

EXECUTIVE ORDER NO. 138

WHEREAS, ensuring the solvency and integrity of New Jersey's pension and health benefits systems is one of the highest priorities of my Administration; and

WHEREAS, the landmark, bipartisan pension and health benefits reform I signed into law in 2011 will help ensure the solvency of those programs for the benefit of public employees and retirees, while also ensuring that pension and health benefits obligations do not financially incapacitate the State and other public employers; and

WHEREAS, by making modest but sensible changes to retirement age and incentives, cost-of-living adjustments, and contributions from public employees, the 2011 landmark, bipartisan pension and benefits reform will save taxpayers over \$120 billion over the next thirty years and put the pension system on more sound financial footing; and

WHEREAS, in Fiscal Year 2013, the State made one of the largest pension payments in New Jersey history at \$1.03 billion, and the Fiscal Year 2014 budget will make the largest pension payment in State history at \$1.67 billion; and

WHEREAS, while we have made substantial progress to reform public employee pension and health benefits, additional reforms are needed to safeguard the integrity of the systems and to ensure that taxpayer dollars are properly expended for these benefits; and

WHEREAS, it is critical that potential fraud and abuse of the pension and disability retirement systems be addressed to ensure that recipients are qualified and taxpayer funds are properly expended for the benefit of public employees and retirees; and

WHEREAS, unless these issues are addressed, pension fraud and abuse will place additional strains on public employee retirement systems, as well as State and local budgets; and

WHEREAS, in light of possible fraud and abuse related to retirement and other benefits, coordinated action must be taken to combat fraud and abuse, preserve the integrity of the systems, and protect every taxpayer dollar devoted to the systems;

NOW, THEREFORE, I, CHRIS CHRISTIE, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. The State Treasurer shall establish a Pension Fraud and Abuse Unit within the Department of the Treasury. The Unit shall be dedicated to the prevention and investigation of fraud and abuse of the State's pension and benefits systems, including the payment of retirement, disability, and other benefits.

2. The Director of the Pension Fraud and Abuse Unit shall report directly to the State Treasurer, and the State Treasurer shall appoint or assign such accountants, investigators, and other employees to the Unit as necessary for the efficient and effective operation of the Unit.

3. The Pension Fraud and Abuse Unit shall investigate public pension claims and payments, including, but not limited to, disability pension claims, and claims of improper participation in the retirement systems, as well as potential fraud and abuse of other benefit systems as the State Treasurer may direct in the future.

4. In order to accomplish the purposes of this Order, the Pension Fraud and Abuse Unit shall work closely and coordinate with both the Division of Pensions and Benefits within the Department of the Treasury and the Office of the Attorney General, and shall also receive referrals from the Office of the State Comptroller on claims of potential fraud and abuse.

5. The aforementioned agencies shall work closely to identify cases of suspected pension fraud, abuse, and ineligibility. They shall undertake investigations, share information and resources, develop strategies for curtailing fraud and abuse, and identify cases for civil and criminal prosecution. These agencies shall hold regular meetings to ensure the maximum cooperation in their work.

6. The Pension Fraud and Abuse Unit may recommend all civil or criminal remedies as may be provided by law to address such pension fraud, abuse, and improper participation, and, in conjunction with the Division of Pension and Benefits and the Office of the Attorney General, and as provided by law, may pursue such petitioning of the appropriate boards as necessary for denial of an application or revocation of a pension or benefit improperly granted, and may refer matters to the Division of Pension and Benefits, the Office of the Attorney General, and other State agencies as appropriate for further action.

7. The Pension Fraud and Abuse Unit shall encourage the public to report fraudulent pension and benefit claims and payments and shall maintain a website, mailing address, facsimile, electronic mail address, toll-free number, and other

methods to receive such reports at the discretion of the Director.

8. The Pension Fraud and Abuse Unit is authorized to call upon the expertise and assistance of all State departments, divisions, offices, or agencies, as well as all political subdivisions of the State, to carry out its mission, including, but not limited to, the Department of Labor and Workforce Development, the Department of the Treasury, the New Jersey Motor Vehicle Commission, and the Office of the Attorney General.

9. All departments, divisions, offices, agencies, and political subdivisions of the State shall, to the extent not inconsistent with law, cooperate with the Pension Fraud and Abuse Unit and furnish the Unit with information upon request.

10. This Order shall take effect immediately.

GIVEN, under my hand and seal this
7th day of August,
Two Thousand and Thirteen,
and of the Independence of
the United States, the Two
Hundred and Thirty-Eighth.

[seal]

/s/ Chris Christie

Governor

Attest:

/s/ Charles B. McKenna

Chief Counsel to the Governor