

FILED

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**SUPERIOR COURT
CLERK'S OFFICE**

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION - CRIMINAL

State Grand Jury

Number SGJ584-10-8(2)

Superior Court

Docket Number 10-07-00095-S

STATE OF NEW JERSEY

)

v.

)

INDICTMENT

FRANCIS X. GARTLAND,

)

BRIAN M. FOLEY,

)

GARTLAND AND COMPANY, INC.,

)

and

)

E-ADMINISTRATIVE SYSTEMS, INC.)

The Grand Jurors of and for the State of New Jersey, upon
their oaths, present that:

COUNT ONE

(Conspiracy - First Degree)

FRANCIS X. GARTLAND

BRIAN M. FOLEY

GARTLAND AND COMPANY, INC.

and

E-ADMINISTRATIVE SYSTEMS, INC.

and other persons whose identities are known and unknown to the
Grand Jurors, who are coconspirators but who are not named as

defendants herein, between in or about November 2003 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, at the Township of Morristown, in the County of Morris, at the Borough of Bernardsville, in the County of Somerset, at the Township of Toms River, in the County of Ocean, elsewhere, and within the jurisdiction of this Court, with the purpose of promoting or facilitating the commission of the crimes of Theft by Deception, False Representation for a Government Contract, Falsifying or Tampering with Records, Uttering a Forged Instrument, Misconduct by a Corporate Official, and Financial Facilitation of Criminal Activity, did agree that:

1. One or more of them knowingly would engage in conduct which would constitute the aforesaid crimes, or

2. One or more of them knowingly would aid in the planning, solicitation or commission of said crime(s), that is:

A. Theft by Deception, in that one or more of them would purposely obtain the property of another in the amount of \$75,000 or more by deception that is, by creating or reinforcing a false impression, including a false impression as to law, value, intention or other state of mind, contrary to the provisions of N.J.S.A. 2C:20-4a;

B. False Representation for a Government Contract, in

that one or more of them would knowingly make a material representation that was false in connection with the negotiation, award or performance of a government contract valued at \$25,000 or more, contrary to the provisions of N.J.S.A. 2C:21-34b;

C. Falsifying or Tampering with Records, in that one or more of them with purpose to deceive or injure another or conceal any wrongdoing, would falsify, destroy, remove, conceal any writing or record, or utter any writing or record knowing that it contained a false statement or information, contrary to the provisions of N.J.S.A. 2C:21-4a;

D. Uttering a Forged Instrument, in that one or more of them with purpose to defraud or injure anyone or with knowledge that one or more of them would facilitate a fraud or injury to be perpetrated by anyone, would make, complete, execute, authenticate, issue or transfer any writing so that it purports to be the act of another who did not authorize the act or would utter any writing which one or more of them knew to be forged in a manner specified above, contrary to the provisions of N.J.S.A. 2C:21-1a;

E. Misconduct by a Corporate Official, in that one or more of them would knowingly use, control or operate a corporation for the furtherance or promotion of any criminal

object, and would derive therefrom a benefit of \$75,000 or more, contrary to the provisions of N.J.S.A. 2C:21-9c;

F. Financial Facilitation of Criminal Activity, in that one or more of them would engage in a transaction involving property known or which a reasonable person would believe to be derived from criminal activity knowing that the transaction was designed in whole or in part to (a) conceal or disguise the nature, location, source, ownership or control of the property derived from criminal activity, contrary to the provisions of N.J.S.A. 2C:21-25b(2); or in that one or more of them would direct, organize, finance, plan, manage, supervise or control the transaction in property known or which a reasonable person would believe to be derived from criminal activity, contrary to the provisions of N.J.S.A. 2C:21-25c;

G. Financial Facilitation of Criminal Activity, in that one or more of them, with purpose to evade a transaction reporting requirement of the State of New Jersey or of 31 U.S.C. sec. 5311, et seq., or 31 C.F.R. sec. 103 et seq., or any rules or regulations adopted under those chapters and sections, would structure or assist in structuring, or attempt to structure or assist in structuring, any transaction with one or more financial institutions, in an amount of \$75,000 or more, contrary to the provisions of N.J.S.A. 2C:21-25e(3) and N.J.S.A. 2C:21-27.

THE DEFENDANTS AND ENTITIES

At all times relevant to the allegations contained in this indictment:

3. Defendant FRANCIS X. GARTLAND ("GARTLAND") was an insurance broker/producer licensed by the State of New Jersey, Department of Banking and Insurance, Division of Insurance and was a principal, officer, shareholder, or paid consultant of GARTLAND AND COMPANY, INC. and E-ADMINISTRATIVE SYSTEMS, INC.

4. Defendant BRIAN M. FOLEY ("FOLEY"), was an insurance broker/producer licensed by the State of New Jersey, Department of Banking and Insurance, Division of Insurance and was an employee of the insurance brokerage firm that was Co-Broker of Record for health benefits insurance for the Perth Amboy Board of Education ("PABOE").

5. Defendant GARTLAND AND COMPANY, INC. ("GAC") was a Maryland corporation licensed to operate as an insurance broker/producer by the State of New Jersey, Department of Banking and Insurance, Division of Insurance and was Broker of Record ("BOR") for health benefits insurance for the PABOE. GAC was authorized to act on the PABOE's behalf with the Insurance Carrier that provided health benefits insurance to the PABOE and its employees.

6. Defendant E-ADMINISTRATIVE SYSTEMS, INC. ("EAS") was a New Jersey corporation identified as an insurance claims management company and for which GARTLAND was President and a shareholder.

7. Co-conspirator #1 was an insurance broker/producer licensed by the State of New Jersey, Department of Banking and Insurance, Division of Insurance with experience in the area of health benefits insurance and was an employee of the insurance brokerage firm that was Co-Broker of Record for health benefits insurance for the PABOE.

8. Insurance Brokerage Firm ("Co-BOR Firm") was a professional services firm specializing in risk management that provided broker services for employee benefits to public entities and was Co-Broker of Record for health benefits insurance for the PABOE. Co-BOR Firm was also authorized to act on the PABOE's behalf with the Insurance Carrier that provided health benefits insurance to the PABOE and its employees.

9. Insurance Carrier was a private insurance company that provided medical insurance to the PABOE and its employees.

10. Vendor #1 was an employee assistance provider that provided behavioral healthcare related services.

11. Vendor #2 was a private custom benefits program

provider whose services/products included flexible spending accounts, computer software packages, and assistance on the explanation of benefits programs.

12. Healthcare Related Programs and Services referenced herein include non-existent wellness and employee assistance programs or such programs or services that were never authorized by, nor implemented, for the PABOE.

13. Medical Claims Bank Account was funded by the PABOE and used for the payment of PABOE employees' medical claims.

PURPOSES OF THE CONSPIRACY

14. A purpose of the conspiracy was for GARTLAND, FOLEY, GAC, EAS and others to fraudulently bill the PABOE through the Insurance Carrier in order to steal funds from the PABOE, by charging it for non-existent or unauthorized Healthcare Related Programs and Services.

15. Another purpose of the conspiracy was to engage in transactions with funds derived from the thefts in order to facilitate the thefts or to conceal or to disguise the source of the stolen funds by perpetuating the appearance of ordinary business transactions, such as by disguising personal expenditures as business-related expenses or to direct, organize,

finance, plan, manage, supervise or control the transactions with stolen funds derived from criminal activity.

16. Another purpose of the conspiracy was to evade a transaction reporting requirement by structuring or assisting in structuring, or attempting to structure or assist in structuring, any transaction with one or more financial institutions, by making cash withdrawals in amounts of less than \$10,000 each.

17. Another purpose of the conspiracy was to conceal the conspiracy, its objects and acts undertaken in furtherance of it.

MANNER AND MEANS OF CONSPIRACY

18. Among the means by which the conspirators would carry out the conspiracy are the following:

A. The use of GAC's position as the Broker of Record and the Co-BOR Firm's position as the Co-Broker of Record for the PABOE to authorize or cause to be authorized payments to GAC and EAS for non-existent or unauthorized Healthcare Related Programs and Services through the Insurance Carrier.

B. The making of false representations to the Insurance Carrier that the PABOE authorized the Insurance Carrier to pay fees on its behalf from the PABOE medical claims bank account for the non-existent or unauthorized Healthcare Related Programs and Services, to GAC and EAS.

C. The submission of fraudulent PABOE authorization letters and fraudulent billing invoices from vendors to the Insurance Carrier for non-existent or unauthorized Healthcare Related Programs and Services resulted in payments by the Insurance Carrier from the PABOE medical claims bank account.

D. The receipt of payments totaling approximately \$2,593,400 for non-existent or unauthorized Healthcare Related Programs and Services, which funds were deposited into the bank accounts of GAC and EAS and subsequently disbursed, in whole or part: to benefit themselves and others; to disguise their true nature, location, source, ownership or control; or to evade a transaction reporting requirement by structuring or assisting in structuring, or attempting to structure or assist in structuring, any transaction with one or more financial institutions.

OVERT ACTS

In furtherance of the conspiracy and to achieve its purposes, the conspirators committed the following overt acts, among others:

19. On or before November 18, 2003, GARTLAND offered Co-conspirator #1 approximately one-half of the proceeds from a scheme to fraudulently bill the PABOE for the non-existent or unauthorized Healthcare Related Programs and Services and

suggested that Co-conspirator #1's personal bills be paid from his share of the stolen proceeds in order to allow Co-conspirator #1 to, among other things, evade paying income taxes on the stolen proceeds, to which Co-conspirator #1 agreed.

20. In the latter part of 2003, GARTLAND and Co-conspirator #1 discussed what documentation would be needed to get the fraudulent billing invoices paid through the Insurance Carrier for the non-existent or unauthorized Healthcare Related Programs and Services. Co-conspirator #1 informed GARTLAND that a letter on PABOE letterhead authorizing payment would be needed.

21. On or about November 18, 2003, GARTLAND submitted or caused to be submitted to the Insurance Carrier a fraudulent letter containing the forged signature of the PABOE Board President, which authorized the Insurance Carrier to pay fees billed by vendors to the PABOE through the Insurance Carrier and to use the PABOE medical claims bank account for the payments.

22. On or about December 29, 2003, GARTLAND submitted copies of fraudulent billing invoices for non-existent or unauthorized Healthcare Related Programs and Services purportedly provided by Vendor #1 and Vendor #2 with instructions that payment be remitted to the Co-BOR Firm.

23. On or about February 4, 2004, GARTLAND submitted or

caused to be submitted to the Insurance Carrier information that payments for Vendor #1 (in the amount of \$180,000) and Vendor #2 (in the amount of \$161,400) were to be wired to the GAC bank account.

24. On or about February 4, 2004, GARTLAND also provided or caused to be provided to the Insurance Carrier a facsimile ("fax") number purported to be for the PABOE Board President, but, in truth and in fact, was a number used by GARTLAND so the Insurance Carrier would send confirmation directly to GARTLAND that the funds had been paid.

25. On or about February 23, 2004, GARTLAND submitted or caused to be submitted to the Insurance Carrier a fraudulent letter containing the forged signature of the PABOE Board President, which authorized the Insurance Carrier to pay vendor fees directly to GAC.

26. On or about February 27, 2004, GARTLAND and Co-conspirator #1 caused the Insurance Carrier to transfer \$341,400 from the PABOE medical claims bank account to the GAC bank account.

27. On or about March 1, 2004, GARTLAND caused the Insurance Carrier to send him, as opposed to the PABOE Board President, a fax confirmation of the withdrawal of \$341,400 from

the PABOE medical claims bank account to pay the fraudulent billing invoices.

28. On or about March 3, 2004, at Co-conspirator #1's request, GARTLAND issued checks from the GAC bank account for the benefit of Co-conspirator #1, including but not limited to, a \$85,350 check payable to another company as a capital contribution on Co-conspirator #1's behalf.

29. On or about September 16, 2004, GARTLAND submitted or caused to be submitted to the Insurance Carrier a fraudulent letter containing the forged signature of the PABOE Board President authorizing the payment for the fraudulent billing invoices submitted by GARTLAND in the names of Vendor #1 and Vendor #2 from the PABOE medical claims bank account.

30. On or about September 24, 2004, GARTLAND submitted or caused to be submitted to the Insurance Carrier fraudulent billing invoices for non-existent or unauthorized Healthcare Related Programs and Services in the name of Vendor #1 for the amount of \$175,000 and in the name of Vendor #2 for the amount of \$216,000.

31. On or about May 10, 2005, GARTLAND submitted or caused to be submitted to the Insurance Carrier a fraudulent letter containing the forged signature of the PABOE Board President authorizing the Insurance Carrier to process the

\$391,000 payment for non-existent or unauthorized Healthcare Related Programs and Services and directing the payment be remitted to another insurance brokerage firm associated with GARTLAND from the PABOE medical claims bank account.

32. On or about June 10, 2005, GARTLAND endorsed or caused to be endorsed a \$391,000 check issued by the Insurance Carrier as payment for the fraudulently billed fees, which GARTLAND then deposited or caused to be deposited into the GAC bank account.

33. On or about July 6, 2005, GARTLAND transferred or caused to be transferred \$15,000 from the GAC bank account to the EAS bank account.

34. On or about July 14, 2005, GARTLAND transferred or caused to be transferred \$25,000 from the GAC bank account to the EAS bank account.

35. On or about July 19, 2005, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$48,000 check payable to an architectural landscaper; a \$10,000 check payable to an electrician; and a \$10,000 check payable to a construction company.

36. On or about August 2, 2005, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$9,000 check payable to a motorcycle custom designer; a \$2,000 check payable to a designer; and a \$18,000 check payable to a construction company.

37. On or about April 1, 2006, GARTLAND and Co-conspirator #1 submitted or caused to be submitted to the Insurance Carrier a fraudulent letter containing the forged signature of the PABOE Board President authorizing the Insurance Carrier to process a \$436,000 payment for non-existent or unauthorized Healthcare Related Programs and Services and directing the payment be remitted to GAC from the PABOE medical claims bank account.

38. On or about April 13, 2006, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$5,280 check to pay horse stable fees and a \$22,000 check payable to an architectural landscaper.

39. On or about April 21, 2006, GARTLAND deposited or caused to be deposited a \$436,000 check issued by the Insurance Carrier into the GAC bank account.

40. On or about April 26, 2006, GARTLAND issued a \$130,000 check from the GAC bank account payable to EAS.

41. Between on or about May 1, 2006 and on or about June 3, 2006, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$168,000 check payable to an architectural landscaper; a \$25,000 check payable a custom builder; and a \$5,000 check payable to a construction company to then pay horse stable fees.

42. In or about January 2007, FOLEY left the employment of the Insurance Carrier and became employed by the Co-BOR Firm, working on the PABOE health benefits insurance account.

43. Between in or about January 2007 and in or about January 2008, Co-conspirator #1 discussed with FOLEY on more than one occasion that certain Healthcare Related Programs and Services being billed by GARTLAND did not exist.

44. On or about February 12, 2007, GARTLAND, FOLEY, and Co-Conspirator #1 submitted or caused to be submitted to the Insurance Carrier a fraudulent letter containing the forged signature of the PABOE Board President authorizing the Insurance Carrier to process a \$465,000 payment for non-existent or unauthorized Healthcare Related Programs and Services and

directing the payment be remitted to GAC from the PABOE medical claims bank account.

45. On or about February 13, 2007, GARTLAND transferred \$35,000 from the GAC bank account into the EAS bank account.

46. Between on or about February 10, 2007 and on or about February 13, 2007, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$15,000 check payable to an architectural landscaper; a \$2,000 check payable to the construction company to pay horse stable fees; and a \$21,400 check payable to a country club.

47. Between on or about February 20, 2007 and on or about February 23, 2010, GARTLAND transferred \$30,000 from the GAC bank account into the EAS bank account.

48. On or about March 1, 2007, an Insurance Carrier employee sent FOLEY a \$465,000 check to be delivered to GARTLAND.

49. On or about March 6, 2007, FOLEY delivered or caused to be delivered to GARTLAND the \$465,000 check, which GARTLAND deposited or caused to be deposited into the GAC bank account.

50. Between on or about March 6, 2007 and on or about March 8, 2007, Co-conspirator #1 directed GARTLAND to pay Co-

conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$5,000 check payable to a motorcycle custom designer and a \$7,500 check payable to a female companion.

51. On or about March 9, 2007, GARTLAND transferred \$125,000 from the GAC bank account to the EAS bank account, which GARTLAND later concealed or disguised or caused to be concealed or disguised within GAC's general ledger as an administrative expense instead of listing its true nature.

52. Between on or about March 10, 2007 and on or about March 15, 2007, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$50,000 check payable to an architectural landscaper; a \$5,000 check payable to a construction company to then pay for horse stable fees; and a \$20,000 check payable to a female companion.

53. On or about March 11, 2007, GARTLAND issued a \$5,000 check payable to himself from the EAS bank account.

54. On or about March 19, 2007, GARTLAND issued a \$10,000 check from the EAS bank account for the benefit of FOLEY and made payable at FOLEY's direction to FOLEY's wife, in her maiden name.

55. On or about March 20, 2007, GARTLAND issued a \$7,500 check payable to himself from the GAC bank account.

56. On or about March 28, 2007, at Co-conspirator #1's request, GARTLAND transferred \$75,000 from the GAC bank account to a horse farm for the benefit of Co-conspirator #1.

57. On or about November 7, 2007, FOLEY and Co-conspirator #1 faxed or caused to be faxed to an Insurance Carrier employee a fraudulent billing invoice dated November 1, 2007 from EAS, c/o GAC, which was for the non-existent or unauthorized Healthcare Related Programs and Services for the PABOE in the amount of \$480,000.

58. In or about December 2007, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$15,000 check payable to a female companion and a \$1,995 check payable to a country club.

59. On or about January 3, 2008, GARTLAND, FOLEY, and Co-conspirator #1 caused the Insurance Carrier to issue a \$480,000

check, which GARTLAND subsequently deposited or caused to be deposited into the EAS bank account.

60. Between on or about January 9, 2008 and on or about January 17, 2008, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to, a \$40,000 check payable to an electrician.

61. On or about January 16, 2008, GARTLAND issued checks from the EAS bank account for his own benefit, including but not limited to: a \$5,000 check payable to himself; an undated \$10,000 check payable to his wife; and a \$50,000 check payable to another business.

62. On or about January 26, 2008, GARTLAND issued a \$15,000 check drawn on the EAS bank account for the benefit of FOLEY and made payable at FOLEY's direction to FOLEY's wife, in her maiden name.

63. Between on or about February 3, 2008 and on or about February 10, 2008, Co-conspirator #1 directed GARTLAND to pay Co-conspirator #1's personal bills from his share of the stolen proceeds and, in response, GARTLAND issued checks from the EAS bank account for the benefit of Co-conspirator #1, including but not limited to: a \$21,500 check payable to a female companion; a

\$20,000 check payable to a motorcycle company; a \$15,000 check payable to an architectural landscaper; and a \$27,000 check payable to an interior designer.

64. On or about February 20, 2008, Gartland issued a \$51,000 check payable to himself from the EAS bank account.

65. On or before July 10, 2008, FOLEY discussed with Co-Conspirator #1 that the yearly \$480,000 lump sum for the non-existent or unauthorized Healthcare Related Programs and Services should be broken down into smaller amounts to avoid detection.

66. In or about July 2008, Co-conspirator #1 relayed to GARTLAND FOLEY's suggestion that the fraudulent billing invoices should be broken down into smaller amounts.

67. In or about July 2008, GARTLAND and Co-conspirator #1 agreed that FOLEY should receive \$25,000 compensation for his assistance in structuring the fraudulent billing invoices.

68. On or about August 15, 2008, GARTLAND issued a \$25,000 check from the EAS bank account for the benefit of FOLEY and made payable at FOLEY's direction to FOLEY's wife.

69. Between on or about July 10, 2008 and on or about June 4, 2009, FOLEY prepared twelve fraudulent billing invoices payable to EAS, each in the amount of \$40,000 which totaled \$480,000, which GARTLAND, FOLEY and Co-conspirator #1 submitted or caused to be submitted to the Insurance Carrier for the non-

existent or unauthorized Healthcare Related Programs and Services for the PABOE and its employees.

70. Between on or about August 6, 2008 and on or about July 1, 2009, the Insurance Carrier, at the request of GARTLAND, FOLEY, and Co-conspirator #1, issued nine checks to EAS, each in the amount of \$40,000, and one check in the amount of \$120,000 which totaled \$480,000 for payment for administering the non-existent or unauthorized Healthcare Related Programs and Services.

71. Between on or about August 14, 2008 and on or about July 9, 2009, GARTLAND deposited or caused to deposit the ten checks into the EAS bank account.

72. On or about January 5, 2009, GARTLAND issued a \$9,000 check payable to himself from the EAS bank account.

73. On or about the dates listed below, GARTLAND made cash withdrawals from the EAS bank account in amounts under \$10,000:

| DATE OF WITHDRAWAL | AMOUNT |
|--------------------|---------|
| 08/14/08 | \$9,000 |
| 09/04/08 | \$9,000 |
| 10/14/08 | \$5,000 |
| 10/20/08 | \$5,000 |
| 10/27/08 | \$9,500 |
| 11/14/08 | \$7,500 |

| | |
|--------------|-------------------------------|
| 12/03/08 | \$6,000 \$9,000 \$9,500 |
| 12/31/08 | \$9,000 |
| 01/06/09 | \$9,000 |
| 01/07/09 | \$9,000 |
| 01/21/09 | \$9,500 |
| 02/09/09 | \$9,500 |
| 02/11/09 | \$9,800 |
| 03/03/09 | \$7,500 |
| 03/05/09 | \$7,500 |
| 03/30/09 | \$8,000 |
| 04/01/09 | \$8,000 |
| 04/06/09 | \$9,500 |
| 04/07/09 | \$9,000 |
| TOTAL | \$174,800 |

All contrary to the provisions of N.J.S.A. 2C:5-2, N.J.S.A. 2C:2-6, N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT TWO

(Theft by Deception - Second Degree)

FRANCIS X. GARTLAND

BRIAN M. FOLEY

GARTLAND & COMPANY, INC.

and

E-ADMINISTRATIVE SYSTEMS, INC.

and other persons whose identities are known and unknown to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, between in or about November 2003 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, at the Township of Morristown, in the County of Morris, at the Borough of Bernardsville, in the County of Somerset, at the Township of Toms River, in the County of Ocean, elsewhere, and within the jurisdiction of this Court, purposely did obtain property of the PABOE in the amount of \$75,000 or more through the PABOE's Insurance Carrier, by deception, that is by creating or reinforcing the false impression that the PABOE had authorized and was receiving Healthcare Related Programs and Services, that is, FRANCIS X. GARTLAND, BRIAN M. FOLEY, GARTLAND & COMPANY, INC., or E-ADMINISTRATIVE SYSTEMS, INC. did submit or caused to be submitted false documents, to wit: forged and fraudulent

authorization letters and billing invoices from purported vendors to the Insurance Carrier charging for non-existent or unauthorized Healthcare Related Programs and Services, thereby obtaining for FRANCIS X. GARTLAND, BRIAN M. FOLEY, GARTLAND & COMPANY, INC., or E-ADMINISTRATIVE SYSTEMS, INC., funds of \$75,000 or more;

WHEREAS, in truth and in fact, as FRANCIS X. GARTLAND, BRIAN M. FOLEY, GARTLAND & COMPANY, INC., or E-ADMINISTRATIVE SYSTEMS, INC., well knew, the requests for payment of fees for Healthcare Related Programs and Services were fraudulent, neither the defendants nor vendors administered or provided the invoiced Healthcare Related Program and Services to the PABOE, the PABOE had not authorized the Healthcare Related Programs and Services or the PABOE had not authorized the payment of the invoices, contrary to the provisions of N.J.S.A. 2C:20-4a, N.J.S.A. 2C:20-2b(1)(a), N.J.S.A. 2C:20-2b(4), N.J.S.A. 2C:2-6, N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of same.

COUNT THREE

(False Representation for a Government
Contract - Second Degree)

FRANCIS X. GARTLAND

BRIAN M. FOLEY

GARTLAND & COMPANY, INC.

and

E-ADMINISTRATIVE SYSTEMS, INC.

and other persons whose identities are known and unknown to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, between in or about November 2003 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, at the Township of Morristown, in the County of Morris, at the Borough of Bernardsville in the County of Somerset, at the Township of Toms River, in the County of Ocean, elsewhere and within the jurisdiction of this Court, knowingly did make a material representation that was false in connection with the negotiation, award or performance of a government contract valued at \$25,000 or more; that is, FRANCIS X. GARTLAND, BRIAN M. FOLEY, GARTLAND AND COMPANY, INC., or E-ADMINISTRATIVE SYSTEMS, INC. knowingly submitted forged and fraudulent authorization letters and billing invoices containing false information to the

Insurance Carrier in connection with the performance of a contract between the Insurance Carrier and the PABOE, to wit: false representations that the PABOE had authorized and was receiving Healthcare Related Programs and Services administered or provided by the billing vendors and or GARTLAND AND COMPANY, INC., and E-ADMINISTRATIVE SYSTEMS, INC.; and that the PABOE had authorized payments to be made from the PABOE medical claims bank account for such programs, contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:2-6, N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT FOUR

(Falsifying or Tampering with Records - Fourth Degree)

FRANCIS X. GARTLAND

BRIAN M. FOLEY

GARTLAND & COMPANY, INC.

and

E-ADMINISTRATIVE SYSTEMS, INC.

and other persons whose identities are known and unknown to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, between in or about November 2003 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, at the Township of Morristown, in the County of Morris, at the Borough of Bernardsville, in the County of Somerset, at the Township of Toms River, in the County of Ocean, elsewhere and within the jurisdiction of this Court, with the purpose to deceive or injure another or conceal a wrongdoing, did falsify or cause to be falsified one or more writings or records or did utter or cause to be uttered one or more writings or records knowing it/them to contain a false statement or information, to wit: one or more fraudulent letters or billing invoices pertaining to non-existent or unauthorized Healthcare Related Programs and Services purportedly that were purportedly

administered or provided to the PABOE by various vendors and or GARTLAND AND COMPANY, INC., and E-ADMINISTRATIVE SYSTEMS, INC., contrary to the provisions of N.J.S.A. 2C:21-4a, N.J.S.A. 2C:2-6, N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of same.

COUNT FIVE

(Uttering a Forged Instrument - Fourth Degree)

FRANCIS X. GARTLAND

BRIAN M. FOLEY

GARTLAND & COMPANY, INC.

and

E-ADMINISTRATIVE SYSTEMS, INC.

and other persons whose identities are known and unknown to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, between in or about November 2003 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, at the Township of Morristown, in the County of Morris, at the Borough of Bernardsville, in the County of Somerset, at the Township of Toms River, in the County of Ocean, elsewhere, and within the jurisdiction of this Court, with purpose to defraud or injure, did utter to the PABOE through the Insurance Carrier a writing or writings so that it/they purported to be the act of another who did not authorize that act and or did utter any writing which one or more of them knew to be forged, to wit: documents authorizing payment purported to be signed by members of the PABOE, contrary to the provisions of N.J.S.A. 2C:21-1a,

N.J.S.A. 2C:2-6, N.J.S.A. 2C:2-7 and against the peace of this State, the government and dignity of same.

COUNT SIX

(Misconduct by a Corporate Official - Second Degree)

FRANCIS X. GARTLAND

between in or about November 2003 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, at the Township of Morristown, in the County of Morris, at the Borough of Bernardsville, in the County of Somerset, at the Township of Toms River, in the County of Ocean, elsewhere, and within the jurisdiction of this Court, knowingly did use, control or operate a corporation, that is GARTLAND AND COMPANY, INC. or E-ADMINISTRATIVE SYSTEMS, INC., for the furtherance or promotion of a criminal object, that is the crimes of Conspiracy, in violation of N.J.S.A. 2C:5-2; Financial Facilitation of Criminal Activity, in violation of N.J.S.A. 2C:21-25, Theft by Deception, in violation of N.J.S.A. 2C:20-4; False Representation for a Government Contract, in violation of N.J.S.A. 2C:21-34b; Falsifying or Tampering with Records, in violation of N.J.S.A. 2C:21-4; Uttering a Forged Instrument, in violation of N.J.S.A. 2C:21-1, and did derive therefrom a benefit of \$75,000 or more, contrary to the provisions of N.J.S.A. 2C:21-9c and N.J.S.A. 2C:2-6, and against the peace of this State, the government and dignity of same.

COUNT SEVEN

(Financial Facilitation of Criminal Activity - First Degree)

FRANCIS X. GARTLAND

BRIAN M. FOLEY

GARTLAND & COMPANY, INC.

and

E-ADMINISTRATIVE SYSTEMS, INC.

and other persons whose identities are known and unknown to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, between in or about November 2003 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, at the Township of Morristown, in the County of Morris, at the Borough of Bernardsville, in the County of Somerset, at the Township of Toms River, in the County of Ocean, elsewhere, and within the jurisdiction of this Court, did engage in one or more transactions involving property, that is, funds of \$500,000 or more, which FRANCIS X. GARTLAND, BRIAN M. FOLEY, GARTLAND AND COMPANY, INC., and E-ADMINISTRATIVE SYSTEMS, INC., knew or which a reasonable person would believe to be derived from criminal activity, to wit: Theft by Deception, Misrepresentation for a Government Contract, Falsifying or Tampering with Records, Uttering a Forged Instrument or Misconduct by Corporate Official,

knowing that the transactions were designed in whole or in part to conceal or disguise the nature, location, source, ownership or control of the property derived from criminal activity or did direct, organize, finance, plan, manage, supervise or control the transportation of or transactions of property known or which a reasonable person would believe to be derived from criminal activity, that is, FRANCIS X. GARTLAND, BRIAN M. FOLEY, GARTLAND AND COMPANY, INC., and E-ADMINISTRATIVE SYSTEMS, INC., falsely represented or caused to be falsely represented to the Insurance Carrier that the PABOE authorized the Insurance Carrier to pay fees in the approximate amount of \$2,593,400 from the PABOE medical claims bank account for Healthcare Related Programs and Services when in fact such programs and services were non-existent or unauthorized, and further FRANCIS X. GARTLAND caused the fees to be issued to and deposited into the bank accounts of GARTLAND AND COMPANY, INC., and E-ADMINISTRATIVE SYSTEMS, INC., to be subsequently disbursed as payments to benefit themselves in order to conceal or disguise the nature, location, source, ownership or control of the funds derived from criminal activity, contrary to the provisions of N.J.S.A. 2C:21-25(b)(2), N.J.S.A. 2C:21-25c, N.J.S.A. 2C:21-27, N.J.S.A. 2C:2-6, N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of same.

COUNT EIGHT

(Financial Facilitation of Criminal Activity - Second Degree)

FRANCIS X. GARTLAND

BRIAN M. FOLEY

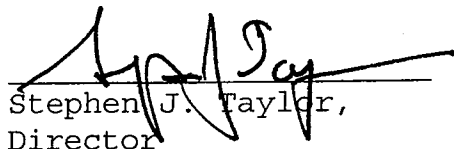
GARTLAND AND COMPANY, INC.

and

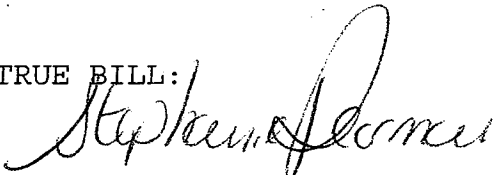
E-ADMINISTRATIVE SYSTEMS, INC.

and other persons whose identities are known and unknown to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, between in or about August 2008 and in or about July 2009, at the City of Perth Amboy, in the County of Middlesex, at the City of Jersey City, in the County of Hudson, in the City of Morristown, in the County of Morris, in the Borough of Bernardsville, in the County of Somerset, in the City of Toms River, in the County of Ocean, elsewhere, and within the jurisdiction of this court, with purpose to evade a transaction reporting requirement of the State of New Jersey or of 31 U.S.C. sec. 5311, et seq., or 31 C.F.R. sec. 103 et seq., or any rules or regulations adopted under those chapters and sections, structured or assisted in structuring, or attempted to structure or assist in structuring, transactions with one or more financial institutions, in an amount of \$75,000 or more, that is, FRANCIS X. GARTLAND, BRIAN M. FOLEY, GARTLAND AND COMPANY, INC., E-

ADMINISTRATIVE SYSTEMS, INC., and other coconspirators who are not named as defendants herein, with the purpose to disburse the proceeds of criminal activity so as to evade applicable state and federal currency transaction reporting requirements, broke down or caused to be broken down fraudulently obtained funds meeting or exceeding that which is necessary to trigger a currency transaction reporting requirement at a financial institution by transferring or withdrawing funds in amounts so as not to trigger a currency transaction reporting requirement, contrary to the provisions of N.J.S.A. 2C:21-25e(3), N.J.S.A. 2C:21-27, N.J.S.A. 2C:2-6, N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.


Stephen J. Taylor,
Director
Division of Criminal Justice

A TRUE BILL:


, Foreperson

Dated:

7-22-2010

FILED

JUL 22 2010

**SUPERIOR COURT
CLERK'S OFFICE**

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION - CRIMINAL

State Grand Jury

Number SGJ584-10-8(2)

Superior Court

Docket Number

10-07-00095-S

STATE OF NEW JERSEY)

v.)

FRANCIS X. GARTLAND)

BRIAN M. FOLEY)

GARTLAND AND COMPANY, INC.)

and)

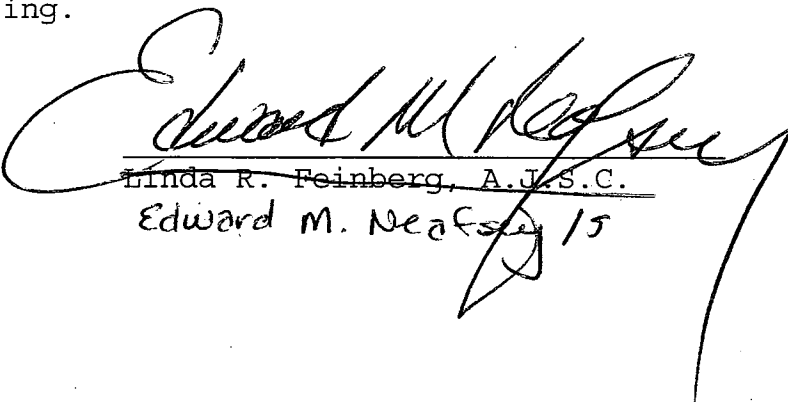
E-ADMINISTRATIVE SYSTEMS, INC.)

ORDER OF VENUE

An Indictment having been returned to this Court by the
State Grand Jury in the above captioned matter,

IT IS ORDERED on this 22 day of July, 2010,
pursuant to paragraph 8 of the State Grand Jury Act, that the County
of Middlesex be and hereby is designated as the County of venue for
the purpose of trial.

IT IS FURTHER ORDERED that the Clerk of the Superior Court
shall transmit forthwith the Indictment in this matter and a
certified copy of this Order to the Criminal Division Manager of the
County of Middlesex for filing.


Linda R. Feinberg, A.J.S.C.

Edward M. Neafsey 15