

STATE OF NEW JERSEY
COMMISSION OF INVESTIGATION

22nd ANNUAL REPORT

1990



STATE OF NEW JERSEY
COMMISSION OF INVESTIGATION

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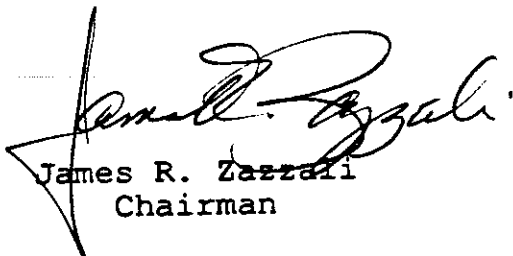
JAMES R. ZAZZALI
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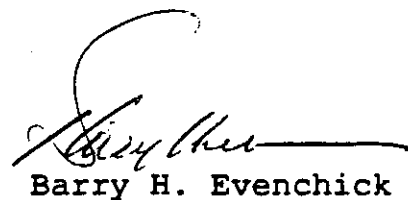
Governor James J. Florio
The President and Members of the Senate
The Speaker and Members of the General Assembly

The State Commission of Investigation herewith formally submits, pursuant to N.J.S.A. 52:9M, its 22nd annual report for the year 1990.

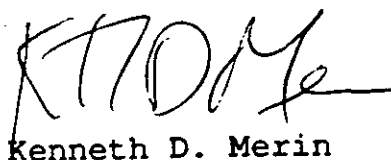
Respectfully,



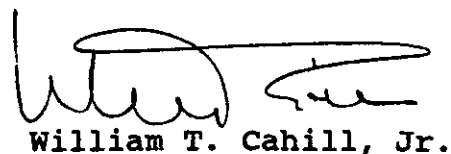
James R. Zazzali
Chairman



Barry H. Evenchick



Kenneth D. Merin



William T. Cahill, Jr.

Members of the Commission



James R. Zazzali

Attorney, Rumson; partner, Zazzali, Zazzali, Fagella & Nowak, Newark. Appointed to Commission May, 1984 by Gov. Kean. Attorney General of New Jersey, 1981-1982; general counsel, N.J. Sports & Exposition Authority, 1974-1981; assistant prosecutor, Essex County, 1965-1968; associate editor, New Jersey Law Journal; served as court-appointed master to investigate conditions at jails in Monmouth, Essex & Bergen Counties & in Newark; member, Supreme Court Disciplinary Review Board. Graduated 1958, Georgetown College; 1962, Georgetown Law Center.



Barry H. Evenchick

Attorney, sole practitioner, Livingston. Appointed to Commission June, 1987 by Assembly Speaker Chuck Hardwick. Associate editor, New Jersey Law Journal; New Jersey representative, Commission on Uniform Legislation; former chief, appellate sections, Essex County Prosecutor's Office and State Division of Criminal Justice; township attorney, Livingston, 1975-1986. Graduated 1960, Rutgers University; 1963, Rutgers Law School.



W. Hunt Dumont*

Attorney, Morristown; partner, Robinson, Wayne & LaSala, Newark. Appointed to Commission March, 1988 by Senate President John F. Russo. United States Attorney for New Jersey, 1981-85; assistant U.S. attorney, 1969-71; member since 1985, Board of Editors, National Law Journal. Executive vice president & general counsel First Jersey Securities, Inc., 1985-86; executive vice president & general counsel, Sherwood Capital, Inc., 1987. Graduated 1963, Lafayette College; 1967, Seton Hall Law School, third in class.



Kenneth D. Merin

Attorney, Morristown; partner, Kroll & Tract, New York City. Appointed to Commission January, 1990 by Governor Thomas H. Kean. Commissioner, New Jersey Department of Insurance 1984, 1986-90; director, Governor's Office of Policy and Planning 1985-86; deputy chief counsel to the Governor 1982-84; former congressional aide. Graduated 1969, George Washington University; 1975, Seton Hall Law School; 1980, George Washington Law School (LL.M.). Veteran, Vietnam War; recipient of Bronze Star; discharged as a first lieutenant, infantry, in 1972.

*Resigned, June 1, 1991; replaced June 1, 1991, by William T. Cahill, Jr.

Executive Staff



Carol L. Hoekje
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*Executive Assistant Thomas W. Cannon was absent when this photograph was taken.

INTRODUCTION

The New Jersey State Commission of Investigation (SCI) was created in 1968 after extensive research and public hearings conducted by the Joint Legislative Committee to Study Crime and the System of Criminal Justice in New Jersey. That Committee was under direction from the Legislature to find ways to correct what was a serious and intensifying crime problem. Its final report, which confirmed that a crisis in crime control did exist in New Jersey, attributed the expanding activities of organized crime to "failure to some considerable degree in the system itself, official corruption, or both." Sweeping recommendations for improving various areas of the criminal justice system were proposed.

Two of the most significant recommendations of the Committee were for a new State criminal justice unit in the executive branch and an independent State Commission of Investigation. The Committee envisioned the proposed criminal justice unit and the Commission of Investigation as complementary agencies in the fight against crime and corruption. The criminal justice unit was to be a large organization with extensive manpower and authority to coordinate and conduct criminal investigations and prosecutions throughout the state. The Commission of Investigation was to be a relatively small but expert body which would conduct factfinding investigations, bring the facts to the public's attention and make recommendations to the Governor and the Legislature for improvements in laws and the operations of government.

The Committee's recommendations prompted immediate supportive legislative and executive action. New Jersey now has a Criminal Justice Division in the Department of Law and

Public Safety and an independent State Commission of Investigation, which is structured as an agency of the Legislature. The new laws were designed to prevent conflict between the functions of the Commission and the prosecutorial authorities of the state. The latter have the responsibility to seek indictments or file other charges of violations of law and bring the violators to justice. The Commission, on the other hand, has the responsibility to expose wrongdoing or governmental laxness by fact-finding investigations and to recommend new laws and other remedies to protect the integrity of the government process.

Legislation creating the State Commission of Investigation was introduced on April 29, 1968, in the Senate. Legislative approval of that measure was completed on September 4, 1968. The bill created the Commission for an initial term beginning January 1, 1969, and ending December 31, 1974. The Legislature on four subsequent occasions extended the term of the SCI for five-year periods—in 1973 for a term expiring December 31, 1979; in 1979 for a term expiring December 31, 1984; in 1984 for a term expiring December 31, 1989, and in 1989 for a term expiring on December 31, 1994.

The complementary role of the SCI was noted in two comprehensive, impartial analyses of the Commission's record and performance—in 1975 by the Governor's Committee to Evaluate the SCI and in 1983 by the State Commission of Investigation Review Committee. Both of these reports stated that the SCI performs a valuable function and that there is a continuing need for the Commission's work. The 1983 review panel said its advocacy of the Commission was reinforced by the views of top law enforcement officials in the State that the SCI "continues to serve as an important adjunct to New Jersey's criminal justice system."

To eliminate any appearance of political influence in the Commission's operations, no

more than two of the four Commissioners may be of the same political party. Two Commissioners are appointed by the Governor and one each by the President of the Senate and the Speaker of the Assembly. It thus may be said the Commission by law is bipartisan and by concern and action is nonpartisan.

The paramount responsibilities vested in the Commission are set forth in its statute:

The Commission shall have the duty and power to conduct investigations in connection with:

- (a) The faithful execution and effective enforcement of laws of the state, with particular reference but not limited to organized crime and racketeering;
- (b) The conduct of public officers and public employees, and of officers and employees of public corporations and authorities;
- (c) Any matter concerning the public peace, public safety and public justice.

The statute provides further that the Commission shall conduct investigations by direction of the Governor, by concurrent resolution of the Legislature, and of any state department or agency at the request of the head of the department or agency.

The statute assigns to the Commission a wide range of responsibilities and powers. It may compel testimony and the production of other evidence by subpoena and has authority to grant immunity from prosecution to witnesses. Since the Commission does not have prosecutorial functions, it is required to refer information of possible criminality to appropriate prosecutorial authorities.

One of the Commission's responsibilities, when it uncovers irregularities, improprieties, misconduct or corruption, is to bring the facts to the attention of the public. The objective is to

promote corrective actions. The format for public actions by the SCI is based on the complexity of the subject and the clarity, accuracy and thoroughness with which the facts can be presented. The Commission may proceed by way of public hearing, a public report or both.

In its proceedings, the Commission adheres to the New Jersey Code of Fair Procedure, the requirements of which were incorporated in the Commission's enabling law in 1979. These provisions afford the protection which the Legislature by statute and the Judiciary by interpretation have provided for witnesses called at private and public hearings and for individuals mentioned in the Commission's public proceedings. Such procedural obligations include a requirement that any individual who feels adversely affected by the testimony or other evidence presented in a public action by the Commission shall be given an opportunity to make a statement under oath relevant to the testimony or other evidence. The statements, subject to a determination of relevancy, are incorporated in the records of the Commission's public proceedings. Before undertaking a public action, the Commission evaluates investigative data in private in keeping with its obligation to avoid unnecessary stigma and embarrassment to individuals.

The Commission emphasizes that indictments and convictions which may result from referral of criminal matters to other agencies are not the only test of the efficacy of its public actions. More important are the corrective statutory and regulatory reforms spurred by arousing public and legislative interest. The Commission takes particular pride in all such actions which have resulted in improved laws and governmental operations.

I

PUBLIC ACTIVITIES

New Jersey School Boards Association

On April 26, 1990, the Commission released a report of an investigation into fiscal irregularities at the New Jersey School Boards Association, irregularities that led to losses of nearly \$1 million in investments by the Association's Insurance Group.

In the course of examining the investment picture, the SCI was drawn into an investigation of the operations of the Association itself. The report that ensued was highly critical of the management and conduct of the NJSBA's executive director, Octavius T. "Ted" Reid, Jr., finding that he engaged in profligate spending of Association funds on food, drink and similar activities under the guise of lobbying to further the legitimate goals of the Association. The report also found that over the years, Reid manipulated and misled his directors and the trustees of the Insurance Group, as well as the professional staff of the Association. Finally, the report found that Reid failed to supervise properly the activities of stockbroker Daniel Druz of Dean Witter Reynolds, an old friend he retained to handle the investments of the Insurance Group.

The report also found a shocking lack of administrative safeguards to protect the public's

money, which is virtually the sole source of support for the NJSBA. And those procedures that were in place were continually circumvented over the years by Reid, various officers of the Association and some other staff members.

In its report, the Commission made several recommendations for reform of the Association and the Insurance Group. Many of the recommendations involved Association procedures; others involved statutory changes. It should be noted that during the pendency of the investigation and before the issuance of the SCI's investigative report in April, 1990, the Association — haltingly at first — began to put its house in order. Other reforms were adopted subsequent to the report, although there are still a few unfinished matters that the Commission believes merit consideration.

In preparing this annual report, the Commission asked the NJSBA and the Insurance Group to furnish information regarding their progress toward reform. It is significant that both entities had to be contacted separately. One of the key investigative findings was that the Insurance Group had been tied too closely to the Association and was, therefore, unable to exercise the independent judgement necessary to safeguard the school insurance funds it was created to protect and invest. Even before the SCI report was issued, the Insurance Group began to distance itself from the Association. It replaced Reid as administrator, hired a full-time director of insurance and moved to separate offices outside Trenton. No NJSBA staffer has any responsibilities at the Group and each trustee has a specific area of responsibility.

Each of the Commission's other recommendations is listed below along with a brief description of actions taken in response thereto.

- *As executive director, Octavius T. Reid's penchant for self promotion and his lack of leadership have resulted in a serious detriment to the mission of the School Boards Association. His lack of candor and ethical insensitivity require that he forfeit any expectation of keeping his position of responsibility. The Commission therefore recommends that Reid be dismissed and that he be sued for restitution of any monies that he received improperly and for any breach of fiduciary responsibility.*

On May 4, 1990, Reid submitted his resignation to the NJSBA Board of Directors in the face of a resolution that would have resulted in his being fired. The resignation included a financial settlement that paid Reid \$47,626.86, an amount that represented 7/12ths of his annual salary plus payment for unused sick time and vacation, less amounts he owed the Association in expense advances. Reid later refused to accept the settlement, whereupon the Association filed suit on September 27, 1990 to enforce the agreement. A court order in favor of the Association was entered on December 18, 1990.

- *In the event that the Association does not take immediate and meaningful steps to reform, the Legislature should amend the Association statute to make membership optional, relieving local districts of the burden of funding continuing extravagances. Even if there is reform, the Legislature should consider whether mandatory membership in the Association is wise. Only Washington and New Jersey require local boards to join their state school boards associations.*

On May 14, 1990 less than a month after the issuance of the SCI report, Senator Raymond Zane introduced S-2639, which would make membership in the Association optional. The bill was assigned to the Education Committee the same day and has not been released.

- *The School Boards Association statute should be amended to declare that the Association, funded as it is by public monies, should be subject to the controls and limitations inherent in such status. These controls should include, at a minimum, requirements for public bidding and control of employee compensation and expenses. While there should be an arms-length relationship with any department of state government, the State Auditor should have authority at least to examine the books and*

records of the Association.

Although the Association itself has made many internal reforms in instituting bidding procedures and accountability for expenses, no action has been taken to amend the statute to codify any State controls over the NJSBA. The most that has been done is the introduction of S-3248 by Senators Lesniak, O'Connor and Cowan, which would, among other things, require the Association to send its annual report and audit to the Senate President and the Assembly Speaker.

- *The statute that authorized the creation of school board self-insurance pools should be clarified to eliminate any confusion regarding the kinds of investments such pools may purchase.*

Assembly Bill 481, sponsored by Rodney Freylinghusen and Anthony Cimino, would permit self-insurance funds such as the Insurance Group to transfer their assets to the State Division of Investment for management. The bill was prefiled for introduction in the 1990 session after public disclosure of the Insurance Group's losses but prior to the issuance of the SCI report. The bill passed the Assembly August 22, 1991, and is awaiting action by the Senate.

- *The Insurance Group has sued Dan Druz and Dean Witter Reynolds in connection with the losses caused by the index options trading. The Attorney General should monitor this litigation to ensure that it is pursued vigorously and, if necessary, intervene to ensure that the interests of the public are protected. In addition, the State Bureau of Securities should investigate whether charges should be brought against Dean Witter for failure to supervise Druz in his handling of the Insurance Group account.*

Since this action was filed in Federal District Court in December, 1988, Dean Witter filed third party actions against Reid, former NJSBA Treasurer Dolores Jarvie and the accounting firm of Arthur Young. The NJSBA was granted permission to intervene in the action to protect its own interests. The matter has been referred to an arbitrator where it is pending. All this action took place before the issuance of the SCI report.

The State Bureau of Securities told the SCI recently that it has "an open, active investigation" of the matters raised by the report.

- *As a non-profit agency, which is also exempt from the requirements of the state's lobby registration law, the Association should not be able to spend public funds entertaining government officials or their staffs.*

Despite the fact that most of its funds come from the taxpayers in the form of dues collected from local school boards, the Association continues to believe that, in furtherance of its lobbying functions, it should be able to entertain legislators and other state officials. Nevertheless, the Association told the SCI that in recent lobbying efforts, it has not spent any money on state officials.

- *In order to provide greater accountability, the size of the Association's Board of Directors should be substantially reduced. In the alternative, the Association's Executive Committee should be given greater authority to supervise more of the day-to-day activities of the professional staff.*

The Board of Directors is now composed of the Executive Committee plus 22 others, a number that was reduced from 25. The membership of the Executive Committee was reduced from eight to five.

- *Although it has severed its administrative relationship with the Association, the Insurance Group's Board of Trustees still includes Association representatives. In order to achieve complete independence, the Group's by-laws should be amended immediately to eliminate this unwarranted representation. The Group should also explore the feasibility of requiring that at least some of its trustees possess expertise in relevant subjects such as law, finance and insurance.*

Trustees are now nominated by the Association and confirmed by the Board of Trustees of the Insurance Group rather than by the NJSBA Board of Directors. The two newest trustees are persons with specific knowledge and experience in insurance and risk management.

- *The Association should be subject to the state's Open Public Meetings Act.*

The NJSBA by-laws have been amended to make the Association subject to the Open Public Meetings Act.

Garment Industry

Following a lengthy investigation into the garment industry, the Commission held three days of public hearings on October 23, 24 and 25, 1990. The hearings focused on the social and economic problems of the industry as well as on organized crime influence over some segments of the industry, especially trucking.

During the investigation, the SCI staff interviewed scores of persons, examined thousands of documents and took the private testimony of 61 witnesses. Thirty-three witnesses were called during the public hearing. Some witnesses initially refused to talk to the Commission but were compelled to testify after having been given immunity from prosecution.

The witnesses included garment manufacturers and contractors, truckers, labor officials, organized crime experts including SCI special agents, and officials from the State Division of

Taxation and the State Department of Labor.

Also testifying were two garment contractors whose identities and voices were disguised electronically and who testified from remote locations. Their identities were concealed because of their fears of retribution from organized crime figures in the industry and their fears of economic retaliation.

The testimony established that economic conditions in the industry are fragile at best. The industry as a whole has been hurt badly by the importation from abroad of goods sewn by workers who make a fraction of what workers in the United States earn. Moreover, those foreign workers have virtually no fringe benefits. For their part, American garment manufacturers testified that they are forced to have garments sewn overseas because of the high cost of labor in this country, which includes fringe benefits that add approximately 22 per cent to the cost.

Nevertheless, even American workers including many who are unionized receive low or substandard wages and limited fringe benefits such as medical coverage. Many contractors and manufacturers resort to elaborate subterfuges to avoid unionization in order to keep insurance and other costs to a minimum. And the unions are less than vigilant at detecting such scams and in protecting their members.

Not all the shady conduct is on one side, however. Many workers demand to be paid in cash, some because they want to avoid taxes, some because they are already collecting unemployment benefits and do not want to jeopardize those payments. Others simply want to conceal as much as possible from the government because they are immigrants and either fear or mistrust all governments. And some of these immigrants are in this country illegally and want to conceal their identities from immigration authorities.

The hearings also revealed that while many entrepreneurs in the garment industry are struggling, a few are earning princely incomes. Some of the wealthiest are trucking executives who either are organized crime figures themselves or have organized crime figures as their partners. Indeed, the Commission found that there is a marriage of convenience in the garment industry between many ostensibly legitimate businessmen and organized crime. And these entrepreneurs take full economic advantage of the fearsome aura organized crime imparts to their companies, to the competitive disadvantage of other firms.

Organized crime expert Ralph Salerno testified that unlike other industries that have been infiltrated by organized crime, the garment industry actually invited the mob in by enlisting its services in the 1920's when it needed strikebreakers to deal with a primarily immigrant workforce dissatisfied with low wages and poor working conditions. But as so often happened in other businesses, the mobsters were not content with their limited role as garment "muscle." They wanted more of the action and simply declared themselves "in."

Trucking is vital to the garment industry because everything from raw materials to finished goods moves by truck in the garment district in Manhattan to manufacturers, contractors, finishers, jobbers, distributors and retailers. Those who control trucking control the industry, according to testimony at the hearings.

The hearings revealed for the first time the extent to which organized crime figures from New York have expanded their garment operations to New Jersey, especially those in trucking. Some of those persons were called to testify in the public hearings and invoked their Fifth Amendment privilege not to testify.

When it comes to protecting workers, the State is handicapped, first, by a lack of

manpower and, second, because it cannot locate all the workers that most need protection. The Apparel Registration Unit in the State Department of Labor is charged with registering all garment contractors and manufacturers in the state. But the unit is severely understaffed — it has nine field investigators to police about 1,500 firms — and must, of necessity, limit its efforts to the fly-by-night firms that move as soon as they get any kind of citation or change business names to avoid detection or prosecution by state or municipal authorities.

Workers who insist on being paid in cash may succeed in concealing their identities from the authorities but at a price. That price is that they do not allow government or unions to protect them from unscrupulous garment contractors or manufacturers who may take advantage of them. They are playing into the hands of those who would exploit them. And agencies such as the Apparel Registration Unit cannot protect the rights of workers it does not know exist.

When garment businesses pay workers in cash, they usually have to keep false books and records to hide the existence of the workers from the union and from government agencies. One result of this deception is that the State is denied the income taxes due it from the workers as well as from the businesses that employ them. In some cases, employers deduct taxes from workers' wages and simply pocket the funds.

At the conclusion of the hearing, the Commission deferred most of its recommendations until the issuance of the written report. But it did recommend strongly that the check cashing industry be more tightly regulated, as it had done three years ago after a hearing on that industry. The evidence indicated that many financially shaky operatives in the garment industry use check cashers to raise unreported cash for various nefarious purposes.

The Commission was also concerned about the welfare of the workers as well as the

shaky financial condition of the industry. To better protect the workers, the Commission found that the Apparel Registration Unit is severely understaffed and also needs greater authority to obtain records from garment contractors. But the Commission was also cognizant of the need to avoid overregulation of the industry.

Afro-Lineal Organized Crime

On November 29, 1990, the Commission held a one-day public hearing on the sensitive issue of Afro-lineal organized crime. The issue is sensitive because many in law enforcement for years refused to believe that there was such a thing. This belief was based in part on the racial stereotype that blacks were intellectually incapable of the same kinds of planning and conspiracies that other ethnic groups had engaged in. Others simply were comfortable with the traditional but outdated view that organized crime was composed solely of men of Italian heritage. In fact, however, most knowledgeable law enforcement officials now accept the view that organized crime is not homogeneous but includes persons of many racial and national backgrounds.

The public hearing was based in large measure on information developed as part of a lengthy intelligence gathering project during which the SCI staff collected a massive amount of data from its own sources as well as from many law enforcement agencies in the state.

The term "Afro-lineal organized crime" was coined by criminologists to refer to criminals of African ancestry such as African-Americans, Jamaicans, Nigerians and others. The purpose of the hearing was to focus attention on the problem so that law enforcement agencies that did not recognize it would be made aware of it and to alert the public to the dangers of this newly

recognized criminal element in our society.

Since law enforcement has neglected the problem, there is in many areas a serious lack of information concerning the activities, membership and leadership of Afro-lineal criminal groups. As a result, several such gangs have been able to operate relatively untouched and have become wealthy and entrenched, with substantial number of members. Their leaders are insulated from police investigations and have terrorized neighborhoods, corrupted youth and spawned violence in urban areas. Afro-lineal criminal groups are particularly threatening because they are heavily engaged in narcotics trafficking, as well as murder, extortion, significant frauds, high-volume illicit gambling, official corruption and other criminality.

Perhaps the most dangerous Afro-lineal criminal groups operating in the United States today are the Jamaican posses, who are actively involved in the importation of cocaine. The posses which evolved from political clubs and associations in the slums of Kingston, Jamaica, began to import marijuana into the United States in the 1970s and used the money thus earned to buy firearms for shipment back to Jamaica, where they were employed in the perpetual gang warfare in Kingston.

As they evolved, the posses became organized, with a fairly rigid hierarchy that allowed the leaders to insulate themselves from street level operatives in order to escape law enforcement detection. Once in this country, posse members took over the domestic marijuana trade from their more non-violent countrymen who had preceded them here. By 1984, the posses became active in the importation and distribution of cocaine as well as trafficking in firearms, kidnappings, robberies, alien smuggling, money laundering and home invasion robberies. The Jamaican posses are renown for their indiscriminate violence in taking retribution against

suspected informants or rivals.

One of the witnesses at the hearing was a former posse member whose identify was kept confidential by the Commission. This man, who had operated in New Jersey, testified that several years ago the posses used New Jersey as a kind of staging area where they would stash marijuana and guns. He said he doubted that police here even knew of the existence of the posses at that time. The witness said the posses frequently smuggled marijuana into New Jersey with the assistance of many Jamaicans who worked on the docks in Port Newark and Port Elizabeth. The marijuana was eventually sold in New York.

According to the Federal Bureau of Alcohol, Tobacco and Firearms, there are at least 40 posses with more than 13,000 members in the United States. The two largest are the Shower Posse and the Spangler Posse. Many of the other posses are spin-offs of these two. The SCI has determined that there are five posses that have operated drug distribution networks in New Jersey.

In addition to the posses, there are several dangerous African-American gangs in New Jersey. All appear to be regional or local in character but are no less dangerous. According to an SCI survey, such gangs have been detected in 13 of New Jersey's 21 counties. In seven counties, they have been found to have cooperative agreements with the more traditional La Cosa Nostra in the operation of gambling enterprises.

One of the witnesses at the hearing was Donald L. Ashton, Special Agent-In-Charge of the Drug Enforcement Agency's New Jersey Division. Ashton testified that he had encountered large, highly organized African-American gangs as early as 1968. This gang, he said, controlled heroin distribution in Pittsburgh. In 1972, Ashton said he investigated a similar gang in

Cincinnati, which controlled heroin trafficking in that city. And he said that in Wilmington, North Carolina, he investigated a gang with more than 100 members that imported heroin from southeast Asia and was a source of supply to groups in New York as well as in Detroit, Baltimore, Philadelphia, Richmond and Norfolk.

Several large, dangerous New Jersey African-American criminal groups have been taken down by vigorous prosecution by law enforcement officials who recognized the regional, organized nature of the gangs. One, called the Family, was based in Newark and was headed by Wayne Pray, who calls himself Akbar. At its prime, the Family had about 300 members and associates and extended its operations from Newark as far as Ohio, Michigan, New York and southern Florida. Pray himself was relatively untouchable for years because he was so insulated from street-level crime, such as narcotics trafficking. He was eventually convicted in 1989 in federal court and is serving a sentence of life without parole for being the head of a large-scale cocaine distribution ring.

Another group that also called itself the Family operated in Philadelphia and southern New Jersey and was headed by the late Roland "Pops" Bartlett, who died in federal prison while serving a 30-year sentence imposed in 1987 for heroin trafficking. Bartlett had also been convicted in state court in 1988 for ordering the murder of his Willingboro, New Jersey neighbor. He received a life sentence for that crime. As with so many other African-American crime figures, Bartlett had a cooperative arrangement with a La Cosa Nostra in many of his illicit enterprises.

Two of the most successful multi-agency investigations involved the prosecution of the E'Port Posse in the Elizabeth area and the Isaac Wright group in Somerset and Middlesex

Counties. The E'Port Posse, a murderous gang of drug dealers led by Robert and Bilal Pretlow, were eventually brought to justice by a team of officers from the DEA, the Union and Essex County Sheriffs' offices, the Newark and Elizabeth police departments, the Union County Prosecutor's office and the State Police.

The Wright group was also involved in major drug distribution, primarily in the housing projects near the Somerset-Middlesex border in the New Brunswick-Franklin area. The group was eventually brought down by agents from the Somerset, Middlesex, Union and Passaic County Prosecutor's offices, the Franklin Township and New Brunswick police departments, the State Police and the Essex County Sheriff's office.

Although many Afro-lineal criminal gangs have only a fleeting existence, some of the more notorious have enjoyed significant duration and power. If left unchecked, each has the potential to become entrenched to the point where it may achieve a life of its own. Just as Prohibition during the 1920s led to the rise of La Cosa Nostra, narcotics trafficking provides a fertile breeding ground for Afro-lineal criminal cartels to accumulate power and markets through energy, resourcefulness and brute force.

The Commission believes that increased gathering and sharing of intelligence information about such gangs is absolutely essential if law enforcement is ever to deal successfully with this problem. It worked in the battle against La Cosa Nostra, it can work in this area as well.

AIDS Prevention Program

On January 2, 1990, the Commission reported on its investigation into the AIDS

Prevention Program of the State Department of Health. The report was in the form of a letter to Assemblyman Harold L. Colburn, Jr., Chairman of the Committee on Health and Human Services, who had requested the inquiry because of allegations of impropriety made at a hearing before his Committee in February, 1989.

The Commission's findings were as follows:

1. The Commission found that New Jersey's present policy on the distribution of condoms by the DOH or its grantees is more conservative than federal policy. The state's policy, by merely acknowledging existing sexual proclivities, does not, as alleged, seek to encourage promiscuous avoidance of more certain sex transmission control methods such as abstinence and monogamy.
2. Although in the past DOH has been lax in its verification of the nonprofit status of AIDS program grantees, a more stringent review process is now in place. Even during the period when early proof of nonprofit status was not demanded only one organization that had not met the requirement had been awarded a grant.
3. There have been substantial delays in the official award of grants and resulting lags in the disbursement of grant funds. Such postponements have created hardship for grantees and jeopardized the effectiveness of their AIDS prevention programs. However, the delays have not resulted from favoritism but rather from grantees' unfamiliarity with complicated application and qualification requirements, as well as insufficient DOH staff to provide adequate technical assistance. Delays have also been minimal for the current grant period.
4. DOH has not accumulated a "slush fund" from unexpended grant funds, as was

alleged before the Assembly Committee.

5. In a few cases annual independent audits of grants have not been submitted on a timely basis. DOH is now less lenient with those grantees that are behind schedule in submitting the required audits.

6. A grantee called Looking Into the Future Together, Inc. (LIFT), a community-based organization in Trenton, abused an initial and two continuation grants totaling approximately \$235,500, which it received from December 1, 1987, through December 31, 1989. LIFT failed to accomplish grant objectives, neglected to maintain adequate financial records and charged to its AIDS grants thousands of dollars worth of expenditures that had nothing to do with AIDS prevention and education. Despite insider allegations which proved accurate in many instances, DOH officials continued to approve disbursements of funds to LIFT while either failing to recognize obvious abuses or ignoring those which were discovered. An expensive special audit by a New York CPA firm hired by the Department of Human Services on behalf of DOH overlooked some of the wrongdoing but provided, albeit in bland terms, a sufficient basis for termination of the LIFT grant. Nonetheless, follow-up by DOH auditors ignored the significance of much of LIFT's transgressions, and the grants have continued. In several instances DOH simply amended grant budgets — well after the grant periods — in order to authorize questionable expenditures. All of this indicated a disturbing attitude on the part of certain DOH officials that even a flagrant violator of AIDS grant requirements will be tolerated so that the overall program

may be viewed as an unconditional success.

7. The Commission found that DOH employees were generally sensitive to ethical concerns. Allegations of abuses involving consulting, gifts and honoraria were unfounded.

8. Finally, the Commission found no wholesale wastage of printed materials as has been alleged.

1989 Annual Report

The 1989 Annual Report issued in the fall of 1990 was the first document of its kind issued by the Commission. It contained a brief overview of all the organized crime groups operating in New Jersey including the traditional groups such as La Cosa Nostra and the Sicilian Mafia. But it also included for the first time information about Hispanic organized crime groups, such as the Colombian drug cartels as well as Cuban gangs that have been active in New Jersey for years. It also contained information about Afro-lineal groups such as the Jamaican posses and domestic African-American gangs. Asian gangs such as the Vietnamese "Born to Kill" group and some Chinese Triads and Tongs were also included.

Needless to say, the report has been widely sought by many diverse law enforcement organizations and has become an important resource for the news media.

II

PRIOR YEARS' ACTIVITIES

The following list summarizes the SCI's investigations, hearings and reports since the Commission began operations in 1969:

1969-72 Garbage Industry

The SCI recommended licensing members of the garbage collection industry. The Legislature enacted a law providing for licensing and regulating of the garbage industry by the State Public Utilities Commission, later the State Board of Public Utilities (BPU).

1970 Monmouth County Prosecutor's Office (Misuse of Funds)

The SCI recommended that all counties be served by full-time prosecutors. This proposal was gradually implemented, to the point where by 1986 all counties had full time prosecutors. The SCI recommendation that supervisory regulation of prosecutors be centered in the Attorney General's department was implemented.

1970-71 Organized Crime Control of Long Branch

The SCI referred to the U.S. Attorney for New Jersey its findings, data and fiscal records relating to corporations formed by Anthony (Little Pussy) Russo. These materials were in part the basis for a 1971 indictment of Russo for failure to file corporate income tax returns. Russo pleaded guilty to that charge and was sentenced to three years in jail, to run concurrently with a New Jersey

court sentence for perjury. (Russo subsequently was murdered).

Additionally, a police chief whose conduct was targeted by the SCI's probe resigned from office and Long Branch voters at the next municipal election following the public hearing elected a new administration.

1970-71 Corrupt State Purchasing Practices

A state buyer who was receiving payoffs from vendors was dismissed. SCI records were turned over to the Attorney General's office, which obtained an indictment charging the buyer with misconduct in office. He pleaded guilty, was fined and placed on probation.

Additionally, officials of the State Division of Purchase and Property, who assisted in the investigation, revised purchasing and bidding procedures to deter rigging of bids, renewal of contracts without bids, and acceptance of unsatisfactory performance and supplies.

1971-77 Building Service Industry Abuses

The Commission's investigation of restraints-of-trade and other abusive practices in the building service industry aroused the interest of the United States Senate Commerce Committee. The committee invited the SCI to testify at its 1972 public hearings on organized crime in interstate commerce. As a result of that testimony, the Antitrust Divi-

sion of the United States Justice Department, with assistance from the SCI, began an investigation into an association which allocated territories and customers to various member building service maintenance companies in New Jersey. In May, 1974, a Federal Grand Jury indicted 12 companies and 17 officials for conspiring to shut out competition in the industry. The companies were the same as those involved in the SCI's public hearings. On Oct. 25, 1977, the defendants agreed to a consent judgment to abandon the practices alleged against them. Earlier, the government's criminal action against the defendants was completed in March, 1976, by which time one company had pleaded guilty to the charges, the other defendants pleaded no contest. Fines totaling \$233,000 were levied.

Additionally, after the Senate Commerce Committee's hearings, the U.S. General Services Administration amended its regulations to bar purchases of certain cleansing products sold by organized crime figures (as exposed by the SCI investigation).

1971-72 Hudson County Mosquito Commission Embezzlements

After the SCI probe, the Mosquito Commission was abolished, resulting in an annual county budget reduction of \$500,000.

After the SCI referred its findings to the Hudson County Prosecutor, a County Grand Jury in 1971 handed up conspiracy and embezzlement indictments against the Mosquito Commission's executive director, his two sons, his secretary and the Commission's engineer and foreman. The executive director pleaded guilty to embezzlement in 1972 and was sentenced to two-to-four years in jail. His sons were fined \$1,000 each and placed on four-year probation. The other

indictments were dismissed.

1971-72 Point Breeze Development Frauds, Jersey City

Two bills implementing SCI recommendations from this probe were enacted into law. One improved the urban renewal process and the other tightened statutory provisions to prevent a purchaser of publicly owned lands from receiving any part of the brokerage fee on such a purchase.

In addition, the Commission referred records to prosecutorial authorities. A Hudson County Grand Jury returned an indictment charging a former Jersey City building inspector with extorting \$1,200 from an official of the Port Jersey Corp. and obtaining money under false pretenses. The inspector was convicted of obtaining money under false pretenses, fined \$200 and given a six-month suspended sentence.

1972 Stockton College Land Acquisition Deals

The State Division of Purchase and Property implemented SCI recommendations for tighter controls over land acquisitions and evaluations, including pre-qualification of appraisers and post-appraisal reviews by nationally accredited appraisers.

1972-75 Improper Municipal Planning, Zoning Procedures

The SCI cancelled scheduled public hearings after a one-day session because litigation prevented three key witnesses from testifying about land developments in Madison Township in Middlesex County. Although the courts subsequently ruled the witnesses must testify, the Middlesex Prosecutor in the meantime had requested the SCI to postpone its hearings and submit its inves-

tigative data for prosecutorial use. In early 1974 the Middlesex Grand Jury indicted three former Madison Township officials for extortion, bribery, misconduct in office and perjury in connection with housing development kickback schemes. In February, 1975, a former Township councilman was found guilty of extortion and misconduct in office.

1972-73 Bank Fraud in Middlesex County

The SCI cancelled public hearings in this investigation at the request of bank examiners who feared a bank would be forced to close in the face of adverse hearing disclosures. Federal authorities, after receiving the SCI's investigative findings and data, arrested Santo R. Santisi, who had been president of the targeted Middlesex County Bank, on charges of misapplication of more than \$500,000 in bank funds, authorizing bank loans not approved by bank directors to a holding company he controlled and to his associates. He pleaded guilty and was sentenced to three years in prison. A member of the bank's board of directors pleaded guilty and was sentenced to a one-year prison term. Suspended prison sentences were imposed on two others, including Santisi's lawyer, after they also pleaded guilty.

1972-80 Organized Crime in Ocean County

SCI records were made available to federal authorities, who subsequently obtained extortion-conspiracy indictments against nine organized crime figures active in the New York-New Jersey region. One was Frank (Funzi) Tieri, then the acting leader of the Genovese organized crime family. The indictments described a shylock loan dispute which culminated in a "sit-down" - organized crime jargon for a star-chamber trial — which was described publicly for the

first time by Herbert Gross, an informant, at the SCI's public hearings. The federal investigation resulted in the conviction in 1980 of Tieri, who by then had risen to "boss-of-bosses" among New York's organized crime families. An SCI agent testified for the prosecution during Tieri's trial.

1973-74 Workers Compensation Frauds

The SCI's investigative findings were referred to the Essex County Prosecutor, who in 1975 obtained indictments of two partners of a law firm and the firm's business manager in connection with bill-padding and a phony medical treatment scheme. The indictments charged the defendants with conspiring with certain doctors and others to submit fraudulent reports to insurance companies.

All indictments were dismissed but one, which charged a lawyer-defendant with obtaining money under false pretenses. Essex authorities, after being deputized in Middlesex County, obtained a seven-count indictment from a Middlesex Grand Jury.

In addition, the New York-New Jersey Waterfront Commission enlisted the SCI's assistance in its investigation and exposure of Worker Compensation frauds involving dock workers in 1974-75.

Finally, three New Jersey Judges of Compensation were suspended, one of whom subsequently was dismissed by the Governor and suspended from law practice for six months by the New Jersey Supreme Court.

1973-78 Passaic County Voc-Tec School—Misuse of Funds and US Surplus:

The SCI referred its probe data to the Attor-

ney General's Criminal Justice Division, which in May, 1974, obtained a State Grand Jury indictment charging the school's business manager-purchasing agent with bribery and misconduct in office. The official was convicted of bribery, sentenced to one-to-nine years in prison and fined \$9,000. The conviction was upheld by an appellate court in 1977. In March, 1977, Passaic County Freeholders filed a civil suit against the official, resulting in a court order that he return all salary received while he was suspended from his job as well as the bribe money. In February, 1978, the official agreed under a court-approved settlement to repay the county more than \$50,000 in 60 installments during a five-year period after his release from jail.

1973-74 Narcotics Traffic and Drug Law Enforcement

The SCI identified the victim of a murder and then located three suspects and participated in their arrests. In October, 1974, one of the suspects was convicted of the murder. The other two defendants pleaded guilty to lesser charges and testified for the prosecution. Also, as a result of evidence referred by the SCI to the Essex County Prosecutor, a burglary ring was exposed by the Prosecutor's staff. A Newark jeweler and his son were indicted and convicted of conspiracy and of receiving stolen property. The Essex Grand Jury in 1974 handed up more than 20 indictments against members of the burglary ring.

1974-77 Pseudo-Charitable Firms Misusing Handicapped

The SCI acquainted federal authorities with investigative findings during and after this probe. Subsequently, the owner of one company and the sales manager of another

company, who were targets of the SCI inquiry, pleaded guilty to federal charges of fraud. Both received suspended jail sentences.

Two laws were enacted in 1977 that implemented SCI recommendations. One law required authorization by the Attorney General before a corporation could identify itself as a fund raiser for the handicapped or the "blind." The other statute required professional fund raisers to submit financial reports to the Attorney General.

1974-77 Conflicts of Interest at Delaware River Port Authority

Based on evidence from the SCI probe, the Port Authority claimed more than \$64,000 from its former chairman as repayment of profits his firms made on Authority construction projects. The claim was settled in 1977 for \$50,666. Although the former chairman was absolved of any wrongdoing, he was not reappointed to the Authority.

1974-77 Lindenwold Municipal Corruption

As a result of State Grand Jury indictments in 1975, a former Lindenwold mayor and a real estate developer pleaded guilty to bribery and conspiracy charges as their trial was scheduled to begin. One former councilman was found guilty on three counts and another former councilman was found guilty on two counts at the conclusion of the trial in October, 1977. The SCI's public hearing testimony and investigative findings led to these actions.

1975-77 Investigation of Medicaid Abuses

A number of statutory and regulatory steps were taken during and subsequent to the Commission's investigations, interim reports

and public hearings. These actions included the Legislature's enactment of a New Jersey Clinical Laboratory Improvement Act, as well as a law increasing maximum penalties for bilking the Medicaid program through overbilling and false billing.

Many of the Commission's recommendations were adopted by the Division of Medical Assistance and Health Services as a result of the SCI's clinical laboratory hearings.

1976 Land Acquisition Deals in Middlesex County

As a result of the SCI's exposures in this investigation, the Administrator of the County's Land Acquisition Department was suspended and the County government moved to institute a more stringent process of checks and balances on land acquisition procedures. Even before the SCI completed its hearings, arrangements were being formalized voluntarily by state officials, alerted by the Commission's findings, for the transfer of the Green Acres appraisal and post-appraisal review and control system from the Department of Environmental Protection to the Department of Transportation — one of many general and technical recommendations by the Commission that were implemented.

SCI data was referred to the Middlesex County Prosecutor's office, which investigated the conduct of the County Land Acquisition Department. In September, 1976, a Grand Jury returned a presentment in which it said that while it found "no provable criminal act" by the department's former administrator, his activities "indicated an insufficient expertise and lack of concern to perform his office in the best interest of the citizens." The presentment also criticized

the collection of political contributions from appraisers, "which if not improper under law certainly gave the appearance of impropriety."

1976-77 Prison Furlough Abuses

Following the SCI probe and public hearing, in December, 1976, a State Grand Jury indicted a former Trenton State Prison clerk for false swearing and perjury. These charges related to a forged Superior Court Appellate Division opinion which was inserted into the record of an inmate, Patrick Pizuto, enabling him to obtain a premature release from incarceration. (Pizuto became a federally protected informant in an unrelated case.) In January, 1977, five former inmates of Leesburg Prison were indicted on charges of escape by means of fraudulent furloughs. These indictments led to convictions or guilty pleas.

1977-79 Organized Crime in Atlantic City

The Commission's investigation and public hearing confirmed the infiltration by the organized crime family of Angelo Bruno of Philadelphia into certain legitimate businesses — cigarette vending and nightclubs — after the legalization of casino gambling in Atlantic City. Also revealed were attempts by associates of the Gambino organized crime family to purchase a major Atlantic City hotel and by a New England mobster to intrude into the operation of a casino gambling school. In 1979 the Legislature enacted a law strengthening the licensing requirements for the cigarette industry to proscribe licensure of organized crime members or associates.

1978-79 Boarding Home Abuses

The SCI's public hearings and reports on

this investigation were among a number of public actions by various agencies that led to the enactment of a boarding home reform law. However, this law did not implement a major recommendation of the SCI - that is, to center boarding home licensing and monitoring obligations, which were spread among three departments of government, into one department.

1978 Absentee Ballot Frauds

Many of the SCI's proposed reforms, drafted in cooperation with the Attorney General's office, have been enacted.

1979-80 Injury Leave Practices

Inappropriate deductions of social security and income taxes from wages paid to public employees under various municipal and county injury leave policies were halted and efforts were made to recoup such deductions in the past.

1979-81 Inadequate Sudden Death Investigations

Efforts to reform the county Medical Examiner system were begun. However, none of these proposed revisions includes the SCI's major recommendation that a statewide regional system of medical examiners be established operating with accredited forensic pathologists in conjunction with the Institute of Forensic Science in Newark.

1979-81 Questionable Public Insurance Procedures

The Commission's proposed reforms for the purchase and regulation of county and municipal insurance programs were submitted to the Legislature in bill drafts.

1980-81 Organized Crime Infiltration of Dental Care Plans

Legislation was enacted in 1982-83 incorporating the Commission's recommendations for barring organized crime influence in dental care plans sold to labor unions and for increased auditing, monitoring and financial disclosure for such plans. The SCI was represented by a Commissioner and its Executive Director at a House Aging Committee hearing in 1981 on abuses of health care trust funds and at a public hearing by the Pennsylvania Crime Commission in 1981 on its probe of mob influence over the operation of labor union dental plans.

1981 Mismanagement of the New Jersey HFA

During the course of this investigation, the HFA's executive director, William Johnston, a subject of the inquiry, resigned and a new reform administration was put in place. After the issuance of the SCI's initial report, certain HFA personnel discussed in the report resigned or were dismissed and new procedures for processing housing projects were instituted. The Commission's investigative findings, contained in two public reports, were submitted to various prosecutorial authorities.

1981-82 Organized Crime Incursion into Labor Relations Profiteering at Mass Housing Construction Sites

This report spurred so much interest that copies of it are no longer available, but no action was taken on the SCI's recommendations at either the State or Federal level.

1981 Misconduct in the Operation of Certain County and Local Sewerage Authorities

This probe, hearing and report resulted in

the enactment of a comprehensive law giving the State Local Government Services Division the same effective control over the fiscal and administrative operations of sewerage and other local authorities that it exercises over municipalities.

1982-85 Inappropriate Activities of the Lakewood Municipal Industrial Commission

The report on this inquiry resulted in the enactment in 1984-85 of the SCI's recommendations for reforming the operations of all such local industrial commissions throughout the state.

1983 Abuse and Misuse of Credit Controls at Gambling Casinos

This inquiry, public hearing and report resulted in more effective controls, albeit less stringent than recommended.

1983 Improproprieties in the Leasing of State Lands at Great Gorge in Sussex County to a Ski Resort

The public hearing and report were followed by criminal and civil actions based on the SCI's investigative findings which resulted in the reimbursement of millions of dollars owed to the State and in substantial fines and other penalties against the major principals of the Vernon Valley conglomerate and its subsidiary companies.

1983-88 An interim report on the Inadequacy of Laws and Regulations Governing the Boxing Industry

In line with the SCI's recommendations, a law was passed revising the tax structure for boxing events, and another bill revising the entire administration of the sport, including medical and safety provisions, was subse-

quently enacted. Revelation of improprieties by the State Athletic Commissioner led to his resignation. The regulatory reforms, particularly those that were intended to protect the health and physical welfare of boxers, as enacted in 1988, fell far short of the SCI's reform proposals.

1984 Misconduct and inappropriate controls in the Newark school security system

Bills were introduced in the 1986-8 Legislature to implement certain reforms recommended by the SCI report.

1984 Excessive spending that almost led to the insolvency of the Newark Board of Education/Newark Teachers Union Supplemental Fringe Benefits Fund

A report on the investigative findings was incorporated in the Commission's 16th Annual Report. Litigation involving the Fund's director, who was dismissed during the SCI probe, is pending.

1983-85 Organized Crime in Boxing

The SCI's final report confirmed so serious an intrusion of organized crime into boxing that, were the same mob presence to afflict such other professional sports as baseball or football, it would constitute a public scandal. Dissection of a dozen case histories not only reflected the ineffectiveness of the regulatory process in stamping out organized crime but also the inability of the regulators — and managers and promoters as well — to prevent boxers from becoming brain-damaged and blinded. As a result, the SCI joined the American Medical Association and other medical groups in urging that boxing be banned. In the meantime, the SCI proposed a series of further reforms, to reduce the physical hazards of boxing as well

as its organized crime taint. Bills requiring background checks of prospective licensees, including promoters and managers, were enacted in 1986-87. Other "reforms" which were below the standards urged by the SCI also were enacted in 1988 (See 1983-88 interim report on boxing).

1985-86 Probes of N.J. Division of Motor Vehicles

1) Photo license controversy, an investigation directed by the Legislature to be completed in 30 days. The Commission criticized the Division of Motor Vehicles and the Attorney General for the intentional non-disclosure of a major political contributor's proposed role in a universal photo license system.

2) Investigation, public hearing and report on the DMV's politicized, inefficient agency system. The Commission recommended conversion of all motor vehicle agencies to state operated entities as well as internal reforms within the Division to enhance the integrity of the licensing and registrations processes.

3) Investigation of the DMV-Price Waterhouse computer fiasco, which had its origins in the collapse of the DMV's services to the public in mid-1985. This probe resulted in a report critical of DMV's management of the computer project as well as the serious policy misjudgments and professional misconduct by the computer contractor. The report made recommendations for reform of bid waiver procedures.

1986 State Racing Commission's regulatory deficiencies

The SCI's review noted the Racing Commission's reform efforts during the course of its investigation, but emphasized numer-

ous areas — race track security and integrity, regulatory timidity, auditing of track operations, more stringent drugs controls and tighter licensing procedures — that remained to be corrected. A bill incorporating most of the SCI's reform proposals has been passed by the Assembly and is awaiting final legislative action in the Senate.

1986-87 Investigation of Organized Crime-Influenced Contractors on Casino and Publicly Funded Construction Projects

This report was combined with the Commission's annual report for 1986. It recommended centralization and strengthening of state and Casino Control Commission procedures for prequalifying and disqualifying prospective contractors and subcontractors. The investigative findings demonstrated that two mob-operated companies had amassed millions in revenues from casino projects and public works from which they should have been barred. Bills which would extend Control Commission scrutiny to subcontractors and casino license applicants were enacted.

1986-87 Investigation and Report on Impaired and Incompetent physicians

A report on the Commission's investigation on Impaired and Incompetent physicians was issued in October, 1987. The report was critical of the New Jersey Medical Society's Impaired Physicians Program and the inability of the IPP and the State Board of Medical Examiners to adequately rehabilitate and monitor impaired doctors to prevent harm to patients. Legislative action to improve the reporting, rehabilitation and supervision of impaired and incompetent doctors was immediately initiated in the State Senate and the SCI was represented at a legislative committee hearing on the reform proposals.

1988-89 Cocaine

The SCI held a public hearing in November, 1988, and issued a written report in March, 1989, regarding the cocaine problem in New Jersey. The Commission recommended a major increase in the state's commitment to help solve all facets of this serious criminal, social and health problem.

1987-89 Solid Waste Regulation

In its first revisitation to a problem already studied, the SCI studied the solid waste problem and the way it is regulated in New Jersey. The Commission concluded that the Solid Waste Utility Control Act of 1970, enacted after the Commission's 1969 report on the garbage industry, had failed as a regulatory mechanism. The Commission found that organized crime, while no longer dominant, still had a presence in the industry. Moreover, the regulatory system had failed to stimulate competition in an industry that was amenable to it. The Commission recommended transferring responsibilities for garbage collection from the BPU to a new State Solid Waste Authority, which would monitor economic conditions in the industry, ensure fair prices for contracts and even compete, if necessary, to keep prices reasonable.

1990 AIDS Prevention Program — State Department of Health

Allegations of impropriety in the AIDS prevention program in the Department of Health were made at a public hearing of the Assembly Committee on Health and Human Services. The Commission found most of those allegations to be without merit but did find

some laxity in the grant review process. The Commission also found a mindset at the Department that virtually no irregularity would be sufficient to cancel a financial grant so long as the avowed purpose of the grant appeared to be served.

1988-90 New Jersey School Boards Association

The Commission found serious deficiencies in the management of the School Boards Association that led to losses of more than \$800,000 in the investment of funds entrusted to the NJSBA Insurance Group by local school districts. The NJSBA has made substantial progress toward reform.

1988-90 Garment Industry

A public hearing on an investigation into the garment industry revealed numerous economic problems in the industry as a whole as well as many instances of workers and contractors being taken advantage of by unscrupulous entrepreneurs. The investigation also revealed the intrusion by organized crime into garment trucking in New Jersey.

1990 Afro-Lineal Organized Crime

In furtherance of its responsibility to keep the public informed about organized crime in the state, the Commission held a one-day public hearing into the problem of organized criminality by persons of African heritage. The hearing dealt with gangs of African-Americans, Jamaicans and others.

III

MEMBERS OF THE COMMISSION

1969-1990

Appointed by the Governor

William F. Hyland
1969-1970
Chairman

Charles L. Bertini
1969-1976

John F. McCarthy, Jr.
1970-1973
Chairman

Lewis B. Kaden
1976-1981

Joseph H. Rodriguez
1973-1979
Chairman

Robert J. DelTufo
1981-1984

Henry S. Patterson, II
1979-1990
Chairman (1985-90)

James R. Zazzali
1984-
Chairman (1990-)

Kenneth D. Merin
1990-

Appointed by the President of the Senate

Glen B. Miller, Jr.
1969-1971

Wilfred P. Diana
1971-1973

David G. Lucas
1973-1976

Stewart G. Pollock
1976-1978

Arthur S. Lane
1979-1985
Chairman

Paul Alongi
1985-1987

W. Hunt Dumont
1988-1991

William T. Cahill, Jr.
1991-

Appointed by the Speaker of the General Assembly

Emory J. Kiess
1969

James T. Dowd
1969-1971

Thomas J. Shusted
1971-1972

Thomas R. Farley
1973-1977

Arthur S. Lane
1977-1978

John J. Francis, Jr.
1979-1982

William S. Greenberg
1982-1987

Barry H. Evenchick
1987-

