NJ's Christie: Failure To Report Loan An Oversight

ANGELA DELLI SANTI, Associated Press Writer
CHERRY HILL, N.J. (AP) — The former U.S. attorney for New Jersey who is now running for governor said Tuesday his failure to report a $46,000 loan he made to a subordinate was an oversight.

Republican Chris Christie said he is fixing "my mistake" by amending personal income tax and financial disclosure filings that omitted the loan to fellow prosecutor Michele Brown.

Brown was the No. 4 at the U.S. Attorney's Office and Christie was her boss when he made the loan in 2007. She is now the first assistant U.S. attorney under Acting U.S. Attorney Ralph Marra. Christie promoted her twice before resigning in December.

Christie faced questions about the legal and ethical implications of the loan after a public television station aired a report about it Monday night.

On Tuesday, Christie said he accepted responsibility for failing to report interest income from the loan on his federal tax return and not reporting the loan on federal and New Jersey ethics forms. He said he did not see a problem, however, with lending money to someone he supervised.

He said he also does not see a conflict with the arrangement continuing now that he is running for governor. Brown pays Christie $500 a month, he said, at that rate, the loan will be repaid in 2017.

"It is a conflict of interest," said Ingrid Reed of Rutgers University's Eagleton Institute of Politics, a member of Gov. Jon Corzine's ethics task force. "The conflict really started with making that kind of a loan to an employee. You would have hoped he had broken off all connections with the U.S. Attorney's Office, but he still has the relationship of being a lender to a person who is in that office."

Greg Reiner, a spokesman for the U.S. Attorney's Office, said Marra knew about the loan but viewed it as a personal transaction between friends; Christie, Brown and their spouses are also neighbors in Mendham. Messages left at a Brown residence in Mendham were not returned Tuesday night.

Corzine was dogged during the 2005 gubernatorial campaign by questions about a personal loan he made to former girlfriend Carla Katz but failed to report on his financial disclosure filings. Corzine gave Katz a $470,000 mortgage, then forgave the debt. At the time of the loan, Katz was the head of New Jersey's largest Communications Workers of America local.

Christie, who is challenging Corzine in November, said he will file an amended 2007 federal tax return to reflect $420 in interest payments on the loan. When he files his 2008 return, probably in October, he said it will include $2,400 in interest income on the loan. He said he's also amending disclosure filings with the New Jersey's Election Law Enforcement Commission and U.S. Justice Department.

"I made a mistake by not putting it on the return," Christie said of the loan. "It was certainly nothing I was trying to conceal or hide because obviously we did everything the way you're supposed to do this — we did a mortgage, we recorded the mortgage at the county courthouse where the property was located, and Michele and (her husband) Mike have been paying their monthly payments every month since that time."

Christie said he and his wife offered to lend Brown money after her husband lost his job and the couple ran up their credit cards. He said the loan amount, which is being repaid at 5.5 percent interest rate, covered the couple's debt.

As a federal prosecutor, Christie has come down hard on tax cheats, boasting in a 2005 press release, "We have prosecuted every variation of tax fraud and method of evasion."

On Tuesday, he said his case was different because he didn't intentionally cheat the government.

He's also prosecuted political operatives who failed to disclose income and assets. One, Democratic lawyer Dennis Ony, awaits trial on charges he failed to disclose his stake in a company that was receiving public funding.

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