremonies at the Pine Belt Arena in Toms River. Of the Troopers who graduated, 85 percent held a Bachelor's Degree or higher. Fourteen had prior law enforcement experience, 10 had been firefighters and nine had worked in the emergency medical services field. Many of the recruits also had served in the military. The oldest recruit in the class, at age 34, was Michael Ma of Hackensack. Ma's family had emigrated from China when he was 12, and he'd most recently worked as an officer with the Hackensack Police Department. Of the Troopers graduating, 11 were women, including Allison Pavlosky, a former Chester Township police officer, who earned both the Captain Baxter Marksmanship Award and the Commandant's Award.

Aggressive Recruiting Drive Accentuating Diversity: Beginning early in 2012, the State Police and the Attorney General launched an aggressive State Police recruiting campaign that included comprehensive outreach to minority communities. The campaign was founded on two basic tenets: (1) that being a State Police Trooper is a potentially exciting and rewarding public service career for any qualified individual and (2) that the ranks of the State Police should reflect as closely as possible the diversity of the population it serves. The on-line application process was open for three weeks in May 2012. Months later, as the year moved toward its end, State Police were able to report that the on-line applicant pool was not only the largest to ever result from a State Police recruiting drive, it was also one of the most diverse – approximately 19 percent Hispanic, 15 percent African-American, 14 percent female, and three percent Asian (with another two percent of applicants listing two or more categories). The 152nd State Police Recruit Class, which was expected to reflect this richly diverse applicant pool, was to begin its Academy training in April 2013.

Christopher S. Porrino
Director

Division of Law

The Division of Law provides legal counsel and representation to agencies of State government on many issues vital to the quality of life of New Jersey residents. These issues include protection of children from abuse and neglect, preservation of the environment, delivery of quality health care, protection of consumers, preserving the state's financial assets and safeguarding civil rights. The Attorney General has a statutory duty to serve as both legal adviser to all "officers, departments, boards, bodies, commissions and instrumentalities" of State government, and to defend State laws. It is through the Division that this mission is accomplished. In 2012, the Division handled more than 27,000 pending legal matters and resolved or closed more than 17,000 matters. Every day Division attorneys also provide valuable legal advice to "client agencies" to assist them in avoiding potential legal issues. To learn more about the Division of Law visit *www.nj.gov/oag/law*.

2012 Highlights

Recoveries and Judgments:

Through the efforts of Division of Law attorneys, the State obtained more than $200 million in recoveries and judgments in 2012. Settlements and judgments obtained by the State included more than $102 million from lawsuits related to alleged consumer, securities and other fraud, more than $55 million from environmental litigation, $11 million collected through debt recovery (lawsuits and collection efforts related to the recovery of debts owed to various state agencies) and more than $3 million through legal actions related to the State's tax recovery efforts.

Superstorm Sandy Aftermath:

In the aftermath of Superstorm Sandy, the Division of Law took legal action and provided critical legal advice on a wide variety of issues. The Division's attorneys filed numerous consumer fraud actions against gasoline stations and hotels for alleged acts of price gouging following the Governor's State of Emergency declaration in October 2012. Division attorneys also provided vital assistance in reviewing contracts needed to help the State and its citizens rebuild and recover after the storm.

Environmental Protection:

In the State's on-going effort to protect the environment, Division attorneys obtained a Consent Decree against Duran Glass Manufacturing Co. for alleged violations of state and federal air pollution emission limits at its Millville, Cumberland County, manufacturing plant. Pursuant to the terms of the Consent Decree, Durand agreed to pay the State a civil penalty of $300,000 and meet stringent air pollution emission limits. In another significant environmental matter, NJ DEP v. Brook Industrial Park, Division attorneys filed a complaint on behalf of the state Department of Environmental Protection (DEP) concerning the alleged illegal dumping of contaminated dirt in the flood hazard area of the Raritan River. Pursuant to a Superior Court Judge's Consent Order, the defendants began removing the "dirty dirt" from the Brook Industrial Park in Bound Brook, Middlesex County, to a brownfield redevelopment site. The DEP subsequently declared the removal efforts at the site complete and the violations of the Flood Hazard Area Control Act corrected.

Agricultural Preservation:

In 2012, the Division successfully prosecuted a lawsuit, brought on behalf of the State Agricultural Development Committee, against Quaker Valley Farms, Inc. for destruction of preserved farmland in Franklin Township, Hunterdon County. Division attorneys successfully proved that Quaker Valley violated the Agriculture Retention and Development Act by conducting massive earth moving activities on farmland designated for preservation. In this case of first impression, the Court agreed that extensive cutting and filling of the preserved farmland to enable construction of greenhouses resulted in destruction of the preserved farm. The land at issue was not only protected by deed-restriction, but rated as prime agricultural land – land capable of supporting such field crops as corn, wheat, oats, hay, barley and soy beans – when it was leveled and excavated in 2007. The State sued after determining, via a 2008 assessment by a team of experts, that the qualities of the land that made it ideal for farming had been destroyed, and that remediation would be required to attempt to restore the land to its prior state.

Financial Fraud, Collusion:

Working on behalf of the Department of Banking and Insurance, Division attorneys prosecuted numerous civil insurance fraud cases and obtained Orders for fines, attorney's fees and costs totaling more than $1 million in 2012. In one significant matter, Division lawyers handled New Jersey's participation in the resolution of a multi-state investigation of alleged collusion by various financial institutions when bidding for municipal bond derivatives contracts. The Division's participation on behalf of New Jersey resulted in substantial funds to the state via settlements with Bank of America, J.P. Morgan Chase & Co., Wachovia Bank, UBS AG, and GE Funding Capital Market Services, Inc. As a result of these settlements, more than $1.3 million was distributed to harmed New Jersey entities. The State also received approximately $1.1 million for its costs associated with the investigation.

Consumer Fraud Protection:

The Division of Law represented New Jersey in the national investigation of alleged foreclosure abuses by the five largest mortgage servicers – Bank of America, Wells Fargo, JP Morgan, Chase, Citi and GMAC – as well as the national settlement resolving those allegations. Alleged abuses included low-level employees of the five companies signing affidavits attesting to mortgage defaults and ownership without having personal knowledge, or verifying the facts stated in their affidavits (i.e., robo-signing). As part of the settlement, New Jersey received a direct payment of $72 million. The Division also represented New Jersey in an extensive four-year, multi-state investigation concerning the "off-label" marketing and promotion of the anti-psychotic drug Risperdal, by Janssen Pharmaceuticals, Inc. Janssen was accused of promoting Risperdal to both geriatric and pediatric populations for uses that were not approved by the federal Food and Drug Administration. As a result of the settlement, New Jersey received more than $5 million.

Grow New Jersey Assistance Program:

The Division was responsible in 2012 for assisting in the timely implementation of the Grow New Jersey Assistance Program, which allocated $200 million from the State's Urban Transit Hub Tax Credit Program for development projects in urban and suburban areas. Among significant Grow New Jersey grants negotiated by the Division was a $40 million grant to aerospace engineering and manufacturing firm Lockheed Martin. The company used the grant to provide matching funds in its response to a federal request for proposal designed to save 1,000 Lockheed jobs.

Defending Caps on Excessive Education Salaries:

The Division played a key role in 2012 in helping the Department of Education promulgate and defend regulations designed to control excesses related to superintendent compensation, and also to impose caps on superintendent salaries. As of this writing, Division attorneys have successfully defended these compensation controls in every Appellate forum in which they have been challenged.

Protecting Children:

The Division's Department of Children and Families Practice Group continued to work closely with the Department in 2012 to protect children from abuse and neglect, and seek to terminate parental rights when necessary. The Division also worked to help children find caring adoptive families when their biological parents were unable to safely care for them. For the year, the Division filed more than 4,700 child abuse cases in Superior Court to protect children, institute services for families or, if necessary, place children in protective custody. As a result of the efforts of Division lawyers, more than 900 children were adopted following successful termination of parental rights.

Debt Recovery and Protecting New Jersey's Financial Assets:

The Division's Debt Recovery Section successfully collected nearly $11.9 million in 2012 through litigation efforts in both state and federal court, as well as post-judgment collection actions brought on behalf of various state agencies. The post-judgment collection efforts included seizing assets (including bank accounts), filing wage-execution applications, and filing motions to secure funds. The majority of the Division's debt recovery work is done on behalf of the Division of Taxation, the Department of Labor, and New Jersey Transit. Division legal efforts – both affirmative litigation efforts and legal defense work – protected New Jersey State Treasury in 2012 in such areas as employment litigation, tort litigation, tax litigation, bankruptcy and debt recovery.

Eric T. Kanefsky
Director

Division of Consumer Affairs

The Division of Consumer Affairs strives to protect the public from fraud, deceit, misrepresentation and professional misconduct in the sale of goods and services. The Division pursues its mission through enforcement and regulatory efforts, as well as education, advocacy and public awareness. In addition to protecting consumers from fraud, a major responsibility of the Division is to ensure that the state's licensed professions and trades observe high standards of conduct. More information on the Division is available at *www.njconsumeraffairs.gov.*

2012 Highlights

Response to Superstorm Sandy

The essential mission of the Division of Consumer Affairs – to protect consumers – took on even greater significance in the months after Superstorm Sandy struck in October 2013, as residents throughout New Jersey worked to recover from the historic and devastating superstorm. The Division's storm-related consumer protection efforts primarily included pre-storm education and outreach, response to complaints of price-gouging immediately after the storm, investigation of Sandy-related fraud schemes, and regulation of storm-related home improvement contracting, charitable activities and provision of health services.

Pre-storm Preparedness: Prior to Superstorm Sandy, the Division created an emergency hotline through which consumers could conveniently file complaints pertaining to storm-related consumer issues, such as price-gouging. The hotline was promoted through a variety of public outreach efforts, including press releases and other awareness strategies. Through this effort, the Division put residents on notice about the potential for post-hurricane fraud or unlawful consumer exploitation, and provided them recourse in the event they had a complaint. The Division also ensured that it had a preparedness plan in place to respond to consumers, even if Division facilities lost electricity and computer access in the storm's aftermath which, in fact, ultimately occurred.

Response to Price Gouging Complaints: In the immediate aftermath of Sandy, the Division's most pressing concern involved complaints about businesses that were gouging consumers for essential items and services. New Jersey's anti-price-gouging statute makes it illegal to set excessive prices after the declaration of a State of Emergency. Price increases are deemed excessive under the law if they are more than 10 percent above the price at which the good or service was sold during the normal course of business, prior to the State of Emergency, unless there is a legitimate justification for the increase. The state's anti-price-gouging statute became effective upon declaration of a State of Emergency on October 27, 2012, just prior to Sandy making landfall.

Immediately following the storm, the Division began fielding hundreds of telephone calls through its consumer hotline, which it tracked in a dedicated data base. As soon as it was safe to do so, the Division began deploying teams to investigate these complaints. Virtually all Division investigative staff members, including staff traditionally assigned to areas other than consumer protection, were assigned to handle these complaints. In all, the Division received more than 2,000 complaints concerning price-gouging alone, and hundreds more about other storm-related issues. The vast majority of the price-gouging complaints concerned exorbitant prices being charged by some gas stations and hotels in New Jersey. Every complaint was reviewed and investigated where necessary. In response to these complaints, the Division served more than 220 subpoenas – the majority of them issued within days after the storm – on businesses accused of gouging consumers. The Division filed its first related lawsuits within two weeks after the storm and, to date, has filed 24 suits against businesses alleged to have committed the most egregious acts of price-gouging. The lawsuits have included allegations of gas stations increasing their fuel prices by more than 50 percent, and hotels increasing their room prices by more than 100 percent. As of this writing, all of the lawsuits are being actively litigated by the Division.

Post-Sandy Fraud Schemes: As New Jersey residents began to recover from the widespread devastation caused by Superstorm Sandy, the Division's focus shifted to protecting homeowners from post-storm fraud and scams. Some of the Division's notable activities on this front included:

- legal action that successfully halted the staging of a fraudulent "Sandy relief" educational forum that purported to have government affiliations.
- negotiating the cost-free return of hundreds of vehicles towed from Seaside Heights by a private tower who attempted to charge consumers as much as $900 for the return of those vehicles
- investigation of unregistered charities seeking to raise money for Sandy victims, including at least one that was misleading donors on its status as a non-profit.

- investigation of an out-of-state law firm that advertised legal services to New Jersey storm victims via a mass-marketing campaign, but in reality just directed clients to local public adjusters.

Regulation of Post-Storm Business and Charitable Activities: In the aftermath of Sandy, the Division experienced an influx of new individuals and entities seeking to register to perform home improvement contracting in New Jersey. To help facilitate the rebuilding effort, the Division expedited the registration process for these contractors to ensure they were able to begin helping residents rebuild sooner than later. More than 1,200 registration forms from new home improvement contractors were received and processed in November/December 2012 alone, an increase of 51 percent over the same two-month period the prior year.

In addition to expediting home improvement contractor registrations, the Division assigned investigators full-time to storm-ravaged Atlantic, Ocean and Monmouth counties, where they focused on ensuring that home improvement contractors were registered to do business and were abiding by all regulations designed to protect consumers. The investigators drove through storm-damaged towns, stopping where they saw contractors working on houses. The investigators issued warning notices to unregistered home improvement contractors, and also provided registration forms to make it convenient for them to comply with the law by registering. In addition to touring storm-devastated communities, investigators were deployed on an immediate basis to respond to allegations of contracting fraud.

In addition, the Division's Professional Licensing Boards aided the storm recovery effort by allowing out-of-state doctors and nurses to practice in New Jersey temporarily after their "home" facilities were damaged by the storm, or after a need for certain treatment professionals emerged. For example, the Board of Nursing granted a request by a dialysis provider to allow approximately two-dozen nurses that were licensed to practice in other states to treat approximately 300 patients in New Jersey during the month of November. This allowed the patients to have continued care with the least amount of disruption and inconvenience possible.

Prescription Monitoring Program

In January 2012, the Division launched the New Jersey Prescription Monitoring Program. In advance of the launch, the Division gathered data on all prescription sales of drugs classified as controlled dangerous substances (CDS) and human growth hormone (HGH) from approximately 2,000 pharmacies throughout the state. Using this information, the Division created a searchable data base that contains information on the sale of these high-risk drugs when they are dispensed in outpatient settings in the state, or by out-of-state pharmacies dispensing into New Jersey. The database contains information on each transaction including: the patient's name and date of birth; the date or dates upon which the prescription was written and the drug dispensed; the name, quantity and strength of the medication; the method of payment for the medication, and the identities of the prescriber and the pharmacy.

The database aids the Division and other law enforcement agencies in identifying and investigating individuals and businesses suspected of fraudulently diverting controlled drugs for abuse. Patient information in the database is kept confidential in compliance with the law. Since the Prescription Monitoring Program was launched in early 2012, nearly 9,000 users have registered with the program, including 6,933 medical professionals. The Prescription Monitoring Program has repeatedly been used by the Division and various law enforcement agencies to identify suspected cases of drug diversion, and has resulted in numerous arrests and prosecutions. In addition, the Division has learned of other instances in which medical professionals used the program during the course of their practices to address concerns that a patient was abusing prescription drugs.

Synthetic Marijuana

In February of 2012, by order of the Division of Consumer Affairs director, New Jersey became the fourth state to comprehensively ban all synthetic marijuana. The ban, made permanent by regulation later in the year, outlawed the manufacture, distribution, sale and possession of all of the hundreds of possible variants of synthetic marijuana. Perhaps as a result of this action, the State

Police Office of Forensic Science noted a 79 percent decrease in the number of synthetic marijuana incidents reported by law enforcement, and the number of synthetic marijuana exposures reported to New Jersey's poison control hotline dropped as well, according to data from the New Jersey Poison Information and Education System.

In addition, the chemicals used to manufacture synthetic marijuana were added to the list of Schedule 1 Controlled Dangerous Substances in New Jersey in 2012.

The manufacture, distribution, sale, or possession of the chemicals is now a third-degree offense in New Jersey, punishable by fines of up to $25,000 and imprisonment for between three and five years.

Project Medicine Drop

As of the end of 2012, more than three tons of old and expired prescription drugs had been disposed of safely and securely through the Division's Project Medicine Drop. The Division also achieved its goal in 2012 of having at least one Project Medicine Drop "drop box" located in each of New Jersey's 21 counties.

Under Project Medicine Drop, residents can get rid of unwanted medicines by dropping them off at participating police departments around the state, as well as at sheriff's offices and State Police barracks. Lockable metal containers resembling mailboxes are located at the headquarters of participating agencies, and residents can simply place their medicines inside these secure "drop boxes."

In addition to keeping prescription drugs away from those who might abuse them, Project Medicine Drop also prevents these drugs from being flushed into the water supply or thrown into the trash where they could potentially contaminate the environment.

Bureau of Securities Examination Unit

The New Jersey Bureau of Securities, which regulates the investment industry and its employees, took on a greatly expanded role in overseeing and regulating investment advisers in 2012. As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, mid-sized investment adviser firms with between $25 million and $100 million assets under management had switched from being under federal regulation to state regulation by mid-year. The Bureau of Securities had previously regulated only investment adviser firms with assets under management of $25 million or less. To fulfill its expanded role, which included the regulation of 170 more firms than in 2011, the Bureau reorganized and strengthened its Examinations Unit. Subsequently, the Examinations Unit increased both its routine and for-cause examinations of investment advisers. For the year, more than 900 registered broker-dealers or investment adviser firms were contacted by the Examinations Unit, either in person or by e-mail. The exam activity resulted in an increased number of deficiency letters issued to investment advisers, requiring those investment advisers to take steps to remedy problem areas identified by the examiners.

Reorganization of Professional Boards/Committees

In May 2012, the Division began implementation of a total reorganization of the staff that supports its 46 professional/occupational licensing boards and that licenses more than 750,000 professionals and businesses working in the state.

Phase One of the project reorganized the 46 boards into 10 teams grouped logically by service area and resource requirements. This approach was intended to significantly increase the efficiency and functionality of the licensing boards by expanding the staff available to serve the needs of each individual board, including some smaller boards which previously operated with limited support staff.

In summer 2012, the Division began implementing Phase Two of the reorganization. Phase Two focused on enhancing staff training and technology in order to better serve licensees by reducing the amount of time it takes to issue a license, and by providing improved support to board members to allow for more expedient handling and adjudication of disciplinary matters. Phase Two included the cross-training of staff across licensing board lines, with employees expected to serve multiple boards within their team assignments.

The Division also established a special team to audit the methodologies and workflows used by all boards and determine if they can be improved to more effectively serve licensees. The team is also responsible for helping to oversee implementation of new technology.

The reorganization reaped almost immediate benefits in 2012, as the Division introduced on-line application processing for pharmacists, massage therapists, registered nurses and licensed practical nurses. In the latter part of the year, the Division took steps necessary to introduce a mandatory on-line renewal process for all license categories. An ongoing project to eliminate paper renewal forms for the 600,000 individuals licensed or registered by the Division was completed by the end of 2012.

The Enforcement Bureau, which provides investigative services to the Division's licensing boards, also was reorganized in 2012. A significant consideration in reorganizing the Enforcement Bureau was the need to devote more resources to combating prescription drug diversion and abuse.

Under the reorganization, the Enforcement Bureau is now made up of three investigative sections, each with a key role to play in the Division's effort to curb prescription drug abuse:

- **Drug Diversion Section** – This section is staffed by experienced, undercover drug diversion investigators focused on cases related to: the distribution and diversion of prescription drugs; indiscriminate prescription and dispensing of drugs; prescription fraud; enforcement of the Division's bans on synthetic marijuana, so-called "bath salts" and other designer drugs.
- **Pharmacy Inspection Section** – This section is staffed by licensed pharmacists and other investigators with unique expertise in the inspection of pharmacies, and the examination of security protocols designed to prevent the theft of controlled dangerous substances.
- **Quality of Health Care Section** – This section is staffed by registered nurses and other experienced personnel overseeing investigations related to the Board of Medical Examiners and the Board of Nursing. The section's purview includes matters related to drug impairment and self-use by practitioners and health insurance fraud.

In addition to the three investigative sections described, the Enforcement Bureau has two other sections whose staff are available for cross-designation, as needed, to supplement the Division's efforts to combat prescription drug diversion. They include:

- **General Investigations Section** – This section is staffed by experienced investigators who conduct investigations and inquiries on behalf of all the Division's licensing boards, including investigations of unlicensed practitioners.
- **General Inspections Sections** – This section is staffed by experienced investigators who are chiefly responsible for inspecting licensed facilities such as cosmetology shops, dentist's offices, electrology offices, funeral homes, ophthalmic locations and optometry offices.

Craig Sashihara
Director

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. The LAD seeks to prevent and remedy unlawful discrimination in employment, contracting, housing, and places of public accommodation. The Family Leave Act requires covered employers to grant eligible employees time off from work in connection with the birth or adoption of a child or the serious illness of a parent, child, or spouse. In a broader sense, DCR's mission is to foster attitudes of acceptance, equality, and respect among all people throughout the State. Per its statutory mandate, the DCR receives, investigates, and resolves complaints of unlawful discrimination, and responds to many thousands of inquiries each year from the general public regarding civil rights law. The DCR has regional offices in Atlantic City, Camden, Newark, and Trenton. More information about the DCR is available at *www.NJCivilRights.gov*.

DIVISION ON CIVIL RIGHTS

Overview

In 2012, DCR processed approximately 7,500 inquiries and conducted approximately 3,110 intake interviews stemming from allegations of unlawful discrimination. The most common basis for new discrimination complaints was race, followed by disability, and gender. The most common issues raised by complainants were unlawful discharge, differential treatment, and denial of reasonable accommodation.

In 2012, DCR initiated 777 new investigations. Those cases affected individuals from all walks of life and ranged from allegations of school children being bullied because of their perceived sexual orientation, to women being denied work in traditionally male-dominated trades, to public vocational schools discriminating against students with disabilities in the admission process.

The Division also continued to ensure that the owners of apartment complexes with more than 25 units complied with the state's Multiple Dwelling Reporting Rule (MDRR). The MDRR requires owners with more than 25 apartments to file an annual report with the DCR that includes information on the racial and ethnic make-up of their rental populations and pools of housing applicants, as well as the degree of access they provide to persons with disabilities.

Case Highlights

Bernstein, et al. v. Ocean Grove Camp Meeting Association (civil union discrimination):

In a discrimination case that garnered national attention, the DCR affirmed an administrative law judge's initial decision finding that the Ocean Grove Camp Meeting Association violated the public accommodation provisions of the LAD when it denied a lesbian couple's application to hold a civil union ceremony at its boardwalk pavilion. The DCR found that the Association had been permitting the public to use the pavilion for weddings and secular events and obtained a Green Acres tax exemption based on its repeated assurances that it would keep the pavilion open to the public "on an equal basis."

Elsewhere, DCR was instrumental in obtaining more than $2 mil. in settlements for New Jersey complainants and requiring respondent entities to revise internal policies and practices to ensure that any offending conduct would not be repeated. The following are some examples:

Stark v. Wawa (disability discrimination):

A chain of convenience stores paid damages to a military veteran who was asked to leave the store because he had a service dog. More importantly, to comply with the settlement, the chain trained over 7,000 employees in over 300 stores on service animal and other disability issues, posted signs in all of its stores announcing that service animals are welcome, and is providing training to all new hires.

Osnowitz v. West New York Board of Education (disability discrimination, unlawful reprisal):

The Complainant, the late Marie Osnowitz, received an $83,000 payout from the West New York Board of Education. Osnowtiz was a teacher's aide who used a motorized wheelchair to get around because of knee injuries that impaired her mobility. Her original Complaint alleged that the school where she worked failed to accommodate her disability by declining her request for special parking access, and refusing to change the location of meetings and other events she was required to attend – events not held in accessible locations. Two months after she filed her Complaint in February 2009, Osnowitz was told she would not be offered re-employment for the following school year. She subsequently filed another Complaint with the Division alleging unlawful reprisal. In addition to paying Osnowitz, the Board of Education agreed to arrange anti-discriminaton training for all school district management staff.

Arnone and Daniels v. Luciano (housing discrimination):

Couple Andre Daniels and Alicia Arnone were paid $6,000 by landlords Carmelo and Rosa Luciano to resolve their housing discrimination Complaint. The Complaint was first filed with the federal Department

of Housing and Urban Development. It was subsequently referred to the Division on Civil Rights under a work-sharing agreement. Daniels and Arnone alleged that the Lucianos rejected them as prospective tenants in November 2008 because they were an interracial couple. The couple had viewed a one-bedroom apartment being advertised by the Lucianos in Lodi, and subsequently put down a $750 deposit on the dwelling. Six days later, however, the couple was given its deposit back and advised the apartment had been rented. Subsequent investigation by the Fair Housing Council of Northern New Jersey determined the apartment had been offered to a white male "tester" two days after Daniels and Arnone were told it was rented. In addition to paying the couple $6,000, the Lucianos paid the Fair Housing Council $1,500.

LSC v. Club at Ricochet (gender discrimination):

The Complainant, a former Club at Ricochet employee whose name is being withheld because of the nature of the case, filed a Complaint alleging that she was sexually harassed and physically threatened by a co-worker. She also alleged that she was unlawfully terminated from her job after bringing her harassment allegations to the attention of club management. Club at Ricochet, located in South Plainfield, paid LSC $45,000 to settle the matter, and paid another $5,000 to the State.

S.G. v. Bullek (disability discrimination):

Orthopedic physician Dr. David Bullek paid $10,000 to S.G., a former patient who was born deaf, to settle her allegation that he failed to provide an American Sign Language (ASL) interpreter during her visit to his Westfield office for treatment of spinal pain. In addition to paying S.G., Bullek agreed to attend training focused on how best to provide a reasonable accommodation – the standard under New Jersey's Law Against Discrimination – for patients with disabilities including, but not limited to, deafness or hearing loss. Bullek also agreed, going forward, to provide an ASL interpreter at no charge for patients who are deaf or who suffer from hearing loss.

Daugherty v. Vanco USA (disability discrimination):

Vanco USA, a New Jersey trailer manufacturing company, paid employee Richard Daugherty $28,000 to resolve allegations that it failed to accommodate his temporary disability. The Complainant had notified his employer in July 2006 that he would need to undergo surgery in both eyes and would require two days off for each eye surgery. He missed work on September 6 and 7 after having the first eye surgery procedure, and was discharged from his job 12 days later. In addition to paying Daugherty, Vanco USA paid the State $10,000.

Irene Rosen v. Glenwood Apartments and Country Club (source of lawful income discrimination):

The Glenwood Apartments and Country Club of Old Bridge, Middlesex County, paid Irene Rosen $15,000 to resolve allegations that it discriminated against her deceased son, Lyle, by rejecting his rental application because he intended to pay most of his rent using federal Section 8 housing assistance. In addition to paying Irene Rosen, Glenwood agreed to require training in the LAD for any rental or management company it employs to screen applicants. Glenwood also must keep detailed records of rental applications and rental inquiries for three years – including an explanation for any applicant's rejection – and make those records available to the Division on Civil Rights.

Stokes v. Plumbers and Pipefitters Local Union No. 9 (race discrimination):

Plumbers and Pipefitters Local Union No. 9 agreed to adopt formal anti-discrimination policies and have its members undergo training in state and federal civil rights law to resolve Division allegations that it unlawfully removed an African-American shop steward

(Jon B. Stokes of Franklin Township, Gloucester County) due to his race. Stokes was replaced by a white shop steward after having been on the job for less than half-a-year. The union paid the Division $25,000 to resolve the State portion of the Complaint. Stokes retained private counsel to pursue his own recourse.

At the conclusion of an investigation, the DCR must determine whether probable cause exists to credit a complainant's allegation of discrimination. For example, in Lawson v. Testa (housing discrimination), a DCR investigation corroborated allegations that a landlord was willing to rent an apartment to a financial services professional until he realized that his prospective tenant was African-American, while a separate investigation found that a landlord did not want to rent to an individual who would be using a Section 8 voucher to pay rent.

Training and Outreach

In 2012, DCR continued to conduct extensive training seminars. Some were designed to instruct public and private entities on ways to modify their practices to conform with state anti-discrimination laws when dealing with their employees anc members of the public. Others were "know your rights" seminars, i.e., training employe and members of the public on what they should expect from those public and private entities. As an example of the latter, DCR conducted a series of well-attended semina across the State in association with groups such as the American Legion, EEOC, and NJ Dept. of Military and Veterans Affairs, to promote awareness among veterans, active military personnel, and their families, of their rights under the LAD, as well as their recourse if they believe that those rights ha been violated.

DIVISION ON CIVIL RIGHTS

Gary Poedubicky
Acting Director

Division of Highway Traffic Safety

The primary mission of the Division of Highway Traffic Safety is to prevent vehicle-related crashes and the loss of life they cause. In 2012, the Division's efforts contributed to a return to form for New Jersey, as traffic fatalities declined by 6 percent – to 590 fatalities, down from 627 highway deaths in 2011. The 2011 fatality number had represented the first increase in traffic fatalities in New Jersey since 2007. To achieve its mission, the Division undertakes an array of traffic safety programs relating to education, enforcement and engineering. The bulk of the Division's funding comes from the federal government, via the National Highway Traffic Safety Administration. Funding received by the Division is used to develop and implement a comprehensive statewide traffic safety plan, and is also distributed among local, county and state agencies in the form of traffic safety grants. Among the Division's chief priorities are driver and passenger safety, pedestrian safety, and discouraging such threats to the motoring public as speeding, aggressive driving, impaired driving and inattentive driving. For more information about the Division visit *www.njsaferoads.com.*

Keeping Alcohol & Drugs off the Road

Drive Sober or Get Pulled Over:

The national anti-drunk-driving campaign known previously as "Over the Limit, Under Arrest" was rebranded in 2012 as "Drive Sober or Get Pulled Over." The campaign, which ran through the end of the New Year's holiday of 2012, resulted in 1,877 arrests for driving while intoxicated. In addition, police agencies issued more than 8,000 speeding tickets and more than 4,000 summonses for seatbelt violations.

The "Drive Sober or Get Pulled Over" initiative was designed to raise awareness about the dangers of impaired driving through a combination of stepped-up enforcement efforts and media activity. The Division invited a total of 492 New Jersey police agencies to take part in the campaign, and 98 of those were provided overtime enforcement grants of $5,000 each. Other agencies were asked to use their own funding resources.

Overall police agency participation was strong, with 422 departments involved in the crackdown, up from fewer than 400 the prior year.

Supporting Cops in Shops:

The Division of Highway Traffic Safety provided funding in the summer of 2012 to support the Division of Alcoholic Beverage Control's "Cops in Shops" program. In Cops in Shops, local police work undercover in participating retail locations, either posing as store employees or taking up positions outside the store to catch adults who attempt to buy alcohol for underage drinkers.

During the summer phase of the program in 2012, Division of Highway Traffic Safety funding enabled 21 shore-area police departments to take part in the effort, and the result was more than 200 arrests for buying or attempting to buy alcohol at liquor stores. The autumn "college" phase of the Cops in Shops initiative – also supported by Division of Highway Traffic Safety grant funding – takes place in cities and towns where colleges or universities are located, as well as in neighboring communities. Since its inception in 1996, the Cops in Shops program has resulted in the arrest of more than 10,000 underage persons and adults on charges related to the illegal purchase of alcohol, and helped save countless lives by keeping potential drunk drivers off the road.

Occupant Protection

Click It or Ticket:

The Click It or Ticket campaign was conducted May 21 through June 3, 2012 and resulted in the issuance of 29,307 failure-to-use-seat-belt tickets by participating police agencies. Key elements of the effort included targeted seat belt enforcement by a total of 425 police departments. Of those policing agencies, 145 received $4,000 overtime enforcement grants. In addition to summonses issued by police for failure to wear a seat belt, participating departments wrote 4,951 tickets for speeding, made 861 arrests for driving-while-intoxicated and issued 981 tickets for failing to properly restrain a child passenger.

Seat Belt Usage Declines, Still Exceeds National Average:

The Annual Seat Belt Usage survey, conducted by the New Jersey Institute of Technology following the "Click It or Ticket" campaign, found that New Jersey's front seat belt usage rate declined after increasing for 15 consecutive years – from 94.5 percent in 2011 to 88.3 percent in 2012.

However, the 2012 seat belt usage rate for New Jersey still exceeds the national average by 3 percent. Based on data guidelines developed by the National Highway Traffic Safety Administration, gains in seat belt usage translate into fewer fatalities and serious injuries, injuries and a savings of millions of dollars in crash-related economic costs. The Division continued to encourage proper seat belt usage in 2012 through public awareness and education efforts, and worked with partners at the local and county level to promote proper child passenger safety awareness. During National Child Passenger Safety Week, free child safety seat inspections were conducted at various locations throughout New Jersey to help parents and caregivers learn how to properly transport children in their vehicles.

Other Highlights

DWI Enforcement-related Grants:

Alcohol continues to play a significant role in motor vehicle crashes, as evidenced by more than 150 highway fatalities related to alcohol impairment in 2012. The Division awarded a total of $3.36 million in Drunk Driving Enforcement Fund grants during Fiscal Year 2012 to held reduce alcohol-related crashes and fatalities.

The grant funds go to police departments throughout the State to be used to support DWI enforcement patrols and other DWI counter-measures.

Pedestrian Safety:

Police agencies throughout New Jersey participated in a pedestrian safety enforcement and awareness program in 2012 designed to safeguard pedestrians and increase awareness about safely sharing the road.

Known as "Cops in Crosswalks," the initiative placed undercover police officers, posing as pedestrians, in marked crosswalks. Motorists who failed to stop for the undercover officers were stopped and issued warnings or tickets by uniformed officers a short distance away.

Put the Brakes on Fatalities Day:

In 2012, the Division once again coordinated a statewide effort to engage the public and media during the national observance of Put the Brakes on Fatalities Day, held annually on October 10. On this day, motorists are asked to slow down, buckle up, avoid distractions, drive sober and follow all rules of the road in an effort to achieve zero highway fatalities for a 24-hour period. In New Jersey – for a second consecutive year – no fatalities were reported during the October 10, 2012 "Put the Brakes on Fatalities" period observance. Three people were killed in highway crashes in New Jersey on October 10 of 2010.

Move Over Law Campaign:

Through a compelling series of public awareness ad spots, and through other awareness strategies, the Division worked in 2012 to highlight the State's renewed emphasis on the so-called "Move Over Law." Under the law, drivers approaching stationary emergency vehicles, tow trucks, and other highway safety vehicles displaying red, blue and amber flashing lights must move over one lane or, if not safe to move over, then slow down below the posted speed limit. The Division produced four, 30-second videos for airing on television and one 30-second spot for radio. A five-minute Web video featuring those who have either lost a loved one or had a close call because a driver did not abide by the Move Over Law was also produced. It featured, among others, the mother of a former New Jersey State Trooper who was struck by a vehicle and killed while walking near a highway as part of a search team looking for a reported abductor. The tagline for the awareness campaign was "If you make the move, others will follow." Former NFL player, Super Bowl champion and current football broadcaster Tony Siragusa aided in the campaign kick-off in June at MetLife Stadium in East Rutherford.

HERO Campaign Promoting Designated Drivers:

A new summer program of the HERO Campaign – a program promoting the use of designated drivers – drew pledges of active support in 2012 from approximately 150 bars, taverns, restaurants and package stores along the Jersey Shore. Participating establishments promoted the use of designated drivers by placing program posters, brochures and decals on display where patrons could see them, in addition to serving free non-alcoholic beverages to persons who were acting as designated drivers.

Michael I. Halfacre
Director

Division of Alcoholic Beverage Control

The mission of the Division of Alcoholic Beverage Control is to regulate how alcoholic beverages are sold, and to foster moderation and responsibility in alcohol consumption. The Division pursues its mission by regulating and licensing the manufacture, distribution, sale and transportation of all alcoholic beverages within the state. If a licensee violates any law or regulation, the ABC Director may suspend or revoke the license or impose a fine and/or other appropriate condition. The Division is the official repository for license ownership information. The Division also is the sole issuing authority of manufacturing and wholesale licenses, as well as a variety of special permits to enable the sale of alcoholic beverages in conjunction with charitable and business-related events. The Division is also a revenue generating agency. It currently receives no appropriation, but returns more than $4 million to the State treasury annually. More information about the Division is available at *www.nj.gov/oag/abc.*

Case Highlights

South Jersey Bar Penalized for Hiring Teen Stripper, Paying Her With Alcohol:

In December, the Division of Alcoholic Beverage Control suspended for 50 days the license of Park Place Bar and Grill in National Park after an investigation revealed the bar owner hired a 17-year-old girl to strip for customers and paid her with alcohol while on the job.

Spicy Cantina/Jersey Shore Cast Member Prosecution:

The Spicy Cantina, a Boardwalk bar in Seaside Heights, pleaded guilty to unlawfully serving alcohol to an already-intoxicated patron in 2012 and agreed to pay the ABC $15,000 to resolve the matter. The bar admitted to serving alcohol to Deena Cortese, a cast member of the nationally-popular "Jersey Shore" television program, who was already intoxicated. As a result of the incident, Cortese was banned from the Spicy Cantina for two years. The ABC charges flowed from an incident that began on June 10 when Cortese was arrested for disorderly conduct in Seaside Heights after being observed, off balance and apparently intoxicated, disrupting the flow of traffic by dancing in the street and approaching vehicles.

Extracto de Malta:

In August, the ABC worked with the Division of Consumer Affairs to announce charges related to the sale of Extracto de Malta, an illicit alcoholic beverage. Unlicensed establishments throughout New Jersey had been selling the product illegally as part of a bootlegging scheme allegedly organized by Condal Distributors, Inc.. of the Bronx, New York. State and local law enforcement cracked down, resulting in a stoppage of sales of Extracto de Malta.

Popular College Bar Near Rutgers Faces Possible Revocation:

In December ABC notified the popular college bar, the Scarlet Pub in New Brunswick, that it is seeking to revoke its license in connection with a July 2011 raid that resulted in the arrest of 26 people.

Tavern Near Seton Hall Campus Site of Underage Drinking Arrests:

Liquor license violation charges are pending against Cryan's Beef and Ale House, located near Seton Hall University in South Orange, following the arrest of six underage patrons and two staff members during a sweep by the ABC in October.

Underage Drinking Stings:

ABC joined with the Cape May County Prosecutor's Office and New Jersey State Police in conducting underage drinking stings in Dennis Township and North Wildwood during the Memorial Day Weekend. The stings resulted in 11 arrests, including two for driving while intoxicated (DWI).

Significant Initiatives

Direct Wine Shipment:

In 2012, the Division successfully implemented the Direct Shipment of Wine (P.L. 2011, c. 207), and processed more than 100 new licenses – while also handling hundreds of inquiries – following the May 1, 2012 effective date of the direct shipping statute. Feedback from the alcohol industry regarding the smoothness and effectiveness of the direct-shipping roll-out were overwhelmingly positive.

Technology Upgrade to "Paperless" System:

The Division made excellent progress in 2012 on a $2 million technology upgrade to a "paperless system" that will allow for an electronic application process, as well as the monitoring and amending of license information via the Internet. The system will also allow licensees to make payments on-line in a secure environment. This is a major electronic infrastructure project that will be funded through monies collected by the Division and saved for this purpose. It comes at no cost to New Jersey taxpayers.

The Division foresees a system that will not only provide consumers with unprecedented levels of information, but will also provide overall enhancements to the industry in New Jersey. The Division is moving forward with

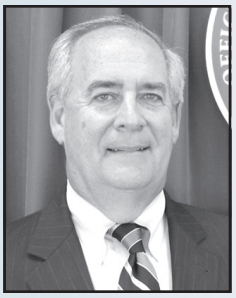
direct filing of required price postings by wholesalers that will enhance competition and address potential legal challenges to the State's regulatory system. When complete, the envisioned system will be one of the most advanced Alcoholic Beverage Control regulatory systems in the United States.

Summer Shore, Other Anti-Underage-Drinking Efforts:

In 2012, the Division continued its Summer Shore Initiative, College Fall Initiative ("Cops in Shops") and "Proms and Alcohol Don't Mix" program. All of these efforts proved successful in helping to combat underage drinking and binge drinking, while also raising awareness of the dangers of alcohol, and drinking and driving. In New Jersey, significant media attention was focused in 2012 on the interplay between these initiatives, as well as the Division's enforcement actions against shore-area and "college town" bars, taverns and restaurants.

Licensing Bureau Activity:

In addition to its usual function of annually renewing more than 9,000 retail licenses, 800 wholesale licenses, 18,000 permits and more than 60,000 brand registrations, the ABC's Licensing Bureau witnessed a significant increase in transfer applications and inactive licenses in 2012 due to economic factors.



David L. Rebuck
Director

Division of Gaming Enforcement

The Division of Gaming Enforcement (DGE) is a law enforcement agency. Historically, it has been the investigative arm of the regulatory system that governs the casino industry – an industry that generated more than $3 billion in revenue in 2012, paid more than $216 million in taxes, and employed nearly 34,000 people. The Division is responsible for enforcing the New Jersey Casino Control Act, and its duties have been expanded greatly by recent amendments to the Act. The Division has a multi-disciplinary and specialized workforce consisting of attorneys, investigators, accountants and support personnel. Members of the New Jersey State Police and Division of Criminal Justice also are assigned to Gaming Enforcement. The Division reviews and audits casino-hotel operations, investigates and prosecutes all casino-related crimes, and tests all casino slot machines and systems prior to use on the casino floors. The Division also investigates licensure criteria and potential regulatory violations, issues reports, files complaint actions and, when necessary, challenges the qualifications of individual and corporate applicants for casino and casino-related licenses. In 2012, responsibility for various aspects of gaming oversight that were not previously in its purview, for example patron complaints, fell to the Division as a result of changes in the regulatory structure. To serve the mission, the Division created a hotline and mailbox for customer complaints, inquiries and questions, as well as requests from the casino industry. All patron complaints received by the Division are investigated, and findings are conveyed to the original complainant. The Division is well-recognized around the United States, and around the world, as a premier casino regulatory agency. For more information about the Division of Gaming Enforcement visit *www.njdge.org.*

Technical Services

Ensuring Slot Machine Integrity:

Through the work of its Technical Services Bureau, the Division ensures the integrity of electronic gaming equipment used in Atlantic City casinos. In 2012, the casinos generated more than $3.3 billion in revenue, approximately 70 percent of it from slot machines. In order to ensure the integrity of slot play, every machine must be approved by the Division's Slot Lab and then undergo an inspection on the casino floor prior to its use. For the year, the Slot Bureau evaluated 1,090 machines and found regulatory issues with 46 of those submissions that resulted in a rejection or vendor withdrawal. In addition, the Division's Field Investigative Staff performed more than 28,000 inspections and processed the paperwork for more than 54,000 devices.

Mobile Gaming:

In August 2012, Senate Bill S-1323 was passed, which authorized wagering inside a casino hotel facility via hand-held and other devices. The Technical Services Bureau conducted a review of international and national technical standards, and drafted regulations in conjunction with the Division's Gaming Enforcement Bureau. The Division has since received two mobile gaming system submissions, one of which has been tested and approved. A mobile gaming system was targeted for installation in an Atlantic City casino in early 2013.

Revel Casino Technology Compliance:

The new Revel Casino opened in Atlantic City in March 2012. It utilized the newest casino technology available, including an entirely new casino management system, two new electronic table game platforms, a new slot prototype and a server-supported gaming system. The Technical Services Bureau worked closely with the executive management of Revel, as well as the manufacturers of these products, to ensure they were approved, installed and inspected prior to the opening.

"New Jersey First" Testing and Authorization:

The Technical Services Bureau is obligated to test and authorize the use of a gaming product within 14 days if the product is submitted to New Jersey before it is submitted to any other gaming jurisdiction. This requirement is the result of a "New Jersey First" provision in P.L. 2011, c. 19, which took effect in February 2011, and was designed to revitalize the gaming and tourism industries in Atlantic City by bringing the newest and most exciting products to New Jersey casinos before they are available in any competing market. The Technical Services Bureau has received 46 such submissions since the inception of the New Jersey First provision.

Regulatory Prosecutions

The Regulatory Prosecutions Bureau, located in Atlantic City, oversees the operational aspects of the casino industry including financial and/or accounting activity, game operations, Casino Hotel Alcoholic Beverage matters and data processing, as well as the review and approval of new games. The Bureau is responsible for prosecuting violations of the Casino Control Act, as well as initiating and prosecuting petitions seeking the exclusion of individuals from the casinos. The Bureau is also responsible for responding to petitions filed by casino licensees and outside entities seeking determinations related to casino operations. This includes petitions seeking authorization for new games or variations on existing games, petitions from casino licensees seeking approval for floor configuration alterations and Casino Hotel Alcoholic Beverage approvals.

In response to creation of the Tourism District in Atlantic City, as well as the Safe and Clean Initiative, the Regulatory Prosecutions Bureau began an aggressive program of exclusion aimed at keeping out individuals who repeatedly disrupt casino operations or repeatedly, and negatively, affect the quality of life of casino patrons and employees. A listing of those persons who have been excluded appears on the

Division's Web site. The Web site identifies excluded persons, with information that includes the date of their placement on the exclusion list, and denotes the depth and seriousness of their offenses.

In pursuing this initiative, the Division is working with the municipal courts, agencies of Atlantic City government, the Casino Reinvestment Development Authority, the Tourism District and, significantly, the casinos. Collectively, this partnership is making a strong, sustained effort to identify persons that repeatedly have been engaged in disruptive or criminal acts on or around casino premises. These persons have been convicted in state Superior Court or in a municipal court, and their cases are not marginal ones. Rather, they are persons who have multiple convictions for conduct detrimental to casino operations and/or casino patrons.

Through the exclusion process spearheaded by the Regulatory Enforcement Bureau, the Division achieves industry-wide exclusion of undesirables in Atlantic City, rather than the casino-by-casino ban that occurs through the court system.

In 2012, the number of persons who were subject of a final exclusion order increased substantially over the prior year. In 2011, there were 18 final exclusion orders. In 2012, that number had leaped to 73 by year's end, with 14 cases pending.

Regulatory Enforcement

The Regulatory Enforcement Bureau is located in Atlantic City. While some of its investigative staff members work out of the Bureau's Atlantic City headquarters, the majority are assigned to the 12 casinos where the Division also has offices. The Bureau's primary investigative responsibilities include such areas as: regulatory compliance assessment and enforcement, revenue certification, approvals of casino petitions for operational changes including new equipment, new games and revised floor plans, review and approval of security and surveillance submissions, and approval of locations for licensed Casino Hotel Alcoholic Beverage (CHAB) establishments.

In 2012, the Bureau conducted 4,742 underage gambling/drinking inquiries, 3,233 regulatory and information technology investigations, 149 CHAB control investigations, responded to 3,469 casino patron inquiries and conducted 141 revenue certification audits. In addition, the Bureau conducted security assessments of each casino and related infrastructure to ensure Best Security Practices relative to homeland security and preparedness. Such assessments are part of the Bureau's responsibilities in the wake of September 11, and the resulting commitment by state government to intensify efforts to protect the Atlantic City gaming industry from terror-related acts.

On October 29, 2012, Hurricane Sandy made landfall along the New Jersey coast. In light of the expected hazardous conditions – including rain, wind and flooding – Governor Christie signed Executive Order 104 on October 27, which declared a State of Emergency and also announced the suspension of gaming activity. On November 2 – in Superstorm Sandy's wake – the Governor lifted a mandatory evacuation order for Atlantic City and an order was subsequently issued allowing the casinos to reopen.

In order to preserve the integrity of assets, certain protocols must be observed for any closing or reopening of a casino. In the case of Superstorm Sandy, it was the responsibility of the Regulatory Enforcement Bureau to ensure the orderly shutdown and reopening of all casino operations. Bureau staff members were present in each casino during closing and reopening, and they remained in constant communication with casino representatives to ensure that the necessary personnel, security, surveillance and maintenance operations were in place to secure each property's gaming equipment and assets.

Through the direct efforts of Bureau staff, as well as through communication and cooperative effort with each casino, the integrity of gaming operations in Atlantic City was preserved during Hurricane Sandy, and casino employees, visitors and Atlantic City residents were protected.

Criminal Enforcement

The Division worked closely with New Jersey State Police throughout the year to ensure a safe environment for employees and patrons of Atlantic City's casinos. A contingent of State Police is assigned to the Division, and they report to both the Division Director and the Superintendent of State Police. In 2012, there were 482 persons arrested in New Jersey's casinos, 878 persons issued summonses and 71 warrants issued by law enforcement. Approximately $62,000 was returned to crime victims.

The Division worked cooperatively with the State Police, the Office of Homeland Security Preparedness and the casino industry in 2012 to deploy an interoperable system in each casino to allow dispatchers, police, fire, emergency medical services and other agencies to share voice, video, text and file-sharing across a secure Internet connection. The hardware for this system, known as Mutualink, was funded by the Office of Homeland Security Preparedness, through the State Police. The system allows for seamless communication across a wide area network that dramatically enhances the way emergency responders communicate. In 2012, the Mutualink system became fully operational in all 12 Atlantic City casino hotel properties. Of critical importance, the system allowed law enforcement to connect to the closed circuit television systems of each casino in the event of an act of terrorism or other public safety crisis, such as Superstorm Sandy in October. Mutuallink was employed during Sandy to provide the state's Regional Operational Intelligence Center (ROIC) with vital storm updates and damage assessments. The system is routinely tested with all on-line partners to maintain and ensure readiness.

Casino Entity Licensing

The Casino Entity Licensing Bureau assures that each applicant for, and holder of, a casino license meets the standards of financial responsibility, honesty, integrity and good character mandated by the Casino Control Act, and that such licensees are not disqualified in any way. As part of its mission, the Bureau investigates and monitors the business transactions of applicants, licensees and related companies, conducts investigations of all principal employees, financial backers or investors, and examines the background of casino companies and their affiliates. The Bureau's legal unit litigates violations of the state's casino laws and regulations before the Casino Control Commission, and reports to the Commission on investigations related to casino licenses. The Bureau's Office of Financial Investigations (OFI) works to ensure the financial stability and integrity of all casino applicants and licensees and their respective holding companies. The OFI analyzes and responds to filings which relate to equity and debt offerings, restructurings and recapitalization, the upstreaming of cash, corporate spin-offs and casino expansions.

On a continuing basis, OFI monitors the financial stability of the casinos to ensure the public interest is protected, and that each casino company is meetings its ongoing tax, wage and other fiscal obligations.

Trump Entertainment:

In October 2012, Trump Entertainment Resorts, Inc. reached a real estate tax settlement with the City of Atlantic City providing TER with a cash payment of $35.5 million in December 2012, and a projected payment of $15 million in tax credits the next month. The Division of Gaming Enforcement conducted its five-year casino license resubmission investigation of Trump Entertainment during 2012, and was expected to issue a summary report early in 2013. Trump Entertainment continues to actively seek a buyer for Trump Plaza.

Revel Start-Up:

Revel was approved for licensure in late March 2012, and commended casino operations in early April pursuant to a certificate of operation issued by the Division. The Division granted the certificate of operation after reviewing numerous regulatory requirement and determining that the facility was ready for gaming and related operations. After opening, Revel completed

two material debt transactions, both of which required approval by the Division. In August 2012, Revel obtained Division approval to increase its revolver lending capacity from $30 million to $100 million. In December 2012, Revel obtained Division approval for additional funding which involved establishing a $125 million new term loan and a $125 million new revolver loan. This financing was needed to provide financial flexibility to Revel in light of its cash needs after opening.

Caesars Entertainment Corporation, Etc:

Caesars operates four casinos in Atlantic City: Harrah's; Caesars; Showboat; and Bally's. Collectively, the Caesars casinos accounted for approximately 42 percent of the total casino "win" for 2012 in New Jersey's gaming market. In 2012, Caesars filed several petitions seeking approval for material debt transactions, all of which were approved by the Division. The most recent one was approved in November 2012, and related to refinancing existing debt, debt repurchases, capital expenditures and balance sheet liquidity. Caesars is in the process of making necessary filings for its resubmission, which is required at least every five years. In 2008, Caesars and its four casino licensees were found qualified, and their respective casino licenses renewed.

Employee Licensing

The Employee Licensing Bureau assures that each casino key employee meets the applicable standards of financial stability, integrity, responsibility and good character as mandated by the Casino Control Act, and that key employees and casino employee registrants are not disqualified. For calendar year 2012, the Bureau completed 7,572 employee license investigations, as well as 402 arrest notification investigations. In addition, the Bureau processed 170 revocation complaints, 24 of which included suspension actions, and 560 financial objections.

Service Industry Licensing

The Service Industry Licensing Bureau assures the integrity of those persons and enterprises that provide goods or services to the casino-hotel industry. Through its legal and investigative staff, the Bureau reviews each person or business to ensure that they meet the appropriate standards set down under the Casino Control Act for good character, honesty, integrity, etc. For the year, the Bureau completed 1,693 casino service industry/vendor investigations. These investigations included two initial gaming companies, 14 junket enterprises, three labor union investigations and 1,595 vendor registrant investigations. The Bureau also completed 86 exclusion investigations and eight investigations of medical marijuana facilities, which is a new responsibility assigned to the Bureau at the request of the Attorney General's Office. At this writing, one entity – Greenleaf Compassion Center – has been issued a State permit to cultivate and dispense medical marijuana following an investigation by the Service Industry Licensing Bureau. As of the end of 2012, Bureau investigations of several other medical marijuana providers were in progress.

Frank Zanzuccki
Executive Director

New Jersey Racing Commission

The core mission of the Racing Commission is to govern, direct and regulate horse racing and pari-mutuel wagering in New Jersey. The Commission conducts vigorous oversight of horse racing matters throughout the state to ensure that racing is conducted in a fair, responsible and lawful manner, and to ensure the safety of the sport's participants. For more information about the Racing Commission visit *www.nj.gov/oag/racing*.

2012 Highlights

Comprehensive Drug-Testing:

The Racing Commission continued its comprehensive equine drug-testing program in 2012. In addition to testing for steroids, the Commission conducted out-of-competition testing on eight separate occasions. Most of the out-of-competition testing took place at licensed New Jersey off-track stabling facilities, although some testing was conducted at New Jersey race tracks, as well as stabling facilities in New York and Pennsylvania. A total of 269 horses were tested, with no positives recorded. As part of its regular testing program, the State Police Forensic Science Laboratory tested more than 21,341 blood and urine samples collected from horses, with 14 testing positive for the presence of illegal drugs or the presence of drugs over threshold limits. Drug testing "positives" by type of drug included: four instances of Flunixin, seven of Furosemide, one of Isoxsuprine and two of testosterone.

Off-Track Betting Sites Process $150-Million-Plus:

The three established Off-Track Wagering facilities in New Jersey processed more than $152 million in wagers on in-state and out-of-state races in 2012. A new, fourth off-track wagering facility opened in Bayonne in mid-year and, during its five-and-a-half months of operation through the end of 2012, handled more than $18 million in wagers. The off-track wagering outlet in Woodbridge, Middlesex County – reportedly the highest volume off-track-wagering facility in the United States – captured more than $86 million in bets.

Live Racing Dates Scaled Back:

Due to legislative changes that have allowed for a reduction in the number of live racing dates, the number of live dates in New Jersey declined by 10.6 percent in 2012 – from 273 live dates in 2011 to 244. It marked the second year in a row that live racing dates have decreased. New Jersey's wagering handle decreased by 6.1 percent in 2012 compared to the prior year – from $404.4 million in 2011 to $379.8 million in 2012.

Legal Matters

Michael Gulotta, on Behalf of All Owners of Cry's Dream v. New Jersey Racing Commission:

This case involved the Racing Commission's review, and ultimate rejection, of an Administrative Law Judge's decision pertaining to a horse that raced in New Jersey twice while under suspension in another racing jurisdiction. The ALJ originally had struck down the Racing Commission's grant of reciprocity to a ruling issued by the Ontario Racing Commission in connection with a horse, Cry's Dream, that tested positive in post-race testing for a Class II drug. The Racing Commission concluded that Cry's Dream should not have been allowed to race in New Jersey while under suspension in another racing jurisdiction. The Racing Commission took the position that its rules clearly place licensees on notice that an individual or horse that is ineligible to compete in another state or jurisdiction should not, and cannot, expect to race in New Jersey. The Racing Commission, which had final authority in the matter, rejected the ALJ's decision, maintaining that its original ruling was crucial to preserving the integrity of racing in New Jersey, guarding the safety of racing participants, and protecting the interests of the public. The Racing Commission's final decision declared that Cry's Dream had been ineligible to race in New Jersey at the time it raced here. The Commission disqualified Cry's Dream from all purse money it earned the two times it raced in New Jersey while under suspension in Ontario.

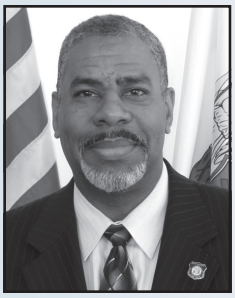
Ernest Adam v. New Jersey Racing Commission:

This matter involved out-of-competition testing conducted by the Racing Commission in April 2008 on horses in the care and custody of standardbred trainer Ernest Adam. The horses were stabled at Winner's International Farm in New Jersey. Laboratory testing revealed the presence of Darb-EPO, a synthetic form of Epogen in six horses trained by Adam and owned by Stephen Slender, a licensed veterinarian in California. In addition, while at the farm, Racing Commission investigators discovered two locked tack rooms which were later

found to contain veterinary prescription drugs, hypodermic needles and syringes, as well as a shockwave therapy device. The Racing Commission's Board of Judges found Adam and Slender to be in violation of various Racing Commission rules. Adam and Slender appealed the Board of Judges decision and the matter was transferred to the Office of Administrative Law for a hearing. On February 12, 2012, an Administrative Law Judge issued a ruling which affirmed the decision of the Board of Judges, and ordered that Adam and Slender each be suspended for 13 years, be fined $56,000, and have their licenses revoked. The Racing Commission subsequently voted to accept the Administrative Law Judge's decision, which also ordered that Ernest Adam pay an additional $12,000 for the cost of confirmatory testing on the six horses in his care.

Proposed Amendments, New Rules for Off-Track Wagering and Account Wagering:

In 2012 the Racing Commission proposed amendments and new rules governing off-track wagering and account wagering that would establish, among other things, benchmarks for determining the progress of planned off-track wagering facilities. The proposed amendments and new rules pertain to various sections of N.J.A.C 13:74, and are consistent with 2011 legislative amendments to the State's Off-Track and Account Wagering Act. The legislative amendments were designed to encourage development of additional off-track wagering centers. Currently there are four such facilities in New Jersey. They are located in Bayonne, Woodbridge, Toms River and Vineland. The proposed amendments and new rules would require any racetrack permit holder that has applied for an off-track wagering license to "make progress on an annual basis" in establishing each planned off-track wagering facility. Among other requirements, the permit holder would be responsible for demonstrating that a proposed off-track wagering facility is in a suitable location, and that the permit holder has either obtained fee title ownership of the proposed property, or has obtained a leasehold interest in the property for a minimum of five years. The proposed rules would also require a permit holder to provide the Racing Commission a detailed project development budget for each planned off-track wagering facility – a budget created by a qualified professional design and construction team. "The budget must include all hard and soft costs associated with the project ...," notes one section of the proposed rules, "... and the permit holder bears the burden of establishing that the budget is a reasonable, informed and realistic projection of all applicable costs." The permit holder also must document that it has either placed monies into escrow, or secured an irrevocable letter of credit in an amount equal to the project development budget, so as to ensure sufficient financing of the project from licensure and construction through the start of daily off-track wagering operations. The Racing Commission's complete proposed amendments and new rules were published in the New Jersey Register on November 5, 2012 and can be reviewed in their entirety online at *www.nj.gov/oag/racing/proposed.html*. Written comments on the proposed amendments and new rules were to be accepted by the Racing Commission through early January 2013.



Kevin M. Brown
Executive Director

Juvenile Justice Commission

The mission of the Juvenile Justice Commission is to foster public safety and reduce juvenile delinquency by holding young offenders accountable, providing them opportunities to achieve positive chance, 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. For more information about the JJC visit *www.nj.gov/oag/jjc*.

Keynote 2012 Programs, Initiatives

JDAI Continues as National Model

In 2012, the Juvenile Detention Alternatives Initiative (JDAI) continued to serve as a model program for the nation, as average daily detention center populations at JDAI sites continued to decline, and the number of New Jersey counties participating increased. New Jersey was selected as an official replication site for the Annie E. Casey Foundation's JDAI program in 2004, and was awarded an annual grant of up to $200,000 by the Foundation for that purpose. By 2012, 16 counties were taking part in the initiative including: Atlantic, Bergen, Burlington, Camden, Cumberland, Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, Passaic, Somerset, Union, Warren, and Gloucester.

A primary goal of JDAI is to make certain that secure detention is used only to ensure that serious and chronic juvenile offenders are detained. Its guiding ethos is that alternative placements are preferable for youth who can be safely supervised in the community while awaiting final court disposition, and that those alternatives not only provide for better outcomes for the offender, but they also protect the community. JDAI provides alternatives that have helped reduce the inappropriate use of secure juvenile detention in New Jersey, while still maintaining public safety and court appearance rates. A major focus of JDAI is to reduce the disproportionate use of detention for minority youth. In addition, many young offenders are provided with services through JDAI, such as job training and mentoring. These services help them to address the issues that led to their delinquent behavior, as well as providing support that aids them in meeting the conditions of their probation.

JDAI Results

In 2012, the JJC released its findings for the prior year. These include data from the 15 counties that participated in 2011. The results included:

- Compared with the year prior to implementation of JDAI in each county, average daily population across all 15 counties had decreased by 55 percent. On any given day, there were 446 fewer youth in secure detention, with youth of color accounting for 89.7 percent of this drop.
- Comparing the year prior to implementation of JDAI in each county to 2011, approximately 6,100 fewer youth were admitted to detention, a decrease of 60 percent.
- Since JDAI implementation, the number of youth sent to detention for noncompliance with the rules of probation has dropped 65 percent. Additionally, youth admitted to detention for failing to appear in court has decreased by 53.7 percent, and the number of youth admitted to detention for other violations has dropped by 33.2 percent.
- The number of girls in detention on any given day has decreased by 68.6 percent across the 15 sites.
- In 2011, across sites reporting detention alternative outcome data, an average of approximately 3 percent of youth were discharged from a detention alternative program as the result of a new delinquency charge, an indicator that JDAI public safety goals are being met.
- A review of Uniform Crime Report data indicates that in 2010 (the most recent year for which the Uniform Crime Report is available) juvenile arrests were down in all 15 participating JDAI counties compared to each county's pre-JDAI year.
- Significant cost-savings also have been realized as the result of JDAI in New Jersey. The excess space created by population reductions has allowed several counties to close their detention centers and house their youth in other counties' facilities. These agreements resulted in millions of dollars of cost savings for the sending counties and substantial revenue increases for the receiving counties.

JDAI Model Site Status

The results achieved through JDAI have brought New Jersey significant recognition. New Jersey leads the nation in successfully implementing juvenile detention reform, and in 2010, the state was named by the Annie C. Casey Foundation as a State Model Site. While nationally JDAI is operational in more than 125 local jurisdictions spanning 30 states, New Jersey is the only state to be designated a national model for detention

reform by the Casey Foundation. New Jersey receives funding from the Casey Foundation to support JDAI, and to specifically conduct two-day working sessions with delegations from other states interested in replicating New Jersey's JDAI success. To date, delegations from eight states, including Arizona, Indiana, Massachusetts, Minnesota, Missouri, Nevada, New Mexico, and Ohio have participated in New Jersey's JDAI "Model Site" Program. Three additional states were scheduled to visit New Jersey in 2013.

Kids Count Report Cites Positives

In 2012 advocates for Children of New Jersey (ACNJ) released a special juvenile justice Kids Count report entitled, "Measuring Change in New Jersey's Treatment of Young Offenders." The report detailed the successful reforms in juvenile justice since the implementation of the Annie E. Casey Foundation's JDAI in New Jersey.

The report chronicles important, positive change as a result of New Jersey's commitment to juvenile detention reform, documenting the dramatic reduction in New Jersey's use of secure detention over the past eight years. In New Jersey, many individuals and agencies have worked together successfully to establish a fair and consistent approach to juvenile justice, while at the same time maintaining public safety and saving taxpayers millions of dollars. This independent analysis brought significant media attention and widespread public support for the initiative.

2012 JJC Commencement Ceremony

The JJC held its annual high school commencement ceremony at the New Jersey Training School (NJTS) in Monroe Township in September 2012. Attorney General Jeffrey S. Chiesa addressed the graduates. Darrell L. Armstrong, Pastor, Shiloh Baptist Church, was the keynote speaker. Kevin M. Brown, Acting Executive Director of the JJC, presented 68 graduates with their high school diplomas or General Equivalency Diplomas (GED) issued by their local school districts or the state. An additional 110 students received their diplomas or GED over the course of the year and had since been released from JJC supervision. The JJC provides year-round educational instruction with its fourth marking period ending in September.

All graduates met the high school graduation requirements set forth by the New Jersey Department of Education. The JJC coordinates each student's curricula with his or her home school to allow the student to receive a diploma from his or her local education authority. Students receiving their diplomas were from secure facilities, as well as several of the JJC's residential community homes, day programs and transitional programs located throughout the state.

Whether the graduates continue to pursue academic studies at the college level, focus on vocational and technical training, or begin preparing to enter the job market, a degree provides students with a sense of accomplishment and self-worth that will help them succeed throughout their lives. The goal of the JJC educational program is to prepare students for continued learning and workforce preparation by offering a wide-range of challenging academic and career-technical experiences that meet the needs of both special education and regular education students. In addition to academics, the Office of Education provides career and technical programs of study that prepare students for highly skilled, high wage or high demand occupations. The JJC offers a variety of programming that includes: Applied Horticulture Sciences, Culinary Arts with Safe Serve Certification, Graphic Arts, Computer Applications with various certifications, EKG training and certification, Plumbing and Pipefitting.

Rightsizing/ Consolidation

The JJC ended 2012 with 11 residential homes and three day programs, for a total of 14 community programs. Over the past four years, eight programs have been closed or consolidated, thereby ending nine leases or contracts and resulting in savings of approximately $1.7 million. In 2012 alone, the JJC achieved $405,000 in significant cost savings through the closure and subsequent consolidation of several leased facilities into residential community homes on properties owned by the state. The savings include improved costs associated with administrative and programmatic efficiencies, the consolidation of staff, staff realignment, and the reduction

of overtime. Over the span of several years, the overall juvenile detention population in the state has steadily declined, due to an overall reduction in juvenile crime and the implementation of the Juvenile Detention Alternatives Initiative (JDAI.)To address the subsequent declining JJC population, proactive steps have been taken to right-size community program options and create efficiencies wherever possible. Since 2008, the JJC has closed three residential homes and two day programs, and has consolidated seven programs. As a result of careful planning, the realignment and rightsizing initiative has resulted in the expansion of services to additional counties or specialized populations in several cases.

Emphasis of JJC Programming Shifts

The JJC's community residential homes and day programs continued to undergo a significant programmatic transformation in 2012. Once known as "fields programs" that focused largely on non-criminogenic factors such as discipline, physical conditioning and self-esteem, community programs today are incorporating the "principles of effective interventions." Those principles include:

- Risk (targeting youth most at risk of recidivating)
- Need (targeting such fac tors as lack of self-control, problem-solving skills, substance abuse dependency, and anti-social attitudes, values and beliefs)
- Treatment (targeting behavior)
- Fidelity (targeting responsiveness factors, such as a lack of motivation and program participation)

JJC Programs are continually reviewed to ensure that they are meeting the needs of JJC youth, and are redefined to ensure that residents are receiving specialty services based on individual evaluations and screening tools. The JJC has established eight of its 11 residential homes as specialized programs servicing specific, high-need populations.

Suicide Safety and Prevention

By combining Juvenile Accountability Block Grant (JABG) funds, JJC capital funds and in-house repairs by JJC maintenance staff at both the NJTS and Bordentown campuses, the JJC has taken great strides in making facilities safer for youth, particularly those who have mental health concerns. Several projects are already in progress for next year to address remaining suicide safety concerns.

In 2012, considerable progress was made in addressing suicide safety concerns at JJC's secure facilities. Major renovation and safety projects were completed or continued at both of the JJC's secure campuses, including the purchase and installation of suicide safe furniture. Utilizing a combination of state and federal grant funds, the JJC completed a significant portion of necessary renovations needed to make its facilities suicide resistant. These included in-house repairs and renovations, the installation of sprinkler heads that conform to suicide safety guidelines, as well as the installation of additional surveillance cameras that increase the ability to monitor youth. The design phase of a capital construction project to address suicide safety concerns at Housing Unit #6 at NJTS began in 2012. The projected budget for this project is estimated to reach over $900,000 and the construction phase is expected to begin in 2013.

As part of the JJC's Community Programs Consolidation Project, the Fresh Start Residential Community Home, which served young people with mental health needs, was relocated to the JJC's existing Ocean Residential Community Home. Prior to the move of this special needs population, the JJC instituted suicide safety measures at the Ocean facility. In addition to making physical plant safety repairs, enhanced supervision policies were instituted to assist in accomplishing safety at the facility were implemented. Additional enhancements will be completed in 2013.

Beginning in early 2013, the JJC will begin administering the Columbia Suicide Severity Rating Scale. Male and female committed juveniles and probationers at all JJC facilities, both secure and community programs, will complete the survey, which will help identify those at risk of suicide. The JJC is also preparing for the implementation of the Department of Justice National Prison Rape Elimination Act (PREA) Standards, which address sexual safety in confinement. This will foster an environment of safety as well help to identify youth at risk of injuring themselves.

Juvenile Parole Success Stories

Each year, hundreds of juveniles are placed on parole after completing a sentence at a JJC facility. There are many stories of young men and women who are making small steps to lead successful lives in their communities. With support, these individuals are utilizing the skills acquired as part of their rehabilitation plans to achieve lifelong goals toward positive living and becoming productive citizens. In the State of New Jersey laws protect the confidentiality of juvenile offenders. In order to comply with those laws, initials are used in accounts below:

- A parolee from Cumberland County is working at the BJ's Wholesale Warehouse in Vineland and will be attending classes at Cumberland County Community College beginning in January 2013.
- A parolee from Middlesex County was released to parole from the JJC's Costello Prep Academy in December 2011. He obtained his high school diploma and was employed by the South Brunswick Board of Education in janitorial services. In January 2013, he will begin an HVAC program at Middlesex County College, which will also provide him with a stipend. He also completed counseling with Rainbow of Hope and, also in January 2013, is expected to complete parole supervision.
- A Monmouth County parolee has been doing exceptionally well since being released on parole. He has completed Project More and currently attends Toms River South High School as a senior, where he plays varsity football and is maintaining good grades. He meets with his in-home therapist on a weekly basis, and has tested negative on all drug screens. The young man has attended college open houses at Monmouth and Rutgers Universities, and is in the process of seeking employment.
- A parolee from Gloucester County is attending Gloucester County College and has been working in the automotive repair industry for several months. He has also successfully completed counseling at My Father's House for drug treatment in Gloucester City.
- A Camden County parolee is attending Camden County College and works at Forman Mills in Pennsauken. His ultimate goal is to work in the field of ophthalmology. At one point, he was homeless and was placed in a shelter. He is now living with a relative and on his way to success.
- A parolee from Bergen County has been under parole supervision since January 3, 2012. She has successfully completed the Kintock Community Resource Center program and an electronic monitoring program, with the approval of the State Parole Board. The young woman is currently attending the Hohokus Technical School for training as a medical assistant, as she works to complete high school. She continues to attend counseling and has been working to reach all set goals.
- A Hudson County parolee was released to parole in September 2012. Immediately upon his release, he began part-time work with the Jersey City Incinerator Authority, and was recently upgraded to full-time employment. He has remained drug-free and attends counseling sessions and the Day Reporting Center without fail.
- A Union County Parolee has been under the supervision of the Office of Juvenile Parole & Transitional Services since July 5, 2011. Since her release, she obtained her GED, is enrolled at Union County College, and is currently working full-time at a local Pathmark supermarket. She has completed mandated counseling and has complied with all parole regulations. Due to her positive adjustment in the community and continued determination to do well, the young woman was to be considered for a parole level change within a month of this writing.

Aaron M. Davis
Commissioner

State Athletic Control Board

The State Athletic Control Board is charged with the regulation and supervision of all contests and exhibitions of unarmed combat held within the State. The Board's main purposes are to ensure the health and safety of contestants and ensure integrity and fairness in all contests. The agency collects ticket and television taxes, licensing fees and disciplinary fines as its revenue sources. The presence of combative sporting events often leads to increased casino drop, higher hotel occupancy rates, employment opportunities and other taxable revenues. For more information about the Athletic Control Board visit *www.nj.gov/oag/sacb*.

2012 Highlights

Regulation of Boxing Contests: Despite the cancellation of 6 events because of Hurricane Sandy and its aftermath, the State Athletic Control Board regulated 25 professional boxing contests which consisted of 180 matches. In addition, the agency oversaw 32 mixed martial arts events which consisted of 156 professional matches and 215 amateur matches. The agency also hosted 6 muay thai kick boxing events which featured seven professional contests, eight Class A amateur contests, and 46 Class B amateur contests.

Boxing Event Highlights:

Professional boxing highlights for 2012 included events involving the WBC world lightweight championship from Boardwalk Hall on HBO, the WBC and Ring Magazine light heavyweight world championships from Boardwalk Hall on HBO, and Tomasz Adamek from the Prudential Center on NBC.

UFC/Muay Thai Events:

The Athletic Control Board hosted the Ultimate Fighting Championships at the Izod Center on FOX, the Ultimate Fighting Championships on F/X from Revel and Bellator's season finals from Caesars. With regard to muay thai kick boxing, the agency regulated professional muay thai at Rahway as well as a Muay Thai event held in Atlantic City, at Bally's. Both of these events featured matches involving WBC titles.

Many Small Venue Event Cards:

Besides major events in the typical locations of Atlantic City and Newark, smaller level combat sports cards were also readily found in 2012 in various venues within Asbury Park, Hamilton, Lincroft, North Bergen, Paterson, Rahway, Voorhees and Wildwood.

Training Seminar:

In December, the agency hosted a detailed, six- hour training seminar for its muay thai officials in Lodi with Dr. Tony Myers of England.

NJSCA's National, Global Reach:

The agency's trained judges and referees were selected to work events in many other states and in other countries such as Australia, Brazil, Canada, Dubai, England and Ireland. In addition, SACB Commissioner Aaron Davis was a featured speaker as Vice-President of the Association of Boxing Commissions at its annual convention in Florida. Also in 2012, lead mixed martial arts and muay thai ringside physician Dr. Sheryl Wulkan continued working with the Department of the Navy testing a neurocognitive device on combat athletes, and developed the first ringside medicine sub-specialty for sports fellows at Atlantic Health and Morristown Hospital. The prior year, Dr. Wulkan was an invited guest of the Sergeant Major of the U.S. Marine Corps as a consultant to their martial arts program. SACB ounsel Nick Lembo was selected for induction into the Action Martial Arts Hall of Honor in 2012.

2012 Annual Report

New Jersey Office of Attorney General