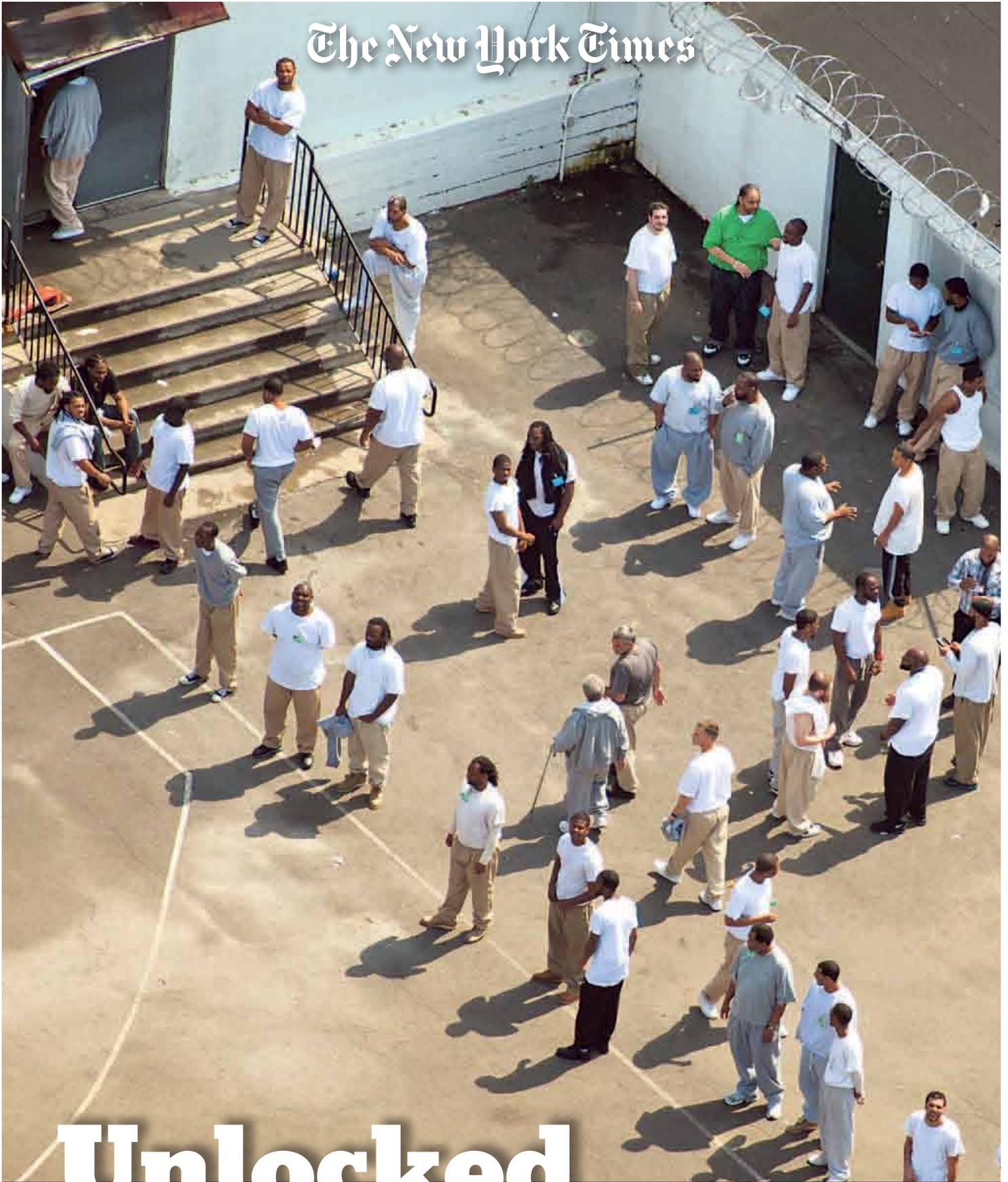


The New York Times



Unlocked

Supplementary Material

“Unlocked,” Sam Dolnick’s three-day series on halfway houses in New Jersey, touched off an intense reaction in the state and resonated across the country.

June 19

Christie Orders Stepped-Up Inspections by State of Halfway Houses

By SAM DOLNICK

Gov. Chris Christie ordered new inspections on Monday of New Jersey’s large, privately run halfway houses, saying his administration would ensure that the system operated “effectively and safely.”

Mr. Christie issued a statement in response to articles published this week in The New York Times that examined the state’s troubled halfway-house system, which has beds for roughly 3,500 parolees and state inmates finishing their sentences.

The system has existed since the 1990s, and state regulation has long been lax — The Times found that the halfway houses, many of which are as large as prisons, have been plagued by violence, drugs, gangs and escapes.

Mr. Christie, a Republican, has deep ties to the company that dominates the halfway-house industry in New Jersey and across the country, Com-

munity Education Centers. His close friend and political adviser William J. Palatucci is a senior executive of the company, and Mr. Christie has often visited and praised its facilities.

“I am calling on the Department of Corrections commissioner, Gary Lanigan, to immediately step up inspections of all halfway houses and report any violations and recommendations for changes to the deputy chief of staff for policy,” Mr. Christie said in the statement.

Democratic lawmakers pledge to hold hearings on a troubled system.

While many of the disturbing accounts reported in today’s New York Times documenting lax oversight and accountability in some of New Jersey’s halfway houses took place prior to this administration, we have an obligation to ensure the community placements program is effectively and safely operating today. This administration takes its responsibility to properly administer this program very seriously which is why we have increased monitoring of halfway houses with enhanced site visits, fines for noncompliance and a new inspection monitoring system that has led to a dramatic decrease in the number of walkaways under this administration.

New Jersey has been on the cutting edge of pursuing policies that both ensure our most violent offenders stay off the streets, such as closing the early release loophole, and support a more rehabilitative approach focused on nonviolent offenders. We need to constantly ensure these policies are being responsibly and safely implemented which is why I am calling on the Department of Corrections Commissioner Gary Lanigan to immediately step up inspections of all halfway houses and report any violations and recommendations for changes to the deputy chief of staff for policy.”

Democrats in the State Legislature issued statements on Monday condemning the administration’s oversight and said they would hold hearings on the system.

Before the articles were published, the Christie administration had responded to The Times’s questions about the system by saying it would increase monitoring. On Monday, Mr. Christie said such measures had already led to “a dramatic decrease in the number of walkaways under this administration,” referring to escapes from halfway houses.

At least 181 inmates and parolees escaped halfway-house custody in the first five months of 2012 — a 35 per-

cent decline when compared with a similar period in 2009, before Mr. Christie took office. Roughly 5,100 people have escaped since 2005, The Times found.

State and county agencies spend roughly \$105 million a year on halfway houses in New Jersey, which are intended to offer drug treatment, job training and other services to help inmates’ transition into society. Community Education received about \$71 million in the last fiscal year.

Community Education posted a statement on its Web site defending its programs. It said the articles in The Times were “an error-filled and gross exaggeration.”

Assemblyman Charles Mainor, a Democrat who is chairman of the Law and Public Safety Committee, said he would scrutinize state oversight, vowing to “take whatever legislative action is necessary to remedy these problems.”

The series began on a Sunday. On Monday, before the third article in the series was even published, Gov. Chris Christie, who had staunchly defended the halfway house system, issued a statement acknowledging the power of Mr. Dolnick’s reporting.



“We have an obligation to ensure the community placements program is effectively and safely operating today. This administration takes its responsibility to properly administer this program very seriously ... I am calling on the Department of Corrections Commissioner Gary Lanigan to immediately step up inspections of all halfway houses and report any violations and recommendations for changes to the deputy chief of staff for policy.”

Newspapers in New Jersey compete aggressively with The New York Times, but they responded strongly to the series. For months, they published editorials calling for reforms to the halfway house system.



The Record, the state's second-largest newspaper:

“In an exhaustive three-part series, The New York Times revealed a system of New Jersey halfway houses that are rife with violence, sexual abuse, gang activity and minimal oversight. ...

Privatization is not a wonder drug, a panacea for replacing all costly government services. Some things require strong oversight. The transition of inmates back into society is one of those things. There may be a place for halfway houses in New Jersey, places that are small enough to be safe, places that are regulated tightly by the state. We would like to see such places succeed in New Jersey.

But what we have now are not such places. In too many cases, what we have is hell.”

“If there is a hell, it is a place where people hear you scream. It is a place where you emit a primal sound, something from deep down in your gut, an animal noise that would send dread into the souls of the most indifferent of men. People hear your pain, but this is hell, so they do not respond. For a low-level lawbreaker, for a barber who once smilingly posed for a photo with Newark Mayor Cory Booker, for Derek West Harris, this was Delaney Hall.

This week, The New York Times published an exposé on New Jersey's halfway houses. Delaney Hall is one of those buildings. Over three days, The Times documented cases of sexual abuse, drug dealing, violence and even murder inside these privately run quasi-jails.

The political sensation of The Times' series was its connection between Republican Governor Christie and William Palatucci, a senior vice president of Community Education Centers, the company that runs Delaney Hall.”



The Times

The Times of Trenton wrote: “The New York Times series paints an alarming picture of inattention to the problems in a system clearly in need of better regulation.”



Asbury Park Press: “It’s nothing new to hear Gov. Chris Christie or one of his aides or allies slam the messenger when the message doesn’t run with their political narrative. In one of the latest cases of this tired ritual, it’s The New York Times that’s the target for its incisive reports last month about the bevy of problems inside New Jersey’s supposedly ‘model’ system of privately run halfway houses.

Violence, a surprising lack of security, drug use, poorly trained staff, inmates begging to go back to prison for their safety, frequent escapes/walkaways — what the Times laid out in detail in a series of stories warrants immediate and forceful action from the governor and state legislators.”



New Jersey Network News: “A recent New York Times series on conditions at New Jersey’s halfway houses caused a stir throughout the state, prompting calls for an examination of the entire system and stricter oversight. But what are the prospects for real systemic change?”



The Press of Atlantic City: “Gov. Chris Christie is not shy when it comes to doling out criticism. He’s not shy about demanding results. Over the years, he’s developed a reputation for being impatient — impatient for the Democrats to act, impatient for tax relief, impatient at fielding off-topic questions from ‘idiot’ reporters.

But where is that impatience when it comes to the issue of improving oversight of the state’s troubled halfway houses?”

The Philadelphia Inquirer

Philadelphia Inquirer, which has a large readership in New Jersey: “New Jersey’s prison halfway houses have become havens for drugs, gangs, sex, assaults, and robberies. They are so poorly monitored it is impossible for them to be places where convicts can make orderly transitions to the outside world.”

*Paul Krugman, the Nobel Prize-winning columnist
for The New York Times, also weighed in:*

“Over the past few days, The New York Times has published several terrifying reports about New Jersey’s system of halfway houses — privately run adjuncts to the regular system of prisons. The series is a model of investigative reporting, which everyone should read. But it should also be seen in context. The horrors described are part of a broader pattern in which essential functions of government are being both privatized and degraded.”

PAUL KRUGMAN

Prisons, Privatization, Patronage

Over the past few days, The New York Times has published several terrifying reports about New Jersey’s system of halfway houses — privately run adjuncts to the regular system of prisons. The series is a model of investigative reporting, which everyone should read. But it should also be seen in context. The horrors described are part of a broader pattern in which essential functions of government are being both privatized and degraded.

First of all, about those halfway houses: In 2010, Chris Christie, the state’s governor — who has close personal ties to Community Education Centers, the largest operator of these facilities, and who once worked as a lobbyist for the firm — described the company’s operations as “representing the very best of the human spirit.” But The Times’s reports instead portray something closer to hell on earth — an understaffed, poorly run system, with a demoralized work force, from which the most dangerous individuals often escape to wreak havoc, while relatively mild offenders face terror and abuse at the hands of other inmates.

It’s a terrible story. But, as I said, you really need to see it in the broader context of a nationwide drive on the part of America’s right to privatize government functions, very much including the operation of prisons. What’s behind this drive?

Halfway houses from hell, and what they mean.

You might be tempted to say that it reflects conservative belief in the magic of the marketplace, in the superiority of free-market competition over government planning. And that’s certainly the way right-wing politicians like to frame the issue.

But if you think about it even for a minute, you realize that the one thing the companies that make up the prison-industrial complex — companies like Community Education or the private-prison giant Corrections Corporation of America — are definitely not doing is competing in a free market. They are, instead, living off government contracts. There isn’t any market here, and there is, therefore, no reason to expect any magical gains in efficiency.

And, sure enough, despite many promises that prison privatization will lead to big cost savings, such savings — as a comprehensive study by the Bureau of Justice Assistance, part of the U.S. De-

partment of Justice, concluded — “have simply not materialized.” To the extent that private prison operators do manage to save money, they do so through “reductions in staffing patterns, fringe benefits, and other labor-related costs.”

So let’s see: Privatized prisons save money by employing fewer guards and other workers, and by paying them badly. And then we get horror stories about how these prisons are run. What a surprise!

So what’s really behind the drive to privatize prisons, and just about everything else?

One answer is that privatization can serve as a stealth form of government borrowing, in which governments avoid recording upfront expenses (or even raise money by selling existing facilities) while raising their long-run costs in ways taxpayers can’t see. We hear a lot about the hidden debts that states have incurred in the form of pension liabilities; we don’t hear much about the hidden debts now being accumulated in the form of long-term contracts with private companies hired to operate prisons, schools and more.

Another answer is that privatization is a way of getting rid of public employees, who do have a habit of unionizing and tend to lean Democratic in any case.

But the main answer, surely, is to follow the money. Never mind what privatization does or doesn’t do to state budgets; think instead of what it does for both the campaign coffers and the personal finances of politicians and their friends. As more and more government functions get privatized, states become pay-to-play paradises, in which both political contributions and contracts for friends and relatives become a quid pro quo for getting government business. Are the corporations capturing the politicians, or the politicians capturing the corporations? Does it matter?

Now, someone will surely point out that nonprivatized government has its own problems of undue influence, that prison guards and teachers’ unions also have political clout, and this clout sometimes distorts public policy. Fair enough. But such influence tends to be relatively transparent. Everyone knows about those arguably excessive public pensions; it took an investigation by The Times over several months to bring the account of New Jersey’s halfway-house-hell to light.

The point, then, is that you shouldn’t imagine that what The Times discovered about prison privatization in New Jersey is an isolated instance of bad behavior. It is, instead, almost surely a glimpse of a pervasive and growing reality, of a corrupt nexus of privatization and patronage that is undermining government across much of our nation. □

As soon as the series was published, lawmakers in both houses of the New Jersey Legislature announced hearings. They were held in late July.

Focus on Halfway Houses At a State Senate Hearing

By SAM DOLNICK

TRENTON — Legislators said Thursday that the state should consider posting corrections officers inside privately run halfway houses, a move that would significantly increase New Jersey's oversight of the troubled facilities.

Many of the state's halfway houses are the size of prisons, but have little of the security, relying upon low-wage workers with little training instead of professional officers.

Proposals to increase staffing and security were discussed at a State Senate hearing, where lawmakers pressed halfway house operators and senior state officials about escapes, drug use and violence in the facilities.

Legislators said they were disturbed that the halfway house network had arisen with minimal oversight and regulation.

"It's been basically, we cut a check and hope for the best," said Senator Barbara Buono, a Democrat from Edison and the vice chairwoman of the Legislative Oversight Committee, which conducted the hearing.

The hearing, before a standing-room-only crowd, came a month after a series in The New York Times detailed widespread dysfunction in the state-regulated system of halfway houses, which are intended to rehabilitate parolees and inmates finishing their prison terms.

Community Education Centers, the company that dominates the halfway house system and has recently come under fire, sought to bolster support by packing the room with staff members and former inmates. Gary

M. Lanigan, the corrections commissioner, acknowledged problems with the halfway houses, saying, "There have been horrific acts that have happened."

But he defended the system and said his department tripled the number of inspections from two years ago. He said officials had cracked down on contraband and escapes. "If this is going to be a model that is used nationally, we have to make sure it works, and I think we have made sure it works," Mr. Lanigan said.

Gov. Chris Christie, who has been a champion of halfway houses and has close ties to Community Education, brushed aside criticism of the system on Thursday. "There are always going to be mistakes that are made," Mr. Christie, a Republican, told reporters. "The important thing is to correct the mistakes when they're made."

Legislators have criticized Mr. Christie for his close ties to Community Education. He has visited and praised its facilities many times, and one of his closest friends and political advisers, William J. Palatucci, is a senior vice president at the company. During the hearing, Mr. Palatucci stood at the back of the room, his arms folded against his chest.

Last month, the Legislature, which is controlled by Democrats, approved a measure requiring the Corrections Department to disclose more information about halfway house operations. Mr. Christie used a line-item veto to weaken the requirements, saying the measure was burdensome.

At the hearing on Thursday, John J. Clancy, the chief executive of Community Education,



LAURA PEDRICK FOR THE NEW YORK TIMES

John Clancy of Community Education Centers spoke Thursday.

strongly defended his company's record, saying, "New Jersey has the best community corrections system in the country."

Mr. Clancy founded Community Education in the 1990s, promoting large halfway houses as a way for states to cut prison costs. In the years since, he has courted elected officials while signing new government contracts in New Jersey.

He said Thursday that the facilities played a crucial role in keeping inmates from returning to crime when they re-entered society.

"The New Jersey system is successful, precisely because it was well thought out and formed in a public-private partnership," he said. He added that he thought the system should be significantly expanded.

Mr. Clancy told the senators that violence inside the facilities was not an issue, saying though 28,000 inmates had passed through Talbot Hall, the company's flagship halfway house, there had been only four fights there since it opened in 1998.

He referred to the 2009 murder of an inmate, Derek West Harris, who was killed in another Community Education halfway house,

as an isolated episode that could not have been avoided.

Mr. Clancy dismissed the articles in The Times, which were repeatedly cited by senators and speakers during the hearing, as "grossly inaccurate."

After Mr. Clancy's testimony, Ms. Buono said that she was suspicious of the company's agenda. "I think the profit motive is really poisoning the well," she said.

Senator Robert M. Gordon, a Democrat from Bergenfield and the committee chairman, said he planned to draft legislation to help fix the system, and wanted to explore assigning professional officers to the halfway houses.

"We have police officers at sporting events," he said. "I'm just wondering whether there the would be some benefit in just having a uniformed presence in some of these facilities."

Correction officers unions disapprove of that idea, saying the system needs wholesale revisions. "If the true intent is to rehabilitate low-level and about-to-be-released offenders, then you don't need officers there," Joe Amato, president of the union that represents Essex County Correction officers, told the senators.

Sharp Words on New Jersey Halfway-House System at Assembly Hearing

By SAM DOLNICK

TRENTON — Prominent Democratic lawmakers expressed deep skepticism about New Jersey's privately run halfway houses on Monday, signaling during a contentious hearing that they favored a major overhaul of the system.

During more than seven hours of testimony, the state lawmakers sharply questioned officials and halfway-house operators about security, treatment programs and state contracts.

"Something is terribly wrong," said Assemblyman Charles S. Mainor, a Democrat of Hudson County and the chairman of the Assembly Law and Public Safety Committee, which held the hearing. "We are prepared to take whatever legislative action is necessary to remedy these problems."

The lawmakers focused much of their attention on the company that dominates the system, Community Education Centers, which has longstanding ties to Gov. Chris Christie.

Mr. Christie's close friend and political adviser William J. Palatucci is a senior vice president of Community Education. Mr. Christie, a Republican, has defended the system, saying his administration is addressing shortcomings in how the halfway houses handle thousands of inmates and parolees a year.

But Democrats who control the Legislature have assailed state regulators over their oversight of the system.

The hearing was the second called by lawmakers in the wake of a three-part series in *The New York Times* last month on New Jersey's halfway houses. The articles in the series highlighted escapes, violence, drugs, fraud and other problems in the system, which the state has long called a national model.

The State Senate held a hearing on the system on Thursday.

At the hearing on Monday, Assemblyman Joseph P. Cryan, a Democrat from Union County who has emerged as an outspoken critic of the system, asked the state comptroller, Matthew Boxer, to open an investigation into the finances of Community Education.

Community Education, which is privately held, has had severe financial difficulties over the last four years, which were not disclosed to regulators because of the structure of the company's contracts.

State law prohibits companies from obtaining halfway-house contracts. Community Education operates its halfway houses through a nonprofit group that it controls, under an arrangement that the state has permitted since the 1990s.

Mr. Boxer's office said after the hear-



RICHARD PERRY/THE NEW YORK TIMES
Assemblyman Joseph P. Cryan at a hearing in Trenton on Monday.

ing that it would consider opening an inquiry.

Democrats said they were angered that Community Education had not sent its chief executive, John J. Clancy, to testify. Another senior executive, Robert Mackey, appeared instead.

"It's absolutely a disgrace that he's not here," Mr. Cryan said.

Assemblyman Mainor quickly dismissed Dr. Mackey, which led dozens of Community Education workers in the audience to leave the chamber.

Dr. Mackey was briefly called back to answer more questions about how Community Education obtained its contracts through the nonprofit group.

Democrats on the committee questioned whether the state should require Community Education to disclose more information about its finances.

"Is C.E.C. too big to fail?" Mr. Cryan asked. "If they went under, would we have to bail them out?"

Mr. Boxer said it would be "very much in the state's interest to have an awareness of their finances."

Dr. Mackey said his company had an excellent record. "We've always paid our bills; we will always continue to pay our bills," he said.

Two Republicans on the committee, Gregory P. McGuckin of Ocean County and Erik Peterson of Hunterdon County, sought to counter the Democrats' criticism, praising Community Education for providing a service that saved the state government millions of dollars annually.

Assemblyman Peterson said the comptroller's office, which conducted an audit last year that criticized over-

sight of the system, did not need to go further.

"You seem to be pretty tenacious and diligent," Mr. Peterson told Mr. Boxer. "If you believed that there was something amiss, you would have used that subpoena power."

Gary M. Lanigan, Mr. Christie's corrections commissioner, said the system did a good job helping prisoners return to society.

After the articles were published in *The Times* last month, Mr. Christie ordered more inspections of halfway houses, and Mr. Lanigan said he had directed two senior corrections officials to visit every one of the 20 or so halfway houses that serve state inmates. He said the improvements so far were "the beginning of the process, not the end."

At the hearing, halfway-house operators and corrections officials played down the prevalence of contraband inside the facilities.

But Rich Brown, chairman of the union representing state corrections officers, which opposes prison privatization, testified that contraband was a problem.

He said a raid two weeks ago at a halfway house run by the Kintock Group yielded 44 cellphones, 10 empty liquor bottles, several bags of pills and "six bags of a green leafy substance."

The Assembly hearing took more than seven hours — one of the longest and most dramatic in recent memory in Trenton, legislative aides said.

Committee Meeting

of
ASSEMBLY LAW AND PUBLIC SAFETY COMMITTEE

"Testimony from invited guests regarding the current status of halfway houses operating under the New Jersey Department of Corrections"

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: July 23, 2012
10:30 a.m.

MEMBERS OF COMMITTEE PRESENT:

- Assemblyman Charles S. Mainor, Chair
- Assemblyman Nelson T. Albano
- Assemblyman Daniel R. Benson
- Assemblyman Sean Connors
- Assemblyman Joseph P. Cryan
- Assemblywoman Bonnie Watson Coleman
- Assemblyman Robert D. Clifton
- Assemblyman Ronald S. Dancer
- Assemblyman Gregory P. McGuckin
- Assemblyman Erik Peterson



ALSO PRESENT:

Wendy S. Whitbeck
Office of Legislative Services
Committee Aide

Nicole A. Brown
Assembly Majority
Committee Aide

Andrew Wynne
Assembly Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 988, Trenton, New Jersey



Assemblyman Charles Mainor:
"We've seen the news reports detailing escapes, gang violence, drugs, and sexual abuse at these facilities; and we've learned of the tragic consequences that have come from that."



Assemblyman Joseph Cryan:
"The installments in that series shocked our conscience."



Ibrahim Sharif, former Parole Board official: "Why are we sitting here today? Because the New York Times and Sam Dolnick brought this issue to our table."

Others followed up with calls for more investigations:



State Senator Barbara Buono, vice chair of the Senate Legislative Oversight Committee: “Even after both the Senate and Assembly have completed their first round of hearings on the halfway houses, more stories continue to pour in of residents not getting the vital services needed to successfully transition back into their communities. More investigation is clearly needed, and the Office of the Comptroller should be leading those efforts.”

The hearings also sparked more editorials:



Philadelphia Inquirer:

“Hearings into the lax oversight of New Jersey’s prison halfway houses won’t do much good if they don’t dig into the fundamental question of whether the state should scrap the privatized program and assume direct control with its own employees.

The separate Assembly and state Senate hearings this week come a month after a New York Times series reported that some halfway houses have become dens of violence, drug abuse, and sexual assault. They have become holding tanks for prisoners awaiting trial and include inmates with such violent histories they should have never been assigned to live in low-security settings. It’s no wonder some residents have begged to be returned to a regular prison.”



The Star-Ledger, the state's largest newspaper:

“The newspaper report cited a pattern of escapes, gang activity, violence and drug use at CEC’s halfway houses in New Jersey — held up as a national model for helping inmates move smoothly back into the community.

There have been more than 5,000 escapes and parole absconders from the halfway houses since 2005, the report said. In one facility, violence was so rampant that inmates asked to go back to prison. As New Jersey takes steps to keep nonviolent offenders out of state prisons, are we allowing a new level of violent incarceration take shape?

What’s needed is a formal investigation.”

Asbury Park Press:

“Legislation seeking more halfway-house oversight has been around for years, but gained traction after a series of New York Times stories on the deficiencies of the system.

Lawmakers are seeking more control of a halfway-house system reportedly riddled with violence, drug use and security lapses, yet Christie decides those companies already involved in running that system don’t need the additional oversight? They should be the first to be scrutinized.”

Governor Christie pushed back by trying to undercut the first efforts at halfway house reform.

Christie Seeks to Weaken Halfway Houses’ Oversight

By SAM DOLNICK

Gov. Chris Christie’s administration came under heavy criticism from legislators last month at hearings on New Jersey’s privately run halfway houses, which handle thousands of inmates each year. On Wednesday, Mr. Christie fired back, saying he would significantly weaken a measure approved by the legislators to increase their oversight of the system.

It was the second time Mr. Christie moved to weaken new regulations for halfway houses.

The Democratic-controlled Legislature approved a bill in

veto message — essentially returning the measure to the Legislature with a demand for revisions. “We must be diligent in ensuring that privatization efforts save tax dollars and streamline government operations,” he said in the statement.

His aides later explained that he did not believe that the bill should apply to current contracts because his administration already properly supervised them.

His statement on the legislation was assailed by Democratic lawmakers, who accused him of protecting Community Education Centers, the state’s biggest half-

But by November, the scrutiny of Community Education, the largest halfway house provider, had grown so intense that its senior vice president, William J. Palatucci, who is a close friend and political adviser to Mr. Christie, resigned from the company.

Executive at Company Tied to New Jersey's Halfway Houses Is Leaving

By SAM DOLNICK

William J. Palatucci, one of Gov. Chris Christie's closest friends and political advisers, said Thursday that he was stepping down as a senior executive at Community Education Centers, the politically connected company that dominates the troubled system of halfway houses in New Jersey.

The resignation comes in the wake of widespread criticism of Community Education, particularly by Democratic state legislators, who said the company's halfway houses, which are as large as prisons, were dangerous and poorly supervised.

Mr. Palatucci's role at the company became a flash point after The New York Times published a series of articles on escapes, violence and drug use at the halfway houses. The articles also described poor government oversight across the system, which handles thou-

sands of inmates annually in New Jersey.

Political analysts said Mr. Palatucci's departure signaled that Mr. Christie, a Republican, wanted to avoid a potential liability before he began his campaign for another term next year or weighed running for the White House in 2016.

"It's better not to have him associated with an enterprise that has become very controversial and very damaging," said Ross K. Baker, a political science professor at Rutgers. "Any possible embarrassment that could result with his continued association with the halfway houses is something that they want to avoid."

Mr. Palatucci, a lawyer who has worked as a registered lobbyist, said he had no plans and was leaving "to do something different," according to a spokesman, Eric Shuffler.

Mr. Shuffler said Mr. Palatucci did not resign because of political considera-

tions. "One has nothing to do with the other," Mr. Shuffler said.

Mr. Christie told reporters: "I wouldn't read anything into that in terms of politics. No. I think it's just Bill has decided it's time for him to move on to another opportunity, and that's what he's doing."

When Mr. Christie ran for governor in 2009, Mr. Palatucci served as a senior campaign adviser while continuing to work at Community Education. He was also co-chairman of Mr. Christie's inauguration committee in 2010.

New Jersey has been a trailblazer in setting up a network of privately run halfway houses, which resemble prisons but have little of the security. They are meant to rehabilitate inmates, but are often chaotic, filled with contraband and gang activity, and they offer shoddy treatment, The Times found.

After the articles were published in June, Mr. Christie, who had been a

Resigning after criticism that many detention centers are poorly run.

strong supporter of Community Education, vowed to step up inspections at the facilities.

In July, the Legislature held two days of hearings on the system that focused heavily on Community Education. While Mr. Palatucci was not called to testify, many Democratic legislators wanted to know whether his relationship with the governor had benefited the company.

Last year, Community Education was the only bidder for a \$130 million contract awarded by Essex County, whose chief executive is one of Mr. Christie's

most important allies. That deal was heavily criticized as being weighted in Community Education's favor.

Mr. Palatucci has long been prominent in Republican circles. He was a major fund-raiser for President George W. Bush and used his connections to help Mr. Christie, his former law partner, secure a position as the United States attorney for New Jersey.

When Mr. Palatucci joined Community Education in 2005, the company already had deep ties to Democratic politicians in New Jersey and was a major political donor.

Mr. Palatucci offered entree to Republicans in New Jersey. He also played a key role as Community Education sought to expand to Alabama and other states.

That national expansion has faltered, leaving the company teetering on the edge of bankruptcy in recent years.

"Political analysts said Mr. Palatucci's departure signaled that Mr. Christie, a Republican, wanted to avoid a potential liability before he began his campaign for another term next year or weighed running for the White House in 2016.

'It's better not to have him associated with an enterprise that has become very controversial and very damaging,' said Ross K. Baker, a political science professor at Rutgers. 'Any possible embarrassment that could result with his continued association with the halfway houses is something that they want to avoid.'



Bergen Record:

"Despite his political resume, Palatucci's name was not well known to many in New Jersey until The New York Times published an eye-opening series last summer on the state's network of privatized halfway houses, including those run by Community Education Centers.

The newspaper stories detailed regular escapes, gang activity and violence inside some of the facilities, and also outlined Christie's longtime ties to Palatucci."

Democrats in Trenton Push New Halfway-House Rules

By SAM DOLNICK

Prominent Democrats in the New Jersey Assembly are proposing landmark legislation that would significantly tighten oversight of the state's troubled halfway houses and curb the operations of the politically influential company at the heart of the system.

The measures, introduced this week, could threaten the state's largest halfway house, in Newark, which has 1,200 beds and is run by the company, Community Education Centers. The lawmakers also want more rigorous inspections of the system and an overhaul of halfway-house contracts.

The privately run halfway houses in New Jersey, many of which are as large as prisons, handle thousands of inmates annually. Officials had long praised the system as a national model that saves the taxpayers money and rehabilitates criminals.

But after a series of articles in The New York Times this year described a system that faced little government scrutiny and was plagued by escapes, violence and drugs, lawmakers responded by conducting their own inquiry into the halfway houses, including holding hearings. They said in recent interviews that they now believed that the system had gone awry.

"There has not been enough accountability," said Assemblyman Charles Mainor, a Hudson County Democrat who is chairman of the Law and Public Safety Committee and the main sponsor of the legislative package.

"We want to make sure that the residents of the state of New Jersey, along with the inmates, are safe and that the money that we're spending is being utilized in the right way," he said.

The reform measures set up a major battle with Gov. Chris Christie, who has long championed the halfway houses and has close ties to Community Education Centers.

Over the summer, Mr. Christie, a Republican, vetoed modest efforts approved by the Democratic-controlled Legislature that were intended to take the first steps toward increasing oversight of the system.

The Christie administration declined on Tuesday to comment on the new bills.

Community Education has called the criticism of the system unfair, saying it does an outstanding job rehabilitating inmates by giving them counseling, drug treatment and job training.

Asked about the new legislation, Eric Shuffler, a spokesman for Community Education, said: "We've always worked constructively with policy makers of both parties. We'll approach any changes considered by the Legislature in that manner."

Community Education runs six

halfway houses in New Jersey and has received more than half a billion dollars in revenues from state and county agencies over the past decade.

The company has for years cultivated ties to politicians of both major parties and is a major political contributor. It has close ties to Democrats in the Legislature, including the Assembly speaker, Sheila Oliver of Essex County.

Ms. Oliver's spokesman on Tuesday that the bills would be thoroughly reviewed. But others in the Legislature appeared to be coming to the company's defense.

Two Assembly Democrats, Albert Coutinho of Essex County and Gordon M. Johnson of Bergen County, introduced a bill to allow Community Education and other for-profit companies to contract directly with the state, a step that had been forbidden when the Legislature created the system. (Community Education receives its contracts through an

Increased oversight and inspections are sought for a troubled system in New Jersey.

affiliated nonprofit agency to get around the law.)

The measure to allow for-profit companies in the system does not appear to have widespread support, but underscores how the Legislature is increasingly focusing on the fate of the system.

The reform measures introduced by Mr. Mainor would prohibit counties from sending inmates who have not yet been convicted of crimes to halfway houses. The company's largest halfway house, the 1,200-bed Delaney Hall in Newark, handles these so-called pretrial inmates, most from the Essex County Jail.

As a result, Delaney Hall has become a de facto annex to the county jail. But experts say halfway houses were never intended to play such a role. Pretrial inmates, they say, are far less likely to be helped by counseling and other services, in large part because they are often in the system for short stints.

The Times highlighted the case of Derek West Harris, a Newark barber who was sent to Delaney Hall as a pretrial inmate after being arrested on minor traffic charges. A few days later, he was killed by fellow inmates.

A separate bill in the legislative package prohibits the Corrections Department from awarding halfway-house contracts, a rebuke to officials there who have been criticized for their oversight of the system.

In late November, Assembly Democrats announced a major reform package:

"Prominent Democrats in the New Jersey Assembly are proposing landmark legislation that would significantly tighten oversight of the state's troubled halfway houses and curb the operations of the politically influential company at the heart of the system."



Star-Ledger:

"TRENTON — Assembly Democrats introduced a number of measures this week intended to provide stricter oversight of companies that run the state's strained halfway houses, including several aimed at the largest of them: the 1,200-bed Delaney Hall in Newark.

The measures were introduced five months after the New York Times published a series of articles detailing frequent escapes, violence and lax oversight at the privately operated facilities that supplement the state's prison system."

Newspapers in other states took notice:



Beaver County Times (Pennsylvania):

“An investigation by The New York Times found more than 5,000 inmates had escaped from those houses since 2005. Many, according to The New York Times article, had permission to leave on work-release programs and never returned.

Beaver County District Attorney Anthony Berosh said he wonders if a similar situation could arise in Pennsylvania.”

The Miami Herald:

“That’s the business model. That’s where for-profit penal operations find their profit.

The New York Times just published an investigation into privatized half-way houses in New Jersey, with similarly over-worked, underpaid workforces, a startling record of abuse and violence, and 5,100 escapes since 2005.

But for-profit penal companies in New Jersey, just like in Florida, have lots of fantastic political influence.”



In New Jersey law enforcement circles, the articles created a sensation.

“Your articles are all the Public Defenders are talking about these days.”

PETER GUARINO, a prosecutor at the Essex County Prosecutor’s office in Newark, wrote to Mr. Dolnick

Current and former workers and inmates at halfway houses also spoke up:

“The Harbor’s gross negligence on cleanliness, therapy, and oversight is an outrage to those who actually asked for help and could not legitimately receive it.”

“Great article, I work with the company, and the things I see on a regular basis are absolutely unbelievable. From conditions to violence and drugs ...”

“Throughout my employment with the company I come to grips with the corruption and the politics.”

“I was a resident of the facility in Kearny which is referenced in this article for approximately 2 months in late 2007. The name of the place is Talbot Hall. Three things were abundantly clear. First, there was drug use on a daily basis. Second, the staff was poorly trained and only interested in processing people, not rehabilitating them. Third, some of the staff and the inmates were friends from the street and extra privileges were handed out on that basis.”

Other journalists reacted as well:

“I’m blown away by your halfway-house story. Absolutely invincible reporting & very nicely written. Years ago at Texas Monthly, I wrote frequently about the abuses (and enormous clout) of private prison firms, and later published a novel with that theme present in the narrative. But I don’t think anyone needs to be a private-prison junkie to be amazed by your work here.”

ROBERT DRAPER, *correspondent for GQ and contributor to The New York Times Magazine*



Charles Ornstein
@charlesornstein
(ProPublica)

Killer investigation: In NJ halfway houses, escapees stream out as a penal business thrives, @nytimes reports. <http://nyti.ms/Ll60yD>

← Reply ↻ Retweet ★ Favorite ... More



Charles Ornstein
@charlesornstein
(ProPublica)

Another blockbuster on NJ halfway houses, by @samdolnick: At a Halfway House, Bedlam Reigns http://www.nytimes.com/2012/06/18/nyregion/at-bo-robinson-a-halfway-house-in-new-jersey-bedlam-reigns.html?_r=1&hp...

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Dafna Linzer
@DafnaLinzer
(ProPublica)

Among the best investigative reporting this year: <http://nyti.ms/11MN95d> by @samdolnick #muckreads2012

← Reply ↻ Retweet ★ Favorite ... More

Ordinary readers also responded:



Joan Reivich • Lansdowne, Pa.

I want you to know how grateful I am to you for the articles. They took my breath away with their clarity and investigative reporting. I hope that they result in substantial changes to a terrible system, expose the potential problems with prison privatization and the willful blindness on the part of those who profit from the collusion between government officials and private corporations.



Paul Blumberg • professor of sociology emeritus, CUNY

Absolutely magnificent. This is the gold standard of investigative reporting. Congratulations and thank you for this series.



NER • New Jersey

The piece exposes how corrupt and dangerous the entire privatized outsourcing of these criminal justice functions has been and remains in the state of NJ, and it clearly identifies the fact that both parties have been complicit in it.



Julia • Fort Worth, TX

You perform an absolutely essential service to us when you allow reporters to investigate issues like this.



NW • Central NJ

So many questions emerge reading this. So many questions which are gnawing and galling. What is the cost to society of the non productive lives in this (or any penal system)? What is the actual dollar cost to the taxpayers of this system and the traditional penal system?



Jenn • NY

Thank you NYTimes for exceptional reporting. It's mind-boggling why state-funded institutions do not have stricter oversight.



TTFN • New York

Some of the best reporting I've read in the NYT in years. Brilliantly done.



Joanne • NYC/SF/BOS

The tragedies in this series are almost too much for my mind and heart to handle.

By the end of the year, pressure continued to mount on the Legislature to adopt sweeping changes. Numerous lawmakers introduced reform bills, which are now pending.

NEW JERSEY STATE ASSEMBLY:

A3502 Requires state officials to conduct quarterly site visits at halfway houses.

A3503 Establishes task force to review system and make recommendations to improve security and inmate services.

A3504 Prohibits pre-trial county inmates charged with first, second, or third degree crimes from being placed in halfway houses.

A3505 Requires stringent rules on state contracts for halfway houses.

A3506 Requires stringent rules on financial disclosure for halfway house contractors.

A3339 Requires community notification when sex offender is placed in halfway house; prohibits certain county inmates in halfway house.

A3499 Improves contracting procedures for halfway houses.

AR124 Requires State Comptroller to conduct follow-up audit of halfway houses.

NEW JERSEY STATE SENATE:

S2380 Requires halfway houses to install 24-hour security cameras and provide telephone access to ombudsperson, who will investigate complaints.

S2381 Sets forth procedures for transporting halfway house inmates.

S2382 Requires the state to regulate placement of pre-trial county inmates in halfway houses.

S2383 Requires stringent rules on financial disclosure for halfway house contractors.

S2384 Requires stringent rules on financial disclosure for halfway house contractors.

S2385 Improves contracting procedures for halfway houses.