

***State of New Jersey***  
***Commission of Investigation***



February 9, 2009  
Immediate Release

Contact:  
Lee Seglem, SCI  
609-292-6767

# **SCI CHAIRMAN TESTIFIES ON AGENCY'S KEY WATCHDOG ROLE**

TRENTON – SCI Chairman W. Cary Edwards appeared before a Senate panel this afternoon to discuss the Commission's role as New Jersey's premier independent government watchdog agency.

The text of Edward's prepared remarks to the Senate Community and Urban Affairs Committee are attached.



**Statement**

**W. Cary Edwards**

**Chair**

***New Jersey State Commission of Investigation  
Senate Community and Urban Affairs Committee  
February 9, 2009***

Good afternoon, Mr. Chairman and members of the Committee.

I'm Cary Edwards, Chair of the New Jersey State Commission of Investigation. On behalf of the full Commission, I thank you for this unique opportunity.

For more than 40 years, the SCI has demonstrated its value to the taxpayers of New Jersey as the state's premier independent government watchdog. It has completed, and publicly reported on, well over 100 investigations. It has revealed widespread waste, fraud and abuse in housing construction and in many other areas critical to the citizens of this State. It has kept you and the public informed about the scourge of organized crime. It has produced systemic recommendations that have

saved tens of millions of taxpayer dollars and led to extensive statutory and regulatory reforms.

All of this, and more, accomplished by an agency with approximately 50 employees on a current budget of less than \$5 million – and, over the years, sometimes with far scarcer resources than that.

I'll talk in more detail about the SCI's unique strengths, its achievements and its place as a tested leader among the few sentinels of government, but there are three key points that need to be made right out of the gate:

First, the SCI is independent, and that has been the case since the day it was conceived. It was designed and structured to function as a nonpartisan, impartial and objective fact-finding agency. It is governed by four Commissioners, only two of whom may be associated with the same political party. They serve staggered, four-year terms and are appointed by three separate appointing authorities in two branches of government – the Governor, the President of the Senate and the Speaker of the General Assembly.

This strong and unique structure provides the SCI with the integrity and the independent stature necessary to perform its job in a credible

fashion. The very fact that the Commission's fact-finding process has withstood every legal challenge ever brought to bear against it is a testament to the soundness of that operating structure and to the internal judgments and decisions that have been made pursuant to the agency's mission.

Second, the SCI is the only independent investigative and fact-finding agency in the legislative branch of state government. That is critical, and here's why: Although the Executive participates in the Commissioner appointments process, we are a creature of the Legislature, funded through the Legislature's budget. In that regard, the SCI is a valuable resource for you in terms of investigative fact-finding and, importantly, with regard to substantive raw material for sensible statutory reforms.

Chairman Rice, you personally have availed yourself of those resources with your sponsorship of legislation pursuant to the SCI's findings of waste and abuse in new-home construction and inspections. What we found in that investigation was a veritable catalogue of shoddy and deficient construction practices, lax regulatory oversight and poor remediation options that routinely plunge unsuspecting buyers of new homes into the worst sort of buyer-beware nightmare. To this day, we are

still receiving complaints related to these issues from consumers looking for relief. In each instance, these complaints are evaluated by our staff and referred to the agency most appropriately positioned to provide an answer, primarily the New Jersey Department of Community Affairs.

You should also note that the new-home construction inquiry was a prime example of another unique tool in our investigative arsenal – the authority to expand the reach of our probes, as necessary, into the private sector as it bears upon the public’s business.

Third, although we spend a good deal of time investigating corruption and waste, fraud and abuse of taxpayer dollars, the SCI is the only independent fact-finding and investigative agency additionally tasked with the responsibility to investigate, evaluate and report upon organized crime. Not as a cop to make arrests. Not as a prosecutor to obtain convictions. But as a fact-finder, as an intelligence-gatherer and as a repository of investigative information and expertise. In other words, the SCI is not a “gotcha” agency; it is a fix-it agency. We refer our findings to the Legislature and to the Attorney General as appropriate.

Since its inception in 1968, the Commission has conducted cutting-edge investigations into every major aspect of organized crime in New

Jersey, highlighting its intrusion into the solid waste, garment and gambling industries and other legitimate elements of commercial private enterprise. Most recently, the SCI completed the first stage of a comprehensive investigation into the growth, proliferation and increasing sophistication of organized criminal street gangs. Our initial focus has been on the deleterious impact of these criminal entities on the state prison system, but rest assured we will have much more to report about the impact of gangs and their organized criminal activities in the communities of our State.

Mr. Chairman, members of the Committee, seven years ago, the Legislature and Governor invested their trust and confidence in the future of the SCI by enacting legislation to make it a permanent part of state government.

Since then, that trust has been fulfilled time and time again.

Besides ranging far and wide with the hard work of investigative fact-finding, we have become more results-oriented, committing more resources and staff expertise to the development of sensible, practical recommendations to address the sort of broad-based, systemic problems that we regularly identify through our investigations.

And you, the Legislature, and your counterpart in the Executive Branch, have responded repeatedly in salutary ways. To review just a portion of this record, in addition to the pending legislation to address the SCI's findings with respect to new-home construction and inspection abuses:

- In 2003, legislation recommended by SCI was enacted revising New Jersey's computer crime law for the first time in two decades.
- In 2004, the Commission's investigation of the flawed E-ZPass electronic toll system set the stage for enactment of legislation overhauling the State's contract procurement process.
- In 2005, the governor signed an Executive Order implementing key recommendations stemming from the SCI's probe of new-home construction and inspection abuses. As I indicated earlier, Chairman Rice has taken the initiative legislatively in this area.
- In 2006, the SCI's revelations that unregulated lethal handgun ammunition was readily and legally being purchased by known

criminals, including gang members, led to the enactment of legislation tightening ammo sales.

- In 2007, the Governor signed legislation implementing new budget accountability measure for public schools, an outgrowth of the SCI's investigation into questionable and hidden compensation for public school administrators.
- The same year, the findings of the Commission's investigation into the abuse of New Jersey's Charity Care program resulted in the enactment of new fraud-detection laws.

I will also point out that as we speak here this afternoon, another committee of this body, the Senate Education Committee, is considering landmark legislation that incorporates key recommendations made by the SCI in 2007 to restore accountability, transparency and oversight to the governance of public higher education in New Jersey.

Mr. Chairman, in closing, on behalf of the Commission and its staff, I thank you again for the opportunity to describe our mission and the important work we do for the taxpayers. Every week, we are contacted by people from one end of this State to another who are looking for help in a



multitude of areas and who feel they have run out of options with no place else to turn. We respond to their inquiries.

As to an obvious question in this room this afternoon – Why do we need all of these government watchdogs? – I will say this: I’ve been in and around government all of my adult life, and if there’s one thing I’ve learned, it’s that you can never have enough expert eyes and ears to hold government accountable and to look out for the public’s best interests.

All of us appearing before you today have important jobs to do in that regard. We talk to each other and we assist each other. Indeed, as the old kid on the block, it was the SCI that helped these new kids, the Inspector General and the Comptroller, get up and running. That’s not a boast. I tell you that because it is emblematic of a cooperative spirit that gives us all the ability to maximize limited public resources to serve the public across a wide spectrum of responsibilities.

Believe me, there is more than enough work to go around.

At this time, we’d be happy to address any questions you might have.

Thank you.