

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner)
of the Department of Banking)
and Insurance, State of New) **FINAL**
Jersey to fine Charles Boas) **ORDER**
pursuant to the New Jersey)
Insurance Fraud Prevention Act,)
N.J.S.A. 17:33A-1 et seq.)

TO: Charles Boas
909 Broadway
Bayonne, NJ 07002

Charles Boas
160 Broad Street
Matawan, NJ 07747

This matter, having been opened by Richard J. Badolato, Acting Commissioner, Department of Banking and Insurance, State of New Jersey ("Commissioner"), information that Charles Boas ("Boas") may have violated various provisions of New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 et seq. ("Fraud Act"); and

WHEREAS, pursuant to the Fraud Act, the Commissioner is authorized to levy a civil administrative penalty and order restitution against any person who violates the provisions of the Fraud Act; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(1), a person who presents or causes to be presented any written or oral statement as part of, or in support of or opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to the claim violates the Fraud Act; and

WHEREAS, pursuant to N.J.S.A. 17:33A-4a(2), a person who prepares or makes any written or oral statement that is intended to be presented to any insurance company in support of, or opposition to, any claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any fact or thing material to the claim violates the Fraud Act; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5c, the Commissioner is authorized to assess civil penalties of not more than \$5,000.00 for the first violation, not to exceed \$10,000.00 for the second offense, and not to exceed \$15,000.00 for each subsequent offense against any person violating the provisions of the Fraud Act; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5c, the Commissioner is also authorized to award costs and reasonable attorneys' fees; and

WHEREAS, pursuant to N.J.S.A. 17:33A-5.1, in addition to any other penalty, fine, or charge imposed pursuant to law, a person who is found in any legal proceeding to have committed insurance fraud shall be subject to a surcharge in the amount of \$1,000.00; and

WHEREAS, N.J.A.C. 11:16-7.1 et seq. sets forth the procedures that govern the conduct of administrative hearings for imposing civil and administrative penalties for violations of the Fraud Act; and

WHEREAS, on September 19, 2014, the Commissioner issued Order to Show Cause No. 14-23213, alleging that Respondent violated various provisions of the insurance laws of New Jersey, as set forth in the following Counts 1-4:

FACTS COMMON TO ALL COUNTS

IT APPEARING THAT, at all times relevant hereto Boas was licensed in the State of New Jersey to practice chiropractic medicine; and

IT FURTHER APPEARING that, on or about September 12, 2012, Boas was indicted by a grand jury on sixty (60) counts of second degree Health Care Claims Fraud in connection with submitting claims to Horizon Blue Cross Blue Shield ("Horizon") for fabricated chiropractic services; and

IT FURTHER APPEARING that Boas was also indicted on one count of Theft by Deception, in that Boas received payment from Horizon for the fraudulent claims; and

IT FURTHER APPEARING that, on or about April 21, 2014, Boas plead guilty to Third-Degree Insurance Fraud; and

IT FURTHER APPEARING that, in conjunction with his guilty plea, Boas admitted that he submitted fraudulent claims to Horizon Blue Cross Blue Shield ("Horizon") for fabricated chiropractic services; and

COUNT 1

IT FURTHER APPEARING that, in May 2003, A.O. began treatment with Boas for chronic back problems; and

IT FURTHER APPEARING that A.O. was treated by Boas on six to twelve occasions during 2003; and

IT FURTHER APPEARING that A.O. saw Boas on one or two occasions in 2004; and

IT FURTHER APPEARING that Boas submitted claims to Horizon for chiropractic services provided to A.O. on four hundred ninety-eight (498) dates of service between May 14, 2003 and April 11, 2007; and

IT FURTHER APPEARING that the total amount Boas billed to Horizon in relation to A.O. was \$60,730.00; and

IT FURTHER APPEARING that Horizon paid Boas \$28,962.40 for those claims; and

IT FURTHER APPEARING that, on or about February 11, 2009, A.O. gave a sworn recorded statement to a Department investigator; and

IT FURTHER APPEARING that, during the recorded statement, A.O. confirmed that he had only seen Boas a total of seven to fourteen times from 2003 to 2004; and

IT FURTHER APPEARING that A.O. stated that he had not been treated by Boas since 2004; and

IT FURTHER APPEARING that, by completing daily treatment sheets for services not provided to A.O. in order to enhance the appearance of legitimacy of his insurance claims, Boas prepared or made a written statement intended to be presented to an insurance company in support of a claim for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(2); and

IT FURTHER APPEARING that, by submitting claims to Horizon for dates of service where A.O. was not treated, Boas presented or caused to be presented a written statement as part of, or in support of, a claim for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(1); and

COUNT 2

IT FURTHER APPEARING that A.O., Jr. is A.O.'s son; and

IT FURTHER APPEARING that, in 2003, Boas treated A.O., Jr. for asthma; and

IT FURTHER APPEARING that A.O., Jr. received two to three months of treatment from Boas; and

IT FURTHER APPEARING that Boas submitted claims to Horizon Blue Cross Blue Shield ("Horizon") for chiropractic services provided to A.O., Jr. on five hundred thirty-one (531) dates of service between June 2, 2003 and January 15, 2007; and

IT FURTHER APPEARING that four hundred ninety-eight (498) of these dates of service took place more than three months after treatment commenced; and

IT FURTHER APPEARING that the total amount Boas billed to Horizon in relation to A.O., Jr. was \$42,814.00; and

IT FURTHER APPEARING that Horizon paid Boas \$16,759.00 for those claims; and

IT FURTHER APPEARING that A.O. confirmed during his February 11, 2009 recorded statement that he had taken his son to Boas for treatment for two to three consecutive months; and

IT FURTHER APPEARING that A.O. stated that Boas had not provided any treatment to his son after the summer of 2003; and

IT FURTHER APPEARING that, by completing daily treatment sheets for services not provided to A.O., Jr. in order to enhance the appearance of legitimacy of his insurance claims, Boas prepared or made a written statement intended to be presented to an insurance company in support of a claim for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(2); and

IT FURTHER APPEARING that, by submitting claims to Horizon for dates of service where A.O., Jr. was not treated, Boas presented or caused to be presented a written statement as part of, or in support of, a claim

for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(1); and

COUNT 3

IT FURTHER APPEARING that, on or about May 14, 2006 E.M. injured her back and hip; and

IT FURTHER APPEARING that E.M. saw Boas for an initial consultation within three weeks of the date of her injury; and

IT FURTHER APPEARING that E.M. scheduled additional appointments, but subsequently realized she would be unable to afford the copayments; and

IT FURTHER APPEARING that E.M. never returned to Boas' office after the initial consultation; and

IT FURTHER APPEARING that Boas claims to Horizon for chiropractic services provided to E.M. on seventy-two (72) dates of service between October 3, 2005 and July 31, 2006; and

IT FURTHER APPEARING that, for dates of service after May 2006, claims were submitted to Horizon within two months of the listed date of service; and

IT FURTHER APPEARING that, for dates of service prior to May 2006, claims were not submitted to Horizon for ten to twelve months from the listed date of service; and

IT FURTHER APPEARING that none of the claims were submitted prior to May 2006; and

IT FURTHER APPEARING that the total amount Boas billed to Horizon in relation to E.M. was \$7,700.00; and

IT FURTHER APPEARING that Horizon paid Boas \$4,650.00 for those claims; and

IT FURTHER APPEARING that, on or about February 6, 2009 E.M. gave a sworn recorded statement to a Department investigator; and

IT FURTHER APPEARING that, during the recorded statement, E.M. was presented with a list of the dates of service for which Boas had submitted claims to Horizon; and

IT FURTHER APPEARING that E.M. confirmed that she had only been treated by Boas on one occasion, which occurred between May 17 and May 31, 2006; and

IT FURTHER APPEARING that E.M. confirmed that she was not treated by Boas on the other seventy-one (71) dates of service; and

IT FURTHER APPEARING that, by completing daily treatment sheets for services not provided to E.M. in order to enhance the appearance of legitimacy of his insurance claims, Boas prepared or made a written statement intended to be presented to an insurance company in support of a claim for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(2); and

IT FURTHER APPEARING that, by submitting claims to Horizon for dates of service where E.M. was not treated, Boas presented or caused to be presented a written statement as part of, or in support of, a claim for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(1); and

COUNT 4

IT FURTHER APPEARING that, at all times relevant hereto, E.M. and E.M., Jr. were married; and

IT FURTHER APPEARING that, at all times relevant hereto, E.M. was listed on E.M., Jr.'s Horizon health insurance policy; and

IT FURTHER APPEARING that, during her visit to Boas' office, E.M. provided Boas with E.M., Jr.'s Horizon health insurance card; and

IT FURTHER APPEARING that, during her visit to Boas' office, E.M. provided Boas with personal information about E.M., Jr.; and

IT FURTHER APPEARING that E.M., Jr. never was treated by Boas; and

IT FURTHER APPEARING that Boas claims to Horizon for chiropractic services provided to E.M., Jr. on fifty-eight (58) dates of service between October 5, 2005 and July 19, 2006; and

IT FURTHER APPEARING that all of Boas' claims related to services rendered to E.M., Jr. were submitted after E.M.'s May 2006 appointment; and

IT FURTHER APPEARING that the total amount Boas billed to Horizon in relation to E.M., Jr. was \$5,800.00; and

IT FURTHER APPEARING that Horizon paid Boas \$3,013.12 for those claims; and

IT FURTHER APPEARING that, on or about January 30, 2009, E.M., Jr. gave a sworn recorded statement to a Department investigator; and

IT FURTHER APPEARING that, during this statement, E.M., Jr. stated that he had never been treated by Boas; and

IT FURTHER APPEARING that E.M., Jr. further stated that he had never met Boas and had been unaware of the location of Boas' office until very recently; and

IT FURTHER APPEARING that during the recorded statement, E.M., Jr. was presented with a list of the dates of service for which Boas had submitted claims to Horizon; and

IT FURTHER APPEARING that E.M., Jr. confirmed that he had not been treated by Boas on the fifty-eight (58) dates of service; and

IT FURTHER APPEARING that, by completing daily treatment sheets for services not provided to E.M., Jr. in order to enhance the appearance of legitimacy of his

insurance claims, Boas prepared or made a written statement intended to be presented to an insurance company in support of a claim for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(2); and

IT FURTHER APPEARING that, by submitting claims to Horizon for dates of service where E.M., Jr. was not treated, Boas presented or caused to be presented a written statement as part of, or in support of, a claim for payment pursuant to an insurance policy, knowing that the statement contained false or misleading information concerning any fact or thing material to the claim, in violation of N.J.S.A. 17:33A-4a(1); and

WHEREAS, Respondent was given notice of the above-referenced charges and an opportunity to contest the charges at a hearing; and

WHEREAS, Order to Show Cause No. 14-23213 was duly served upon Respondent by certified and regular mail at both addresses listed in the Final Order in accordance with N.J.A.C. 11:16-7.5(b); and

WHEREAS, pursuant to the certification of Deputy Attorney General Gordon A. Queenan, attached hereto as "Exhibit 1", the certified mail was delivered to Respondent's Bayonne address on September 26, 2014 and to Respondent's Matawan address on December 14, 2014; and

WHEREAS, pursuant to the certification of DAG Queenan, on both occasions, the Domestic Return Receipt was signed by a competent member of Boas' households; and

WHEREAS, pursuant to the certification of DAG Queenan, the regular mail sent to Respondent at both addresses was not returned; and

WHEREAS, service of Order to Show Cause No. 14-23213 in this manner constitutes lawful service upon Respondent, pursuant to N.J.A.C. 11:16-7.5(b); and

WHEREAS, Respondent failed to provide a written response to the charges contained in Order to Show Cause No. 14-23213, and, therefore, pursuant to N.J.A.C. 11:16-7.6, a final agency order shall be issued imposing civil and administrative penalties described in Order to Show Cause No. 14-23213, as well as costs of prosecution, including attorneys' fees and restitution; and

NOW, THEREFORE, IT IS on this

¹⁰ day of November

2015

ORDERED that, pursuant to N.J.S.A. 17:33A-5 and N.J.A.C. 11:16-7.6, Respondent shall pay civil and administrative penalties of \$500,000.00 to the Commissioner for fabricating daily treatment sheets and submitting fraudulent insurance claims to Horizon for at least one-thousand eleven (1,011) fraudulent claims of services where no services were provided, as described in Order to Show Cause No. 14-23213, Counts 1-4. See Certification of Investigator Craig Leshner, Exhibit 2;

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:33A-5.1, Respondent shall pay the statutory insurance fraud surcharge, in the amount of \$1,000.00; and

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:33A-5c and N.J.A.C. 11:16-7.9(c), Respondent shall pay reasonable attorneys' fees, totaling \$3,459.00. See Certification of DAG Gordon A. Queenan, Exhibits A and B; and

IT IS FURTHER ORDERED that the aforesaid civil penalties, attorneys' fees and surcharge, totaling \$504,459.00, shall be made in one payment and shall be remitted to the New Jersey Department of Banking and Insurance, 20 West State Street, P.O. Box 325, Trenton, New Jersey 08625, Attention: Jan Allen, Supervisor of Investigations, by certified check, cashier's check, or money order made payable to the "State of New Jersey, General Treasury", within ten (10) days of the date of service of this Final Order, pursuant to N.J.A.C. 11:16-7.9(d) and (e); and

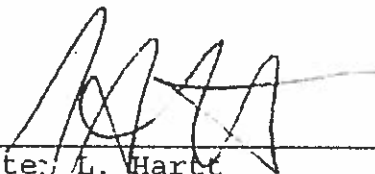
IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:33A-5c and N.J.A.C. 11:16-7.9(c), Respondent shall pay restitution to Horizon Blue Cross Blue Shield, in the amount of \$53,384.52; and

IT IS FURTHER ORDERED that the penalties of this Final Order are imposed pursuant to the police power 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 nothing in this Final Order shall be construed to limit the authority of any other agency from taking action against Respondent in connection with the allegations contained herein;

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. 14-23213.



Peter L. Hartt
Director of Insurance