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44 Arrested in N.J. Corruption Sweep

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By Jonathan Tamari, The Philadelphia Inquirer

Jul. 24--Two New Jersey assemblymen, three mayors, and rabbis hailing from Brooklyn to the Shore were among dozens of people arrested yesterday as part of a federal investigation into international money laundering and homegrown political corruption.

Forty-four people were arrested. Also, a member of Gov. Corzine's cabinet, Joseph V. Doria Jr., whose house and office were raided, resigned, although he was not charged.

Prosecutors said the investigation, reaching through layer upon layer of government, revealed a "pervasive" culture of corruption.

"New Jersey's corruption problem is one of the worst, if not the worst, in the nation," said Ed Kahrer, who heads the FBI's white-collar and public-corruption investigation division. "Corruption is a cancer that is destroying the core values of this state."

Daniel Van Pelt, a Republican Shore-area assemblyman who doubles as township administrator in Lumberton, was among 29 people arrested on corruption charges.

In Jersey City, those arrested included Democratic Assemblyman L. Harvey Smith, former members of the parking and housing authorities, a onetime school board vice president, a deputy mayor, and the City Council president.

The investigation began with the FBI's looking into an alleged money-laundering operation led by a number of rabbis that reached from the Shore town of Deal to Brooklyn, N.Y., Switzerland, and Israel.

A Brooklyn man, Levy Izhak Rosenbaum, allegedly tried to entice people to give up a kidney for \$10,000 so he could sell the organs for \$160,000 each, according to acting U.S. Attorney Ralph Marra.

The FBI informant at the center of the laundering investigation was eventually introduced to public officials in Hudson County, where the case took a turn into bribery.

The mayors of Hoboken, Secaucus, and Ridgefield, all in North Jersey, were charged in the operation, which involved more than 300 FBI, IRS, and other agents. The FBI used a bus to take some of the many accused to its Newark office.

Doria's resignation likely marks the end of a long political career in which he has served as speaker of the Assembly, mayor of Bayonne, a state senator, and, at the time of his resignation, commissioner of the Department of Community Affairs. The department oversees state control of Camden and Doria often served as the face of the administration in the city. Corzine sought, and got, his resignation.

The investigation centered on a cooperating witness who was charged with bank fraud in May 2006 and who, working with the FBI, laundered roughly \$3 million through operations run by the rabbis in Deal and Brooklyn, according to authorities.

The timing and published reports point toward Solomon Dwek as the cooperating witness. Dwek, a onetime real estate developer and a leader at a yeshiva in Deal, was arrested in May 2006 for allegedly trying to defraud PNC Bank. His family was prominent in Deal's Syrian Jewish community. Several of the alleged launderers at the Shore and in Brooklyn were Syrian Jewish rabbis.

In most cases, according to the U.S. Attorney's Office in New Jersey, the rabbis used charitable organizations to launder money that they believed came from bank fraud and selling counterfeit goods. The witness allegedly told targets he was in bankruptcy and trying to hide his cash. In some instances, he said, the money came from the sale of fake Gucci bags.

"These rings, led by clergymen, cloak their extensive criminal activity behind a facade of rectitude," Marra said.

One of the alleged money launderers was a Hudson County developer who introduced the FBI's man to a Jersey City building inspector. The inspector, John Guarini, allegedly took a \$20,000 bribe in 2007 that touched off the corruption probe.

Guarini introduced the cooperating FBI witness to Maher Khalil, deputy director of the Jersey City health department. Khalil, in turn, introduced the man to a web of politicians in meetings at diners and restaurants where cash was exchanged for the promise of influence, according to authorities. The witness told officials he was seeking help with getting his developments approved.

Van Pelt allegedly took \$10,000 to help expedite permitting for a project in Ocean Township, where he was

a longtime councilman and, until this year, mayor. As a member of the Assembly Environment Committee, he had oversight of the state Department of Environmental Protection.

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Reaction was quick and harsh. In seeking Doria's resignation, Corzine said the commissioner could no longer be effective.

"Any corruption is unacceptable, anywhere, anytime, by anybody. The scale of corruption we're seeing as this unfolds is simply outrageous and cannot be tolerated," Corzine said in a statement.

Christopher J. Christie, the Republican running against Corzine in the fall, was in charge of the U.S. Attorney's Office when the investigation began.

"This is obviously just another really tragic day for the people of New Jersey," Christie said in a statement.

Corzine and Assembly leaders from both parties urged Van Pelt and Smith to resign.

Prosecutors and political observers said the arrests reinforced New Jersey's image as a home of ingrained corruption.

"It's reinforcing the lore, or the legend," said Ingrid Reed, director of the New Jersey Project at Rutgers University's Eagleton Institute of Politics.

Reed said the arrests would overshadow the efforts of those public officials who have tried to clean up state ethics.

"It's kind of an assumption that if you're in office, you can do what you want to do to serve your own self-interest," Reed said.

She said more emphasis was needed on reinforcing ethics rules at the local level. A lack of interest in local campaigns and a political map that makes winning easy for the dominant party enables the spread of corruption, she said.

"The lack of competitive elections, I think, just reinforces the idea that when you're in office, you can do anything you want to do," Reed said.

In one criminal complaint, the mayor of Hoboken, Peter J. Cammarano III, told the FBI informant that he would easily win election even if he were indicted.

Marra said the reach of the investigation underscored "more than ever the pervasive nature of public corruption in this state."

He added, "The complaints show that for these defendants, corruption was a way of life. They existed in an ethics-free zone."

This article contains information from the Associated Press.

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