

NEWS

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Senator Wayne Bryant Indicted for Obtaining Corrupt Benefits and for Scheme to Fraudulently Pad Pension

– Former Dean of Medical School Also Indicted –

(More)

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TRENTON – New Jersey State Sen. Wayne R. Bryant was indicted today by a federal grand jury, accused of unlawfully using his power and influence to obtain a paid, no-work job at UMDNJ's School of Osteopathic Medicine in exchange for lobbying and bringing millions of dollars in extra funding to the school, and using that job and others to fraudulently nearly triple his state pension, U.S. Attorney Christopher J. Christie announced.

The Indictment alleges that Bryant took salaries from UMDNJ's School of Osteopathic Medicine (SOM), the Gloucester County Board of Social Services and Rutgers University Camden and its law school, even as he did little to no meaningful work in return for those government salaries and other benefits. As a result of those frauds, Bryant's anticipated annual pension from government positions went from about \$28,000 in 2002 to about \$81,268 in 2006.

The 20-count Indictment also names R. Michael Gallagher, 59, of Haddonfield, the former dean at the School of Osteopathic Medicine (SOM) in Stratford. Gallagher is alleged to have capitalized on Bryant's influence to become dean and, in turn, rigged the hiring process to create a job for Bryant at SOM that appeared to be a legitimate, bona fide position.

Bryant, 59, of Lawnside, is believed to be vacationing. He will be expected to surrender and make in initial appearance in federal court promptly upon his return to New Jersey. Gallagher will likely be ordered to appear at the same time.

From his position at SOM, Bryant allegedly used his power and influence as Senator and Chairman of the Senate Budget and Appropriations Committee to directly lobby state agencies, high-level officials (including the state Treasurer), legislators and their staffs and personally directed changes in the state budget to bring millions of dollars in extra funding to SOM. All the while, Bryant failed to reveal that he was simultaneously on the payroll at SOM, receiving a high salary of \$40,841 in 2004. He also used various means to conceal his purported role there, according to the Indictment. Bryant earned \$49,000 a year as Senator.

State legislators are expected to serve their districts and constituents without payment or other benefits in return, other than legislative salaries. As alleged in this Indictment, the job at SOM amounted to a bribe from Gallagher, which was solicited by Bryant.

Gallagher allegedly caused SOM personnel records to indicate that Bryant worked the equivalent of three full days a week in order to make Bryant eligible for pension credits on his SOM salary. In fact, according to the Indictment, Bryant showed up only for about half a day once a week, did no meaningful work, and instead spent much of the time reading the newspaper.

"The only material service performed by Wayne R. Bryant in exchange for his pensionable income, was to unlawfully use his position as a State Senator and Chairman of the Senate Budget and Appropriations Committee to lobby on behalf of SOM and obtain increased state funding for SOM," according to the Indictment.

Gallagher further is accused of engaging in another scheme in which he created phony “profits” on financial statements for SOM’s University Headache Center, where Gallagher also served as chairman. Those “profits” resulted in additional annual bonuses to Gallagher – determined by Gallagher himself as chairman of the Headache Center – of between \$15,000 and \$20,000 in each of 2002, 2003 and 2004. With salary and bonuses, Gallagher had compensation that ranged from between \$345,000 to \$402,000 from 2003 to 2005.

“Today one of New Jersey’s most powerful politicians has been charged with placing his own personal greed ahead of the interests of the good people of the State of New Jersey,” Christie said. “No officeholder, no matter how powerful and entrenched, will be permitted to turn public service into self-service in violation of the law.”

The Charges and Statutory Maximum Penalties

Bryant and Gallagher are both charged in Count One through Count Six with mail and wire fraud for their alleged scheme to defraud the public of Bryant’s honest services by use of the mails and wires; each of those counts carries a maximum statutory penalty of 20 years in prison and a maximum fine of \$250,000.

Bryant is charged in Count Seven with corrupt solicitation and acceptance (from Gallagher) of a bribe (the SOM job) involving an organization receiving federal funds, which carries a maximum penalty of 10 years in prison and a \$250,000 fine. Gallagher, in turn, is charged in Count Eight with corruptly offering a bribe (to Bryant) involving an organization receiving federal funds, which carries the same maximum penalties.

Bryant alone is charged in Count Nine through Count 14 with mail fraud for his alleged scheme to defraud the New Jersey Division of Pensions and Benefits of money and property by use of the mails. Those counts carry maximum penalties of 20 years in prison and a \$250,000 fine.

Gallagher is charged alone in Count 15 through Count 17 with wire and mail fraud for allegedly defrauding UMDNJ-SOM through the scheme to fraudulently divert bonuses to himself. The mail and wire frauds each carry a maximum penalty of 20 years in prison and a \$250,000 fine. In connection with that same scheme, Gallagher is charged in the last counts of the Indictment – Count 18 through Count 20 – with fraud involving an organization receiving federal funds. Each of those counts carries a maximum penalty of 10 years in prison and a \$250,000 fine.

Gallagher allegedly used his position as dean of SOM and chairman of the Headache Center to steer funds to the Headache Center to give the impression the Headache Center was performing well and profitably, when in fact it was operating at a loss. He then essentially did a self-evaluation of his productivity and contributions, based on the fraudulent “profits,” and awarded himself bonuses totaling \$50,271 between 2002 and 2004, according to the Indictment.

Gallagher was elevated from Vice Dean to Interim Dean and finally, in November 2002, to permanent Dean at SOM with Bryant's help, which included arranging meetings between Gallagher and state legislators and drafting a letter to the Governor supporting Gallagher.

In March 2003, Gallagher in turn put Bryant on the SOM payroll, according to the Indictment, which alleges, among other things, the following fraudulent acts and acts of concealment:

- Bryant falsely stated to SOM staff who participated in the hiring process that his position at SOM had been approved by the Office of Legislative Services (OLS), which provides legal and ethical advice to legislators. In fact Bryant never received any opinion from OLS.
- The position that Gallagher created for Bryant had a job description that listed his responsibilities as "planning, directing, organizing and implementing" efforts "to improve University communications, image, receptivity and relationships with local governments, community and civic organizations, and local residents." Yet UMDNJ already employed a Director of Urban and Community Relations, whose job description was essentially identical.
- Gallagher staged interviews for the position even though he had already chosen Bryant and decided to put him on the payroll. In fact, he had already circulated administrative forms which listed Bryant as the "selected candidate."
- With Bryant's actions on behalf of SOM, he directly and indirectly helped Gallagher appear to meet or exceed performance goals as dean to receive nearly \$99,000 in "incentive bonuses" in 2003 and 2004.

Pension Padding Allegations

Beginning in July 2002 to the present, Bryant is alleged to have engaged in the pension-padding scheme by taking on public positions for which he did no meaningful work.

Bryant was individually and specifically hired by the Gloucester County Board of Social Services (GCBSS) to perform legal services. Instead, he dispatched employees of his private law firm to provide those legal services; yet he personally received a salary and accrued retirement benefits.

For example, according to the Indictment, from about July 2002 to December 2002, Bryant worked zero hours for GCBSS while employees of his firm worked a total of about 290 hours. For calendar year 2004, Bryant worked approximately 4.5 hours, while his firm's employees worked a total of about 840 hours. The following year, Bryant worked no hours while his firm's employees logged about 877 hours. A similar pattern occurred in 2006.

From mid-2002 through about August 2006, Bryant worked a total of about 14.8 hours for GCBSS, yet received approximately \$200,000 of pensionable income, according to the

Indictment. Throughout the period Bryant is alleged to have submitted false and fraudulent signed attorney time sheets which declared that he personally had done the work.

At SOM, as described in detail above, Bryant did little to no meaningful work and appeared only about half a day each week, while representing that he had worked the pensionable equivalent of three full days per week. The only material work he performed on behalf of SOM was to unlawfully use his position as a State Senator and Chairman of the Senate Budget and Appropriations Committee to lobby for millions of dollars in increased funding for SOM.

Bryant is also alleged to have targeted the law school at Rutgers University in Camden – a government institution dependant upon Bryant for political support and continued state funding – for a government job in order to increase retirement benefits. Again, Bryant is alleged to have done little or no meaningful work in exchange for the pensionable income he received from Rutgers-Camden.

Despite indictment, all defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt.

The potential penalties described above are the statutory maximum available. In determining an actual sentence, the judge to whom the case is assigned would, upon a conviction, consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI, under the direction of Acting Special Agent in Charge Pedro Ruiz, with the investigation leading to today's Indictment. He also credited the work of Deputy U.S. Attorney William Fitzpatrick and Assistant U.S. Attorney Joshua Drew, who are prosecuting the case.

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Defense Attorneys:

Bryant: Carl D. Poplar, Esq, Cherry Hill

Gallagher: Jeremy Frey, Esq., Philadelphia