

**STATE OF NEW JERSEY**  
**DEPARTMENT OF BANKING AND INSURANCE**  
**BUREAU OF FRAUD DETERRENCE**



CONSENT ORDER NO. 13-54095-24

In the Matter of )  
Leading Edge Recovery Center, LLC ) **CONSENT ORDER**  
Respondent. )

This matter having been opened by the New Jersey Department of Banking and Insurance, Bureau of Fraud Deterrence ("the Bureau"), upon information indicating that Respondent Leading Edge Recovery Center, LLC ("Leading Edge"), a New Jersey corporation, may have violated the provisions of the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-4 (the "IFPA"); and

WHEREAS, Horizon Blue Cross and Blue Shield of New Jersey alleged in a Second Amended Complaint filed in the New Jersey Superior Court, Mercer County, Law Division, in the matter captioned Horizon Blue Cross Blue Shield of New Jersey ("Horizon") v. Laurie Deerfield, D.O.; and Leading Edge Recovery Center, LLC, et al., Docket No. MER-L-001807-13 that Respondent Leading Edge caused claims to be submitted to an insurance company for dates of

service between 2009 and 2013 that were in violation of the IFPA ("Horizon Action"); and

WHEREAS, Respondent Leading Edge contested the allegations in the Horizon Action, but settled with Horizon without making any admissions; and

WHEREAS, American Addiction Centers, Inc. ("AAC") purchased Leading Edge as a subsidiary of AAC subsequent to the relevant alleged events; and

WHEREAS, AAC has since terminated the operations of Leading Edge, including all patient-related services, and currently plans to dissolve Leading Edge after resolving claims; and

WHEREAS, Leading Edge has represented to the Bureau that it addressed and remedied all prior issues related to the allegations described in the Horizon Action; and

WHEREAS, the Bureau has found that Respondent Leading Edge engaged in multiple violations of N.J.S.A. 17:33A-4 including as described in Horizon's complaint related to the over-prescribing and excessive billing for urinalysis; and

WHEREAS, Leading Edge does not agree with the Bureau's findings, but in the interest of resolving this matter without resorting to litigation regarding the allegations, hereby enters into this Consent Order without admission as to any violations of the IFPA; and

WHEREAS, Leading Edge has been informed that it has the right to notice and to request a hearing, in accordance with the

Administrative Procedure Act (N.J.S.A. 52:14B-1, et seq.), on the violations alleged herein before a civil administrative penalty is imposed; and

WHEREAS, Leading Edge understands these rights and has voluntarily waived the right to notice and to a formal legal proceeding in this matter; and

WHEREAS, Leading Edge consents to pay a civil administrative penalty pursuant to N.J.S.A. 17:33A-5 in the amount of \$335,000.00, and an insurance fraud surcharge pursuant to N.J.S.A. 17:33A-5.1 in the amount of \$16,750.00, the total amount of \$351,750.00 being due immediately by certified check, bank check or money order made payable to the "Commissioner, Department of Banking and Insurance."

This signed order and the payment of the civil administrative penalty shall be returned to DAG Anna Lascurain, POB 117, 25 Richard J. Hughes Justice Complex, Trenton, New Jersey 08625-0117; and

IT FURTHER APPEARING that the matter is suitable for resolution upon the consent of the parties and that Leading Edge and the Bureau desire to terminate this matter without further hearing or litigation, and for further good cause;

NOW, THEREFORE, IT IS ON THIS 27<sup>th</sup> day of APRIL,  
2017

ORDERED AND AGREED as follows:

1. Pursuant to N.J.S.A. 17:33A-5, a civil administrative penalty of \$335,000.00 is imposed on Respondent Leading Edge

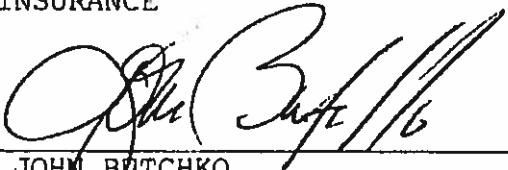
Recovery Center, LLC.

2. Pursuant to N.J.S.A. 17:33A-5.1, Respondent shall pay to the Commissioner, Department of Banking and Insurance, a surcharge equal to five (5%) percent of the settlement amount, which is \$16,750.00, such amount to be in addition to the civil administrative penalty.

3. This Consent Order shall not be binding until it is signed by the Chief of Investigations, Bureau of Fraud Deterrence.

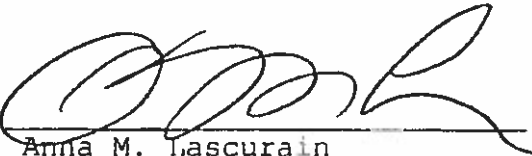
CONSENTED TO AS TO FORM,  
CONTENT AND ENTRY OF ORDER:

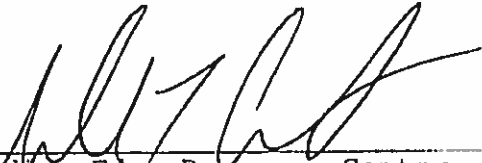
RICHARD J. BADOLATO  
COMMISSIONER  
NEW JERSEY DEPARTMENT OF BANKING  
AND INSURANCE

By:   
\_\_\_\_\_  
JOHN BUTCHKO  
CHIEF OF INVESTIGATIONS  
BUREAU OF FRAUD DETERRENCE

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY

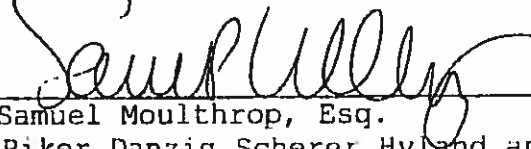
Dated: 4-27-2017

By:   
\_\_\_\_\_  
Anna M. Lascurain  
Deputy Attorney General  
On Behalf of Petitioner  
Department of Banking and  
Insurance



Dated: 04/25/2017

Leading Edge Recovery Center, LLC,  
Respondent  
By: Michael Cartwright, Manager and Chairman  
Leading Edge Recovery Center, LLC



Dated: 4/26/17

By: Samuel Moulthrop, Esq.  
Riker Danzig Scherer Hyland and  
Perretti, LLP  
Attorneys for Respondent Leading  
Edge Recovery Center, LLC