

Remarks of Attorney General Anne Milgram
Assembly Budget Committee
April 17, 2008, 9:30 a.m.
Committee Room 11, 4th Floor
New Jersey Statehouse Annex
Trenton, N.J.

Good morning Chairman Greenwald, Vice-Chairman Schaer, and members of the Assembly Budget Committee.

I appreciate the opportunity to speak here this morning. I welcome the chance to discuss with you our department's proposed budget, our work on behalf of New Jersey citizens, and our priorities for the year ahead.

Before beginning, I would like to introduce some of the people accompanying me today: First Assistant Attorney General John Vasquez, Chief Administrator Kimberly Ricketts and Deputy Administrator Dan Foster. Also attending are other key members of the department's management team, including the directors of our various Divisions and Commissions.

As we all recognize, State government has arrived at a fiscal crossroads, and difficult spending decisions confront us at every turn.

As Governor Corzine has made plain, every agency of state government must take a hard look at itself.

We at the Department of Law and Public Safety are no different. Against the backdrop of New Jersey's sobering fiscal situation, we are wrestling with tough choices just like everyone else.

Although the Governor has listed public safety as one of state government's "core responsibilities," we know that this does not mean that we can spend freely. Nor does it mean that we will not have to shoulder difficult budget cuts.

We respect the Governor's commitment to austerity, and we share his belief that quality services need not be – and cannot be -- synonymous with "costly" services. Our responsibility is to use our resources most effectively to achieve our priorities.

We are exploring ways to achieve our goals with fewer resources.

We are streamlining and consolidating where practical.

And, like every other department, we find ourselves forced to take action that is difficult – even unpopular -- in order to meet our share of the State's obligation to limit spending.

But before I speak in more detail about what we are doing to cut costs while staying true to the Law and Public Safety mission, I would like to provide some sense of the scope of our work.

Staffed by approximately 9,400 employees, the Department of Law and Public Safety is a diverse agency with a broad-based mandate. It is not a stretch to say our work touches on millions of lives throughout New Jersey every day, and we are proud of the many accomplishments we have achieved.

We are responsible for protecting New Jersey citizens from such threats as gun violence, drug trafficking and illegal street gang activity. We provide traditional law enforcement services such as criminal investigation and prosecution, crime prevention and anti-violence initiatives, emergency management, homeland-security-related efforts and regular State Police highway and marine patrols.

At the same time, we provide legal representation for agencies of state government, defend and provide guidance on state statutes and, where appropriate, initiate lawsuits aimed at protecting our citizens and our state's vital resources.

In the past year, that work has included an array of actions and accomplishments designed to make New Jersey safer, to enhance the quality of life here, and to strengthen public confidence. As preliminary results for the 2007 Uniform Crime Report show, we have reduced violent crime 8% across the state. The report also shows, however, that juvenile offenses, rape, murder, and robbery rates continue to rise, and we are working with our law enforcement partners across the State to aggressively target those who bring violence into our communities. Along with those efforts, we continue to investigate and prosecute those corrupt public officials who abuse the public trust in pursuit of personal gain.

For example, we have:

- Arrested more than 175 suspects on racketeering and other charges linked to violent street gang activity and organized crime. Through the work of our Divisions of Criminal Justice and State Police, we dealt significant blows in 2007 to the leadership of such highly organized gangs as the "Nine Trey" and "Sex Money Murder" sets of the Bloods. We also broke up a multi-billion-dollar illegal gambling ring operated by the Lucchese crime family of New York that appears to have been bankrolling the smuggling activities of an imprisoned leader of the Bloods. Among those arrested was a state prison guard who allegedly aided in the smuggling effort.
- Filed corruption-related criminal charges against more than 50 public officials including a major-city mayor and a former police chief. We also obtained trial convictions or guilty pleas in several high-profile corruption cases in 2007, including cases involving a former state Commerce Commission official, the mayor of Carney's Point in Salem County, and a former police detective in Camden city. Each of the individuals convicted faces state prison time, or has already been sentenced to it.
- Our State Police also achieved a milestone in 2007. After an intensive, two-year review of facilities, equipment, procedures, and personnel – in effect, the Division's entire operation, the State Police gained accreditation from a nationally respected credentialing authority: the Commission on Accreditation of Law Enforcement Agencies. The accreditation rightly places our State Police among an elite group of law enforcement agencies nationwide that have met the Commission's high standard for "best practices."
- Subpoenaed information from MySpace and other social networking Web sites to determine whether convicted sex offenders created profiles on those sites. Many young people in our State visit these websites frequently, and it is vital that, through enforcement and education, we reduce the risk that they could be exposed to harm. In the case of MySpace alone, we established that 268 New Jersey sex offenders were registered on MySpace. As a result of our actions, the MySpace accounts of known sex offenders were deleted. Working with the Department of Education, we also staged a series of Internet safety training seminars for school teachers and administrators in 2007. Conducted by State Police experts, these "train the trainer" sessions provided useful information on such

issues as cyber-bullying, the dangers of social networking Web sites, the behavioral traits of sexual predators and how to safely surf the Internet. In 2007 and thus far in 2008, we have also charged 83 individuals with possessing, reproducing, or distributing child pornography.

- Obtained, through the efforts of our Office of Insurance Fraud Prosecutor, criminal convictions, tough jail sentences, and stiff financial penalties against those who submitted bogus claims to insurance companies or otherwise took part in insurance fraud. The OIFP obtained approximately 200 criminal fraud convictions in 2007, and obtained \$9.6 million in criminal and civil penalties and restitution. In addition, the OIFP charged more than 200 new defendants with insurance fraud. In fraud-related proceedings, the OIFP obtained more than 130 judgments totaling more than \$1 million.

At the same time, we provide legal representation for 120 agencies of state government, defend and provide guidance on state statutes, and, where appropriate, initiate lawsuits aimed at protecting our citizens and our State's vital resources.

Some of our accomplishments in this area include:

- Achieving a \$27 million reduction in the total dollar value paid out by the State to resolve lawsuits in 2007. The total dollar value paid in settlements and judgments dropped from \$72 million two years ago to \$45 million last year -- a reduction of 37 percent. At the same time, the Division helped the State obtain more than \$116.5 million in recoveries and judgments from those it sued, including more than \$48 million for the Division of Investments as a result of pension securities fraud cases.
- Beginning an investigation, through our newly-created Affirmative Litigation Section in the Division of Law, into whether pharmaceutical maker AmGen, Inc. violated patient confidentiality laws and promoted its injectable drug Enbrel for non-approved uses. The principal focus of our review is whether AmGen engaged in "off-label marketing" -- essentially promoting a drug for uses other than those for which it was approved -- and whether the company violated medical privacy laws through their direct marketing. We also have issued subpoenas seeking information about physician participation in, and the results of, clinical studies

of ProDisc, a device that some surgeons have implanted as an alternative to surgery. In the coming year, we anticipate pursuing additional Affirmative Litigation investigations critical to the public interest. With the signing by Governor Corzine of New Jersey's False Claims Act, we expect the Affirmative Litigation Section also to play a key role in reviewing civil complaints brought by individuals on behalf of the State, in accordance with this important new anti-fraud law.

- **Environmental Lawsuits:** Working with the Department of Environmental Protection, we filed 35 new lawsuits in 2007 seeking compensation to the State for Natural Resource Damage caused by chemical and other contamination. Altogether, we have 106 Natural Resource Damage suits currently pending. We intend to continue using litigation to seek NRD damages, protect our air quality from harmful power plant emissions, and to press the federal Environmental Protection Agency to either regulate greenhouse gas emissions from motor vehicles or allow the states to do so.

We have achieved impressive results in other areas within our responsibility.

We are responsible for informing and protecting New Jersey consumers. To that end, this past year the Division of Consumer Affairs conducted random product inspections that found, among other things, recalled beef still on store shelves and lead-tainted, nationally recalled toys in stores as the holiday shopping season began. And we are currently implementing a plan to increase the quality, professionalism, and diligence of the 42 professional licensing boards operating under the Division's supervision.

We are responsible for ensuring the integrity of the state's casino gaming and horse racing industries. The Division of Gaming Enforcement obtained a penalty of \$750,000 – the largest civil penalty in New Jersey gaming history – against the owners of the Tropicana. The Racing Commission oversaw the hosting of the Breeder's Cup at Monmouth Park Racetrack. The nationally broadcast event attracted more than 70,000 patrons and featured record-setting purse awards.

We regulate the sale of alcoholic beverages and lead the fight to reduce such public safety threats as underage drinking and driving while intoxicated. Our nationally recognized "Last Drink" initiative helps us to identify problem bars or restaurants and to focus our investigative efforts on those establishments. To date, we have received over 3,000 Last Drink Reports identifying over 1,400 establishments. We are taking action against the worst offenders. We have also

continued to increase awareness of the dangers of underage drinking through a variety of contests and public service announcements. Through the Division of Highway Traffic Safety, we have also provided funding assistance to more than 200 local police agencies to participate in a national "Over the Limit, Under Arrest" crackdown on impaired driving. During a single two-week period in the summer of 2007, the campaign resulted in 1,655 arrests for driving while intoxicated and more than 11,000 tickets and summonses for other offenses and violations. Those successes are only some of the benefits and improvements in highway safety achieved through safety awareness campaigns and the disbursement of highway traffic safety grant funds.

We are responsible for preserving and promoting civil rights. By prosecuting discrimination in areas such as employment and housing, the Division has sent the message that discrimination, in whatever form it takes, will not be tolerated.

We help juveniles who have broken the law to change their lives, and work to increase their chances of succeeding once released from the care and supervision of our Juvenile Justice Commission.

These are merely a few highlights of our work during the past year.

In addition, our Department took the lead on an emerging national issue in 2007 by issuing a Directive dealing with the matter of when police officers in New Jersey can and cannot inquire as to a person's immigration status.

Our department continues to play a primary role in the implementation of Governor Corzine's three-pronged plan to reduce crime and violence. The plan involves pro-active law enforcement efforts, crime prevention strategies, and efforts to help those who have been incarcerated to re-enter society as productive, law-abiding citizens.

The enforcement component focuses on blending traditional, street-level police work with cutting-edge technology to attack violent crime, gang activity and illegal guns. Cooperation among law enforcement agencies at every level is a hallmark of the plan, as are intelligence-led, data-driven policing strategies aimed at mapping crime trends, identifying violent criminals and pinpointing violence "hot spots." As part of the effort, we are working to acquire technology that will enable us to effectively analyze data on shootings that occur throughout our state, with an eye toward the most effective allocation of police resources. Outreach to community residents and development of a new and effective witness protection program are also key elements.

The bedrock of the prevention aspect is a blend of locally-based and state-level programs that provide alternatives to delinquency, gang-involvement, drugs and crime.

The third phase of the program -- re-entry -- involves a comprehensive approach to fighting recidivism and giving former inmates a chance to succeed by providing help in the areas of education, substance abuse treatment, housing, health care and employment.

But, as we continue to strive for excellence throughout our department, we also recognize a duty to strive for economy, and for efficiency of operations.

The department's proposed budget for Fiscal 2009 contains approximately \$4 million to fund the salaries of personnel we consider critical -- new State Troopers who will graduate in June as part of the 148th and 149th State Police classes.

The proposed budget also supports acquisition of 250 much-needed State Police patrol cars.

The Office of the Attorney General and Division of State Police have spent many hours working closely with Treasury to ensure that the purchase of new helicopters for the States' Air Ambulance Program are the safest and most efficient helicopters for the citizens of New Jersey. This purchase will provide New Jersey with the most technologically advanced helicopters available within approximately two years.

Beyond these, however, there is little in the way of "new" money to talk about.

As a result, some painful-but-necessary cost-cutting measures -- approximately \$19 million worth -- are being undertaken.

One example: we are cutting more than \$600,000 in Juvenile Justice Commission overtime funding at the JJC's secure institutions. With the arrival of Veleria Lawson as our new Executive Director at the JJC, we have been implementing policy and procedural changes designed to tighten up on staff overtime costs and infuse the custodial overtime process with more accountability. The changes will allow the JJC to control its costs while maintaining the safety of both its residents and its employees.

Other examples:

Funding for certain programs and commissions that have operated within the department is, of necessity, being reduced or eliminated.

Department-wide, significant workforce reductions – approximately \$5.7 million worth – are being undertaken.

Also, we expect to begin charging for State Police services in towns that do not have their own police protection.

To be clear, there is no plan afoot to remove State Police protection from any town now utilizing it.

The plan is simply to require reimbursement for that coverage, which is only fair.

Through this process of seeking reimbursement for so-called “rural policing,” we expect to realize approximately \$20.5 million in recovered costs.

As I said at the outset, these are difficult times, and the decisions and choices we must make are difficult as well.

But, even in a time of fiscal crisis, we recognize an obligation to carry out our core mission to protect the public and uphold the rule of law.

The task of protecting such a complex and multi-faceted state – particularly in these austere budget times – is a real challenge.

But it is a challenge we are committed to meeting.

Despite the spending constraints imposed by necessity, we intend to continue our pursuit of many important, on-going law enforcement, public safety and litigation initiatives without compromise.

In closing, I want to thank the members of this committee for your attention here today, and for your continuing support of the Department of Law and Public Safety.

At this point I will be happy to try and answer any questions you may have.

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