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**HEADLINE:** WORKERS AT DRUG PROGRAM SENTENCED;  
3 CONVICTED OF BEATING TEENAGER

**BYLINE:** NEAL THOMPSON, Staff Writer

**DATELINE:** SECAUCUS

**BODY:**

In a small, windowless room in a huge blue warehouse here, 17-year-old Channery Soto's drug-treatment counselors crossed the line between aggressive therapy and illegal assault.

During a 1992 group session, three peer counselors hoisted Soto by his belt loops and dragged him into the room where they pummeled the Morris County youth for 30 minutes, he told a Secaucus Municipal Court judge in April. Soto admitted that he had been scuffling with another client prior to the beating.

"They started slamming me against the walls and punching me in the face .. telling me that this was going to continue going on all night... I was scared to death."

Soto also testified that **Miller Newton**, founder and director of the treatment program, KIDS of North Jersey, had authorized the beating.

Last week, Judge Emil DelBaglivo, who convicted the three counselors of simple assault in October following a non-jury trial,

sentenced Carlos Lugo, Michael O'Connor, and George Clemence, all 23, to a year of probation and fined them each \$ 575.

Though he didn't mention Newton by name, DelBaglivo said it was "almost unbelievable" that the director of the program, a man with "supposedly" strong credentials, would allow and condone the use of violence. "We find the institution highly questionable and someone should look into it. We think there's something radically wrong."

Attorneys for KIDS, which has been paying the defendants' legal bills, will appeal DelBaglivo's decision, said Newton, who insists the assault never occurred.

In an interview Dec. 15, O'Connor, who has since left the program, admitted that he participated in the assault on Soto and that beatings were a routine way of handling patients who got out of line. "It's even happened to me," he said.

"We were basically breaking his will," O'Connor explained, referring to the assault on Soto. "I knew what we were doing was wrong, but Newton did tell us to do it. I was under his command, and that's why I left."

It was only a municipal court trial, and the defendants drew no jail terms for their offenses. Indeed, the charges were relatively minor. But for the first time, a judge declared that what KIDS staffers had done in the name of curing drug addiction was criminal. The convictions also served to bolster claims that former patients and their families have made for years: that KIDS' treatment tactics border on child abuse.

The case of Channery Soto is just the latest in a long series of legal and financial problems KIDS has faced, and thus far survived, since it opened in 1984 as KIDS of Bergen County, headquartered in Hackensack.

In the past, investigators have probed claims of kidnapping and abuse. Patients in Bergen County and in three other states where affiliated KIDS programs once operated have made accusations that they

were held against their will. No criminal charges were filed in those cases, although Bergen County prosecutors twice escorted patients from KIDS facilities following claims they were detained unwillingly. The programs in Hackensack; El Paso, Texas; Salt Lake City, and Southern California all closed under the pressure of those investigations.

The KIDS Hackensack chapter reopened in Secaucus in 1991. As director, Newton now earns nearly \$ 100,000 a year, recent tax records show.

KIDS has since fallen from the brink of becoming a national franchise, and the Secaucus program, with about 60 patients from the metropolitan area, is now the last one remaining. Still at the helm is Newton, a 55-year-old minister and medical anthropologist who has left behind a trail of controversy since entering the rehab business in Florida 13 years ago. Monday's sentencing dealt a blow to Newton's efforts to gain legitimacy for his program, while bolstering the quest by former patients to discredit a man they consider a fraud.

But it's not just the treatment methods that have provoked scrutiny of the program. Hudson County prosecutors, the state attorney general, and the state Department of Insurance are now investigating whether some of KIDS' billing practices are defrauding insurance companies.

The extensive, yearlong probe is winding down, said Louis Parisi, who heads the Insurance Department's fraud division. Edward DeFazio, Hudson County's first assistant prosecutor, said the investigation has lasted longer than expected, "due to the complexity of the financial subject matter... but it looks like the investigation is coming to a close."

A review by The Record of insurance forms and affidavits in the criminal investigation, as well as dozens of interviews with investigators, former patients, and their parents over the past few months have yielded the following accusations about the program: KIDS has billed insurance companies for treating not only patients, but also family members who attended group sessions, even when no psychiatrist or doctor was present, parents and insurance companies say; rubber stamps with a psychiatrist's signature were used to authorize insurance forms,

even though a psychiatrist never saw the patient or family member in question, nor reviewed the patient's records, at least one psychiatrist claims.

Raymond Edelman, a Teaneck psychiatrist who worked nearly three years as a KIDS consultant, told The Record that, without his knowledge, the program used a rubber stamp with his signature to authorize insurance forms. Those forms billed insurance companies for sessions that Edelman did not attend and knew nothing about, he said. And, Edelman added, that practice continued even after he quit KIDS more than two years ago, in part, in a dispute over the program's billing practices.

Edelman said the stamp was supposed to be used for internal memos and documents, "but Newton was not authorized to use it for insurance companies or anything like that.. He wasn't supposed to use my stamp at all."

DeFazio said those allegations are at the heart of the ongoing probe into what constitutes legal insurance billing.

"That's precisely the question: whether you have to have actual presence of the health-care professional or, in the absence of actual presence, whether the reviewing of the patient's file is sufficient to justify billing," he said. "But we're satisfied that there's an apparent problem with the policies as we've ascertained them to be."

The Prudential Insurance Co. of America recently conducted its own investigation and found that KIDS was billing the company for treatment sessions during which no doctor or psychiatrist was present, said Prudential spokeswoman Diana Lipps. The company maintains that a licensed professional must be present for such a session to be covered.

"We conducted our own investigation. As a result, we've stopped paying all claims to KIDS of North Jersey," Lipps said. "We feel they misrepresented their services to us."

Nellie Cotto and her husband, Fernando Aviles, said they never met Edelman or any other physician during the family sessions they attended

while their son was a patient. Yet, Edelman's signature appears on a number of Aviles' insurance forms from two years ago. Blue Cross and Blue Shield were charged \$ 75 to \$ 150 for each of the many group therapy sessions Aviles attended with his wife and son.

"I went there to get treatment for my son; they took it upon themselves to give me treatment," Aviles said. "Their objective is to draw money from families."

Newton, in turn, blames the insurance companies for refusing payment of claims. "We never billed for any services we didn't deliver," he said.

Much like his trouble-plagued program, **Virgil Miller Newton** has been a lightning rod for acclaim and condemnation during his 10 years in North Jersey.

Staffers, patients, and grateful parents call him "Dr. Newton." And many perceive him as a dedicated man, a genius even, who saves lives and families.

"It really gave me goals. It was work, but it was also gratifying," said Larry Goodman, 26, who spent nearly three years in the Hackensack program for his drug and alcohol addictions and another three years as a staffer.

Others, like Cotto, who paid thousands of dollars a year to enroll children in the program, call him a fraud and a cult leader. Their initial support of Newton and the program has turned to scorn, and they have become vocal opponents, charging that he has no professional training, is not a medical doctor and that he brainwashes patients.

Newton received his title of "Doctor" in 1981 from Union Institute in Cincinnati, a school described by the Ohio Board of Regents as an "alternative" college which allows students to take courses in their hometown under the stewardship of a tutor and earn a doctorate after only a few years of study. Newton's doctorate is in public administration.

"It's like a cult," said Cotto, of Jersey City, whose son, Carlos Lugo, was one of the counselors convicted in the Soto beating and who was sentenced on Dec. 13. Cotto said KIDS controls patients through intimidation and fear, warning them that they are fated to return to drugs and will eventually die if they try to leave the program. KIDS also turns patients against their families and any friends or relatives who are not associated with the program, she said. In May, Cotto testified against her son.

Hector Passini, 22, of Medford, N.Y., is a former drug dealer who left KIDS in March after 15 months in the program. He said that when he acted reluctant or rebellious, counselors put him in solitary confinement, denied him access to school, or roughed him up.

"It was totally dehumanizing," said Passini, who now works part-time while attending classes at Suffolk County Community College.

"I was in for a year and a half and I never made any progress, which is ridiculous because my mom's paying \$ 800 a month or whatever. Not once did I see a doctor."

Actually, treatment in the KIDS program now costs \$ 1,400 a month.

Newton dismisses such criticism as untrue, ascribing it to vengeful dropouts, or their parents, who failed to endure KIDS' intense, long-term treatment and instead turned to the media or police with their complaints. "If they're not successful, they're not going to blame themselves, they're going to blame us," he said. "Once the name gets hung on us, anyone who writes about it again calls us that controversial program."

In recent interviews, Newton has admitted his program's methods are harsh, but necessary for reaching hard-core addicts who have failed in other programs. Taking high-risk patients like that "buys us some problems," Newton said. "That's where we really walk a line... But on the average, I think we have less violence here than on the average junior high school playground."

Raised in Florida, Newton dabbled in politics before launching his career as a rehab guru for drug and alcohol addicts. He was a circuit court clerk in Pasco County and ran unsuccessfully for mayor of Madeira Beach, near St. Petersburg, and also for Congress. He still sits on the Madeira Beach Board of Adjustment, where he and his wife, Ruth Ann, keep a \$ 125,000 beach house.

Newton's entry into the counseling business began in 1979 when he enrolled his drug-addicted son, Mark, in a confrontational and controversial program called Straight. At the time, Newton was a member of the Florida Alcohol Coalition, a state federation of treatment programs, and, soon after his son enrolled, Newton became director of the St. Petersburg program in 1980.

Former patients have since sued Straight, claiming physical abuse, both during Newton's tenure and after he left in 1983. A jury in 1990 awarded \$ 721,000 to a client who said Newton slammed her against a wall.

The case was settled for \$ 400,000 and several other lawsuits against the program were settled for similar amounts, said Tampa attorney Karen Barnett, who handled four of those cases.

Newton denies that he mistreated patients. He said Straight was troubled before he arrived, and after he left, but that he tried to clean it up during his three years there. Newton left Straight in 1983 to open KIDS of Bergen County.

"Every case that we had involved assault, and at least two of them involved assault directly by **Miller Newton**," Barnett said. No criminal charges were ever brought against Newton or the Straight program, however.

**GRAPHIC: PHOTO - CARMINE GALASSO / STAFF PHOTOGRAPHER - Miller Newton, founder of KIDS of North Jersey, in his Secaucus office.**

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