

Hon. Craig Carpenito,
United States Attorney
District of New Jersey
970 Broad Street – 7th Floor
Newark, New Jersey 07102

Hon. William M. McSwain
United States Attorney
Eastern District of Pennsylvania
615 Chestnut Street, Suite 1250
Philadelphia, PA 19106

Hon. Gurbir S. Grewal
Office of The Attorney General
Richard J. Hughes Justice Complex
25 Market Street, Box 080
Trenton, New Jersey 08625-0080

May 30, 2019

VIA CERTIFIED MAIL

Dear United States Attorneys Carpenito & McSwain and General Grewal:

We are writing to request an immediate criminal investigation concerning a conspiracy to defraud taxpayers of hundreds of millions of dollars that appears to have been hatched by the Norcross family, including evidence of self-dealing in the drafting of New Jersey's Economic Opportunity Act; evidence of falsified threats to leave New Jersey for Pennsylvania; evidence of potential kickbacks; and ongoing efforts to cover up this conspiracy.

While the Office of the Attorney General has already opened an investigation into the tax credit program generally, we believe there is specific evidence in the public domain to focus on the Norcross family. And we believe that the scope of the problems uncovered point to the need for a coordinated investigation at the state and federal levels.

Phase I of the Conspiracy: The Economic Opportunity Act

The "Economic Opportunity Act of 2013" (P.L. 2013, c.161) (EOA) was originally billed as an effort to streamline state economic incentive programs and to extend the State's ability to award incentives because of an expiring \$1.5 billion cap under the prior law. However, the drafting of the legislation became privatized through the undisclosed drafting of provisions geared towards enriching clients, family, and campaign donors of the Norcross family.

More specifically, the law was sponsored by then-Senator Donald Norcross, significantly and secretly modified by the law firm of attorney Phil Norcross, and resulted in an \$86 million award to the company of insurance broker George Norcross — a spectacular display of corruption even by New Jersey standards. In fact, ProPublica reported that at least \$1.1 billion in tax awards can be connected to

businesses or allies of George Norcross (see: “How Companies and Allies of One Powerful Democrat Got \$1.1 Billion in Tax Breaks,” 5/1/19, <https://www.propublica.org/article/george-norcross-democratic-donor-tax-breaks>).

In a recent front page story printed by the New York Times, the drafting of the legislation was exposed as rife with self-dealing and with provisions inserted specifically to benefit special interests that have reaped hundreds of millions in benefits (see: “The Tax Break Was \$260 Million. Benefit to the State Was Tiny: \$155,520,” 5/1/19, <https://www.nytimes.com/2019/05/01/nyregion/nj-tax-break-kevin-sheehan.html>).

This is self-dealing at a scope and scale unprecedented in modern New Jersey history. Evidence also exists of a series of questionable land purchases on the Camden waterfront in the period leading up to, during, and following the passage of the EOA (see: “That Time Camden County Improvement Authority Gave The State Waterfront Property For \$1 And Then The State Gave The Same Property To A Developer For \$1,” The Bob And Steve Show, 2/6/19, <https://www.bobandsteve.com/blog/2019/2/6/that-time-camden-county-improvement-authority-gave-the-state-waterfront-property-for-1-and-then-the-state-gave-the-same-property-to-a-developer-for-1>).

And following passage of the law, reporting by WNYC/ProPublica shows close ties between top EDA officials and attorneys at Parker McCay, the South Jersey law firm headed by Phil Norcross (“Emails Reveal Norcross Family’s Pull Over NJ Tax Breaks,” WNYC/ProPublica, 5/21/19, <https://www.wnyc.org/story/emails-reveal-norcross-familys-pull-over-nj-tax-breaks/>).

Phase II of the Conspiracy: Falsified Applications at the New Jersey Economic Development Authority

Governor Murphy’s Task Force on EDA Tax Incentives recently publicly disclosed evidence suggesting the likely falsification of threats to move companies out of state, which would constitute criminal behavior. In just one example, the application of George Norcross’s business, Conner Strong & Buckelew (CSB), to the EDA includes evidence of potential falsified threats to move to Pennsylvania.

In fact, over a year prior to CSB even submitting its application, it was reported that “Norcross’ insurance firm, Conner Strong & Buckelew, is considering moving its headquarters into the development” (“Plans announced for vast new development on Camden waterfront,” The Philadelphia Inquirer [syndicated][9/24/15, copy appended <http://www.chicagotribune.com/business/sns-tns-bc-christie-taxincentives-20150924-story.html>); and reports that “a number of business leaders have already committed to this project” (“Developers plan \$1B project to remake Camden waterfront,” Politico, 9/24/15, <https://www.politico.com/states/new-jersey/story/2015/09/developers-plan-1b-project-to-remake-camden-waterfront-025960>).

In another example, Cooper Health System in Camden received approval for its tax break only four days after it received a quote on a lease in Philadelphia, thereby satisfying its threat to move out of state. The timing raises suspicions about Cooper’s commitment to moving out of state – particularly because publicly released emails show top Cooper officials homing in on a site in Camden. It is clear that EDA Board did not exercise appropriate oversight on Norcross’ projects should surprise no one. The Board was deliberately populated with close allies of Norcross, including Board members who are the payroll of his allies; those who have vacationed with Norcross in Puerto Rico; and campaign contributors.

Phase III of the Conspiracy: The Kickbacks

Grow NJ recipients quickly became a stable of patronage for the Norcross family in the form of professional contracts, campaign contributions, and sponsorships. Norcross's insurance business has received contracts as a result of the EOA as reported recently by The Philadelphia Inquirer. ("Two N.J. heavyweights, Jingoli and Holtec, square off in court over Camden technology campus," 4/24/19, <https://www.philly.com/business/camden-christie-norcross-tax-credits-holtec-jingoli-20190424.html>). Norcross' brother has secured legal engagements as a result of the EOA. ("The Untold Tragedy of Camden, NJ," The Huffington Post, 3/8/16, <https://www.huffpost.com/entry/the-untold-tragedy-of-camden-9401640>).

Grow NJ recipients in Camden have also made six-figure loans and political contributions to the General Majority PAC linked to George Norcross, including \$250,000 loans by Holtec CEO Krishna Singh and NFI Industries CEO Sidney R. Brown ("How a group of Norcross associates helped fund Sweeney's reelection," Politico, 4/26/18, <https://www.politico.com/states/new-jersey/story/2018/04/26/how-a-group-of-norcross-associates-helped-fund-sweeneys-reelection-380412>).

This is particularly noteworthy given recent reporting from WNYC that shows Holtec failed to note that the company had been debarred from doing business with the Tennessee Valley Authority, a federal agency ("A False Answer, A Big Political Connection And \$260 Million In Tax Breaks," WNYC/ProPublica, 5/23/19, <https://www.wnyc.org/story/false-answer-political-connections-millions-tax-breaks/>).

Grow NJ recipients have been sponsors at galas benefitting foundations with links to the Norcross family (see document appended <https://foundation.cooperhealth.org/gala-2019>). It has also been suggested that Norcross has used his clout in the Legislature to make the sale of tax credits more lucrative for his company and his allies, which almost led to the shutdown of the State of New Jersey ("How a fight over tax breaks on the sale of tax breaks nearly derailed state budget deal," Politico, 1/25/19 <https://www.politico.com/states/new-jersey/story/2019/01/24/how-a-fight-over-tax-breaks-on-the-sale-of-tax-breaks-nearly-derailed-state-budget-deal-810659>).

Phase IV of the Conspiracy: The Cover-up

Time is of the essence in this investigation. In previous years, efforts to reform New Jersey's EOA prior to the approval of Conner Strong's application were blocked by Norcross allies. ("Lesniak backs off corporate tax break moratorium, reforms," Star-Ledger, 6/11/15, https://www.nj.com/politics/2015/06/lesniak_backs_off_corporate_tax_break_moratorium_r.html).

And since the issuance of a scathing report by the New Jersey Comptroller, allies of Norcross in the Legislature have been pushing back against an examination of the current issue and defending the status quo ("New Jersey Groups Across the Political Spectrum Join Together to Demand Accountability & Reform at the NJ EDA," Insider NJ, 3/28/19, <https://www.insidernj.com/press-release/new-jersey-groups-across-political-spectrum-join-together-demand-accountability-reform-nj-eda/>).

One key ally of Norcross in the state Senate, during the Senate budget hearing on the Department of Law and Public Safety, even asked the Attorney General whether the Governor's Task Force had

legitimate subpoena power. Norcross allies in the Legislature are still maintaining that the current program should be renewed (“Sweeney: ‘No one’s done anything wrong’ with tax breaks,” 5/1/19, <https://njbiz.com/sweeney-no-ones-done-anything-wrong-tax-breaks/>).

It is for the foregoing reasons that we are hopeful that your offices will conduct and immediate, throughout and impartial criminal investigation into this growing scandal. Taxpayers deserve no less.

Sincerely,

New Jersey Working Families Alliance

ATNJ

NJ11th for Change

Women for Progress

Ridgewood JOLT

Cooper River Indivisible

Westfield 20/20

South Jersey Women for Progressive Change

Our Revolution Essex County

Collingswood Progressive Democrats

Indivisible NJ 5th District

Essex Rising

CC: The Hon. Ronald Chen, Chairman, New Jersey Tax Incentive Task Force