

NEWS

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FOR IMMEDIATE RELEASE
April 17, 2009

Ex-Senator Joseph Coniglio Guilty in Consulting Contract Scheme
with Hackensack University Medical Center

(More)

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NEWARK – A jury today convicted former state Senator Joseph Coniglio on five counts of mail fraud and one count of extortion in connection with an influence-peddling scheme connected to a \$66,000-a-year consulting arrangement with Hackensack University Medical Center, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

The jury convicted Coniglio, 66, of Paramus, a plumber by trade, of five counts of defrauding the public of his honest services by use of the mails, and one count of extortion under color of official right. The jury acquitted him of two of the mail fraud counts and was unable to reach a verdict on another mail fraud count.

Following the verdict, U.S. District Judge Dennis M. Cavanaugh scheduled sentencing tentatively for July 27. The jury began its deliberations late Monday, deliberated for Tuesday, Wednesday and Thursday and today before returning its verdicts around 2 p.m. today.

Each count of conviction carries a maximum statutory penalty of 20 years in prison and a fine of \$250,000. Under the advisory U.S. Sentencing Guidelines, which a sentencing judge must consult in determining a sentence, Coniglio faces a potential prison sentence of between 78 and 97 months. The Sentencing Guidelines, however, are advisory only, and Judge Cavanaugh will have discretion in imposing a sentence within or outside of that range.

The case was tried by Assistant U.S. Attorneys Thomas R. Calcagni and Rachael Honig of the U.S. Attorney's Office Special Prosecutions Division in Newark. The case was investigated by Special Agents of the FBI in Newark, who also provided trial assistance.

In convicting Coniglio, the jury found that he entered into a consulting arrangement with Hackensack University Medical Center (HUMC) to purportedly perform "hospital relations," an area in which he had no prior experience. In fact, the arrangement was merely a way for him to receive \$5,000 a month (later increased to \$5,500 a month) from the hospital in exchange for his official support for funding requests from the so-called "MAC account," an \$88 million line item in the FY 2005 New Jersey state budget that, evidence revealed, was designed to be accessed by legislators like an automatic teller machine.

Coniglio ultimately collected more than \$100,000 under the arrangement between him and the hospital. 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.

"A federal jury in New Jersey once again has sent a very strong message to a class of corrupt New Jersey politicians: stop stealing, stop selling your office, and stop using your public position to line your own pockets," said Marra. "Joe Coniglio and others like him live in an ethics-free zone of insider deals and kickback arrangements. We expect our senators and other elected officials to work on behalf of their constituents and to enjoy the legitimate

benefits and prestige of public office – but not in return for a paycheck on the side from a sham job.”

“Sadly,” Marra said, “the corrupt conduct in Trenton seems never to end, as evidenced by the convictions in just the last few years of Senators Joe Coniglio, John Lynch, Wayne Bryant and Sharpe James, plus Assemblymen Mims Hackett and Michael Steele. All were guilty of selling their office, all were members of this special class of crooked politicians, and all were champions of graft.”

According to the nine-count Indictment, which was returned on Feb. 14, 2008, Coniglio concealed this arrangement with HUMC 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.

According to trial evidence and testimony, 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 into a written agreement with the fundraising 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.” 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.

Evidence revealed 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 evidence, 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 the MAC account) – 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 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. HUMC subsequently received that grant in the amount of \$64,000.

According to the evidence, 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, 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.

Furthermore, according to testimony and evidence, Coniglio used 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.

Coniglio's concealment extended to his August 2006 written response to the Joint Legislative Committee on Ethical Standards (Ethics Committee), a committee which 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," evidence revealed that 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.

Marra credited Special Agents of the FBI, particularly Special Agent Theresa Reilly, under the direction of Special Agent in Charge Weysan Dun in Newark, with the investigation leading to today's conviction. He also thanked Assistant U.S. Attorney Steven Sanders of the U.S. Attorney's Office Appeals Division, for his assistance on legal matters during trial.

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Defense Attorney: Gerald Krovatin, Esq., Newark