

***Reconvening of SCI Public Hearing
The Addiction Rehabilitation Industry in New Jersey
Dec. 21, 2022
Opening Remarks
Commission Chair Tiffany Williams Brewer***

Good morning. I'm Tiffany Williams Brewer, Chair of the New Jersey State Commission of Investigation.

Welcome to the reconvened SCI public hearing into the addiction rehabilitation industry in New Jersey. This proceeding is a continuation of the hearing held here on Oct. 11 that exposed significant abuses in the operation of drug and alcohol treatment centers and rehabs across the state.

I'd like to introduce the other members of the Commission. Sitting to my left is Commissioner Kevin Reina. Commissioner Robert Burzichelli had planned to join us today but had a death in the family. On behalf of the Commission, we send condolences to Commissioner Burzichelli and his loved ones. Our fourth Commissioner, John Lacey – out of an abundance of caution and to avoid any appearance of a potential conflict of interest – recused himself from this inquiry and is not present today. Also joining us is Executive Director Chadd Lackey, Chief Counsel Marian Galietta and Counsel Lisa Cialino, who led the investigative team in the case.

Only a few weeks ago, the SCI first exposed how broken the addiction recovery industry is in our state and how rampant it is with corruption, fraud and unethical practices. We found the type of care patients receive, or even which treatment centers admit them is often based more on the quality of their private insurance coverage and how much it will pay out instead of the services they need to overcome drug or alcohol dependence. Making things worse, much of this inappropriate and illicit conduct occurs with impunity because various areas of the addiction rehabilitation industry remain largely unregulated, making it easy to exploit patients.

We are reconvening here today to take testimony from a witness, Nicholas DeSimone, the owner of an outpatient addiction center, Kingsway Recovery Center, in Mullica Hill. During our Oct. 11 hearing, SCI investigators – through sworn testimony and multiple exhibits – detailed findings of what appeared to be questionable billing practices at the facility. The Commission found some of these proceeds obtained from insurance companies helped further Mr. DeSimone's treatment center's operations and fund a lavish lifestyle.

The SCI subpoenaed Mr. DeSimone to testify and answer questions about our findings at our earlier public hearing, but he failed to appear. His action prompted the Commission to file a motion of contempt with the court to compel his testimony before this panel. Mr. DeSimone is here today pursuant to the Commission's lawfully issued subpoena.

Today's proceeding is important because it allows Mr. DeSimone to have the opportunity to respond to questions from SCI counsel about the Commission's findings concerning financial practices and patient care at his treatment center.

Mr. DeSimone's appearance today also underscores the Commission's statutory authority to compel witness attendance in conducting fact-finding investigations – power which courts have consistently upheld in the Commission's favor.

I'll now turn it over to Counsel Cialino, who will briefly recap the testimony the third panel of witnesses provided in our prior hearing. After the summary, Ms. Cialino will call Mr. DeSimone to testify. Counsel, the floor is yours.