



***United States Attorney  
District of New Jersey***

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**TOMS RIVER REGIONAL SCHOOL DISTRICT SUPERINTENDENT AND  
INSURANCE BROKER WITH DISTRICT BUSINESS CHARGED  
IN FRAUD AND BRIBERY SCHEME**

NEWARK, N.J. – The Toms River Regional School District Superintendent and an insurance broker contracted with the district are charged in an 18-count Indictment with fraud and bribery offenses, United States Attorney Paul J. Fishman announced.

Michael J. Ritacco, 62, of Seaside Park, N.J., surrendered this morning to agents of the FBI and appeared this afternoon before United States Magistrate Judge Michael A. Shipp in Newark. Francis X. Gartland, 69, of Baltimore, Md., is expected to surrender to authorities and appear before Judge Shipp tomorrow.

The Indictment, returned October 19, 2010, charges the defendants with scheming to use the mails and wires to give and obtain lucrative bribes and kickbacks, traveling and using other facilities in interstate commerce to promote and facilitate bribery, and bribery in connection with a local government agency that received federal funding.

Today's arrests follow the guilty pleas of Frank D'Alonzo, a former Director of Athletics and Special Projects for the Toms River School District, and Frank Cotroneo, who was a health insurance co-broker with Gartland for the school district. D'Alonzo and Cotroneo pleaded guilty to charges related to their participation in the bribery scheme and to their own federal income tax evasion on October 18, 2010, before Chief United States District Judge Garrett E. Brown Jr. in Trenton federal court.

U.S. Attorney Fishman stated: "As alleged in the Indictment, Ritacco accepted and Gartland paid bribes and kickbacks in a scheme that was staggering in its magnitude and scope. No matter what one's position or title, every corrupt public official has real victims. Every time they line their own pockets, they strike at the core of the people's trust in their government. And in this case, the defendants' alleged conduct cost the citizens of Toms River more than a million dollars."

FBI Special Agent in Charge Michael B. Ward said, "The alleged conduct in this matter is disheartening. In Michael Ritacco, you have an individual who was entrusted by the public to oversee and administer one of New Jersey's largest school districts, and consequently help oversee the education and welfare of the community's children. Instead of embracing this responsibility, he instead chose to leverage his position to engage in illegal activity in which he received cash and benefits in excess of \$1 million. In Frank Gartland, you have an individual

who allegedly agreed to pay these kickbacks and bribes in order to ensure his continued receipt of fees in excess of \$1 million annually. In all instances, it was the taxpayers of New Jersey who were duped.”

According to the Indictment, other documents filed in connection with the investigation, and statements made in court:

At the time of the alleged conduct, Ritacco was the superintendent of the Toms River Regional School District (the “District”), overseeing a budget of approximately \$195 million involving approximately 18,000 students. Ritacco supervised all aspects of the District’s business, including fiscal operations, and had the power and authority to sign contracts for the District, consult with its board members and make recommendations to those board members regarding the appointment of professionals – including the District’s insurance broker – and other matters pertaining to insurance.

Gartland was an insurance broker with an office in Towson, Md. who, through his companies, Federal Hill Risk Management, L.L.C. (“Federal Hill”), Gartland and Company, Inc. (“Gartland & Co.”), and Dynamic Claims Management, Inc. (“DCM”), obtained insurance brokerage contracts with numerous local government entities in New Jersey, including the District. Gartland also controlled other entities, including Insurance Dynamics Consulting Services LLC (“IDCS”), E-Administrative Systems Inc. (“EAS”), and 1000 Washington Street LLC (“1000 Washington Street”).

Ritacco and Gartland conspired for Ritacco to accept and agree to accept a stream of concealed and undisclosed bribes and kickbacks in the form of cash, money and other things of value from Gartland, another individual who provided employee assistance plan and worker’s compensation administration services to the District (referred to in the Indictment as the “Service Provider”), and Cotroneo. Those payments were used for Ritacco’s direct and indirect benefit, and on many occasions, the direct benefit of his girlfriend (referred to in the Indictment as the “District Employee”). The bribes were made in exchange for Ritacco’s official action and influence in matters relating to the District’s insurance business.

Ritacco accepted between \$1 million and \$2 million from as early as 2002 to April 2010 from Gartland, the Service Provider and Cotroneo, including regular payments – either directly or through another party – that were funneled through entities controlled by his co-conspirators.

In addition to payments made to Ritacco, payments were made by D’Alonzo or Gartland on his behalf, including to pay down his home equity line of credit, pay for appliances for his and a relative’s home, cover plumbing expenses, and buy a car for a relative of the District Employee.

Specifically, Gartland paid through EAS for certain expenses for the benefit of the District Employee, including to pay the college tuition of one of her relatives, pay a contractor for work

done on her home, pay down expenses incurred for audio video equipment in her master bedroom, and buy her a \$20,500 watch.

The charges further allege that the co-schemers, including Ritacco and Gartland, took a number of steps to conceal the corrupt arrangement, including causing bank accounts in the names of sham companies to be set up to filter cash and other monetary payments from Gartland to Ritacco. Ritacco also caused D'Alonzo and a long-time friend of Ritacco's and associate of Gartland's (described in the Indictment as the "Intermediary") to pay him in cash to avoid an audit trail, instructed them to withdraw cash from banks and financial institutions in a certain manner to avoid reports being filed on those transactions, and instructed the Intermediary not to directly discuss the transactions on cell phones.

Ritacco and Gartland also concealed material information from the District's board, including about their corrupt arrangement. In fact, Ritacco intentionally concealed material information on financial disclosure statements for 2002 through 2009. He also caused illegal cash proceeds to be kept secretly in a safe deposit box at a bank in Naples, Fla.

The Indictment also alleges that Gartland sought to influence and control Ritacco's decisionmaking and discretion and that Ritacco exercised and attempted to exercise official action and influence favorable to Gartland with respect to the District's insurance business. Among other things, Ritacco recommended that the District Board appoint Frank Cotroneo's company as the broker of record for health insurance in August 2000; recommended that Gartland and certain of his companies be appointed as insurance consultant and broker of record from as early as 2002 to April 2010; agreed to recommend that Ritacco would hire Gartland to administer the District's worker's compensation program for a yearly fee – which fee was inflated by several hundred thousand dollars and then distributed among Gartland, Ritacco and others; recommended that the District Board approve the Service Provider to provide Employee Assistance Plan and worker's compensation administrative services; and recommended that the District Board appoint Gartland's company, DCM, as an insurance consultant from 2002 to 2005.

Ritacco and Gartland are also charged with traveling, causing travel, or using interstate facilities in interstate commerce to facilitate the bribery scheme, including instances where Ritacco received cash payments or other benefits for himself or others that were funded by Gartland through Gartland entities.

The Indictment seeks forfeiture of property that constituted or was derived from proceeds traceable to the offenses – including at least \$1 million; a Mercedes Benz automobile; and \$8,950 in cash seized from Ritacco's residence on April 22, 2010.

Both Ritacco and Gartland are charged in the first 16 counts of the Indictment; Ritacco is charged in count 17, and Gartland is charged in count 18. The charges contained in the Indictment and the maximum potential penalties per count if convicted are as follows:

<b>Count</b>	<b>Offense</b>	<b>Maximum Potential Penalty</b>
1-3, 9	mail fraud	20 years in prison; \$250,000 fine
4-8, 10	wire fraud	20 years in prison; \$250,000 fine
11-16	travel act	Five years in prison; \$250,000 fine
17-18	bribery in connection with federally funded local government agency	10 years in prison; \$250,000 fine

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward, and IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, with the investigation leading to the Indictment.

The government is represented by Assistant U.S. Attorneys Dustin Chao and Jenny R. Kramer of the U.S. Attorney’s Office Special Prosecutions Division in Newark.

The charges and allegations contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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Defense counsel:

Ritacco: Jerome Ballarotto, Esq., Trenton, N.J.

Gartland: John D. Arseneault, Esq., Chatham, N.J.