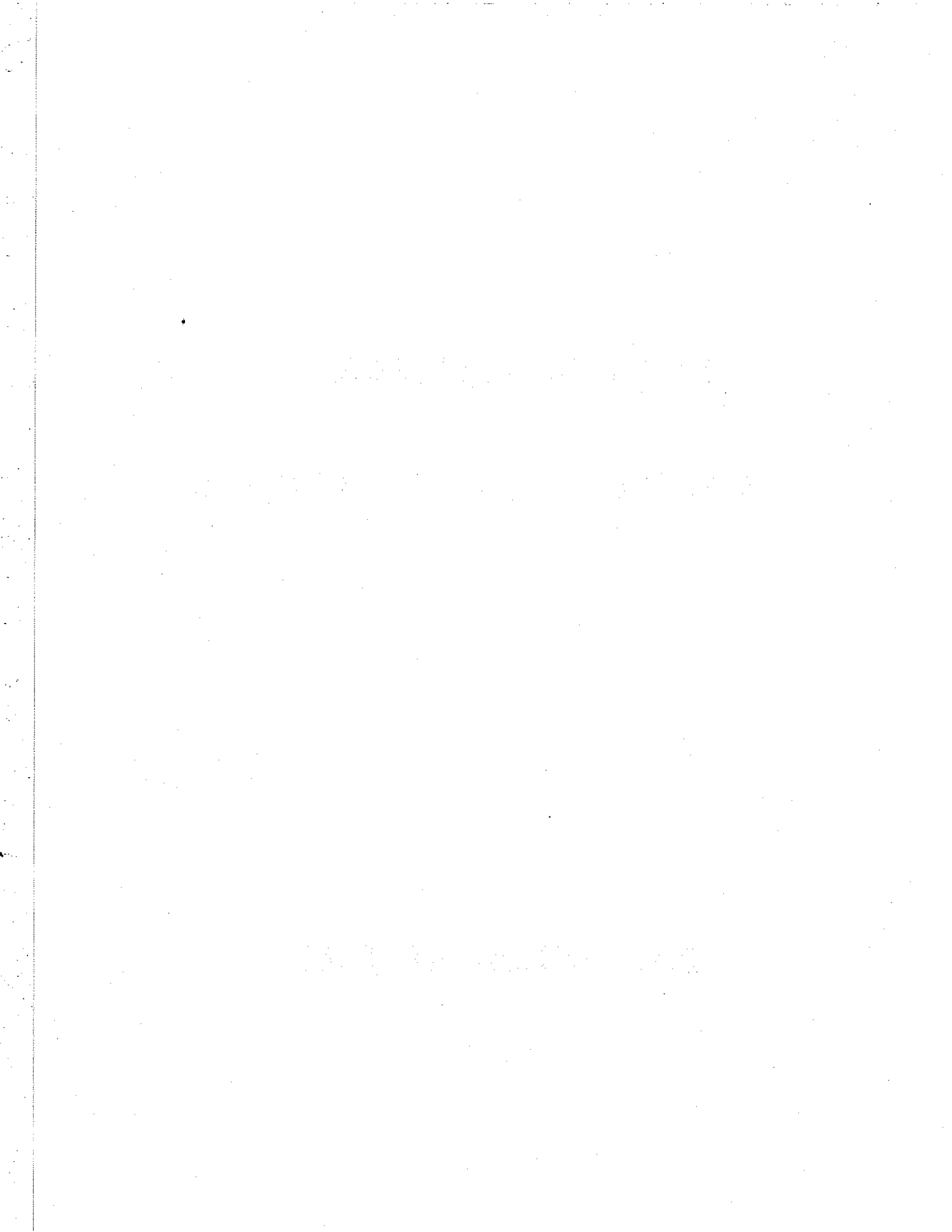


STATE OF NEW JERSEY
COMMISSION OF INVESTIGATION

27th ANNUAL REPORT

1995





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COMMISSION OF INVESTIGATION

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Governor Christine Todd Whitman
The President and Members of the Senate
The Speaker and Members of the General Assembly

The State Commission of Investigation herewith formally submits, pursuant to N.J.S.A.

52:9M, its 27th annual report for the year 1995.

Respectfully,

Leslie Z. Celentano
Chair

Louis H. Miller

Justin J. Dintino

M. Karen Thompson



Members of the Commission



Leslie Z. Celentano

Attorney, Bedminster; of counsel Gulkin, Hock & Lehr, Livingston. Appointed to Commission January 1995 by Senate President Donald T. DiFrancesco. Designated chair by Governor Christine Whitman. Assistant Prosecutor, Essex County, 1984-1985; Commissioner, New Jersey Police Training Commission, 1986-1995; Committeewoman, Township Committee, Bedminster Township, 1993-1995. Graduated 1975, Montclair State College; 1980, New York Law School.



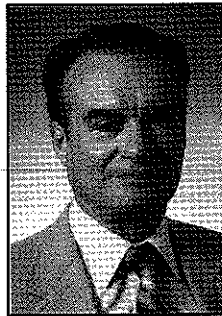
Louis H. Miller

Attorney, Hopewell; sole practitioner; of counsel, Levinson Axelrod Wheaton and Grayzel, Flemington. Appointed to Commission November 1993 by Assembly Speaker Garabed Haytaian. New Jersey Superior Court Judge, 1981-1988; Arbitrator, 1988; Special Deputy Attorney General, 1972-1973. Graduated 1967, Rutgers University; 1970, Temple University Law School, 1982; National Judicial College.



M. Karen Thompson¹

Certified civil trial attorney, Warren; principal, Norris, McLaughlin and Marcus, Somerville. Appointed to Commission October 1995 by Governor Christine Whitman. Member, Supreme Court Civil Practice Committee and Board on Trial Attorney Certification; former chair, District Ethics Committee; president, Somerset County Bar Association, 1992-1993; Graduated 1974, Monmouth College; 1978, Rutgers University Law School.



Justin J. Dintino

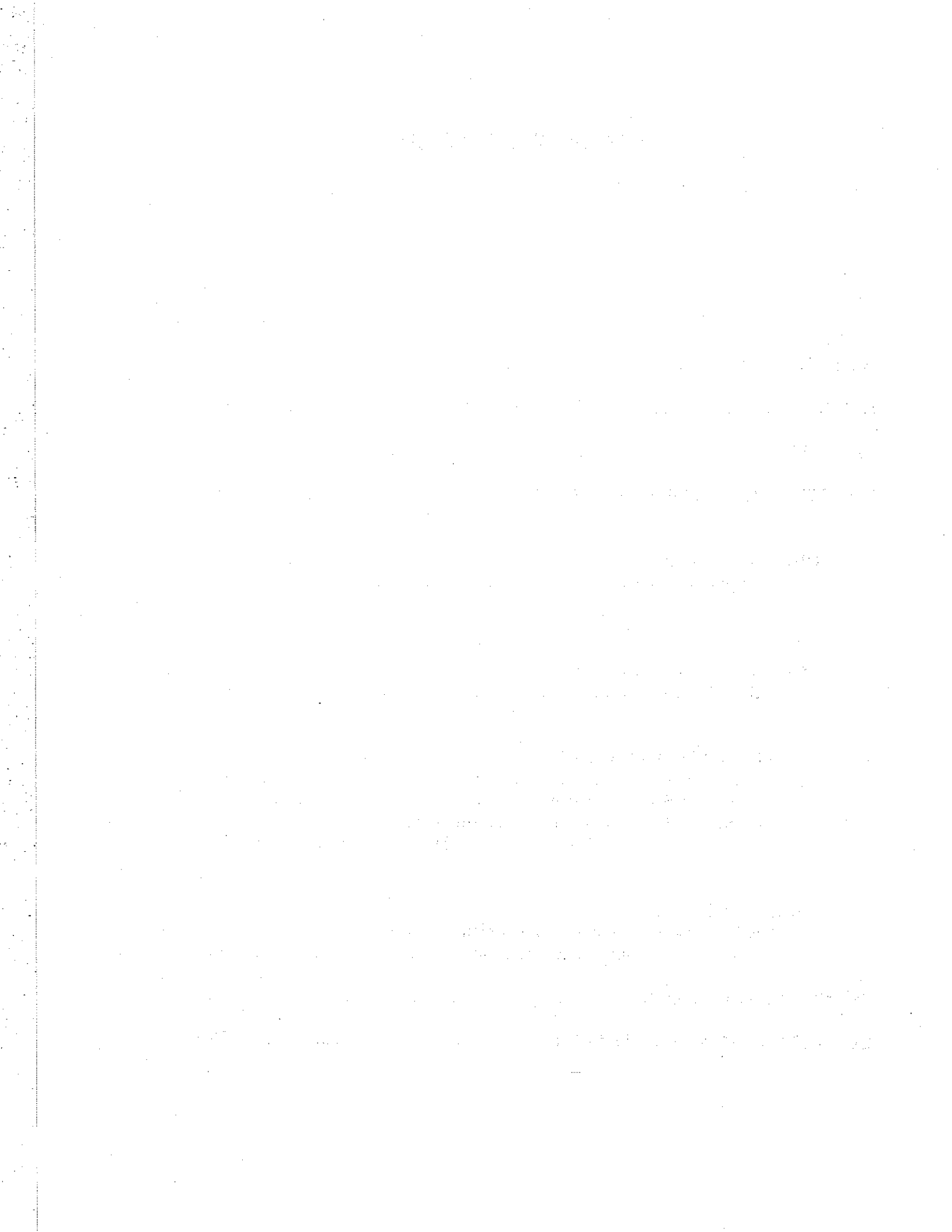
Superintendent, New Jersey State Police, 1990-1994; Turnersville; Appointed to Commission January 1994 by Gov. Jim Florio. N.J. State Police, 1952-1985; Held every rank to Deputy Superintendent until mandatorily retired; chief of Organized Crime and Intelligence, State Commission of Investigation, 1990-1994; commissioner, President's Organized Crime Commission, 1983-1986; general chairman, Law Enforcement Intelligence Unit, 1981-1987; Graduated 1952, N.J. State Police Academy; 1971, Northwestern University Supervisor and Command School.

¹Commissioner Thompson succeeded Dante J. Sarubbi of Cherry Hill, whose three-year term expired in 1995.



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WHY THE SCI

The State Commission of Investigation was created in 1968 to fulfill a unique mission of vital importance to the citizens of New Jersey: to attack organized crime and political corruption; to root out waste, fraud and abuse of taxpayer dollars; to shed light on matters that undermine public justice and public safety; to recommend appropriate reforms and improvements in laws and in the operations of government. The Commission was given an extraordinary mandate: to pursue this all within an environment untainted by political intrusion or favoritism.

Twenty-eight years later, this fundamental investigatory and fact-finding mission — as well as the need for an independent, nonpolitical entity to carry it out — remain no less vital.

During 1995, the Commission extended its record of exemplary public service with a series of investigations and reports that exposed fiscal abuses, governmental misconduct and organized crime intrusion at various levels in New Jersey. In each instance, the public was alerted to a range of serious problems that — but for the independent work of the SCI — would have gone unexposed.

Following up on an earlier ground-breaking probe, the Commission exposed organized crime's continuing infiltration of New Jersey's licensed commercial bar and tavern industry. The 1995 report highlighted the threat posed by this phenomenon both to the integrity of the licensing system and to the state's overall economy. The report detailed the ease with which particular

liquor licenses passed without government interference from one organized crime member to another and how certain organized crime members became involved in one bar after another. In a series of recommendations for systemic reform, the Commission urged more vigorous enforcement of existing laws and regulations, as well as the adoption of additional measures necessary to strengthen the system of licensure and enforcement.

An SCI probe of irregularities at the state Casino Control Commission revealed records that had been falsified and forged in connection with an improper scheme to award "golden parachutes" to former employees. The investigation, which also produced evidence of abuses involving official cars and expense allowances by Casino Control Commission personnel, resulted in a range of internal administrative reforms and in disciplinary action against the Casino panel's chief of staff.

On another front, pursuing a statewide assault on local government corruption launched in 1992, the Commission during 1995 detailed evidence of organized crime connections, conflicts of interest and malfeasance involving personnel of the Garfield School District in Bergen County. The investigation was undertaken after local taxpayers approached the Commission as a last resort. Responding to the Commission's findings, district officials took steps to ensure greater accountability in the administration of a \$9 million lease/purchase program that had been a key focus of the investigation, as well as in other areas.

The Commission emphasizes that the true measure of its continuing workload far exceeds

investigations completed during the past year. Beyond the public activities detailed in this annual report, the Commission and its staff currently are conducting a range of significant investigations at various stages involving all elements of the Commission's statutory purview, including organized crime, political corruption and waste and abuse of government funds. In that regard, nearly 300 Commission subpoenas were served during 1995 seeking access to scores of individuals, thousands of documents and a range of other exhibits relevant to those active investigations. In addition, 69 Commission executive sessions were held at which confidential testimony was received from 104 witnesses.

As in past years, barely a week passed in 1995 that the Commission did not receive requests for investigative action, assistance or advice from citizens of New Jersey. Commission records include more than 180 such citizen contacts via mail and telephone requiring evaluation and response.

The past year also was highlighted by the positive resolution of reforms and prosecutorial actions recommended by earlier Commission investigations.

The Commission's 1994 probe of waste, fraud and abuse at Marlboro State Psychiatric Hospital spurred a series of personnel disciplinary actions and reform measures. The investigation prompted the Department of Human Services to send a special review team to Marlboro and to other state institutions to examine inventory control, the granting of sick leave/injury benefits, purchasing, and administrative oversight issues addressed by the

Commission. On February 23, 1995, the review team reported that it had indeed confirmed a lack of basic standards of accountability, oversight and expenditure control in these areas — not just at Marlboro but at six other psychiatric hospitals and eight developmental centers as well. As a result, the Department began the process to tighten controls in order to prevent the annual loss of perhaps millions of dollars of public funds. Utilizing evidence developed by the Commission, the Department during 1995 took disciplinary action against six Marlboro employees, two of whom were dismissed.

In another matter, the Commission's probe of fraud and abuse in New Jersey Transit's \$5 million bus subsidy program came to fruition in February with the sentencing of five individuals in state Superior Court in Middlesex County. In addition to terms in prison and/or community service, the defendants were ordered to pay more than \$750,000 in restitution to the taxpayers. The 1992 report of the Commission's investigation had previously resulted in a wide range of operational reforms and personnel actions undertaken internally by NJ Transit officials.

Also in February, the print shop director at Passaic High School was sentenced to four years probation, 150 hours of community service, \$12,000 in restitution and a \$2,500 fine based upon the findings of a 1993 Commission investigation of operational abuses at the school. The director, Lawrence Mayo, had pled guilty to an accusation charging him with a fourth degree crime for falsifying vouchers.

In May, the former director of the Point Pleasant School District's Community School in

Ocean County entered guilty pleas to two criminal counts of theft by deception stemming from a 1994 Commission report detailing fiscal abuses and administrative misconduct in the school's operations. The former director, Vito Dellegrippo, also agreed to pay \$5,000 in restitution to the taxpayers and to be barred for life from holding or applying for public office. In addition, the Point Pleasant Board of Education transferred operation of the Community School to the Monmouth-Ocean Educational Services Commission, beginning with the Spring 1995 semester.

In sum, 1995 proved to be one of the most productive years in the Commission's entire history — despite fiscal constraints that have reduced its annual budget appropriation from \$2.8 million to \$1.9 million and its staff from 45 to 28 members over the past six years. Based upon a demonstrable and continuing record of accomplishment, this body can lay claim to an impressive statement of fact that eludes other elements of government:

The State Commission of Investigation has saved New Jersey taxpayers far more money than they have ever invested in its operations.

HISTORY

The Commission was established in 1968 after extensive research and public hearings by the Joint Legislative Committee to Study Crime and the System of Criminal Justice in New Jersey (the "Forsythe Committee"). That panel was directed by the Legislature to find ways to correct a serious and intensifying problem involving organized crime and political corruption. The panel's final report, which confirmed a crisis in crime control, attributed the expanding activities of organized crime to "failure . . . in the system itself, official corruption, or both." As a result, sweeping recommendations for improving various areas of the criminal justice system were proposed.

Two of the most significant recommendations were for the creation of a new criminal justice unit within the Attorney General's Office and the establishment of an independent State Commission of Investigation. The Forsythe Committee envisioned the proposed criminal justice unit and the Commission of Investigation as complementary agencies in the fight against crime and corruption. The criminal justice unit was to be a large organization with extensive personnel, empowered to coordinate, conduct and supervise criminal investigations and prosecutions throughout the state. The Commission of Investigation was to be a relatively small but expert body that would conduct fact-finding investigations, bring the facts to the public's attention, refer its findings to appropriate law enforcement agencies for possible prosecution and make recommendations to the Governor and the Legislature for improvements in laws and in the operations of government.

As the Forsythe Committee stated in the final report of its comprehensive study, this would not be "a 'crime commission' alone. There are many occasions when hard-hitting, expert fact-finding is needed without involving the criminal process or implying criminal violations are under investigation. . . . This Commission will provide a significant, independent 'watchdog' for the entire system. . . ."

As a result of the Forsythe's Committee's recommendations, the Division of Criminal Justice in the Department of Law and Public Safety and the State Commission of Investigation, structured as an independent agency of the Legislature, were created. New laws were designed — effectively so, as history has shown — to prevent conflict and duplication among the functions of the Commission and the prosecutorial authorities of the State.

The Commission was given the responsibility to maintain a constant vigil against the intrusion of organized crime into society, to expose systemic wrongdoing or governmental laxity via fact-finding investigations, and to recommend new laws and other remedies to protect the integrity of the governmental process. The Division of Criminal Justice and other prosecutorial agencies were given the responsibility to seek indictments or file other charges of violations of law and to bring the violators to justice, where appropriate.

Legislation creating the SCI established an initial term beginning January 1, 1969, and ending December 31, 1974. The Legislature extended the term of the SCI for five-year periods on four subsequent occasions: in 1973 for a term expiring December 31, 1979; in 1979 for a term

expiring December 31, 1984; in 1984 for a term expiring December 31, 1989, and in 1989 for a term expiring December 31, 1994. On Dec. 28, 1994, legislation took effect extending the Commission's term through June 30, 1996, pending the outcome of a review by a special committee appointed by the Governor, the President of the Senate and the Speaker of the General Assembly.

The unique and complementary role of the SCI was noted in two earlier comprehensive, impartial analyses of the Commission's record and performance — in 1975 by the Governor's Committee to Evaluate the SCI and in 1983 by the State Commission of Investigation Review Committee. Both reports stated that the SCI performs a valuable function and strongly concluded that there is a continuing need for the Commission's work. The 1983 review panel said its advocacy of the Commission was reinforced by the views of top law enforcement officials in the State that the SCI "continues to serve as an important adjunct to New Jersey's criminal justice system." Today, as then, the Commission continues to play that role effectively.

OPERATIONS

To eliminate even the appearance of political influence in the Commission's operations, no more than two of the four Commissioners may be of the same political party, and they derive from three separate appointing authorities. Two Commissioners are appointed by the Governor and one each by the President of the Senate and the Speaker of the Assembly. It thus may be said the Commission by law is bipartisan and, by concern and action, is nonpartisan. This central construct provides the Commission with the integrity and the independent stature necessary to perform its job in a credible fashion, especially where politically-charged or otherwise sensitive investigations are concerned.

The Commission is specifically invested with the duty and power to conduct investigations in connection with:

- (a) The faithful execution and effective enforcement of laws of the state, with particular reference but not limited to organized crime and racketeering;
- (b) The conduct of public officers and public employees, and of officers and employees of public corporations and authorities;
- (c) Any matter concerning the public peace, public safety and public justice.

The enabling statute provides further that the Commission shall, by direction of the Governor or by concurrent resolution of the Legislature, conduct investigations and otherwise assist in connection with the removal of public officers and in the making of recommendations to the Governor and the Legislature with respect to changes in existing law required for more effective enforcement. The Commission also is empowered to investigate the management or

affairs of any department, board, bureau, commission, authority or other agency created by the State, or to which the State is a party.

The statute assigns to the Commission a wide range of responsibilities and powers. It may conduct public and private hearings, compel testimony and the production of other evidence by subpoena and has authority to grant limited immunity from prosecution to witnesses. Since the Commission does not have prosecutorial functions, it is required to refer information of possible criminality to the Attorney General. The Commission has done this repeatedly in the past and will continue to do so in the future in keeping with a primary goal of fostering cooperation involving law enforcement agencies at all levels of government.

One of the Commission's primary statutory responsibilities, when it uncovers irregularities, improprieties, misconduct or corruption, is to bring the facts to the attention of the public with the objective of promoting remedies and reforms. The format for public action by the Commission is based on the complexity of the subject and the clarity, accuracy and thoroughness with which the facts can be presented. The Commission has proceeded by way of public hearings, the issuance of public reports, or both.

Witnesses appearing before the Commission in public and private hearings are protected by the New Jersey Code of Fair Procedure, the requirements of which were incorporated in the Commission's enabling law in 1979. Constitutionally required due process is afforded under the provisions of that code, and the courts have upheld the integrity and fairness of the Commission's

investigative procedures. For example, all witnesses have the right to be represented by counsel when appearing before the Commission at public or private hearings. Additionally, any individual who believes he may be adversely affected by the testimony or other evidence presented in a public action by the Commission is given an opportunity to make a statement under oath relevant to the testimony or other evidence. Such statements, subject to a determination of relevancy, are incorporated in the records of the Commission's public proceedings. Before undertaking a public action, the Commission always has been careful to evaluate investigative data in private in keeping with its obligation to avoid unnecessary stigma and embarrassment to individuals.

Indictments and convictions which may result from referral of criminal matters by the Commission to other agencies are not the only test of the efficacy of its public actions. At least as important is the deterrent effect deriving from the Commission's very existence, as well as the corrective statutory and regulatory reforms spurred by arousing public and legislative interest. A prime example involved the enactment of legislation in the wake of a 1992 Commission investigation of a massive, organized crime-inspired scheme to evade taxes on motor fuels. According to the state Division of Taxation, that statutory change alone has enabled the State to recover an estimated \$22 million annually in tax revenues.

The Commission takes particular pride in this and in the numerous other investigations and reports which have similarly resulted in taxpayer savings and in improved laws and governmental operations throughout its existence.

INVESTIGATIONS AND REPORTS - 1995

Organized Crime: *Organized Crime in Bars, Part II*

In 1992, the Commission conducted a two-day public hearing and issued a comprehensive report detailing, for the first time, the depth of organized crime control over licensed taverns and bars in New Jersey. During that investigation, the Commission sought access to Philip Leonetti, a former high-ranking La Cosa Nostra member who, at the time, was in federal custody and testifying as a prosecution witness in numerous trials of prominent organized crime figures in New York, Connecticut and Pennsylvania. Leonetti served as underboss to his uncle, Nicodemo Scarfo, boss of the Southeastern Pennsylvania-South Jersey Family of La Cosa Nostra during Scarfo's reign from March 1981 until early 1991. Leonetti was at his uncle's side as meetings were held and decisions were made. His intimate knowledge of the family's activities and operations ranks next to that of Scarfo himself.

The 1995 report, *Organized Crime in Bars, Part II*, was the culmination of numerous and extensive interviews with Leonetti over two and one-half years, as access to him was arranged by federal authorities. The report set forth Leonetti's account of events as related to a Commission special agent and confirmed by independent sources.

Leonetti disclosed startling new information about nine of the bars previously identified by the Commission and the organized crime figures who have owned or controlled the liquor

licenses. Two of the bars — Jerry Blavat's Memories in Margate City and the Coral Reef in Bellmawr — continue to operate. Leonetti also linked organized crime to 14 additional bars in New Jersey, as well as numerous ones in Philadelphia. These bars include two that the Gambino Family had operated in South Jersey. One of the organized crime bars newly revealed by Leonetti is still licensed — Maynard's in Margate City. In the course of preparing this report, the Commission uncovered a fourth active license utilized by an organized crime associate in his operation of Hooty Moo's Beef & Ale in Waterford Township. A fifth active license — Frog Rock Country Club in Hammonton — has as one of its owners an individual known to Leonetti as a prior owner of another restaurant and bar frequented by mob figures. Leonetti also established the organized crime ownership of a retail distribution liquor license, which was held by attorney Harold Garber and real estate salesperson/broker Alvin Lippman until April 1995 and had been used by them to operate A.C. Discount Liquors in Atlantic City.

Equally compelling were Leonetti's accounts of Scarfo's own involvement with bars. He outlined Scarfo's ownership of several New Jersey bars, his use of fronts to conceal his ownership interests, his use of bars as the sites for murders, the tribute that he received from bar owners and his frequenting of bars both to socialize and to discuss his organized crime business.

In relating his knowledge about organized crime's involvement in bars, a subject that had heretofore never been explored with him, Leonetti also exposed many of the Scarfo Family's day-to-day activities and shed new light on the operation of organized crime. He intertwined the role of bars in detailing the actions of both Scarfo and the Commission of La Cosa Nostra in the wake

of the murders of Philadelphia/South Jersey bosses Angelo Bruno and Philip Testa. He also chronicled "making," or induction, ceremonies; the Family's relationship with attorneys; its dealings with politicians; its extortion of "street tax"; its involvement with labor unions; and its "sit-downs" with other La Cosa Nostra families to resolve disputes. Moreover, Leonetti revealed the nature and circumstances of meetings that he and Scarfo attended in New York with Gambino Family boss John Gotti and with Gotti's predecessor, Paul Castellano, to settle a dispute involving a New Jersey bar.

Leonetti's revelations underscored the ease with which organized crime has been able to pierce New Jersey's alcoholic beverage licensing system. It is evident from the facts disclosed by this report that particular liquor licenses passed without government interference from one organized crime member to another and that certain organized crime members became involved in one bar after another. For example, a bar in Atlantic City was operated by four different groups of organized crime figures utilizing the same liquor license, and one Scarfo Family associate, Sy Hoeflich, owned bars in Atlantic, Gloucester and Camden counties.

Recommendations and Results

*** Strengthen state's ability to probe suspected mob fronts:**

A specialized Enforcement Bureau within the State Division of Alcoholic Beverage Control — shut down in 1991 — should be reinstated.

ABC Enforcement Bureau personnel also should be provided with an essential tool —

electronic computer access to ABC's automated licensing files — to obtain promptly all current and past information on a particular licensee or license. Shortly before the SCI report was released publicly, the ABC took steps to provide its personnel with such computer access.

*** State background investigations of prospective licensees:**

As emphasized by the Commission in 1992, municipalities, which are vested with responsibility for background investigations and periodic evaluations of licensees, often lack the resources and expertise to conduct the type of investigation necessary to identify organized crime figures, disclose hidden interests or uncover the use of proceeds from illicit activities in the purchase of the license or business.

Accordingly, the Commission again recommended that the State assume responsibility for the background investigations of licensure applicants and for the granting of licenses, with the municipalities retaining authority over purely local issues, such as zoning.

To provide adequate funding for the augmented role of the ABC Enforcement Bureau, the Commission also reiterated its 1992 recommendation that the State assess to the liquor industry the cost of the Bureau through increased fees and penalties, and to the individual licensees the cost of contested administrative proceedings.

*** Municipal probes of current licenses linked to mob:**

Even when municipalities are presented with evidence of organized crime involvement, some fail to act upon it. In addition to examples cited by the Commission in its prior report, such inaction was again demonstrated in July 1992 when certain municipalities renewed liquor

licenses after receiving information from the Commission on the licensees' organized crime involvement.

The Commission also forwarded information to the ABC for review and consideration, as it had done following its initial report of findings in 1992.

*** Employment sanctions:**

The ABC should prohibit employment on liquor-licensed premises of persons with documented involvement in organized crime or criminal activity.

Local Government Corruption: *Garfield School District*

Alerted by complaints from concerned residents within the community, the Commission launched an investigation into irregularities involving the Garfield City School District in Bergen County and issued a report in January 1995.

The investigation, which covered the period from September 1992 to June 1994, revealed improper allocations under a \$9 million lease/purchase program for capital construction and inadequate accounting for expenditures. The probe also disclosed competitive bidding abuses that allowed a painting firm with ties to organized crime to transform a contract that called for, at most, \$25,500 worth of painting into billings for more than \$275,000. At the same time, in a blatant conflict of interest, the district's business manager, Anthony "Tom" Barckett, was purchasing a boat from one of the painting firm's owners on favorable terms. Moreover, contrary to state requirements, district officials condoned enrollment in the New Jersey Health Benefits Program of ineligible part-time professionals.

The Commission also found that officials of the Garfield School District failed to keep records or ledgers that could be used to ensure that funds earmarked for the lease/purchase project would be spent according to its budgeted costs. The Commission also discovered that the district improperly charged to the lease/purchase project a number of routine operating expenditures, such as those for lawnmowers, office supplies and cafeteria utensils, with a combined value of more than \$500,000.

Recommendations and Results

Responding to the Commission's findings, officials of the district took steps to ensure greater accountability in the lease/purchase program and to comply with regulations limiting personnel eligible to participate in the State Health Benefits Program.

As recommended by the Commission, the Department of Education stepped up the process of monitoring the district by launching its own investigation in April 1995. Garfield had been scheduled to receive a mandatory departmental audit later in the year, but the schedule was accelerated as a result of the Commission's report.

The Commission's referral of conflict-of-interest evidence against Business Administrator Barckett is pending before the State School Ethics Commission. Meanwhile, the school board placed Barckett on probation and took steps to withhold his 1995-96 contractual salary increment.

In addition, local voters removed three incumbents from the Garfield Board of Education during the April school election. The Commission had stated in its report, "The best avenue for reform . . . lies with the voters, who can send a clear signal that tolerance of purchasing and benefit manipulations, cozy relationships between district officials and mobsters, and inadequate oversight are unacceptable."

Waste, Fraud and Abuse: *N.J. Casino Control Commission*

The Casino Control Commission was established nearly two decades ago to serve as a regulatory bulwark against dishonesty and ethical degradation in New Jersey's multi-billion-dollar gaming industry in Atlantic City. In October 1994, however, information suggesting internal irregularities at the Casino Control Commission itself was received by the SCI. A subsequent investigation revealed evidence of a number of abuses and questionable activities, and the findings were detailed in a September 1995 report.

The Key Findings

"Golden Parachutes" for Non-Working Employees

* Three Casino Control Commission employees agreed to resign or retire at various intervals during 1993 and 1994 in exchange for special separation-of-employment packages that kept them on the payroll for months even though they did not show up for work or perform official duties. The gross amount of improper payments to these employees totaled more than \$66,000, not including benefits.

* The compensation packages were arranged and negotiated with the employees by the Commission's Chief of Staff and Executive Secretary, Joseph N. Papp, who admitted under oath that he was aware of no legal basis for such arrangements.

One package was awarded with the express authorization of the then-members of the

Commission in 1994.

Falsification of Records/Fraud/Forgery

* False data were recorded on official Casino Control Commission time and expense forms to make it appear that the former employees who received the severance packages performed work while absent. The time and expense forms bore signatures purporting to be those of the employees, as well as the signatures of supervisory personnel responsible for certifying their veracity.

The investigation revealed that, in order to facilitate the fraud, one employee was instructed to sign blank time and expense forms in advance of his official effective date of departure.

* Signatures determined to be forgeries were discovered on official time and expense forms in the case of one employee who received payment for non-work.

* False representations were made by Casino Control Commission officials to other state agencies so that when two of the involved employees finally were removed from the payroll, they could qualify for unemployment or disability benefits.

Abuse of Official Cars/Expense Allowances

* Casino Control Commission employees, including Chief of Staff Papp and Chief Counsel John Zimmerman, used official state cars without proper authorization to commute daily

between their homes and the Commission headquarters in Atlantic City.

* An examination of expense vouchers showed that Papp, in addition to his \$89,000 annual salary, collected meal allowance reimbursements on an inordinate number of occasions compared to other Commission employees based upon claims of having worked overtime. Evidence gathered through an analysis of Papp's telephone records showed that, in a number of instances, he was not at work long enough or was otherwise ineligible to qualify for this benefit.

* The examination of Papp's telephone records also revealed misuse of state property in the form of a cellular carphone assigned to Papp and a telephone line installed at his home. Though both were for official use only, he failed to make reimbursements to the Commission for numerous personal calls placed on each by himself and members of his family.

* Expenses for a variety of receptions, luncheons and other functions for Casino Control Commission officials and staff were improperly billed to Commission accounts.

Recommendations and Results

Based upon its findings, the SCI referred evidence of fraud, forgery and falsification of official records to the state Attorney General through the Division of Criminal Justice. Evidence of repeated breaches of the Casino Control Commission's formal Code of Ethics, as well as

broader ethics codes that govern Executive Branch employees of state government, was referred to the Executive Commission on Ethical Standards.

Also, given that the Casino Control Commission exists under the purview and jurisdiction of the state Treasury Department, the SCI called upon that agency to conduct a thorough review of mechanisms to safeguard and improve oversight and accountability of the Casino Control Commission's internal operations. In addition, the SCI suggested that all departments, agencies, commissions and other entities that comprise state government in New Jersey employ the findings of this investigation as an object lesson for improving internal controls and accountability across the bureaucracy. Supervisors and subordinates both should be reminded that:

1. The state, as an employer, is not allowed to provide employees with severance packages at the expense of taxpayers or any other interests;
2. Unauthorized use of official property, including state-owned telephones and vehicles, is prohibited;
3. It is improper and unlawful to abuse expense accounts for personal gain; and
4. Public funding of social events is not an appropriate activity.

During the course of the SCI's investigation, the Casino Control Commission internally undertook the following formal remedial actions:

Audit Committee:

In March 1995, the Commission formed an Audit Committee consisting of two members of the Commission and one staff member. In announcing the panel's formation, the Commission stated: "It is the hope of the Commission that the mere existence of this committee will eliminate the serious problems uncovered in the course of the SCI investigation. At the very least, the Audit Committee will ensure the early detection of any administrative or procedural irregularities, which will enable the CCC to take prompt and effective corrective action."

Director, Division of Administration:

In May 1995, the Commission filled the position of Director, Division of Administration, vacant since July 1993. Responsibilities include oversight of all personnel matters and compliance with all state rules, regulations and policies.

Recall of Communications Equipment:

All electronic equipment and telephone lines assigned to Commission personnel have been recalled except those in complete accord with state rules. The Commission also has begun circulating all telephone bills for those lines provided to the homes of Commissioners and such staff members authorized to have them. The bills will be reviewed to facilitate reimbursement for personal calls in the same manner as in-office lines are currently handled. All telephone bills for prior periods of home installations are to be collected and circulated to the personnel involved, whether currently employed or not, for review and reimbursement where appropriate.

Telephone and Meal Allowance Audit:

In order to allay concern over the scope of real and/or potential misuse of official telephone lines and meal allowances, the Audit Committee will conduct a thorough review of Commission records regarding telephone charges for lines installed in the homes of Commission members and employees, and of meal allowance claims of the type identified as a problem area by the SCI. The Casino Commission stated that upon receipt of the Audit Committee's report, appropriate action would be taken.

Waste, Fraud and Abuse: *County Clerks' Trust Funds*

At the request of Senate Minority Leader John A. Lynch, the Commission conducted a review of trust funds created for county clerks and registers of deeds under the provisions of N.J.S.A. 22A:4-17.1. The review consisted of an audit of 26 such funds — those of all 21 county clerks as well as of the registers of deeds in the five counties where those offices still exist — for 1992 and 1993. The review concentrated on disbursements, although procedures were followed as well to ensure the integrity of the fund receipts, which derive from fees charged for the filing of official documents at the county level. The Commission reported the results of its investigation in a November 9, 1995 letter to Senator Lynch.

The Key Findings

Under the terms of Title 22A, as amended in 1986, county clerks and registers of deeds are authorized to use the proceeds of these trust funds "to upgrade and modernize the services provided by their offices." The Commission found that while significant amounts have indeed been spent for those purposes, the trust funds in many instances also have been used as a resource for office operations in the face of inadequate appropriations for that purpose by county government. In fact, representatives of the clerks and registers asserted to the Commission that county governing bodies often regard the trust funds as available sources of revenue to cover the offices' operating expenses when evaluating their budget requests.

The Commission also found a number of disbursements, which, in its view, could be justified only under a very strained interpretation of the statute. These were for such things as renovations, expensive decorations and furnishings in personal offices; the purchase of "specialty advertising," including T-shirts, pens, calendars and other items; the payment of service club dues; the purchase, in one office, of 19 "official blazers" for staff members; and arguably excessive travel expenses for conferences in resort cities. In context, however, it must be emphasized that these types of disbursements represented less than one-half of one percent of the total expended during the two-year period which was the subject of the Commission's review.

One substantial disbursement, which the Commission concluded was unauthorized, bore special mention, however. In 1993, the Mercer County Clerk allowed the transfer of \$250,000 from his office's trust fund to the county's general fund to help the county administration cover a budget deficit. The Clerk, who, by the time of the Commission's review was no longer in office, and legal counsel for the county argued that the transfer was proper because the Clerk determined there was no need at the time to use the funds for a purpose defined by Title 22A. The Commission found that conclusion to be unsupported by any reasonable reading of the statute.

Recommendations

*** Submission of trust fund capital plans:**

The Commission endorsed the provisions of Senate Bill 1325, which would amend the

trust fund statute to require that clerks and registers submit capital plans demonstrating "the need for continuation of equipment modernization efforts" if their trust funds are to continue to receive a portion of the fees paid in connection with document filings in the offices.

*** Review and approval of capital plans:**

The Commission expressed reservations about a provision in S-1325 requiring that capital plans be approved by county governing bodies. Inherent fiscal and political tensions between, on one hand, county clerks and registers, who perform duties mandated by state law and the New Jersey Constitution, and, on the other, freeholder boards and county executives, who have a substantial interest in minimizing county expenditures, would seem to make this provision untenable. The Legislature should consider designating an alternative approval authority or providing an appellate forum for clerks and registers whose plans are not approved at the county level.

*** Use of accumulated trust balances:**

Noting that substantial balances have accumulated in many trust funds, the Commission recommended that the Legislature consider specifying an alternative use for such balances. Otherwise, the funds may simply present a continuing opportunity for county governments to avoid their responsibility to provide adequate operating support for the clerks' and registers' constitutional and statutory duties.

*** Crediting of interest:**

The Commission found that interest on trust fund balances is not credited to the fund in all counties. The trust fund statute should be amended expressly to require that all interest be applied to the funds, or to establish a reasonable standard if the interest is treated as an "administrative fee" retained by the county's general fund.

Waste, Fraud and Abuse: *Grant to N.J. Marine Sciences Consortium and Sham Retirement of East Brunswick School District Teacher*

In an August 3, 1995 letter to Education Commissioner Leo F. Klagholz, the Commission reported the findings of an investigation into two distinct but related matters: (1) The circumstances surrounding the award of a discretionary grant to the New Jersey Marine Sciences Consortium, and (2) The crafting of a lucrative retirement deal for an East Brunswick school teacher who was an adviser for a project funded through that grant.

In 1991, the Department of Education awarded a three-year targeted, discretionary grant to the New Jersey Marine Sciences Consortium, headquartered in Sandy Hook. The grant, federally funded under the Dwight D. Eisenhower Mathematics and Science Education Act, commenced on June 15, 1991 and was designed for an estuary study of the Raritan River. The Marine Sciences Consortium served merely as a conduit for the delivery of money to the Raritan River Educational Consortium, which conducted the project. The Raritan River Educational Consortium had been determined previously to be ineligible for any grant monies. In 1993, the Department of Education conducted an internal audit of the grant and, on May 6, 1993, ordered termination of funding as of June 30, 1993, after the second year of operation.

The Key Findings

The Commission found that the grant award was driven by political pressure and influence generated by then-Assemblyman David C. Schwartz and his legislative aide, David Nash, and yielded to by then-Education Commissioner John Ellis. The Commission's interviews of department officials involved in the process clearly established that, despite denials by Schwartz and Nash, the pressure was vigorous and persistent and that the requirements of the grants procedure were circumvented in order to facilitate Ellis' desire to accommodate him. Ellis told the Commission, "Schwartz was very vociferous about wanting this project to be funded and he or his people met with our department people and he leaned on me several times." The Commission found that Schwartz derived no pecuniary benefit from the grant monies, but that Nash received a total of \$1,660 in connection with his preparation of materials and instruction of a course.

The Commission also reviewed the grant's operation, focusing specifically on the concurrent relationship of Robert P. Bonja to the grant and to the East Brunswick Public School system. On April 1, 1992, after 28 years and four months of service, Bonja retired as Supervisor of Science for kindergarten-12th grade. From July 12, 1991, until his effective retirement day, he was allowed to exhaust 175 days of accumulated, unused sick and vacation days. During this period, Bonja was employed under the grant as director of the Raritan River Educational Consortium. While he was paid an annual salary of \$42,000 from the grant, he continued to receive an annual salary of \$75,815 from the school system. Bonja admitted that he would not

have been able to become director had he not been on leave from the school district. This raised serious questions about actions undertaken by the local school district and their adverse impact on the fiscal operation of the school system.

The Commission concluded that Bonja's retirement was arranged and that it was a sham. The circumstances leading to his dual employment status and the details of his retirement arrangement with the East Brunswick public schools revealed a series of errors in judgment by the school administration. The arrangement served the convenience of school administrators and disserved the interests of the taxpaying public. Rather than grapple with the issue of tenure, the school system orchestrated Bonja's retirement. For example, in order to fulfill the terms of his retirement agreement, it was necessary for Bonja to submit a medical justification. The medical basis provided, however, was weak and the medical note unartfully drawn. Nevertheless, the administration, eager to effect Bonja's retirement, acquiesced in both.

Recommendations and Results

*** Prioritize grants management process:**

Taking note of steps undertaken by Commissioner Klagholz to strengthen the Education Department's grants management review process, the Commission called for consistent oversight to forestall future abuses. ". . . [A]s important as it is that the grants management process has been restructured, it is even more significant that the process now receives high priority within the department with the clear intent to promote and safeguard its integrity."

*** Review of school retirement packages:**

In light of the questionable circumstances surrounding the arrangement provided Bonja, the Commission recommended that the Education Department consider instituting a requirement that it review school district retirement packages. This would preclude the award of unreasonable and fiscally irresponsible packages orchestrated at taxpayer expense.

*** Outside employment while on sick leave:**

No statute, departmental regulation or school board policy addresses the parameters of a tenured public school employee's outside employment while on sick leave. This gap allowed East Brunswick School District administrators to act indiscriminately in their handling of Bonja's case. Recognizing that hard-and-fast rules in such matters would be inappropriate, the Commission called for the establishment of guidelines. Not only would this provide uniformity of treatment, but it would prevent the manipulation of sick leave policy to facilitate a particular result.

Further, because Bonja remained on the payroll at full salary while on extended sick leave unsupported by medical justification, the Commission called upon the department to evaluate the district's action with an eye toward recovering any portion of the funding provided by the state.

*** Pension system abuse referral:**

This case highlighted the potential for abuse of state pension funds when pensions are artificially inflated due to arrangements that allow public employees to achieve the age of

retirement eligibility by some contrivance. Thus, the Commission referred this matter to Division of Pensions and Benefits, Department of the Treasury, with a recommendation that it implement measures to identify and prevent any improper attempts to drain the state's pension system.

In response, Education Commissioner Klagholz pointed out a number of internal reform actions already undertaken by his department apropos to issues raised in the Commission's letter. Klagholz agreed that the matter of Bonja's retirement package and the related issue of tenure raised larger questions warranting further scrutiny: ". . . I agree with the SCI's observation that East Brunswick's retirement arrangement with Robert Bonja was not in the public interest. The Department of Education will examine existing statutes and recommend any needed changes that might prevent or discourage similar arrangements in the future."

Regarding tenure, Klagholz stated: "Clearly, the existing procedures for tenure hearings are too cumbersome and must be improved. However, I do not accept that the unwieldiness of statutory procedures is ever a valid excuse for inappropriate contract settlements that expend public funds in an irresponsible and unacceptable manner. In fact, I would note that during the time period covered by the SCI report, the East Brunswick School District filed three tenure cases, all of which were resolved at the state level through legally established procedures.

"The SCI's report provides several valuable observations and recommendations concerning the approval of contract settlements, the outside employment of school staff who are on sick leave, and the potential for abuse of pension funds. The Department of Education will pursue

each of these matters and recommend needed policy changes to the appropriate authorities."

Special Report: N.J. State Commission of Investigation — An Important Agency for the Future

Over the years, the Commission has achieved what its creators intended. Its broad jurisdiction has allowed it to play a pivotal role in efforts to expose wrongdoing and to reform the systems that are designed to cope with many grievous conditions plaguing society — especially organized crime, official corruption, mismanagement and waste in government.

Many worthwhile investigations would never have been done but for the Commission. Taxpayers and consumers have saved tremendous sums of money as a result of legislative actions and other initiatives recommended by the Commission and as a result of civil and administrative proceedings utilizing evidence that it has uncovered over the years. Moreover, many crimes would not have been revealed and punished but for the Commission's discovery of them during investigations that, at first blush, did not appear to include criminal elements.

The Governor, Legislature, Cabinet officers, local officials and ordinary citizens can turn to the Commission when other investigative bodies lack the independence, jurisdiction, capability, manpower or willingness to conduct credible inquiries, to make proper disclosures or to suggest astute solutions. Moreover, the Commission acts as a highly efficient and independent substitute for an expensive bureaucracy of inspectors general, such as those existing in several other states.

On May 22, 1995, the Commission submitted a comprehensive report, excerpted above, recounting its history and record of performance to a special review committee. The seven-member panel, appointed by the Governor, the Senate President and the Assembly Speaker, was charged by statute with the mission of examining the SCI's structure and operations and formulating recommendations relating to the Commission's future. In addition to recounting the important rationale for maintaining and strengthening the Commission, the report provided the

review committee and the public at large with a detailed and authoritative recitation of the salutary results of the nearly 90 investigations undertaken by the Commission to date.

PRIOR INVESTIGATIONS

ORGANIZED CRIME

1969 Garbage Industry
1970-71 Organized Crime Control of Long Branch
1972 Organized Crime in Ocean County
1977-78 Organized Crime in Atlantic City
1980-81 Organized Crime Infiltration of Dental Care Plans
1981-82 Organized Crime Labor Relations Profiteering at Mass Housing Construction Sites
1983-85 Organized Crime in Boxing
1986-87 Organized Crime-Affiliated Sub-Contractors on Casino and Publicly-Funded Construction Projects
1986-88 Check Cashing Industry
1987-89 Solid Waste Regulation
1988-89 Cocaine
1989 Overview of Organized Crime
1988-91 Garment Industry
1990-91 Afro-Lineal Organized Crime
1990-91 Video Gambling
1991-92 Motor Fuel Tax Evasion
1991 Organized Crime in Bars
1993-94 Money Laundering
1994 Medical Provider Contracts

LOCAL GOVERNMENT CORRUPTION

1969-70 Monmouth County Prosecutor's Office-Misuse of Funds
1970-71 Hudson County Mosquito Commission Embezzlements
1971 Misappropriation of Public Funds, Atlantic County
1971-72 Point Breeze Development Frauds, Jersey City

1972-75 Improper Municipal Planning, Zoning Procedures
1973-1974 Passaic County Vocational-Technical School: Misuse of Funds and U.S. Surplus Property
1974-75 Lindenwold Municipal Corruption
1975-76 Land Acquisition Deals in Middlesex County
1979-80 Questionable Public Insurance Procedures
1981-83 Misconduct in the Operation of Certain County and Local Sewerage and Utility Authorities
1982 Inappropriate Activities of the Lakewood Municipal Industrial Commission
1984 Misconduct and Inappropriate Controls in the Newark School Security System
1984 Excessive Spending and Near-Insolvency of the Newark Board of Education/Newark Teachers Union Supplemental Fringe Benefits Fund
1992 Bergen County Utilities Authority
1992 Local Government Corruption Overview
1993 Belleville Township
1993 Passaic High School Print Shop
1994 River Vale Recreation Department
1994 Point Pleasant School District
1994 Borough of Jamesburg

WASTE, FRAUD and ABUSE

1970-71 Corrupt State Purchasing Practices
1970-71 Building Service Industry Abuses
1972 Stockton College Land Acquisition Deals
1972-73 Bank Fraud in Middlesex County
1972-74 Workers Compensation Frauds

1974 Pseudo-Charitable Firms Misusing Handicapped Fundraising
1974 Conflicts of Interest at Delaware River Port Authority
1975-77 Investigation of Medicaid Abuses
1976-77 Prison Furlough Abuses
1977-78 Misuse of Public Funds in the Operation of Non-Public Schools for Handicapped Children
1977-78 Boarding Home Abuses
1978-79 Absentee Ballot Frauds
1978-79 Injury Leave Practices
1981-82 Mismanagement of the New Jersey Housing Finance Agency
1983 Abuse and Misuse of Credit Controls at Gambling Casinos
1983 Improprieties in the Leasing of State Lands at Great Gorge in Sussex County to a Ski Resort
1985-86 Probes of N.J. Division of Motor Vehicles
1986-88 Union Lake
1989-90 AIDS Prevention Program - State Department of Health
1988-90 New Jersey School Boards Association
1992 New Jersey Transit's Bus Subsidy Program
1992-93 Fiscal Year '89 Budget Over-Expenditures, Division of Developmental Disabilities
1993 Quality Education Money to Lyndhurst
1994 Nursing Home Certificates of Need
1994 Marlboro State Psychiatric Hospital

REGULATORY and LAW ENFORCEMENT OVERSIGHT

1969-70 County Prosecutor System
1972-73 Office of the Attorney General of New Jersey
1973-74 Narcotics Traffic and Drug Law Enforcement
1976-77 Casino Gambling
1979 Inadequate Sudden Death Investigations
1983-84 Inadequacy of Laws and Regulations Governing the Boxing Industry
1986 State Racing Commission's Regulatory Deficiencies
1986-87 Impaired and Incompetent Physicians
1993 Criminal Street Gangs

The following list summarizes the SCI's investigations, hearings and reports since the Commission began operations in 1969:

1969 Garbage Industry

The Commission's October 1969 report, responding to the Legislature's request for an investigation, exposed infiltration of the solid waste collection and disposal industry by organized criminal elements. Responding to a Commission recommendation, the Governor and Legislature enacted the New Jersey Antitrust Act in 1970.

The SCI also recommended licensing waste collectors and determining the real persons in interest of each collection and disposal company. The Governor and Legislature in 1970 enacted a law providing for licensing and regulating of the garbage industry by the State Public Utilities Commission, later the State Board of Public Utilities (BPU). In keeping with another SCI recommendation, the law also prohibited discrimination in the use of privately owned disposal facilities. A law providing for disclosure and investigation of the backgrounds of real parties in interest of waste firms was not passed until 1983, and its a lengthy court challenge concluded in 1986.

1969-70 Monmouth County Prosecutor's Office-Misuse of Funds

After its February 1970 public hearing, the SCI recommended that all counties be served by full-time pros-

ecutors. This proposal was gradually implemented, to the point where by 1986 all counties had full time prosecutors. The SCI recommendation that supervisory regulation of prosecutors be centered in the Attorney General's department also was implemented. The Commission's report is contained in its 1970 Annual Report.

1969-70 County Prosecutor System

In an outgrowth of its investigation into the Monmouth County Prosecutor's Office, the Commission undertook a broader inquiry resulting in a series of recommendations and actions to improve the administrative practices and accountability of prosecutor's offices statewide. One key Commission proposal led to legislation making county prosecutors and assistant prosecutors full-time positions.

1970-71 Organized Crime Control of Long Branch

Following a March and April 1970 public hearing, the SCI referred to the U.S. Attorney for New Jersey its findings, data and fiscal records relating to corporations formed by Anthony (Little Pussy) Russo. These materials were, in part, the basis for a 1971 indictment of Russo for failure to file corporate income tax returns. Russo pleaded guilty to that charge and was sentenced to three years in jail, to run concurrently with a New Jersey court sentence for perjury. (Russo subsequently was murdered).

Additionally, a police chief whose conduct was targeted by the SCI's probe resigned from office, and Long Branch voters at the next municipal election following the public hearing elected a new administration. The Commission's report is contained in its 1970 Annual Report.

1970-71 Corrupt State Purchasing Practices

After a June 1970 public hearing (reported in the Commission's 1970 Annual Report), a state buyer who was receiving payoffs from vendors was dismissed. SCI records were turned over to the Attorney General's office, which obtained an indictment charging the buyer with misconduct in office. He pleaded guilty, was fined and placed on probation.

Additionally, officials of the State Division of Purchase and Property, who assisted in the investigation, revised purchasing and bidding procedures to deter rigging of bids, renewal of contracts without bids, and acceptance of unsatisfactory performance and supplies.

1970-71 Building Service Industry Abuses

The Commission's June 1970 public hearing (reported in its 1970 Annual Report), on restraints of trade and other abusive practices in the building service industry aroused the interest of the United States Senate Commerce Committee. The committee invited the SCI to testify at its 1972 public hearings on organized crime in interstate commerce. As a

result of that testimony, the Antitrust Division of the United States Justice Department, with assistance from the SCI, began an investigation into an association which allocated territories and customers to various member building service maintenance companies in New Jersey. In May 1974, a Federal Grand Jury indicted 12 companies and 17 officials for conspiring to shut out competition in the industry. The companies were the same as those involved in the SCI's public hearings. On Oct. 25, 1977, the defendants agreed to a consent judgment to abandon the practices alleged against them. Earlier, the government's criminal action against the defendants was completed in March 1976, by which time one company had pleaded guilty to the charges and the other defendants had pleaded no contest. Fines totaling \$233,000 were levied.

Additionally, after the Senate Commerce Committee's hearings, the U.S. General Services Administration amended its regulations to bar purchases of certain cleansing products sold by organized crime figures (as exposed by the SCI investigation).

1970-71 Hudson County Mosquito Commission Embezzlements

After the SCI probe, December 1970 public hearing and report (contained in the 1970 Annual Report), the Mosquito Commission was abolished, resulting in an annual county budget reduction of \$500,000.

After the SCI referred its findings to

the Hudson County Prosecutor, a Grand Jury in 1971 handed up conspiracy and embezzlement indictments against the Mosquito Commission's executive director, his two sons, his secretary and the Commission's engineer and foreman. The executive director pleaded guilty to embezzlement in 1972 and was sentenced to two-to-four years in jail. His sons were fined \$1,000 each and placed on four-year probation. The other indictments were dismissed.

1971 Misappropriation of Public Funds, Atlantic County

In December 1971, the Commission reported the details behind the diversion of over \$130,000 in public funds by the Assistant County Purchasing Agent between 1958 and 1970, as well as the cover-up of the affair before and after his suicide. The County implemented several Commission recommendations to insure greater financial accountability.

1971-72 Point Breeze Development Frauds, Jersey City

After an October 1971 public hearing (reported in the Commission's 1971 Annual Report), two bills implementing SCI recommendations were enacted into law. One improved the urban renewal process and the other tightened statutory provisions to prevent a purchaser of publicly owned lands from receiving any part of the brokerage fee on such a purchase.

In addition, the Commission referred records to prosecutorial authorities. A Hudson County Grand Jury returned an indictment charging a former Jersey City building inspector with extorting \$1,200 from an official of the Port Jersey Corp. and obtaining money under false pretenses. The inspector was convicted of obtaining money under false pretenses, fined \$200 and given a six-month suspended sentence.

1972 Stockton College Land Acquisition Deals

After the Commission issued a report in June 1972, the State Division of Purchase and Property implemented SCI recommendations for tighter controls over land acquisitions and evaluations, including pre-qualification of appraisers and post-appraisal reviews by nationally accredited appraisers.

1972-75 Improper Municipal Planning, Zoning Procedures

The SCI canceled scheduled public hearings after a one-day session because litigation prevented three key witnesses from testifying about land development in Madison Township in Middlesex County. Although the courts subsequently ruled the witnesses must testify, the Middlesex Prosecutor in the meantime had requested the SCI to postpone its hearings and submit its investigative data for prosecutorial use. In early 1974 the Middlesex Grand Jury indicted three former Madison Township officials for extortion, bribery,

misconduct in office and perjury in connection with housing development kickback schemes. In February 1975, a former Township councilman was found guilty of extortion and misconduct in office.

1972-73 Bank Fraud in Middlesex County

The SCI canceled public hearings in this investigation at the request of bank examiners who feared a bank would be forced to close in the face of adverse hearing disclosures. Federal authorities, after receiving the SCI's investigative findings and data, arrested Santo R. Santisi, who had been president of the targeted Middlesex County Bank, on charges of misapplication of more than \$500,000 in bank funds, authorizing bank loans not approved by bank directors to a holding company he controlled and to his associates. He pleaded guilty and was sentenced to three years in prison. A member of the bank's board of directors pleaded guilty and was sentenced to a one-year prison term. Suspended prison sentences were imposed on two others, including Santisi's lawyer, after they also pleaded guilty. The Commission's report is contained in its 1972 Annual Report.

1972-73 Office of the Attorney General of New Jersey

With the assistance of former Supreme Court Justice John J. Francis as Special Counsel, and at the request of the Attorney General and a Senate Committee, the Commission reported in January 1973 the results of its

investigation into allegations surrounding the criminal investigation of former Secretary of State Paul J. Sherwin. The report exonerated the Attorney General and Criminal Justice Director of a charges on cover-up.

1972 Organized Crime in Ocean County

The Commission exposed organized crime activities in a February 1972 public hearing and its 1972 Annual Report.

SCI records were made available to federal authorities, who subsequently obtained extortion-conspiracy indictments against nine organized crime figures active in the New York-New Jersey region. One was Frank (Funzi) Tieri, then the acting leader of the Genovese organized crime family. The indictments described a shylock loan dispute which culminated in a "sit-down" — organized crime jargon for a star-chamber trial — which was described publicly for the first time by Herbert Gross, an informant, at the SCI's public hearings. The federal investigation resulted in the conviction in 1980 of Tieri, who by then had risen to "boss-of-bosses" among New York's organized crime families. An SCI agent testified for the prosecution during Tieri's trial.

1972-74 Workers Compensation Frauds

The Commission's May and June 1973 public hearing and January 1974 report helped lead to a major

overhaul of the workers compensation system in New Jersey.

The SCI's investigative findings were referred to the Essex County Prosecutor, who in 1975 obtained indictments of two partners of a law firm and the firm's business manager in connection with bill-padding and a phony medical treatment scheme. The indictments charged the defendants with conspiring with certain doctors and others to submit fraudulent reports to insurance companies.

All indictments were dismissed but one, which charged a lawyer-defendant with obtaining money under false pretenses. Essex authorities, after being deputized in Middlesex County, obtained a seven-count indictment from a Middlesex Grand Jury.

In addition, the New York-New Jersey Waterfront Commission enlisted the SCI's assistance in its investigation and exposure of Workers Compensation frauds involving dock workers in 1974-75.

Finally, three New Jersey Judges of Compensation were suspended, one of whom subsequently was dismissed by the Governor and suspended from law practice for six months by the New Jersey Supreme Court.

1973-1974 Passaic County Vocational-Technical School-Misuse of Funds and U.S. Surplus

The Commission's public hearing in September 1973 and report (con-

tained in its 1973 Annual Report) included many recommendations for improving surplus property distribution and tightening school purchasing practices to prevent thefts and abuse.

The SCI referred its probe data to the Attorney General's Criminal Justice Division, which in May 1974, obtained a State Grand Jury indictment charging the school's business manager-purchasing agent with bribery and misconduct in office. The official was convicted of bribery, sentenced to one-to-nine years in prison and fined \$9,000. The conviction was upheld by an appellate court in 1977. In March 1977, Passaic County Freeholders filed a civil suit against the official, resulting in a court order that he return all salary received while he was suspended from his job, as well as the bribe money. In February 1978, the official agreed under a court-approved settlement to repay the county more than \$50,000 in 60 installments during a five-year period after his release from jail.

1973-74 Narcotics Traffic and Drug Law Enforcement

In a December 1973 public hearing and its 1973 Annual Report, the Commission recommended mandatory minimum sentences for serious offenders, forfeitures of money seized in connection with narcotics arrests and the establishment of full-time prosecutors. All were substantially implemented by the Legislature and law enforcement authorities.

The SCI identified the victim of a murder and then located three suspects and participated in their arrests. In October 1974, one of the suspects was convicted of the murder. The other two defendants pleaded guilty to lesser charges and testified for the prosecution. Also, as a result of evidence referred by the SCI to the Essex County Prosecutor, a burglary ring was exposed by the Prosecutor's staff. A Newark jeweler and his son were indicted and convicted of conspiracy and of receiving stolen property. The Essex Grand Jury in 1974 handed up more than 20 indictments against members of the burglary ring.

1974 Pseudo-Charitable Firms Misusing Handicapped Fundraising

The SCI acquainted federal authorities with investigative findings during and after this probe. Subsequently, the owner of one company and the sales manager of another company, who were targets of a June 1974 public hearing and September 1974 report, pleaded guilty to federal charges of fraud.

Two laws were enacted in 1977 that implemented SCI recommendations. One law required authorization by the Attorney General before a corporation could identify itself as a fund raiser for the handicapped or the "blind." The other statute required professional fund raisers to submit financial reports to the Attorney General.

1974 Conflicts of Interest at Delaware River Port Authority

Based on evidence from the SCI probe, reported in October 1974, the Port Authority claimed more than \$64,000 from its former chairman as repayment of profits his firms made on Authority construction projects. The claim was settled in 1977 for \$50,666. Although the former chairman was absolved of any wrongdoing, he was not reappointed to the Authority.

1974-75 Lindenwold Municipal Corruption

As a result of State Grand Jury indictments in 1975, a former Lindenwold mayor and a real estate developer pleaded guilty to bribery and conspiracy charges as their trial was scheduled to begin. One former councilman was found guilty on three counts and another former councilman was found guilty on two counts at the conclusion of the trial in October 1977. The SCI's December 1974 public hearing and investigative findings reported in its 1974 Annual Report led to these actions.

1975-77 Investigation of Medicaid Abuses

A number of statutory and regulatory steps were taken during and subsequent to the Commission's investigations, interim reports and public hearings. These actions included the Legislature's enactment of a New Jersey Clinical Laboratory Improvement Act, as well as a law increasing maximum penalties for bilking the

Medicaid program through over-billing and false billing.

Many of the Commission's recommendations were adopted by the Division of Medical Assistance and Health Services as a result of the SCI's six reports and its public hearings in June 1975 and January, May and October 1976.

1975-76 Land Acquisition Deals in Middlesex County

As a result of the SCI's exposures in this investigation, the Administrator of the County's Land Acquisition Department was suspended and the County government moved to institute a more stringent process of checks and balances on land acquisition procedures. Even before the SCI completed its hearings in January 1976, arrangements were being formalized voluntarily by state officials, alerted by the Commission's findings, for the transfer of the Green Acres appraisal and post-appraisal review and control system from the Department of Environmental Protection to the Department of Transportation — one of many general and technical recommendations by the Commission that were implemented. The SCI reported its findings in its 7th Annual Report for 1975.

SCI data was referred to the Middlesex County Prosecutor's office, which investigated the conduct of the County Land Acquisition Department. In September 1976, a Grand Jury returned a presentment in which it said that while it found "no

provable criminal act" by the department's former administrator, his activities "indicated an insufficient expertise and lack of concern to perform his office in the best interest of the citizens." The presentment also criticized the collection of political contributions from appraisers, "which if not improper under law certainly gave the appearance of impropriety."

1976-77 Prison Furlough Abuses

Following the SCI probe and May 1976 public hearing, a State Grand Jury indicted in December 1976 a former Trenton State Prison clerk for false swearing and perjury. These charges related to a forged Superior Court Appellate Division opinion which was inserted into the record of an inmate, Patrick Pizuto, enabling him to obtain a premature release from incarceration. (Pizuto became a federally protected informant in an unrelated case.) In January 1977, five former inmates of Leesburg Prison were indicted on charges of escape by means of fraudulent furloughs. These indictments led to convictions or guilty pleas. The Commission's report is contained in its 8th Annual Report for 1976.

1977-78 Misuse of Public Funds in the Operation of Non-Public Schools for Handicapped Children

The Commission's January 1978 public hearing and May 1978 report exposed widespread misuse of public funds and recommended legislative and administrative changes.

1976-77 Casino Gambling

After voters approved casino gambling in Atlantic City on November 2, 1976, the Governor asked the Commission to undertake a review of the problems and consequences and to recommend measures to preclude criminal intrusion. Many of the Commission's recommendations, contained in its April 1977 report, were enacted into law.

1977-78 Organized Crime in Atlantic City

The Commission's investigation and August 1977 public hearing confirmed the infiltration by the organized crime family of Angelo Bruno of Philadelphia into certain legitimate businesses — cigarette vending and nightclubs — after the legalization of casino gambling in Atlantic City. Also revealed were attempts by associates of the Gambino organized crime family to purchase a major Atlantic City hotel and by a New England mobster to intrude into the operation of a casino gambling school. In 1979, the Legislature enacted a law strengthening the licensing requirements for the cigarette industry to proscribe licensure of organized crime members or associates. The Commission's reports on these problems are contained in its 9th Annual Report for 1977 and a separate December 1977 report.

1977-78 Boarding Home Abuses

The SCI's June 1978 public hearing and November 1978 report on this investigation were among a number

of public actions by various agencies that led to the enactment of a boarding home reform law. However, this law did not implement a major recommendation of the SCI — that is, to center boarding home licensing and monitoring obligations, which were spread among three departments of government, into one department.

1978-79 Absentee Ballot Frauds

The Commission's report is contained in its 10th Annual Report for 1978. Many of the SCI's proposed reforms, drafted in cooperation with the Attorney General's office after a December 1978 public hearing, have been enacted.

1978-79 Injury Leave Practices

After the January 1979 Commission report, inappropriate deductions of social security and income taxes from wages paid to public employees under various municipal and county injury leave policies were halted and efforts were made to recoup such deductions in the past.

1979 Inadequate Sudden Death Investigations

Following the Commission's November 1979 report, efforts to reform the county medical examiner system were begun. However, none of the proposed revisions included the SCI's major recommendations that a state-wide regional system of medical examiners be established, operating with accredited forensic pathologists in conjunction with the Institute of

Forensic Science in Newark.

1979-80 Questionable Public Insurance Procedures

The Commission's proposed reforms for the purchase and regulation of county and municipal insurance programs, contained in an April 1980 report, were submitted to the Legislature in bill drafts.

1980-81 Organized Crime Infiltration of Dental Care Plans

The Commission held a public hearing in December 1980 and issued a report in June 1981. Legislation was enacted in 1982-83 incorporating the Commission's recommendations for barring organized crime influence in dental care plans sold to labor unions and for increased auditing, monitoring and financial disclosure for such plans. The SCI was represented by a Commissioner and its Executive Director at a U.S. House Aging Committee hearing in 1981 on abuses of health care trust funds and at a public hearing by the Pennsylvania Crime Commission in 1981 on its probe of mob influence over the operation of labor union dental plans.

1981-82 Mismanagement of the New Jersey Housing Finance Agency

During the course of this investigation, the HFA's Executive Director, William Johnston, a subject of the inquiry, resigned and a new reform administration was put in place. After the issuance of the SCI's initial report in March 1981, certain HFA

personnel discussed in the report resigned or were dismissed and new procedures for processing housing projects were instituted. The Commission's investigative findings, also contained in a December 1982 final report, were submitted to various prosecutorial authorities.

1981-82 Organized Crime Labor Relations Profiteering at Mass Housing Construction Sites

Contained in the 13th Annual Report for 1981, this report spurred tremendous interest, but no action was taken on the SCI's recommendations at either the state or federal level.

1981-83 Misconduct in the Operation of Certain County and Local Sewerage and Utility Authorities

This probe, July 1982 public hearing and March 1983 report resulted in the enactment of a comprehensive law giving the State Local Government Services Division the same effective control over the fiscal and administrative operations of sewerage and other local authorities that it exercises over municipalities.

1982 Inappropriate Activities of the Lakewood Municipal Industrial Commission

The August 1982 report on this inquiry resulted in the enactment in 1984-85 of the SCI's recommendations for reforming the operations of all such commissions.

1983 Abuse and Misuse of Credit Controls at Gambling Casinos

This inquiry, March 1983 public hearing and June 1983 report resulted in more effective casino credit controls, albeit less stringent than recommended by the Commission.

1983 Improprieties in the Leasing of State Lands at Great Gorge in Sussex County to a Ski Resort

The March 1983 public hearing and August 1983 report were followed by criminal and civil actions based on the SCI's investigative findings, which resulted in the reimbursement of millions of dollars owed to the State and in substantial fines and other penalties against the major principals of the Vernon Valley conglomerate and its subsidiary companies.

1983-84 Inadequacy of Laws and Regulations Governing the Boxing Industry

In line with the SCI's recommendations, contained in its March 1984 interim report, a law was passed revising the tax structure for boxing events, and another bill revising the entire administration of the sport, including medical and safety provisions, was subsequently enacted. Revelation of improprieties by the State Athletic Commissioner led to his resignation. The regulatory reforms, particularly those that were intended to protect the health and physical welfare of boxers, as enacted in 1988, fell far short of the SCI's reform proposals.

1984 Misconduct and Inappropriate Controls in the Newark School Security System

Bills were introduced in the 1986-88 Legislature to implement certain reforms recommended by the June 1984 SCI report.

1984 Excessive Spending That Almost Led to the Insolvency of the Newark Board of Education/Newark Teachers Union Supplemental Fringe Benefits Fund

After a December 1984 public hearing, a report on the investigative findings was incorporated in the Commission's 16th Annual Report for 1984. Litigation involving the Fund's director, who was dismissed during the SCI probe, was brought.

1983-85 Organized Crime in Boxing

The SCI's December 1985 final report confirmed so serious an intrusion of organized crime into boxing that, were the same mob presence to afflict such other professional sports as baseball or football, it would constitute a public scandal. Dissection of a dozen case histories not only reflected the ineffectiveness of the regulatory process in stamping out organized crime but also the inability of the regulators — and managers and promoters as well — to prevent boxers from becoming brain-damaged and blinded. As a result, the SCI joined the American Medical Association and other medical groups in urging that professional boxing be banned. In the meantime, the SCI proposed a series of further

reforms, to reduce the physical hazards of boxing, as well as its organized crime taint. Bills requiring background checks of prospective licensees, including promoters and managers, were enacted in 1986-87. Other "reforms" which were below the standards urged by the SCI also were enacted in 1988 (See 1983-88 interim report on boxing).

1985-86 Probes of N.J. Division of Motor Vehicles

1) Photo license controversy, an investigation directed by the Legislature to be completed in 30 days. In a June 1985 report, the Commission criticized the Division of Motor Vehicles and the Attorney General for the intentional non-disclosure of a major political contributor's proposed role in a universal photo license system.

2) Investigation, December 1985 public hearing and report (combined with the Commission's 1985 Annual Report) on the DMV's politicized, inefficient agency system. The Commission recommended conversion of all motor vehicle agencies to state operated entities, as well as internal reforms within the Division to enhance the integrity of the licensing and registrations processes.

3) Investigation of the DMV-Price Waterhouse computer fiasco, which had its origins in the collapse of the DMV's services to the public in mid-1985. This probe resulted in a June 1986 report critical of DMV's management of the computer project, as

well as the serious policy misjudgments and professional misconduct by the computer contractor. The report made recommendations for reform of bid waiver procedures.

1986 State Racing Commission's Regulatory Deficiencies

In an October 1986 letter to the Racing Commission, the SCI noted the Racing Commission's reform efforts during the course of the investigation, but emphasized numerous areas — race track security and integrity, regulatory timidity, auditing of track operations, more stringent drug controls and tighter licensing procedures — that remained to be corrected. Legislation incorporating SCI reform proposals was enacted.

1986-87 Organized Crime-Affiliated Sub-Contractors on Casino and Publicly-Funded Construction Projects

This report was combined with the Commission's Annual Report for 1986. It recommended centralization and strengthening of state and Casino Control Commission procedures for prequalifying and disqualifying prospective contractors and subcontractors. The investigative findings demonstrated that two mob-operated companies had amassed millions in revenues from casino projects and public works from which they should have been barred. Bills which would extend Control Commission scrutiny to subcontractors and casino license applicants were enacted.

1986-87 Impaired and Incompetent Physicians

A report on the Commission's investigation on Impaired and Incompetent physicians was issued in October 1987. The report was critical of the New Jersey Medical Society's Impaired Physicians Program and the inability of the IPP and the State Board of Medical Examiners to adequately rehabilitate and monitor impaired doctors to prevent harm to patients. After Commission staff participated in Senate committee hearings, the Legislature and Governor enacted the Professional Medical Conduct Reform Act on January 12, 1990 (effective July 13, 1990). The law substantially improves the reporting, rehabilitation and supervision of impaired and incompetent doctors.

1986-88 Union Lake

The Commission investigated the process by which the State Green Acres program acquired Union Lake in Cumberland County. The March 1988 report concluded that the Department of Environmental Protection failed to follow good management and internal communications procedures in taking title to the lake, which was contaminated with arsenic and held in place by a deteriorated dam. Revised acquisition procedures and a successful state lawsuit resulted from the Commission's findings.

1986-88 Check Cashing Industry

The Commission revealed in an April

1988 public hearing and August 1988 report the extent to which the check cashing industry in New Jersey is used by organized crime to finance loansharking and other forms of racketeering, as well as to defraud companies. Dozens of referrals of information were made to law enforcement and administrative agencies in New Jersey and New York.

1987-89 Solid Waste Regulation

Revisiting regulatory failures and criminal involvement in the solid waste industry in New Jersey, the Commission concluded in an April 1989 report that the Solid Waste Utility Control Act of 1970, enacted after the Commission's 1969 report on the garbage industry, had failed as a regulatory mechanism. The Commission found that organized crime, while no longer dominant, still had a presence in the industry. Moreover, the regulatory system had failed to stimulate competition in an industry that was amenable to it. In response to a Commission recommendation, the Legislature and Governor enacted a law to phase out an ineffective system of utility-style rate regulation of solid waste collectors.

1988-89 Cocaine

The SCI held a public hearing in November 1988 and issued a report in March 1989 regarding the cocaine problem in New Jersey. The Commission recommended a major increase in the state's commitment to help solve all facets of this serious criminal, social and health problem.

1989 Overview of Organized Crime

In its 1989 Annual Report, the Commission detailed the status of traditional and non-traditional organized crime groups in New Jersey.

1989-90 AIDS Prevention Program — State Department of Health

Allegations of impropriety in the AIDS prevention program in the Department of Health were made at a public hearing of the Assembly Committee on Health and Human Resources. The Commission found most of those allegations to be without merit but did find some laxity in the grant review process. In its January 1990 letter to the Committee Chairman, the Commission also found a mindset at the Department that virtually no irregularity would be sufficient to cancel a financial grant so long as the avowed purpose of the grant appeared on the surface to be served.

1988-90 New Jersey School Boards Association

The Commission issued a report in April 1990 about serious deficiencies in the management of the School Boards Association that led to losses of more than \$800,000 in the investment of funds entrusted to the NJSBA Insurance Group by local school districts. The NJSBA has made substantial progress toward reform.

1988-91 Garment Industry

An October 1990 public hearing and April 1991 report on the garment industry revealed numerous economic problems in the industry as a whole, as well as many instances of workers and contractors being taken advantage of by unscrupulous entrepreneurs. The investigation also revealed the intrusion of organized crime into garment trucking in New Jersey.

1990-91 Afro-Lineal Organized Crime

In furtherance of its responsibility to keep the public informed about organized crime in the state, the Commission held a November 1990 public hearing into the problem of organized criminality by persons of African heritage. The hearing and a March 1991 report dealt with gangs of African-Americans, Jamaicans and others.

1990-91 Video Gambling

In a January 1991 public hearing and September 1991 report, the Commission assessed the complicated problem of video gambling, including the ramifications of organized crime involvement as well as weaknesses in the statutes that apply to gambling devices.

1992 New Jersey Transit's Bus Subsidy Program

The Commission held a public hearing in July 1992 into allegations of serious irregularities in NJT's \$5

million Bus Subsidy Program. The Commission revealed that two bus companies had, largely through the inattention of NJT overseers, been able to obtain several million dollars in subsidies for the personal and private commercial expenses of the companies' owners. As a result of the Commission's findings, NJT undertook an extensive reform effort. Criminal charges stemming from the Commission's probe resulted in prison terms and/or community service and restitution totaling more than \$750,000 by five individuals in February 1995.

1991-92 Organized Crime in Bars

At a public hearing in February 1992, the Commission released information for the first time showing that elements of organized crime had gained control of numerous bars and restaurants in New Jersey. The Commission's investigation found that state and local regulators were doing little to enforce fundamental policies established by the Legislature in 1937 and reaffirmed in 1985. A preliminary report on investigations of liquor license applications was issued in March 1992 and a final report was issued in October 1992.

1991-92 Motor Fuel Tax Evasion

In an October 1991 public hearing and February 1992 report detailing the findings of an investigation, the Commission showed how motor fuel tax evasion in New Jersey resulted in tens of millions of dollars in annual tax losses to the state. Legislation

resulting from the Commission's work corrected the statutory flaws which permitted the fraud to occur, and allowed the state Treasury to recoup at least \$22 million annually. The Commission's report in this case was among the first in the nation to demonstrate publicly a direct link between traditional organized crime elements of La Cosa Nostra and the emerging trans-national Russian Mafia.

1992 Bergen County Utilities Authority

The Commission issued a comprehensive report in December 1992 detailing how the BCUA, through mismanagement and poor planning, had crafted an extravagant solid waste disposal program that needlessly cost the ratepayers of Bergen County many millions of dollars. The Commission's report resulted in a number of significant cost-saving actions and led to a 1995 task force study recommending privatization of BCUA sewage treatment services.

1992-Present — Local Government Corruption

As part of the Commission's continuing assault on local government corruption and the conditions which sustain it, public hearings were held in January 1992 and a report was issued in September. The report detailed purchasing scams, corrupted inspections, tainted land use decisions and a raft of embezzlements of government funds. A key focus involved troubling examples where organized crime has capitalized on of

municipal corruption. At least two statutes incorporating the Commission's recommendations have been enacted, and a number of other bills are under consideration by the Legislature.

1993 Fiscal Year '89 Over-Expenditures, Division of Developmental Disabilities

At the Attorney General's request, the Commission reviewed issues related to overspending in fiscal 1989 by the Division of Developmental Disabilities amid disclosures that the Division, under a former director, greatly exceeded its budget by awarding unauthorized contracts to providers of services for the disabled. The Commission found deficient contract monitoring coupled with a lack of competition in procurement at the Division's parent agency, the Department of Human Services. The Commission recommended a range of improvements in DHS procurement and oversight procedures.

1993 Belleville Township

Pursuing a widespread probe of municipal corruption in New Jersey launched statewide in 1992, the Commission identified various failings in financial and purchasing areas in Belleville, including violations of bidding laws, expenditures in excess of appropriations and the absence of appropriate fiscal checks and balances. The Commission also examined allegations of administrative abuse involving the Township Fire Department.

1993 Quality Education Money-Lyndhurst

In conducting fact-finding for the State Board of Education, the Commission determined that the Commissioner of Education's failure to follow announced grant-review procedures led to an improper grant of \$1.5 million in discretionary funds to the community of Lyndhurst, Bergen County.

1993 Passaic High School Print Shop

Examining irregularities within the Passaic School District, the Commission reported on an industrial arts supervisor's use of high school facilities, supplies, faculty on overtime and work-study students to conduct a private printing business at taxpayer expense. The supervisor, Lawrence Mayo, was sentenced and ordered to pay restitution in early 1995 based upon criminal charges stemming from the Commission's probe.

1993-94 Criminal Street Gangs

Recognizing that criminal street gangs pose a most serious threat to New Jerseyans as a whole, and to New Jersey youths in particular, the Commission conducted a groundbreaking assessment that culminated in two days of public hearings in June. The Commission's work product became an integral part of a broad new push by policy makers to reform and reinvigorate the state's juvenile justice system. In a March 17, 1994 executive order, Governor Whitman listed the

Commission's report, Criminal Street Gangs, published in February 1994, as an important resource to be utilized by her Advisory Council on Juvenile Justice.

1993-94 Money Laundering

In December 1993, to highlight its assault on the deleterious effects of money laundering by the criminal underworld in New Jersey, the Commission held two days of public hearings to focus on the need for an explicit criminal statute targeting such unscrupulous financial activity for prosecution. In October, 1994, the Legislature enacted and Governor Whitman signed into law a measure implementing the Commission's key recommendations.

1994 Nursing Home Certificates of Need

At the request of the Assembly Health and Human Services Committee, the Commission examined the state Health Department's certificate-of-need process and the efficacy of an executive branch policy aimed at insulating the program from abuse by unscrupulous officials. In a February 25, 1994 letter, the Commission recommended statutory codification of Gov. Whitman's Executive Order No. 2, which sets forth criteria for the establishment of blind trusts by officials with financial holdings in such facilities.

1994 River Vale Recreation Department

Responding to complaints from

residents of River Vale Township, Bergen County, the Commission examined the township's recreation department and the operation of its youth sports programs. In a May 26, 1994 letter to the township administrator, the Commission noted cash missing from departmental accounts amid sloppy and inappropriate recordkeeping. Recommendations included an overhaul of internal control mechanisms and the establishment of effective fiscal safeguards.

1994 Point Pleasant School District

Alerted by concerned local taxpayers, the Commission examined questionable financial practices related to the operations of the Point Pleasant Community School in Ocean County and the terms of a lucrative separation-of-employment agreement with a former schools superintendent. As a result of the Commission's August 1994 report, the Community School's former director, Vito Dellegrippo, pled guilty to two criminal charges of theft by deception. At his June 16, 1995 sentencing, he was placed on probation for 30 months, required to pay \$5,000 in restitution and barred for life from holding public office. The school district transferred operation of the Community School to the County Educational Services Commission.

1994 Marlboro State Psychiatric Hospital

In an October 1994 report, the Commission revealed a tableau of

waste, fraud, theft and corruption in which the squandering of taxpayer dollars virtually had become business as usual. The report prompted the Department of Human Services to send special review teams to Marlboro and other state institutions, and on February 23, 1995, the department confirmed serious problems across the board in inventory control, the granting of sick leave/injury benefits, purchasing and fiscal oversight. Utilizing the Commission's evidence, the department also disciplined six Marlboro employees, dismissing two.

revealed a systemic pattern of official misconduct, nepotism and abuse of the public trust so pervasive as to cause local budgetary hardships and jeopardize the local police department. The probe prompted the departure of longtime Borough Tax Assessor Carmen Pirre, spurred a Treasury Department audit and paved the way for wholesale municipal reforms. Richard Gardiner, director of the state Division of Taxation, stated in a February 27, 1995 letter: "This case is a prime example of governmental agencies working in a cooperative and efficient manner to accomplish common goals and to achieve worthwhile objectives."

1994 Borough of Jamesburg

The Commission launched an investigation into the governmental operations of the Borough of Jamesburg, Middlesex County, in February 1993 after receiving numerous citizen complaints of corruption at the hands of key municipal officials. In a November 1994 report, the Commission

MEMBERS OF THE COMMISSION 1969-1996

Appointed by the Governor

William F. Hyland
1969-1970
Chair

Charles L. Bertini
1969-1976

John F. McCarthy, Jr.
1970-1973
Chair

Lewis B. Kaden
1976-1981

Joseph H. Rodriguez
1973-1979
Chair

Robert J. DeLufo
1981-1984

Henry S. Patterson, II
1979-1990
Chair (1985-1990)

James R. Zazzali
1984-1994
Chair (1990-1994)

Kenneth D. Merin
1990-1993

Justin J. Dintino
1994-

Dante J. Sarubbi
1993-1995

M. Karen Thompson
1995-

Appointed by the President of the Senate

Appointed by the Speaker of the General Assembly

Glen B. Miller, Jr.
1969-1971

Paul Alongi
1985-1987

Emory J. Kiess
1969

John J. Francis, Jr.
1979-1982

Wilfred P. Diana
1971-1973

W. Hunt Dumont
1988-1991

James T. Dowd
1969-1971

William S. Greenberg
1982-1987

David G. Lucas
1973-1976

William T. Cahill, Jr.
1991-1995

Thomas J. Shusted
1971-1972

Barry H. Evenchick
1987-1993

Stewart G. Pollock
1976-1978

Leslie Z. Celentano
1995-
Chair

Thomas R. Farley
1973-1977

Louis H. Miller
1993-

Arthur S. Lane
1979-1985
Chair

Arthur S. Lane
1977-1978