
STATE OF NEW JERSEY

**COMMISSION
OF
INVESTIGATION**



57th ANNUAL REPORT

2025



State of New Jersey

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January 2026

Governor Mikie Sherrill
The President and Members of the Senate
The Speaker and Members of the General Assembly

Pursuant to N.J.S.A. 52:9M-1 et seq., the State Commission of Investigation respectfully submits its 57th Annual Report for 2025.

Respectfully,

Handwritten signature of John P. Lacey in cursive.

John P. Lacey
Chair

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Kevin R. Reina
Commissioner

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A. Todd Mayo
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Alan J. Markman
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OVERVIEW

2025 was an active year for the New Jersey State Commission of Investigation (“SCI”). Throughout the year, the SCI staff continued to:

- Maintain a constant vigil against the intrusion of organized crime into the lives of New Jersey citizens;
- Identify and expose corruption and government inefficiencies;
- Shed light on waste, fraud and abuse of taxpayers’ dollars; and
- Recommend new laws and other remedies that protect and enhance the integrity of the governmental process.

In short, the SCI continued to perform as originally intended: As New Jersey’s only independent, investigative, fact-finding and problem-solving entity. Especially in the last quarter, the SCI relied on its statutory mandate, unique independent structure, as well as access to investigative tools and experience to investigate fraud, corruption, waste and government inefficiencies.

This annual report summarizes many of those accomplishments. Before doing so, it also takes the opportunity to underscore the origins of the SCI and explain why, even as presently structured, the SCI is well-positioned to guard against violations of the public trust in the coming years.

THE SCI’S BACKGROUND

The SCI’s underpinnings stem from the “good government” reform movement, a concept that dates back to the early 20th-century Progressive Era. It was established in 1968 because responsible, reform-minded citizens and government officials recognized the need for an independent, non-prosecutorial, fact-finding agency to:

- Identify and expose public corruption, mismanagement, ethics irregularities and governmental laxity;
- Shed light on waste, fraud and abuse and promote taxpayer savings;
- Monitor and assess threats posed by organized crime; and
- Recommend new laws and other systemic remedies to protect the integrity of the governmental process on behalf of the citizens of New Jersey.

The framers of the SCI's enabling statute recognized that mal- and misfeasance, misconduct and other bad acts do not inevitably lead to successful criminal prosecutions. They do, however, consistently eat away at the public's trust, undermine its willingness to actively participate in and support government and otherwise are inimical to the public interest. Countless citizens in this state have fallen victim to behavior and events outside the reach of traditional criminal law enforcement.

That recognition led to a decision to wage the battle against crime, corruption, waste and inefficiency as comprehensively as possible with a wide range of tools. As the Joint Legislative Committee that proposed creating what became the SCI put it:

There are many occasions when hard-hitting, expert fact-finding is needed without involving the criminal process or implying criminal violations are under investigation.

REPORT OF JOINT LEGISLATIVE COMMITTEE TO STUDY CRIME AND THE SYSTEM OF CRIMINAL JUSTICE IN NEW JERSEY (1968) at 9.

To ensure the SCI would fulfill its mission free from political favoritism and discharge its statutory mandate at arm's length from the routine partisan and bureaucratic fray of state government, the Legislature invested the SCI with a unique structure:

- No more than two of the Commission's four members may be of the same political party;
- They derive from three separate appointing authorities: the Governor (who appoints two), the Senate President and the Assembly Speaker (who each appoint one);
- They serve staggered four-year terms; and
- Those working at the SCI are prohibited from participating in state political activity in New Jersey.

That independent structure, unique among state entities, is why the SCI is properly characterized as "of" but not "within" the Legislature and not subject to undue influence from either it or the Executive branch. The SCI is thus unlike either the Office of the State Comptroller ("OSC") or the Office of the Attorney General, two other oversight entities located within the Executive branch.

Moreover, by statute, the oversight jurisdiction of those two entities is not as broad as that conferred on the SCI. In the case of OSC, its work essentially is limited

to other Executive branch entities. *See e.g.* N.J.S.A. 52:15C-5 (establishing that OSC is responsible for financial oversight in connection with “the Executive branch of state government,” including those entities exercising “executive branch authority” on a local level); N.J.S.A. 52:15C-1 (noting the Governor’s need for assistance in ensuring tax dollars allocated to entities exercising executive branch authority, public institutions of higher education, local governments and boards of education, all are spent “wisely and well”); N.J.S.A. 52:15C-21 (abolishing the State Inspector General and transferring to the OSC the Inspector General’s investigative functions, which were limited to those involving expenditure of State funds pursuant to old N.J.S.A. 52:15B-7). In the case of the Attorney General, it is not properly equipped to investigate allegations of misconduct by Executive branch employees.

By contrast, the SCI already is authorized to conduct investigations in connection with the effective execution and enforcement of all of the laws of the State of New Jersey, including but not limited to, allegations regarding the ineffective (or worse) discharge of governmental responsibilities. Both as a matter of statutory language and practicality, it has been empowered to act as an independent, state-wide inspector general: Its investigative authority includes oversight over the conduct of public officers and public employees, the potential removal of public officers, recommendations with respect to changes in, or additions to, existing provisions of law to facilitate more effective enforcement and administration of government, as well as to assist state and federal prosecutors and law enforcement. In fact, any matter concerning the public peace, public safety or public justice expressly falls within the SCI’s jurisdiction.

In this way, the SCI, as originally intended, is a “. . . *commission [that] will provide a significant independent ‘watchdog’ for the entire system*” of state government, including oversight of other state law enforcement entities. REPORT OF JOINT LEGISLATIVE COMMITTEE TO STUDY CRIME AND THE SYSTEM OF CRIMINAL JUSTICE IN NEW JERSEY (1968) at 9.

The foresight of the Joint Legislative Committee back in 1968 was once again validated, nearly 60 years later, by the recent TRUST Commission Report, which focused on reforms at the Department of Law and Public Safety. Its principal recommendation emphasizes the importance of deterring even “non-criminal fraud, abuse and unethical behavior by government employees, including prosecutorial misconduct and by contractors, including conflicts of interest allegations . . . that might not rise to the level of a crime, or cannot be criminally charged due to insufficient proofs.” TRUST COMMISSION REPORT, [https://nj.gov/oag/trust/reports/2026 TRUST Commission Report 010726.pdf](https://nj.gov/oag/trust/reports/2026%20TRUST%20Commission%20Report%20010726.pdf), at 8.

To bolster the goal of deterrence, the TRUST Commission recommended the re-creation of an Inspector General office (although the additional legislation it proposed would place it “under the authority of the Attorney General”) to use civil,

not criminal processes, to investigate, inspect and review “all state agencies.” It directly echoed the Joint Legislative Committee in expressly recognizing that at the conclusion of such work, “[p]ublic reports can serve as a deterrent to potential wrongdoing and misconduct and help to restore public confidence in government.” *Id.*

That, it bears repeating, is the precise role the Legislature already has authorized the SCI to fulfill, although it does so, by statute, outside of either the Executive or Legislative branches and, accordingly, with greater independence. Even without additional legislation (and the SCI is aware that other legislative proposals would amend the SCI statute to house an independent, state-wide Inspector General within the SCI), the SCI stands ready to fulfill that role in 2026 and beyond and to fill the void noted by the TRUST Commission, but with the independence such a role requires to be truly effective.

In that regard, it is worth emphasizing that the SCI fulfills its mission by using its access to state-of the-art investigative tools and in-house experience. That includes important law enforcement investigative databases, the ability to conduct thorough background checks and to rely on the intelligence it has collected in-house about organized crime and corruption over the years.

Put simply, the SCI was vested with the independent authority and jurisdiction to investigate for the express purpose of giving it oversight over other aspects of state and local government, as well as private entities. No other state agency has such authority and none operates as an independent, state-wide watchdog for New Jersey. As outlined below, in 2025, the SCI pursued this mission with vigor, particularly in the latter half of the year.

2025 PERSONNEL MATTERS

This year’s annual report would be remiss if it did not address the personnel changes the SCI experienced throughout 2025. Candor requires recognizing that not having an Executive Director leading the SCI for three quarters of the year presented operational challenges for the agency.

Sadly, in August of 2025, the SCI also lost one of its Commissioners: Joseph E. Kelley, who had only joined the Commission in January of that year. His passing does not obscure the significance of his contributions during the eight months he served, although it too slowed some of the progress the SCI otherwise was accustomed to making each year.

2025 also brought three other leadership changes. First, A. Todd Mayo was appointed to the Commission in February 2025 by Senate President Nicholas P. Scutari. An experienced lawyer, municipal court and workers compensation judge,

Commissioner Mayo also is a United States Air Force Veteran and the former Chairman of the Joint Legislative Committee on Ethical Standards.

In December, Alan J. Markman also was appointed to the Commission by former Governor Phil Murphy. He too is an experienced lawyer who, among other things, counsels clients in the law enforcement community.

Rounding out the Commission are Kevin R. Reina, appointed in October 2020 by Assembly Speaker Craig J. Coughlin and Chair John P. Lacey, appointed in January 2022 by Governor Phil Murphy. For the past ten years, Commissioner Reina has been the Managing Counsel for a New Jersey-based, in-house litigation office of a Fortune 500 title insurance company. He also is a Deacon for the Roman Catholic Church, serving in that capacity in the Archdiocese of Newark.

The SCI's Chair, John P. Lacey, is co-managing partner of the Newark Office of Connell Foley LLP, as well as Chair of the firm's White Collar Criminal Defense practice. Before joining Connell Foley LLP, he was an Assistant U.S. Attorney for the District of New Jersey. Among other things, he has served as President of the Association of the Federal Bar of New Jersey.¹

Returning to personnel changes, in August 2025, the Commission hired as the SCI's Executive Director, Bruce P. Keller, a seasoned federal prosecutor with a distinguished career in public service. Mr. Keller has had careers in private practice, at the law firm of Debevoise & Plimpton and in academia, as a fellow at Harvard Law School and a part-time instructor at his *alma mater*, Boston University School of Law. For a decade prior to his appointment as Executive Director, Mr. Keller was an Assistant United States Attorney for the District of New Jersey. While there, he held multiple positions, including as Special Counsel to former U.S. Attorneys Craig Carpenito, Philip R. Sellinger and former Acting U.S. Attorney Vikas Khanna. During his tenure, he helped steer some of the office's most complex, high-stakes investigations, prosecutions and appeals.

Last, but by no means least, over the final quarter of 2025, the SCI added several experienced prosecutors, investigators and analysts to its staff, with more potential hires slated for 2026. With the help of these additions and its existing staff, in the last quarter of 2025, the SCI launched new investigations, completed several that had been pending and actively reestablished its connections to law enforcement colleagues and other watchdog entities.

¹ Additional biographical details regarding the Commissioners are available at the SCI's website. <https://www.nj.gov/sci/about/>.

INVESTIGATIVE WORK COMPLETED IN 2025

Throughout 2025, the Commission continued its longstanding mission of shining light on emerging threats and complex schemes that negatively impact New Jersey residents. The SCI's work this year advanced reforms in critical areas including addiction rehabilitation, deceptive marketing, sober living oversight, firearms trafficking and illicit massage and bodywork operations. The year also marked a period of heightened collaboration with law enforcement, enhanced outreach and strengthened interagency partnerships.

I. Report: EVOLVING TRENDS AND THREATS IN THE ILLICIT DRUG MARKET: FENTANYL, VETERINARY SEDATIVES, AND OTHER EMERGING SYNTHETIC SUBSTANCES

Based on concerns shared by various law enforcement partners, the SCI examined current evolving trends and threats created by the illicit drug market. Its December 17, 2025 report on these trends emphasized that, although fentanyl abuse continues to be a major health threat, fentanyl now often is combined with other new, dangerous substances and the resulting “polydrug” use represents a worsening problem.

Polydrug combinations increasingly include veterinary sedatives, such as xylazine and medetomidine, both of which are unregulated in New Jersey. These additives complicate overdose treatment and cause severe physical harm. Lesser-known, but increasingly dangerous, substances also are infiltrating the state's illicit drug market, including bromazolam, nitazenes, tianeptine and 7-OH. Worse still, these synthetic compounds often are deceptively packaged and disguised as items like fruit-flavored gummies or ice cream cones, available at vape shops, gas stations, corner stores and other similar retail locations.

To better protect the citizens of New Jersey, the Commission recommended strengthening the state's criminal penalties for fentanyl to match those for heroin, scheduling xylazine and medetomidine as controlled dangerous substances and regulating access to bromazolam, nitazenes, tianeptine and 7-OH. It noted that several other states have already taken such steps and the failure to do so in New Jersey leaves the public increasingly vulnerable.

II. Liquor Licensing

With the cooperation of the Division of Alcoholic Beverage Control (“Division”), the SCI took a fresh look at the way the liquor licensing process was overseen and how it operated on a local level. The SCI found unevenness

in the licensing process that varied across municipalities and could lead to perceptions of bias, if not abuse. The SCI made recommendations that, if adopted, would create a more uniform statewide background investigation process, require standardized training for law enforcement officers and municipal personnel involved in the liquor license application process and ensure municipalities more rigorously and uniformly applied laws and procedures.

III. Review of Segments of the Cemetery Industry

Citizen complaints, which the SCI regularly receives and reviews, led it to conduct a review of the cemetery industry and the oversight role played by the New Jersey Cemetery Board (“Board”) in regulating cemetery companies that are not otherwise deemed religious corporations.

Among other issues, the SCI found some cemeteries engage in improper or inadequate burial practices, including in ways that may run afoul of the State’s Vital Statistics Laws related to the proper treatment of corpses; fail to adequately maintain their grounds, as evidenced by damaged or missing headstones and unkempt lawns; are prevented from using their Maintenance and Preservation accounts for necessary repairs because the Maintenance and Preservation accounts are required to be established as irrevocable trust funds under N.J.S.A. 45:27-12, restricting access to the corpus of the funds; and utilize for-profit management companies that would appear to be an end-around the New Jersey Cemetery Law, which requires the cemeteries themselves to be non-profit entities under N.J.S.A. 45:27-7.

These are issues that, in the first instance, would appear to fall within the jurisdiction of the Board, but the SCI discovered that the Board consists of ten members (appointed by the Governor, with the advice and consent of the Senate) and in late 2025, four of the ten Board seats had remained vacant for at least two years, making it difficult to conduct Board business and hindering its efficiency.

Accordingly, the SCI recommended to the incoming administration that all Board seats be filled; that the Board be granted greater oversight authority to ensure that the cemeteries within its purview are subject to appropriate fiscal scrutiny; implement minimum maintenance requirements for cemeteries subject to the Board’s authority; eliminate for-profit cemetery management companies, (looking to the State of New York’s laws as a model); modify requirements for establishing and accessing Maintenance and Preservation funds; and create a statewide distressed cemeteries fund akin to the one established by the State of Delaware.

LEGISLATION

Several significant pieces of legislation inspired by or informed through SCI investigative findings were enacted, resulting in meaningful reforms to protect New Jersey consumers, patients and communities.

- I. Addiction Rehabilitation Industry:** In response to the SCI's comprehensive findings of fraud, deceptive conduct and regulatory shortcomings within the addiction rehabilitation industry as memorialized in its 2024 report, *THE DIRTY BUSINESS BEHIND GETTING CLEAN: FRAUD, ETHICAL MISCONDUCT AND CORRUPTION IN THE ADDICTION REHABILITATION INDUSTRY*, lawmakers enacted major reform measures in line with recommendations made by the Commission:
- **P.L. 2025, c.121 (A3973/S3952):** Updates and tightens the rules governing patient referrals to substance use disorder (SUD) treatment facilities, recovery residences and clinical laboratories; reclassifies patient brokering from a fourth-degree to a third-degree crime; imposes mandatory \$50,000 fines per violation; and requires restitution to affected patients or insurers.
 - **P.L. 2025, c.122 (A3974/S3955):** Prohibits using deceptive marketing practices by addiction treatment providers and regulates the marketing of addiction treatment services, requiring all advertising to be accurate, complete and transparent about the services offered, their location and the provider's identity and affiliations. It also authorizes the Department of Health and the Department of Community Affairs to investigate violations and impose civil penalties of up to \$20,000 per offense.
 - **P.L. 2025, c.60 (A4535/S2952):** Expands oversight for cooperative sober living residences and includes provisions to increase accountability and safety at such homes.
- II. Illegal Firearms:** In its 2024 report entitled, *ILLEGAL FIREARMS: USE AND TRENDS IN NEW JERSEY*, the SCI examined the proliferation of untraceable firearms, including online firearm 3-D printing plans and the need for expanded safeguards in firearm-related cases. Several legislative proposals were introduced in 2025 in response to the SCI's investigation. Three of those measures were enacted into law in the final days of former Governor Murphy's administration:²

² The SCI notes that New Jersey acted first, but is hardly alone in recognizing the dangers of digitally manufactured firearms. In January 2026, New York followed suit, with Governor Hochul announcing a set of proposals to crack down on 3D-

- **P.L.2025, c.255 (S3894/A4975):** Establishes a new criminal offense for possessing digital instructions used to illegally manufacture firearms and firearm components.
- **P.L.2025, c.256 (S3900/A4981):** Authorizes courts to take additional time to consider pretrial release or pretrial detention when a firearm offense is involved.
- **P.L.2025, c.363 (S3893/A4974):** Establishes criminal penalties for the sale and possession of machine gun conversion devices.

LAW ENFORCEMENT COLLABORATION

The SCI continued its extensive collaboration and information sharing with law enforcement partners throughout 2025, particularly in connection with its investigations and reporting on the massage and bodywork therapy industry, as well as the addiction rehabilitation industry.

SCI agents also provided a range of training, professional development and informational sessions to law enforcement and state agencies. This included advising personnel across New Jersey state law enforcement agencies, county prosecutors' offices, county sheriffs and municipal police departments regarding gang activity. They presented tips for identifying gang affiliations and activities, shared strategies for combatting gangs and preventing youth participation in gangs at numerous conferences and events for school, community and law enforcement groups.

During 2025, the SCI hosted two intelligence round table meetings that brought together law enforcement personnel from New Jersey, New York and Pennsylvania to discuss and share information concerning organized crime activity in the region. Dozens of investigators from various federal, state, county and local law enforcement organizations gathered for the intelligence meetings held at the SCI's office in April and October 2025. The October meeting marked the twelfth gathering since the SCI started hosting them in April 2021.

OTHER ACCOMPLISHMENTS AND CHANGES

As noted, the SCI regularly receives citizen complaints. To more effectively receive and quickly respond to these, it set up a new, toll-free tip phone line (833-SCI-TIPS) and instituted formal procedures for addressing phone, mailed or emailed complaints.

printed guns. <https://www.governor.ny.gov/news/keeping-new-yorkers-safe-governor-hochul-announces-nation-leading-proposals-crack-down-3d>.

The SCI also made other internal changes to certain procedures including, but not limited to, reorganizing the oversight of investigations, updating various policies and standardizing the information it collects and shares with its law enforcement partners.

Other changes under consideration involve the way the SCI manages staff investigations, sets benchmarks, coordinates across teams, aligns its investigative work with other New Jersey watchdog entities and serves as a source of information for legislators and other policymakers, as well as, when appropriate, media entities.

CONCLUSION

The Legislature intended the SCI to combat organized crime, as well as, corruption, fraud, waste and abuse, especially when those matters implicate any branch of state, county and local government and any private sector entities doing business with them. It is the only independent state entity with such a mandate.

Over its almost sixty year history, the SCI has discharged its obligations while remaining above the political fray. Its work has not been characterized as motivated by anything other than fulfilling its mission without fear or favor. It continues to operate on the principles summed up by the old adage, “sunlight is the best disinfectant.” In 2026, it will continue that work and build on that legacy.