

ORDER NO. E17- 08

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of  
Banking and Insurance, State of New Jersey,  
to Fine, Suspend, and/or Revoke the  
Third Party Billing Certification of  
Plainfield Medical Management,  
Inc., No. 02-0564520

**ORDER  
TO  
SHOW CAUSE**

TO: Plainfield Medical Management, Inc.  
137 Park Avenue  
Plainfield, NJ 07060

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Plainfield Medical Management, Inc. ("Respondent"), a third party billing service, may have violated various insurance laws of the State of New Jersey; and

WHEREAS, the Respondent is currently certified by the Commissioner as a third party billing service pursuant to N.J.S.A. 17B:27B-16 et seq. and N.J.A.C. 11:23-5.1; and

WHEREAS, pursuant to N.J.S.A. 17B:27B-23a and N.J.A.C. 11:23-4.1(a)2, the Commissioner may suspend or revoke a certification of a third party billing service if he finds that the third party billing service is using methods or practices in the conduct of its business that

render its further transactions of business in this State hazardous or injurious to its clients or to the public; and

WHEREAS, pursuant to N.J.S.A. 17B:27B-23c and N.J.A.C. 11:23-5.9(a)3, the Commissioner may suspend or revoke the certification of a third party billing service if he finds that the third party billing service has violated any lawful rule or order of the Commissioner or any provision of the laws of this State; and

WHEREAS, pursuant to N.J.S.A. 17B:27B-24 and N.J.A.C. 11:23-5.10, the Commissioner may, upon notice and hearing, assess a civil administrative penalty in an amount not less than \$250 nor more than \$5,000 for each day that a third party billing service is in violation of N.J.S.A. 17B:27B-1 et seq., ("Third Party Administrator Act"); and

IT APPEARING, Respondent and its owner, Pedro Gonzalez, were named as defendants in a civil action captioned, Allstate N.J. Ins. Co. v. Lajara, Docket No. UNN-L-4091-08; and

IT FURTHER APPEARING, the Commissioner intervened in that action as a co-Plaintiff with Allstate Insurance Company ("Allstate") in January 2012; and

IT FURTHER APPEARING, the Intervenor-Complainant alleged, in general, that 63 defendants were engaged in a broad, multi-faceted insurance fraud scheme to defraud Allstate by submitting claims for Personal Injury Protection ("PIP") benefits while performing services in violation of medical regulations, engaging in unlawful fee-splitting, and paying kickbacks for patient referrals; and

IT FURTHER APPEARING, on April 13, 2016, after a 45-day bench trial in Allstate N.J. Ins. Co. v. Lajara, the Honorable James Hely, J.S.C., found that Respondent and Pedro Gonzalez knowingly violated various State statutes and regulations, including the New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq. ("Fraud Act"), by unlawfully owning,

controlling and operating facilities in New Jersey; circumventing requirements that chiropractic offices be owned by chiropractors; and submitting statements and bills to insurance companies that were false and misleading concerning material facts; and

IT FURTHER APPEARING, on June 29, 2016, Judge Hely awarded penalties and surcharges in the amount of \$32,000, and attorneys' fees and costs in the amount of \$55,917, to the State of New Jersey; and awarded Allstate and Encompass trebled compensatory damages in the amount of \$943,285, and attorneys' fees and costs in the amount of \$3,060,400; and

IT FURTHER APPEARING, Respondent was found to have violated the Fraud Act by Judge Hely in Allstate N.J. Ins. Co. v. Lajava, rendering the further transaction of business by Respondent hazardous or injurious to its clients or to the public, in violation of N.J.S.A. 17B:27B-23a, N.J.S.A. 17B:27B-23c, N.J.A.C. 11:23-5.9(a)1, and N.J.A.C. 11:23-5.9(a)3; and

NOW, THEREFORE, IT IS on the 27<sup>th</sup> day of FEBRUARY 2017


ORDERED, that Respondent appear and show cause why its certification as a third party billing service should not be suspended or revoked, pursuant to N.J.S.A. 17B:27B-23 and N.J.A.C. 11:23-4.1; and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a fine in an amount not less than \$250 nor more than \$5,000 for each day that it operated in violation of the Third Party Administrator Act, pursuant to N.J.S.A. 17B:27B-24 and N.J.A.C. 11:23-5.10; and

IT IS PROVIDED, that Respondent has the right to request an administrative hearing, to be represented by counsel or other another qualified representative at his own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED, that, unless a request for a hearing is received within 20 days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondent, and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. The request shall contain the following:

- (a) Respondent's full name, address and daytime telephone number;
- (b) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- (c) A specific admission or denial of each fact alleged in this Order to Show Cause. Where the Respondent has no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- (d) A statement requesting the hearing.

  
Peter L. Hart  
Director of Insurance