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THE REAL SECRET OF 'DOUBLEGATE' IS LACK OF STATE INVESTIGATION: GOV. CHRISTIE IGNORES CONFLICTS; GUADAGNO ESCAPES HARM Investigative Report by Mark Lagerkvist
 Posted On June 2, 2014

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STATE 'REPOSSESSES'



The Christie Administration hid a big secret about a hush-hush New Jersey criminal investigation involving Lt. Gov. Kim Guadagno and an alleged \$245,000 pension fraud for the past three years.

The secret: The state investigation was virtually non-existent, according to records obtained by New Jersey Watchdog through a lawsuit and court order.

Protected by a cloak of confidentiality, the attorney general's Division of Criminal Justice did little during a 13-month probe that ended in June 2012. The records show:

- DCJ's staff generated only two documents totaling six pages while the case was active.
- There is no record that investigators ever contacted, interviewed or took statements from Guadagno or key figures during the probe.
- The file does not include any other notes, tapes, reports or papers from investigators. The sole exception was a brief report dated 10 weeks after DCJ closed the case.

Even though the case has been closed for two years, state authorities still refuse to reveal their findings.

The apparent lack of investigative work by DCJ raises questions on whether the probe was internally sabotaged by political considerations plus serious conflicts-of-interest never resolved by Christie.

Guadagno is a former DCJ deputy director. As lieutenant governor, she is Christie's second-in-command. In her dual role as secretary of state, Guadagno serves with the attorney general in the governor's cabinet.

Despite the conflicts, Christie did not use his authority to appoint a special prosecutor or independent investigator under [Article 5, Section IV, Paragraph 5 of the State Constitution](#).

Instead, Christie selected Guadagno to run with him for a second term in the 2013 gubernatorial election. Christie, Guadagno and the attorneys general in office during the probe have declined comment to New Jersey Watchdog.

"The inference is DCJ didn't really do an investigation," said John Sierchio, a trustee and former chair of the state pension board that requested the probe in 2011. "The inference is that they really didn't do very much, but we don't know for sure."

What is now known is that DCJ produced merely six pages of original work product during the course of a yearlong investigation likely to implicate the lieutenant governor.

Doublegate Begins

The controversy known as Doublegate began when Guadagno was Monmouth County sheriff in 2008 – the year before she first ran for lieutenant governor on the Christie ticket.

As sheriff, Guadagno made false and conflicting statements that enabled her chief officer, Michael Donovan, to improperly collect an \$85,000 a year pension in addition to his \$87,500 salary, [as first reported by New Jersey Watchdog in 2010](#).

Guadagno hired Donovan, a retired investigator for the county prosecutor, as her "chief of law enforcement division." She announced the appointment in a [memo to her staff](#). The [sheriff's official website](#) subsequently identified Donovan as "sheriff's officer chief," supervising 115 subordinate officers and 30 civilian employees.

As a sheriff's officer chief — a position covered by the pension system — Donovan should have stopped receiving retirement checks and resumed his contributions to PFRS.

Instead, Guadagno misrepresented Donovan's job title. In [county payroll records](#) and a [news release](#) from Guadagno, Donovan was listed as the sheriff's "chief warrant officer" — a similar sounding, but lower ranking position exempt from the pension system. A chief warrant officer is generally responsible for serving warrants and other legal documents.

A [photo released by the sheriff's office](#) shows Guadagno attended a ceremony in which Donovan took an [oath of office](#) as chief warrant officer. Yet on [Guadagno's organizational chart](#), Donovan was listed as chief of law enforcement. The position of chief warrant officer was absent from the chart.

The following year, [Donovan campaigned for Guadagno and Christie](#) as Monmouth County chair of "Law Enforcement for Christie-Guadagno".

In May 2011, [the Police and Firemen's Retirement System's board of trustees](#) voted to request a [criminal investigation](#) into the propriety of pension payments to Donovan — plus parallel allegations involving sheriff's officers [John Dough of Essex County](#) and Harold Gibson of Union County. The case was assigned to DCJ and handled by its Corruption Bureau.

Investigative Secrets

Stonewalled by DCJ and the governor's office for nearly two years, a New Jersey Watchdog reporter countered with a public records lawsuit filed last year in Mercer County Superior Court.

Judge [Mary C. Jacobson](#) ordered DCJ to produce a [Vaughn Index](#) of its investigatory file, but [withheld it from public release under a temporary protective order](#). A [Vaughn Index](#) is a catalog of all records the government seeks to withhold from disclosure. If the index is not complete, DCJ would be in violation of the judge's order and could be found in contempt of court.

[Jacobson lifted the order effective May 30](#), ruling DCJ did not provide sufficient evidence that release of the index would harm the state by revealing confidential informants or revealing secret investigative techniques.

At first glance, the [779 pages of records listed in the 96-page Vaughn index](#) suggest an exhaustive investigation by DCJ. But a closer examination shows DCJ staff only produced a half-dozen pages of investigative records while the probe was active. The rest of the file is packed the file with content from the Internet — including stories by New Jersey Watchdog — and miscellaneous documents gathered from governmental agencies.

These are the three documents originated by DCJ:

- A [June 2012 five-page internal "memorandum regarding the status of DCJ's investigation"](#) from Deputy Attorney General Anthony Picione to Division Director Stephen Taylor, Corruption Bureau Chief Christine Hoffman and one other DCJ supervisor. It is the first record of activity by DCJ.
- A [one-page letter by Hoffman to the PFRS board secretary](#) dated seven days later. It stated the investigation was closed, but did not reveal the result or findings of the probe.
- In September 2012, after the case was closed, an investigator filed a [two-page supplemental "report of information provided by a source."](#)

The next year, [Christie appointed Taylor to a \\$165,000 a year post as a superior court judge](#) in Morris County. [Hoffman was promoted to DCJ deputy director at a salary of \\$128,000](#). [Picione became chief of the Corruption Bureau, a job that pays \\$96,321 per annum](#).

Jacobson denied the reporter's request for the three DCJ documents. After reviewing the records in private, she determined the state's interest in keeping those investigative records confidential outweighed the public's right to know.

However, the contents of the Hoffman letter briefly surfaced during a [PFRS board meeting in February](#). Members of the board that requested the investigation complained they had not known about the letter until 20 months after the date it was written.

Trustees were also upset the letter offered no details about the investigation, other than the fact it was closed. The board voted to request additional information for DCJ.

"If this is closed, when are we going to find out the outcome?" asked trustee Sierchio in public session. "I just want to know how they came to their conclusion."

Double-dipping sheriffs & chiefs



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FETCH

In New Jersey, sheriff's offices have been a hotbed of questionable pension practices, thanks to loopholes in the law.

Seventeen of the 21 county sheriffs are "double-dippers" – law enforcement retirees who collect pensions in addition to their six-figure salaries, [a New Jersey Watchdog investigation found](#). Serving under those sheriffs are 29 undersheriffs who also double-dip.

However, the position of sheriff's officer chief does not fit into that statutory loophole.

In her decision, [Judge Jacobson ordered the release of 13 records](#) DCJ had gathered from other governmental agencies. Those records — along with others previously published by New Jersey Watchdog — show Guadagno was neither the first nor only sheriff who manipulated job titles to help a top aide game the pension system.

In 1990, Essex County Sheriff Armando Fontoura hired John Dough – a retired Newark deputy police chief – to function as his sheriff's officer chief. The sheriff altered the title to chief warrant officer, just as Guadagno later did for Donovan.

As a [New Jersey Watchdog investigation in 2011 found](#):

- Dough identified himself as "Chief of the Essex County Sheriff's Office" in a [2001 statement to a Congressional committee](#).
- According a state [Civil Service Commission decision in 2009](#), Dough was the "Chief, Sheriff's Office," who supervised and outranked a Sheriff's Officer Captain.
- The [Essex County Sheriff's official web site](#) in 2011 proclaimed: "As Chief of the Department, Chief Dough is responsible for the day to day operations of the Essex County Sheriff's Office."

Dough currently receives \$197,832 a year from public coffers – [\\$119,472 in salary plus \\$78,360 from pension](#). A [revised web page](#) now lists Dough as "chief warrant officer" instead of sheriff's officer chief.

In Union County, Sheriff Ralph Froehlich hired Harold Gibson – a retired county public safety director – as his sheriff's officer chief in 2008. As a result, Gibson started collecting \$195,031 a year – [\\$122,995 in salary plus \\$72,306 from pension](#).

After Gibson's pension eligibility was questioned by the PFRS board in 2011, Union County changed his title to "clerk to constitutional officer." By early 2012, Gibson had left the payroll, [according to county records](#).

In Monmouth County, Sheriff Shaun Golden, Guadagno's successor, eventually changed Donovan's job to undersheriff – a position that allows him to legally receive both his [PFRS pension, now \\$86,040 a year](#), as well as a [\\$97,555 county salary](#).

Guadagno has avoided comment on whether she lied about Donovan's job title so he could collect both a salary and pension. When an Associated Press reporter asked her about the controversy just prior to last November's election, Guadagno put a different spin on the issue.

"It saved the taxpayers of Monmouth County \$50,000 for the year, put a uniformed officer on the street, put a well-qualified retired law enforcement officer in his place," [Guadagno told AP](#).

In reality, Guadagno added a new administrative job that cost county taxpayers an extra \$77,000 a year – not including the expense of Donovan's retirement checks to the state pension system.

John J. Cerrato had been sheriff's officer chief at a salary of \$141,687 a year. When Donovan was hired at a salary of \$87,500, Cerrato became sheriff's officer captain – a new position that paid \$131,521 a year, [according to payroll records](#).

[Guadagno also told AP that pension officials had approved her actions](#) — a claim contradicted by the PFRS board's request for a criminal probe.

The secrecy of the DCJ investigation has left the PFRS board without legal guidance on how such pension cases involving job titles should be handled. Hoffman's letter simply suggested trustees could take "whatever administrative action you deem appropriate."

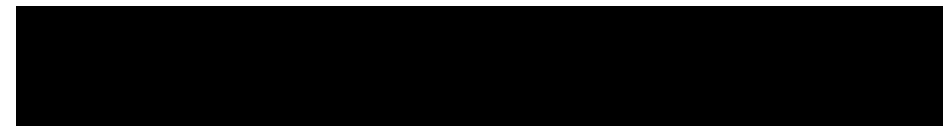
"It's difficult to take appropriate action without the supporting material," responded trustee Richard D. Loccke during the February meeting.

Meanwhile, questionable practices contribute to the woes of a public pension system that faces a \$51 billion debt, [according to state Treasury estimates](#).

Ironically, Gov. Christie has portrayed himself as a champion of New Jersey pension reform, which he once called his "biggest governmental victory."

###

DISCLOSURE: Investigative reporter Mark Lagerkvist is the plaintiff in Lagerkvist vs. State of New Jersey, Mercer County Superior Court, MER-L-464-13.





Michael Donovan takes oath of office before Kim Guadagno, his mother, Emily and Judge Lawrence M. Lawson

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