



2013 Annual Report

John J. Hoffman, Acting Attorney General of New Jersey

A photograph of the Richard J. Hughes Justice Complex, a modern multi-story building with a facade of light-colored panels and large glass windows. The building is set against a clear blue sky. In the foreground, there is a large, low-profile sign with the name "Richard J. Hughes Justice Complex" in a dark, sans-serif font. To the left of the sign, two flagpoles stand tall, flying the New Jersey state flag and the United States flag. The building is partially obscured by green trees and shrubs in the foreground.

Richard J. Hughes Justice Complex

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

Eight million people call New Jersey home, and countless more visit the state each day. Our principal charge is to ensure their safety, but that is only the beginning.

We have a far-reaching mission that encompasses everything from alcoholic beverage control to juvenile justice, and from civil rights to gaming enforcement.

In one way or another, then, our work touches the lives of virtually everyone who lives in or travels through New Jersey.

This is an enormous responsibility, and we consider it a privilege to be entrusted with it.

At the Department of Law and Public Safety, we have an incredibly dedicated work force – a work force made up of civilian personnel and sworn law enforcement members that is guided by the highest standards of integrity, performance and public service.

The most visible aspect of what we do involves protecting communities by combating violent crime, gang activity, drug dealing, weapons trafficking and other threats.

This is the Department's bedrock mission, and we approach it with great passion and commitment.

However, we have many other critical responsibilities including:

- Investigating and prosecuting public corruption.
- Combating human trafficking.
- Keeping sexual predators away from our children.
- Making sure consumers are treated fairly and honestly.
- Leading the State's emergency response and homeland security efforts.
- Preventing unlawful discrimination.
- Ensuring the integrity of New Jersey's casino gambling and horse racing industries.
- Discouraging drunk driving, and making highway travel as safe as possible.

Our Department also serves as New Jersey's largest law firm, handling tens of thousands of civil litigation matters each year and providing legal advice to agencies of state government.

The scope of the Department's mission is indeed broad, and every one of our duties is important. But again, the safety of New Jersey communities is our number one priority.

As Attorney General, I am committed to making all of our cities and towns safer, and in 2013 we did so through a variety of enforcement efforts – often carried out in collaboration with our local, county, state and federal partners.

For example, we obtained indictments against a total of 65 defendants for trafficking and/or possessing upwards of 100 illegal firearms. Some of these defendants were accused of illegally smuggling guns into New Jersey from other states. In one case, 11 people were charged with bringing in illegal firearms – including assault rifles – for sale on the streets of Newark and Irvington.

We took down several violent drug distribution networks operating in the City of Camden, arresting or indicting approximately 100 defendants – some with substantial ties to Mexican drug cartels – and seizing significant quantities of cash, illegal guns, heroin and cocaine.

And we continued to maintain a strong law enforcement presence in Atlantic City, where our partnership with local and county agencies on the Clean and Safe Initiative dramatically reduced crime and violence.

Another outstanding example of our commitment to making New Jersey communities safer is TIDE/TAG, the anti-violence strategy we launched in the City of Trenton in 2013.

The acronym TIDE stands for “Targeted Integrated Deployment Effort,” while the acronym TAG stands for “Targeted Anti-Gun Initiative.”

TIDE-TAG was born out of events in Trenton in the summer of 2013, when violent crime was spiking, shootings were taking place on a regular basis, and residents saw the number of murders reach historic levels.

As part of TIDE-TAG, we deployed State Troopers to work hand-in-hand with the Trenton Police Department, and issued a directive to the Mercer County Prosecutor’s Office all but prohibiting one-year plea deals for those caught carrying guns on the street.

By employing this two-pronged strategy, we sent a clear message to criminals and gang members in Trenton and the rest of Mercer County: the streets of our State Capitol will not be a shooting gallery.

And we know the message got through. In the roughly two months after TIDE/TAG was launched, shootings dropped by half and, while Trenton had experienced 29 murders before the program began, only eight additional homicides occurred during the remainder of 2013.

Simply put, TIDE-TAG worked. And going forward, we intend to employ it in other urban centers – for example Newark – where violence has been a concern.

We also are proud of the Gun Buyback Initiative we launched at the end of 2012, and carried out in 2013 using criminal forfeiture funds.

These buybacks made communities safer by removing from circulation a total of more than 16,000 dangerous firearms – including approximately 7,300 handguns and approximately 1,900 illegal weapons.

Of course, fighting crime means not only getting drugs, guns and gangs off the streets. It also means battling public corruption.

At every level in 2013, we vigorously prosecuted public officials and government employees who abused their positions of trust, as well as private individuals and corporate entities who sought to corrupt public processes.

In August, Birdsall Services Group of Monmouth County was ordered to pay the State a total \$1 million in criminal penalties as part of its sentence for engaging in a scheme designed to evade New Jersey’s pay-to-play laws by disguising corporate political contributions as the individual contributions of Birdsall employees.

Our Division of Criminal Justice spearheaded the Birdsall investigation and prosecution, which resulted in Birdsall also paying \$2.6 million to the State to settle a related civil forfeiture action.

Under its plea agreement, Birdsall was banned from working on public contracts in New Jersey for the next decade. As a practical matter, however, the company is out of business, as financial payouts to the State associated with its crimes have bankrupted it.

As of this writing, indictments against Birdsall’s CEO and six other executives remain pending, and we have every intention of holding these individual defendants accountable for their conduct.

We also obtained a guilty plea and nine-year prison sentence in 2013 against former Middlesex County Sheriff Joseph Spicuzzo, whom we prosecuted for selling public jobs for cash.

Other public corruption defendants we prosecuted in 2013 included a municipal clerk, a municipal taxicab licensing inspector, a fire department treasurer, a municipal public works supervisor, a civilian State Police employee, a school board member, a school board attorney, and a public school district transportation manager, to name a few.

Regrettably, some of the public corruption defendants we prosecuted held positions of trust in State government, and in sworn State law enforcement.

Among those were Assemblyman Albert Couthino, who pleaded guilty to stealing from a non-profit charitable foundation, Assemblyman Robert Schroeder, who at this writing is under indictment for financial fraud, and former Department of Treasury Supervisor David Winkler, who was convicted at trial of stealing \$20,000 worth of equipment from a state warehouse.

Also prosecuted were two State Troopers – Nadir Nassry and Joseph Ventrella – who engaged in a dangerous, unauthorized, and unlawful high-speed escort of privately-owned sports cars to Atlantic City, then sought to conceal their conduct. These two Troopers pleaded guilty to 4th degree offenses and forfeited their State Police jobs as a consequence of their actions.

These examples of corrupt conduct by people who should have known better were an aberration. I am proud to say that the vast majority of our people demonstrate the high standard of integrity New Jersey citizens rightly demand.

It is historically true that our Division of Law's litigation efforts bring in important revenue, and 2013 certainly proved the point.

For the year, DOL obtained approximately \$304 million in settlements and judgments on behalf of the State through its litigation efforts.

The dollar amount obtained by DOL represented a \$104 million increase – or approximately 52 percent – over the prior year.

That is an impressive number, and a real credit to the high caliber of legal work done by the Deputy Attorneys General in our Division of Law every day.

Among other cases, a DOL lawsuit against several primary defendants responsible for contaminating the Passaic River resulted in a \$130 million settlement. Factoring in separately-reached agreements with third-party, “non-discharging” defendants, our Passaic River litigation efforts yielded settlements totaling \$165.4 million in 2013.

DOL lawsuits against Merrill Lynch (securities investment fraud), PHH Mortgage (loan modification fraud), Google (cyber-privacy breaches) and Toyota Motor Company (concealment of a dangerous safety issue) also generated significant, multi-million-dollar settlement payments to the State.

New Jersey also moved to the forefront of states addressing the illegal diversion and misuse of prescription drugs in 2013. Led by the Division of Consumer Affairs, we continued our vigilance through the highly-effective Prescription Drug Monitoring Program, and began revoking the CDS licenses of health care providers who wrote or filled prescriptions for pain killers and other powerful controlled drugs without legitimate medical need.

Other important work by the Department in 2013 included:

- Our Divisions of Law and Consumer Affairs collaborated to sue businesses that price-gouged on gasoline sales, hotel room rentals and other goods and services after a State of Emergency was declared during Superstorm Sandy in October of 2012. Through settlements reached with 22 of those businesses, we obtained more than \$800,000 in civil penalties, consumer restitution and other costs.
- The Division of Highway Traffic Safety continued to make driving in New Jersey safer in 2013, both through its own efforts and through grant funding to local agencies. I am pleased to note that traffic deaths in our state declined 8 percent last year, and in fact reached an all-time low of 544 since the State Police began reporting such statistics more than three decades ago.

- Our Division of Alcoholic Beverage Control conducted an extensive investigation into the illegal substitution, and adulteration, of premium alcohol served in restaurants and taverns. Done in cooperation with distilled alcohol manufacturers, “Operation Swill” caught 39 establishments serving up cheap liquor to patrons who paid for top-shelf brands. Bars and restaurants caught cheating paid a total of more than \$550,000 in fines and penalties to the State.
- The Division on Civil Rights initiated more than 700 new investigations and worked to combat discrimination through awareness, training and, where appropriate, enforcement action. Among the Division’s noteworthy efforts was collaboration with the NJSIAA (New Jersey State Interscholastic Athletic Association) on an initiative designed to rid high school sports competition of taunts and harassment based on ethnicity, race, religion and other “protected” characteristics. As part of the initiative, NJSIAA expanded its definition of “unsportsmanlike behavior” to include bias-based taunting. In addition, specific reporting and response protocols were developed for handling violations, which include further investigation by the Division on Civil Rights where appropriate. This collaborative effort aimed at stamping out bias and encouraging sportsmanship garnered favorable public and media response across New Jersey and throughout the nation.
- The Division of Gaming Enforcement was central to the on-time launch of legalized Internet gambling in 2013, taking the lead role in creation of related regulations and testing critical features of Internet gaming systems – including all-important fraud and money-laundering detection systems. As part of its work, the Division evaluated and approved 253 on-line casino games that are currently available to New Jersey patrons.
- The Juvenile Justice Commission continued to serve as a model for the nation through its work with the courts and the community on JDAI or the “Juvenile Detention Alternatives Initiative.” JDAI has allowed for the placement of thousands of juvenile offenders – young people who otherwise would be inappropriately incarcerated – in alternate settings while maintaining community safety. Through the end of 2012, the average daily detention population in JDAI counties had decreased by 58 percent, with youth of color accounting for 90 percent of this reduction. In 2013, JDAI was expanded into Cape May and Sussex Counties, bringing to 18 the number of counties participating.
- The Racing Commission continued to do an excellent job of regulating New Jersey’s thoroughbred and harness racing industries, employing a comprehensive drug-testing program to detect use of steroids and other illegal substances in race horses. Through testing, the Commission identified a total of 24 horses that had been “doped” with illegal drugs. The Commission also approved New Jersey’s fifth Off-Track Wagering Facility, located in Gloucester Township, Camden County.

Another collaborative effort that put New Jersey on the map in 2013 was our Fugitive Safe Surrender event staged in Jersey City.

Through this partnership effort, which included personnel from law enforcement at every level, civic leaders, clergy members and community volunteers, nearly 5,000 fugitives wanted by law enforcement in New Jersey safely turned themselves in, and more than 10,000 non-violent arrest warrants were resolved. Nationally, Jersey City represented the third largest turnout ever for a Fugitive Safe Surrender event.

We also ratcheted up our enforcement efforts targeting those engaged in child exploitation – specifically child pornography and human trafficking.

Our Division of Criminal Justice worked on many anti-child-pornography cases, including one – done in cooperation with federal law enforcement agents – resulting in the arrest of 14 defendants accused of distributing and possessing child pornography via Internet file-sharing programs. This case, dubbed “Operation Predator Alert,” marked the first major utilization of New Jersey’s new, even tougher anti-child-pornography laws, which went into effect last August.

We also have beefed up our anti-trafficking efforts, assigning experienced investigators and prosecutors to our Human Trafficking Task Force, issuing a statewide directive for law enforcement on trafficking, and working daily to sharpen, strengthen and better coordinate New Jersey's attack on human trafficking at every level.

Given the rapid evolution of technology, protecting people's cyber-privacy and investigating cyber-crime are two of the new frontiers for law enforcement and regulatory agencies. Our State Police and Division of Criminal Justice have special units devoted to investigating on-line criminal activity, and in 2013, our Divisions of Law and Consumer Affairs obtained significant settlements from corporate entities whom we had sued for allegedly breaching cyber-privacy laws designed to protect computer users.

Of course, crime impacts on every demographic of our society, and the Department, through our Victims of Crime Compensation Board (VCCO), continued to aid all eligible crime victims in 2013 by providing assistance grants.

Funding from our VCCO cannot eliminate the hurt, anger and fear that typically accompany victimization. However, it can go a long way toward reducing the financial strain and related mental pain that often come with having been victimized, or having had a loved one injured or killed by a criminal act.

The VCCO provided \$9.7 million in victim assistance grants to crime victims in Fiscal 2013. These grants are vital, and our commitment is to continue to provide as much help for eligible crime victims as our resources will allow.

Based on the events of 2013, I am excited by the direction of our New Jersey State Police. Not only did we strengthen the ranks of the nation's finest statewide policing organization by graduating two new recruit classes – the 152nd and 153 State Police classes – but we made significant strides in the area of diversity.

The 153rd State Police class was the most diverse class in State Police history, with 54 percent of the graduates coming from minority groups. And the 152nd Class before it included a significant number of minority graduates as well. Going forward, we will continue to recruit top-flight Trooper candidates from across the state, and will seek to maintain a State Police force that not only maintains the agency's tradition of excellence, but also mirrors the richly diverse population it serves.

We in the Department of Law and Public Safety are committed to serving the public, and are proud of the work we do each day. In the pages that follow, you will read about more of the Department's keynote accomplishments for 2013. I urge you to also visit the Web sites of our individual Divisions and Commissions to learn more about our efforts on behalf of New Jersey citizens.

John J. Hoffman
Acting Attorney General

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Elie Honig
Director

Division of Criminal Justice

New Jersey's unified, integrated system of law enforcement is unique in the nation. The Criminal Justice Act of 1970 designated the Attorney General as the Chief Law Enforcement Officer of the State. Under the Act, the powers of the Attorney General relating to the detection, interdiction and prosecution of criminal activities are exercised through the Division of Criminal Justice. In addition to its direct law enforcement operations, the Division provides oversight and coordination within New Jersey's vast law enforcement community. The Division's mission is to protect the residents of New Jersey by helping to coordinate and enhance the operations and policies of law enforcement at all levels – state, county and municipal. For more information about the Division visit www.nj.gov/oag/dcj.



Overview

The Division of Criminal Justice continued to pursue critical priorities in 2013 such as fighting public corruption, protecting New Jersey's most vulnerable residents – including the victims of human trafficking and child pornography – and conducting targeted, multi-agency operations to reduce violence and crack down on the trafficking of illegal guns and narcotics. The Division hired more than 35 new Deputy Attorneys General and Detectives in 2013. This influx of talent and energy enabled it not only to continue performing its core mission of public protection, but also to take a leadership role in new, emerging areas of law enforcement.

In 2013, the Division charged 580 cases by indictment or accusation. As reflected in the cases summarized below, the Division delivered not just quantity but quality. The Division brought high-impact cases targeting areas that are fundamental to public protection, including the prosecution of street gangs, gun and drug trafficking organizations, corrupt public officials, child predators, identity thieves, and crooks and con artists of all types. The Division also moved to the cutting edge to combat emerging criminal threats such as post-Sandy fraud, cyber-crime, human trafficking and the diversion of prescription drugs. The Division continued to focus on aggressively combating human trafficking, charging several major cases of international and domestic sex-related human trafficking, training 2,700 individuals – including 1,400 law enforcement officers – in how to spot and respond to human trafficking through New Jersey's statewide Human Trafficking Task Force, and working with the FBI, as well as county and municipal law enforcement, on a comprehensive strategy for investigating and prosecuting human trafficking at the Super Bowl. The Division focused enhanced law enforcement resources on detecting and prosecuting those who distribute child pornography and sexually exploit children, overseeing investigations such as Operation Predator Alert, a joint operation with ICE Homeland Security Investigations that culminated in the October 2013 arrests of 14 men, and the February 2013 Operation Ever Vigilant, a joint investigation with the State Police that led to the arrest of 25 men for possession and distribution of child pornography.

The Division played a key role in a major crackdown on urban violence, including the arrest of dozens of violent drug dealers in November in Operation North Pole, the largest narcotics bust in Camden in recent years, and implementation in August of TIDE-TAG in Trenton. TIDE-TAG is a two-pronged strategy that succeeded in stemming the rising murder rate in Trenton by deploying State Troopers and other law enforcement personnel to suppress shootings in the most violent neighborhoods, while aggressively prosecuting gang members, repeat offenders and drug dealers who carry guns in public. Murders declined 38 percent in the five months post-TIDE-TAG, compared to the preceding five months. The Atlantic City Violent Crime Task Force, which combines all levels of law enforcement under the leadership of the Attorney General's Office, made numerous arrests of violent offenders in 2013, including the takedown in May of a major gang-related drug network in the Back Maryland Avenue section of the city in Operation Blok Buster. These operations had a strong impact in reducing gang-related murders. Murders in Atlantic City dropped to three in 2013, a 30-year low. In response to the deadly epidemic of heroin and pain pill abuse, the Division formed a statewide Opiates Task Force, focusing state, county and local law enforcement on investigating and prosecuting heroin trafficking, as well as the diversion and abuse of prescription opiates such as oxycodone. The Task Force developed statewide training for prosecutors and investigators focused on using New Jersey's Prescription Monitoring Program as a law enforcement tool.

Corruption Bureau

State v. Birdsall Services Group, et al.: The Division indicted Birdsall Services Group, its CEO, and six other top executives for conspiring to subvert the state's Pay-to-Play Act by disguising illegal corporate political contributions as personal contributions of firm employees. In total, Birdsall – which held millions of dollars in state contracts for engineering services – made hundreds of thousands of dollars in illegal contributions to dozens of officials and candidates. Beyond the seven charged executives who were indicted, two former Birdsall employees pleaded guilty for their participation in the scheme. Further, Birdsall, as a corporate entity, pleaded guilty

to a first-degree money laundering charge and a second-degree charge of making false representations in government contracting. Birdsall also forfeited \$3.6 million to the State in criminal and civil forfeitures and penalties.

State v. Joseph Spicuzzo, et al: The Division convicted Joseph Spicuzzo – former Middlesex County Sheriff and political party chairman – and two sheriff’s deputies, Darrin DiBiasi and Paul Lucarelli, for their participation in a jobs-for-cash scheme. Spicuzzo collected approximately \$112,000 in bribes from individuals seeking positions or promotions in the Sheriff’s Office. Spicuzzo pleaded guilty to bribery and was sentenced to nine years in state prison with two years parole ineligibility, mandatory forfeiture of pension, and permanent disqualification from public office. Both sheriff’s deputies pleaded guilty to conspiracy to bribe a public official.

State v. Albert Coutinho: The Division secured a guilty plea from State Assemblyman Albert Coutinho on charges of theft by unlawful taking and filing false public records. Coutinho admitted he stole more than \$32,000 from a non-profit charitable foundation, and used that money for his own personal expenses. Coutinho also admitted to filing false financial disclosure statements in connection with his position as an elected state official. He was sentenced to five years of probation. He forfeited his public office, and is permanently banned from holding public office or employment in New Jersey. He also was ordered to make full restitution to the foundation.

State v. Nadir Nassry and Joseph Ventrella: New Jersey State Troopers Nadir Nassry and Joseph Ventrella admitted their participation in an unauthorized, high-speed escort of sports cars to Atlantic City. Nassry pleaded guilty to falsifying public records. Ventrella waived indictment, agreed to be charged with the same offense, and was permitted to apply for Pre-Trial Intervention. Both men forfeited their jobs with the State Police and are permanently barred from future law enforcement employment.

State v. Anna Taliaferro: The Division tried and convicted Anna Taliaferro, a former Paterson school district official, on official misconduct and other charges. Taliaferro, who worked as coordinator of a parent resource program for the Paterson school district, contracted on behalf of the school district with her own non-profit corporation,

and then overbilled the school district by more than \$180,000. Taliaferro faces five to ten years in state prison, including a minimum of five years without parole.

State v. David Winkler, et al: The Division tried and convicted David Winkler, a former supervisor at a state Department of Treasury warehouse, for stealing over \$20,000 worth of equipment from the warehouse. The jury found Winkler guilty of official misconduct, theft and other offenses. He was sentenced to five years in prison.

State v. Juan Stevens: The Division convicted Juan Stevens, a corrections officer, for posing as a police officer to coerce prostitutes into having sex with him for free. He pleaded guilty to second-degree official misconduct and was sentenced to five years in state prison, with two years of parole ineligibility. Upon arrest, Stevens was required to provide a DNA sample, which provided the first DNA hit resulting from the State’s new arrestee law, and which led to additional sexual assault charges against him.

State v. Frank Capece, et al: The Division indicted an Elizabeth School Board member, a Board attorney and the Board’s outside counsel for allegedly covering up false applications filed by the board member’s wife for the free school lunch program.

State v. Michelle Pumilia: The Division secured a guilty plea from Michelle Pumilia, a former Transportation Manager for the Piscataway and Hazlet School Districts. Pumilia admitted she stole over \$330,000 in public funds by authorizing fictitious purchase orders for the school districts. She pleaded guilty to a second-degree charge of official misconduct and was sentenced to five years in prison without parole.

State v. Audrey Bey: Audrey Bey, a former clerk with the City of Newark, was sentenced to eight years in prison for defrauding a federally funded child nutrition program in a scheme involving over \$1 million in phony vouchers. Bey, who worked for the nutrition program, pleaded guilty to first-degree money laundering.

State v. Marcella Friedman: A civilian employee of the State Police, Marcella Friedman, was arrested and indicted for allegedly posing as an inspector to coerce a vendor to give her a free generator following Superstorm Sandy.

State v. Lisa Ayers: Lisa Ayers, Treasurer of the Mine Hill Fire Department, was charged with stealing more than \$300,000 from the department for her personal use. Ayers pleaded guilty to a second-degree theft charge. She was sentenced to three years in state prison and was ordered to pay full restitution.

Gangs & Organized Crime Bureau

Operation North Pole: The Division arrested 47 defendants who operated a massive, multi-million-dollar drug distribution network in Camden. The defendants face first-degree racketeering charges and first- and second-degree narcotics distribution charges. During the arrests and related search warrants, the Division seized six illegal firearms, several ounces of cocaine and heroin, and over \$200,000 cash.

Operation Billboard: The Division indicted 36 defendants – including the entire hierarchy of a Camden-based drug trafficking organization tied to the Netas street gang – on charges including first-degree racketeering and narcotics trafficking. The network allegedly trafficked tens of thousands of dollars worth of heroin and cocaine every week, and used guns and violence to control their turf in Camden.

Operation White Silk: A multi-agency investigation led by the Division, the Passaic County Sheriff's Office and the DEA resulted in the arrests of 20 defendants who operated a massive oxycodone distribution network based primarily in Paterson. The defendants include ringleader Aurelio Rodriguez and his network of brokers, dealers and runners. The defendants, who face first-degree drug distribution charges, allegedly trafficked tens of thousands of oxycodone pills, which were sold for millions of dollars.

State v. Tuan Dang, et al: Tuan Dang and Ngoc Bui pleaded guilty to charges related to their operation of the largest indoor marijuana growing operation ever uncovered in New Jersey. Dang admitted that he ran an international drug trafficking syndicate that grew a marijuana crop worth over \$10 million inside five houses. The Division, the State Police and other agencies seized over 3,000 plants, 130 pounds of harvested marijuana, and \$66,000 cash. Dang pleaded guilty to

a first-degree charge of leading a narcotics trafficking network and was sentenced to 20 years in state prison.

Operation No Boundaries: The Division arrested six defendants, including ringleader Jose Cruz Romero-Flores, on first-degree human trafficking and other charges. The defendants allegedly operated an international human trafficking ring that used fraud and coercion to lure young women from Mexico to the U.S., where they were put to work as prostitutes in a network of brothels in Lakewood and elsewhere.

State v. Mark Branch, et al: The Division arrested and indicted Mark Branch on charges including first-degree human trafficking. Branch allegedly ran a male prostitution ring and used narcotics to coerce young men, including at least one minor, to act as prostitutes. Branch also allegedly attempted to tamper with witnesses.

State v. Percival Williams, et al: The Division indicted Percival Williams in a joint investigation with the Edison Police Department. Williams used violence and threats to coerce numerous young women to work within a large-scale sex trafficking enterprise. After an extensive manhunt, Williams was arrested in Texas and extradited to New Jersey for prosecution. Williams pleaded guilty to conspiracy to commit human trafficking and faces a sentence of 10 years in state prison.

State v. Yusuf Ibrahim, et al: Yusuf Ibrahim was arrested for shooting two men in Jersey City, cutting off their heads and hands, and burying their remains in a remote area of Atlantic County. After an extensive search, the headless bodies were recovered by the State Police in a shallow grave, and the heads were found buried nearby. Ibrahim faces multiple charges including two counts of murder and desecrating human remains.

State v. George Spyropolous: Spyropoulos, the former manager of the Tick Tock Diner in Clifton, was indicted for allegedly attempting to hire a hit man to torture and murder his uncle, who is co-owner of the diner. After being introduced to an undercover State Police detective posing as a hit man, Spyropolous provided him with a revolver, \$3,000 cash, photos of the uncle and a map to the uncle's house. He was indicted on first-degree charges of attempted murder and murder conspiracy.

State v. Derek Fuqua, et al: As a result of a joint investigation conducted with the State Police and the New Brunswick Police Department, 26 defendants were arrested for narcotics and firearms offenses occurring in and around New Brunswick. Detectives recovered two kilograms of heroin, six firearms, and over \$150,000 cash.

Operation Guns III: In a sweep targeting illegal gun traffickers, the Division indicted 65 defendants for trafficking and/or possessing a total of 94 illegal firearms. Several of the cases involve importation of illegal firearms from other states into New Jersey. One indictment charges 11 defendants with smuggling 18 firearms, including assault rifles, from Ohio into New Jersey to be sold in Newark and Irvington.

Operation Capital City: Bernard Green – leader of the Trenton-based Gangster Killer Bloods – pleaded guilty to the 2005 homicide of Sharee Voorhees, a 22-year old bystander to a gang-related ambush. Green also pleaded guilty to racketeering, admitting that he directed the gang’s activities, including narcotics distribution and violence against rival gangs. Green was sentenced to 36 years in state prison, including 22 years without parole. Green was the last of 16 defendants to plead guilty in the case.

State v. Mark Fletcher, et al: The Division charged five members of a violent Trenton-based drug set linked to the G-Shine Bloods with attempted murder, racketeering, and heroin distribution in an investigation with the New Jersey State Police. Two of the defendants, Mark Fletcher and Keith Journigan, were charged with attempted murder after Fletcher allegedly ordered Journigan to shoot a rival drug dealer. Journigan allegedly shot the victim, but the victim survived.

State v. Danni Rivera, et al: The Division indicted 30 defendants on racketeering, heroin distribution, kidnapping and other charges arising from their participation in a Perth Amboy-based drug ring linked to the Netas street gang. The leader of the Netas in Perth Amboy, Danni Rivera, pleaded guilty to first-degree racketeering and faces 20 years in state prison, including 17 years without parole.

Operation Dismayed: The Division indicted 15 members of a drug ring that distributed millions of dollars in heroin out of heroin mills and stash houses in Paterson. The indictment stemmed from a joint investigation with the Passaic County Sheriff’s Office and the DEA, assisted by the State Police. The defendants face multiple charges including first-degree racketeering. Segundo Garcia, a leader of the network, pleaded guilty to first-degree heroin distribution and faces a sentence of 15 years in state prison.

State v. Kwadir Felton, et al: A Hudson County jury convicted Kwadir Felton of all counts against him, including aggravated assault, firearms possession, and narcotics possession, in connection with an armed confrontation with a police officer. He faces a maximum sentence of 40 years in prison, including 15 years of parole ineligibility. Felton was indicted in Operation Wetlands, a multi-agency investigation conducted with the State Police, Jersey City Police, Hudson County Prosecutor’s Office and DEA that targeted a ring that distributed heroin and PCP in a violent section of Jersey City. Leaders Dempsey Collins and David Gilliens were each sentenced to 20 years in prison.

State v. Bobby Singletary, et al: The Division tried and convicted Bobby Singletary, a corrections officer at the state’s correction facility for sex offenders, for smuggling heroin and marijuana into the facility. Singletary was sentenced to seven years in state prison, including five years without parole. Five other co-conspirators were convicted before trial by guilty plea.

State v. Cesar Perez, et al: The Division indicted four defendants on first degree narcotics trafficking and money laundering charges for running a massive cocaine distribution operation in Bergen County. The State Police and the Division seized 40 kilos of cocaine and \$1.1 million in cash from a warehouse controlled by the syndicate.

Financial & Computer Crimes Bureau

Operation Predator Alert: Working with ICE Homeland Security Investigations, the Division arrested 14 defendants on charges of possessing and distributing child pornography using Internet file-sharing programs. It was the first major utilization of the State's strengthened child pornography laws, which took effect in August 2013.

Operation Ever Vigilant: In a collaborative operation with the State Police, the Division charged 25 defendants with distributing child pornography over the Internet. The case involved the distribution of thousands of images of child rape and sexual abuse. Several defendants had regular access to children in their jobs or otherwise.

State v. Daniel Allen, Jr.: In a joint investigation with ICE Homeland Security Investigations, the Division arrested Allen for posting photographs of adolescent girls on a website frequented by pedophiles, who, at Allen's urging, transformed the images into child pornography using graphics software. Allen pleaded guilty to manufacturing and distribution of child pornography and was sentenced to seven years in state prison.

State v. Daryl Turner and Robyn Bernstein: The Division indicted and convicted Turner and Bernstein for defrauding hundreds of victims of \$2.6 million by offering false vacation packages and promotions. The defendants operated travel club companies that collected fees from victims for non-existent promotional trips and discount vacations. Turner pleaded guilty to second-degree theft by deception and was sentenced to seven years in prison. He must pay full restitution. Bernstein also pleaded guilty and faces probation plus forfeiture of the family's home and bank accounts.

State v. Irving Fryar and Allene McGhee: The Division charged former NFL wide receiver Irving Fryar and his mother with theft by deception in an alleged \$690,000 mortgage fraud scheme. They allegedly obtained five home equity loans in six days, all using the same property as collateral and without disclosing any other liens or loan applications. The defendants then used the loan proceeds for personal expenses.

State v. David Ruddy: The Division indicted and convicted David Ruddy on charges that he preyed on victims of Superstorm Sandy by promising them low-cost housing or cars and then stealing their money. Ruddy, who at times claimed to work for the Attorney General's Office, collected purported down-payments from victims who had been displaced by Superstorm Sandy, and then kept the money for himself. Ruddy pleaded guilty to stealing over \$55,000 from at least 13 victims, and was sentenced to five years in state prison and full restitution.

State v. Mark Niemczyk and Thomas Scalgione: The Division indicted Niemczyk and Scalgione on theft charges for operating a bogus charity that falsely purported to raise money for the families of 9/11 victims. The defendants collected tens of thousands of dollars in charitable donations and kept the money for their own use.

State v. Vito Grippo and Frederick Grippo: The defendants pleaded guilty to defrauding struggling homeowners of over \$1.3 million. They promised to rescue homeowners who were facing foreclosure, but instead sold the homes to unwitting investors. Vito Grippo was sentenced to 10 years in prison, and Frederick to four years in prison.

State v. Stephanie Hand, et al: Three individuals, including Stephanie Hand, an attorney practicing in Essex County, were indicted in an alleged mortgage fraud scheme involving over \$800,000 in fraudulently obtained loans. They allegedly used stolen identities to apply for loans, falsified settlement statements and diverted loan proceeds.

State v. Maxwell Smith: Smith, a financial advisor who defrauded investment clients of \$9.8 million in a Ponzi scheme, was convicted of first-degree money laundering and sentenced to 15 years in prison, with five years of parole ineligibility.

State v. Louis J. Macaluso: Macaluso, the owner of Affinity Title Agency, Inc., pleaded guilty to stealing \$5.3 million that was intended to pay off 34 outstanding mortgages. He was sentenced to 10 years in prison and must pay full restitution.

Operation Black Money: The Division, in a joint sting operation with the FBI, arrested two defendants, Nyondah Blay and Carl

Jenkins, for perpetrating a “black money” scam aimed at defrauding victims of at least \$80,000. The defendants solicited money from the intended victims purportedly to purchase a chemical to be used to clean hundreds of thousands of dollars in U.S. currency that had been dyed black to avoid detection as it was smuggled out of Liberia. Both defendants pleaded guilty.

State v. Albert Paramito: Paramito, a Burlington County con artist, was sentenced to five years in prison for defrauding victims of over \$500,000 by falsely promising them millions of dollars in venture capital. He must pay full restitution.

State v. Thomas Muza: The defendant, the former bookkeeper for the Triangle Club, a theater troupe at Princeton University, was arrested and charged with second-degree theft for allegedly stealing over \$100,000 from the Club’s bank account.

Specialized Crimes Bureau

Operation Blok Buster: The Division charged 28 defendants in a multi-agency operation involving the Atlantic City Violent Crime Task Force, which targeted the “800 Blok” gang. The gang used violent tactics to control drug trafficking turf within the Back Maryland section of Atlantic City. As part of the investigation, the partnering agencies detected and prevented an alleged murder plot before the murder could occur. Investigators seized tens of thousands of dollars worth of narcotics and four firearms.

State v. Jonathan Olin, et al: The Division charged four defendants with using fraudulent titles to sell cars that had been damaged by Superstorm Sandy to unsuspecting customers. The defendants obtained cars that had been flooded during the storm and then auctioned by an insurance company for salvage purposes only. Through a co-defendant who worked inside the Motor Vehicle Commission, the defendants obtained fraudulently issued “clean” titles enabling the cars to be sold to customers who were not told of the prior flood damage.

Operation Facial Scrub: In 2013, the Division charged 91 defendants with identity theft, forgery and document fraud as part of Operation Facial Scrub. Using high-tech facial recognition software, the Division, together with MVC and State Police, identified 91 individuals who had applied for and obtained driver’s licenses under false names. Numerous defendants had extensive DUI records and several also possessed commercial driver’s licenses under the fraudulent name. One defendant was a registered sex offender with a DUI history and a commercial driver’s license.

State v. Todd Halpern, et al: The Division indicted 15 defendants who stole over \$700,000 in taxpayer funds from the Department of Labor in a huge unemployment fraud scheme. The lead defendant, Todd Halpern, engineered a scheme whereby false unemployment claims were filed on behalf of numerous accomplices. Halpern pleaded guilty and faces a sentence of 12 years in prison, including four years without parole.

State v. Harry Mansmann and William Mowell: Two top officials with the East Orange Water Commission, Harry Mansmann and William Mowell, were indicted for official misconduct, violations of the New Jersey Safe Drinking Water Act, and other offenses for conspiring to falsify official water test results by shutting down contaminated wells prior to testing. The defendants also were charged with unlawful discharge of contaminated water into the Passaic River.

State v. Nasir Salaam, et al: Four defendants pleaded guilty to participating in the 2007 murder of a gas station attendant during a robbery in Atlantic County. One defendant, Nasir Salaam, was sentenced to 40 years in state prison, including 30 years without parole. Another, Darrick Hudson, was sentenced to 25 years in prison.

State v. Johnny Cobb, et al: Cobb and 21 other defendants were indicted on charges of racketeering and theft by deception for gaining access to legitimate JP Morgan Chase bank account information, using it to open up fictitious accounts that they linked to the legitimate accounts, and withdrawing money at Atlantic City casinos. The defendants allegedly stole over \$400,000 from 14 legitimate account holders.

State v. Janice Allen, et al: The Division tried and convicted Allen and her daughter Janice Dilligard for their roles in a scheme to defraud the State of over \$600,000 by filing false unemployment insurance claims. The defendants were convicted of second-degree theft and other charges, and face sentences of five to ten years in prison. The Division previously took guilty pleas from five co-defendants.

State v. Michael Geiger: Michael Geiger, a former CEO of two manufacturing companies in Burlington County, pleaded guilty to first-degree money laundering for stealing more than \$2.3 million from the family-owned companies. He was sentenced to 10 years in state prison, including 3 ½ years without parole.

State v. James Curtis: James Curtis, a security manager for an Atlantic City casino, was charged with obstructing an investigation and with promoting prostitution. As security manager, Curtis received advance notification about the presence of undercover detectives in the casino conducting prostitution details. Curtis alerted a woman he knew was a prostitute in an effort to obstruct the investigation.

Appellate Bureau

Chaidez v. United States: In this matter the U.S. Supreme Court held that its decision in *Padilla v. Kentucky*, 559 U.S. 356 (2010), imposing an affirmative duty on defense counsel to advise their clients as to the deportation risks of pleading guilty, does not apply retroactively to defendants whose convictions became final before *Padilla* was decided. The Division filed an amicus brief on behalf of 28 states.

State v. Rockford: The New Jersey Supreme Court reinstated drug convictions against the defendant in a case involving police use of a “flash-bang” when executing a knock-and-announce search warrant. The Appellate Division had reversed after applying a bright-line test precluding the use of flash-bangs in executing knock-and-announce warrants absent unanticipated exigent circumstances. The Supreme Court disagreed, finding the officers’ conduct to be objectively reasonable.

State v. O’Driscoll: In this case, the Supreme Court affirmed a conviction for refusing to submit to a breathalyzer test, notwithstanding a police officer’s error in reading an outdated standard statement to inform defendant of the consequences of refusing the breath test. The Court held that minor deviations between the outdated and the amended statement, which concerned the amount of the potential fine and the minimum period of license suspension, could not have reasonably affected the defendant’s choice not to provide a breath sample.

Statewide Task Forces

In 2013, the Division created and chaired three new statewide Task Forces aimed at specific, emerging law enforcement challenges, including: (1) the Human Trafficking Task Force, which focuses on investigating and prosecuting human trafficking cases and on statewide outreach, awareness, and training; (2) the Statewide Sandy Fraud Working Group, which coordinates statewide investigation and prosecution of Sandy-related crimes and violations; and (3) the Heroin and Opiates Enforcement Task Force, which brings together statewide law enforcement and administrative resources to combat the growing epidemic of heroin and opiate pill trafficking and overdoses.

Forfeiture

In 2013, the Division seized over \$10.3 million in forfeited monetary assets, plus over 35 vehicles. In total, the Division collected more forfeited more cash, and more total assets, in 2013 than in the prior three years combined.

Regional Medical Examiner’s Offices: In 2013, the Southern Regional Medical Examiner’s Office, which previously included Cape May and Cumberland Counties, more than doubled its capacity by expanding to

include Atlantic County. The expansion allows for restructuring of personnel and equipment to ensure better utilization of resources, and eliminates redundancy while establishing a foundation for new and more effective initiatives. Budget analysis for this expansion project reveals cost savings for all counties.

In 2013, the Medical Examiner coordinated and hosted a Regional Catastrophic Planning Team Mass Fatality Exercise in Bergen County. The exercise simulated the response to a radiological mass fatality event during a high-profile football game at a major arena in New Jersey. More than 20 state, national, and federal partners attended.

The Medical Examiner also published a Superstorm Sandy After-Action Report detailing the preparation, coordination, partnerships, and response to the storm. The Assistant State Medical Examiner presented these findings at the National Association of Medical Examiners Annual Conference in Milwaukee, Wisconsin.

Victims of Crime Compensation Office

In 2013, the Victims of Crime Compensation Office (VCCO) processed more than 3,000 claims and provided nearly \$10 million to victims. These funds assisted victims with crime related expenses including medical/dental, counseling, funeral, relocation costs, loss of earnings/support, crime scene cleanup and attorney fees. For the year, the VCCO received 3,867 new claims, processed an additional 1,444 supplemental claims and assisted 2,318 walk-in clients. In October 2013, VCCO met a major goal of its three-year planning by implementing an online, paperless claims processing system. The new filing system allows a claimant to submit an application electronically, upload supporting documents with the application, and access a list of documents that will be necessary to process their claim. In expediting and streamlining the process, the new system has greatly enhanced the quality of services VCCO can provide to victims of crime.





Colonel Rick Fuentes
Superintendent

Division of State Police

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



Highlights

Crime Fighting

TIDE/TAG Anti-Violence Deployment:

Troopers from both the State Police Intelligence Section and Field Operations led a law enforcement crackdown known as TIDE (Targeted Integrated Deployment Effort) in some of Trenton's most violent neighborhoods starting in August 2013. Part of a broader TIDE/TAG (Targeted Anti-Gun Initiative) strategy, the State Police deployment had a significant impact on both the murder rate and overall crime in Trenton. In the first two months after TIDE/TAG was launched, State Police efforts helped cut the number of shootings in half. And while Trenton had witnessed 29 murders before the program began in August, only eight additional homicides occurred during the remainder of 2013 – including a period between late August and mid-November when no gun homicides occurred. Troopers seized 21 guns in the first two months of the TIDE/TAG operation, arrested more than 100 people for various crimes, and confiscated significant quantities of narcotics and cash.

Man Arrested in Brutal Double Murder:

In February 2013, members of the State Police Troop A Criminal Investigation Office and Troopers from the Buena Vista Station solved a brutal double homicide allegedly committed by a Hudson County man. Both murder victims had been shot in the chest, their heads and hands had been cut off, and their remains had been buried at different locations on a property fronting Harding Highway in rural Buena Vista Township, Atlantic County. Arrested and charged with the murder following an Extensive State Police investigation – carried out in extreme winter weather conditions – was Yusuf Ibrahim of Jersey City. Personnel from the State Police Fugitive, Major Crimes, Arson/Bomb, Troop “A” Tactical Patrol and Canine Units assisted in the investigation, as well as the Philadelphia Police Department and the U.S. Marshal Service. At this writing, Ibrahim faces a number of criminal charges including two counts each of murder and desecrating human remains.

Alleged “Tick Tock” Murder Plot Foiled:

Detectives from the Violent and Organized Crime North Bureau arrested the manager of a popular North Jersey diner in April 2013 on charges of plotting to have his uncle, a co-owner of the diner, first tortured, then robbed and killed. A State Police undercover operation that featured a Trooper playing the role of hired killer led to the arrest of Georgios Spyropoulos, 45, of Clifton. Spyropoulos managed the popular Tick Tock Diner on Route 3 in Clifton. His uncle Alexandro Sgourdos, the target of the alleged murder contract, co-owns the diner, as well as the Tick Tock Diner in Manhattan. State Police detectives learned through a confidential source that Spyropoulos allegedly was looking for someone to kill Sgourdos for him. Spyropoulos was subsequently introduced to an undercover Trooper who played the part of a would-be assassin. Spyropoulos provided the Trooper with an unregistered handgun, a photo of the intended target, his address, and a down payment of \$3,000. Allegedly, Spyropoulos suggested torturing the victim before killing him to obtain the combination to a safe in which he believed his uncle stored a large amount of cash. After Troopers arrested Spyropoulos, they searched his home and found two semi-automatic handguns, a shotgun and an assault rifle. Spyropoulos was indicted in November on charges of first degree conspiracy to commit murder and other crimes. As of this writing, he remains free on \$600,000 bail, and is under house arrest.

Violent Robbers Arrested, Including Alleged Chain Saw Killer: Troopers who conducted a high-risk auto stop on Route 130 in Burlington County in March 2013 ended up arresting three violent armed robbers, including one man who was subsequently charged on a fugitive warrant with an unrelated murder. The incident began on March 25 when a BOLO (Be on the Look-Out) alert was issued relative to the armed robbery of a gas station attendant in Westampton that was carried out using a tire iron. Troopers stopped a vehicle matching the description of the car used in the hold-up. They subsequently learned that the

suspects had been under surveillance by other State Police units, as well as police in Hamilton Township, in connection with a series of armed gas station robberies. In one of those crimes – at a Sunoco gas station at the Woodrow Wilson Service Area on the New Jersey Turnpike – the robbers had brandished semi-automatic handguns, assaulted the employee, and bound him with zip ties. The suspects arrested were charged with a number of crimes, including multiple counts of armed robbery and illegal weapons possession. One of the suspects was also charged on a fugitive warrant out of Puerto Rico in connection with a murder in which a chainsaw was used.

Service Area Armed Robber Apprehended: Detectives assigned to the New Jersey Turnpike-Moorestown Criminal Investigation Office, working with detectives in the New York Police Department, charged two suspects with the \$40,000 armed robbery of a traveler at the Clara Barton Service Area along the New Jersey Turnpike in June 2013. The traveler had departed New York City en route to Virginia. He stopped to fuel his vehicle at the Clara Barton Service Area, left his auto unattended for a short time and, upon returning, noticed his tire had been slashed. While the victim was attempting to change the tire, two men armed with handguns approached and robbed him of \$40,000 in what Troopers described as a coordinated and targeted crime. The two suspects fled on foot and escaped in separate vehicles, but were subsequently identified and arrested.

Mother Arrested for Attempted Arson Murder of Her Children: State Police from the Bloomfield Barracks arrested Cranford resident Narcissa Zuber on charges of attempted murder, aggravated arson and child endangerment in October 2013 after responding to a report of a car fire on the Garden State Parkway. Zuber is accused of attempting to kill her 7-year-old twins by setting the Jeep vehicle in which they had been riding on fire. Troopers arriving on the scene detected a strong odor of gasoline, and discovered that an accelerant appeared to have been poured inside the Jeep. The children were treated for burns at Saint Barnabas Medical Center in Livingston and released. A Superior Court Judge set bail for Zuber at \$800,000.

Narcotics Enforcement

Operation Next Day Air: In October 2013, the State Police Crime Suppression South Unit, working in conjunction with the federal Drug Enforcement Administration (DEA) and other agencies, arrested nine people in connection with an international drug ring that was based in Jamaica and supplying cocaine throughout the country via operations in New Jersey and California. Nicknamed “Operation Next Day Air,” the investigation began in March 2011 and culminated with the arrest, in Los Angeles, of alleged ringleader Andrew Davis, 34, of Kingston, Jamaica in September 2013. A well-known Jamaican dancehall artists who goes by the name “Flippa Mafia,” Andrew Davis was extradited to New Jersey from California in October 2013. Eight other suspects, including Andrew Davis’ brother Kemar Davis, were arrested in the months leading up to Andrew Davis’ apprehension. The international drug ring allegedly operated by shipping large quantities of cocaine through public delivery services. Operation Next Day Air began when agents and detectives assigned to the Camden High-Intensity Drug Trafficking Area (HIDTA) Task Force, along with the Burlington County Prosecutor’s Office, seized two packages containing four kilograms each of cocaine from a mail facility in Evesham Township. In addition to State Police, the DEA and the Burlington County Prosecutor’s Office, the following agencies took part in the investigation: U.S. Marshal’s Service, the U.S. Postal Inspection Service, the State Division of Criminal Justice, the Cumberland and Gloucester County Prosecutors’ Offices, the Cherry Hill police and the Los Angeles Police Department. Operation Next Day Air resulted in the seizure of 26 grams of cocaine worth approximately \$780,000, as well as two handguns and more than \$600,000 cash.

26 Arrested, Drugs and Firearms Seized: Twenty-seven people – including two Piscataway men who were charged with the first-degree crime of leading a narcotics trafficking network – were arrested in April 2013 as the result of a major drug investigation led by State Police and including nearly 100 law enforcement officers from multiple jurisdictions in central

New Jersey. As part of the investigation, police executed search warrants in five towns, recovering two kilograms of raw heroin, more than 150 grams of black tar heroin, more than 100 bricks of heroin, 70 grams of crack cocaine, 22 grams of crystal methamphetamine, eight firearms (at least four of them reported stolen), hundreds of rounds of ammunition, a bulletproof vest and more than \$150,000 cash. In addition to the narcotics and body armor seized, detectives confiscated many items related to drug production and distribution including grinders, scales, stamps, ink pads and packaging materials.

Derek Fuqua and Kevin Harrell, both of Piscataway, were charged with multiple offenses including leading a narcotics trafficking network, maintaining a drug production facility, possession of heroin and distribution of heroin. Being the leader of a narcotics trafficking network carries a life prison sentence with no parole eligibility for 25 years. Fuqua and Harrell are accused of using a large network of friends and relations to distribute heroin and other drugs in six New Jersey counties. The bulk of the drug seizures took place at two locations, one on Aspen Court in Piscataway, and one on Ellen Street in New Brunswick. More than 50 State Troopers took part in an April 23, 2013 round-up of suspects and related searches, as did officers from numerous partner agencies including the police departments in New Brunswick, Edison, Piscataway, Franklin, North Brunswick and Jersey City, the Somerset County Tactical Unit, the Middlesex and Mercer County Prosecutor's Offices, and the Middlesex County Sheriff's Office. A day later, on April 24, Troopers and detectives searched a storage unit in Somerset and found a loaded TEC 9 assault weapon with a defaced serial number and extended magazine, along with a loaded .357 magnum handgun.

Barber Shop Narcotics Bust: Troopers arrested six people in April 2013 while breaking up a drug-dealing ring that operated in and around a barber shop in Perth Amboy. Charged with selling significant quantities of cocaine, heroin and various prescription drugs within 1,000 feet of a school and within 500 feet of a public park was Manuel Roman, 31, of Parlin. Roman was accused of using a favorite hang-out – the Final Touch

Cuts barber shop in Perth Amboy – as his base of operations, although he is not an employee of the shop, and the shop owner was not alleged to have any connection to Roman's alleged crimes. Five other men and women were charged with drug offenses in connection with the break-up of Roman's alleged operation. The arrests were the result of a seven-month investigation by the State Police Violent and Organized Crime Control North Bureau. Overall, Troopers seized 600 grams of cocaine, 870 decks of heroin, 98 oxycodone pills, a bulletproof vest, 50 rounds of .380 caliber ammunition, and more than \$5,000 in cash – most of it during a search of Roman's house.

Troopers Break Up Family-Run Heroin Mill:

Troopers with the Crime Suppression Unit (North) arrested two related Trenton men in January 2013 on charges of operating a major heroin production facility in the city. Charged with multiple drug offenses were Tyreek Harrington, 26, and his uncle Gregory Harrington, 48. The arrests resulted from the execution of search warrants at two addresses on Reservoir Street in Trenton's West Ward. Drugs recovered during the search included heroin, crack cocaine and powder cocaine. Also seized were packaging material, grinders, respirators and stamping equipment. In addition to charges of unlawfully possessing heroin, both Harringtons were charged with conspiracy, possession of heroin with intent to distribute, and possession of the drug with intent to distribute in a school zone.

Men Charged After Smoking Marijuana in State Police Parking Lot: Four men – including two who were fugitives – were arrested in possession of marijuana and Ecstasy pills on March 27, 2013 after they were found to be smoking marijuana in the parking lot of the State Police barracks in Totowa. A Trooper who drove into the parking lot in his personal vehicle smelled a strong odor of marijuana and traced it to a 2002 Oldsmobile Intrigue in which three men were seated with small bags of the drug in plain sight. A subsequent search of the car revealed a total of 15 bags of marijuana and a dozen Ecstasy pills. The fourth suspect arrested had been inside the State Police barracks attempting to pick up paperwork

relative to an impounded auto. All four men were charged with multiple counts of illegal drug possession. Two of the men were turned over to local police in Paterson and Totowa, respectively, because they were wanted on outstanding warrants.

Traffic Stop Leads to Arrest of Ohio Fugitive, Seizure of Heroin and Cash:

State Police seized a significant quantity of heroin after stopping a vehicle driven by a 63-year-old Ohio man on I-80 eastbound in Knowlton Township on June 1, 2013. The vehicle that John Foster of Cleveland was driving – a Saturn Vue SUV – featured an electronically-activated compartment located in the rear cargo area. The compartment contained not only five kilos of heroin with an estimated value of \$325,000, but seven heat-sealed packages of cash as well. Foster was charged with possession of heroin, possession of heroin with intent to distribute, money laundering, conspiracy and being a fugitive from justice. The latter charge related to the fact there was an outstanding warrant for Foster out of Cuyahoga County, Ohio.

Other Crime

Operation Ever Vigilant Child Porn Arrests:

A three-month investigation led by the State Police Digital Technology Investigations Unit led to the arrest in February 2013 of 24 men and one male juvenile on charges related to the possession and distribution of child pornography. Nicknamed Operation Ever Vigilant, the investigation focused on individuals who were making child pornography – including child rape videos – available to others via e-mail and file-sharing networks. Defendants in the case came from all walks of life, but each was found to be in possession of multiple sexually explicit videos of young children, which they had distributed to others. Five of the suspects arrested had direct contact with children, including two defendants who were purported to be regular babysitters. Another defendant was a registered Tier 2 sex offender in New Jersey. A total of more than 50 State Troopers, detectives and officers from dozens of law enforcement agencies took part in Operation Ever Vigilant. As part of the investigation, a total of 25 search warrants were executed in 25 different towns.

Commercial Burglary Ring Busted: In April 2013, State Police arrested four people in connection with a burglary ring that was believed to have been responsible for the theft of cash, computers, other electronics and alcohol during more than 20 commercial burglaries in six counties. The alleged leader of the burglary ring was Francisco Chadwick of New Egypt, Burlington County. At the time Chadwick was charged by State Police with six counts of burglary and theft, he was already incarcerated in the Ocean County Jail for a drug court probation violation. Additional charges related to the burglary ring's activities were filed by police in Allentown Borough, Plumstead Township, Jackson Township, East Windsor Township, and Franklin Borough, Sussex County. Prior to burglarizing a targeted commercial location, Chadwick allegedly would attempt to disable the store's alarm system by cutting wires. Three other men who were arrested in connection with the burglary ring acted chiefly as look-outs and drivers.

Life Saving Actions

Trooper Uses New First-Aid Technology to Save Truck Driver: On September 18, 2013, a State Trooper assigned to the Construction/Incident Management Unit responded to a reported highway accident on the New Jersey Turnpike in Carney's Point, Salem County. The crash caused significant damage to the front of a truck, which resulted in serious injuries to the truck's driver, including partial severing of the driver's left leg. Recognizing the urgency of the situation, the Trooper freed the driver from his truck, moved him to a safe location and then used his Belt Trauma Kit – including tourniquets and combat gauze – to stanch the bleeding and protect the wounded leg. Every State Police patrol vehicle is equipped with a Belt Trauma Kit, which includes combat gauze treated with a hemostatic product that effectively stops bleeding as it does in battle, where medics use it. Although the driver ultimately lost his left leg, it was only due to the quick actions of the responding Trooper, using newly-available first-aid technology, that he did not lose his life.

Troopers Save Trapped, Injured Motorist:

On April 18, 2013 a Ford Expedition went airborne on Route 295 in Bordentown and then dropped approximately 25 feet down a ravine, where it sat smoking heavily, with flames visible under the hood. As fire threatened to engulf the entire vehicle, two Troopers responded. One Trooper broke out the driver's side window to assist the driver, while a second Trooper grabbed a fire extinguisher and fought the flames. Bordentown EMS and fire personnel also responded and assisted in freeing the trapped driver from her vehicle. The driver suffered serious injuries, but survived.

Troopers Save Choking Boy: Two Troopers on patrol in Trenton in October 2013 helped save the life of a choking boy. The Troopers were flagged down by a motorist on the shoulder of the roadway at Route 129 and Lalor Street, and subsequently discovered that the motorist's 13-year-old son appeared to be choking. One Trooper administered the Heimlich maneuver which, after repeated thrusts, dislodged food debris in the victim's airway, allowing him to breathe. The other Trooper maintained safety and order on the scene throughout the incident, and calmly kept dispatch aware of the unfolding situation.

Office of Emergency Management

Super Bowl Preparation: The State Police Office of Emergency Management (OEM) spent much of 2013 preparing for the National Football League's Super Bowl XLVIII at the Meadowlands Sports Complex in East Rutherford. OEM and the entire Division of State Police worked collaboratively with the NFL and various partner law enforcement agencies to ensure security at the iconic event, which attracts sports fans and tourists from across the nation and around the world. The nerve center of operations for the Super Bowl was a Public Safety Compound housed in the American Dream facility, located adjacent to Met Life Stadium and the Izod Center. Equipped with the latest technology, the Public Safety Compound was designed to function as a forward command post

and emergency operations center. OEM's Communications Bureau was charged with ensuring that the facility was equipped with radio communications, telecommunications and data networking. Ultimately, the Super Bowl went off without a significant security-related incident. State Police not only safeguarded the game and all who attended, but also taxpayer dollars. While security costs for the Super Bowl totaled \$5.3 million, the total expense to New Jersey taxpayers was a fraction of that – about \$1.34 million – because the Department of Law and Public Safety and the State Police were able to creatively leverage grant and other dollars to cover the difference.

Superstorm Sandy Recovery Efforts: OEM continued to help lead the State's efforts to recover from Superstorm Sandy in 2013, with the agency paying out more than \$400 million in federal disaster recovery funds to impacted communities across New Jersey through its Recovery Bureau. A new Web-based tool, www.NJEMGrants.org, is being utilized to administer the disaster recovery funds and disburse them to affected applicants in a timely and efficient manner. As the year wound down, the Recovery Bureau was continuing to use the Web-based system and work with partner agencies in order to ensure they have the resources, support and guidance to recover from any disaster.

OEM Response Bureau: OEM's Emergency Response Bureau responded to more than 100 significant events during 2013. Emergencies to which the Bureau responded ranged from a train derailment in Bergen County to a flooded mobile home park and evacuation in Atlantic County, and from an aircraft crash in Union County to a bomb threat and suspicious device in Mercer County. The Response Bureau also responded in November 2013 when an active shooter was on the loose inside the Garden State Plaza shopping mall in Paramus. Armed with a rifle, the gunman fired six shots inside the shopping center without injuring anyone before fatally turning the gun on himself.

Continuing Diversity Efforts

In 2013, the State Police continued to make historic gains in the effort to develop a State Police organization that reflects the richly diverse New Jersey population it protects. Rewinding to early 2012, the State Police and the Attorney General launched an aggressive State Police recruiting campaign that included comprehensive outreach to minority communities.

The campaign was founded on two basic tenets: (1) that being a State Police Trooper is a potentially exciting and rewarding public service career for any qualified individual and (2) that the ranks of the State Police should reflect as closely as possible the demographic make-up of the population it serves.

The on-line application process was open for three weeks in May 2012. Months later, as the year moved toward its end, State Police were able to report that the on-line applicant pool was not only the largest to ever result from a State Police recruiting drive to that point, it was also one of the most diverse – approximately 19 percent Hispanic, 15 percent African-American, 14 percent female, and three percent Asian.

In 2013, the aggressive 2012 recruiting drive bore fruit. The State Police graduated the 152nd and 153rd State Police Classes, which included a total of 31 African-Americans – or 15 percent of the two combined classes – and a total of 56 Hispanics (or 27 percent of the two combined classes). By contrast, the 11 classes prior to that – the 141st through 151st State Police classes – graduated fewer African-Americans (26) combined, and the 141st through the 149th State Police classes graduated fewer Hispanics (55) combined.





Jeffrey S. Jacobson
Director

Division of Law

The Division of Law provides legal counsel and representation to agencies of State government on many issues vital to the quality of life of New Jersey residents. These issues include protection of children from abuse and neglect, preservation of the environment, the delivery of quality health care, protection of consumers, preserving the State's financial assets, and safeguarding civil rights. The Attorney General has a statutory duty to serve as both legal adviser to all "officers, departments, boards, bodies, commissions and instrumentalities" of State government and to defend State laws. It is through the Division of Law's attorneys that this mission is accomplished. In 2013, the Division handled more than 28,000 pending legal matters and resolved or closed nearly 19,000 matters. Division attorneys also provided valuable legal advice to "client agencies" to assist them in avoiding potential legal issues. To learn more about the Division of Law visit www.nj.gov/oag/law.



Recoveries and Judgments

Through the efforts of Division of Law attorneys, the State obtained more than \$304 million in recoveries and judgments in 2013. Monies obtained by the Division on behalf of the State included settlements and judgments resulting from environmental litigation, debt recovery, and lawsuits alleging consumer, securities, and other fraud, as well as other types of affirmative litigation.

Environmental Protection

Supreme Court Victory, Significant Settlement in Beachfront Protection Effort: The Division of Law's Environmental Practice Group obtained a significant New Jersey Supreme Court victory in 2013 in the case of Borough of Harvey Cedars v. Karan. The case focused on the issue of how to calculate "just compensation" to beachfront property owners for the partial taking of their land for construction of a protective sand dune. The property owners claimed the value of their property had been substantially decreased because the 22-foot dune partially blocked their ocean view. The town claimed any decrease in property value caused by the loss of view should be offset by the protective benefits of the dune. The trial and appellate courts refused to allow a jury deciding the case to consider evidence related to the protective benefits of the dune.

However, the Supreme Court subsequently reversed the lower courts and held that the jury should be permitted to consider all relevant, reasonably calculable factors that impacted the fair market value of the property, including the protective value of the dune. The Supreme Court ruling effectively changed the law in New Jersey, and paved the way for a \$1 settlement in the Harvey Cedars v. Karan matter. DOL's Supreme Court victory, and the subsequent Harvey Cedars settlement, are expected to have far-reaching effects by saving millions of public dollars that might otherwise be paid out as "just compensation" to coastal property owners as the State undertakes extensive shore protection efforts in the wake of Superstorm Sandy.

Passaic River Litigation: In December 2013, a Superior Court judge approved two settlements in the Passaic River litigation that provided the State with \$165.4 million, and permitted the Department of Environmental Protection to immediately proceed with its substantial legal claims against principal defendant Occidental Chemical Corporation. (Occidental is accused of intentionally dumping dioxin and other chemical waste into the Passaic River for decades.) Together, the two settlements represented a vital step forward in the State's effort to ensure that polluters pay all costs associated with cleanup of the long-contaminated Passaic River, and that New Jersey residents are compensated for damages caused by the pollution.

Under the first settlement approved by the court, a total of \$130 million was paid to the State by several non-discharging defendants including Spanish oil company Repsol, S.A., and Argentina-based energy conglomerate YPF, S.A., YPF Holdings, Inc. and YPF International. Also party to the settlement were CLH Holdings, Inc., Maxus Energy Corporation, Maxus International Energy Company and Tierra Solutions, Inc.

In the second settlement approved by the court, 261 third-party defendants – including 70 municipalities and other public entities – agreed to pay the State a total of \$35.4 million. The State did not sue the third-party defendants. Those parties were brought into the case by two of the settling defendants – Maxus and Tierra. In suing the third-party defendants, Maxus and Tierra argued that pollution of the Passaic River started more than two centuries ago, and that many public and private parties also contributed to its current condition. Going forward, the State intends to pursue its claims against the one remaining non-settling principal defendant, Occidental Chemical Corporation, for future clean-up and removal costs related to contamination of the Passaic River. The State also will pursue Occidental for damages resulting from the intentional discharge of Agent Orange, dioxins and other hazardous substances by the former Diamond Shamrock plant. These costs and damages are separate from, and in addition to, the \$165.4 Million the State will receive from the 2013 settlements.

The Passaic River Litigation was launched by the State eight years ago against Occidental Chemical Corporation and other companies associated with the former Diamond Shamrock Chemicals Company plant in Newark. Diamond Shamrock manufactured pesticides and herbicides from the 1940s through the 1960s, including the defoliating chemical Agent Orange during the Vietnam War. Over a period of many years, the Diamond Shamrock plant discharged the known carcinogen dioxin, as well as other hazardous substances, into the Passaic River. In 2012, a Superior Court Judge entered a judgment against Occidental Chemical Corporation, holding it liable for all of the State's clean-up and removal costs because Occidental was the legal successor to Diamond Shamrock. In previous litigation, New Jersey's Appellate Division determined that Diamond Shamrock intentionally dumped hazardous pollutants into the Passaic River for decades. The two settlements approved in 2013 resolved eight years of hard-fought litigation. The State was represented by the Division of Law's Environmental Practice Group, as well as outside counsel.

Fenimore Landfill: Division of Law attorneys were responsible for important litigation regarding the Fenimore Landfill in Roxbury Township in 2013. In September, Division attorneys filed two lawsuits against the owners of Fenimore, seeking termination of their authorizations to redevelop the landfill, penalties, and injunctive relief. In November, a Superior Court judge terminated the owners' authorizations to redevelop the landfill, and held that they would be liable for DEP's costs related to addressing pollution at the site.

Consumer, Securities, and other Fraud

Credit Suisse Complaint: In December 2013, Division of Law attorneys filed a lawsuit on behalf of the State alleging that Credit Suisse Securities (USA) LLC and two of its affiliates offered more than \$10 billion in residential mortgage backed securities trusts for sale while misrepresenting the risks involved in the investments, and failing to disclose to investors information about significant defects in the offerings. The lawsuit alleged that Credit Suisse did not disclose to investors there had been a wholesale abandonment of underwriting guidelines designed to ensure that the mortgage loans underlying its securities trusts were made in accordance with appropriate lending guidelines. In addition, it allegedly was not disclosed to investors that numerous loan originators had poor track records of defaults and delinquencies, and some had even been suspended from doing business with Credit Suisse. Approximately 25 percent of the loans which Credit Suisse had examined were under water with combined loan-to-value ratios of more than 100 percent. Investors in the mortgage-backed securities sold by Credit Suisse included charities and educational institutions, as well as public and private pension funds. As of year's end, the case remained in litigation.

PHH Mortgage: Resolving an extensive investigation launched by the State in 2011, the Division of Law obtained a \$6.25 million settlement with PHH Mortgage Corporation in 2013. The settlement resolved allegations that PHH had misled financially struggling homeowners who sought loan modifications or other help to avoid mortgage delinquency or foreclosure. The settlement included \$3.61 million in restitution for approximately 2,000 borrowers nationwide whose loans were serviced by PHH. The remaining \$2.64 million was paid to the State. PHH also agreed under the settlement to implement certain reforms and adopt nationwide mortgage servicing standards.

Toyota Motor Company Settlement: As part of a multi-state investigation and settlement led by Division of Law attorneys, the State received \$1.9 million from Toyota Motor Company to resolve allegations that the auto maker engaged in unfair and deceptive practices by concealing a known safety issue – namely a tendency of certain Toyota and Lexus models to accelerate unexpectedly. In addition to paying a total of \$29 million to 29 states and one U.S. territory, Toyota agreed to make changes in both its corporate culture and chain of command to help avoid similar situations in the future.

Cooper Health System Settlement:

Division of Law attorneys led New Jersey's effort in a joint, state-federal settlement of allegations involving Cooper Health System in Camden. Under terms of the settlement, Cooper agreed to pay a total of \$12.6 million to resolve allegations that it entered into improper consulting and compensation agreements with physicians as it sought to bolster its cardiology program. In addition to paying the State \$2.3 million and the federal government \$10.2 million, Cooper agreed to a number of corporate reforms designed to enhance accountability, training, and other aspects of its operations. The Cooper settlement resolved a joint state-federal investigation into financial relationships involving the Cooper Heart Institute in Camden, the Cooper Heart Institute Advisory board and doctors who served on the Advisory Board.

Merrill Lynch & Co. Settlement: Division of Law attorneys reached a settlement in 2013 with Merrill Lynch & Co. under which the company paid \$45 million to the New Jersey Division of Investments. The Division of Investments manages assets for the State's pension funds. The settlement resolved allegations that Merrill Lynch breached a provision in a July 2008 contract under which the State exchanged its investment in Merrill Lynch preferred stock for Merrill Lynch common stock.

Google "Double Click" Settlement: In November 2013, New Jersey joined 36 states and the District of Columbia in a \$17 million settlement with Internet giant Google. The settlement resolved allegations that Google unlawfully circumvented the default privacy settings in Safari Web browsers. New Jersey was a member of the Executive Committee that led the investigation of Google and negotiated the multi-state settlement. The State's share of the Google settlement is approximately \$655,000 which will be used to fund consumer protection initiatives.

Children and Families

In 2013, the Division of Law's Department of Children and Families (DCF) Practice Group continued to work closely with the State's Department of Children and Families to protect children from abuse and neglect and to seek termination of parental rights when necessary. Division attorneys also worked to help children find caring adoptive families when their biological parents were unable to safely care for them. As a result of these efforts, more than 1,000 children were adopted following successful termination of parental rights. For the year, Division lawyers filed more than 5,200 child abuse and guardianship cases in Superior Court to protect children, institute services for families or, if necessary, place children in protective custody or guardianship.

Other Highlights

Defense of Pension Program Overhaul:

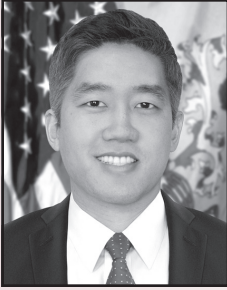
The Division of Law defended and prevailed in a major challenge to the overhaul of the State's pension and health benefit programs for public employees in 2013. In *NJEA et. al v. Christie*, the New Jersey Education Association, along with various other public employee unions, union members, and related organizations, filed suit alleging that increases in pension contributions for members of the statewide retirement systems, increases in health benefit contributions for certain retired employees, and the delegation of authority to the pension committees violated various provisions of the U.S. and New Jersey Constitutions. In June 2013, the court granted a motion brought by Division of Law attorneys to dismiss the lawsuit.

Banking, Insurance Industry Enforcement Actions: Vital to the Department of Banking and Insurance's (DOBI) consumer protection and enforcement efforts, the Division of Law handles administrative law cases – as well as any ensuing appeals – seeking disciplinary action against individuals and corporations licensed by DOBI for violation of New Jersey's banking and insurance laws. During calendar year 2013, Division attorneys obtained 25 license revocations, more than \$921,430 in fines and costs, and more than \$766,000 in restitution on behalf of DOBI.

Civil Insurance Fraud Recovery: The Division of Law represents the Department of Banking and Insurance's Bureau of Fraud Deterrence in bringing civil insurance fraud cases pursuant to the New Jersey Insurance Fraud Prevention Act. For calendar year 2013, Division attorneys obtained orders for fines, attorney fees and costs totaling \$1.32 million, and restitution of more than \$262,000.

Debt Recovery and Protecting the State's Financial Assets: The Division of Law's Debt Recovery Section successfully collected more than \$11.2 million in 2013 through litigation efforts in both state and federal court, as well as post-judgment collection actions brought on behalf of various state agencies. The post-judgment collection efforts included seizing assets (including bank accounts), filing wage-execution applications, and filing motions to secure funds. The majority of the Division of Law's debt recovery work is done on behalf of the Division of Taxation, the Department of Labor, and New Jersey Transit. Division legal efforts – both affirmative litigation efforts and legal defense work – protected New Jersey's State Treasury in 2013 in such areas as employment litigation, tort litigation, tax litigation, bankruptcy and debt recovery.





Steve C. Lee
Acting Director

Division of Consumer Affairs

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



2013 Highlights

Combating Misuse of Prescription Drugs

Through a mix of new and existing strategies, the Division of Consumer Affairs moved New Jersey to the forefront of states working to combat the misuse of opioid pain killers and other powerful controlled prescription drugs in 2013.

Project Medicine Drop Expanded: Since the abuse of prescription drugs often starts in the home – with products found inside the family medicine cabinet – the Division expanded its Project Medicine Drop program for disposal of expired medications. The Division added 40 new drop boxes in 2013, bringing to more than 70 the total number of drop boxes available for use by New Jersey residents. Project Medicine Drop places lockable metal containers resembling mailboxes inside select police departments, sheriff’s offices and State Police barracks throughout the state. The boxes are available year-around, and enable consumers to drop off their unused or excess medications safely, securely and at their convenience.

Prescription Monitoring Data Base Topped 29 Million Entries: The Division further expanded its use of the Prescription Monitoring Program in 2013. Launched in 2012, the Prescription Monitoring Program features a searchable data base that includes detailed information on the dispensing of controlled dangerous substances (CDS), and also human growth hormone. Among other things, the information recorded for each transaction includes: the patient’s name and date of birth; the dates on which the prescription was written and the drug was dispensed; the name, quantity and strength of the medication; the method of payment for the medication, and the identities of the prescriber and pharmacy. By checking the Prescription Monitoring data base, it is possible to tell whether a patient is seeing multiple prescribers and obtaining inordinately large quantities of pain killers or other CDS, and to learn where the prescriptions are being filled. Unusual patterns that may indicate illegal prescription diversion and misuse are flagged for further review. As of December 31, 2013, the Prescription Monitoring data base contained

29.2 million entries. More than 10,000 prescribers and dispensers had registered with the Division in order to access and use the data base, and 1.8 million requests for information had been submitted.

Physician, Pharmacy CDS Registrations Revoked: State licensing boards under the Division continued to take disciplinary action in 2013 against those CDS licensees found to have written prescriptions when no valid medical need existed, and against pharmacists who illegally dispensed prescription drugs. The use of a new sanction – revocation of a practitioner’s CDS registration by the Director of Consumer Affairs – resulted in 17 physicians being banned from ever again prescribing controlled drugs in New Jersey because of their involvement in the illegal sale of prescriptions (primarily for addictive painkillers.) Physicians obtain their medical licenses through the New Jersey Board of Medical Examiners. However, no licensed physician may prescribe controlled drugs without a CDS registration granted by the Director of the Division of Consumer Affairs, and revocation of a physician’s CDS registration provides an extra layer of protection for the public. A revoked license to practice medicine may be reinstated by the Board of Medical Examiners, but the doctor in question must separately apply to the Director of Consumer Affairs for reinstatement of his or her revoked CDS registration. Reinstatement is only granted to doctors who can clearly demonstrate why such an action is in the public interest. In 2013, five pharmacies surrendered their CDS registrations for failure to comply with New Jersey’s requirements concerning controlled drugs. The violations were uncovered during inspections performed by investigators in the Division of Consumer Affairs’ Enforcement Bureau.

Drug Initiative Coordinator Hired, “Do No Harm” Symposium Made Debut: In other actions aimed at reducing the unlawful use of prescription medications, the Division hired a veteran agent from the New Jersey office of the U.S. Drug Enforcement Agency to serve as its new Drug Initiative Coordinator and Law Enforcement Liaison. In this new role, the agent traveled across New Jersey speaking to groups of physicians and other health care licensees who write drug prescriptions.

The agent's presentations focused on diversion and misuse of controlled drugs, and how each licensee has a role to play in helping to combat such activity.

The Division's "Do No Harm" symposium also debuted at Hackensack University Medical Center in October 2013, providing a valuable dialogue with New Jersey's medical community on the epidemic of prescription drug abuse, and the responsibility health care practitioners have to address the problem. The symposium was centered on "best practices" for prescribers – particularly when powerful controlled substances are involved.

Superstorm Sandy Actions

Price Gouging Settlements Reached:

Assisted by the Division of Law, Consumer Affairs reached settlements in 2013 with 22 of the 28 businesses it sued for allegedly price-gouging during Superstorm Sandy the prior year. Under the terms of these settlements, the State obtained more than \$800,000 in civil penalties, consumer restitution and reimbursement of attorneys' fees and investigative costs.

The Division received more than 2,000 consumer complaints about alleged price-gouging by gas stations, hotels and other businesses after Superstorm Sandy hit and a State of Emergency was declared in New Jersey on October 27, 2012. The first price-gouging lawsuits were filed by the Divisions of Law and Consumer Affairs in November.

New Jersey's price-gouging law prohibits excessive price increases during a declared State of Emergency, or for 30 days after the termination of the State of Emergency. Excessive price increases are defined as more than 10 percent higher than the price at which merchandise was sold during the normal course of business.

Residents Protected from Charity Fraud Through Legal Action: In February 2013, the Divisions of Consumer Affairs and Law filed suit against the operators of a purported Superstorm Sandy charity – the Hurricane Sandy Relief Foundation – alleging that the defendants unlawfully misled the public by diverting donated funds into their personal bank accounts instead of using donations for the stated purpose of aiding storm victims. After obtaining court permission to temporarily freeze the charity's accounts and assets, and prevent its operators from

soliciting additional donations, Consumer Affairs obtained a Final Consent Judgment and Settlement Agreement that designated a new Administrator to assume control and distribute all remaining contributions made to the charity, then dissolve the organization.

The Settlement Agreement also barred the former principals of the charity from ever again running a charitable organization related to Sandy, and from serving in a leadership position in any charitable organization in the state for a minimum of two years.

In a separate case, upon learning of an allegedly fraudulent "Reconstruction Summit" planned in the wake of Superstorm Sandy, the Division obtained a court order blocking the event and restraining the organizer from attempting to schedule future events in New Jersey. In promoting the "summit," which consumers would have paid to attend, the organizer implied that the event was affiliated with, or endorsed by, the federal and/or state governments. (Promotional ads featured the Seal of the President of the United States and a photograph of the U.S. Capitol.) The organizer allegedly sent e-mails from the "NY/NJ Restoration Leadership" and purported that the summit was being held by the "United States Leadership Forum." In its lawsuit, the Division alleged that the organizer is the only member of these entities, that neither is registered to legally conduct business in New Jersey, and that no government officials were scheduled to attend the event as promised.

In December 2013, the Division announced a \$27,800 settlement with Command Center, Inc., an Idaho-based provider of temporary and on-demand staffing that set up offices in New Jersey after Superstorm Sandy without properly registering with the State as required by law. The settlement includes a \$10,000 payment to the American Red Cross to aid with its ongoing Sandy relief efforts. From approximately November 2012 until approximately mid-March of 2013, Command Center operated out of temporary offices in Newark and Paterson, where it hired local residents to perform post-Sandy clean-up jobs for third-party employers. Temporary help service firms are required to register with the State, and obtain a \$1,000 bond, in order to legally operate in New Jersey.

Also in 2013, the Division reached settlement with the owners of a towing company – APK Auto Repair and Towing of Toms River – that removed vehicles from private properties in Seaside Heights as a result of Superstorm Sandy and charged consumers hundreds of dollars in towing and storage fees. Under terms of the settlement negotiated by the Division, consumers were able to retrieve their vehicles without charge.

Contractor Registration Vigilance: As New Jersey residents continued to recover from the widespread devastation caused by Superstorm Sandy, the Division's focus shifted to protecting homeowners from post-storm fraud schemes, with special emphasis on businesses offering home repair and rebuilding services. The Division enforces New Jersey's Home Improvement Contractor Registration law, which requires that a home improvement contractor maintain at least \$500,000 in liability insurance, among other requirements.

In January of 2013, Division investigators began scouring the areas of Atlantic, Monmouth and Ocean counties hardest hit by Superstorm Sandy, stopping at homes where they observed contractors working, and telling unregistered contractors how to become registered so they could operate legally. The unregistered contractors were given 30 days to register or face fines.

Investigators also attended home improvement expos in order to remind consumers about the need to make sure any contractor they were considering hiring was registered with the Division. In the months following Sandy, the Division's Home Improvement Contractor Registration Unit registered 7,000 new contractors, including 2,000 from outside the state. The Division initiated a heightened review process to ensure that these new, incoming contractors did not have criminal histories or other issues that would preclude them from being registered here.

Sting Catches Unregistered Contractors: Working with the Division of Criminal Justice and the Monmouth County Office of Consumer Affairs, investigators from the Division's Office of Consumer Protection used a home that had sustained significant damage from Superstorm Sandy in an undercover investigation aimed at catching unregistered home improvement contractors who continued to operate

illegally. Investigators identified unregistered contractors via Internet listings, and then scheduled individual appointments for the contractors to visit the Highlands residence. The contractors performed inspections and provided estimates on what they claimed were needed repairs. Their damage assessments and estimated costs of repair varied widely, underscoring the risk of exploitation facing homeowners who needed their dwellings repaired. The Division of Criminal Justice and the Monmouth County Prosecutors Office charged four contractors with the 4th degree crime of engaging in home improvement contracting without being registered.

The Division of Consumer Affairs issued Notices of Violation against four other unregistered home improvement contractors, each notice carrying with it a \$2,500 civil penalty.

New Sandy-Related Charities Registered: Throughout 2013, the Division of Consumer Affairs' Charities Registration Unit worked to register more than two dozen new organizations formed to aid Superstorm Sandy victims, ensuring that these charities met the regulatory requirements for registration.

Public Data Base of Flood-Damaged Autos Created: Working with the State Motor Vehicle Commission (MVC), the Division launched a new on-line data base in January 2013 that lists all vehicles issued flood or salvage titles following Superstorm Sandy. As of year's end, the searchable data base contained nearly 31,000 vehicles. The on-line data base allows users to enter the Vehicle Identification Number (VIN) unique to each vehicle and easily check whether a flood or salvage title has been issued. It is not illegal to sell a vehicle with either a flood or salvage title, but specific requirements exist to ensure the status of such vehicles is disclosed to potential buyers. For example, it is against the law to sell or transfer ownership of a salvage vehicle except as a salvage vehicle with a salvage title, unless the vehicle in question has been repaired and inspected by the Motor Vehicle Commission. The owner of a vehicle damaged by flood, but not rendered economically impractical to repair or a total loss by an insurer, must place the phrase "Flood Vehicle" on the title document next to the word "Status."

Bureau of Securities

The New Jersey Bureau of Securities is the State's securities regulator, administering the Uniform Securities Law and its regulations. The Bureau regulates firms and individuals and maintains a regulatory staff, examiners and investigators. In 2012, the Bureau took on a greatly expanded role in overseeing and regulating Investment Advisers. As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, mid-sized Investment Adviser firms with assets under management between \$25 million and \$100 million switched from federal to state regulation. The Bureau previously only registered Investment Adviser firms under \$25 million.

Multi-State Securities Fraud Settlements Reached: In 2013, the Bureau participated in multi-state investigations of, and settlements with, two firms that allowed unregistered personnel to accept client orders for the purchase and sale of securities. The firms also failed to properly supervise their staffs.

In one multi-state, the Bureau led the investigation of UBS Financial Services, Inc., which paid New Jersey \$98,184 of an agreed-upon \$4.58 million in civil penalties shared among participating states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

In a second multi-state settlement, RBC Capital Markets, LLC paid the Bureau \$48,690 of an agreed-upon \$2.8 million in civil penalties consented to among the participating states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. As a result of both cases, UBS Financial and RBC Capital Markets revised their business practices to comply with state law requiring their personnel to be registered with the Bureau.

Lawsuit Filed Against Credit Suisse: In December 2013, the Division of Law filed suit on behalf of the Bureau against Credit Suisse Securities (US) LLC, for allegedly failing to disclose to investors that there had been a wholesale abandonment of underwriting guidelines designed to ensure that the mortgage loans underlying its securities trusts were made in accordance with appropriate lending guidelines. Credit Suisse securities and two of its affiliates allegedly offered more than \$10 billion in residential mortgage backed securities

trusts for sale while misrepresenting the risks involved in the investments, and failed to disclose to investors information about significant defects in the offerings.

Investment Adviser Exam Updated: In April 2013, the Bureau completed modernization of its annual investment adviser examination of more than 900 registered investment adviser firms, including those "mid-sized" firms that had previously been under federal regulation but became state-regulated in 2012. For 2013, the written examination was Web-based, allowing for more documents to be uploaded and electronically submitted. The change made the examination more streamlined and user-friendly for Investment Advisers. The examination asked various questions regarding the business model of the Investment Adviser, whose answers were risk-rated using an EXCEL-based matrix to determine the need for an on-site or desk examination.

Office of Weights and Measures

From the scales used at pharmacies and grocery stores to the fuel pumps used at gas stations, the State Office of Weights and Measures is responsible for annually inspecting and certifying all commercial weighing and measuring devices used in New Jersey.

Unannounced Home Heating Oil Truck Inspections: In January 2013, state Weights and Measures inspectors conducted unannounced inspections of home heating oil delivery trucks at two fueling depots. As a result, a total of seven of the 20 delivery trucks inspected were cited for violations. Three were ordered taken out of service because their meters were found to be inaccurate or potentially had been tampered with. Four other trucks were cited for failure to have the required documentation indicating they had been registered and annually inspected by state or county Weights and Measures officials. The owners of each of the seven trucks were issued notices of violation, and assessed civil penalties of up to \$100 for each company's first violation, up to \$250 for a second violation, and up to \$500 for a third violation. Across New Jersey, approximately 300,000 households rely on home heating oil.

Undercover Investigation of Cash-for-Gold Shops: Working with the Somerset County Prosecutor’s Office and the Somerset County Office of Weights and Measures, the State investigated a total of eight cash-for-gold shops in Bound Brook, Franklin Park, Franklin Township and Green Brook in 2013. The investigation was carried out using undercover personnel who posed as the potential sellers of unwanted jewelry items. The primary objective in each case was to determine if jewelers were adhering to laws governing the sale of precious metals and jewelry, as well as laws designed to prevent the sale of stolen goods. As a result of the investigation, the owner of a Franklin Township shop was charged criminally – with receiving stolen property and attempted receipt of stolen property. The owner of a Bound Brook store also was charged criminally – with unlawful credit practice for allegedly offering to pawn items at an excessive interest rate. Three other shops were cited for civil violations.

Professional Boards/ Committees

Compounding Pharmacies Inspected: Responding to the discovery in March of mold contamination in intravenous bags produced by Med Prep Consulting Inc., a Tinton Falls compounding pharmacy, the Board of Pharmacy hired an expert consultant and conducted inspections and evaluations of compounding pharmacies throughout the state.

The Board of Pharmacy licenses approximately 55 retail pharmacies that perform sterile compounding and another 121 hospital/institutional pharmacies that may compound sterile products to meet patient needs. Aided by its expert consultant, the National Association of Boards of Pharmacies, the Division of Consumer Affairs’ Enforcement Bureau inspected all 55 retail pharmacies and 79 of the 121 hospital/institutional pharmacies in 2013 (with the remaining 42 hospital/institutional pharmacies to be inspected in 2014.)

Med Prep ultimately ceased production in 2013, and inspection reports outlining problems at three other compounding facilities were referred to the Board of Pharmacy for review and possible action.

Paperless Licensing and Registration: A Division-wide initiative to convert the license and registration renewal process from mailed-in forms to a paperless, on-line process moved forward in 2013. By the end of the year, nearly all of the Division’s Professional Boards had implemented on-line renewals for the 600,000 individuals and businesses they regulate.





Craig Sashihara
Director

Division on Civil Rights

The Division on Civil Rights is responsible for enforcing the New Jersey Law Against Discrimination (LAD) and the New Jersey Family Leave Act (FLA). The LAD makes it illegal to discriminate in employment, contracting, housing, and places of public accommodation. The FLA requires covered employers to grant time off from work to employees for the birth or adoption of a child, or the serious illness of a family member. Per its statutory mandate, the Division receives, investigates, and resolves complaints of unlawful discrimination, and responds to many thousands of inquiries each year from the general public regarding civil rights law. The Division has regional offices in Atlantic City, Camden, Newark, and Trenton. More information about the DCR is available at www.NJCivilRights.gov.



Overview

In 2013, The Division processed approximately 6,300 inquiries and conducted approximately 2,875 intake interviews regarding allegations of unlawful discrimination. The most common basis for new discrimination complaints was disability, followed by race and gender. The most common issues raised by complainants were unlawful discharge, differential treatment, and denial of reasonable accommodation.

In 2013, DCR initiated 717 new investigations. The new cases involved individuals from all walks of life and covered a wide range of allegations. For example, a cook alleged that he was fired because he used family leave to take his wife to a hospital emergency room. A college student alleged that her school refused to reasonably accommodate her religious beliefs. A working-class family alleged that it was denied the opportunity to rent a home because the landlord did not like the fact that the family relied on rent subsidies to make ends meet. A woman alleged that she was sexually harassed by her boss when she had to work alone late at night.

Case Highlights

Resolved Matters

NJSIAA Anti-Harassment Measure: In an initiative that garnered national attention, the Division persuaded the New Jersey State Interscholastic Athletic Association (NJSIAA) — the body that governs high school sports — to expand its definition of “unsportsmanlike behavior” to include taunts and harassment based on race, religion, and other protected characteristics. The initiative was sparked by allegations that, during a high school football game, the fans and players of a predominantly Caucasian team were yelling racial epithets at an African-American player on the opposing team within earshot of school and game officials who took no action. NJSIAA agreed to amend its sportsmanship rule to make clear that such conduct will be punished with strict sanctions against offending schools, players, and spectators. Under notification protocols developed in conjunction with the initiative, the NJSIAA will notify DCR for potential follow-

up investigation when alleged violations occur. The initiative drew positive editorial comment from media outlets around the country, with a number of publications suggesting their own local officials consider using the NJSIAA/DCR approach as a guide.

MacLeod v. Prudential Center, Ticketmaster, WWE (disability discrimination – public accommodations): When a Bergen County man discovered that Ticketmaster did not offer wheelchair-accessible seating to a holiday professional wrestling event scheduled for the Prudential Center, DCR helped secure tickets and a VIP package for the man and his severely disabled son, and then worked with the parties to ensure that their future ticketing practices would comply with the law when dealing with prospective patrons with disabilities. As a result of DCR efforts, disabled 8-year-old pro wrestling fan Brennan Macleod had the chance to see his World Wrestling Entertainment (WWE) heroes compete at a WWE event at the Prudential Center in Newark in December 2013.

A.C. v. Screamin’ Parties (sexual harassment): In this case, a North Jersey party host company agreed to pay damages to a former employee and have its workers undergo anti-discrimination training to resolve allegations the former employee, a teen-age girl, suffered sexual harassment on the job and was later terminated for reporting it. Under terms of a settlement agreement reached with the Division, Screamin’ Parties of Paramus, Bergen County, paid the former employee a total of \$15,000. Screamin’ Parties features arena areas containing inflatable slides, obstacle courses and “bounce houses,” among other attractions. The company hosts parties for children between the ages of two and 12, and its locations also offer “open bounce” time when the facilities are available for public use on a walk-in basis. The teen-ager was hired to work as a party host/kitchen employee at Screamin’ Parties’ West Nyack, N.Y., facility, and subsequently transferred to the company’s location in South Paramus. In her formal Complaint, she alleged that, throughout her employment, she was regularly subjected to unwelcome, suggestive overtures by her male supervisor. For example, the girl alleged that she received text messages

from the supervisor asking, “Can I hit it in the morning?” and urging her to “Meet me in the closet.” DCR’s realization that young workers may not be sufficiently familiar with anti-discrimination laws led the Division to develop a training initiative for high school students who may be entering the workforce for the first time.

Benaquista v. Nationstar Mortgage (pregnancy discrimination– housing): After a DCR investigation found that Nationstar Mortgage, a national mortgage company based in Texas, had discriminated against Sussex County teacher Taryn Benaquista based on gender, the DCR negotiated a settlement in which the lender agreed to pay \$36,000 in damages and have its loan officers and loan processors undergo training on state anti-discrimination laws and other fair housing and credit laws. The investigation found that the lender conditionally approved Benaquista’s application to refinance her mortgage, but then changed its mind when it learned she was taking maternity leave. The case helped raise public awareness about a disturbing national trend – lenders denying or delaying a loan to a woman simply because she is on maternity leave.

Lawson v. Testa (race discrimination-housing): In this case, an Essex County apartment building owner agreed to pay a Jersey City man \$3,000 to resolve allegations that he arranged by telephone to show the man a rental unit, then reneged after seeing him in person and realizing he was African-American. In addition to the \$3,000 payout, the apartment building owner agreed to undergo state monitoring of his rental practices for a year, maintain records of rental-related activities for at least three years, and develop a written non-discrimination policy for distribution to his tenants. The owner also is subject to a \$7,000 suspended penalty, payable to the State, if he fails to comply with any terms of the settlement during the next two years. The landlord, who owns a building in Orange that houses two stores and eight apartments, was accused of arranging to show a rental unit to a prospective tenant in December 2010, then avoiding the man once he arrived and it became evident he was African-American.

Johnson v. Wells Fargo (sexual harassment): DCR obtained a monetary settlement for an Essex County woman after an investigation corroborated her allegations that a bank employee pressured her for sex in exchange for processing her loan application, and that bank officials took inadequate action when they learned about the alleged conduct. As part of the settlement, Wells Fargo agreed to update its anti-discrimination and harassment policies, and instruct its HR personnel as to how to properly investigate discrimination complaints. In addition, Wells Fargo agreed to provide instruction to its human resources personnel on how to properly investigate employee-conduct-related customer complaints, and agreed to pay the Division \$2,500.

L.W. v. Toms River Board of Education (school bullying): In February 2013, the Division ordered the Toms River Regional Board of Education to pay a former student more than \$68,000 for pain and suffering, plus interest, after concluding that the school district failed to take reasonable actions to stop persistent bullying of the student based on his perceived sexual orientation more than a decade ago. Ruling in what is widely regarded as the state’s seminal school bullying case, DCR affirmed a prior decision by an Administrative Law Judge that the Toms River district’s counseling-based handling of students who subjected L.W. to verbal harassment, physical assault and what the Supreme Court described as repeated “molestation” was ineffective and failed to protect him.

D.B.S. v. Secaucus Board of Education (disability discrimination): The Division settled a case arising from allegations that Secaucus school district officials deliberately caused a severely disabled student to miss her graduation ceremony by not notifying her mother of the opportunity. The disabled student’s mother told the DCR that her daughter’s exclusion was particularly troubling because the student’s grandmother, who has since passed away, did not get to see her reach this milestone. In addition to paying \$30,000 in damages to the family, the school district agreed to provide proper notification-via postal correspondence or e-mail-to all

students with disabilities regarding graduation and other special events. The school district also agreed to provide staff-wide training in the Law Against Discrimination (LAD), with a particular emphasis on how the LAD relates to student participation in events and activities.

Cape May Technical High School (disability discrimination): The Division investigated complaints from parents that the Cape May Technical High School was discriminating against applicants with physical and mental disabilities, and subsequently persuaded the Cape May County Technical School District to overhaul the high school admissions process. Under a settlement agreement between the Division and the district announced in June 2013, the Cape May Technical High School's admissions practices will be revised as follows:

- Applicants for entry to the school will be evaluated solely on the basis of a specific set of objective criteria.
- The school has removed from its application all questions concerning whether the student seeking admission has been classified as being disabled.
- The school's Admissions Committee will not have access to, or review, an applicant's Individualized Education Plan (IEP) as part of the admissions process, except where an applicant's parent has specifically requested that the Committee do so.
- When a student who has applied for entry to the school is rejected, his or her parents will be notified of the specific reason for the denial and given an opportunity to appeal.

As the year ended, DCR was looking at other technical schools across New Jersey that, according to public records, enroll a disproportionately low number of students with disabilities.

Stevens v. Millburn Diner (religious discrimination): After a DCR investigation found that an Essex County eatery refused to allow a Muslim waitress to wear a khimar (religious headscarf) at work, DCR negotiated a settlement in which the employer paid damages to the employee, adopted a policy on religious accommodation, and allowed DCR personnel to train its supervisors and line employees on the legal requirements of the LAD.

Multiple Dwelling Reporting Rule (housing): Throughout New Jersey, the Division enforced penalty orders in 2013 against entities that failed to comply with a State regulation that requires owners of apartment complexes with more than 25 units to annually report the racial and ethnic make-up of their rental populations and pools of housing applicants, as well as the degree of access provided to persons with disabilities.

Findings of Probable Cause

At the conclusion of an investigation, the DCR must determine whether probable cause exists to credit a complainant's allegation of discrimination. If the Division determines there is not sufficient cause, the case is closed out. If a determination is made that cause exists, the Division issues a Finding of Probable Cause. A Finding of Probable Cause does not resolve a civil rights complaint. Rather, it means the State has concluded its preliminary investigation and determined there is sufficient evidence to support a reasonable suspicion New Jersey's Law Against Discrimination (LAD) has been violated. Once the Division has issued a Finding of Probable Cause, an attempt is made to resolve the matter without a trial. If that attempt is not successful, the matter is referred for a non-jury trial before an Administrative Law Judge. Some examples of Findings of Probable Cause issued in 2013 are as follows:

Irving v. Barneys New York (gender discrimination): A Division investigation found probable cause to credit a Passaic County woman's allegations that she was passed over for a promotion in favor of a less qualified, less experienced male.

O'Shea v. Vantage Communications (age & disability discrimination): A Division investigation found probable cause to credit a 70-year-old salesman's allegations that his employer's decision to fire him the day after he requested time off for hip replacement surgery amounted to age and disability discrimination.

Gillard v. Trane U.S., Inc. (pregnancy discrimination): A Division investigation found probable cause to credit a Mercer County factory worker’s allegations that her employer discriminated against her based on gender by firing her for taking medical leave related to her pregnancy.

Training and Outreach

In 2013, the Division continued to conduct extensive training seminars. Some seminars were designed to instruct public and private entities on ways to modify their practices to conform to anti-discrimination laws when dealing with their employees and the general public. For example, DCR trained the New Jersey Association of Chiefs of Police and the North Wildwood Police Department on the “dos and don’ts” for officers interacting with service dog users.

The service dog presentations served as a kick-off for a statewide training initiative that will focus on police interaction with persons using service animals – particularly in communities that feature large, municipally-supervised public accommodations such as boardwalks and beaches, and which are popular destinations for visitors from around the country. The training will be conducted by Division personnel, along with a person with a disability who relies regularly on a service dog.

DCR also conducted “know your rights” seminars in 2013, training employees and members of the public on what they should expect from public and private entities. For example, the Division conducted a series of well-attended seminars across New Jersey in association with groups such as the American Legion, the Equal Employment Opportunity Commission, and the New Jersey Department of Military & Veterans Affairs to promote awareness among veterans and active military personnel, as well as their loved ones, of their rights under the LAD, as well as their recourse if they believe those rights have been violated.





Gary Poedubicky
Acting Director

Division of Highway Traffic Safety

The primary mission of the Division of Highway Traffic Safety is to prevent vehicle-related crashes and the loss of life they cause. Among the Division's chief priorities are driver and passenger safety, pedestrian safety, and discouraging such threats to the motoring public as speeding, aggressive driving, impaired driving and distracted driving. For more information about the Division visit www.njsaferoads.com.



Overview

The Division of Highway Traffic Safety continued to make driving safer for New Jersey residents and visitors in 2013, both through its own efforts and through grant funding to local agencies. Traffic deaths in New Jersey decreased 8 percent, to a total of 548. And while the loss of even one life is one too many, the overall death toll represented a significant reduction from 2012, when 589 people died in roadway accidents. In addition, the 2013 traffic death total represented an all-time low for New Jersey, eclipsing the previous low mark set in 2010. Throughout the course of any year, the Division of Highway Traffic Safety undertakes an array of safety programs relating to education, enforcement and engineering. The bulk of the Division's funding comes from the federal government, via the National Highway Traffic Safety Administration. Funding received by the Division is used to develop and implement a comprehensive statewide traffic safety plan, and is also distributed among local, county and state agencies in the form of traffic safety grants.

Keeping Alcohol & Drugs Off the Road

Drive Sober or Get Pulled Over: Grant funding from the Division supported two crackdowns in 2013 related to the national anti-drunk-driving campaign "Drive Sober or Get Pulled Over." As a result, 494 police departments throughout New Jersey made a total of nearly 3,000 arrests for driving while intoxicated.

They also issued nearly 11,000 speeding tickets and more than 7,000 summonses for failure to wear a seatbelt. The first crackdown – which actually began in late 2012 and ran through the end of the 2013 New Year's holiday – resulted in 1,555 arrests for driving while intoxicated. In addition, participating police agencies issued 5,138 speeding tickets and 3,113 summonses for failure to wear a seat belt. For the early 2013 crackdown, the Division provided 96 participating police departments with \$4,400 each in grant funding to cover officer overtime related to the program, while other participating agencies utilized their own

resources. On August 16, police launched a second "Drive Sober or Get Pulled Over crackdown," which ran through September 2. Again, 494 police agencies participated, with 156 of those departments receiving overtime grants. As a result of the crackdown, police made 1,365 arrests for driving while intoxicated. They also issued drivers 5,710 tickets for speeding and 4,153 summonses for failure to wear a seat belt.

Occupant Protection

Click-It or Ticket: Largely through grant funding provided by the Division, police throughout New Jersey conducted the annual "Click-It or Ticket" occupant safety campaign in May and June of 2013. The centerpiece of the campaign was targeted seatbelt enforcement by patrol officers, which coincided with the issuance of related public awareness and educational materials – including "Click It or Ticket" displays on dynamic message boards located along New Jersey highways. During the two-week campaign, 422 participating police agencies issued more than 26,000 citations for failure to wear a seat belt, 612 child restraint summonses, and nearly 5,000 speeding tickets. In the course of the program, police also made 860 arrests for driving while intoxicated.

Seat Belt Usage Increases: Reversing an unwelcome trend, New Jersey motorists showed an increase in seat belt usage in 2013 compared with the prior year. According to a statewide seat belt usage survey conducted by the New Jersey Institute of Technology, the state's front seat belt usage rate increased to 91 percent compared with 2012, when front seat belt usage was at approximately 88 percent. Rear seat passenger seat belt usage also increased in 2013, to 83 percent compared with 74 percent the prior year. Based on data guidelines developed by the National Highway Traffic Safety Administration, gains in seat belt usage translate into fewer fatalities and serious injuries, and a savings of millions of dollars in crash-related economic costs.

Other Highlights

Operation 130 Safe Passage: In May 2013 the Division launched “Operation 130 Safe Passage” in Burlington County to enhance safety and reduce fatalities on one of the most heavily-traveled transit corridors in the state. The initiative was a multi-jurisdictional effort involving police agencies working collectively to make the busy Route 130 corridor safe for pedestrians. The \$225,000 project was funded by the Division, and 12 municipal and county law enforcement agencies that patrol Route 130 were involved. Each agency signed a shared services agreement allowing them to cross jurisdictional borders in order to enforce traffic laws. Route 130 cuts a 22.5-mile path through the heart of Burlington County and serves as a major transit artery. It was the scene of 13 pedestrian fatalities between 2007 and 2011, and more than 40 pedestrians were involved in motor vehicle crashes during that same time span. As part of “Operation 130 Safe Passage,” police targeted speeding, distracted driving and aggressive driving, as well as motorists who fail to stop for pedestrians at intersections. (A motorist ticketed for failing to stop for a pedestrian faces a \$200 fine and two points on his or her driver’s license.) During a five-month span, police working under the Operation 130 Safe Passage program wrote a total of nearly 3,000 tickets for speeding, driving while on a cell phone, failure-to-stop-for-pedestrians and other violations.

Funding Multiple Undercover Efforts to Combat Underage Drinking: The Division of Highway Traffic Safety provided funding in 2013 to support undercover efforts to stop underage drinking, including the Division of Alcoholic Beverage Control’s Cops in Shops program. In Cops in Shops, local police work undercover at participating retail locations, either posing as store employees or taking up positions outside the store to catch adults who attempt to buy alcohol for underage drinkers. The College/Fall Initiative phase of the program took place between November 2012 and June of 2013. There was also

a Cops in Shops Summer Shore initiative focused on beach resort areas. Overall, the Cops in Shops activity resulted in the arrest of 350 people for buying or attempting to buy alcohol at liquor stores. In addition, the Division provided overtime salary grants to fund undercover investigations in bars, restaurants and nightclubs in an effort to discourage the consumption of alcoholic beverages by underage patrons. DHTS funding enabled the arrest of more than 150 individuals for underage consumption, while also leading to administrative violations against the licensees who served them.

Child Passenger Safety Week: Certified child passenger safety technicians were available at local sites across New Jersey to provide parents and caregivers with car seat inspections during Child Passenger Week, which ran from September 15 through September 21. Technicians provided advice and instruction to attendees on how to choose the right car seat and use it correctly to help make certain that all children are safe while riding in motor vehicles. The Division is the state contact for child passenger safety training and information, and also supports the national child passenger safety certification program. There were eight child passenger safety technician training courses held in 2013 in which new technicians were trained. Child passenger safety technicians work in public safety, health and injury prevention programs throughout the state. Nearly 100 technicians are employed by the New Jersey Department of Children and Families. These technicians work within at-risk communities to further enhance child passenger safety outreach.

Latino Outreach Efforts: Motor vehicle crashes remain the leading cause of death for Latinos between the ages of one and 34. Latinos also have lower seat belt usage and child passenger restraint usage rates when compared with other populations, and are over-represented in alcohol-related crashes. This disproportionate risk is compounded by a growth in the Latino population, which has increased in New Jersey by 39 percent in the last 10 years, and is projected to continue to grow at a significant rate. Reaching this underserved population remains a priority of the Division on Highway Traffic Safety, one which is accomplished through public outreach and education. The challenge in effectively informing the Latino community involves a number of factors, most notably a language barrier, as well as the fact that New Jersey's Latino population tends to be split between two costly metropolitan media advertising markets – Philadelphia and New York. In order to effectively reach Latino residents with important information about traffic and occupant safety, the Division works with Spanish-language media partners – including newspapers, radio and television – year-around. As part of the effort, the Division spent more than \$121,000 in 2013 on public service messages which ran in Spanish-language newspapers, as well as on such Spanish-language television stations as Telemundo and Univision.





Michael I. Halfacre
Director

Division of Alcoholic Beverage Control

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



Case Highlights

Operation Swill: Operation Swill was an extensive, statewide investigation into the illegal substitution and adulteration of premium alcohol served by restaurants and taverns. Carried out in cooperation with distilled alcohol manufacturers, the investigation resulted in 39 licensed establishments being cited for unlawfully serving cheap or adulterated liquor to patrons who had paid for top-shelf brands. Bars and restaurants caught cheating paid a total of more than \$550,000 in fines and penalties.

Kashmir License Revocation: In September 2013, the Division revoked the license held by an establishment known as Kashmir in Vineland, Cumberland County, after finding that two underage young men were served alcohol and became intoxicated at the bar in 2011, immediately prior to being involved in a fatal traffic accident.

The State's investigation determined that a Kashmir doorman failed to check identifications for both men. One of the men's identification was checked later in the night by the bar staff, and it was found to be a sophisticated forgery.

Tiffany's Settlement: In a settlement announced in August 2013, three partners who own the license for Tiffany's bar and restaurant in Toms River agreed to sell the license within two years and pay a \$200,000 fine in lieu of revocation. The case against Tiffany's flowed from the bar having served alcohol to "visibly intoxicated persons" on at least three occasions. The three over-serving episodes were linked to three separate, serious drunk driving crashes – two of them fatal. In one of those crashes, a woman died when the car in which she was riding – driven by an intoxicated woman who had been drinking at Tiffany's – struck a utility pole. In a second incident, a woman who had been drinking at Tiffany's was killed when she drove her car into a NJ Transit bus. In another incident, an intoxicated patron left the bar and was seriously injured when his motorcycle struck a car.

Rick and Bill's Corner Pub Settlement: In October 2013, the Division settled a license prosecution involving Rick and Bill's Corner Pub in Edison, Middlesex County, imposing a \$9,000 fine in lieu of suspension. The case involved a drunk driver who injured himself and two passengers in a motor vehicle crash.

Taylor's Grill and Bar: The Division continued litigating a case against Taylor's Grill and Bar in Williamstown, Gloucester County, involving a motor vehicle crash in which an innocent driver was killed. The surviving patron's Blood Alcohol Content was an alarming .342 percent.

Significant Initiatives, Events

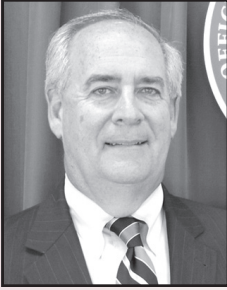
Targeting Underage Drinking Through Cops in Shops, Awareness: The Division continued in 2013 to combat underage drinking through such enforcement efforts as Cops in Shops – both the College Fall Initiative and the Summer Shore Initiative – and such awareness efforts as the "Proms and Alcohol Don't Mix" public service announcement contest for high school students. Each of these on-going initiatives has proven effective in raising awareness about, and helping to reduce, incidents of underage drinking, over-intoxication, and drinking and driving. Significant media attention has focused on the interplay between these initiatives and the Division's enforcement actions against Jersey Shore bars, as well as bars located on, or in proximity to, college campuses. In Cops in Shops, local police work undercover at participating retail locations, either posing as store employees or taking up positions outside the store to catch adults who attempt to buy alcohol for underage drinkers. The College Fall Initiative phase of the program took place between November 2012 and June 2013. There was also a Cops in Shops Summer Shore initiative concentrated on retail outlets serving shore resort communities. Overall, Cops in Shops activity resulted in the arrest of 350 people for buying or attempting to buy alcohol at liquor stores in 2013.

Licensing Bureau: In addition to its usual function of annually renewing more than 9,000 retail licenses, 800 wholesale licenses, 18,000 permits and over 60,000 brand registrations, the Division's Licensing Bureau continued in 2013 to see an increase in transfer applications and inactive licenses due to economic factors. The Licensing Bureau – and ABC as a whole – responded effectively in 2013 to the economic challenges confronting the industry.

Division Hosted National Conference: In October 2013, ABC served as host agency for the 2013 Northern-Southern Regional Conference of the National Conference of State Liquor Administrators, (NCSLA), which brought more than 100 attendees to Atlantic City. As a result of the Conference, the Division was widely lauded for producing an informative and successful attendee experience. The event helped New Jersey gain recognition as a national leader in regulation of the alcohol industry.

Legislative Initiatives: The Division successfully implemented new legislation in 2013 dealing with Craft Distilleries (P.L. 2013, c. 92) micro-breweries and brew-pubs (P.L. 2012, c. 47) and continued to process new Direct Shipment of Wine Licenses (P.L. 2011, c. 207) on an increasing basis.





David L. Rebuck
Director

Division of Gaming Enforcement

The Division of Gaming Enforcement is a law enforcement agency and the investigative arm of the casino regulatory system, which has as its mission the enforcement of the Casino Control Act. The Division's multi-disciplinary and specialized workforce consists of attorneys, investigators, accountants, members of the State Police and the Division of Criminal Justice, and support personnel. The Division investigates, issues reports and, when necessary, challenges the qualifications of individual and corporate applicants for casino and casino-related licenses. The Division also reviews and audits casino-hotel operations, tests all casino slot machines and systems prior to use on the casino floor, and investigates and prosecutes all casino-related crimes. The Division is well recognized around the United States and around the world as a premier casino regulatory agency. For more information about the Division of Gaming Enforcement visit www.njdge.org.



Technical Services Bureau

Internet Gaming: Legislation making Internet casino gaming legal in New Jersey took effect in 2013, and the Division's Technical Services Bureau (TSB) played an integral role in the creation of related regulations, as well as the testing of systems and games. Critical aspects of Internet gaming evaluated during the testing/approval phase included responsible gaming, underage gambling and the detection of the player's physical location (aka geo-location.) The TSB also evaluated Internet-gaming-related fraud and money-laundering detection systems. During the time leading up to the first on-line wager, the TSB evaluated and approved 15 casino Web sites, seven Internet gaming platforms, four remote gaming systems, three on-line poker rooms and one poker network. The TSB also tested and approved 253 on-line casino games which are currently available to New Jersey patrons. As part of the testing process, the TSB identified issues and facilitated product modifications to bring these systems into compliance. However, 43 products did not meet New Jersey standards and were not approved. In order to ensure the ongoing integrity of approved Internet gaming systems, the TSB implemented technical monitoring tools used to oversee casino Internet gaming operations, and to ensure that approved system features were working as intended. Regulatory or criminal infractions identified as part of the monitoring process were referred to the Division's Regulatory Enforcement Bureau of State Police for investigation as appropriate.

"New Jersey First" Testing and Authorization: As part of an initiative to bring the newest and most innovative products to New Jersey, the TSB is required by law (P.L. 2011, c.19) to evaluate and either approve or reject a gaming product within 14 days, if the product is submitted to New Jersey before any other gaming jurisdiction. In 2013, the TSB received 102 such

submissions – an increase of 278 percent over the previous year. Of those submissions, 14 failed to meet regulatory standards and were either rejected or withdrawn.

Ensuring Slot Machine Integrity: Through the work of the Technical Services Bureau, the Division continued to ensure the integrity of electronic gaming equipment used in Atlantic City casinos in 2013. For the year, the casinos generated more than \$2.5 billion in revenue, approximately 70 percent of which came from slot machines. In order to ensure the integrity of slot play, all hardware and software was reviewed and approved by the Division's Slot Lab, and also underwent an inspection on the casino floor prior to its use. The TSB's engineering staff approved 1,094 product submissions in 2013, while finding regulatory issues that resulted in a rejection of, or vendor withdrawal of, 54 other product submissions.

Regulatory Enforcement Bureau

The Regulatory Enforcement Bureau's primary investigative responsibilities include such areas as regulatory compliance enforcement, revenue certification, approval of casino petitions for new gaming equipment and other operational changes, new games and revised floor plans, review and approval of security and surveillance submissions, and approval of locations for licensed Casino Hotel Alcoholic Beverage (CHAB) establishments.

Investigative Activity: In 2013, the Regulatory Enforcement Bureau conducted 4,142 underage gambling/drinking inquiries, 3,563 regulatory and information technology investigations, responded to 309 casino patron inquiries and conducted 144 revenue certification audits.

Security and Preparedness: The Bureau conducted security assessments of each casino and related infrastructure in 2013 relative to Best Practices for homeland security and preparedness. Such assessments are part of the Bureau's continued responsibilities in the wake of September 11, and the resulting commitment by state government to intensify efforts to protect the Atlantic City gaming industry from terror-related acts.

On-Line Gambling: In 2013, the Bureau drafted regulations for Internet gambling in New Jersey. On November 26, 2013, Internet gaming went "live" with seven casino permit holders participating. The Bureau monitors Internet gaming activity and investigates patron complaints regarding game integrity, fraud and system functionality. In addition, the Bureau is responsible for the certification of Internet gaming revenue and the monitoring of the financial stability of patrons' deposit funds.

Atlantic Club Casino Hotel Bankruptcy: On November 6, 2013, the Atlantic Club Casino Hotel declared bankruptcy. The Bureau subsequently implemented procedures for the casino to follow for the closing of its gaming floor, and for asset accountability. The casino's assets and facility were purchased by the Tropicana and Caesars, and the casino was set to officially close in early 2014.

Regulatory Prosecutions Bureau

Based in Atlantic City, the Regulatory Prosecutions Bureau oversees the operational aspects of the casino industry, including game operations, matters related to Casino Hotel Alcoholic Beverage (CHAB) establishments, data processing, new game approvals and, in particular, the financial and/or accounting activity of casino licenses. The Bureau is also responsible for responding to petitions filed by casino licensees and outside entities seeking determinations related to casino operations. This includes petitions seeking approval for floor configuration alterations and CHAB approvals.

Internet Gaming Regulations: One of the Regulatory Prosecutions Bureau's major projects for 2013 was the drafting, publishing and adoption of new regulations for the oversight of Internet gaming, which was authorized by statute in February 2013. This effort, completed in November 2013, positioned the Division as the industry leader in on-line gaming.

Aggressive Exclusion Program: In response to the creation of the Tourism District in Atlantic City, as well as the Clean and Safe Initiative, the Regulatory Prosecutions Bureau continued an aggressive program of exclusion in 2013 to keep individuals who repeatedly disrupted casino operations or negatively affected the quality of life of casino patrons and employees out of the licensed premises. In pursuing this initiative, the Division worked with the municipal courts, agencies of Atlantic City government, the Casino Reinvestment Development Authority, the Tourism District and, significantly, the casinos. Collectively, this partnership made a strong, sustained effort to identify and exclude persons who repeatedly had been found guilty of committing disruptive or criminal acts on or around casino premises. The focus was not on marginal offenders, but rather on persons who had been convicted in state Superior Court or in a municipal court of multiple offenses detrimental to casino operations and/or patrons. Through the exclusion process spearheaded by the Regulatory Enforcement Bureau, the Division achieved industry-wide exclusion of undesirables in Atlantic City, rather than the casino-by-casino ban that occurs through the court system. In 2013, a total of 63 persons were the subject of a final exclusion order.

Casino Protection, Criminal Enforcement

Maintaining Order, Protecting Patrons and Employees: The Division of Gaming Enforcement worked closely with the New Jersey State Police in 2013 to ensure a safe environment for casino employees and patrons. A contingent of State Police is assigned to the Division, and they report to both the Division Director and the Superintendent of State Police. Troopers assigned to the gaming contingent are headquartered in each casino, and in the Division of Gaming Enforcement offices in Atlantic City. For the year, 837 persons were arrested in the casinos and another 891 were issued summonses for disorderly persons offenses. Approximately \$100,000 was returned to crime victims.

Twenty-three Indicted in Casino-Based Fraud, Theft Case: In June of 2013, 23 people, most of them from the Brooklyn, N.Y. area, were indicted on charges that they participated in an elaborate bank fraud scheme in which defendants impersonated the holders of legitimate business bank accounts in order to steal hundreds of thousands of dollars from the accounts, withdrawing most of the funds at casinos in Atlantic City. The indictment was obtained by the Division of Criminal Justice as a result of an investigation by the State Police Casino Investigations Bureau. The defendants allegedly targeted business accounts at JP Morgan Chase Bank, stealing more than \$275,000 from 14 business bank accounts between February and September 2011. The state's criminal investigation began after bank investigators detected fraudulent activity involving funds being withdrawn by wire transfers and cash advances at Atlantic City casinos. The indictment charges all 23 defendants with second-degree racketeering, a charge that carries a sentence of five to 10 years in state prison. Three alleged ringleaders were also charged with second-degree counts of conspiracy,

theft by deception and money laundering. The suspects allegedly made regular junkets to Atlantic City to cash out the proceeds of their fraud scheme.

Miss America Pageant: In September 2013, Casino Gaming Bureau personnel worked in partnership with the Atlantic City Police Department and other federal, state, county and municipal police agencies to ensure a safe environment for all participants and visitors to the Miss America Pageant, which returned to Atlantic City after seven years in Las Vegas.

Employee, Service Industry Licensing

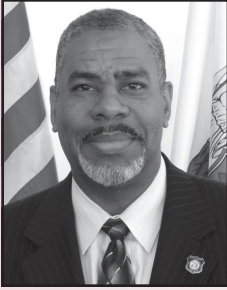
Employee Licensing Bureau: The Employee Licensing Bureau assures that each casino key employee meets the applicable standards of financial stability, honesty and integrity as mandated by the Casino Control Act, and that key employees and casino employee registrants are not disqualified. From January through December 2013, the Employee Licensing Bureau completed nearly 11,000 employee license investigations, as well as more than 400 arrest notification investigations. In addition, the Bureau processed more than 100 revocation complaints, 33 of which included suspension actions, and 417 financial objections.

Service Industry Licensing Bureau: The Service Industry Licensing Bureau assures the integrity of those persons and enterprises that provide goods and services to the casino-hotel industry. Through its legal and investigative staff, the Service Industry Licensing Bureau reviews each person or business to ensure that they meet the appropriate standards set under the Casino Control Act for good character, honesty and integrity. Further, the Bureau is responsible for the licensing of entities involved in Internet gaming, including platform providers (Casino Service Industry Enterprise license), marketing affiliates, geolocation and KYC providers, as well as just about all others

involved in the process, including payment processors. For the year 2013, the Bureau completed 1,645 Casino Service Industry/ Vendor Registrant investigations. These included 18 gaming companies and 16 junket enterprises, along with 311 qualifier investigations, 21 investigations related to Casino Hotel Alcoholic Beverage establishments, one key employee license, and 1,278 vendor registrant investigations. The Bureau also completed 85 exclusion investigations.

Regarding Internet gaming, the Bureau received completed applications and conducted preliminary investigations of 24 Casino Service Industry Enterprise license applicants, which resulted in the issuance of 14 transactional waivers for Internet gaming business to begin in November 2013. The Bureau also received completed applications and conducted preliminary examination of 14 Ancillary Casino Service Industry Enterprise license applicants, who indicated their intention to enter Internet gaming agreements with casino licensees or Internet gaming permit holders. Finally, the Bureau completed 75 Internet gaming vendor registrant investigations. In each instance, in addition to the normal vendor procedures followed, Internet gaming contracts were given a legal review to ensure vendor registration was appropriate.





Kevin M. Brown
Executive Director

Juvenile Justice Commission

The mission of the Juvenile Justice Commission is to foster public safety and reduce juvenile delinquency by holding young offenders accountable, providing them opportunities to achieve positive change, and promoting their return to the community as productive, law-abiding citizens. Now in its second decade of existence – the agency was created by statute in 1995 – the JJC continues to focus on serving the needs of at-risk youth and those adjudicated delinquent by the courts and placed in its custody. For more information about the JJC visit www.nj.gov/oag/jjc.



Overview

In 2013, the Juvenile Justice Commission (JJC) continued to adapt to the changing juvenile justice landscape and the changing needs of young people involved in the juvenile justice system throughout the state. Juvenile arrest rates continued to decline in all New Jersey counties, with nearly half of the counties experiencing a decrease of more than 50 percent over the past decade. However, analysis indicates that many of those juveniles who do enter the juvenile justice system come into the system with significant problems, including substance abuse, gang involvement and mental illness, and that these issues require a substantial amount of attention.

Over the past decade, the JJC's continued commitment to detention reform and early intervention have created alternatives to incarceration that allow many young people to remain in their communities with better outcomes. Also, the JJC funds and monitors juvenile justice "best practices" and prevention efforts reaching thousands of young people each year. These efforts have dramatically reduced the population in JJC's secure and community programs. In 2013, the average age of JJC residents was nearly 18. Many had gang affiliations and serious criminal histories. Almost 86 percent had serious mental health disorders, while more than 70 percent demonstrated substance abuse involvement, and nearly half were in need of special education and required remedial services to bring them to grade level. The JJC has adapted its programs to meet the rehabilitative needs of these youth.

Unlike many states, New Jersey does not automatically try juveniles under the age of 18 as adults for certain offenses. In addition, residents are not automatically transferred to the adult correctional system upon reaching the age of 18. Many juvenile offenders remain with the JJC into their mid-twenties.

Even with an older and more sophisticated population, the JJC saw nearly a 22 percent decline in the number of violent/aggressive violations in its secure facilities in 2013 compared with the prior year. This can be attributed to the JJC's emphasis on training staff to work productively with challenging populations, as well as its commitment to innovative programs that emphasize anger management and de-escalation of conflict.

JDAI: Achieving Results, Saving Public Dollars

In 2013, New Jersey's Juvenile Detention Alternatives Initiative (JDAI) continued to serve as a model program for the nation, safely reducing reliance on secure detention for low-level juvenile offenders in New Jersey, and fostering opportunities for positive change in their lives. New Jersey was selected as an official replication site for the Annie E. Casey Foundation's JDAI program in 2004, and was awarded a grant of \$200,000 by the Casey Foundation for that purpose. Research indicates that juvenile detention has critical, long-lasting consequences for court-involved youth. Youth who are detained are more likely than their non-detained counterparts to be formally charged, adjudicated, and committed to an institution. Detention disrupts connections in school, services and families. Over the long-haul, the detention experience negatively impacts educational and employment levels. Placement in detention is also among the strongest predictors of recidivism among youth charged with delinquent acts. Through a set of eight core strategies, JDAI helps the entire juvenile justice system to more accurately identify which youth truly need to be confined in order to minimize risks to the community, and holds the system accountable for public safety results. A primary goal of JDAI is to make sure that secure detention is used only to ensure that serious and chronic youthful offenders are detained, and that effective alternatives are available for other juveniles who can be safely supervised in the community while awaiting final court disposition. The initiative provides a framework of strategies that help reduce the inappropriate use of secure detention, while maintaining public safety and court appearance rates.

The JJC is lead agency for JDAI in New Jersey, providing the management and staffing infrastructure vital to New Jersey's success as a JDAI site. The New Jersey Judiciary is a vital partner in the project and, working with JJC, has provided the leadership needed to achieve sustained success. Nationally, JDAI operates in more than 200 local jurisdictions across 39 states, but New Jersey is the only state to be designated a national model for detention reform. This designation was bestowed in late 2008 as a result of the impressive outcomes New Jersey

had achieved since JDAI's inception four years earlier. New Jersey receives annual funding from the Casey Foundation to support JDAI, and specifically to conduct two-day working sessions with delegations from other states interested in replicating New Jersey's success. To date, delegations from 11 states have participated in New Jersey's JDAI "Model Site" Program. In 2013, New Jersey hosted delegations from Mississippi, Nebraska and Washington State. The following are some JDAI highlights from 2013:

Continued Expansion: The year 2013 saw JDAI continue to expand in New Jersey as participation by both Cape May and Sussex Counties brought the total number of participating counties to 18.

Along with Cape May and Sussex, the counties of Atlantic, Bergen, Burlington, Camden, Cumberland, Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, Passaic, Somerset, Union, Warren, and Gloucester are involved with JDAI.

Statewide Conference: In October 2013, the JJC hosted the New Jersey Juvenile Detention Alternatives Initiative (JDAI) All-Sites Conference, made possible through a grant from the Casey Foundation. There were more than 400 attendees from across the state. The theme of the conference – "Inspire Youth, Empower Families, Engage Communities" – stressed the expanding work of JDAI. The conference included workshops on family-focused policies and practices, family engagement in juvenile justice, the challenges of high needs youth, probation innovations, and collaborations with school and local police. Acting Attorney General John Hoffman discussed the success of JDAI stating, "While the ability to detain someone should never be taken lightly, it is even more significant when we talk about young people because of the severe impact it has been shown to have on their development and future actions. We have a responsibility to ensure that every opportunity is exhausted before we deprive a young person of his or her freedom. Through JDAI, New Jersey has established a fair and consistent approach to juvenile justice, while maintaining public safety and saving the State, and participating counties, millions of dollars. It is a government initiative that can truly prove it is working."

Completion of Annual JDAI Data Report:

Each year, the JJC analyzes the previous year's data as it relates to JDAI. The data collected in 2012 and reviewed in 2013 demonstrated impressive JDAI outcomes indicating that JDAI is indeed safely reducing the unnecessary use of secure detention for New Jersey's youth. Through 2012, the average daily population in detention in JDAI sites declined 58 percent, with youth of color accounting for 90 percent of this drop. Reduced reliance on detention for "rule violators" – young people who fail to comply with supervision terms or court directives but have not been charged with a new juvenile offense – accounted for a substantial proportion of the overall changes. For example, reliance on detention for non-compliance with the rules of probation dropped 68 percent, and admissions to detention for youth who missed a court date dropped by 63 percent. Since JDAI's inception, juvenile arrests have continued to decline, thus demonstrating that JDAI is an effective public safety strategy. Across sites reporting detention alternative outcome data, 96 percent of youth completed their alternative dispositions without a new delinquency charge.

Substantial Cost-Savings Realized:

Significant cost-savings have been realized as the result of JDAI in New Jersey. The excess space created by significant population reductions has allowed several counties to close their detention centers and share detention services with other counties. At the start of JDAI, there were 17 juvenile detention centers operating in New Jersey. Today there are 11. Shared-services agreements have resulted in approximately \$16 million in annual cost savings for the sending counties and substantial revenue increases for the receiving counties.

Education: JJC Commencement Ceremony

The JJC held its annual academic commencement ceremony at the New Jersey Training School (NJTS) on September 20, 2013. A total of 77 graduates were presented with either high school diplomas or General Equivalency Degrees (GED) issued by their home school districts or the State. Acting Attorney General Hoffman and Dr. Roger A. Mitchell, Jr., Northern Regional Medical Examiner, addressed the students and family members during the ceremony. Earlier in the year, 87 JJC students had received their high school diplomas or GED, bringing to 164 the total number of JJC students to graduate in 2013.

Eight graduates were recognized at the ceremony for their improvement in the following areas: Mathematics, English, Social Studies, Science, Art, Career and Technical Education, World Languages and GED Score. Each recipient received \$25.00 and a certificate of recognition awarded by the County Youth Services Administrators Association.

All graduates met the high school graduation requirements set forth by the New Jersey Department of Education. In addition to academics, the Office of Education provides career and technical programs of study that prepare students for high skill, high wage or high demand occupations. Among the programs are: Applied Horticulture Sciences, Culinary Arts with Safe Serve Certification, Graphic Arts, Computer Applications with various certifications, EKG training and certification, Plumbing and Pipefitting.

Prison Rape Elimination Act (PREA)

In 2013, facilities across the country began putting in place the components of the Prison Rape Elimination Act (PREA), which was passed in 2004 with unanimous support from Congress. The JJC has implemented a comprehensive PREA policy and has undertaken substantial training for staff regarding the law. By year's end, with the exception of new employees and employees who were out on medical leave, all JJC staff members had received the requisite PREA training. The requisite training included basic PREA training for all staff members, and additional specialized training for

administrators, supervisors, investigative, medical and mental health practitioners, volunteers and contractors. In addition to the training, posters were prominently displayed and a confidential telephone hotline was developed for those seeking to report incidents of sexual abuse and harassment.

All states' facilities must be in compliance with PREA in order to maintain current federal funding levels. States found to be non-compliant with the PREA standard will have 180 days to submit a corrective action plan and may file an appeal. Failure to comply with PREA standards may result in a five-to-10 percent reduction in overall federal grant funding from the Department of Justice to the state, including the JJC and the New Jersey Department of Corrections (DOC).

Each state is mandated to complete an external audit using a federally-certified auditing firm to examine one-third of its facilities each year. The JJC is seeking the services of a certified auditor with specialization in juvenile facilities and community programs to conduct the required audit. In order to prepare for this audit, the JJC concluded an internal audit of its facilities' compliance with the standards. At this writing the results of the internal audit are being reviewed and corrections will be made in any areas found to be deficient in advance of the independent external audit.

Community Programs

Many JJC community programs are designed to meet the needs of specific juvenile populations. These programs are continually re-evaluated to ensure that they meet the needs of JJC youth and, on occasion, adjustments are made to ensure that residents receive specialty services based on individual evaluations and screening tools. In May 2013, JJC swapped the locations of its Doves program (originally based at the Johnstone campus in Bordentown) and Albert Elias Residential Community Home (originally located at the historic Linbergh House in Hopewell Township) in response to changing youth needs. As the JJC population has become older, more residents are seeking post-secondary opportunities. As a result, it

was decided to relocate the Albert Elias population to Johnstone campus, allowing more students to participate in the Career Readiness program at that site. At the same time, relocating DOVES to the former site of Albert Elias enabled DOVES residents to transition into a more traditional and therapeutic environment. At the new site, female DOVES residents continue to receive gender-specific programming, and continue to work in cooperation with the JJC's secure facility for juvenile females on certain initiatives.

Innovative programs at the JJC's Residential Community Homes continue to provide lower-level offenders, as well as those preparing for transition back to their home communities, with useful tools and opportunities.

For example:

- During the summer of 2013, nine of the JJC's 11 residential programs were awarded grant funding to establish summer programs that provided positive youth development activities. One program purchased bicycles, and residents toured numerous areas throughout the New Jersey Pine Barrens. Another program developed a summer basketball league that allowed them to compete against other residential programs. The summer projects were designed to enhance regularly-scheduled academic activities that continued throughout the summer months.
- In August 2013, the JJC hosted its 11th Statewide Youth Summit at Rutgers University in New Brunswick. More than 200 residents and staff from JJC residential programs, as well as juvenile parolees, engaged in life skill and self-improvement workshops during the one-day conference. The keynote speaker, Paralympian Gold Medalist April Holmes, discussed her life experiences and her significant track and field accomplishments. Her message to the young people demonstrated that personal determination and commitment can help overcome obstacles and challenges.

- The JJC's Restorative Justice Unit helps JJC residential community home residents take responsibility for their past actions and understand their roles in the community. In 2013, juvenile speakers conducted 15 Speakers Bureau Forums, presenting to 715 students and 61 faculty at schools across the state. Through the Restorative Justice Unit, staff and students from Doves RCH and Vineland Prep Academy assisted with the completion of a 20-foot-by- 60-foot mosaic mural at an elementary school located in Woodbury. Six Victim Impact Training classes were conducted at a charter school located in Blackwood, Camden County, involving 184 students and 13 faculty members. In addition, a partnership was established with the City of Bridgeton that resulted in residents participating in extensive community projects at the Cohanzick Zoo and at the Bridgeton Park.
- Nineteen JJC youth attended a post-secondary vocational program in 2013 while also attending a community program. Thirty-one youth took part in college classes, and 20 were employed by local businesses.

Reentry

Innovative efforts are under way to help young people successfully reenter their home communities upon release from JJC custody and care. A reentry plan begins to take shape as soon a young person enters the JJC. The plan identifies risk factors that contribute to recidivism, while also addressing needs that can affect an offender's successful home and community reintegration. Among the key concerns addressed by JJC re-entry efforts:

Community Reentry for Sex Offenders:

The JJC has enhanced its reentry services for juveniles with sex offenses who are released on parole or on probation status. Through the use of grant funding, JJC has procured sex-offense-specific treatment, provided training for clinicians to treat sexually abusive youth, increased individualized services, and enhanced job opportunities for this specialized population. The grant also has enabled the recruitment of community providers that offer clinical services to sex offending juveniles on an “as needed” basis. In addition, the JJC has trained its Juvenile Parole and Transitional Services (JPATS) staff to provide specific community supervision, and to work with community providers and JJC secure care staff as a means of aiding the re-entry of juveniles with sex offense backgrounds.

Mentorships: The Optical Lab at the New Jersey Training School provides mentorship to JJC students in the fabrication of eyeglass frames and lenses, which are distributed to patients at the Department of Corrections, in county jails and among JJC residents. In 2013, the Optical Lab fabricated more than 6,000 pairs of eyeglasses, and maintained 100 percent compliance in shipping completed orders to the intended facility in less than 12 business days (from receipt of the original order.) The Optical Lab mentorship program has been working with the JJC’s social service staff to provide students with a certificate upon re-entry to the community. Residents participating in the mentorship program have successfully enrolled in the optical program at Camden County College.

Juvenile Parole

Juvenile parole is an important part of the JJC’s comprehensive approach to changing lives, and involves far more than a young offender simply checking in with a JJC Parole Officer to certify that he/she is clear of drugs and hasn’t gotten into any new trouble. Juvenile parole is a daily plan that often involves electronic monitoring, outside substance abuse counseling, mental health and/or anger management programs, independent living, mentoring, continued educational opportunities, and job placement assistance.

In 2013, JJC parolees obtained jobs at popular chain restaurants, a bake shop, local incinerator authorities, a pet café, and as a forklift operator. Many others decided to continue with their educations in various forms. Some pursued their high school diplomas or GEDs, while others attended local colleges, took part in YouthBuild programs, continued vocational training and worked in unpaid internships or apprenticeships.





Frank Zanzuccki
Executive Director

New Jersey Racing Commission

The core mission of the Racing Commission is to govern, direct and regulate horse racing and pari-mutuel wagering in New Jersey. The Commission conducts vigorous oversight of horse racing matters throughout the state to ensure that racing is conducted in a fair, responsible and lawful manner, and to ensure the safety of the sport's participants. The Commission monitors the conduct of every individual race conducted at New Jersey's four racetracks and supervises the betting activity associated with those races and collects pari-mutuel taxes. The Commission also monitors the wagering on more than 60,000 horse races simulcast into New Jersey tracks and casinos. For more information about the Racing Commission visit www.nj.gov/oag/racing.



Overview

The year 2013 continued to be one of uncertainty and transition in New Jersey's horse racing industry. There was uncertainty in that no additional revenue sources were identified to assist operations at the four financially-distressed racetracks, and transition in that all of the state's racetracks are now privately owned and operated. Overall, wagering on New Jersey horse racing declined in 2013, save for harness racing at the Meadowlands which, as of late in the year, was up almost 30 percent.

2013 Highlights

New Off-Track Wagering Facility

Approved: The Racing Commission approved an application for a new, off-track wagering facility in October 2013, and the Acting Attorney General subsequently finalized the process with his approval in November. The facility – the fifth off-track wagering facility licensed by the Racing Commission – will be located in a former restaurant in the Clementon section of Gloucester Township, Camden County. The licensee is Freehold Raceway Off-Track, LLC.

Comprehensive Drug Testing: The Racing Commission continued its comprehensive drug testing program in 2013. In addition to testing for steroids, the Commission conducted “out-of-competition” testing, most of which took place at licensed off-track stabling facilities. As of the end of October, the State Police Forensic Science Laboratory and Truesdail Laboratories had tested nearly 25,000 blood and urine samples collected from horses, with 24 testing positive for the presence of illegal drugs.

Increase in Live Racing Dates: Relatively recent legislative changes permitted a reduction in live racing dates in both the thoroughbred and standard bred sectors of New Jersey's horse racing industry. As a result, the number of live racing dates had declined in 2012 by a total of 7.7 percent – from 273 live dates in 2011 to 252. In 2013, however, 17 more live racing dates were added when Freehold Raceway decided to return to live racing in January and February. The change at Freehold contributed to a 6.3 percent increase in live racing dates in New Jersey.

Single Pool Wagering, Exchange

Wagering: In April 2013, the Commission enacted new rules (13:70-29A; 13-71-27A) that provide for a new method of calculating wager results that, it is hoped, will generate more wagering activity. Commission staff also was active in 2013 in the rulemaking process for Exchange Wagering, a process in which bettors lay odds on a horse to win or lose. It was expected that draft Exchange Wagering regulations prepared by the Commission would be considered for adoption in 2014.

New Grandstand at Meadowlands

Racetrack: Meadowlands Racetrack, owned and operated by New Meadowlands Racing LLC, opened a new \$80 million grandstand in November 2013. The grandstand replaced a much larger structure that was scheduled for demolition. The new facility garnered positive feedback from race patrons and other visitors to Meadowlands Racetrack.

Significant Legal Matters

Penalties, Suspensions in Response to Horse Death

Administration, Horse Death: Licensed veterinarian Jan Henriksen permitted an unauthorized individual, assistant trainer Boyd Hudson, Jr., to administer a drug or substance to a horse and the horse subsequently died. Henriksen then failed to file an equine fatality report as required. Joshua Green was the licensed trainer of the horse in question and, as such, was subject to absolute insurer rules, and was chiefly responsible for the care of the horse. As a result of their respective roles in the fatality incident, the Racing Commission imposed financial penalties against the three men, and also suspended each of them. An Administrative Law Judge subsequently heard the matter and agreed with the Commission's baseline findings, but recommended a reduction in the amount of the financial penalties. The Commission accepted the ALJ's penalty reductions, but rejected the ALJ's recommendation for a reduction in the length of the suspensions. Ultimately, the following fines and suspensions were imposed by the Commission: veterinarian Henriksen, \$5,000 fine and one-year suspension; licensed trainer Green, \$5,000 fine and 90-day suspension; assistant trainer Hudson, \$1,000 fine and one-year suspension.

Frederic Esposito v. NJ Racing

Commission: The Racing Commission rejected Frederic Esposito's application for a trainer's license on two grounds – violation of rules that prohibit the training of a horse stabled at a licensed off-track stabling facility in New Jersey without a Racing Commission trainer's license, and his prior involvement with a bookmaking operation. An Administrative Law Judge reviewed the matter and, in a Final Decision, recommended that the Commission issue Esposito a license. At a meeting in January 2013, however, the Commission rejected the ALJ's decision and denied Esposito the trainer's license. The Commission determined that the ALJ had failed to address the full record before him, which included evidence of Esposito's prior violations of Racing Commission rules. As of this writing, the matter is pending before the Appellate Division of the Superior Court.





Larry Hazzard, Sr.
Commissioner

State Athletic Control Board

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



2013 Highlights

- During calendar year 2013, the State Athletic Control Board directly regulated 20 professional boxing events, 17 amateur Mixed Martial Arts events, 13 professional Mixed Martial Arts events, 8 Muay Thai boxing events, 1 amateur kickboxing event, and several grappling matches.
- The agency played a central role at the 2013 Association of Boxing Commissions annual convention, held in July in San Antonio, Texas.
- The SACB conducted a comprehensive, multi-faceted officials' training seminar for its professional Mixed Martial Arts staff in Bayville.
- The SACB also conducted an extensive training seminar for the agency's kickboxing officials in New York City at the famed Coban's Fight Camp.
- SACB collected substantial sums of outstanding child support monies from license applicants.
- SACB oversaw a major Mixed Martial Arts pay-per-view event sponsored by Fox Television and held on Super Bowl Saturday. Approximately 15,000 spectators attended the event, which was held at the Prudential Center in Newark.
- The SACB distributed detailed prevention, identification and care information regarding concussions to the combat sport community provided by its lead Mixed Martial Arts physician, Dr. Sheryl Wulkan. In 2012, Dr. Wulkan worked with the Department of the Navy testing a neurocognitive device on combat athletes, and developed the first ringside medicine sub-specialty for sports fellows at Atlantic Health and Morristown Hospital. In 2011, Dr. Wulkan was an invited guest of the Sergeant Major of the U.S. Marine Corps as a consultant to their martial arts program.

2013

Annual Report



New Jersey Office of Attorney General