

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)

FINAL ORDER

To: Plainfield Medical Management
137 Park Avenue
Plainfield, NJ 07060

This matter, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon issuance of Order to Show Cause No. E17-08 (the "Order to Show Cause"), alleging that Respondent, Plainfield Medical Management, Inc. ("Plainfield"), 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 et seq., may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, pursuant to N.J.S.A. 17B:27B-23a and N.J.A.C. 11:23-5.9(a)1, 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 transaction of business in this State hazardous or injurious to its clients or 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

WHEREAS, on February 27, 2017, the Commissioner issued the Order to Show Cause, alleging that Plainfield violated various provisions of New Jersey insurance laws as follows:

IT APPEARING, [Plainfield] 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 [Plainfield] 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. Lajara, rendering the further transaction of business by [Plainfield] 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

WHEREAS, pursuant to N.J.S.A. 17:1-15g, the Commissioner may institute the legal proceedings and processes necessary to enforce properly and give effect to any of the Commissioner's powers and duties; and

WHEREAS, as set forth in the Certification of Deputy Attorney General Adam B. Masef, attached hereto as Exhibit A, Plainfield was given notice of the above-referenced charges and an opportunity to contest the charges at a hearing pursuant to the Order to Show Cause, which was duly served upon Plainfield at its last known business and mailing address, and which was duly served upon Plainfield's attorney; and

WHEREAS, on March 30, 2017, Plainfield's attorney filed an Answer to the Order Show to Cause and requested a hearing; and

WHEREAS, as set forth in the Attorney General's March 31, 2017 letter to Plainfield's attorney on behalf of the New Jersey Department of Banking and Insurance (the "Department"), attached as Exhibit 1 to the Certification of DAG Masef, the Department notified Plainfield that its Answer was deficient because it lacked a specific denial or explanation of each fact alleged in the Order to Show Cause, or a statement that Plainfield is

without knowledge thereof, and because it lacked a concise statement of the facts or principles of law asserted constituting any factual or legal defense; and

WHEREAS, as set forth in the Attorney General's June 29, 2017 letter to Plainfield's attorney on behalf of the Department, attached as Exhibit 2 to the Certification of DAG Masef, the Department provided Plainfield with a final notice, informing it that its Answer was still deficient and that it had 10 calendar days to correct the deficiencies, and that, if it failed to do so, the alleged facts in the Order to Show Cause would be deemed admitted, and that the Department may issue a Final Order without granting a hearing; and

WHEREAS, Plainfield failed to respond to the letters of March 31, 2017 and June 29, 2017, failed to correct the deficiencies in their March 30, 2017 Answer, and has waived its right to a hearing to contest these charges;

NOW, THEREFORE, IT IS on this 21st day of August, 2017;

ORDERED, that, pursuant to N.J.S.A. 17B:27B-23 and N.J.A.C. 11:23-5.9(a), the third party billing certification of Plainfield Medical Management, Inc. is hereby REVOKED effective upon the execution of this Final Order by the Commissioner; and

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17B:27B-24, that Respondent shall pay a fine of \$5,000.00 for violating the New Jersey insurance laws; and

IT IS FURTHER ORDERED that Respondent shall pay the above fine by remitting payment to the Commissioner of Banking and Insurance, State of New Jersey, 20 West State Street, P.O. Box 329, Trenton, New Jersey 08625, Attention: Virgil Dowtin, Chief of Investigations by certified check, cashier's check or money order made payable to the "State of New Jersey, General Treasury," within ten days from the date of service of this Order; and

IT IS FURTHER ORDERED, that in the event full payment of the fine is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties in summary proceedings, in accordance with the Penalty Enforcement Law of 1999, N.J.S.A. 2A:58-10 et seq., and

IT IS FURTHER ORDERED, that the fines in this Consent Order are imposed pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and are not intended to constitute debts which may be limited or discharged in a bankruptcy proceeding, and

IT IS FURTHER ORDERED, that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in Order to Show Cause No. E17-08.



Peter L. Hart
Director of Insurance

EXHIBIT A

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Commissioner of Banking and Insurance
Richard J. Hughes Justice Complex
25 Market Street, P.O. Box 117
Trenton, New Jersey 08625-0117

By: Adam B. Masef
Deputy Attorney General
NJ Attorney ID: 013692012
(609) 292-9246
Adam.Masef@law.njoag.gov

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

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)
)
)
)
)

**CERTIFICATION OF DEPUTY
ATTORNEY GENERAL
ADAM B. MASEF**

I, Adam B. Masef, of full age, do of my own personal knowledge make the following statements by way of certification in lieu of affidavit pursuant to R. 1:4-4(b):

1. I am a Deputy Attorney General assigned as counsel for the Commissioner of the New Jersey Department of Banking and Insurance ("Commissioner") in this matter. I submit this certification in support of the entry of a Final Order against Respondent Plainfield Medical Management, Inc., No. 02-056420 ("Plainfield"), specifically, to establish that Plainfield was properly served with Order to Show Cause No. E17-08 (the "Order to Show Cause") and that it failed to properly respond to the Order to Show Cause.
2. The Commissioner issued the Order to Show Cause on February 27, 2017.
3. On March 17, 2017, my office served Plainfield's attorney with a copy of the Order to Show Cause by email and certified mail. My office also served Plainfield with the Order to Show Cause by overnight and regular mail at the following, last known mailing addresses on file with the Commissioner for Plainfield:

Pedro Gonzalez
C/O Plainfield Medical Management, Inc.
137 Park Avenue
Plainfield, New Jersey 07060

4. On March 30, 2017, Plainfield's attorney filed an Answer to the Order Show Cause and requested a hearing. Thus, Plainfield was effectively served with the Order to Show Cause.

5. On March 31, 2017, the Department notified Plainfield's attorney that Plainfield's Answer was deficient because it lacked a specific denial or explanation of each fact alleged in the Order to Show Cause, or a statement that Plainfield is without knowledge thereof; and because it lacked a concise statement of the facts or principles of law asserted constituting any factual or legal defense. [Attached hereto as Exhibit 1 is a copy of the Department's March 31, 2017 letter to Plainfield's attorney.] Plainfield failed to respond to the Department's letter and to correct the deficiencies in its Answer.

6. On June 29, 2017, the Department provided Plainfield's attorney with a final notice, informing him that Plainfield's Answer was still deficient and that Plainfield had 10 calendar days to correct the deficiencies, and that, if it failed to do so, the alleged facts in the Order to Show Cause would be deemed admitted, and that the Department may issue a Final Order without granting a hearing. [Attached hereto as Exhibit 2 is a copy of the Department's June 29, 2017 letter to Plainfield's attorney.] Plainfield failed to respond to the Department's letter and to correct the deficiencies in its Answer.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



Adam B. Masef
Deputy Attorney General

Dated: 08/11/2017

EXHIBIT 1



CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
25 MARKET STREET
PO Box 117
TRENTON, NJ 08625-0117

REBECCA RICIGLIANO
Acting Attorney General

MICHELLE L. MILLER
Acting Director

March 31, 2017

Via Certified Mail and E-mail

Jeffrey Randolph, Esq.
Law Office of Jeffrey Randolph, LLC
139 Harristown Road, Suite 205
Glen Rock, NJ 07452

Re: 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 No. E17-08

Dear Mr. Randolph:

This office represents the New Jersey Department Banking and Insurance ("Department") in the above-referenced matter. Pursuant to N.J.A.C. 11:17D-2.1(d)1, an alleged violator shall have 20 calendar days from service of the notice of intent to impose an administrative penalty within which to deliver a written request for a hearing to the Department. N.J.A.C. 11:17D-2.1(d)2 also requires that a request for a hearing include, among other things, a statement requesting a hearing; a specific admission, denial, or explanation of each fact alleged in the notice, or a statement that the person is without knowledge thereof; and a concise statement of



March 31, 2017

Page 2

the facts or principles of law asserted constituting any factual or legal defense.

Please be advised that because your response and request for a hearing dated March 30, 2017 lacks information required by N.J.A.C. 11:17D-2.1(d)2, Plainfield Medical Management's response to Order to Show Cause E17-08 is deficient. Accordingly, Plainfield Medical Management has 10 calendar days to correct the deficiencies in your March 30, 2017 response. If no reply is received by the Department within 10 calendar days, the Department may issue a Final Order without granting a hearing. Please be guided accordingly.

Sincerely yours,

REBECCA RICIGLIANO
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: 
Adam B. Masef
Deputy Attorney General

C: Virgil Downtin, III, Chief of Investigations (via email)

EXHIBIT 2



CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
Department Of LAW AND PUBLIC SAFETY
DIVISION OF LAW
25 MARKET STREET
PO Box 117
TRENTON NJ 08625-0117

CHRISTOPHER S. PORRINO
Attorney General

MICHELLE L. MILLER
Acting Director

June 29, 2017

Via Certified Mail and E-mail

Jeffrey Randolph, Esq.
Law Office of Jeffrey Randolph, LLC
139 Harristown Road, Suite 205
Glen Rock, NJ 07452

Re: 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 No. E17-08

Dear Mr. Randolph:

This office represents the New Jersey Department of Banking and Insurance ("Department") in this matter. Please accept this letter as the Department's final notice to you that your client's March 30, 2017 Answer to Order to Show Cause No. E17-08, which was issued on February 27, 2017, is deficient. This office previously sent you a letter on March 31, 2017 informing you of the deficiency. That letter is attached for your reference.

Pursuant to N.J.A.C. 11:17D-2.1(d)1, an alleged violator shall have 20 calendar days from service of the notice of intent to



June 29, 2017

Page 2

impose an administrative penalty within which to deliver a written request for a hearing to the Department. N.J.A.C. 11:17D-2.1(d)2 also requires that a request for a hearing include, among other things, a statement requesting a hearing; a specific admission, denial or explanation of each fact alleged in the notice, or a statement that the person is without knowledge thereof; and a concise statement of the facts or principles of law asserted constituting any factual or legal defense. Please be advised that because your response and request for a hearing lacks information required by N.J.A.C. 11:17D-2.1(d)2, it is deficient.

Under N.J.S.A. 52:14F-7, the Department is authorized to determine whether a case is contested. See Contini v. Bd. of Ed. of Newark, 286 N.J. Super. 106, 118 (App. Div. 1995). Further, "[a]n evidentiary hearing is mandated only when the proposed administrative action is based on disputed adjudicatory facts." Id. at 120. Here, because Plainfield Medical Management has failed to include a specific admission, denial or explanation of each fact alleged in Order to Show Cause E17-08, or a statement that it is without knowledge thereof, the alleged facts shall be deemed to have been admitted. N.J.A.C. 11:17D-2.1(d)3.

Accordingly, Plainfield Medical Management has 10 calendar days to correct the deficiencies in your March 30, 2017 response. If no reply is received by the Department within 10

calendar days, the Department may issue a Final Order without granting a hearing. Please be guided accordingly.

Sincerely yours,

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Petitioner

By: 
Adam B. Masef
Deputy Attorney General

EXHIBIT 1



CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
25 MARKET STREET
PO Box 117
TRENTON, NJ 08625-0117

REBECCA RICIGLIANO
Acting Attorney General

MICHELLE L. MILLER
Acting Director

March 31, 2017

Via Certified Mail and E-mail

Jeffrey Randolph, Esq.
Law Office of Jeffrey Randolph, LLC
139 Harristown Road, Suite 205
Glen Rock, NJ 07452

Re: 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 No. E17-08

Dear Mr. Randolph:

This office represents the New Jersey Department Banking and Insurance ("Department") in the above-referenced matter. Pursuant to N.J.A.C. 11:17D-2.1(d)1, an alleged violator shall have 20 calendar days from service of the notice of intent to impose an administrative penalty within which to deliver a written request for a hearing to the Department. N.J.A.C. 11:17D-2.1(d)2 also requires that a request for a hearing include, among other things, a statement requesting a hearing; a specific admission, denial, or explanation of each fact alleged in the notice, or a statement that the person is without knowledge thereof; and a concise statement of



HUGHES JUSTICE COMPLEX • TELEPHONE: (609) 292-9246 • FAX: (609) 777-3503
New Jersey Is An Equal Opportunity Employer • Printed on Recycled Paper and Recyclable

March 31, 2017

Page 2

the facts or principles of law asserted constituting any factual or legal defense.

Please be advised that because your response and request for a hearing dated March 30, 2017 lacks information required by N.J.A.C. 11:17D-2.1(d)2, Plainfield Medical Management's response to Order to Show Cause E17-08 is deficient. Accordingly, Plainfield Medical Management has 10 calendar days to correct the deficiencies in your March 30, 2017 response. If no reply is received by the Department within 10 calendar days, the Department may issue a Final Order without granting a hearing. Please be guided accordingly.

Sincerely yours,

REBECCA RICIGLIANO
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: 
Adam B. Masef
Deputy Attorney General

C: Virgil Downtin, III, Chief of Investigations (via email)

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 27th 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