



***United States Attorney
District of New Jersey***

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CONTACT: Rebekah Carmichael

Office of Public Affairs

(973) 645-2888

**FORMER TOMS RIVER SCHOOL DISTRICT SUPERINTENDENT AND INSURANCE
BROKER CHARGED WITH ADDITIONAL COUNTS OF CONSPIRACY AND TAX FRAUD**

NEWARK, N.J. – A federal grand jury has returned a superseding Indictment against Michael J. Ritacco, the former superintendent of the Toms River Regional School District, and the District's former insurance broker Francis X. Gartland, United States Attorney Paul J. Fishman announced.

The 27-count superseding Indictment, returned and filed today, adds nine counts to the previous Indictment: two counts charging separate conspiracies to defraud the IRS, and seven counts of making and subscribing to false federal personal income tax returns – for tax years 2004 to 2006 for Ritacco and 2004 to 2007 for Gartland. The initial indictment, returned October 19, 2010, contained 18 total counts of mail and wire fraud, travel and use of facilities in interstate commerce to promote bribery, and bribery in connection with a local government agency receiving federal funds.

According to the superseding Indictment:

Count 19 charges that Ritacco and Gartland conspired with others to defraud the IRS by hiding corrupt cash payments and other benefits that Gartland provided to Ritacco and others, at Ritacco's direction, from at least 2002 to April 2010. Ritacco and Gartland used third parties – including co-conspirators Frank D'Alonzo and Frank Cotroneo – and sham companies to secretly pass cash, money and other benefits to Ritacco and others. Ritacco also instructed others to structure cash transactions at banks and financial institutions to avoid those entities filing reports regarding the transactions, and used a safe deposit box at a bank in Naples, Fla., to conceal cash proceeds. Ritacco also filed false federal personal income tax returns that did not report the cash, money and other benefits that he accepted from Gartland and others. Counts 21, 22, and 23 specifically charge Ritacco with filing false federal personal income tax returns and failing to report income of approximately \$351,852 in 2004; \$1,110,988 in 2005; and \$126,631 in 2006.

Count 20 charges that Gartland conspired with Cotroneo and others to defraud the IRS by hiding payments that Gartland made to Cotroneo, and others at Cotroneo's direction, from at least 2005 to October 2008. Gartland funneled money for Cotroneo into a sham company, E-Administrative Systems, Inc., and then used that company to pay significant personal expenses for Cotroneo, including \$571,000 to a landscape firm; \$41,400 to a golf club in Colts Neck, N.J.; and over \$200,000 to American Express. Gartland failed to report the payments on IRS forms for Cotroneo, and Cotroneo did not disclose them on his federal personal income tax returns.

Counts 24 to 27 charge Gartland with filing false federal personal income tax returns, and failing to report income of approximately \$823,735 in 2004; \$1,159,804 in 2005; \$527,410 in 2006; and \$608,073 in 2007.

The additional counts carry the following maximum potential penalties:

Count	Maximum Potential Penalty
19 – conspiracy (Ritacco and Gartland)	Five years in prison; \$250,000 fine
20 – conspiracy (Gartland)	Five years in prison; \$250,000 fine
21 – false return (Ritacco)	Three years in prison; \$250,000 fine
22 – false return (Ritacco)	Three years in prison; \$250,000 fine
23 – false return (Ritacco)	Three years in prison; \$250,000 fine
24 – false return (Gartland)	Three years in prison; \$250,000 fine
25 – false return (Gartland)	Three years in prison; \$250,000 fine
26 – false return (Gartland)	Three years in prison; \$250,000 fine
27 – false return (Gartland)	Three years in prison; \$250,000 fine

An arraignment will be held before Chief United States District Judge Garrett E. Brown Jr., in Trenton federal court on a date to be determined.

D'Alonzo and Cotroneo both pleaded guilty in federal court to related bribery and tax charges on October 18, 2010, and await sentencing.

U.S. Attorney Fishman credited special agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, and the FBI, under the direction of Special Agent in Charge Michael B. Ward, with the investigation leading to the superseding Indictment.

The government is represented by Assistant U.S. Attorneys Dustin Chao and Jenny R. Kramer of the U.S. Attorney's Office Special Prosecutions Division.

The charges and allegations contained in the superseding Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Defense counsel:

Ritacco: Jerome Ballarotto, Esq., Trenton, N.J.

William J. Hughes, Esq. Atlantic City, N.J.

Gartland: John D. Arseneault, Esq., Chatham, N.J.