

***New Jersey  
State Commission of Investigation***



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Immediate Release**

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**SCI FINDS WIDESPREAD FRAUD AND  
CORRUPTION IN ADDICTION  
REHABILITATION INDUSTRY**

TRENTON – Corrupt business owners, operators, and professionals working across the span of the addiction rehabilitation industry in New Jersey have engaged in fraudulent schemes and other misconduct that manipulated clients and, in some instances, hindered their efforts to get sober, the State Commission of Investigation found in a report issued today.

The results of the SCI's in-depth investigation into the treatment industry found fraud, unethical conduct and wrongdoing occurring in businesses at every stage of the recovery process, sometimes starting as early as an overdose victim's first encounter with

an addiction professional at their hospital bedside or during an online search for treatment.

The SCI found that patient brokering schemes have evolved in new ways not adequately addressed by New Jersey's patient brokering law. The report detailed various questionable financial activities, including fraudulent billing, tax evasion, and other misconduct by some treatment center owners who later took the proceeds or used accounts assigned to the business to fund their lavish lifestyles. It also uncovered financial arrangements between the owners of sober homes and substance abuse disorder centers that enabled both entities to profit by keeping residents enrolled in treatment at specific treatment facilities. Further, the investigation exposed corruption and other abuses of government programs created to assist individuals struggling with addiction to find treatment services or pay their rent at sober living homes.

To make the industry less prone to abuse and safeguard clients who rely on the businesses and personnel who provide these services, the Commission recommended strengthening and expanding New Jersey's patient brokering law, bolstering licensing and inspection standards for treatment centers and boosting the state's regulation of sober homes. Additionally, the SCI recommended enacting legislation to target deceptive marketing practices, creating a state licensure system for peer recovery coaches, and convening a task force to study industry regulation further.

SCI Chair Tiffany Williams Brewer said that by adopting comprehensive reforms lawmakers and policymakers have an opportunity to make meaningful changes in the industry and to protect individuals seeking treatment from being victimized by unethical

operators. “The SCI’s recommendations would enable the addiction rehabilitation industry to operate with integrity, reliability and accountability,” Williams Brewer said.



*The State Commission of Investigation is an independent New Jersey watchdog agency established in 1968 to investigate organized crime and corruption, waste of tax money and other abuses of the public trust. Copies of public reports are available at the Commission’s offices or via its Web site at [www.state.nj.us/sci](http://www.state.nj.us/sci).*