

FILED

JAN 06 2009

SUPERIOR COURT
CLERK'S OFFICE

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION - CRIMINAL

State Grand Jury
Number SGJ567-08-2
Superior Court
Docket Number 09-01-00002-S

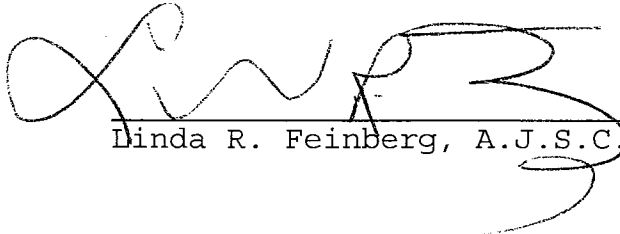
STATE OF NEW JERSEY)
v.)
JUSTIN M. SCIARRA)
PAUL BROWN)
MICHAEL MAGEE)
-----)
JAMES MACONAGHY)
WILLIAM GRIFFITH)
Q-TOWN, INC.)
TJAX INVESTMETN CORP.)
BAY ENTERPRISES, INC.)
and)
3D ASSURANCE BROKERAGE, LLC)

ORDER OF VENUE

An Indictment having been returned to this Court by the State Grand Jury in the above captioned matter.

IT IS ORDERED on this 6th day of JANUARY, 2009, pursuant to paragraph 8 of the State Grand Jury Act, that the County of Camden be and hereby is designated as the County of venue for the purpose of trial.

IT IS FURTHER ORDERED that the Clerk of the Superior Court shall transmit forthwith the Indictment in this matter and a certified copy of this Order to the Criminal Division Manager of the County of Camden for filing.



Linda R. Feinberg, A.J.S.C.

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State Grand Jury
Docket Number SGJ 567-08-2
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Docket Number

STATE OF NEW JERSEY)

v.)

JUSTIN M. SCIARRA)

PAUL BROWN)

MICHAEL MAGEE)

JAMES MACONAGHY)

WILLIAM GRIFFITH)

Q-TOWN, INC.)

TJAX INVESTMENT CORP.)

BAY ENTERPRISES, INC.)

and)

3D ASSURANCE)

BROKERAGE, LLC

INDICTMENT

The Grand Jurors of and for the State of New Jersey, upon their oaths, present that:

COUNT ONE

(Conspiracy to Commit Racketeering - Second Degree)

JUSTIN M. SCIARRA

PAUL BROWN

MICHAEL MAGEE

JAMES MACONAGHY

Q-TOWN, INC.

TJAX INVESTMENT CORP.

BAY ENTERPRISES, INC.

and

3D ASSURANCE BROKERAGE, LLC

who are named as defendants herein, at the times and places herein specified, with the purpose of promoting and facilitating the commission of the crime of Racketeering, did commit the crime of conspiracy, that is, the defendants did agree that:

A. One or more of them knowingly would engage in conduct which would constitute the crime of Racketeering, or

B. One or more of them knowingly would aid the others in the planning, solicitation and commission of the crime of Racketeering, that is:

One or more of the defendants, being persons employed by or associated with an enterprise, which enterprise was engaged in and the activities of which affected trade or commerce, would conduct and participate, directly and indirectly, in the conduct of the enterprise's affairs through a pattern of racketeering activity, in violation of N.J.S.A. 2C:41-2c and N.J.S.A. 2C:2-7, all as hereinafter described.

THE RELEVANT TIMES

1. The conspiracy occurred between on or about June 16, 2003, and on or about September 11, 2007.

THE RELEVANT PLACES

2. The conspiracy took place at the Township of Audubon, in the County of Camden, and at the Township of Marlton, in the County of Burlington, elsewhere, and within the jurisdiction of this Court.

THE ENTERPRISE

3. TJAX INVESTMENT CORP. and 3D ASSURANCE BROKERAGE, LLC, both being Delaware corporations; Q-TOWN, INC., a Pennsylvania corporation; BAY ENTERPRISES, INC., being a New Jersey corporation; and officers of the said corporations, including the said JUSTIN M. SCIARRA, PAUL BROWN, MICHAEL MAGEE, and JAMES MACONAGHY, who would constitute a group of individuals associated in fact with the said corporations, all of which engaged in and the activities of which affected trade and commerce, and which constituted an enterprise within the meaning of N.J.S.A. 2C:41-1c.

THE PURPOSES OF THE ENTERPRISE

4. It was a part of the conspiracy that the purpose of the participants and associates of the enterprise would include obtaining money and benefits for the members and associates of the enterprise primarily in the following ways:

A. Engaging in repeated acts of Insurance Fraud,

in violation of N.J.S.A. 2C:21-4.6; or

B. Engaging in repeated acts of Theft by Failure to Make Required Disposition of Property Received, in violation of N.J.S.A. 2C:20-9.

THE PATTERN OF RACKETEERING ACTIVITY

5. In order to achieve the purposes of the participants and associates of the enterprise, one or more of the coconspirators would employ one or more of the following means and methods:

A. At the above identified New Jersey locations, the coconspirators would operate employee leasing companies, insurance brokerages, and other businesses, that is, Q-TOWN, INC., TJAX INVESTMENT CORP., BAY ENTERPRISES, INC., and 3D ASSURANCE BROKERAGE, LLC, to purposely and unlawfully obtain monies from their clients under the false pretense of using said monies to pay premiums for workers' compensation insurance coverage to insurance carriers;

B. That the coconspirators would purposely and unlawfully issue certificates of insurance purporting to have obtained valid workers' compensation insurance coverage for their clients, when no such insurance coverage for their clients had been obtained;

C. That the coconspirators would purposely and unlawfully transfer and use monies obtained from and entrusted by their clients for the purpose of paying workers' compensation

insurance premiums for their own benefit, which transfers and which uses were not authorized by their clients;

D. That the coconspirators would purposely and unlawfully make false or misleading statements, representations, submissions, or omit relevant and material information, such as the number of employees, employee payroll amounts, employee occupational classes or information regarding unpaid insurance premiums, from applications submitted to the New Jersey Compensation Rating and Inspection Bureau for the purpose of obtaining workers' compensation insurance coverage from insurance carriers, including CNA, Continental Casualty Company, The St. Paul Companies, Travelers Indemnity Company, New Jersey Manufacturers Insurance Company and Hartford Insurance Company;

E. That the coconspirators would purposely and unlawfully make false or misleading statements, representations, and submissions on, or omit relevant and material information from workers' compensation insurance applications submitted to the New Jersey Compensation Rating and Inspection Bureau for the purpose of evading payment or full payment of premiums;

THE ROLE OF THE DEFENDANTS

6. The defendants did agree that they would participate, directly and indirectly, in the conduct of the affairs of the enterprise in the following ways, among others:

A. JUSTIN M. SCIARRA, would participate as an

officer of Q-TOWN, INC., TJAX INVESTMENT, CORP., and BAY ENTERPRISES, INC., and would direct and control the operation of those corporations to include negotiating employee leasing agreements with clients, obtaining workers' compensation coverage from various insurance carriers, and controlling payments made to and from Q-TOWN, INC., TJAX INVESTMENT, CORP., and BAY ENTERPRISES, INC. He would additionally direct and control the response to claims for workers' compensation insurance benefits made by employees of Q-TOWN, INC., TJAX INVESTMENT, CORP., and BAY ENTERPRISES, INC.

B. MICHAEL MAGEE, would participate as an officer of Q-TOWN, INC., TJAX INVESTMENT, CORP., and BAY ENTERPRISES, INC., and would direct and control the operation of those corporations to include negotiating employee leasing agreements with clients, obtaining workers' compensation coverage from various insurance carriers, and controlling payments made to and from Q-TOWN, INC., TJAX INVESTMENT, CORP., and BAY ENTERPRISES, INC.

C. PAUL BROWN would participate as an office and billing manager for Q-TOWN, INC. and TJAX INVESTMENT, CORP. As such he would assist JUSTIN M. SCIARRA in controlling the manner in which payments were made to and from Q-TOWN, INC. and TJAX INVESTMENT, CORP.

D. JAMES MACONAGHY would participate as an officer of BAY ENTERPRISES, INC. and 3D ASSURANCE BROKERAGE, LLC.

As such he would assist MICHAEL MAGEE in controlling the finances of and payments from BAY ENTERPRISES, INC. and JUSTIN M. SCIARRA in preparing and filing applications for workers' compensation insurance coverage.

E. Q-TOWN, INC. would serve as one of the locations where fraudulent statements and misrepresentations were made to insurance carriers and where workers' compensation insurance applications containing false and misleading information or omissions were issued to insurance carriers and government agencies.

F. BAY ENTERPRISES, INC. would serve as one of the locations where fraudulent statements and misrepresentations were made to insurance carriers and where workers' compensation insurance applications containing false and misleading information or omissions were issued to insurance carriers and government agencies.

G. 3D ASSURANCE BROKERAGE, LLC would serve as one of the locations where workers' compensation insurance applications containing false and misleading information or omissions were issued to insurance carriers and government agencies.

H. TJAX INVESTMENT CORP. would serve as one of the locations where fraudulent statements and misrepresentations were made to clients and where monies from victims were misappropriated.

PATTERN OF RACKETEERING ACTIVITIES

7. The pattern of racketeering activity, as defined in N.J.S.A. 2C:41-1d, would consist of at least two incidents of racketeering activity, including Insurance Fraud, N.J.S.A. 2C:21-4.6 or Theft by Failure to Make Required Disposition of Property Received, N.J.S.A. 2C:20-9.

All contrary to the provisions of N.J.S.A. 2C:41-2d, N.J.S.A. 2C:2-7 and N.J.S.A. 2C:5-2, and against the peace of this State, the government and dignity of the same.

COUNT TWO

(Racketeering - Second Degree)

JUSTIN M. SCIARRA

PAUL BROWN

MICHAEL MAGEE

JAMES MACONAGHY

Q-TOWN, INC.

TJAX INVESTMENT CORP.

BAY ENTERPRISES, INC.

and

3D ASSURANCE BROKERAGE, LLC

between on or about June 16, 2003 and on or about September 11, 2007, at the Township of Audubon, in the County of Camden, and at the Township of Marlton, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, did commit the crime of Racketeering, being persons employed by or associated with an enterprise as defined in Count One of this Indictment, which enterprise engaged in and the activities of which affected trade and commerce, knowingly did conduct and participate, directly and indirectly, in the conduct of the enterprise's affairs through a pattern of racketeering activity, as also defined in Count One of this Indictment and incorporated by reference herein, that is, by the commission of two or more incidents of racketeering conduct set

forth as follows:

A. ACTS OF RACKETEERING PERTAINING TO THE
CRIME OF INSURANCE FRAUD.

JUSTIN SCIARRA

MICHAEL MAGEE

PAUL BROWN

JAMES MACONAGHY

Q-TOWN, INC.

TJAX INVESTMENT CORP.

BAY ENTERPRISES, INC.

and

3D ASSURANCE BROKERAGE, LLC

did commit multiple acts of Insurance Fraud as alleged in Counts Four, Five and Six of this Indictment by knowingly making, or causing to be made, five or more false, fictitious, fraudulent, or misleading statements of material fact in, or omitting five or more material facts from, or causing five or more material facts to be omitted from, any record, bill, claim or other document, in writing, electronically, orally or in any other form, that they attempted to submit, submitted, caused to be submitted, or attempted to cause to be submitted as part of, in support of or opposition to or in connection with a claim for payment, reimbursement or other benefit pursuant to an insurance policy; or from an insurance company, or from an application to obtain or renew an insurance policy; or any payment made or to be made in accordance with the terms of an

insurance policy or premium finance transaction, and the aggregate pecuniary value obtained or sought to be obtained was at least \$1,000, contrary to the provisions of N.J.S.A. 2C:21-4.6.

B. ACTS OF RACKETEERING PERTAINING
TO THEFT BY FAILURE TO MAKE
REQUIRED DISPOSITION OF PROPERTY RECEIVED

JUSTIN SCIARRA

MICHAEL MAGEE

PAUL BROWN

JAMES MACONAGHY

and

TJAX INVESTMENT CORP.

did commit multiple acts of Theft by Failure to Make Required Disposition of Property Received as alleged in Count Seven of this Indictment by purposely obtaining or retaining property belonging to another upon agreement or subject to a known legal obligation to make specified payment or other disposition in an amount that is \$75,000 or more, by dealing with said property as their own and failing to make the required disposition or payment, that is, by obtaining and failing to make the required disposition of monies entrusted to them by clients for the payment of workers' compensation insurance premiums, contrary to the provisions of N.J.S.A. 2C:20-9.

FORFEITURES

1. All allegations of Count One and Count Two of this

Indictment are hereby incorporated by reference and re-alleged as if fully set forth herein, for the purpose of alleging forfeitures pursuant to N.J.S.A. 2C:41-3b.

2. The defendants have property constituting:

A. Interests, including money and other things of value, acquired and maintained in violation of N.J.S.A. 2C:41-2, as described in Count One and Count Two herein, and

B. Interests in, security of, claims against, and property and contractual rights affording a source of influence over the enterprise specified herein, which the said defendants established, acquired, maintained, operated, controlled, conducted, and participated in the control of, in violation of N.J.S.A. 2C:41-2c, as specified in Count One and Count Two herein.

3. The said interests, all forfeitable to the State of New Jersey, include, but are not limited to, the following:

A. Q-TOWN, INC., including proceeds, investments, bank accounts, office equipment and all other property, both real and personal, belonging to said corporation;

B. TJAX INVESTMENT CORP., including proceeds, investments, bank accounts, office equipment and all other property, both real and personal, belonging to said corporation;

C. BAY ENTERPRISES, INC., including proceeds, investments, bank accounts, office equipment and all other property, both real and personal, belonging to said corporation; and

D. 3D ASSURANCE BROKERAGE, LLC, including proceeds, investments, bank accounts, office equipment and all other property, both real and personal, belonging to said corporation.

4. For defendant JUSTIN M. SCIARRA, any interest he may have acquired or maintained in violation of N.J.S.A. 2C:41-1 et seq., including but not limited to the following:

Real property at:
251 Hartford Road
Medford, NJ 08055

COUNT THREE

(Conspiracy - Second Degree)

JUSTIN M. SCIARRA

PAUL BROWN

MICHAEL MAGEE

JAMES MACONAGHY

and

WILLIAM GRIFFITH

who are named as defendants herein, and other persons who are coconspirators and whose identities are known to the Grand Jurors, but who are not named as defendants herein, between on or about June 16, 2003 and on or about September 11, 2007, at the Township of Audubon, in the County of Camden, at the Township of Marlton, in the County of Burlington, and at the Township of Oley, in the County of Berks, in the State of Pennsylvania, elsewhere, and within the jurisdiction of this Court, with the purpose of promoting and facilitating the commission of the crimes of Insurance Fraud, Theft by Failure to Make Required Disposition of Property Received, and Workers' Compensation Fraud, did agree that:

A. One or more of them would engage in conduct which would constitute the aforesaid crimes, or an attempt or solicitation to commit such crimes; or

B. One or more of them would aid in the planning, attempt, solicitation or commission of said crimes, that is:

1. Knowingly make, or cause to be made, five or more false, fictitious, fraudulent, or misleading statements of material fact in, or knowingly omit, or cause to be omitted, five or more material facts from any record, bill, claim or other document, in writing, electronically, orally or in any other form, and attempt to submit, did submit, cause to be submitted, or attempted to cause to be submitted as part of, in support of, or opposition to or in connection with a claim for payment, reimbursement or other benefit pursuant to an insurance policy or from an insurance company, from an application to obtain or renew an insurance policy, or any payment made or to be made in accordance with the terms of an insurance policy or premium finance transaction, and the aggregate pecuniary value obtained or sought to be obtained was at least \$1,000, contrary to the provisions of N.J.S.A. 2C:21-4.6.

2. Purposely fail to make required payment or disposition of property, in the amount of \$75,000 or more, obtained from another upon agreement or subject to a known legal obligation to make specified payment or other disposition, and dealing with the property obtained as their own, contrary to the provisions of N.J.S.A. 2C:20-9.

3. Purposely or knowingly make false or misleading statements, representations or submissions, or engage in deceptive leasing practices, for the purpose of evading the full payment of benefits or premiums, contrary to the provisions of N.J.S.A. 34:15-

57.4a.

The Grand Jurors aforesaid, upon their oaths, do further present that in furtherance of said conspiracy, that the following overt acts, among others, were committed:

OVERT ACTS

1. On or about May 12, 2004, the said JUSTIN M. SCIARRA, at the Township of Audubon, in the County of Camden, did cause an application to be submitted to the New Jersey Compensation Rating and Inspection Bureau for provision of workers' compensation insurance to the said Q-TOWN, INC.
2. On or about March 7, 2004, the said MICHAEL MAGEE, at the Township of Audubon, in the County of Camden, did cause an application to be submitted to the New Jersey Compensation Rating and Inspection Bureau for provision of workers' compensation insurance to the said BAY ENTERPRISES, INC.
3. On or about October 22, 2003, the said PAUL BROWN did submit a First Report of Injury to CNA and Continental Casualty Company for payment of workers' compensation benefits on behalf of WM, whose identity is known to the Grand Jurors.
4. On or about June 2005, the said JAMES MACONAGHY, at the Township of Audubon, in the County of Camden, did cause an application to be submitted to the New Jersey Compensation Rating and Inspection Bureau for provision of workers' compensation insurance to the said BAY ENTERPRISES, INC.

