

State of New Jersey

Governor Phil Murphy

Governor Murphy Forms Task Force to Examine Deficiencies of New Jersey's Tax Incentive Programs

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Task Force to Hold Hearings to Provide Public with an Accounting of \$11 Billion in Tax Breaks

TRENTON - Following the release of the State Comptroller's audit of the Economic Development Authority's tax incentive programs that revealed startling deficiencies in monitoring and oversight, Governor Phil Murphy today signed an executive order creating a Task Force on EDA's Tax Incentives. The Task Force's mission will be to further explore the findings of the Comptroller's audit and provide the public with a full accounting of how and why basic controls were lacking in a program that left New Jersey taxpayers on the hook for up to \$11 billion.

"The audit released earlier this month unfortunately validated my long-standing concerns that New Jersey's tax incentive programs gave out billions of dollars in tax breaks but failed to deliver the promised economic benefits," said **Governor Murphy**. "The idea that up to \$11 billion was awarded without so much as basic verification of claims regarding job creation and retention should shock and appall every New Jersey taxpayer. I am pleased that, under new leadership, the EDA is putting policies in place to ensure compliance with the terms of tax incentive awards, but taxpayers deserve a full explanation of how and why these massive shortcomings in performance existed. The Task Force I am establishing today will give the public that explanation, and help provide a roadmap for how tax incentives can be responsibly designed and implemented going forward."

The Task Force will be chaired by Ronald K. Chen, former New Jersey Public Advocate and Dean of Rutgers School of Law-Newark. The Governor has the authority to appoint additional members to the Task Force as deemed appropriate, and the Task Force will receive legal counsel from Walden Macht & Haran LLP, a leading law firm in white-collar litigation and government investigations. The team at Walden Macht & Haran LLP will be led by Jim Walden, former Assistant U.S. Attorney for the Eastern District of New York, Milton L. Williams, former co-chair of the Moreland Commission created to investigate public corruption, and Georgia K. Winston, whose practice focuses on white collar criminal and regulatory matters and complex commercial litigation. Additionally, the Task Force will be assisted by Pablo Quiñones, an expert in corporate legal compliance who previously served as an Assistant U.S. Attorney for the Southern District of New York and as a Deputy Chief of the Fraud Section of the U.S. Department of Justice.

The Task Force is to hold public hearings. If necessary, the Task Force may refer matters to the State Comptroller to exercise its subpoena authority, or to the EDA to exercise its authority under the terms of the incentive programs and grants.

"I am honored that the Governor has asked me to serve the people of New Jersey in this important role," said **Ronald Chen, former New Jersey Public Advocate**. "The Comptroller's report raises a number of concerning questions, and I will do my utmost to oversee an impartial and fact-based inquiry to make sure that the public gets the answers."

"We look forward to undertaking an objective and straightforward investigation to determine whether New Jersey's tax-credit programs were misused," said **Jim Walden, former Assistant U.S. Attorney for the Eastern District of New York**. "Our team is grateful for the opportunity to serve in this important role."

"The establishment of this task force will help New Jersey by promoting integrity, efficiency, and accountability," said **Pablo Quiñones, former Deputy Chief of the Fraud Section of the U.S. Department of Justice**. "I am honored to be a part of the team tasked with ensuring that New Jersey tax incentives were and will be appropriately spent for the benefit of New Jersey residents and the economic development of the State."

Last week's audit revealed deficiencies in numerous areas of EDA's tax incentive programs. These findings include:

- Key internal controls were lacking or nonexistent for the monitoring and oversight of recipient performance.
- EDA relied only on recipient-reported data and recipient certifications with respect to job creation and retention.
- In a sample of approximately 15,000 jobs reportedly created or retained by the programs, nearly 3,000 – 1 in 5 – could not be substantiated.
- There were five commercial projects where EDA failed to comply with the applicable statute and regulations and improperly awarded \$179 million in incentives.
- Numerous recipients hired employees at the end of the annual reporting period.

Ronald Chen served as Dean and Co-Dean of the Law School (and the predecessor School of Law--Newark) from 2013 to 2018. Professor Chen earned a bachelor's degree from Dartmouth College in 1980 and received his J.D. from Rutgers Law School with high honors in 1983. He served as law clerk to the Honorable Leonard I. Garth of the United States Court of Appeals for the Third Circuit, and then was associated with the firm of Cravath, Swaine & Moore until 1987 when he returned to the law school as a member of the faculty, where he has taught courses in Contracts, Federal Jurisdiction, Mass Media Law and Church-State Relations. From 2006 to 2010, Professor Chen was on leave of absence from the law school while serving as the first Public Advocate of New Jersey in 13 years when the Department of the Public Advocate was restored in 2006. As a member of the Governor's Cabinet, he was charged with providing advocacy for a number of specific constituencies, including elder citizens, persons with disabilities, mental health services' consumers, and ratepayers, and was generally given standing to represent the public interest in legal proceedings.

Jim Walden worked for the U.S. Department of Justice for almost 9 years, handling a wide array of complex investigations and trials, including many cases brought under the Racketeer Influenced and Corrupt Organizations Act. In his almost 20-year career in private practice, Jim has handled a wide array of cases involving acts of governmental abuse, waste, and fraud. He has represented government agencies and elected officials in cases brought to expose and remediate governmental illegality, including the Office of the Public Advocate for the City of New York, the New York Liquidation Bureau, and the District Attorneys Association of the State of New York. He has either represented or worked with many organizations devoted to governmental transparency and accountability, including Common Cause, the Urban Justice Center, the Immigrant Defense Project, and the Transgender Legal Defense & Education Fund. A political independent, Jim has brought suits against both Democratic and Republican administrations. When the New York Times profiled Jim in April 2018, it said: "There are a lot of New York City lawyers who take on cases with political implications, but few have . . . figured with such frequency in some of the biggest political dramas in recent years like Mr. Walden." Jim graduated first in his class from Temple University School of Law and clerked for the Honorable Anthony J. Scirica, U.S. Judge, Court of Appeals. He graduated, cum laude, from Hamilton College, with a major in History and a minor in Computer Science.

Milton L. Williams was appointed in 2013 as Co-Chair of the Moreland Commission to investigate public corruption in New York, a position he served with distinction. Previously, after serving as both an Assistant U.S. Attorney in the Southern District of New York and an Assistant District Attorney in Manhattan, Milt served as Deputy General Counsel and Chief Compliance Officer at Time Inc. At Walden Macht & Haran, Milt's practice focuses on corporate internal investigations and compliance/employment law advice. Milt has tried over 55 cases (both civil and criminal) to verdict. He is a graduate of Amherst College and the University of Michigan Law School in Ann Arbor.

Georgia K. Winston, a veteran litigator, has handled numerous complex "good government" cases and internal investigations. Her expertise includes complex tax cases. Before joining Walden Macht & Haran, she was a partner at an internationally renowned law firm. Georgia began her career as a law clerk to the Honorable Raymond A. Jackson in the United States District Court for the Eastern District of Virginia and also served in the Staff Attorneys' Office of the United States Court of Appeals for the Second Circuit. She received her J.D. from New York University School of Law, where she served as Executive Editor of the Review of Law and Social Change. She earned her undergraduate degree from Wesleyan University, where she was elected to Phi Beta Kappa.

Pablo Quiñones is the founder of Quiñones Law PLLC, a boutique law firm whose services include providing corporate compliance and monitor services to government agencies. He is the former Executive Director and a current Senior Fellow of the Program on Corporate Compliance and Enforcement (PCCE) at New York University School of Law, where he currently serves as an adjunct law professor on corporate crime and financial misdealing. He has additionally served as an adjunct law professor on cyberlaw at Cornell Law School and represented companies and individuals in private practice. Pablo previously served as the Chief of Strategy, Policy, and Training and as a Deputy Chief of the Fraud Section at the U.S. Department of Justice, overseeing the development of white-collar enforcement strategies and corporate compliance evaluation practices. He also formerly served for eight years as an Assistant U.S. Attorney in the U.S. Attorney's Office for the Southern District of New York, where he investigated and prosecuted fraud and corruption crimes. He earned his A.B. from Cornell University and his J.D. from Michigan Law School.

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