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Atlantic City mayor's legal issues taint political future

DAVID DANZIS Staff Writer Dec 7, 2018



Atlantic City Mayor Frank Gilliam leaves his Ohio Avenue home Monday afternoon following a morning search warrant executed by the FBI.
LAUREN CARROLL Multimedia Reporter

ATLANTIC CITY — One day after being involved in a fight outside a casino nightclub, Mayor Frank Gilliam Jr. filed campaign paperwork with the state for the 2021 Democratic primary. Three weeks to the day after the state received that paperwork, Gilliam's home was raided by federal investigators.

The first-term mayor, whose tenure has been overshadowed by state oversight and controversy, now has both legal and political hurdles to overcome.

Jeffrey S. Freeman, a tax attorney with Freeman Tax Law, which has offices in 15 states, including New Jersey, said that by the time federal authorities come to someone's front door with a search warrant — as they did with Gilliam — a positive outcome is unlikely.

Freeman, who spoke in general terms and was unfamiliar with the specific circumstances surrounding Gilliam, said the execution of a search warrant by federal law enforcement is one of the last steps in an ongoing investigation.

"There's some cause for it. There's smoke, but there's usually fire, too," he said. "They have you — you're done."

Authorities gave no indication what they were looking for at Gilliam's residence, but investigators left the home with several cardboard boxes and computer equipment. Nearly a dozen agents from the FBI and the IRS' Criminal Investigation Division searched his North Ohio Avenue home for more than four hours Monday.

Freeman said the IRS is most often included in a federal investigation based on evidence from improper business dealings and records, very often related to violations of the Bank Secrecy Act.

Irregular banking activity, such as consistently depositing cash under the \$10,000 filing threshold, requires the banking institution to file a suspicious activity report, which “always triggers the IRS,” Freeman said.

Even before the raid on his home, Gilliam and At-Large Councilman Jeffree Fauntleroy II were facing potential criminal charges related to their roles in a fight captured on surveillance cameras Nov. 11 outside Haven Nightclub at Golden Nugget Atlantic City. The duo are scheduled to make a first appearance in North Wildwood Municipal Court on Dec. 11 in response to citizen complaints filed for simple assault and harassment, both of which are disorderly persons offenses.

Should Gilliam not be charged or be cleared in any of his legal issues, he most certainly faces a difficult political landscape going forward, according to experts.

For starters, Gilliam could be the subject of a recall petition effort.

The Atlantic City Democratic Committee formally adopted a resolution earlier this month denouncing Gilliam and Fauntleroy for their role in the nightclub incident. And in Atlantic City, which has a well-documented history of political corruption and criminality, the public perception of guilt could outweigh the reality of the situation, said John Weingart, associate director of Rutgers University's Eagleton Institute of Politics and director of the institute's Center on the America Governor.

“Even if the mayor is exonerated, the past slows down political momentum,” said Weingart.

Carl Golden, a former press secretary for two past New Jersey governors and a senior contributing analyst at Stockton University's William J. Hughes Center for Public Policy, said while it is “certainly plausible” for elected officials to emerge unscathed from criminal allegations — U.S. Sen. Robert Menendez, D-N.J., was re-elected in November after he was acquitted of federal bribery and corruption charges — the more likely outcome is that their “political future is gone.”

“He's going to have a hard time changing the subject,” Golden said of Gilliam. “The video (of the casino nightclub fight) is there forever. The media coverage is something he's going to have deal with. But, he's given ammunition to his opponents.”

Golden said the attention being paid to Gilliam's actions and behavior counter the positive momentum Atlantic City had earned from a historic year, which saw the openings of Stockton's Boardwalk campus, two new casino hotels and a major corporate headquarters in addition to other smaller-scale economic developments.

“At a time when Atlantic City begins to show signs of a resurgence, this looks like more of the same old, same old to a lot of people,” he said. “It's caused serious damage to the city and its image. ... It's the last thing the city needed right now.”