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Exec says he faced retaliation at UMDNJ

Office in lunchroom after he blew whistle

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STAR-LEDGER STAFF

A financial officer at the state's medical university says he was denied raises, demoted, and his office moved to a lunchroom after he blew the whistle on an internal scheme to cover up more than \$35 million in excessive bills.

Michael Nappe, a billing manager at the University of Medicine and Dentistry of New Jersey, says he ran afoul of his bosses when he began objecting to a bizarre accounting system designed to hide the cost of telecommunication contracts that had never been competitively bid as required by law.

To conceal the exorbitant contracts, the department was sending fake invoices that billed other university departments for millions of dollars of communications costs that they had, in fact, never incurred, Nappe says in a lawsuit filed in Superior Court in Middlesex County.

Nappe said he reported the billing issues to superiors and the university's compliance officer as early as 2003, but was told, "if we follow all the rules and regulations, we will bring the university to a screeching halt."

Nappe, 55, served as a manager of administrative operations within UMDNJ's Information Support & Technology Department, which is responsible for all computing and telecommunications services at the state's medical university.

He eventually took his complaints to the university's federal monitor, who is involved in an ongoing review of the institution's financial practices.

When word of his meeting with the monitor got around, Nappe said, his position was downgraded and he was banished to a lunchroom; his desk was placed in a small common area, where he found himself surrounded by the office microwave and coffeemaker. He also became, he says, the brunt of jokes by co-workers.

The monitor, former federal Judge Herbert J. Stern, issued a report in July on the billing irregularities reported by Nappe. Stern found the university had paid \$35.2 million for telecommunications services under a contract that only authorized \$5.9 million in spending. Stern's auditing team also cited a \$301,660 bill under that contract for the simple removal of two computer viruses from a desktop computer.

Nappe declined comment yesterday and referred questions to his attorney.

A spokeswoman for UMDNJ said she could not comment on pending litigation or the specific allegations. "We've not been served with any lawsuit. It is our policy to not comment on pending lawsuits," said the spokeswoman, Anna Farneski.

According to Nappe's lawsuit, UMDNJ negotiated contracts for telephone, pager and other telecommunications services that were needlessly expensive. He did not identify who was responsible, but noted in one example that the university was paying a long-distance provider as much as 77 cents per minute for calling services - more than 10 times the average cost for such services. Another vendor was discovered to be double-billing for services.

Nappe said other contracts were improperly incorporated into existing service agreements, avoiding review by the university's board of trustees.

He claimed the excessive charges were covered up through phony invoices used to charge back costs to individual departments at the university.

Separately, he said the university also incurred a serious data breach in connection with the billing problems - involving the names and Social Security numbers of more than 6,600 university employees. The confidential information was part of a telecommunications billing database that was improperly copied and then lost.

The missing personnel data were used to falsify invoices, according to Nappe, who said an analyst for the university maintained a fraudulent billing database to conceal the markups in telecommunications charges that were being allocated to other departments. Nappe said the data were copied to a portable memory drive and then taken home. The analyst told him his brother had borrowed the drive and lost it.

After confronting officials in his department over the data breach, he said, the university finally suspended him last month.

Nappe's litigation marked the latest in a series of lawsuits lodged by university employees claiming they were punished or dismissed when they complained about corrupt practices, in a year that has seen continuing allegations of fraud and wrongdoing at the public institution.

Two weeks ago, a former government affairs coordinator who had objected to the funneling of thousands of dollars in political contributions charged that she was illegally fired when details of her concerns leaked out. Carol Caprarola said she was terminated following her appearance before a federal grand jury, and after portions of a highly critical memo she wrote appeared in The Star-Ledger.

In June, UMDNJ settled another lawsuit for \$2.2 million with Rohit Arora, its former chief of the Division of Cardiology, who had charged that he was forced out after objecting to a plan to give no-show faculty jobs to local cardiologists in private practice in exchange for patient referrals.