

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
970 Broad Street, Seventh Floor  
Newark, New Jersey 07102

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***Christopher J. Christie, U.S. Attorney***

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FOR IMMEDIATE RELEASE

Feb. 14, 2008

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Former Senator Joseph Coniglio Charged with Fraud, Extortion  
in Connection with Hackensack University Medical Center

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(More)

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NEWARK – A federal grand jury today indicted former state Senator Joseph Coniglio on nine counts of mail fraud and extortion in connection with an influence-peddling scheme connected to a \$66,000-a-year consulting arrangement with Hackensack University Medical Center, U.S. Attorney Christopher J. Christie announced today.

Coniglio, 65, of Paramus, a plumber by trade, allegedly set up the consulting arrangement with Hackensack University Medical Center (HUMC) to purportedly perform “hospital relations,” an area in which he had no prior experience. In fact, according to the Indictment, the arrangement was a way for him to receive \$5,000 monthly from the hospital in exchange for his official support for funding requests for so-called “Christmas Tree” budget items from the state Legislature and funding from other state agencies.

As a direct result of his corrupt consulting arrangement and influence as a state Senator, the hospital received millions of dollars from the State of New Jersey.

“Trading personally on a position of public trust continues as an epidemic in New Jersey,” said Christie. “The allegations against Senator Coniglio in this indictment paint a disgraceful picture of exchanging public tax dollars for personal gain. The public has had more than enough of this type of conduct.”

The investigation by the FBI and U.S. Attorney’s Office is continuing.

The Indictment also alleges that he concealed this arrangement with HUMC in several ways: by failing to completely disclose it on his publicly filed financial disclosure statement; by misleading the news media when specifically questioned about the arrangement; and by failing to disclose material information regarding the arrangement to a state legislative ethics committee, which subsequently dismissed its own investigation regarding Coniglio’s services to the hospital, for insufficient evidence of an ethics violation.

After the Indictment was returned today, Coniglio turned himself in to the FBI in Newark and then made an initial court appearance before U.S. Magistrate Judge Michael A. Shipp. Bail was set at \$250,000, to be secured by equity in Coniglio’s home. Arraignment on the Indictment is scheduled for Feb. 20 before U.S. District Judge Dennis M. Cavanaugh, to whom the case has been assigned.

Coniglio was first elected to the Senate in November 2001, after serving as a local official in various capacities in Paramus, including as a Paramus Borough Councilman.

Coniglio is charged in Counts One through Eight of the Indictment with a scheme to defraud the public of his honest services by use of the mails, and in Count Nine with affecting commerce by extortion under color of official right. Each count carries a

statutory maximum prison sentence of 20 years and maximum fine of \$250,000 per count.

According to the Indictment, Coniglio began negotiating the consulting arrangement with the hospital in early 2004, soon after his appointment to the influential Senate Budget and Appropriations Committee. In May of 2004, after meeting with the HUMC Chief Executive Officer (HUMC CEO) and other hospital personnel, Coniglio entered a written agreement with the fund-raising arm of the hospital under the guise of a company, VJC Consulting, LLC, which was misleadingly represented to be “engaged in the business of hospital relations.”

VJC had been established less than a month before, had no clients other than HUMC and neither of its two purported principals – Coniglio, a plumber by trade, and his wife, clerk to the Bergen County Board of Chosen Freeholders – possessed any experience in the business of “hospital relations.” According to the Indictment, accepting HUMC payments through VJC permitted Coniglio to mask the true source of his income on public annual financial disclosure statements, in which he disclosed only VJC, and never HUMC.

The charges allege that at the very outset of the corrupt arrangement, which continued through February 2006, Coniglio conveyed his true value to HUMC by providing the hospital with assurances of his official support for any HUMC State funding requests.

The Indictment charges that in exchange for accepting the \$5,000 monthly from HUMC, Coniglio entertained and endorsed before the Senate and various state agencies HUMC’s requests for increased funding, resulting in the hospital receiving millions of dollars from the state. According to the charges, in or about February 2005 – and within a short time of Coniglio assisting in securing for HUMC two grants totaling approximately \$1.15 million in Property Tax Assistance and Community Development Grant (PTACDG) funds (colloquially referred to as “Christmas Tree Money” and “Earmarks”) – Coniglio received a raise of \$500 per month, increasing his annual payment to \$66,000.

In addition to assisting the hospital in securing the PTACDG money, Coniglio, as set forth in the Indictment, sent two letters on State Senate letterhead in September 2004 to the New Jersey Department of Human Services giving his official support to two separate HUMC grant applications, one of which resulted in HUMC receiving \$70,000 in state funds. The hospital also called upon Coniglio to support a grant application before the New Jersey Department of Health and Senior Services (NJDHSS) in June 2005, which resulted in HUMC receiving an additional \$64,000.

According to the Indictment, in June 2005, Coniglio met personally with the NJDHSS Commissioner, along with the HUMC CEO and other HUMC personnel, at the hospital to discuss state support for HUMC’s attempt to secure additional funding for the hospital’s

new cancer center. Approximately three months later, NJDHSS issued a notification of award to HUMC for \$9 million in new state funding.

In addition to the use of VJC to accept and mask the stream of payments from HUMC, the Indictment alleges that Coniglio intentionally undertook several measures to conceal the corrupt aspects of the arrangement, including intentionally failing to detail the nature of his “consulting services” on invoices, and falsely describing his role at the hospital as limited to building and construction issues.

The Indictment also charges that Coniglio’s Chief of Staff, responding to a newspaper’s inquiry into Coniglio’s arrangement with HUMC, falsely stated that “there is a complete split between Senator Coniglio’s personal, private business life and his legislative life. . . . People from the hospital know not to call our office.” In fact, as set forth in the Indictment, the Chief of Staff knew Coniglio was using his Senate office to assist HUMC, and HUMC personnel freely and frequently contacted Coniglio’s Senate Office and staff, particularly the Chief of Staff, with requests for official assistance, which Coniglio and his Chief of Staff routinely entertained while Coniglio was accepting the monthly payments from HUMC.

Furthermore, as charged in the Indictment, the concealment extended to Coniglio’s August 2006 written response to the Joint Legislative Committee on Ethical Standards (Ethics Committee) – the bipartisan committee that was investigating Coniglio’s services to HUMC and his involvement in appropriating State funds for the hospital. Coniglio falsely represented that he “at no time . . . advocate[d] or promote[d] any grants, including the \$250,000 or \$900,000 grants for [HUMC],” and that he “had no discussions with any member fo the Executive Branch regarding these grants.”

Although specifically instructed to disclose his involvement in appropriating funds to HUMC and “provide all documentation relating thereto,” Coniglio omitted any mention to the Ethics Committee of the many instances in which he served HUMC using his official position as a State Senator, and failed to disclose any of the documents indicating the official assistance that he took on behalf of HUMC while accepting a total of approximately \$103,900 in monthly payments from the hospital. The Ethics Committee subsequently dismissed its investigation for insufficient evidence of an ethics violation, according to the charges.

Coniglio was first elected to the Senate in November 2001, after serving as a local official in various capacities in Paramus, including as a Paramus Borough Councilman.

An Indictment is merely an accusation. Despite Indictment, every defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

Christie credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, with the investigation leading to today's Indictment.

The case is being prosecuted by Assistant U.S. Attorneys Thomas R. Calcagni, of the U.S. Attorney's Office Special Prosecutions Division, and Jeffrey Chiesa, Chief of the U.S.

Attorney's Office Public Protection Unit, in Newark.

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Counsel for Coniglio: Gerald Krovatin, Esq., Newark