

2014 Annual Report

John J. Hoffman, Acting Attorney General of New Jersey



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

Greetings. At the Office of the Attorney General, we have a unique role as both New Jersey's lead law enforcement agency and its chief provider of legal representation to state government.

That is, we are a large, multi-faceted crime-fighting agency and a major law firm rolled into one.

Our essential mission includes making neighborhoods safer by combating drug dealing, gun violence, gang activity and other criminal threats.

It includes prosecuting public corruption and financial crime.

It includes preserving civil rights and protecting consumers and investors.

But the mission does not end there.

We license and regulate the alcoholic beverage industry. We ensure the integrity of New Jersey's legalized casino gaming and horse racing industries. And we work to ensure the safety of drivers, passengers and pedestrians on our streets and roads.

We are responsible for the custody, care and post-custodial supervision of juvenile offenders.

We handle, literally, tens of thousands of litigation matters each year that protect children, safeguard the State's financial assets, preserve our natural resources, ensure the integrity of elections and defend the actions of state government.

We assist crime victims, provide emergency management services, work to protect our state from the threat of terror, and handle many other responsibilities as well.

One of the nation's most diverse and populous states, New Jersey is also a hub of national and international commerce, air travel and shipping. It is a center for manufacturing, education, health care, sports and entertainment. And it is a global vacation destination.

Against this backdrop, it is not hyperbole to suggest the work of our office is indispensable, and touches the lives of millions of people daily.

At the Office of the Attorney General –which oversees the Department of Law and Public Safety – we have an incredibly dedicated 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.

Each day we work hard to improve the quality of life throughout our state, and each day we achieve results that make a difference.

For a fuller view of our office and its work, I invite you to explore the pages that follow, and to visit the individual websites of our various Divisions and Commissions.

At the Office of the Attorney General, we are proud of our accomplishments.

However, we also recognize that the office's mission is a continuum. The work is never really done, and there is always much more to learn.

With that in mind, we are working each day to address traditional public safety issues, identify and effectively address emerging crime trends and, above all, keep our state safe.

It is our privilege to serve the citizens of New Jersey.

John J. Hoffman
Acting Attorney General

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Division of
Criminal Justice



New Jersey's unified, integrated system of law enforcement is unique in the nation. The Criminal Justice Act of 1970 designated the Attorney General as the Chief Law Enforcement Officer of the State. 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

In 2014, the Division of Criminal Justice made New Jersey residents safer by obtaining more state grand jury indictments and more accusations – thereby charging more criminal defendants – than in any year since 2009. The Division also recovered millions of dollars in taxpayer money that had been stolen by thieves of all stripes, including dozens who absconded with funds intended for the victims of Superstorm Sandy. The list of offenders successfully investigated, prosecuted, convicted and, in many cases, sentenced as a result of Division efforts in 2014 was extensive, and included carjackers, gun runners, human traffickers, the perpetrators of insurance fraud, sexual predators and many more.

Gangs & Organized Crime Bureau Highlights

Narcotics and Weapons Cases

Operation Next Day Air: The Division indicted 15 defendants who ran a narcotics trafficking ring that used the U.S. Mail and other parcel services to deliver dozens of kilograms of cocaine from California to New Jersey. The defendants included brothers Andrew and Kemar Davis, who were charged as leaders of the narcotics trafficking conspiracy. Andrew Davis directed the ring from Jamaica. In total,

the Division seized 26 kilograms of cocaine – worth more than \$750,000 – plus two handguns and more than \$500,000 cash. To date, four defendants have pleaded guilty. One defendant was sentenced to 16 years in state prison. Three others were expected to be sentenced to state prison terms ranging from five-to-10- years.

Operation Family Affair: The Division indicted seven members of a violent, Trenton-based drug ring for attempted murder, racketeering and heroin distribution offenses. Two of the defendants, Mark Fletcher and Keith Journigan, were charged with attempted murder after Fletcher ordered Journigan to shoot a rival drug dealer on the streets in Trenton. Journigan did in fact shoot the intended victim, who survived. Just 10 days after the shooting occurred, the Division arrested Fletcher and Journigan on the attempted murder charges. The defendants also were charged with distributing heroin and cocaine.

Operation Sex, Money, Murder: The Division indicted the leading members of the Sex, Money, Murder set of the Bloods street gang in Monmouth and Ocean Counties. Following a two-month trial, Carl Holdren, a leader of the gang, was convicted of first-degree murder, first-degree racketeering, two counts of first-degree attempted murder, two counts of first-degree conspiracy to commit murder and two counts of second-degree possession of a weapon for an unlawful purpose. Holdren received an aggregate sentence of life imprisonment plus 40 years in state prison, with 92½ years of parole ineligibility. Another gang leader, Valdo Thompson, pleaded guilty to first-degree murder, first-degree racketeering, two counts of first-degree attempted murder and two counts of first-degree conspiracy to commit murder. Thompson received an aggregate sentence of 40 years in state prison.

State v. Nikita Cardwell: Nikita Cardwell, a former Senior Corrections Officer, was convicted at trial for conspiring to smuggle contraband to an inmate. While working as an officer at Northern State prison, Cardwell took bribes in return for smuggling cellphones into the prison for inmates. Cardwell was convicted by a jury of second-degree official misconduct and bribery offenses, and was sentenced to seven years in state prison, including five years without parole.

State v. Eugene Braswell: Eugene Braswell, a former Senior State Corrections Officer, was convicted by guilty plea of first-degree cocaine distribution for smuggling 22 kilograms of cocaine from Texas into New Jersey. Braswell was sentenced to 15 years in state prison, including five years without parole. Braswell forfeited his job as a corrections officer, received a lifetime ban from public employment and forfeited his state pension.

Operation Wetlands: The Division indicted 13 defendants who operated a drug trafficking ring in Jersey City. Two of the organization's leaders, David Gilliens and Dempsey Collins, pleaded guilty to first-degree charges of leading a narcotics trafficking network. Both were sentenced to 20 years in state prison. Another defendant, Kwadir Felton, was convicted by a jury on all counts, including aggravated assault, firearms possession and conspiracy to distribute narcotics. Felton was sentenced to 16 years in state prison, including six years without parole.

State v. Vincent Esposito, et al.: The Division indicted Esposito – a practicing doctor and former Madison borough councilman – and pharmacist Srinivasa Raju on charges of conspiring to prescribe thousands of oxycodone pills to individuals without a medical examination and without medical need. Esposito pleaded guilty to a second-degree narcotics distribution charge, which can be reduced to a third-degree charge upon sentencing. Raju similarly faces second-degree narcotics distribution charges.

Murder, Murder-for-Hire, Organized Crime

State v. Yusuf Ibrahim: Ibrahim was indicted in April 2014 on two counts of first-degree murder and other charges after he shot two victims at point-blank range, cut off their heads and hands, and buried the remains in a remote area of Atlantic County in 2013. After a search, the headless bodies were recovered in a shallow grave, and the heads and hands were recovered in a separate grave nearby. Ibrahim was apprehended shortly thereafter. He faces a sentence of 30 years to life in state prison. In a separate case, Ibrahim pleaded guilty to first-degree robbery and faces a sentence of up to 20 years, with an 85 percent period of parole ineligibility.

State v. Denise Nagrodski: The Division charged Nagrodski in November 2014 with attempting to hire a hit man to murder her daughter's ex-boyfriend and two other victims. Nagrodski twice met with an undercover Trooper from the State Police Violent Organized Crime Control South Bureau, whom she believed was a hit man. She provided the Trooper with \$1,000, photos of the intended victims and a hand-drawn map of the victims' residences. Nagrodski faces three counts of first-degree attempted murder, each of which carries a sentence of 10-to-20 years in state prison.

State v. George Spyropolous: The Division arrested and indicted Spyropolous, the manager of the Tick Tock Diner, for attempting to hire a hit man to torture and murder his uncle, who owned the diner. After being introduced to an undercover police officer posing as the hit man, Spyropolous provided the purported hit man with a revolver, \$3,000 cash, a map to the uncle's house and photographs of the uncle. Spyropolous pleaded guilty to first-degree conspiracy to commit murder, and in September 2014 was sentenced to eight years in state prison, including more than six years without parole.

Operation Fistful: In a major organized crime takedown, the Division charged 11 defendants – including high-ranking made members and associates of the Genovese Organized Crime Family – with racketeering, conspiracy, loansharking, money laundering, illegal gambling and other charges. The defendants included Charles "Chuckie" Tuzzo, a Genovese "capo," and Vito Alberti, a Genovese soldier. The Division charged that the defendants utilized a network of licensed and unlicensed check cashing businesses to conduct massive loansharking, gambling, forgery and money laundering schemes, which generated over \$10 million in criminal proceeds for the mafia. The defendants face multiple charges, including first-degree racketeering, which carries a potential sentence of 10-to-20 years in state prison.

Human Trafficking

Operation No Boundaries: The Division convicted by guilty plea five defendants in an international human trafficking case, including ringleader Jose Cruz Romero-Flores. The defendants operated a human trafficking ring that used fraud and coercion to lure young women from Mexico into the United States, where they were put to work as prostitutes in a network of brothels located in Lakewood, Ocean County, and elsewhere.

State v. Mark Branch, et al.: Defendant Mark Branch, who previously had been indicted on charges of first-degree human trafficking and other offenses, pleaded guilty and was sentenced to five years in state prison in 2014. Branch ran a male prostitution ring and used narcotics and threats of violence to coerce numerous young men, some of whom were minors, to act as prostitutes. Branch further attempted to tamper with witnesses against him. Co-defendant Francis Forvour, who pleaded guilty to charges of second-degree conspiracy to commit human trafficking, was sentenced to four years in state prison.

Corruption

State v. Birdsall Services Group: In 2014 the Division continued its prosecution of Birdsall Services Group – including the company’s CEO and six other top executives – for conspiring to circumvent the state’s Pay-to-Play Act by disguising illegal corporate political contributions as the personal contributions of firm employees. Under the scheme, Birdsall and its executives used Birdsall employees to make political contributions to candidates in amounts under the \$300 reportable threshold. The firm and its executives then illegally reimbursed the employees through purported bonus payments and other means.

Overall, Birdsall – which held millions of dollars in state contracts for engineering services prior to its bankruptcy – made hundreds of thousands of dollars in illegal contributions to public officials and candidates. Beyond the seven executives who were indicted, two former Birdsall employees have pleaded guilty. Further, Birdsall, as a corporate entity, pleaded guilty to a first-degree money laundering charge, and to a second-degree charge of making false representations in government contracting.

Birdsall was also subject to \$3.6 million in criminal and civil forfeitures and penalties, and was barred from public contracting for 10 years.

State v. Lawrence Durr: The Division indicted Lawrence Durr – a longtime mayor, committeeman and planning board member in Chesterfield Township, Burlington County – on official misconduct charges for entering an undisclosed deal to sell transferable development rights on a large farm to a developer, and then using his official positions to advance the developer’s plan to build a major residential and commercial project. Durr allegedly received hundreds of thousands of dollars in illicit benefits through the arrangement.

State v. Kevin Mulligan: Former Knowlton Township school board business administrator Kevin Mulligan was convicted by guilty plea in 2014 for embezzling approximately \$70,000 from the school district. Mulligan stole the money by writing fraudulent checks against the school district’s bank accounts – checks made payable to himself or to others to whom Mulligan owed money. Mulligan pleaded guilty to second-degree official misconduct and was sentenced to three years in state prison. He also was required to make full restitution to the state, was banned from public employment and required to forfeit his public pension.

State v. Michael Mattia: The Division charged and convicted by guilty plea Michael Mattia, a former Acting Major with the New Jersey State Police. From 2011 through 2013, while he was on active duty with State Police, Mattia stole more than \$55,000 from a bank account controlled by the Troop B Health & Welfare Fund. Mattia pleaded guilty to third-degree theft by unlawful taking and was sentenced to a two-year probation term. He also was ordered to make full restitution, and was permanently barred from public employment.

State v. Logan Holt: Holt, an inspector with the Atlantic City Department of Licenses and Inspections, was charged and convicted by guilty plea of taking cash bribes and accepting sexual favors from licensee taxi cab drivers. Holt pleaded guilty to official misconduct and bribery charges, and was sentenced to five years in state prison, including two years without parole.

State v. Rigo Rodriguez: The Division continued its prosecution of Rigo Rodriguez, a Paterson City Councilman, and two other defendants for orchestrating a complex ballot and election fraud scheme. The defendants were charged with having ballots submitted as votes for people who, in fact, never received or cast their ballots. Rodriguez and his wife were admitted to Pre-Trial Intervention, conditioned on their agreement to a lifetime ban on holding public office or employment.

Specialized Crimes Bureau

Operation Jacked: Working with New Jersey State Police, the Division arrested 32 defendants who ran an international carjacking and car theft ring that trafficked high-end cars from New Jersey and New York to West Africa. In the takedown, the Division arrested the entire hierarchy of the operation – from carjackers to wheel men, and from shippers to ultimate buyers. The defendants would target and steal luxury cars, then sell these vehicles through an established chain, culminating in the cars being shipped from various ports to West Africa, where they commanded more than American face value. During the operation, the Division seized more than 180 stolen vehicles, collectively worth over \$8 million. As of this writing, five of the defendants have been convicted by guilty plea with various sentences imposed, including a sentence of 12 years in state prison (with five years of parole ineligibility.) The remaining 26 defendants are under indictment on charges of first- degree racketeering, first-degree money laundering and first- degree carjacking.

State v. Barbara Lieberman: The Division charged prominent Atlantic County elder law attorney Barbara Lieberman with preying on senior citizen victims and stealing their assets. Lieberman, who purported to run an elder care business, obtained powers of attorney from her elderly victims and then siphoned off their life savings. The stolen money was used to pay for personal expenses – including luxury autos and homes. Lieberman and three co-defendants stole more than \$3 million from at least 10 identified victims, many of whom died in sub-standard housing after losing their life savings. Lieberman pleaded guilty to first-

degree money laundering and was sentenced to 10 years in state prison. Lieberman also forfeited \$3 million, to be used to repay victims or their survivors, and permanently forfeited her law license.

State v. Anthony White: The Division tried and convicted defendant Anthony White for stealing more than \$200,000 from a victim in Atlantic City through fraud and extortion. White convinced a victim to invest the \$200,000 in a purported entertainment production company, assuring the victim that he owned the company and that she would realize a 25 percent profit. Ultimately, White resorted to threats against the victim to obtain money. A trial jury found White guilty of second-degree theft by deception, second-degree theft by extortion, and third-degree terroristic threats. White was sentenced to 12 years in state prison, and must pay full restitution.

State v. Derek Bethea: The Division tried and convicted Bethea for unlawfully placing bets at craps games in various Atlantic City casinos after the winning number had already been determined. The jury convicted Bethea on all counts of swindling and cheating at casino gaming. Bethea, who had twice before been convicted on similar cheating charges, was sentenced to 17 years in state prison.

Atlantic City Task Force

State v. Donald Capriotti, et al: Task Force detectives arrested convicted felons Donald Capriotti and his wife Chinyere Gardner after executing a search warrant at their home and seizing cocaine, as well as two loaded guns. Gardner was on parole at the time of the arrest after serving a nine-year sentence for the death of her infant child, who died from starvation as a result of neglect. Capriotti recently had completed parole related to a first-degree manslaughter conviction. In the wake of the raid of his home and his arrest, Capriotti pleaded guilty to first-degree possession of cocaine with intent to distribute and possession of an assault firearm. He was sentenced to 18 years in state prison,

including 10 years without parole. Gardner pleaded guilty to first-degree possession of cocaine with intent to distribute and was sentenced to seven years in state prison, including five years without parole.

State v. Eduardo Colon-Lopez: As a result of a successful undercover operation by the Task Force, the Division arrested Eduardo Colon-Lopez, of Philadelphia, on a first-degree charge of possessing cocaine with intent to distribute. Colon-Lopez attempted to sell a single kilogram of cocaine – approximately \$40,000 worth – to an undercover New Jersey State Trooper in the parking lot of the Deptford Mall in Gloucester County in September 2014. At this writing, Colon-Lopez faces a sentence of between 10 and 20 years in state prison.

Labor Crimes

Prisoner Unemployment Insurance Fraud Cases: The Division indicted 14 defendants for stealing a total of more than \$200,000 in unemployment insurance benefits from the State while they were serving time in county jails and ineligible to receive such benefits. In each case, the defendants fraudulently certified via the Internet, or by phone, that they were “physically able to work” and “available to go to work immediately.” Each of the defendants was charged with third-degree theft by deception. At this writing, four have pleaded guilty.

Operation Labor Day: The Division charged 31 defendants who orchestrated a massive scheme to steal more than \$2 million in unemployment benefits from the state. To date, 27 of the defendants have been convicted, including Janice Allen and her daughter Janice Dilligard, who were convicted at trial in 2014 for their roles in the scheme. Both Allen and Dilligard were sentenced to 15 years in state prison with five years of parole ineligibility. The Division also convicted by guilty plea 25 other co-defendants who participated in the scheme, with sentences ranging from probation to five years in state prison.

State v. Jeanette Rodriguez: The Division indicted a former Department of Labor employee who stole more than \$21,000 in unemployment benefits by using her access to the Department’s computer system to redirect benefits from unemployment claims to her own bank account. At this writing Rodriguez faces charges of second-degree official misconduct and third-degree theft.

Environmental Crimes

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. Mansmann passed away during the pendency of the case, and Mowell pleaded guilty to one count of conspiracy to engage in a pattern of official misconduct, as well as violations of the New Jersey Safe Drinking Water Act and the New Jersey Water Pollution Control Act. Mowell was sentenced to three years in state prison.

State v. William Muzzio: The Division indicted and convicted William Muzzio by guilty plea on charges of second-degree unlawful release of a toxic pollutant and third-degree violation of the Asbestos Control and Licensing Act.

While performing unlicensed asbestos abatement work, Muzzio released hazardous asbestos dust and debris at a daycare center in Union Township. He was sentenced to five years in state prison.

Motor Vehicle Commission Crimes

Operation Facial Scrub: In 2013 and 2014, the Division charged a total of 140 defendants with identity theft, forgery and document fraud as part of an investigation nicknamed Operation Facial Scrub. Using high-tech facial recognition software the Division, together with the Motor Vehicle Commission and New Jersey State Police, identified individuals who had applied for and obtained driver’s licenses under false names. Numerous defendants who had fraudulently obtained licenses had extensive records, including DUI convictions and convictions for various criminal offenses, including sex crimes. Several possessed valid commercial driver’s licenses under their fraudulent names.

State v. Christopher Alcantara, et al: The Division indicted four defendants who operated a private auto inspection business in Paterson for fraudulently using data simulators to generate false results for motor vehicle inspections.

The defendants took illicit payments from customers in return for using the devices to generate passing results for vehicles that had failed emissions inspections. The defendants were charged with conspiracy, second-degree computer crimes and third-degree tampering with public records.

Operation Tidalwave: Wesley Starr, an employee of the New Jersey Motor Vehicle Commission, was charged with official misconduct in 2014 as a result of the investigation nicknamed Operation Tidal Wave. Starr processed and issued upwards of 400 fraudulent state vehicle titles for 29 businesses and/or individuals through “brokers” who charged a fee. The scheme resulted in nine separate indictments charging 15 people. All defendants pleaded guilty. Starr was sentenced to four years in state prison with two years of parole ineligibility.

Financial & Cyber Crimes

State v. Daryl Turner and Robyn Bernstein: The Division indicted and convicted defendants Daryl Turner and Robyn Bernstein on charges of defrauding hundreds of victims out of \$3 million total by offering false vacation packages and promotions. The defendants owned and 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 state prison, plus approximately \$2.6 million in restitution to his victims. Bernstein also pleaded guilty to theft by deception, and was sentenced to probation plus forfeiture of the family’s home and numerous bank accounts.

Superstorm Sandy FEMA Fraud Cases: The Division charged 20 defendants with filing false applications to collect federal relief funds in the wake of Superstorm Sandy. The defendants fraudulently collected Federal Emergency Management Agency (FEMA) relief funds by submitting applications in which they either falsely claimed that storm-damaged homes were their primary homes – a requirement under the federal relief program – or made other false claims. In total, the defendants stole or attempted to steal more than \$590,000 in Sandy relief funds.

State v. Thomas Fagan: Thomas Fagan, CEO of Energex Systems, Inc., a large biotech firm based in Bergen County, was indicted for allegedly stealing more than \$230,000

in investor funds from the business. Fagan used the stolen money to fund an extravagant personal lifestyle, and was charged with second-degree counts of corporate misconduct, theft and money laundering.

State v. Brian Lyles, et al: Defendants Brian Lyles, Sasha Cortes, BKL Property Management LLC and VIP Title Agency LLC were charged in an indictment with first-degree conspiracy and money laundering, and with second-degree theft by deception and misconduct by a corporate official. The charges were related to a complex mortgage fraud utilizing a short sale scheme to defraud lenders. Cortes entered a guilty plea and faced five years in state prison. Another defendant, a Jersey City firefighter, forfeited his public employment as a condition of his guilty plea. Lyles was scheduled for trial in 2015.

State v. Randy Schneider: Randy Schneider, an investment broker, was convicted by guilty plea of second-degree theft charges for stealing nearly \$1 million from two elderly clients. During a seven-year stretch, Schneider stole hundreds of thousands of dollars from his clients by taking cash, interest payments and bonds belonging to them. Schneider was sentenced to six years in state prison and ordered to pay full restitution to his victims.

State v. Bronthie Charles, et al: Acting on a referral from TD Bank Corporate Security, the Division indicted Bronthie Charles, a TD Bank teller, and six others on charges of second-degree conspiracy, theft by deception and identity theft for their roles in a ring that used account information from customers of TD Bank to steal more than \$150,000 from several bank locations. Five defendants, including Charles, have pleaded guilty and are pending sentencing.

State v. Philip Kossoy: Defendant Philip Kossoy, who owned a mold remediation business in Monmouth County, was charged with engaging in a scheme to disguise and conceal income to defraud the State out of more than \$900,000 in taxes. Kossoy pleaded guilty to third-degree charges of theft by deception and was sentenced to 364 days in county jail plus two years of probation. Kossoy also paid more than \$900,000 in state taxes due, and was required to pay a \$200,000 anti-money-laundering penalty.

Cyber Crime

Operation Predator Alert I and II: Working with federal agents from the Department of Homeland Security Investigations, the Division arrested a total of 28 defendants on charges of distributing and possessing child pornography via Internet file-sharing programs. These cases marked the first major utilization of New Jersey's new, strengthened child pornography laws, which went into effect in August 2013.

Operation Watchdog: The Division arrested 27 defendants on child-pornography-related charges including distribution of child pornography online. All defendants were charged by indictment or accusation and, as of this writing, 14 have pleaded guilty. For example, defendant Bernard Cahill was charged by indictment with offenses including aggravated sexual assault, photographing a child in a prohibited sexual act, and distribution of child pornography, among other offenses. While investigating Cahill's sharing of child pornography images online, investigators discovered that Cahill had sexually assaulted an underage girl, and had created sexually explicit images of the assault. Cahill pleaded guilty to second-degree counts of sexual assault and distribution of child pornography, and faces up to 14 years in state prison. Another defendant, John Kondes, pleaded guilty to offering child pornography on the Internet. During Kondes' arrest, detectives seized more than 90,000 images and videos.

State v. Gary Cramer, et al: The Division tried and convicted defendant Gary Cramer on all charges, including two counts of first-degree aggravated sexual assault, six counts of second-degree child endangerment, and other charges. Cramer directed a woman – who was convicted by guilty plea before trial – to initiate sexual activities with two children, ages 8 and 13, and to send him photographs of the sexual acts. Cramer was sentenced to 55 years in state prison, including 38 years without the possibility of parole. The co-defendant was sentenced to 10 years in state prison, including eight-and-a-half years of parole ineligibility.

Office of the Insurance Fraud Prosecutor

Operation Ray Scam: In October 2014, seven medical practitioners were arrested for allegedly taking illegal kickbacks worth approximately \$200,000 from Diagnostic Imaging Affiliates (DIA) in exchange for patient referrals to the company's testing facilities. In the five-year period between 2008 to 2013, the doctors allegedly made more than 20,000 referrals to DIA centers, which resulted in payments of millions of dollars from private insurance carriers and the Medicare and Medicaid programs. The seven arrests made in October were part of Operation RayScam, which the Office of Insurance Fraud Prosecutor launched in June 2014 when its Medicaid Fraud Control Unit charged Rehan "Ray" Zuberi, of Boonton Township – the owner of DIA – for his alleged role as the leader of a criminal enterprise that provided hundreds of thousands of dollars in illegal kickbacks to medical practitioners in exchange for patient referrals to his testing facilities. Under Zuberi's direction, DIA allegedly paid kickbacks to chiropractors and physicians in return for patient referrals to DIA testing centers for expensive diagnostic tests (e.g., MRIs and PET scans). These alleged kickbacks were paid using checks from "shell" corporations created by the Zuberi enterprise and gift cards/certificates. Under state law, medical practitioners are not permitted to accept a benefit in exchange for a referral. DIA is an umbrella corporation that manages numerous subsidiary diagnostic imaging facilities, which are located in northern and central New Jersey.

12 Indicted in Auto Accident "Runners" Scheme: In May 2014, OIFP obtained a 45-count indictment charging 12 defendants – including an attorney, a physician and two chiropractors – with various offenses for their alleged roles in a scheme in which illegal "runners" were used to recruit auto accident victims as patients. Among those indicted were two alleged ringleaders who controlled the chiropractic facilities, and two licensed chiropractors. Also indicted were a physician and a lawyer, both of whom allegedly made illegal payments to the ringleaders to have accident victims referred to them as clients. Anhuar Bandy, 50, and

his brother, Karim Bandy, 53, both of Colts Neck, allegedly received millions of dollars in illegal payments by referring the patients to medical and legal service providers. Among the others indicted were: Dr. Mark Schwartz, of Park Ridge, owner of MLS Medical in Park Ridge; David Walker, of Rockaway, a personal injury lawyer; Alexandra Gallegos, of Piscataway, a paralegal; Edward Formisano, of Roxbury, a chiropractor and purported owner of chiropractic facilities in Plainfield, Lakewood, Jersey City, and Perth Amboy and Louis Brown, of Rahway, a chiropractor and purported owner of chiropractic facilities in New Brunswick, Dover and North Plainfield. The 12 defendants were variously charged with racketeering, conspiracy, criminal use of runners and other offenses. Karim Bandy also was charged with first-degree money laundering.

Insurance Administrator Sentenced to Seven Years: A third-party insurance administrator was sentenced to seven years in state prison in January 2014 after being convicted at trial of stealing nearly \$500,000 in health care coverage for hundreds of employees and their families. Catarina Young, 48, of Metuchen, was convicted prior to sentencing of second-degree theft by unlawful taking and second-degree misapplication of entrusted property or property of a government or financial institution. Her conviction came after a five-week jury trial in Middlesex County. At the time the crimes occurred, Young was a partial owner of the now-defunct Elite Benefits Corp. Elite administered insurance plans on behalf of third-parties, including the Multi-Skilled Employees & Employer Welfare Trust Fund, an organization consisting of several union employers and hundreds of employees. By convicting Young, a Middlesex County trial jury determined that between Nov. 17, 2003 and Dec. 26, 2006, Young – as fiduciary of the Fund – deposited into her personal bank accounts 86 checks and 16 wire transfers totaling \$462,341 that belonged to the Fund. She subsequently used the stolen proceeds for her own purposes. Those stolen proceeds were supposed to be used to obtain health insurance coverage and prescription coverage from Horizon Blue Cross Blue

Shield of New Jersey and Benecard, respectively. By stealing the funds, Young caused cancellation of a health insurance plan that insured more than 1,000 working people and their families.

Barn Owner Pleads Guilty to Sandy-Related Fraud: A Monmouth County resident pleaded guilty in 2014 to filing a fraudulent insurance claim for property damages related to Superstorm Sandy. Farouk Soliman, 74, of Little Silver, pleaded guilty on March 24 to third-degree insurance fraud before Superior Court Judge James M. Blaney in Ocean County. Under a plea agreement, Soliman was to serve 364 days of county jail time as a condition of probation. In pleading guilty, Soliman admitted that in November 2012, he submitted a fraudulent claim to Pacific Specialty Insurance Company for a barn he claimed was destroyed as a result of Superstorm Sandy. An OIFP investigation determined that, prior to Superstorm Sandy, the barn had been condemned as structurally unsafe by the local municipality. Soliman admitted his fraudulent insurance claim was an attempt to recoup the cost of hiring a local demolition firm to raze the condemned barn.

Nurse Indicted for Health Insurance Fraud: A Monmouth County woman was indicted in April for allegedly trying to steal hundreds of thousands of dollars by submitting more than 100 fraudulent invoices to her insurance company for reimbursement of medical services never received. Donna Dzienisiewski, 40, of Middletown, was charged with multiple counts of health care claims fraud, theft by deception, identity theft and falsifying records.

The indictment alleges that between March 18, 2011 and March 12, 2013, Dzienisiewski submitted 107 claims to Horizon Blue Cross Blue Shield of New Jersey indicating she had incurred approximately \$502,740 in reimbursable expenses for health care. The indictment

alleged that Dzienisiewski failed to even visit the doctor relative to most of her insurance claims. The indictment further alleged that, in an attempt to support her fraud, Dzienisiewski stole a doctor's identity, placing his name, address, telephone number, fax number and tax identification number on each of the claims for reimbursement. At the time of her alleged offenses, Dzienisiewski was working as a registered nurse, although her profession had no relation to the crimes charged in the indictment.

Car Salesman Gets Five-Year Prison Term for Insurance Fraud: A South Jersey car salesman was sentenced to five years in state prison in December 2014 for trying to defraud two insurance companies out of more than \$130,000 by reporting luxury vehicles stolen, even though he knew the vehicles had already been shipped to China. In addition to the five-year prison term defendant Steven Shore, of Pennsauken, also was ordered to pay restitution in the amount of \$68,220. Shore was sentenced after pleading guilty to two counts of second-degree insurance fraud and second-degree conspiracy. At his plea, Shore admitted knowing the two luxury cars – both Porsches – had been shipped overseas prior to reporting them stolen. In the first instance, Shore unlawfully pocketed \$68,220 from Liberty Mutual Insurance Company by creating the false impression that a black 2013 Porsche Cayenne he owned had been stolen. An investigation determined that Shore bought the Porsche on Oct. 3, 2012 and purchased insurance on it the next day. The following month, Shore falsely notified the Pennsauken Police Department that the Porsche had been stolen from outside his home, and subsequently filed an insurance claim. On Dec. 17, 2012, Liberty Mutual paid Shore \$68,220, after the car was declared a total loss. An investigation determined the Porsche had been shipped to China in October 2012, before Shore reported it stolen. In the second fraud, Shore and a co-conspirator, Michele Yorgan, tried to steal \$63,457 from Travelers Insurance Company by creating the false impression another 2013

Porsche Cayenne, purportedly belonging to Yorgan, had been stolen. Travelers denied Yorgan's insurance claim and referred the matter to the Office of the Insurance Fraud Prosecutor. Yorgan was sentenced earlier in the year to three years in state prison. She had previously pleaded guilty to second-degree insurance fraud, second-degree conspiracy, and other related crimes.

Appellate Bureau

State v. Gamble, 218 N.J. 412 (2014):

In this case, the Supreme Court reaffirmed applicability of the protective-search doctrine as applied to automobiles, and agreed with the State that the requirements of the automobile exception do not apply under such circumstances. When the police have a reasonable and articulable suspicion during a lawful motor-vehicle stop that the vehicle contains a dangerous weapon, under the protective-search doctrine they can immediately conduct a limited sweep or frisk of the vehicle in those places where a weapon may be placed or hidden.

State v. Ates, 217 N.J. 53 (2014): In this matter the Supreme Court unanimously upheld the constitutionality of New Jersey's Wiretap Act under the federal and state constitutions. The Court ruled that the Act allows law enforcement officers to intercept conversations involving people who may be located outside of New Jersey, as long as the listening post is located within state boundaries.

State v. Williams, 218 N.J. 576 (2014): The Supreme Court held that to be guilty of first-degree robbery in a simulated deadly-weapon case, the victim must have an actual and reasonable belief that defendant threatened the immediate use of such a weapon. The fact finder makes this determination by applying a totality-of-the-circumstances standard, which includes considering the nature of any verbal threat, defendant's conduct, his dress and any other relevant factors. The Court applied that standard in this case and found that defendant's words, conduct and clothing provided sufficient evidence for a reasonable jury to convict the defendant of first-degree robbery.

Prosecutors Supervision and Training Bureau

Law Enforcement Training

In 2014, the Division – through its Prosecutors Supervision & Training Bureau – provided specialized, in-service training to more than 2,000 law enforcement officers and prosecutors on a broad range of topics. Training areas included: internal affairs, bias crime, domestic violence, human trafficking, use of force, conducted energy devices, less-lethal ammunition, radar operation and evidentiary breath testing prosecutions.

Working with the County Prosecutors Association and the County Commanders Association, the Bureau also conducted the Top Gun program – the basic course for law enforcement officers and prosecutors focused on gangs, guns and drugs. In addition the Bureau, working in conjunction with the New Jersey State Association of Chiefs of Police, provided statewide training for new police chiefs.

Police Training Commission

The Police Training Commission oversees basic training in 16 police and corrections academies across the state. These academies graduated approximately 3,400 police officers in 2014. Also in 2014, Police Training Commission staff audited and entered 4,600 Trainee Record Cards, issued 395 General Instructor certifications, issued 113 Firearms Instructor certifications, and issued initial and updated Vehicle Operations Instructor certifications. The Police Training Commission staff also conducted a total of 153 unannounced academy inspections during the year. Division staff also authored, and the Police Training Commission approved, the revised training curriculum for the Basic Course for Investigators, and the Basic Course for Police Officers.

DCJ Litigation Academy

The Division created and ran its own Litigation Academy in 2014, providing newly-hired Deputy Attorneys General with 20 sessions of in-house legal instruction from experienced Division instructors on all aspects of the criminal justice process, from investigation to trial to appeal. After completing this training program, the Division created and rolled out a follow-up, 14-part program focused on teaching more advanced investigative and litigation techniques.

Law Enforcement Services

Combined DNA Index System (CODIS)

The Combined DNA Index System (CODIS) Compliance Unit monitors and enforces compliance with the DNA Database and Databank Act of 1994. DNA samples are collected throughout the state with the assistance of the Administrative Office of the Courts, the Department of Corrections, the Department of Human Services, the county sheriff's offices and county jails. The New Jersey database contains more than 286,000 offender profiles, and 8,231 crime investigations have been aided to date, including 1,325 sexual offenses, 3,894 burglaries, 1,684 robberies or thefts, and 396 homicides.

The most recent expansion of the DNA Database and Databank Act took effect on February 1, 2013, requiring the collection of DNA samples from persons arrested for certain violent crimes. The Compliance Unit implemented the new DNA arrestee law by training law enforcement agencies statewide on standardized DNA collection techniques. Since passage of the new law, the Compliance Unit has collected approximately 1,600 arrestee samples, which generated seven hits. The first hit on an arrestee sample occurred when the Division arrested Juan Stevens for sexual assault and collected a DNA sample under the new law. That DNA sample resulted in a match for an unsolved sexual assault that occurred in 2011.

Grants and Program Development

The Program Development Section and the State Office of Victim-Witness Advocacy currently manage approximately \$107 million in open grants among 11 different programs. Specifically, the Program Development Section manages \$62 million among seven different grant programs, while the Office of Victim-Witness Advocacy manages \$45 million among four different grant programs.

In 2014, the Program Development Section applied for and won two highly competitive grants from the U.S. Department of Justice. First, the Section won a \$500,000 grant to fund a Project Safe Neighborhoods program aimed at reducing guns and gang violence in Jersey City. Second, the Section won a \$250,000 grant to develop and implement a statewide data collection system to provide real-time access to victim services data. Also in 2014, the Division created a new \$350,000 grant to establish a long-term facility to care for the victims of human trafficking.

Victims of Crime Compensation Office (VCCO)

The Victims of Crime Compensation Office (VCCO) provides compensation and services to crime victims for expenses incurred as a result of personal injury or death. In Fiscal Year 2014, the office serviced more than 2,300 walk-in clients, processed more than 4,100 claims, and provided nearly \$10 million to victims. In 2014, VCCO fully implemented a new, online, paperless claims processing system. Using the new technology, the VCCO received more than 900 electronic applications from victims and from victim-witness coordinators across New Jersey.



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 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.

2014 Highlights

Fighting Crime

Takedown of International Car Theft Ring: Working with the Division of Criminal Justice and a variety of partner agencies at every level, the State Police conducted Operation Jacked, a criminal investigation that resulted in the dismantling of a violent international car theft ring. On Feb. 27, 2014, the State Police Interstate Theft North Unit led a multi-agency team of investigators in arresting 32 suspects, many of them alleged to have committed armed carjackings in northern New Jersey. Operation Jacked led to the recovery of 179 stolen autos valued in excess of \$10 million. The ring stole luxury cars in New Jersey and New York and shipped them to West Africa, where they sold for prices in excess of new market value in the United States. Criminal charges filed against those arrested included first-degree racketeering, carjacking and money laundering. To date, five of the defendants have been convicted by guilty plea, with various punishments imposed, including a sentence of 12 years in state prison for one defendant. Law enforcement partners that worked with the State Police and Division of Criminal Justice

included the Port Authority of New York & New Jersey Police, ICE Homeland Security Investigations and 12 other agencies.

Crime Reduction in Newark: In April 2014, members of the State Police Crime Suppression North Unit were assigned to work the Attorney General's TIDE (Targeted Integrated Deployment Effort) initiative in Newark, along with members of the Essex County Prosecutor's Office, the Essex County Sheriff's Department and the Newark Police Department. The TIDE initiative is a continuing, intelligence-driven surge in law enforcement deployment targeting street-level drug and gun crimes within a specific, high-crime area of Newark. The TIDE effort also includes aggressive warrant enforcement and parole supervision. As a result of the Newark TIDE deployment in 2014, violent crime in the targeted area declined 55 percent. In addition, law enforcement arrested more than 1,100 suspects, recovered 18 firearms, identified more than 100 gang members, and seized large quantities of illegal drugs. The Newark TIDE effort was modeled after a successful Attorney General's TIDE initiative deployed in Trenton in August 2013. Both TIDE initiatives were launched in tandem with a prosecutorial strategy known as TAG – for Targeted Anti-Gun initiative – which involves a tough, no-negotiation stance toward certain gun offenses committed by repeat and gang-affiliated gun offenders, and the seeking of tougher penalties for those offenders.

Crime Reduction in Trenton: Throughout 2014, the Crime Suppression Central Unit spearheaded the Attorney General's TIDE (Targeted Integrated Deployment Effort) initiative aimed at reducing shooting violence in the capital city. The TIDE initiative resulted in a 16 percent decline in shootings in Trenton for the year, and a 14-year low in violent crimes. The Crime Suppression Central Unit conducted more than 200 investigations in 2014, arrested 183 individuals and seized more than 50 crime guns. Of those arrested, 28 persons were eligible to be prosecuted under the Attorney General's TAG (Targeted Anti-Gun Initiative) program. TAG involves a tough, no-negotiations stance toward certain gun offenses committed by repeat and gang-affiliated weapons offenders, and the seeking of more stringent penalties for those offenders.

Atlantic City Crime Suppression: The State Police Atlantic City Metro Task Force Unit launched a carjacking investigation in 2014 that resulted in multiple arrests and cleared three armed carjacking incidents, as well as 12 armed robberies. In addition to solving those carjackings and armed robberies, the Task Force arrested 147 drug suspects and seized 943 grams of heroin, 1.5kilos of cocaine, 29.5 kilos of marijuana, 318 grams of ecstasy and 14 firearms.

Arrest of Music Teacher on Child Pornography Charges: Members of the State Police Digital Technology Investigations Unit conducted an investigation in 2014 that resulted in the arrest of a public school teacher on child-pornography charges. Charged with both the possession and distribution of child pornography was Ronald Scott, a music teacher for the Elizabeth school district. Upon executing a search warrant at Scott’s home in Edison, authorities found numerous videos and images of child pornography on a computer owned by Scott.

On-line Theft and Fraud Ring Broken: Working with partner agencies, the State Police Cyber Crimes Unit broke up an on-line credit card theft and fraud ring in 2014 that had purchased more than \$100,000 in merchandise from websites and electronics stores in northern New Jersey. Arrested in connection with the investigation was alleged ringleader Lewis Agyeman of Englewood, Bergen County. Eight other alleged accomplices were also arrested. All of the suspects were charged with conspiracy, theft by deception, receiving stolen property, fencing, shoplifting, and credit card theft. In addition, Agyeman was charged with the crime of trafficking in personal identifying information. Agyeman allegedly operated the fraud scam by purchasing merchandise online using stolen credit card information, then having his accomplices pick up the packages at various locations. Among other items, investigators seized computers, tablets, mobile phones, televisions, audio equipment, jewelry, credit cards, a Mercedes Benz, and \$10,000 in U.S. currency. In addition to the State Police Cyber Crimes Unit, members of the State Police Missing Persons, Digital Technology, T.E.A.M.S., Canine and Troop B Tactical Patrol Units took part in the investigation. Also involved were the FBI, the Bergen County Prosecutor’s Office, and the Englewood Township Police.

Nicknamed Operation Parcel Post, the six-month investigation also revealed additional, unrelated criminal activity by Agyeman in the form of a fictitious on-line dating profile he used to defraud women victims. Agyeman, who allegedly pocketed a total of about \$10,000 by persuading women he met on-line to aid him with various fictitious “emergencies,” was charged with theft by deception and impersonation in connection with that scam.

Super Bowl Anti-Crime, Public Safety Efforts: Largely as the result of an extensive, exhaustively-planned security and anti-crime effort led by State Police and involving a host of partner agencies at every level, the National Football League Super Bowl game between the Seattle Seahawks and Denver Broncos at MetLife Stadium in East Rutherford in February 2014 went off without loss of life, significant civilian injury, and with no major incidents of violence or crime. Approximately 700 State Troopers, along with representatives of other law enforcement agencies and the NFL’s own security personnel, were on hand to ensure the safety of Super Bowl participants and spectators. More than 82,000 people attended the game, with law enforcement conducting 10 arrests at the stadium, all for minor offenses. In the weeks prior to the event, State Police were an integral part of New Jersey’s effort to safeguard MetLife Stadium – as well as communities surrounding the venue – from potential acts of terror, and to identify and prevent major-attraction-related crime, including human trafficking and prostitution. Working with the Division of Criminal Justice and federal, county and local partners, the State Police helped develop and carry out a comprehensive anti-trafficking plan that included public awareness, patrol vigilance, undercover sting operations and other enforcement efforts.

State Police also worked with the Department of Transportation, the Port Authority of New York/New Jersey, the Office of Information Technology and other agencies to develop a website devoted to practically-useful public transit, highway travel, weather and other information related to the Super Bowl. The website was launched weeks prior to the actual event in order to provide New Jersey residents and out-of-town visitors information they needed to travel safely in the run-up to the big game, as well as on game day.

Narcotics Enforcement

Operation Southern District: Through a collaborative effort with the Camden County Police Department and the Camden County Prosecutor's Office, the State Police Gangs and Organized Crime South Unit broke up a \$1.2 million per year heroin and cocaine network in 2014. Operation Southern District focused on an established drug distribution enterprise that was moving heroin and cocaine in and around Camden city, and managing its business through violence and intimidation. The investigation yielded the arrest of 40 suspects – including a Camden County Police Officer. Detectives seized more than 500 grams of heroin, several firearms and quantities of other drugs as well.

Operation Smoke Screen: In early 2014 State Police made multiple arrests – including some public officials – as part of Operation Smoke Screen, an investigation targeting a complex criminal organization based in Middlesex County. Operation Smoke Screen was launched in May 2013 by the former State Police Strategic Operations Unit. The investigation focused on a Middlesex-based narcotics organization that had been operating, undetected, for more than 25 years. The group was involved in the distribution of cocaine, ecstasy, prescription legend drugs and marijuana. The investigation culminated in 13 arrests, including the chief of the New Brunswick Housing Authority, a dispatcher for the Middlesex County Sheriff's Office and a North Brunswick public works employee. Investigators seized 1.5 kilograms of cocaine, more than 12 ounces of ecstasy, approximately 2.5 pounds of marijuana and approximately 200 prescription legend drugs. Also seized were more than 200 edged weapons, and a cache of firearms – including 17 handguns and 17 long guns.

The State Police Electronic Surveillance Unit provided technical assistance to Operation Smoke Screen, a 10-month narcotics and weapons investigation.

Operation Smurf: Working with the federal Drug Enforcement Agency (DEA), the State Police Trafficking North Unit launched an investigation into a money-laundering operation with links to multiple, Mexican-based drug trafficking cartels in 2014. Nicknamed Operation Smurf, the investigation uncovered both money and

drug couriers operating not only in New Jersey, but in the states of Georgia, Illinois and New York. As of this writing, seizures have included more than 20 kilograms of heroin and more than \$1 million in currency. In addition, detectives have identified more than 100 bank accounts throughout the country used by the operation to launder drug trafficking profits.

Operation Stash House: In October 2014, the State Police Trafficking Central Unit conducted Operation Stash House, which targeted a money-laundering enterprise working in New Brunswick and linked to a California-based drug trafficking organization. Operation Stash House employed extensive, around-the-clock surveillance and culminated, within days of its launch, in the seizure of more than \$305,000 – the proceeds of illegal narcotics trafficking activity – bound for Mexico. In addition to seizing cash, Troopers arrested three suspects on multiple criminal charges.

Corruption

Arrest of Knowlton School District Business Administrator: The State Police Official Corruption North Unit began an investigation in January 2014 that culminated in the arrest, and subsequent guilty plea, of Knowlton school district business administrator Kevin M. Mulligan on charges of official misconduct related to the theft of public funds. The investigation revealed that Mulligan had skimmed approximately \$70,000 from the school district's general fund by writing fraudulent checks, payable to himself, against the district's bank accounts. An extensive analysis of financial documents from the Knowlton Board of Education, and Mulligan's personal banking institution, confirmed the theft. Mulligan was arrested and subsequently pleaded guilty to official misconduct. He was sentenced in December 2014 to three years in prison, ordered to pay full restitution to the Knowlton school district, forfeited his entire state pension and was permanently barred from any future public employment.

Elizabeth School Lunch Program Investigation: The State Police Official Corruption North Unit completed its investigation of alleged fraud in the Elizabeth school district's school lunch program in 2014. The investigation focused on allegations that some school

district employees had submitted false income documents in order to secure benefits to which they were not entitled. Charges against two Elizabeth school district attorneys accused in the case are still pending, but former Elizabeth Board of Education President Marie Munn was convicted of related theft by deception and tampering with public records in March 2014 after a five-day trial. Munn had been charged with understating her annual household income by as much as \$100,000, which enabled her children to receive more than \$2,600 in free lunch benefits from Elizabeth's federally-funded school lunch program. Munn was sentenced in May 2014 to three years' probation and 300 hours of community service.

Runnemede Gambling Investigation:

In March 2014, the State Police Official Corruption South Unit completed its investigation of an illegal gambling facility operating in Runnemede, Camden County, by arresting multiple suspects and seizing more than \$25,000 in gambling proceeds. In October 2014, two South Jersey men – Thomas Rand of Williamstown and Ryan Dion of the Blackwood section of Gloucester Township – admitted to being partners in the illegal storefront gambling club and pleaded guilty to a third-degree charge of promoting gambling. Both Rand and Dion were sentenced to county jail time and three-years of probation. Three other men who acted as dealers and cashiers at the illegal gambling club also pleaded guilty and received sentences of probation. The storefront that concealed the illicit gambling club was adorned with a sign that said “Curves” – referring to a well-known health club chain. However, there was no health club inside. Instead, there were three regulation-sized poker tables, a “cash cage” where poker chips were purchased, and sofas arranged around a large, flat-screen television. From December 2013 through March 2014, an undercover State Police detective was able to gain access to the club as a poker player and observe the operation. The undercover detective participated in numerous poker games and, once established, was invited to set up a \$1,500 account in order to unlawfully gamble on professional and collegiate sports events via one of the partner's off-shore gambling websites.

Financial Crime, Casino Crime

Major Elder Fraud Investigation: An investigation led by the State Police Special Investigations Unit, Financial Crimes Squad, led to the criminal prosecution of a prominent Atlantic County elder law attorney in 2014. Elder law attorney Barbara Lieberman was arrested at her home in Northfield, Atlantic County, in March 2014. Also arrested was elder-care business owner Jan Van Holt of Linwood, Atlantic County.

Van Holt was the owner of “A Better Choice,” a company that purported to offer senior citizens help with daily living/care needs in their own homes, as well as legal financial planning. The investigation began with a referral from the New Jersey Office of Public Guardian. The office reported its concern over the possible financial exploitation of a 94-year-old Ventnor, Atlantic County, resident. State Police detectives undertook an in-depth review of the woman's personal bank accounts and determined that she had been defrauded out of more than \$200,000. Subsequent historical reviews – reviews that saw State Police scour 80 bank accounts and more than 35,000 documents dating as far back as 2006 – revealed that 17 additional elderly victims had been defrauded out of a total of more than \$3.5 million through a conspiracy that involved Lieberman and Van Holt. Lieberman, who frequently served as a Court-appointed legal guardian for the elderly, was charged with money laundering, theft by deception and conspiracy. Van Holt was charged with the same offenses. VanHolt's sister Sondra Steen, who helped operate “A Better Choice,” also was charged with theft by deception in connection with the State Police investigation, as was Susan Hamlett, a former company employee. In addition to State Police, the Divisions of Criminal Justice and Gaming Enforcement took part in the elder fraud probe.

Caesar's Armed Robbery Investigation: A multi-agency investigation led by the State Police Casino Operations Unit led to the arrest of six suspects in connection with an armed robbery that occurred in 2014 at Caesar's Hotel and Casino. Two men – Izyiah Plummer, 19, of Atlantic City and Aaron Evans, 24, of Pleasantville – entered the

casino on July 21 and robbed employees at gunpoint, making off with approximately \$180,000. The suspects fled in a car that had been parked on Arkansas Avenue, adjacent to the casino property.

The next day, detectives assigned to the Casino Operations Unit arrested Izyiah Plummer at his home, along with two other persons alleged to have had involvement in the crime. Investigators seized a large amount of stolen currency at Plummer's residence, along with ammunition and articles of clothing worn by the suspects during the robbery. Two days after the robbery, Aaron Evans was arrested at his home by State Police personnel assigned to the Casino Gaming Bureau. On the same day, a fifth person linked to the robbery also was arrested – on charges of receiving stolen currency. State Police detectives then continued to work the case in cooperation with Delaware State Police and Pennsylvania State Police. As a result, Pennsylvania State Police arrested sixth suspect Nathaniel Greenlee, of Delaware, on August 6. Greenlee allegedly owned the getaway car used in the Caesar's robbery and also served as getaway driver. A subsequent search of Greenlee's vehicle yielded 20 pounds of marijuana and he was charged with drug offenses. The State Police Casino Operations Unit ultimately recovered \$50,000 of the money stolen in the Caesar's robbery.

Other Bureau and Unit Activity

Counter Terrorism Bureau: Members of the Counter Terrorism Bureau's Joint Terrorism Task Force Unit (JTTF) arrested Maruse Heath, also known as Minister King Samir Abazz, on state weapons charges in 2014. Heath has a variety of gun-related and other offenses on his record, and has made national headlines for his militant rhetoric encouraging race-motivated acts of violence.

In other activity in 2014, the JTTF Unit conducted operations at the 48th NFL Super Bowl played at Met Life Stadium in East Rutherford, the 2014 Special Olympics held in New Jersey and various major entertainment events at the Prudential Center. The Bureau's Central Security Unit made great strides in 2014 in advancing information-sharing efforts among partner agencies relative to violence associated with the so-called "Sovereign Citizens' Movement" in New Jersey. Among other actions, Unit

members coordinated a major training event that was made available to New Jersey's multi-state regional law enforcement partners in October 2014 in Long Branch. More than 300 law enforcement officers from five different states attended the training.

Aviation Bureau: The Aviation Bureau conducted more than 4,000 missions, transported nearly 1,400 passengers and logged more than 2,000 hours of flight time in 2014. The Bureau conducted flight operations in support of the Super Bowl game and assisted Pennsylvania State Police in the 48-day manhunt for convicted killer Eric Frein, who fatally shot one Pennsylvania State Trooper and seriously wounded another. The Bureau also supported the U.S. Secret Service for multiple Presidential visits, and provided helicopter support for the 2014 Special Olympics, as well as the Miss America Pageant in Atlantic City.

Marine Services Bureau: The Marine Services Bureau conducted enhanced maritime training in 2014 in such areas as swift water rescue, high speed tactical vessel boarding, ice rescue and night vessel operations. The Bureau also awarded approximately \$2.6 million in Recreational Boating Safety Grant Program funds.

Technical Response Bureau (Arson/Bomb Unit): The Arson/Bomb Unit conducted 116 explosive related investigations, 32 fire investigations, and 177 bomb sweeps of critical infrastructure in 2014. Notable deployments included the NFL Super Bowl game at MetLife Stadium, the Boston Marathon and providing assistance with the investigation of a fatal fire at a Point Pleasant motel in March 2014 that claimed four lives.

Technical Response Bureau (TEAMS Unit): The TEAMS Unit conducted many vital tactical operations during 2014 that protected citizens and brought a variety of criminal offenders – some of them violent – to justice. The Unit conducted 310 High Risk Tactical Entries, 164 other tactical deployments, 19 barricaded subject operations and 37 SCUBA deployments. As a result of these operations, TEAMS members arrested 164 persons, recovered 90 guns and seized more than \$391,000. Among the Unit's deployments were assisting the State Police Auto Unit with Operation Jacked, which shut down a violent international car theft ring operating in the

New York-New Jersey metropolitan area. Unit members also helped the State Police Major Crime Unit apprehend the suspect in a shooting murder on Route 80, assisted Pennsylvania State Police in the apprehension of an armed rape suspect, assisted in the manhunt for Pennsylvania State Trooper killer Eric Frein, and aided with the apprehension of several armed, barricaded suspects in separate, unrelated incidents.

Technical Response Bureau (Canine Unit V140): The Canine Unit responded to approximately 1,600 requests for service during 2014 from a variety of federal, state and local agencies. State Police Explosive Detection K9 Teams assisted in the Homeland Security mission by conducting more than 3,400 explosives sniffs and more than 2,700 explosives sweeps. State Police Narcotic Detection K9 Teams conducted 467 narcotic sniffs and seized controlled dangerous substances valued at hundreds of thousands of dollars, as well as 18 weapons. Among their many deployments, K9 teams tracked and apprehended suspected carjackers, armed robbers, juvenile detention center absconders and, in two unrelated cases, suicidal persons – including a woman who had consumed a large quantity of pills and wandered into the woods in Cumberland County. Both suicidal persons were located alive, received medical treatment and recovered.

Transportation Safety Bureau: The Bureau's Mobile Safe Freight Training Unit seized more than 1,300 pounds of marijuana, 6.25 kilograms of heroin, upwards of 1,000 cartons of cigarettes, a stolen .40 caliber Glock handgun, and \$1.2 million in currency in 2014. These seizures and other Unit interdictions resulted in 74 arrests.

The Transportation Safety Bureau exceeded its goal for haz-mat transportation safety inspections in 2014, conducting more than 5,000 inspections – 46 percent more than the goal articulated in the Commercial Vehicle Safety Plan – and for traffic enforcement inspections, which totaled nearly 3,200 (35 percent higher than the Commercial Vehicle Safety Plan goal).

Deployment Services Bureau (IPU Unit): In response to incidents of school shootings across the nation, the Bureau's Infrastructure Protection Unit (IPU) was

assigned to the Governor's School Safety and Security Task Force. As part of the Task Force, the IPU received requests from school district administrators and other public education stakeholders for assistance with the completion of Needs Assessments and Vulnerability Assessments. In 2014, the IPU's Security Assessment Squad completed Vulnerability and Needs Assessments of both the Eastampton and Florence Township school districts in Burlington County. These assessments provided school district administrators and first responders in both districts the ability to prepare more effectively for an active shooter situation by employing "best practice" mitigation strategies.

The IPU also completed vulnerability assessments in 2014 on five Delaware Joint Toll Bridge Commission Bridges, including the Route 1 Morrisville Bridge, the Route 202 Lambertville Toll Bridge, the Scudder's Falls Bridge, the I-78 Toll Bridge, and the Portland-Columbia Toll Bridge.

The IPU also assisted with vulnerability assessments and planning for such major events as the Special Olympics, the Miss America Pageant and the Joint Base McGuire-Dix-Lakehurst Open House and Air Show, which attracted more than 100,000 visitors.

Other Highlights

Two Troopers Honored: On February 18, 2014, two Troopers – Sgt. Raymond Amato and Trooper Thomas Ferrigno – were presented with the 2013 Trooper of the Year Award for their selfless effort and immediate action in saving the lives of three children who were being held hostage by an armed man who had murdered their mother. The Troopers were part of a State Police deployment that rescued the children of homicide victim Carmalita Stevens of Trenton. Gerald T. Murphy, who murdered Stevens as well as one of her children, engaged law enforcement in a 37-hour standoff before State Police rushed the house, killing Murphy after he made a sudden, threatening move toward one of the surviving children.

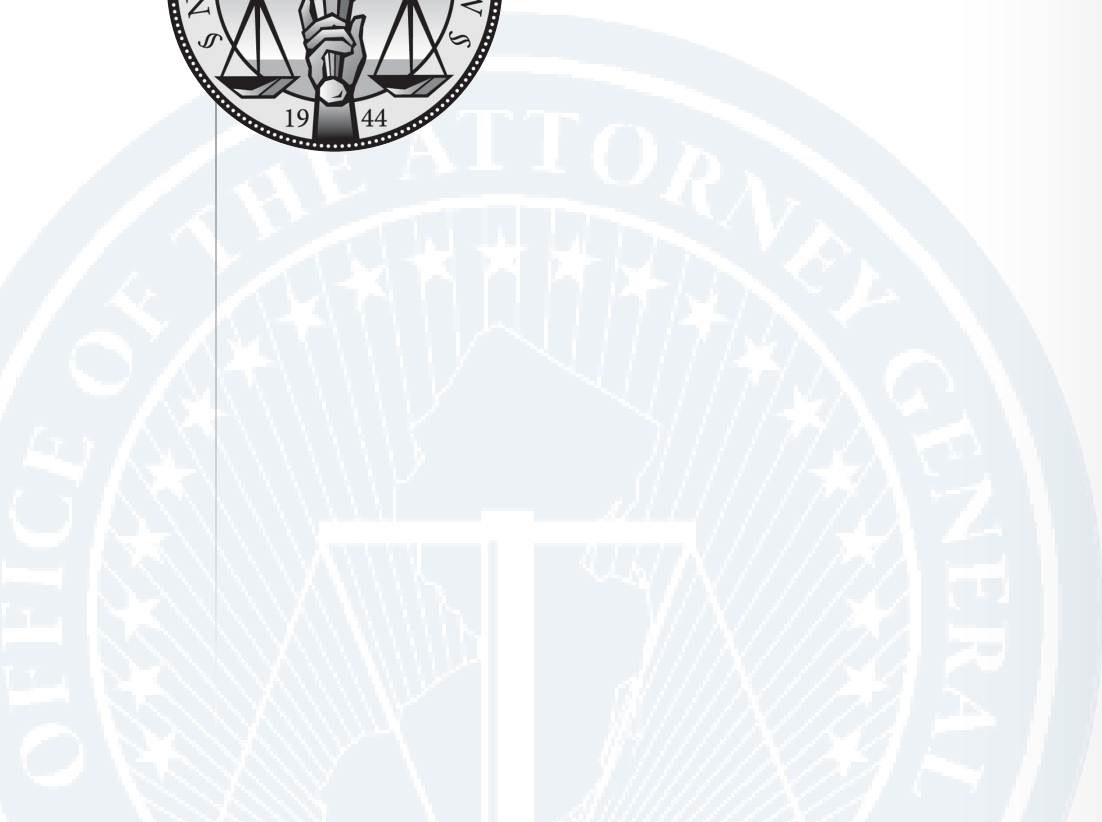
FLEET Mentor Program: The State Police FLEET – Future Law Enforcement Education and Training – program continued to bring Troopers and young people together in 2014, with an eye toward building community relations and offering guidance to youth who have little experience or knowledge of the State Police (and who one day might be interested in joining the organization.) Under the FLEET program student mentees, or Cadets, meet regularly with their assigned Trooper-mentors to develop a close, lasting relationship. At the same time, Cadets engage in field trips, learning groups, demonstrations and other activities designed to help them learn about law enforcement, the criminal justice process and general life skills.

The FLEET program seeks not only to develop the overall competence and potential of participating Cadets, but to inspire positive attitudes toward law enforcement among them and their peers. In 2014, approximately 20 participating ninth-grade students from the Trenton, Newark, and Buena school districts visited the Mercer County Courthouse, where they heard representatives of the Mercer County Prosecutor’s Office, as well as a sitting criminal court judge, talk about the criminal justice process. They also visited the state Juvenile Justice Commission’s Training School in Jamesburg, where they received a tour of the facility, heard from the Jamesburg Superintendent and one of his Senior Corrections Officers about a career as a Corrections Officer, and spoke with members of the State Police Gangs/Organized Crime Unit about gang awareness. Another 20 eighth-grade students new to the program visited State Police Division Headquarters in West Trenton and received a tour of the State Police Museum.

State Police Graduation: In August 2014, the 154th State Police Class graduated during commencement ceremonies at Pine Belt Arena in Toms River. The 154th class – 149 Troopers strong – completed 24 weeks of rigorous physical, classroom and scenario training in order to earn their badges. Like the two State Police graduating classes before it in 2013, the 154th Class was richly diverse. Approximately one-third of the Class graduates were minorities –including 17 African-American, 20 Hispanic, and five Asian Trooper graduates. The class also featured 11 female Trooper graduates. The 149 successful Trooper candidates were part of a comprehensive State Police recruiting process that began with 20,000 applicants on-line, was streamlined to 2,400 candidates after physical and academic testing and was further reduced to 200 following an exhaustive review process. Together with the 152nd and 153rd Classes before it, the 154th Class represented another step in the continuing effort to develop and maintain a State Police force that reflects the diverse New Jersey population it serves.



Division of Law



The Division of Law provides legal counsel and representation to agencies of state government on many issues vital to the quality of life of New Jersey residents. These issues include protection of children from abuse and neglect, preservation of the environment, delivery of quality health care, protection of consumers, preserving the State's financial assets, and safeguarding civil rights. The Attorney General has a statutory duty to serve as both legal adviser to all "officers, departments, boards, bodies, commissions and instrumentalities" of state government and to defend state laws. It is through the Division of Law's attorneys that this mission is accomplished. In 2014, the Division handled more than 38,000 pending legal matters and resolved or closed nearly 17,000 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 \$346 million in recoveries and judgments in 2014. 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

Occidental Chemical Corp. Settlement: In a major environmental settlement, the Occidental Chemical Corp. agreed to pay the State \$190 million to resolve its liability for past cleanup and removal costs, natural resources damages and other costs and damages related to contamination of the Passaic River. The Occidental settlement was the third and final settlement in the Passaic River litigation, a series of lawsuits brought

by the State in which it obtained costs and damages from multiple parties responsible for contaminating the river. Altogether, the State has recovered a total of \$355.4 million from the three Passaic River litigation settlements, two of which were finalized in 2013. Occidental Chemical is a legal successor to Diamond Shamrock Chemicals Company. In a prior court proceeding, Diamond Shamrock was found to have intentionally dumped hazardous pollutants – including Dioxins, a known carcinogen – into the Passaic River. In 2011, a Superior Court Judge entered a judgment against Occidental Chemical holding it liable for certain of the State's Passaic-River-related clean-up and removal costs because of its status as legal successor to Diamond Shamrock.

National Envelope Settlement: In 2014, the Division obtained an additional \$1 million recovery in an environmental litigation matter involving a contaminated former industrial property in Union Township. The property at issue was the former site of manufacturing operations for the National Envelope Corporation. In total, the Division has now brought in approximately \$3.7 million in relief from the National Envelope matter. Specifically, the U.S. Bankruptcy Court for the District of Delaware previously authorized payment of \$1.4 million to the Department of Environmental Protection (DEP) for future clean-up at the site. A developer also agreed to perform a \$1.3 million clean-up at the property, so it could be developed for future housing. That work was completed in 2013. In 2014, Division attorneys negotiated an additional payment of \$1 million from Linde, a prior owner of the property and another responsible party, as part of the settlement of private federal court litigation that DEP was asked to join. The additional \$1 million also will be used by DEP for clean-up of the National Envelope property, which is contaminated with chlorinated solvents in the soil and groundwater, and with heavy metals – specifically lead and arsenic – in the soil.

Consumer, Securities and Other Fraud

Route 22 Auto Sales, et al, Settlement:

Acting on behalf of the Division of Consumer Affairs, DOL attorneys obtained a \$1.8 million settlement, plus consumer restitution, from eight auto dealerships and their two owners. The settlement resolved allegations of deceptive sales tactics, including failure to disclose existing mechanical defects or past damage to used cars, charging for supplemental warranties and other costly “after sale” items without customer consent, and failure to honor negotiated or advertised vehicle prices. The settlement addressed conduct that took place at the following dealerships: Route 22 Toyota, Route 22 Honda, Route 22 Nissan and Route 22 Kia, Hackettstown Honda, Hudson Honda of West New York, Freehold Hyundai and Freehold Chrysler Jeep.

GlaxoSmithKline Settlement: In June 2014, the State received approximately \$2.45 million as a result of its participation in a multi-state settlement with pharmaceutical manufacturer GlaxoSmithKline that resolved allegations the company unlawfully promoted its asthma drug Advair, as well as its anti-depressant drugs Paxil and Wellbutrin, for unapproved uses in violation of consumer protection laws.

In addition to the monetary terms of settlement, GlaxoSmithKline agreed to implement a number of reforms in its marketing and promotion of products. Among other things, the company agreed to refrain from making claims about product efficacy not supported by substantial evidence or substantial clinical experience.

Hoffman v. Bussanich (restitution): As part of a settlement obtained by Division attorneys on behalf of the Bureau of Securities, more than 30 victims of a father-and-son fraud scheme received full restitution in the total amount of more than \$4 million in 2014. The settlement resolved allegations that George J. Bussanich Sr. and his son George Bussanich Jr., both of Upper Saddle River, defrauded New Jersey investors by selling them unregistered and non-exempt securities and using their invested funds

to buy expensive homes and luxury cars – among them two Maseratis and a Ferrari – as well as for shopping, dining, air travel and various entertainment expenses. The State’s lawsuit alleged that between May 2009 and July 2013, the defendants made false and misleading statements to investors in connection with the sale of unregistered investment notes in Metropolitan Ambulatory Surgical Center (MASC). Despite its name, MASC is not an actual surgical center, but instead a holding company controlled by George Bussanich Sr. Under terms of the settlement, the defendants must pay a total of \$5.5 million – including \$4.07 million in full investor restitution and a \$1 million civil penalty to the Bureau of Securities. The settlement calls for \$250,000 of the civil penalty to be suspended if the Bussaniches pay \$750,000 within three years and comply with all non-monetary terms of settlement. Under the agreement, the defendants are permanently barred from future involvement in New Jersey’s securities industry.

Credit Suisse: Division of Law attorneys worked successfully in 2014 to defeat attempts by Credit Suisse Securities (USA) to have a securities fraud lawsuit brought by the State dismissed. The State filed its lawsuit against Credit Suisse and two affiliates in December 2013, alleging that they 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, the company did not disclose 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. Credit Suisse sought in 2014 to dismiss the lawsuit on grounds that the State's case should be limited to securities that were offered and sold to investors in New Jersey rather than nationwide, and that the State's complaint was time-barred by the statute of limitations. As a result of the Division's legal efforts, however, Credit Suisse's motion to dismiss was denied in its entirety, and the litigation moved forward.

Standard & Poor's: In 2014, Division attorneys also successfully opposed a motion to dismiss a State lawsuit brought against Standard & Poor's the prior year. In October 2013, the State – along with 19 other states and the U.S. Department of Justice – filed suit against Standard & Poor's alleging that the company misled consumers about the independence and objectivity of its ratings services and, for self-serving reasons, used outdated analytic models to maximize market share and profits. The lawsuit named as defendants not only Standard & Poor's, but its parent company McGraw Hill Financial, Inc. The suit alleged that Standard & Poor's had violated the Consumer Fraud Act and harmed New Jersey consumers by claiming to be an independent source of investment analysis when in fact it was not. Specifically, the suit alleged that Standard & Poor's had claimed to be an independent rating source on complex investments known as structured finance securities when, in fact, its ratings of those securities were driven by the company's own revenue goals, as well as favoritism toward investment banking clients who issued the securities and who paid Standard & Poor's related fees. In 2014, New Jersey and the other states first defeated Standard & Poor's attempt to remove the various cases from their respective state courts and consolidate them all in the U.S. District Court for the Southern District of

New York. Once the New Jersey case was remanded back to New Jersey's Superior Court, Standard & Poor's moved to dismiss it on grounds that New Jersey lacked personal jurisdiction over the company and that, in any event, Standard & Poor's conduct fell lawfully within the scope of the State's Consumer Fraud Act. Division of Law attorneys successfully argued against the motion to dismiss and it was defeated in its entirety.

Internet Privacy

PointRoll Settlement: New Jersey led a multi-state Internet privacy investigation in 2014 that yielded a \$750,000 settlement agreement with Gannett-owned digital advertising and technical services company PointRoll, Inc. The investigation focused on whether PointRoll violated consumers' privacy by unlawfully circumventing the privacy settings on Apple Inc.'s Safari Web browsers. New Jersey and the other participating states alleged that PointRoll unlawfully deployed a browser circumvention technique that allowed it to place browser cookies on consumers' Safari Web browsers despite privacy settings configured to "block cookies from third-parties and advertisers." (Cookies are small files set in Internet users' Web browsers that allow advertisers to gather information about those users including, depending on the type of cookie, their Web surfing habits.) New Jersey's share of the multi-state settlement with PointRoll was approximately \$200,000.

Children and Families

In 2014, 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. Through litigation, Division attorneys also facilitated DCF's ability to find caring adoptive families for children 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 calendar year 2014, Division lawyers filed more than 6,000 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

Conrail Taxation Settlement: Division attorneys negotiated the settlement of a multi-year franchise tax dispute with Conrail in 2014, with Conrail agreeing to pay the State \$2.8 million. The agreement resolved a litigation matter in which Conrail had challenged the allocation factor used to apportion its income. The dispute centered on Conrail's assertion that, under the applicable statute, apportionment should be based on track miles actually used, and the State's position that apportionment should be based on the total number of track miles over which Conrail has trackage rights.

Civil Rights Settlement: Acting on behalf of the Division on Civil Rights, Division of Law attorneys obtained an Administrative Consent Order in 2014 resolving a lawsuit against Falasca Mechanical of Vineland, Cumberland County, for alleged violations of the New Jersey Law Against Discrimination and the state's Equal Employment Opportunity (EEO) rules by failing to employ female plumbers on jobs

it handled – including many publicly-funded projects. The Administrative Consent Order required Falasca to pay \$400,000 – \$150,000 to a female plumber who was denied hire and \$250,000 to the State – for the alleged violations. In addition to the settlement payout, Falasca agreed under the Administrative Consent Order to modify its hiring practices, train its foremen and hiring managers on the new practices, work with the plumbers' union to increase female recruitment, and improve opportunities for female plumbers in the apprenticeship program.

Banking, Insurance Industry Enforcement: Vital to the Department of Banking and Insurance's consumer protection and enforcement efforts, the Division of Law handles administrative law cases seeking disciplinary action against individuals and corporations licensed by DOBI for violation of New Jersey's banking and insurance laws. The Division also handles any subsequent appeals of those cases. During calendar year 2014, Division attorneys obtained 27 license revocations and one license suspension on behalf of DOBI, as well as more than \$5 million in fines and costs, and approximately \$500,000 in restitution.

In one such case, Division lawyers obtained civil penalties totaling \$1.8 million against East Coast Title Services, Inc. for violating the New Jersey Insurance Producer Licensing Act. Violations included the comingling of premium funds with personal funds, the misappropriation of premium funds on 87 title policies, failure to issue more than 65 title policies, failure to submit required monthly reports and failure to cooperate with a DOBI investigation. In addition to imposing significant financial penalties, DOBI revoked the insurance producer licenses of East Coast Title Services and ordered payment of more than \$50,000 in restitution.

Civil Insurance Fraud Recovery: The Division 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 2014, Division lawyers obtained orders or fines, attorney fees and costs totaling \$2.06 million, and restitution of more than \$84,000.

Debt Recovery and Protecting the State's Financial Assets: In 2014, the Division's Debt Recovery Section collected more than \$12 million through litigation efforts in both state and federal court, as well as through post-judgment collection actions brought on behalf of various state agencies. The post-judgment collection efforts included seizing assets (including bank accounts), filing wage execution applications, and filing motions to secure funds. The majority of the Division's debt recovery work was done on behalf of the Division of Taxation, the Department of Labor, and New Jersey Transit. The Division's legal efforts and legal defense work protected New Jersey's State Treasury in 2014 in such areas as employment litigation, tort litigation, tax litigation and bankruptcy.



Division of Consumer Affairs



The Division of Consumer Affairs is responsible for enforcing laws designed to ensure fairness and integrity in New Jersey's commercial and investment marketplaces, and for assisting consumers with complaints or questions about particular businesses, vendors or service providers. The central mission of the Division, is to protect the public from fraud, deceit, misrepresentation, and professional misconduct in the sale of goods and services in New Jersey. The Division pursues its mission through enforcement and regulatory efforts, as well as education, advocacy, and public awareness. More information on the Division is available at www.njconsumeraffairs.gov.

2014 Highlights

Combating Prescription Drug Diversion and Abuse

In 2014, New Jersey continued to be in the forefront of states acting to address the illegal diversion and misuse of prescription drugs. In particular, the Division's Prescription Monitoring Program (PMP) continued to serve as one of New Jersey's most important tools in the fight against the diversion of prescription drugs. The PMP helps prescribers to learn whether their own names have been fraudulently misused in obtaining forged prescriptions. Physicians also regularly use the PMP to learn whether patients have engaged in "doctor shopping" – deceptively visiting multiple physicians to obtain more narcotics than any one doctor would prescribe – or other patterns consistent with possible drug abuse or diversion. The PMP keeps detailed data on prescriptions filled in New Jersey for controlled dangerous substances (CDS) – the category of drugs that includes potentially addictive opiate painkillers. It includes data on more than 43.8 million prescriptions written since September 2011.

During 2014, the Division realized unprecedented success in its effort to expand PMP access to the entire community of New Jersey physicians and other licensed health care practitioners. Overall, approximately 20,000 New Jersey physicians and 5,000 other licensed health care practitioners gained direct access to the PMP in 2014.

In addition to the PMP, the Division's comprehensive strategy to combat the diversion and abuse of opiates included the following:

■ Establishment of a Pain Management

Council: The Pain Management Council is an advisory body made up of health care professionals who prescribe and dispense controlled dangerous substances, as well as other stakeholders from the regulated community. The Council, which met for the first time in October 2014, is tasked with reviewing current standards and regulations that apply to all health care professionals who prescribe or dispense prescription drugs. The Pain Management Council will help the Division to develop a set of recommended best-practices for managing pain while also maintaining effective controls against the unlawful diversion and abuse of prescription medications.

■ Continued Expansion of Project Medicine

Drop: Since the abuse of prescription drugs often starts at home – with products found inside the family medicine cabinet – the Division continued in 2014 to expand its Project Medicine Drop program for disposal of expired medications. A year earlier, the Division had added 40 new drop boxes, bringing to more than 70 the total number of drop boxes available statewide. In 2014, a milestone was achieved as the Division placed its 100th drop box into service. The Project Medicine Drop boxes are lockable metal containers resembling mailboxes. They are placed inside select police departments, sheriff's offices, and State Police barracks. The boxes are available year-around, and enable consumers to drop off their unused or excess medications safely, securely, and at their convenience.

■ **New Prescription Blanks:** The Division regulates all prescription blanks used by state-licensed physicians, dentists, and other prescribers, and regulates the state-approved printing vendors who supply the prescription pads to prescribers. In an effort to combat the black-market sale of prescription painkillers, the Division promulgated new regulations in 2014 phasing out old prescription blanks and requiring the use of newly-developed prescription blanks bearing enhanced security features. The new blanks represented the first change in New Jersey's prescription blanks in 10 years. Enhanced security features of the new blanks include thermo-chromic ink (color fades in reaction to body heat); a hidden word "void" that appears when the blank is scanned or photocopied; a 15-digit unique identifier (2 digits identifying the printer vendor, 3 digits for the printer's prescriber identifier, 4 digits for the date, and a 6-digit serial number) and a bar code corresponding to the 15-digit identifier.

Protecting Superstorm Sandy Victims

Throughout 2014, the Division continued working to protect consumers who are rebuilding their lives in the aftermath of Superstorm Sandy, and continued to address cases of fraud perpetrated during the storm.

The Division's Office of Consumer Protection, working in conjunction with the State's Hurricane Sandy Task Force, took enforcement action against unscrupulous home improvement contractors who sought to exploit Sandy victims, and also took part in Sandy-related public outreach events.

A number of those events supported the State's Rehabilitation, Reconstruction, Elevation and Mitigation Program, which enabled homeowners to obtain information about home improvement contractors they were considering for home elevation and other repairs.

The Division also continued to hold businesses accountable in 2014 for unlawfully price-gouging consumers in the aftermath of Superstorm Sandy, obtaining a total of more than \$700,000 in settlement payouts from merchants and vendors to resolve lawsuits filed against them following the storm.

Dovetailing with the adoption of a new state law requiring anyone engaged in the elevation of homes to be formally registered, the Division began registering home elevation contractors in 2014. As of this writing, there are 48 active and 29 pending home elevation contractor registrations with the Division.

Office of Consumer Protection

The Office of Consumer Protection (OCP) is the primary investigative unit responsible for answering and investigating consumer complaints. During 2014, the OCP handled a total of 71,122 telephone inquiries and nearly 10,000 consumer complaints. Throughout 2014, OCP continued to establish itself as a national leader in addressing cyber fraud, building on its pioneering effort (in 2012) as the first state in the nation to file a lawsuit against a mobile app developer under the federal Children's Online Privacy Protection Act.

Additional cyber fraud lawsuits were filed in 2014, and plans advanced during the year to expand the Division's Cyber Fraud Unit and support the work of the Division's cyber fraud investigators through creation of an inter-department Cyber Safety Enforcement Unit, and a Forensic Cyber Lab.

Among other efforts, OCP worked collaboratively in 2014 with the Division of Law and the New Jersey Board of Public and Utilities to protect the interests of electric and gas consumers by investigating – and ultimately filing suit against – three third-party energy suppliers. The third-party energy providers were accused of violating two New Jersey statutes – the Electric Discount and Energy Competition Act and the Consumer Fraud Act – by failing to deliver promised monthly savings to consumers.

The OCP implemented a new Healthcare Services Unit in 2014 to serve as an integral part of a Division-wide registration, investigation, and enforcement working group to address problems involving health care service firms, certified homemaker-home health aides, and other allied licensed professionals, including nurses.

The Healthcare Services Unit handles inspections and investigations of health care service firms. Working in conjunction with the Regulated Business Registration Section (which registers and renews the registration of these firms) and the Division's Enforcement Bureau (which investigates matters involving medical and nursing professionals), the Healthcare Services Unit inspects registered firms throughout New Jersey, handles consumer complaints, conducts investigations, and, when appropriate, takes enforcement action.

Professional Boards/ Committees

The Professional Boards Unit provides staff to support the 46 professional/occupational licensing boards that credential more than 750,000 professionals and businesses in New Jersey.

Throughout 2014, the Division's professional and occupational boards and committees issued a total of 50,208 licenses to individuals and businesses in New Jersey. Approximately 15 percent (about 7,500) of all licenses issued during that time were business licenses. A total of more than 223,805 licenses were renewed during the same period.

Bureau of Securities

The Bureau of Securities administers and enforces the Uniform Securities Law and related regulations. The mission of the Bureau is investor protection. To carry out its mission, employees of the Bureau register broker-dealers, stockbrokers, investment advisers, and investment adviser representatives. They also register securities offerings, conduct examinations of broker-dealers and investment advisers, and investigate and prosecute individuals and entities who violate the law.

For the calendar year 2014, the Bureau investigated 266 complaints, opened 34 new investigations and closed 26 existing investigations. The Bureau also reviewed and processed more than 41,000 registration applications, reviewed 58 securities offerings, conducted more than 900 investment adviser examinations, issued 29 orders, and obtained either summary or default judgment against 10 individuals.

On November 13, 2014, the Bureau held its first-ever Investor Education Conference. The conference attracted approximately 200 attendees. Speakers at the event included two convicted fraudsters – the former CFOs of Crazy Eddie and HealthSouth. Also presenting were an FBI Special Agent who worked the Bernie Madoff case, one of the prosecutors in the “Wolf of Wall Street” case, and individuals from a variety of agencies and organizations including the Bureau of Securities, the federal Securities and Exchange Commission, the American Association of Retired Persons, the Financial Industry Regulatory Authority, and the U.S. Commodity Futures Trading Commission. Many attendees reported that the information they obtained at the conference was helpful in educating them about common fraud schemes, how to protect themselves from fraud, and the work of the Bureau.

Office of Weights and Measures

The Office of Weights and Measures is responsible for the testing, certification and registration of all commercial weighing and measuring devices, as well as unit pricing and the inspection of commodities in package form, among other responsibilities. As the sole agency in New Jersey responsible for setting standards used in commerce, the Office's critical mission is to ensure a fair and equitable marketplace between businesses and consumers.

In calendar year 2014, the Office registered 186,440 weighing and measuring devices operated by nearly 28,000 businesses. The Office also collected more than \$3 million (\$3,132,396) in registration fees.

During 2014, the Office conducted two separate operations involving the undercover sale of precious metals and unannounced inspections at cash-for-gold outlets. The investigations were aimed at ensuring the sale of genuine merchandise and the use of lawfully-calibrated weights and measures equipment.

Undercover metal sales were carried out in cooperation with local police departments in Edison, Teaneck, Newark and Fairfield. Unannounced cash-for-gold site inspections were conducted at more than 100 locations throughout the state, including shops in

Newark, Paterson, Irvington, Camden, and Trenton. Overall, the two operations yielded approximately \$137,000 in settlements and civil penalties. As of this writing, approximately 60 other cases resulting from these operations remain pending in court.

During the summer of 2014, the Office conducted a special task force seeking to identify substandard motor oils – poorly-manufactured oils that fail to meet recognized state and federal standards, and that had the potential to result in poor engine performance or even engine harm.

In December 2014, following a thorough testing regimen, New Jersey became the first state in the northeast region – and the sixth state nationwide – to ban the sale of nearly 20 substandard motor oil products.



Division on
Civil Rights



Consistent with its statutory mandate, the Division on Civil Rights accepts, investigates, and prosecutes complaints of unlawful discrimination, and responds to many thousands of inquiries each year from the general public regarding anti-discrimination and family leave laws. The Division has regional offices in Atlantic City, Cherry Hill, Newark, and Trenton. More information about the DCR is available at www.NJCivilRights.gov.

Overview

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.

In 2014, the Division obtained approximately \$2.2 million in settlement payouts on behalf of New Jersey residents. Cases resolved by the Division ran the gamut from a South Jersey school district accused of failing to effectively address the race-based bullying of a student to an employer accused of firing a pregnant worker after she took doctor-prescribed medical leave to accommodate her pregnancy.

The Division also successfully resolved cases involving the denial of equal employment opportunities for women, sexual harassment in the workplace, and failure by two separate businesses to accommodate legally-blind persons accompanied by trained guide dogs. In addition to payments to the alleged victims and the State, settlements negotiated by the Division typically required training on the LAD and/or FLA, required the creation and meaningful dissemination of new or updated anti-discrimination policies and procedures, and imposed reporting requirements to ensure compliance with the law.

In 2014, the Division processed thousands of inquiries regarding civil rights from the public. The most common basis for new discrimination complaints was disability, followed closely by race and gender. The most common issues raised by complainants were unlawful discharge from employment, retaliation, and denial of reasonable accommodation.

During the year, the Division initiated more than 600 new discrimination investigations. Those cases affected individuals from all walks of life and covered a wide range of allegations.

For example, a deaf man alleged that a rehabilitation center refused to provide him with an American Sign Language (ASL) interpreter – even to discuss medical and treatment issues – during his month-long stay at the facility. A Sikh man who wore a turban in accordance with his religious beliefs alleged that a business denied him entry to its premises unless he covered the turban. A woman with a mobility impairment alleged that, while eating at a restaurant, the staff openly mocked her and imitated her walk. An eighth-grade boy alleged that he was repeatedly bullied based on his perceived sexual orientation. A working-class family alleged that it was denied the opportunity to rent a home because the landlord did not approve of their reliance on rent subsidies to make ends meet.

In addition to investigating and litigating civil rights matters, the Division continued to conduct a variety of outreach and training sessions in 2014. Training for employers typically centered on the requirements of the Law Against Discrimination and the Family Leave Act, and on how to ensure compliance with those laws. The Division also conducted a variety of “know your rights” seminars for individuals, including one in which Division representatives met with graduating high school students – many of whom will be entering the work force for the first time – to discuss what they should expect, and what will be expected of them. Division representatives also provided training to business operators, landlords, real estate industry personnel and others.

Case Highlights

Resolved Matters

Feldeisen v. Falasca Plumbing (gender discrimination): A South Jersey mechanical contracting company agreed to pay \$400,000 to resolve allegations that it violated the law, and State employment rules, by failing to employ female plumbers on jobs it handled – including many publicly-funded projects. Under terms of the settlement, Falasca Mechanical, Inc. of Vineland, Cumberland County, agreed to pay \$250,000 to the State and \$150,000 to female plumber Bette Feldeisen to resolve allegations that it repeatedly passed her over in favor of less experienced and less qualified male plumbers, and failed to make a good-faith effort to employ female plumbers while handling millions of dollars in public works jobs.

Under the same settlement, Plumbers and Pipefitters Local Union No. 322 agreed to join with Falasca in a cooperative effort to increase female recruitment into the union. Local Union 322 also agreed to increase training and employment opportunities for female plumbers during three subsequent apprenticeship cycles. (Local Union 322 and Falasca have an ongoing labor agreement, and under that arrangement, Falasca staffs its projects by requesting workers from the union.) The Falasca case served as an important reminder to other contractors – particularly those who are classified by the state Department of Treasury as eligible to compete for public works projects – that New Jersey is serious about equal opportunity in hiring, and will take action against any employer who fails to follow the law in this area.

Franklin Township Board of Education (school bullying): In this matter, the Board of Education in Franklin Township, Gloucester County, agreed to pay an African-American student \$75,000 to resolve allegations that it failed to effectively address race-based bullying aimed at her when she attended elementary school in the district. In addition to paying the student, who is now a teenager, the Franklin school board also was required to allocate at least \$2,500 for creation of an anti-bullying awareness program to be used in the district. The harassed girl

attended the Franklin elementary district's Main Road School from 2005 through 2009. The student-on-student bullying aimed at her included race-based name calling and other bias-driven remarks, and went on from the time she was in third-grade through the end of her sixth-grade year. The Division on Civil Rights has long been at the forefront of New Jersey's anti-bullying efforts. In 2013, it issued a Final Decision in the landmark *L.W. v. Toms River* case, in which the New Jersey Supreme Court adopted the Division's argument that a school can be held liable under the Law Against Discrimination for unreasonably subjecting a student to a hostile educational environment.

Trane U.S. Inc. (pregnancy discrimination): Trane U.S. Inc., a subsidiary of Ingersoll Rand located in Ewing Township, Mercer County, agreed in this case to pay a former employee \$55,000 to resolve allegations that it discriminated by terminating the woman after she took doctor-prescribed medical leave to accommodate the final weeks of her pregnancy. In addition to paying former assembler Charnelle Gilliard, Trane agreed to pay \$15,000 to the State and to implement a number of reforms including creation of a written policy making clear that medical leave for normal pregnancy will be treated the same as leave taken for any other medical condition or disability.

The policy also will clearly state that when a pregnant employee is approved – on the basis of her condition as pregnant – for short-term disability benefits by the state Department of Labor and Workforce Development, she will be deemed eligible for leave from work without being required to answer additional questions about her medical condition or showing proof of disability. (Earlier in 2014, an amendment to the LAD was enacted that added pregnancy as a protected classification.) This case highlighted the need for protections for women who are pregnant, and the real world issues affecting women in the workplace.

George Dapper Inc. (disability discrimination): Middlesex County transportation company George Dapper Inc. agreed to pay a former employee \$45,000 to resolve allegations that it

unlawfully discriminated by firing her after learning she had a mental-health-related disability. Based in Iselin, George Dapper Inc. provides transportation services to several school districts in central New Jersey and employs approximately 500 people. The former Dapper employee, whose name is being withheld to protect her medical privacy, began work as a part-time bus driver for Dapper in 2003 and was promoted in 2010 to a full-time, salaried position as a payroll clerk. Two years after her promotion, the employee was terminated. The worker subsequently filed a discrimination Complaint against Dapper. It alleged that Dapper unlawfully discharged her after learning she suffered from a mental-health-related illness, and despite her having obtained medical clearance from her treating psychiatrist. In addition to the monetary settlement, Dapper was required to train its management staff and line employees in the Law Against Discrimination, and to update its human resources policies to make clear that employees with physical and mental disabilities have a right to, and will be provided, reasonable accommodation.

Golden Grange Kennels LLC and Joseph Mosner (sexual harassment): Golden Grange Kennels and its owner, Joseph Mosner, agreed to pay a former employee \$20,000 to resolve allegations that she was sexually harassed, leaving her no choice but to quit her job. Golden Grange is a dog boarding, training and grooming facility in Chesterfield, Burlington County. The alleged sexual harassment victim worked there from January 2012 until her resignation in October of the same year. She alleged that, during her employment, her boss Mosner engaged in inappropriate sexual comments, sexual innuendo and sexual overtures. For example, she alleged that Mosner made inappropriate comments about the breast size of one of her co-workers. In another incident, Mosner allegedly led a workplace discussion about the meaning of a vulgar term – including having a co-worker look up the definition on her mobile phone and read it aloud. The employee told Division investigators that her stress level escalated late one evening after Mosner approached her as she was alone and leaving work, and asked her to “sleep over.”

In addition to the monetary terms of settlement, Golden Grange agreed to create a written, clearly-defined anti-discrimination and anti-harassment policy that will provide an effective complaint procedure for employees to report alleged workplace discrimination and harassment. The settlement also called for Golden Grange to arrange training for its managers and staff employees in state and federal workplace anti-discrimination laws and policies, including sexual harassment.

Broughten Deli of Bloomfield; Mark Variety Store of Trenton (Service Dog Discrimination): In two unrelated cases, the Division obtained settlements in 2014 on behalf of legally blind persons who were asked to leave retail shops upon entering the premises with their guide dogs. In May 2014, the Division announced that the Broughten Deli of Bloomfield would pay Bloomfield resident Dalvin Adebiji \$1,500 to resolve allegations that it unlawfully refused to allow Adebiji’s guide dog into the shop. Adebiji was asked to leave even as a New Jersey Division of the Blind and Visually Impaired employee accompanying him – an orientation and mobility specialist aiding Adebiji in learning a new walking route to a pharmacy – explained the law, and the role of the dog, to deli employees. In addition to paying Adebiji, the deli was required under the settlement to train its workers regarding their legal obligations when dealing with service animals, and to provide them with related sensitivity training. In December 2014, the Division announced that the operators of a Trenton retail shop – the Mark Variety Store – had agreed to pay legally blind Trenton resident Yvonne Ware \$1,500 to resolve allegations that they discriminated by asking Ware and his trained guide dog to leave the store. In addition to paying Ware, Mark Variety Store owners Harshad Desai and Daksha Desai were required to host a Division-provided training session on the requirements of the LAD regarding service animals, and to permanently display a sign near the entrance of their store informing customers and visitors that service dogs and guide dogs are welcome.

Examples of Findings of Probable Cause

At the conclusion of an investigation, the Division must determine whether probable cause exists to credit a complainant's allegation of discrimination. Some examples of Findings of Probable Cause issued in 2014 are as follows:

Clarke v. Siemens Demag Delaval Turbomachinery, Inc. (race discrimination):

A Division investigation found that an African-American machinist working in a Mercer County manufacturing plant was subjected to race-based discrimination by his supervisor, that no effective corrective action was taken to address the situation, and that his subsequent evaluation and treatment was adversely affected by his complaints of discrimination.

Merritt v. VNA of Central Jersey. (pregnancy discrimination): A Division investigation corroborated an Essex County registered nurse's allegations that her employer violated the LAD by firing her for taking pregnancy leave.

Perkins v. Clifton Taxi (deaf - accommodation): A Division investigation corroborated allegations that a Passaic County transportation company repeatedly refused to communicate with a deaf woman who called for service using a telephone relay service. The investigation found that the taxi company's conduct amounted to a denial of services based on disability and/or a failure to provide a reasonable accommodation to a customer with a disability.

Q.H. v. Sweet Heaven (gender discrimination): A Division investigation corroborated a Mercer County resident's allegations that her employer discriminated against her based on gender by subjecting her to severe or pervasive sexual harassment that created a hostile work environment.

Patel v. Suncity Distribution. (pregnancy discrimination): A Division investigation corroborated a Morris County resident's allegations that her Middlesex County employer fired her from her position as a purchasing manager because she became pregnant.

N.B. v. The Waldorf School (disability discrimination - child): A Division investigation corroborated allegations that a private school in Mercer County violated the LAD when it severed its relationship with a student with disabilities rather than engage in an interactive process to discuss reasonable accommodations that would allow her to continue her enrollment.

Blair v. Tenafly Pediatrics (Family Leave Act): A Division investigation corroborated a Bergen County woman's allegations that she was fired from her job as a billing coordinator when she took family leave to care for her dying father.

Hulahan v. Orange Lantern Bar (age discrimination): A Division investigation corroborated a 66-year-old Bergen County resident's allegations that she was fired from her job as a waitress at a sports bar because of her age.

Bronner v. Planet Fitness (age & marital status discrimination): A Division investigation found that a woman who was unmarried and in her 30's was passed over for a promotion in favor of an older married male because the employer viewed her as a "young girl," as opposed to the promoted male candidate whom it characterized as "married, and [someone with] real bills."

L.F. v. Green Brook Bd. of Ed. (disability discrimination): A Division investigation corroborated a Somerset County resident's allegations that her employer violated the LAD when it fired her based on the employer's non-medically supported suspicion that she would be unfit to return to work because of a disability.

Examples of Final Decisions

The Division renders Final Decisions accepting, rejecting, or modifying the findings of fact and conclusions of law reached by Administrative Law Judges in discrimination and family leave opinions emanating from the Office of Administrative Law. Examples of the range of final decisions issued in 2014 are as follows:

C.B. v. Patterson School District: Over the course of a five-day hearing, an Administrative Law Judge heard evidence in a case where a teacher alleged that the principal in a Passaic County school failed to provide reasonable accommodations for her disability, harassed her because of her disability, and then retaliated against her for requesting accommodations. After a thorough and independent review of the OAL record, the Division issued a comprehensive 28-page opinion adopting the judge's findings and conclusions of law, and dismissed the complaint.

Blossomgame v. NY Giants: In a case where a New York resident alleged that stadium officials refused to give him an accessible parking permit and removed him from a wheelchair accessible seating area, an Administrative Law Judge dismissed the matter for complainant's failure to comply with discovery obligations and pre-hearing scheduling dates, and imposed sanctions for abusive and disrespectful conduct toward court personnel and opposing counsel. After carefully reviewing the record and discussing the governing standards, the Division affirmed the dismissal.

Gilmore-Elsheikh v. District 1199J National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO: The Division affirmed an Administrative Law Judge's finding in a case where a 62-year-old Essex County resident alleged that her union refused to arbitrate her grievance regarding termination of her employment, but arbitrated grievances of younger union members who were faced with losing their jobs for similar offenses. After carefully reviewing the record including, but not limited to, witness testimony and documentary evidence presented during the hearing and post-hearing submissions, the Division affirmed the dismissal.

Training and Outreach

In 2014, the Division provided training on anti-discrimination and family leave laws to thousands of persons in the private sector, government agencies, volunteer organizations, community groups, organizations and persons with disabilities, ethnic/cultural organizations, school districts, civil and human rights organizations.

The Division provided training for a wide range of audiences such as the New Jersey Casino Control Commission, Hudson County and Jersey City public employees, Catholic Charities of Camden and Resources for Independent Living. The Division also provided training at a variety of forums ranging from the annual New Jersey State NAACP Convention to the New Jersey League of Municipalities Convention, to the New Jersey Home Mortgage Finance Association Fair Housing Conference. Events included workshop presentations, "know your rights seminars," and more specialized trainings. For example, the Division sponsored a free, day-long seminar for attorneys that provided a comprehensive look at legal standards and specifications required by state and federal fair housing laws for persons with disabilities. Attorneys who attended the training received Continuing Legal Education credits.



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 worked in 2014 to make driving safer for New Jersey residents and visitors, both through its own efforts and through grant funding to local agencies. Throughout the course of any year, the Division undertook 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 Intoxicated Drivers Off the Road

Drive Sober or Get Pulled Over: Grant funding from the Division supported two crackdowns in 2014 related to the national anti-drunk-driving campaign "Drive Sober or Get Pulled Over." As a result, 496 police departments throughout New Jersey made a total of 3,011 arrests for driving while intoxicated. They also issued more than 10,000 speeding tickets and more than 7,000 summonses for failure to wear a seatbelt. The first crackdown – which actually began in late 2013 and ran through the end of the 2014 New Year's holiday – resulted in 1,575 arrests for driving while intoxicated. In addition, participating police agencies issued 4,728 speeding tickets

and 3,269 summonses for failure to wear a seat belt. For the early 2014 crackdown, the Division provided 144 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 15, police launched a second "Drive Sober or Get Pulled Over crackdown," which ran through September 1. Again, 496 police agencies participated, with 195 of those departments receiving overtime grants. As a result of the crackdown, police made 1,436 arrests for driving while intoxicated. They also issued drivers 5,459 tickets for speeding and 4,827 summonses for failure to wear a seat belt.

Occupant Protection

Distracted Driving Awareness Crackdown:

The month of April was National Distracted Driver Awareness Month. In conjunction with the national initiative, the Division carried out a statewide distracted driving enforcement crackdown between April 1 and April 21. Altogether, 357 police agencies throughout New Jersey took part in the effort. Sixty police departments received individual, \$5,000 Division grants to help pay for police overtime related to the crackdown. Other participating police departments used their own resources. The three-week initiative – launched under the banner "U Drive. U Text. U Pay." – resulted in 13,478 summonses for unlawful cell phone/texting and 5,343 summonses for careless driving. In addition, participating police agencies issued 5,908 tickets for speeding and 5,203 tickets for failing to wear a seat belt. It is estimated that nearly 10,000 law enforcement man-hours were worked during the campaign, which included 75 fixed-location distracted driving checkpoints.

Click It or Ticket: Financed largely through grant funding provided by the Division, police across New Jersey conducted the annual “Click-It or Ticket” occupant safety campaign in May and June of 2014. The campaign’s centerpiece 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 along New Jersey highways. During the two-week campaign, 370 participating police agencies issued 26,635 citations for failure to wear a seat belt, nearly 700 child restraint summonses, and 4,363 speeding tickets. In the course of the program, police also made more than 900 arrests for driving while intoxicated.

Seat Belt Usage Survey: New Jersey motorists showed a decline in front seat belt usage in 2014 compared with the prior year. According to an annual statewide seat belt usage survey conducted by the New Jersey Institute of Technology, the state’s front seat belt usage rate decreased to 87.5 percent in 2014, compared with a rate of 91 percent the prior year. Rear-seat usage of seat belts also declined slightly in 2014 – to 80 percent in 2014 from 83 percent the prior year.

The goal with respect to any seat belt usage survey is 100 percent compliance. Based on data guidelines developed by the National Highway Traffic Safety Administration, more seat belt usage translates into fewer fatalities and serious injuries, and a savings of millions of dollars in crash-related economic costs. New Jersey experienced a steady increase in front seat belt usage between 1996 and 2011, peaking at 94.5 percent in 2011. In 2012, there was a decline, but in 2013 the usage rate jumped back up – to 91 percent. The Division continues to engage in vigorous public awareness initiatives, and to support seat belt enforcement efforts by local police, in an effort to reverse the unwelcome trend of less seatbelt usage.

Other Highlights

Operation 130 Safe Passage: In the first five months of Operation Safe Passage in Burlington County, police working under the Safe Passage banner wrote a total of nearly 3,000 tickets for speeding, driving while on a cell phone, failure-to-stop-for-pedestrians and other violations. One year after the program’s launch, in 2014, surveys conducted by local law enforcement showed sharp reductions in the rates of speeding (down 68 percent), distracted driving (81 percent), and various other infractions by drivers (80 percent) along the impacted Route 130 Corridor. Safe Passage kicked off in May 2013 to enhance safety and reduce fatalities along Route 130, which cuts a 22.5-mile path through the heart of Burlington County and is one of the most heavily-traveled transit corridors in the state. The \$225,000 project was funded by the Division, and 12 local 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 was the scene of 13 pedestrian fatalities between 2007 and 2011.

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 14 through September 20, 2014. Technicians provided advice and instruction to attendees on how to choose the right car seat and use it correctly to ensure 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 seven child passenger safety technician training courses held in 2014. 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 Media 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. In addition, Latinos are over-represented in alcohol-related crashes, with 47 percent of Latino-involved fatal crashes being alcohol-related.

The challenge of making Latino drivers safer 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 through outreach and education remains a priority of the Division. However, the challenge of effectively messaging and educating Latino drivers is complicated by language and cultural barriers, as well as the fact that New Jersey's Latino population tends to be split between two costly metropolitan media 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 \$82,000 in 2014 on public service messages which ran in such Spanish-language newspapers as *Hechos Positivos* and *Reporte Hispano*, and on Channel One, an in-school television broadcast that reaches 120 high schools throughout New Jersey.

Motorcycle Safety: During National Motorcycle Safety Awareness Month in May 2014, the Division and several partner agencies took part in initiatives aimed at curbing motorcycle crashes, injuries and fatalities. Through an awareness campaign, the New Jersey Motor Vehicle Commission teamed up with the Division of Travel and Tourism to encourage car and motorcycle drivers to safely share the road. The safety message behind the campaign was brought to life at the Jersey Shore Premium Outlets in Tinton Falls, as shoppers had the chance to experience a stationary motorcycle that simulated the look and feel of riding. Harley-Davidson of Long Branch provided the JUMPSTART Rider Experience to demonstrate the fun and excitement of riding a motorcycle while participants received important safety information from such organizations as the Motor Vehicle Commission, the Division of Highway Traffic Safety and the Monmouth County Sheriff's Office.



Division of
**Alcoholic
Beverage Control**



The primary mission of the Division of Alcoholic Beverage Control is to regulate how alcoholic beverages are manufactured, distributed, sold and transported within New Jersey. 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 \$5 million to the State treasury annually, along with fringe benefits and other excess revenue beyond operating costs. Among other functions, the Division:

- Investigates applicants and issues licenses and permits to manufacturers, wholesalers, transporters and warehouses.
- Supervises municipal control over retail liquor licensing.
- Enforces the Alcoholic Beverage Control Act and regulations promulgated under the Act, including appeals brought to the Division Director from local municipal action.
- Promulgates rules and regulations necessary for the fair, impartial and comprehensive administration of law.

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 also is charged with preserving the “beneficial aspects of competition and fostering moderation and responsibility in the consumption of alcoholic beverages.” For further information about the Division visit www.nj.gov/oag/abc.

Investigation/ Enforcement Highlights

Forked River House: In July 2014, the Division announced charges against the Forked River House in Lacey Township for unlawfully serving intoxicated patrons. Specifically, the Division alleged that Forked River House served alcohol to actually or apparently intoxicated persons on six different occasions between August 2012 and March 2013. In each instance, the patrons involved were later arrested by local police departments and charged with driving while intoxicated. The blood alcohol content (BAC) for each of the six drivers ranged from .15 to .21. Through its action, the Division sought to suspend the Forked River House’s license for 180 days. As of this writing, the matter is still pending.

Porta: The Division charged the Porta restaurant, in Asbury Park, with serving alcohol to persons under the age of 21 on two separate occasions. The charges resulted from two undercover investigations in the summer of 2012. On June 9 of that year, investigators arrested two 20-year-old women for consuming alcohol underage at the Porta. A month later, investigators made another arrest at the Porta involving another 20-year-old patron. The Division is seeking to have the Porta license suspended for 60 days.

Related Restaurant Group LLC/ta Park

East: In 2014 the Division concluded an investigation into activity at Park East in Hazlet, and determined that the licensee had over-served multiple patrons. Many of the over-serving incidents resulted in car accidents, some with serious injuries and one resulting in the death of the driver. The licensee was required to divest its interest in the license and pay a \$140,000 fine in lieu of revocation. The license has since been transferred to a bona fide third party.

Martell's Tiki Bar Inc./ta Martell's: On August 16, 2013 a patron of Martell's – Ashley Chieco, of Wood-Ridge – drove into another car after leaving the bar. As a result of the crash, Chieco was killed and the driver of the other vehicle was seriously injured. Chieco's BAC was .18 – more than twice the legal limit. In the wake of the fatal accident, ABC charged the licensee with multiple violations, and is seeking to revoke the Martell's license. As of this writing, the case remains pending.

Craft House and Beer Garden Inc. (formerly Top Dog): On September 26, 2013, Daniel O'Neill, a patron of Top Dog in Cherry Hill, fell while exiting the bar and sustained serious injuries, including trauma to his head. His BAC was .22. The licensee was subsequently charged by ABC with serving an actually or apparently intoxicated person. The matter remains pending.

Tiffs Pequannock t/a Tiff's Restaurant: On December 1, 2013, driver Jennifer Wyatt of West Milford and a passenger, David Olsen, were involved in a one-car accident after leaving Tiff's Restaurant in Pequannock. Wyatt was killed and Olsen was seriously injured. Both of their BACs were found to be .20. ABC has charged the licensee and is seeking revocation of its license.

Litigation Highlights

Denial of Waiver Applications Upheld:

In 2014, lawyers representing the ABC successfully argued before the Appellate Division to uphold the Division's denial of waiver applications submitted by four solicitors, who collectively received approximately \$1 million per year in commissions on alcoholic beverage purchases made by their respective relatives' accounts. In 2008, ABC concluded the second of two major investigations into trade practices by which wholesalers, through their solicitors, paid for business.

In 1999, after the first investigation, ABC promulgated N.J.A.C. 13:2-16.11 to eliminate anti-competitive practices and to restore free competition to the wholesaler-to-retailer segment of the industry. The regulation included a "grandfather clause" that allowed existing relative-solicitors to continue to service retailers owned by their relatives. The second investigation found that the grandfather clause inadvertently allowed a practice that so displaced competition that competing wholesalers were forced to devise new prohibited schemes to circumvent the rules and be competitive. ABC subsequently repealed the grandfather clause to eliminate the anti-competitive effects caused by the relative-solicitor practice.

Keynote "Security Interest" Case:

The Division successfully argued in U.S. Bankruptcy Court that a party asserting a secured claim to the proceeds from a Trustee's court-approved sale of a debtor's New Jersey liquor license cannot have a valid security interest in the liquor license under State law and, therefore, does not have priority status when the sale proceeds are distributed. The Bankruptcy Court adopted ABC's position that the Alcoholic Beverage Control Act explicitly precludes liquor licenses from being deemed property to which a security interest can attach. The Court rejected the argument that revised Article 9 of the Uniform Commercial Code overrides the Alcoholic Beverage Control Act and authorizes secured claims to proceeds of the sale of liquor licenses, and held that a private party cannot lien a liquor license or the proceeds from its sale.

Other Highlights

Combating Underage Drinking: The Division continued its multi-faceted efforts to combat underage drinking in 2014, with such programs as the Cops in Shops Summer Shore and College Fall Initiatives, and “Proms and Alcohol Don’t Mix.” Each of these efforts has proven successful in helping to reduce underage drinking and over-intoxication, while also raising awareness about the dangers of drinking and driving. In Cops in Shops, local police officers work undercover in participating liquor retail shops throughout New Jersey shore area communities (in summer) and college communities (in the fall.) Law enforcement officers either pose as store employees or are positioned outside to apprehend adults who try to purchase alcohol on behalf of underage drinkers. Since its inception in New Jersey in 1996, Cops in Shops has resulted in more than 10,000 arrests. As part of the “Proms and Alcohol Don’t Mix” initiative, the Division honored 26 high school students in 2014 for their efforts aimed at keeping their peers safe and sober during prom season. The students were honored for their entries in the Proms and Alcohol Don’t Mix PSA Script Contest, which the Division sponsored for the eighth consecutive year. As always, the purpose of the contest was to encourage

high school students to communicate to their peers the dangers of underage drinking. The winning script was used to create a 30-second commercial that ran throughout the spring on area television stations and online. Woodstown High School (Salem County) students Jay Ariza, Reid Truett and Austin Counsellor wrote the winning entry. First runner-up went to a team of writers from Overbrook High School (Camden County.)

Licensing Bureau: In addition to its usual function of annually renewing more than 9,000 retail licenses, 800 wholesale licenses, 26,000 permits and more than 75,000 brand registrations, the Division’s Licensing Bureau continued in 2014 to see an increase in transfer applications and inactive licenses due to economic factors. The Licensing Bureau responded to the changing industry landscape with agility, keeping its efforts effective, efficient and within budget.



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 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. On an annual basis, a variety of casino regulatory agencies, both domestic and foreign, consult with the Division in order to emulate New Jersey's gaming laws, systems and practices. For more information about the Division of Gaming Enforcement visit www.njdge.org.

Technical Services Bureau (Slot Lab)

Ensuring the Integrity of Electronic Games and Systems: Through the Technical Services Bureau, the Division ensures the integrity of the electronic gaming equipment used in Atlantic City casinos and on the Internet. In 2014, the casinos generated more than \$2.6 billion in revenue from on-site slot machine and table game win. Of that \$2.6 billion, most of it – approximately 72 percent – was generated by slot machines. The casinos also generated more than \$120 million from Internet gaming. Of that \$120 million, approximately 76 percent came from Internet-based slot machine games, while the remaining amount was generated from peer-to-peer games such as poker. Combining both “brick-and-mortar” gaming revenue and Internet gaming revenue, the casinos generated more than \$2.7 billion in 2014.

In order to ensure the integrity of the electronic gaming equipment used in New Jersey, all hardware and software must be approved by the Division's slot lab and then undergo an inspection on the casino floor prior to use. For the year 2014, the

Technical Services Bureau engineering staff approved 1,747 product submissions and found regulatory issues that resulted in rejection or withdrawal of 258 submissions. Of the 1,747 product submissions approved, 535 were Internet-based submissions, and the remaining 1,212 approvals were for hardware/software to be used on casino floors.

In addition, the Division's Field Inspection Staff performed more than 54,000 inspections and processed the paperwork for nearly 55,000 devices.

New Jersey First: In an effort to bring new and innovative gaming products to Atlantic City, the State enacted legislation designed to fast-track the review and approval of products submitted for use in New Jersey before any other gaming jurisdiction. In keeping with the New Jersey First legislation, the Division gives preference and priority to all gaming products submitted for review here prior to, or simultaneous with, submission elsewhere. In 2014, the Division approved 85 New Jersey First submissions. The goal is for any New Jersey First gaming submission to be tested and put into operation on the casino floor within 14 days. If the Division has not completed its review of a New Jersey First gaming product within 14 days of having received it – and it has not identified an issue that might negatively impact on fairness or overall integrity – the Division issues a field trial approval on/or before the 14th day.

Internet Gaming – Platform Providers: In February 2013, the State enacted legislation (A-2578 P.L. 2013. C27) authorizing Internet casino gaming. The Technical Services Bureau tests Internet gaming systems, as well as their associated games. Critical features of Internet systems evaluated during the TSB testing phase include responsible gaming, underage gambling, and detection of the patron's physical location, also known as geo-location. The TSB also evaluates fraud and money laundering detection systems, and works closely with the Division's Regulatory Enforcement Bureau to ensure proper tax and revenue reporting.

In 2014, two Internet gaming platforms were submitted for use in Atlantic City. The first, Pala Interactive, was issued an Internet Gaming Permit by the Division in November. The soft opening was used to demonstrate

to the Division that all systems performed as required under the stress of live gaming, and that operational and revenue controls were effective. On November 21, 2014 the Director issued an order approving Pala Interactive to conduct continuous 24-hour Internet gaming operations without restriction – not only with respect to the number of patrons who may play on its Internet gaming system, but also on the marketing and advertising of its Internet gaming operations to the public. The second Internet gaming platform submitted in 2014 was submitted by the Sportech/Nyx Group. The Sportech/Nyx submission was expected to be granted similar, 24-hour continuous gaming approval without restriction in 2015.

Internet Gaming – Monitoring: In order to ensure the ongoing integrity of approved Internet gaming systems, the TSB created and implemented technical monitoring tools which are used to oversee casino Internet gaming operations, and to ensure that approved system features are working as intended. The primary goal of developing the monitoring tools was to provide insight into the critical file systems used in on-line gaming. The tools include OSSEC, an “open source” tool that provides several critical functions to the Division. Via a central collection server, the Division is able to monitor all directories housing critical files on the gaming platform provider’s servers. In the event a file within that directory has changed, an alert is sent to the Division in real time. In addition to monitoring log-ins into the Internet gaming system, OSSEC allows Division personnel to detect anomalies as they relate to security and hardware issues.

The Division also uses Elasticsearch, Logstash, and Kibana in order to monitor the Internet gaming systems. These tools combine to provide searchability and visualization not only relative to the data provided by OSSEC, but also the net flow data collected by the Division, which is then displayed as graphics such as line graphs, bar graphs and pie charts. With these various monitoring tools, the Division can see the present state of any Internet gaming platform in real time. In the event an alert is identified within graphical dashboards, the Division has the ability to analyze and investigate the alert. Regulatory or criminal

infractions identified as part of the Division’s monitoring process are referred to the Division’s Regulatory Enforcement Bureau or New Jersey State Police for investigation as appropriate.

Regulations – Internet Gaming: The issue of responsible gaming is paramount in New Jersey, and the Division is constantly evaluating existing regulations in order to determine if additional regulations are needed to ensure player protection. Effective September 22, 2014, the Division adopted temporary regulations requiring gaming platform providers to post additional responsible gaming information on the patron protection page including:

- A clear statement of the Internet gaming operator’s policy and commitment to responsible gaming.
- Information regarding practical tips for staying within safe gaming limits; myths associated with gambling; information regarding the risks associated with gambling; potential signs of a gambling problem, or a direct link to similar information posted by an organization in the U.S. dedicated to helping people with gambling problems.

In addition, the newly-adopted temporary regulations required all Internet gaming operators with employees who have direct contact with patrons to implement training for those employees – both at the start of their employment and at regular intervals afterward – addressing the following:

- Recognizing the nature and symptoms of problem gambling behavior and how to assist players in obtaining information regarding help for a gambling problem and self-exclusion programs.
- Responding to patrons who may disclose that they have a gambling problem.
- Responding to reports from third parties, such as family members, about patrons who may have a gambling problem.

Keeping Casino Patrons, Employees Safe

Atlantic City's casinos, casino patrons and employees are protected by the New Jersey State Police, a full-service criminal enforcement and investigative agency dedicated to maintaining a safe environment for the gaming industry and its surrounding environs. A contingent of State Police is assigned to the Division of Gaming Enforcement to enforce the State's criminal laws, including the criminal provisions of the Casino Control Act. State Troopers assigned to the casinos report directly to the Division Director, and to the Superintendent of the State Police. Troopers operate out of each of the eight casinos, and from the Division's office in Atlantic City. In 2014, State Police arrested 871 persons in the casinos, issued approximately 1,500 summonses and 124 warrants. Troopers also returned a total of \$31,000 to crime victims.

Regulatory Enforcement Bureau

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

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 Atlantic City's gaming industry from acts of terror. 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 the Internet gaming activity and investigates patron complaints regarding game integrity, fraud and system functionality. In addition, the Bureau is responsible for certifying Internet gaming revenues.

In 2014, the Bureau conducted 4,306 underage gambling/drinking investigations, 4,002 regulatory and information technology investigations, 149 CHAB control investigations, responded to 244 casino patron inquiries, issued 325 underage summonses, and conducted 167 revenue certification audits.

Regulatory Prosecutions Bureau

The Regulatory Prosecutions Bureau (RPB), located in Atlantic City, oversees the operational aspects of the casino industry – including game operations, Casino Hotel Alcoholic Beverage (CHAB) matters, data processing, new game approvals and, in particular, the financial and/or accounting activity of casino licenses. The Bureau works in conjunction with the Division's Regulatory Enforcement Bureau to accomplish these tasks. The Bureau also is 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.

In response to creation of the Tourism District in Atlantic City, as well as the Clean and Safe Initiative, the RPB continued an aggressive program of exclusion in 2014 to keep out of the licensed premises individuals who repeatedly disrupt casino operations or repeatedly, and negatively, affect the quality of life of casino patrons and employees. In pursuing this initiative, the Division is working with the municipal courts, agencies of Atlantic City government, the Casino Reinvestment Development Authority, the Tourism District and, significantly, the casinos. Collectively, this partnership is making a strong, sustained effort to identify persons who repeatedly have been engaged in disruptive or criminal acts on or around casino premises. These persons have been convicted in state Superior Court or in a municipal court, and their cases are not marginal ones. Rather, they are persons who have multiple convictions for conduct detrimental to casino operations and/or casino patrons. A listing of these excluded persons appears on the Division website. The website names excluded persons, notes the date of their placement on the exclusion list, and denotes the depth and seriousness of their offenses. Through the exclusion process, the Division achieves industry-wide exclusion of undesirables in Atlantic City, rather than the casino-by-casino ban that occurs through the court system. In 2014, 64 persons were subject to a final exclusion order.

The Regulatory Prosecutions Bureau is responsible for prosecuting all violations of the Casino Control Act and regulations governing gaming. Violations of the Act and the underlying regulations are pursued either by administrative complaint or by correspondence to licensees, known as “warning letters” advising them of a violation and requiring corrective action. During 2014, RPB brought 28 administrative complaints to conclusion and issued warning letters for 157 violations.

Casino Entity Licensing Bureau

The Casino Entity Licensing Bureau ensures that each applicant for, and holder of, a casino license meets the State’s standards for financial responsibility, honesty, integrity and good character, and that such licensees are not in any way disqualified under the law. As part of its mission, the Bureau investigates and monitors the business transactions of applicants, licensees and related companies and conducts investigations of all principal directors, officers and employees. It also investigates and monitors the business transactions of investors, security holders and financial backers, and examines the background of casino companies and their affiliates. The Bureau’s legal unit reports information to the Casino Control Commission on investigations related to casino licenses, makes recommendations to the Division Director regarding qualification, waiver and financial stability determinations, and litigates violations of the State’s casino laws and regulations. The Bureau’s Office of Financial Investigations (OFI) works to ensure the financial stability and integrity of all casino applicants and licensees, as well as their respective holding companies. On a continuing basis, OFI monitors the financial stability of casinos to ensure that the public interest is protected and that each casino company is meeting its ongoing tax, wage and other fiscal obligations.

MGM – In 2014, the requalification of MGM was a major licensing matter for the State and the Atlantic City casino industry. The MGM Statement of Compliance investigation commenced in 2013, continued throughout 2014, and was completed on September 10. The matter required significant corporate reviews and investigation of 29 individual qualifiers, including officers, directors, owners and other principals.

The MGM corporate reviews occurred in the United States, as well as in Dubai, Macau, Hong Kong and London. The MGM requalification was a large-scale investigation that included a review of MGM's compliance program, litigation matters and regulatory violations. The Dubai investigation was directed at Dubai World and Infinity World, which are MGM stockholders, and focused on Dubai World's compliance plan and procedures for ensuring that the Dubai World board of directors exerted no influence over the Infinity World stock investment in MGM. The Macau investigation concerned MGM's casino-hotel in that jurisdiction – both generally, as to the current operation of the casino-hotel, and specifically, with regard to the Division's May 2009 special report on prior Macau issues.

The extensive MGM investigation concluded with preparation of corporate reports to the Casino Control Commission regarding the qualifications of MGM, Dubai World/Infinity World, Tracinda Corporation, and the MGM Macau casino-hotel operation, as well as preparation of the 29 individual qualifier reports. Completion of the MGM matter also involved proceeding with an Action in Lieu of Complaint against MGM and Tracinda concerning Terry Christensen, a former board member convicted of illegal wiretapping, as well as conditions to be imposed on MGM if a Statement of Compliance was issued. Meetings and discussions were held throughout the investigative process and in preparation for the Casino Control Commission hearing. At the hearing, MGM's chief executive officer was cross-examined concerning corporate issues, financial stability and the Terry Christensen matter, its general counsel was cross-examined concerning compliance and regulatory violation matters, and a Macau executive was cross-examined regarding Macau matters. Following the hearing, MGM was granted a statement of compliance and found qualified to re-enter the Atlantic City casino industry. A trust arrangement was dissolved shortly thereafter.

Revel – During June 2014, Revel filed its second voluntary Chapter 11 bankruptcy proceeding within a two-year period in U.S. District Court in Camden. The focus of the proceeding was to conduct a sale process through an investment firm. Following an auction, Brookfield Asset Management was selected as the winning bidder with a purchase price of \$110 million, prevailing over Polo North Country Club's bid of \$94.5 million. The Revel casino hotel closed its operations in September 2014. Significant issues surrounding the Revel agreement with ACR Energy Partners – ACR was energy supplier to the facility – as well as lease arrangements with third-party restaurant and night club operators, delayed any closing on an asset purchase agreement. In December 2014, a federal bankruptcy court judge approved Revel's decision to terminate the purchase agreement with Brookfield based upon complications arising from those arrangements, setting the stage for ultimate acquisition of Revel by Polo North Country Club.

Caesars Entertainment – The Division completed its resubmission investigation concerning the three Caesar's Entertainment casino licensees – Harrah's, Caesars and Bally's – and filed its 19-page summary report with the Commission on November 14, 2014. The Division determined that no information warranted the suspension, revocation, limitation or conditioning of the Caesar's casino licenses, although the Division reported on certain matters and provided a full financial analysis to the Casino Control Commission. The Division's analysis addressed the financial condition of Caesar's Entertainment entities, noting that limited time existed to devise and implement a plan to resolve debt issues at the Caesars Entertainment Operating Company (CEOC) level. Caesar's waived confidentiality of the Division's report in light of public interest, and the report was posted on its website.

Service Industry Licensing Bureau

The Division's Service Industry Licensing Bureau (SILB) assures the integrity of those persons and enterprises that provide goods or services to the casino-hotel industry. Through its legal and investigative staff, the Bureau reviews each person or business to ensure that they meet the appropriate standards set down under the Casino Control Act for good character, honesty, integrity and financial stability.

Further, the Bureau is responsible for the licensing of entities involved with Internet gambling, including gaming platform providers, marketing affiliates, geolocation and KYC providers, as well as just about everyone else involved in the process, including payment processors.

For the year 2014, the Bureau completed 34 Casino Service Industry/Vendor Registrant investigations. These include eight gaming companies, 16 junket enterprises and nine ancillary Internet Casino Service Industry Enterprise (CSIE) licensees, along with 143 qualifier investigations, 11 Casino Hotel Alcoholic Beverage (CHAB) investigations, one key employee license and 157 vendor registrant investigations.

Regarding Internet gaming, the Bureau received completed applications and conducted preliminary investigations of 13 CSIE applicants, resulting in the issuance of five transactional waivers for Internet gaming business. The Bureau also received completed transactions and conducted the preliminary examination of 10 Ancillary CSIE applicants who indicated they intended to enter Internet gaming agreements with casino licensees or Internet gaming permit holders. Finally, the Bureau registered 207 Internet gaming vendors. In each instance, in addition to the normal vendor procedures followed, a member of the Bureau's legal unit reviewed the Internet gaming contract to ensure vendor registration was appropriate.

Gambling Self-Exclusion List

Through its statutory authority to do so, the Division of Gaming Enforcement has created a casino Property and Internet Self-Exclusion List for problem gamblers and others who may choose to sign up as a means of prohibiting themselves from gambling in person and/or on-line. Individuals can choose to exclude themselves for one year, five years or a lifetime, and can sign-up by submitting an application in-person at various offices across the State. Those offices include Division offices in Atlantic City or Trenton, and the offices of the New Jersey Racing Commission in Trenton, East Rutherford, Oceanport and Freehold. Persons who wish to exclude themselves from Internet gambling only can do so online.

Information on the self-exclusion list is protected from public disclosure, but is made known to the casinos. Upon notice, casino licensees must prohibit – to the extent possible – wagering by self-excluded persons, halt promotional mailings to such persons, and withhold from these individuals credit and complimentary or “comps.”

As a disincentive to gambling by self-excluded persons, the statute contains a forfeiture component that allows the State to seize anything of value from a person on the self-exclusion list. In addition, the Division can sanction casinos for failing to prevent self-excluded persons from gaming.

As of year's end, a total of 2,312 persons had volunteered themselves for exclusion from gambling. That total included 1,483 who signed up for self-exclusion from both casino and Internet gaming, and another 829 people who signed up to exclude themselves solely from online gambling.

In 2001, when Self-Exclusion regulations were enacted, a person who wanted to request placement on the Self-Exclusion List was required to acknowledge that he or she was a problem gambler. On July 30, 2014, the Legislature passed legislation (Bill A-2444), that allows a person to be placed on the Self-Exclusion List without signing a statement that the request is "because I am a problem gambler" or "because I am a problem Internet gambler." This statutory change helps remove any stigma associated with the term "problem gambler" that might deter individuals from signing up for the Self-Exclusion List and also acknowledges that there maybe be other reasons a person wishes to not access casino facilities or New Jersey authorized Internet gaming websites beside problem gaming.

Records and ID Bureau

The Division's Records and ID Bureau ensures that each casino employee registrant is not disqualified pursuant to the Casino Control Act, and regulations promulgated under the Act. From January through December 2014, the Bureau completed approximately 4,500 employee license investigations, as well as 529 arrest notification investigations. In addition, the Bureau processed 177 revocation complaints, 79 of which included license suspension actions, and nearly 400 financial objections.



Juvenile
Justice
Commission



Overview

The Juvenile Justice Commission was established by statute in 1995 to lead the reform of New Jersey's juvenile justice system. The JJC is the single agency of State government with centralized authority for planning, policy development and the provision of services in the juvenile justice system.

Its three primary responsibilities are:

- the care, custody, and rehabilitation of juvenile offenders committed to the agency by the courts
- support of local efforts to provide services to at-risk and court-involved youth
- supervision of young offenders on juvenile parole

Within the JJC's mission is the responsibility to maintain personal safety, promote responsibility and build stronger communities. The JJC emphasizes individual accountability, and offers programming that affords young people the opportunity to become independent, productive and law-abiding citizens. In 2014, the JJC served approximately 10,000 youth, reaching young people and their families in every region of the state. This included young offenders residing in the JJC's secure care facilities, its residential community homes, those released from custodial settings and placed on parole, and thousands more reached via initiatives funded through the agency's Offices of Local Programs and Services. For further information about the JJC visit www.nj.gov/oag/jjc.

JDAI Update

In 2014, the success of New Jersey's Juvenile Detention Alternatives Initiative (JDAI) in reducing detention center populations and giving eligible youth a chance to change their lives through alternate dispositions brought the State significant recognition as a national leader in the area of juvenile justice reform.

While the Annie E. Casey Foundation's JDAI is operational in more than 300 local jurisdictions spanning 39 states, New Jersey is the only state to be designated by the foundation as a national model.

As lead agency for JDAI implementation, the JJC receives funding from the Baltimore-based Casey Foundation to support its JDAI effort, including the hosting of two-day work sessions with delegations from other states interested in replicating New Jersey's success. To date, 14 states have participated in New Jersey's JDAI "Model Site" program, bringing state legislators, supreme court justices and other high-level stakeholders from around the country to New Jersey to learn about its JJC-led juvenile justice reform. States visiting the JJC in 2014 included Pennsylvania, New York and South Dakota.

New Jersey's two newest JDAI sites – Cape May and Sussex County – are now fully involved in the JDAI process, bringing to 18 the total number of participating New Jersey counties. As of this writing, the three remaining counties of Hunterdon, Morris and Salem are in the process of joining JDAI.

A primary goal of JDAI is to make certain that secure detention is used only to ensure that serious and chronic young offenders are detained, and that effective alternatives are available for other youth who can be safely supervised in the community while awaiting final court disposition.

JDAI provides a framework of alternate youth correctional strategies that help reduce the inappropriate use of secure detention while maintaining public safety and court appearance rates. Through the collaborative efforts of JJC and the New Jersey Judiciary, as well as JDAI partners operating across the state, juvenile detention rates have declined significantly, while the conditions of juvenile confinement have improved.

JDAI 2014 Annual Data Report

On an annual basis, the JJC analyzes the previous year's data as it relates to the Juvenile Detention Alternatives Initiative.

Data analyzed in 2014 – collected from the prior year – shows impressive JDAI outcomes, indicating that the program is indeed safely and successfully reducing the unnecessary use of secure detention for certain young offenders. According to JJC's analysis, the average daily juvenile detention population across all sites participating in JDAI declined markedly. On any given day

across those 16 sites, there were nearly 500 fewer youths in secure detention in 2013 compared to the prior year, with youth of color accounting for 89.7 percent of the decline. Encouragingly, these declines in secure detention were accomplished while maintaining high court appearance rates and low non-compliance rates.

Supportive Work Program Kick-Off

In 2014, the JJC received federal Second Chance Act grant funds to launch a Supportive Work Program that encourages employers to hire parolees and provide them with needed employment skills and experience. The Supportive Work Program is a cooperative effort of the JJC's Office of Local Programs and Services and the Office of Juvenile Parole and Transitional Services. It enlists community partners to develop highly structured transitional work experiences for youth who have encountered barriers to employment. By working in an actual employment setting, youth can obtain basic life skills, form sound work habits and develop a positive attitude. Employers who participate in the program have an opportunity to work with young people to develop their skills, and to help them gain experience that will make them more employable. Employment and job retention – both key elements of community reentry for ex-offenders – are essential goals of the Supportive Work Program.

Under the Supportive Work Program, youth are paid the minimum wage, which is reimbursed by the JJC through federal grant funds for up to 21 weeks of employment. Juveniles work an average of 20 hours a week and function as part-time employees. Working in conjunction with the employer, JJC tracks each youth's employment progress through on-site monitoring. JJC parolees who have participated in the program have been placed in part-time jobs in landscaping, construction, food services, local stores and national grocery chains.

Gang Management Efforts

The JJC treats gang involvement as an addiction, and employs a therapeutic model to address the problem. Known as the Phoenix Gang Intervention Curriculum, it was developed by a renowned cognitive development expert, Dr. Paul Alton, and focuses on the prevention of high-risk behaviors by offering comprehensive education and therapeutic interventions. This internal anti-gang strategy is augmented by a community outreach effort that touches youth, parents, educators and faith-based organizations. Both the internal and external efforts to combat gang involvement at JJC focus on prevention, intervention and suppression.

Unlike other jurisdictions, the JJC does not operate a "security threat group" facility, or separate "gang unit" or "gang wing." Instead, the JJC manages its gang population through integration and balance techniques, relying on intelligence information and data that is analyzed and disseminated JJC-wide, as well as among the Commission's many community-level partners.

In 2014, the JJC was invited to share its gang management strategies with the Juvenile Justice Leadership Network organized by the Georgetown University Center for Juvenile Justice Reform. JJC took the opportunity to share both its internal and external strategies for combating juvenile gang activity with correctional leaders from across the nation.

Family Engagement Initiative

In 2012, the JJC contracted with the New Jersey Alliance of Family Support Organizations to put in place a multi-faceted family support effort at the JJC's largest facility – the New Jersey Training School.

The goal of the JJC Family Advocacy and Engagement Initiative is to actively promote and support family involvement, and to strengthen the role that the families of JJC youth play in JJC rehabilitation efforts.

Among the objectives of the Family Advocacy and Engagement Initiative are:

- empower families by providing them with the tools and resources needed to effectively advocate for their children
- encourage JJC staff to view families as a source of strength, and to more effectively work in partnership with families in the delivery of services to youth by offering comprehensive family engagement training
- actively seek feedback from families about their experiences with the JJC in order to assess whether JJC policies and practices are family-friendly, and to make adjustments as needed

Trauma-Informed Care Initiative

The JJC embarked on a Trauma-Informed Care Initiative in 2013-14 with the two-pronged goal of identifying young offenders traumatized during their lives and providing treatment to those offenders.

One primary objective of the Trauma-Informed Care Initiative is to improve staff understanding of traumatic experiences that have occurred in the lives of JJC youth, and to review existing JJC policies and practices from a trauma-informed perspective. At this writing, the JJC is seeking grant funding to fully implement its Trauma-Informed Care Initiative. When the program is fully up and running, all young offenders entering a JJC facility will be screened and assessed for their exposure to, or risk of, violence, and will receive treatment appropriate to their individual experiences.

At the same time, their families will be referred to available, trauma-specific treatment in the community in order to help them provide their children with emotional security and support. Grant funding will allow all custody officers in the JJC's three secure facilities to be trained in trauma-informed care. In addition, the JJC intends to expand its provision of trauma-related care through programs that provide gender-specific services for girls healing from violence – including acts of sexual and physical abuse.

Reentry Success

In 2014, the JJC continued to reduce the number of juveniles returning to custody as a result of technical parole violations. According to the most recent data available at this writing, only three percent of JJC's Juvenile Parole and Transitional Services population was in violation status at any given time in 2014. This low number can be attributed to increased efforts to assist juvenile parolees with their employment, education and treatment needs at the community level.

Recognizing the limitations many young people face upon their return home from JJC custody, the agency instituted a process in 2014 to help eligible youths secure their drivers' permits through the New Jersey Motor Vehicle Commission. In this way, JJC youth reentering the community are better prepared to ultimately obtain a driver's license, which can be a key element in obtaining, and maintaining, employment.

Through grant funding, the JJC also offered enhanced reentry services in 2014 to aid both males and females adjudicated delinquent for sex offenses and subsequently released on parole or probation.

Specifically, the grant-funded reentry services helped by: providing sex-offense-specific treatment; providing training for clinicians to treat sexually abusive young people; increasing individualized services for young sex offenders; increasing employment and career opportunities for this specialized ex-offender population.

Innovative efforts continued at JJC throughout 2014 to help young people successfully reenter their home communities upon release from the agency's custody and care.

JJC staff begins to assemble a reentry plan for individual offenders as soon as they arrive. Among other things, the reentry plan identifies criminogenic risks that contribute to recidivism, and also addresses needs that can affect an offender's successful home and community reintegration. Beginning at intake, the JJC administers career and technical/educational assessments for each youth to determine his or her career interests, aptitudes and capacities. This individualized profile information is updated every three months to allow for specific training and employment linkages upon the youth's release from JJC custody.

Education

The 2014 JJC Commencement Ceremony was held on Sept. 26, 2014 at the New Jersey Training School, at the culmination of the JJC academic year.

Sixty-four graduates received either a high school diploma or General Equivalency Degree during the ceremony. In graduating, they joined 82 JJC students who had received their diplomas or GEDs earlier in the year, bringing to 146 the total number of JJC graduates for 2014. All graduates met the high school graduation requirements set forth by the New Jersey Department of Education.

Acting Attorney General John Hoffman addressed the graduates, acknowledging the significant challenges many students had overcome to reach this milestone.

Keynote speaker Vaughn L. McKoy delivered the graduation address, recalling his own inspirational journey through the unforgiving streets of Paterson on his way to becoming a student-athlete and, later, an Assistant U.S. Attorney, Director of the New Jersey Division of Criminal Justice (under a prior Attorney General), an executive, and a motivational speaker. Kevin M. Brown, Executive Director of the JJC, presented the graduates with their high school diplomas or GEDs, which were issued either by the students' local school districts or by the State.

During the ceremony, eight graduates were recognized 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 and a certificate of recognition awarded by the County Youth Services Administrators Association.

The JJC's Office of Education provided educational services to 1,150 students throughout the 2013-2014 academic year. Of those students, 52 percent required special education services. 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.

For those students who have already earned a high school diploma or GED, the JJC offers additional opportunities. In 2014, a total of 55 JJC students participated in college classes over the course of the year, either through Mercer County Community College or Burlington County Community College.

Prison Rape Elimination Act Compliance

The Prison Rape Elimination Act (PREA) was passed in 2003 with unanimous bi-partisan support in Congress. Since that time, the JJC has implemented a comprehensive PREA policy and has undertaken substantial training regarding the PREA, enabling the Governor's Office to issue a certification of New Jersey compliance with the federal law in May 2014.

Five JJC facilities were audited in 2014 and found to be in full compliance with the PREA. Those facilities included one secure care and four Residential Community Homes: the Juvenile Medium Security Facility (JMSF), the D.O.V.E.S facility, Albert Alias, Costello Prep and Pinelands Residential.

Audits were scheduled to take place in 2015 at the JJC's Female Secure Care and Intake Facility (Hayes), as well as the Green, Warren, Voorhees and Ocean Residential Community Homes.

Critical data regarding PREA-related incidents, including sexual abuse and sexual harassment, is maintained and regularly analyzed. This analysis drives enhancements to the JJC's sexual abuse prevention, detection and response efforts. In 2014, there were 25 reports of alleged sexual abuse documented within the JJC population, but no substantiated cases.

Community Programs Statewide Youth Summit

In August 2014, the JJC hosted its 12th Statewide Youth Summit at Rutgers University in New Brunswick. During the Summit, more than 200 staff and residents from the JJC's residential and transitional programs, as well as from JJC's Juvenile Parole and Transitional Services, engaged in a variety of life skills and self-improvement workshops.

Participants in the 2014 Summit heard a performance by local R&B singer Essence Pitman and took part in workshops that included such topics as: "Health and the Minority Male;" "Inner Power;" "Youth and Fitness;" "Where We Have Been Does Not Determine Where We Are Going" and Plan B.

A highlight of the day was the keynote address provided by professional football player and philanthropist Raheem Brock. Brock's life story and inspirational theme – "Perfecting Your Craft" – moved many attendees in the audience. Like many juveniles in the JJC's care, Brock experienced significant obstacles in his life, but overcame them to become successful.

Presentations by two former JJC residents provided another inspiring moment for JJC youth and staff members. The two former residents are now studying at Rutgers University, where they participate in the Mountainview Program. Mountainview supports former JJC residents, as well as court-involved and at-risk youth, by providing financial aid and other assistance. The two young men who spoke at the Summit provided inspiration by showing that college is not out of reach for those presently in the care and custody of the JJC.

The 12th Statewide Youth Summit was the result of collaborative effort involving the JJC's Office of Community Programs and Rutgers. Funding was provided through a Social Services Block Grant administered by the JJC's Office of Local Programs and Services.

Restorative Justice/ JJC Speakers Bureau

In 2014, JJC's Restorative Justice Unit worked with JJC residential community home residents who are part of the JJC Speakers' Bureau to bring positive messages to diverse youth populations throughout the state. JJC youth speakers conducted 23 Speakers' Bureau forums in 2014, presenting to more than 800 students and 123 school faculty members across New Jersey. JJC residents also took part in extensive community projects.

JJC residents who wish to participate in the Speakers' Bureau must first complete a two-month curriculum in which they are trained to share their life experiences in a manner that builds self-confidence. Restorative Justice staff members equip residents with public speaking skills that enable them to present themselves positively to a variety of audiences. As part of their presentations, the JJC residents encourage community youth to adopt healthy lifestyles and to value the opportunity provided by education.

In addition to providing community youth with a positive message, Speakers Bureau presenters often provide valuable insight to adult service providers at conferences and forums. The candor of the JJC students allows service providers to understand many of the challenges confronting today's youth. Participation in the Speakers' Bureau also provides an opportunity for JJC youth to satisfy community service requirements ordered by the courts at the time of adjudication.

Annual Recidivism Analysis

Each year, the JJC conducts an analysis of former residents who have been out of JJC care and custody for three years.

By tracking juveniles who have left the JJC, the agency can gauge rates of recidivism – the degree to which residents who have left JJC custody are rearrested or reincarcerated for new offenses.

The JJC recidivism report issued in 2014 tracked juveniles released from the system during the three-year period between 2008 and 2010. It found that approximately 85 percent of those tracked had a new arrest, approximately 70 percent had a new arrest that resulted in conviction, and 35 percent had a new arrest that resulted in a new commitment to a State facility. These results are similar to juvenile recidivism rates reported in many other states, and demonstrate that achieving sustained, successful reintegration of juvenile offenders remains a challenge across the country.



New Jersey Racing Commission



The Racing Commission's core mission is to govern, direct and regulate horse racing and pari-mutuel wagering in New Jersey. The Commission conducts regular 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. To learn more about the Racing Commission visit www.nj.gov/oag/racing.

Overview/ Commission Structure

Horse racing in New Jersey is regulated by Commissioners who, by law, are appointed by the Governor with the advice and consent of the Senate. Racing Commissioners set policy and rule on all matters affecting racing, including the issuance of permits to conduct horse racing meets, approval of expenditures, and adjudication of licensing matters. They also consider the issuance of licenses for off-track wagering sites and are responsible for the oversight and regulation of account wagering, which includes telephone and Internet wagering in New Jersey. The following individuals served as Commissioners as of the end of 2014: Anthony T. Abbatiello, Manny Aponte, Dr. Michael Arnone, Pamela Clyne, Peter J. Cofrancesco III, Anthony DePaola, David Gruskos, Francis X. Keegan, Jr. and Peter T. Roselle.

The Racing Commission employs staff to effect policy, including an Executive Director who is responsible for overseeing the day-to-day operations of the Commission in accordance with accepted business and financial practices. Frank Zanzuccki serves as the Racing Commission's Executive Director.

2014 Highlights/ Key Issues

Off-Track Wagering: In July 2014, a new off-track wagering facility known as Favorites opened in Gloucester Township, Camden County. Located in a former restaurant, the facility is the second off-track wagering site owned and operated in Freehold Raceway's approved site location area, and represents the fifth off-track betting facility in New Jersey. Also in 2014, the Commission received an application for an off-track wagering facility to be located in Hillsborough Township, Somerset County. That application remained under review as 2014 concluded, but was expected to gain approval and become operational in the New Year.

In a related development, the Racing Commission issued a temporary stay in 2014 of a decision it made – ordering permit holders to comply with benchmarks set forth in N.J.A.C. 13:74-2.4(B) (1) by March 2014 – until legal challenges to the State's Off-Track and Account Wagering Act are resolved in federal court. In federal litigation captioned ACRA Turf Club, LLC v. Zanzuccki, ACRA challenged the constitutionality of certain state laws that affect its rights under a contract between ACRA and the New Jersey Sports and Exposition Authority.

Drug Testing: The Racing Commission continued its comprehensive drug testing program throughout 2014. In addition to testing for a wide array of drugs in post-race samples, the Commission conducted regular out-of-competition testing. Most out-of-competition testing was conducted at licensed New Jersey off-track stabling facilities, while some testing took place at New Jersey racetracks.

As part of the Commission’s regular testing program, Truesdail Laboratories tested more than 29,000 blood and urine samples collected from horses, with 41 testing positive for the presence of illegal drugs. Truesdail also tested 322 samples taken from humans involved in the racing industry, with none showing positive for the presence of illegal substances.

Racing Related Court Cases of Note

Esposito v. NJ Racing Commission (Appellate): A Superior Court Appellate panel upheld the Racing Commission in 2014 on its denial of a New Jersey trainer’s license to Frederic Esposito, an individual previously convicted of promoting gambling and possession of gambling records. Esposito was found guilty of gambling related crimes in New York State in January 1998. In January 2011, Esposito applied for a New Jersey trainer’s license, the Racing Commission did not recommend him for licensure, and Esposito appealed. Although the Administrative Law Judge (ALJ) on the case recommended that Esposito be licensed, the Racing Commission issued a Final Decision rejecting the ALJ’s Initial Decision. After analyzing factors required by the state’s Rehabilitated Convicted Offenders Act, the Racing Commission found that Esposito’s 1998 conviction adversely related to the license he was seeking. The Racing Commission also faulted the ALJ for disregarding Esposito’s testimony in which he admitted to having trained his wife’s horse at a New Jersey off-track stable without a New Jersey trainer’s license – a violation of Racing Commission rules. Esposito appealed the Racing Commission’s Final Decision. In affirming that decision, the Appellate Division pointed to the Racing Commission’s “careful findings” and “thorough treatment of the evidence.”

Turano v. NJ Racing Commission; Throckmorton v. NJ Racing Commission: Thomas Turano and Theodore Throckmorton, both pari-mutuel wagering tellers, were found by the Racing Commission to have violated N.J.A.C 13:71-26.5 (conspiracy to commit a corrupt or fraudulent practice in racing) by facilitating a “ten percenting” scheme that allowed certain individuals to circumvent the tax reporting requirements for winning pari-mutuel wagering tickets as required by the Internal Revenue Service. In addition, Thomas Turano was found to have violated N.J.A.C. 13:71-26.7 by failing to cooperate during the Racing Commission’s investigation.

Following testimony at the Office of Administrative Law, an Administrative Law Judge (ALJ) issued a finding that Throckmorton and Turano had in fact violated the rules as charged. The ALJ recommended a \$1,500 fine for Throckmorton and a six-month suspension, consistent with what the Racing Commission had sought. However, the ALJ recommended a six-month suspension and \$2,000 fine for Turano, which was a lesser penalty than sought by the Commission.

In a Final Decision dated September 23, 2014, the Racing Commission modified the ALJ’s ruling on Turano. Specifically, The Commission increased the financial penalty against Turano to \$2,500, and increased the duration of Turano’s suspension to one year (the ALJ had imposed a suspension of six months.)

Both Throckmorton and Turano filed Notices of Appeal with the Appellate Division, but subsequently withdrew their appeals.

IMO Order of the N.J. Racing Commission Approving N.J. Sports and Exposition Authority's Application for Approval of an Account Wagering Management Agreement (Appellate): In this Appellate matter, the corporation known as New Jersey Account Wagering (NJAW) appealed the Racing Commission's orders approving the appointment of Darby Development, LLC as manager of the account wagering system. NJAW also took issue with language in the Account Wagering Management Agreement – executed by the New Jersey Sports and Exposition Authority (NJSEA) and Darby Development – which stated that Darby would be acting as an independent contractor, and not as the agent of the NJSEA. At its November 30, 2012 meeting, the Racing Commission approved the NJSEA's petition to appoint Darby as manager of the account wagering system, but ordered that conditions be imposed on the NJSEA requiring it to maintain sufficient oversight responsibilities over Darby in order to create the agency relationship required by N.J.S.A. 5:5-140, and to ensure that account wagering continued into the next calendar year without interruption.

NJAW appealed the Racing Commission's December 6, 2012 order which approved Darby as manager of the account wagering system for the remainder of 2012 and 2013, and also appealed the Racing Commission's December 12, 2013 order which approved Darby as manager for 2014. The appeals were consolidated, and a decision by the Appellate Division was anticipated sometime in 2015.

New Jersey Equine Testing Program

2014 Equine Testing: The Racing Commission's Equine Drug Testing Program is administered by New Jersey Racing Commission staff. Samples are tested at Truesdale Laboratories in California. In 2014, a total of 29,062 equine samples were tested through the program, with 41 samples showing positive for banned substances.

Among the substances detected through testing were: omeprazole sulfide (7); furosemide (5); flunixin (5); phenylbutazone (5); methylprednisone (3); dexamethasone (4); clenbuterol (2); benzoylcegonine (2); betamethasone (1); caffeine (1); desmethyl pyrilamine (1); dextrophan (1); meclufenamic acid (1); hydroxyl xylazine (1); methocarbamol (1); morphine (1).

2014 New Jersey Racetracks

Freehold Raceway

130 Park Avenue
Freehold, New Jersey 07728
732-462-3800
www.freeholdraceway.com

Freehold Raceway is owned and operated by Pennwood Racing, Inc. Pennwood Racing, Inc. is a company 50 percent owned by Greenwood Limited Jersey, Inc. and 50 percent owned by Penn National GSFR, Inc.

Meadowlands Racetrack

50 State Route 120
East Rutherford, New Jersey 07073
201-935-8500
www.thebigm.com

Meadowlands is operated by NMRLLC

Monmouth Park Racetrack

175 Oceanport Avenue
Oceanport, New Jersey 07757
732-222-5100
www.monmouthpark.com

Monmouth Park Racetrack's racing permit is held by the New Jersey Thoroughbred Horsemen's Association, and the track is operated by Darby Development.

Atlantic City Race Course

4501 Black Horse Pike
Mays Landing, New Jersey 08830
609-641-2190

The Atlantic City Race Course is owned and operated by Greenwood ACRA, Inc.

2014 Off-Track Wagering Facilities

Favorites at Tom's River

1071 Highway 37 West
Toms River, New Jersey 08755
732-240-1210

Favorites at Toms River is a property owned by Freehold Raceway doing business as Freehold Raceway Off-track, LLC

Favorites at Vineland

1332 South Delsea Drive
Vineland, New Jersey 08361
856-696-5290

The license holder for favorites at Vineland is ACRA Turf Club, LLC, which is owned by Greenwood Racing of Bensalem, PA.

Favorites at Woodbridge

3 Lafayette Road
Fords, New Jersey 07095

Favorites at Woodbridge is a property owned by the New Jersey Sports and Exposition Authority and leased to the New Jersey Thoroughbred Horsemen's Association.

Winners Bayonne

400 Route 440 North
Bayonne, New Jersey 07002

Winners Bayonne is a property owned by the New Jersey Sports and Exposition Authority and leased to NMRLLC

Favorites at Gloucester

1300 Blackwood-Clementon Road
Clementon, New Jersey 08021

Favorites at Gloucester is a property in the Freehold Raceway site area and is managed by Penn National Gaming.

Thoroughbred Organizations

The Thoroughbred Horsemen's Association of New Jersey is a not-for-profit corporation that advocates for thoroughbred racing in the state. It provides general administrative services to its members, including a group health benefits program.

The Thoroughbred Breeders Association of New Jersey is an organization devoted to promoting and enhancing the breeding of New Jersey thoroughbreds. The Racing Commission administers the Breeders Award Program, which provides monetary incentives to owners and breeders by offering purse enhancements for races involving New Jersey-bred horses.

Standardbred Organizations

The Standardbred Breeders and Owners Association of New Jersey is a not-for-profit organization dedicated to advancing the cause of standardbred racing in the state. It provides general administrative services to its members, including a group health benefits program.

New Jersey Sires Stakes, an agency within the New Jersey Department of Agriculture, promotes the ownership and breeding of New Jersey standardbreds. Nearly \$8 million in purse money is devoted to Sires Stake races, which are restricted to horses sired by stallions residing in New Jersey. The Sires Stakes program is funded by distributions from the pari-mutuel handle at harness tracks, and from nominating and sustaining payments by horse owners.



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.

During calendar year 2014 the agency:

- Distributed prevention, identification and care information regarding concussions, dehydration and MRSA to the combat sport community.
- Regulated the professional boxing event featuring Bernard Hopkins and Sergey Kovalev held at Boardwalk Hall in Atlantic City and broadcast by HBO.
- Oversaw the Super Bowl Saturday Mixed Martial Arts event held on February 1, 2014 at the Prudential Center in Newark and broadcast by Fox TV.
- Held comprehensive training seminars for its Mixed Martial Arts officials in Bayville, for boxing referees and judges in Trenton, and for its Muay Thai Kickboxing officials in New York City.
- Had its officials selected to work major events in locales such as Brazil, Las Vegas, Mexico City, New York City and Montreal.
- Directly regulated 54 combative sporting events, including 464 contests.
- Denied licenses to those with dangerous medical issues discovered by the agency's testing and physician review.
- Detected licensees improperly taking banned performance-enhancing drugs and imposed discipline.
- Collected substantial sums of outstanding child support from license applicants.



www.nj.gov/oag