

NEWS

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Ex-Senator Joseph Coniglio Gets 30 Months in Federal Prison
for Extortion and Fraud Scheme in Hospital Consulting Contract

(More)

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NEWARK – A federal judge today sentenced former state Senator Joseph Coniglio to 30 months in federal prison for his extortion and mail fraud convictions for 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.

U.S. District Judge Dennis M. Cavanaugh also ordered Coniglio to pay a \$15,000 fine. Coniglio must surrender to the federal Bureau of Prisons on a date to be determined once the BOP designates a prison facility. There is no parole in the federal system.

Coniglio, 66, of Paramus, a plumber by trade, was convicted on April 17 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.

“Justice has been served and we are satisfied with the sentence,” said Marra. “The ex-senator from Paramus now joins a coterie of once powerful political figures whose greed, arrogance and betrayals landed them in federal prison. He has only himself and his calculated criminal conduct to blame for that.”

“Although we are satisfied that justice has been served, we take no joy in seeing yet another New Jersey public official disgrace himself and this state with his corrupt and criminal activity,” said FBI Special Agent in Charge Weysan Dun. “We are making progress but we still have much work ahead to end public corruption. The public can rest assured that we will be unwavering in our efforts to root out corruption and relentless in our pursuit of those who betray and abuse the public’s trust.”

The Coniglio 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.

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.

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, under Dun’s direction, with the investigation leading to Coniglio’s conviction.

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Defense Attorney: Gerald Krovatin, Esq., Newark