



Gov. Christie offers to give \$5M to ease sale of Hoboken University Medical Center

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By Jarrett Renshaw/Statehouse Bureau

TRENTON — Gov. Chris Christie today said he would pledge \$5 million in state funds to jump start bankruptcy negotiations key to the sale of Hoboken University Medical Center to the ownership group of Bayonne Medical Center.

Christie's announcement came less than 24 hours after the talks nearly collapsed and Hoboken City Council shot down a proposal to issue \$5 million in bonds to help entice reluctant creditors to settle with the hospital. Minutes after that vote, Hoboken Mayor Dawn Zimmer said hospital would surely close.

"It is completely unacceptable that the city council placed local politics ahead of the 1,300 employees at the Hoboken University Medical Center and the people in the community who rely on the critical services provided by this hospital," Christie said in a statement.

It's the second time Christie has committed state dollars to the deal. He supported an \$11 million earmark in the current budget for the city to pay the interest on \$52 million of debt that would be retired as part of the sale.

Even with the promise of cash, creditors and the hospital failed to reach any agreement today. Christie said unions are to blame, but labor leaders said the governor is trying to set them up as the scapegoat if the hospital closes.

Virginia Treacy, head of the nursing union, said unions have only have two votes on a committee of seven people.

"Contrary to the governor's statement, the unions are not holding up anything," she said.

The creditors are owed \$34 million, and the hospital initially offered \$5 million to settle, along with protection for the city and the authority from future lawsuits. The state money would double the amount.

Christie said the state needed to intervene because if the hospital closes, 1,300 jobs would be lost and the city would be saddled with unbearable payments on \$52 million in bonds that it guaranteed when it bought the hospital in 2007.



Jerry McCrea/The Star Ledger

Gov. Chris Christie in this September file photo. The governor has offered to kick in \$5M to help ease sale of Hoboken University Medical Center.

Christie, during a news conference, said he did not want the deal to die because of "political paralysis," adding that "if it dies for other reasons, then it dies for other reasons."

Council members opposed to the bond said Zimmer has kept them in the dark since she started looking for a buyer months ago. The mayor's secrecy, they argue, gave credibility to recent allegations from the hospital's former attorney that the city was committing a fraud by orchestrating the bankruptcy. "This is a long con and you're the grifter in charge," Councilman Mike Russo told Zimmer during Wednesday's testy meeting, at which a spectator lunged at him for opposing the bond.

State Sen. Joseph Vitale (D-Middlesex), a member of the Senate Health Committee, said the state should not be giving out handouts to the wealthy. "They are venture capitalists, let them come up with the money," Vitale said.

The prospective buyers did not return calls seeking comment.

Since taking control of the Bayonne Medical Center in 2008, the ownership group of Vivek Garipalli, James Lawler and Jeffrey Mandler made numerous political contributions including \$100,100 to Democratic lawmakers and the party's state committee, records show.

The group also contributed \$25,000 to Reform Jersey Now, a political action committee with close ties to Christie.

The parents of Vivek Garipalli, who reside in Colts Neck, also made maximum contributions to Assemblyman Ruben Ramos (D-Hudson) weeks before the lawmaker sponsored a budget resolution for the \$11 million earmark for the hospital sale. Ramos has since contributed the money to charity.

The father, Laxmipathi Garipalli, was charged by then-U.S. Attorney Christie in 2008 for embezzling money through a no-show job at the University of Medicine and Dentistry of New Jersey. He pleaded guilty in February 2008 and is still cooperating with investigators.

Lawler is the former chief financial officer of UMDNJ's University Hospital in Newark and one of the whistle blowers who helped Christie prosecute corruption at the hospital.

Hoboken City Councilwoman Beth Mason, one of four members who blocked the bond, blasted Christie yesterday.

"The governor wants to support a back room deal to sell the hospital to one of his biggest campaign contributors for pennies on the dollar," she said.

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