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**HEADLINE:** Closure for a Quack Victim Despite probes and suits, rehab guru Miller Newton ran his cultlike treatment center for 15 years. But one patient, **Rebecca Ehrlich**, a virtual prisoner for six years, was willing to spend another five years to help run him out of state. She's just won \$4.5 million.; (159 N.J.L.J. 301)

**BYLINE:** Tim O'Brien**BODY:**

In 1993, V. Miller Newton titled his doctoral dissertation in clinical neuropsychology, "Guiding Youth Through the Perilous Ordeal." To hundreds of teen-agers who have been subjected to his bizarre methods at the rehabilitation treatment centers he ran in New Jersey and three other states, the title is rich irony.

Their ordeal was documented in a suit by one of those patients, **Rebecca Ehrlich**, who, like others in Newton's program, never got the treatment for the disorder that led to her enrollment.

At age 14, Ehrlich was placed in KIDS of Bergen County Inc. in Hackensack by her parents on Feb. 24, 1987. They sent her there not for drug or alcohol use, school problems, juvenile delinquency or running away, but for family and behavior problems.

Ehrlich, a freshman with a B average at Wayne Hills High School in Wayne who never tried drugs or alcohol, was an obstinate, rebellious teen-ager. Like most parents who came to Newton's program, Rebecca's family was desperate for a solution to their daughter's problems and for family peace.

Ehrlich was pulled out of school; cut off from family and friends; imprisoned in locked, guarded rooms; strip-searched; denied books, telephone calls and letters; denied the right to read anything or speak to anyone privately; and deprived of sleep.

For six years -- until she was graduated in June 1993 -- she was a virtual prisoner, moving about with an "old timer" constantly holding her by the back of her pants, a practice called belt-looping.

She was the victim of routine physical and emotional **abuse**. She couldn't shower or defecate in private. She was roughed up for so much as crossing her legs or making eye contact with another patient while being forced to sit ramrod in a plastic blue chair, locked in 12 hours of so-called group therapy sessions seven days a week. Even lunch and dinner was eaten in the blue chairs.

All this, for \$9,500 a year.

On Dec. 23, 1999, after five years of teeth-pulling discovery and obfuscation by Newton, **Rebecca Ehrlich** -- now 27 -- got some compensation for the pain the six-year ordeal caused: a \$4.5 million settlement of her suit in Hudson County Superior Court. The settlement, reached 11 days before a trial to be heard by Judge Maurice Gallipoli, ended the case of Ehrlich v. KIDS, HUD-L-4592-95.

The money is to be paid by malpractice insurers for Newton, his wife, his nonprofit corporations, and four defendant psychiatrists, Raymond Edelman of Teaneck, Zisalo Wancier of Closter, Harry Panjwani of Ridgewood and Alvin Galitzin,

who died about 10 years ago.

Newton's insurance carrier will pay \$2 million of the total. The psychiatrists' carriers will pay the total of their policies, which comes to \$2.5 million. Ehrlich will receive \$3.5 million up front and \$1 million paid over time.

#### 'Renting Signatures'

Meanwhile Newton, whose centers have now been closed down, has retreated to Madeira Beach, Fla.

Ehrlich's lawyer, Philip Elberg, had said in court papers that he would argue at trial that "Dr. Newton" was a cult leader, charlatan and insurance fraud artist.

Elberg, a partner with Medvin & Elberg in Newark, charges that Newton, who received his master's degree in divinity from Princeton Theological Seminary and sports a nine-page, single-spaced resume, lacked credentials or qualifications to be a "clinical director" or to provide treatment for compulsive behavior problems. KIDS had held itself out as a place for treatment of such problems, as well as for drug and alcohol **abuse** and eating disorders.

The psychiatrists named in the suit -- all medical directors at KIDS -- admitted in depositions that they allowed program graduate staffers or senior patients at the Hackensack rehabilitation facility to stamp their signatures on necessary regulatory forms, charts, letters and insurance claim forms. Elberg called the practice "renting signatures."

Ehrlich's 1987 intake diagnosis, for instance, was rubber-stamped with the signature of Panjwani -- five years after Ehrlich was admitted. Panjwani later swore he never saw her, or evaluated her, and "would not know her from a hole in the wall." He explained that his rubber-stamp was used for the "bookkeeping ... and record keeping ... required by accreditation."

At the end of discovery in Ehrlich's case, Newton admitted that no one with any professional license ever diagnosed, evaluated or treated Ehrlich. (Years later, a New York psychologist would diagnose her as having a bipolar disorder and associated mental problems.) Newton also said that all such evaluations or treatment were done by unlicensed and untrained "peer counselors," namely, participants who had gone through the program's five phases.

Newton was also forced, by a demand for admissions, to concede that he could find no published study, report or book that advocated his treatment protocol.

Instead, he pointed to his own unpublished studies. Two such studies were cited in footnotes in a book he wrote. But after three motions demanding production of those studies, Newton certified that he couldn't find them.

Defendant Wancier admitted that he signed treatment plans for Ehrlich eight months after the plan allegedly was put into effect. He, too, conceded never actually meeting with Ehrlich. "I may have seen her in the hallway."

Wancier acknowledged that Newton had him sign treatment plans so they could be submitted for insurance claims. He later left the program, partly because his paychecks bounced.

Fellow psychiatrist Edelman said in a deposition that he tried to get Newton to change his methods, but Newton would not take the advice of a doctor.

Newton has an unlisted number in Madeira Beach, and could not be reached. His attorney, John O'Farrell of Morristown's Francis & O'Farrell, said he does not discuss his cases with the press. The lawyers for three of the psychiatrists did not return telephone calls seeking comment. The lawyer for Galitzin, Justin Johnson of Fairfield's Lunga, Evers & Johnson, confirmed the settlement but declined to comment.

#### Warning Signs From Early 1980s

Though Newton, 61, is finally out of New Jersey, Ehrlich, Elberg and his co-counsel, Robert Jones, don't deserve all the credit.

State regulators, prosecutors, insurance carriers, other patients-cum-plaintiffs and investigative print and broadcast journalists have been after Newton -- a former Methodist minister and failed politician -- since he reinvented himself as a rehabilitation guru in Florida.

But he always seemed to survive, billing himself as Dr. Newton, the clinical director, even though his initial Ph.D., awarded in 1981, was in public administration and urban anthropology from The Union Institute in Cincinnati, which bills itself as an "alternative ... learner-directed" school with no campus or attendance requirements. Later resumes describe Newton's Ph.D. as being in "medical anthropology."

His clinical neuropsychology doctorate was awarded from the same school, in September 1993, 13 years after he became a clinical director at a similar Florida treatment program and nine years after he opened KIDS in New Jersey.

In early 1998, the state Department of Human Services threatened to cut off Medicaid reimbursement for Newton's program unless corrections were made. The program had depended on the money because most of its patients no longer were suburban youths covered by private insurance but urban teen-agers.

The state cited, among other things, the use of physical restraints and the use of senior patients with no qualifications to help run the program. In Ehrlich's case, records show, she was restrained more than 100 times, for such offenses as having a penny or a hair barrette in her possession.

By then, KIDS had been kicked out of its Hackensack location for nonpayment of more than \$400,000 in back rent. But relocated in Secaucus and redubbed KIDS of North Jersey Inc., Newton's center fought on, winning two stays from the Division of Mental Health Services in order to file two plans of correction.

On May 1, 1998, when the agency finally pulled the plug, Newton pushed for reconsideration, which led to hearings before Administrative Law Judge Daniel McKeown in the fall of 1998. After the hearing, when more former patients and parents testified about sleep deprivation, beatings, kidnappings of escaped patients, a total lack of privacy for so-called newcomers, and a total "blackout" from the outside world, McKeown recommended that Newton's final appeal be dismissed.

Simultaneously, Elberg and Jones were tightening the noose in Hudson County. They obtained a highly damaging deposition by a former staffer who said Newton doctored and withheld records. The attorneys also moved, successfully, to unseal part of the hearing before McKeown, which had been closed by the Office of Administrative Law.

By the fall of 1998, Newton was close to throwing in the towel and closing his remaining KIDS center. Regulators had shut him down in Texas, Utah and California, while some insurers and governmental agencies had stopped paying claims because the treatment had not been provided by doctors. His goal of opening up to 25 KIDS of America centers is now in ashes.

KIDS of North Jersey finally closed on Nov. 2, 1998, and Newton and his wife, Ruth Ann, the KIDS assistant director, returned to their home in Florida.

In June 1999, the state filed an action against KIDS for \$1 million in Medicaid overbillings. Human Services officials expressed little hope of recovering anything, but the action is pending.

#### An 18-Year Run

But the remarkable aspect of this story is that it took so long to shut Newton down, given all the accusations swirling around him and his treatment protocol.

As far back as 1984, as Newton was starting up in New Jersey, CBS's 60 Minutes broadcast an expose on Straight Inc. in St. Petersburg, Fla., where Newton had started out, working his way up to national clinical director by 1982 and running Straight's clinic in Sarasota. Newton said he got involved after placing his 15-year-old son in the program for drug abuse.

That show highlighted a suit brought by 19-year-old college student Fred Collins who went to Straight to visit his brother and was coerced into the program himself. He was kept against his will in the intake room for more than 10 hours, without being allowed to talk to his parents, until he signed himself in. Collins told 60 Minutes of routine beatings by peer counselors, patients in the advanced phases, who exercise total control over newcomers.

Collins busted out by smashing a locked window. (Others in the four KIDS centers have told reporters and testified that they jumped from moving cars, jumped off roofs and ran naked from a host home in the dead of night. Straight and KIDS use such homes in which parents of longtime patients take in and lock up newcomers each night).

Collins said he tried to get out because he was an adult, and made the obligatory written request to leave. But his request went to a 15-year-old girl who told 60 Minutes she tossed it in the trash, which she was instructed to do.

In **Rebecca Ehrlich's** case, Elberg obtained two notes from his client in which she requested to speak to the county prosecutor and leave. But records show she did not use the right form or correct request procedure, so her requests were ignored. One note, handed over in discovery, is marked "wrong C of C" (chain of command). Elberg says the staffer who wrote that note testified he did not know what form should be used.

Newton instructed staffers to toss requests to leave or speak to someone, former patients and staffers have said in litigation and to reporters.

In 1989 and 1990, Bergen County Prosecutor Larry McClure investigated KIDS. He found no criminality, but recommended that the state Attorney General's Office probe the operation. In one raid conducted by his office, a dozen youths told county officials they wanted to leave the center and they were escorted out.

The 60 Minutes segment also showed Straight Inc. director Bill Oliver belittling the idea that Collins couldn't go anywhere.

he wanted. "We have no record of Fred Collins asking to leave this program at any time."

The jury awarded Collins \$220,000 for his five months in what his attorney called a private jail.

The Florida Attorney General's Office investigated Straight in 1983. In 1989, Florida state prosecutor David Levin described the program for ABC-TV's 20/20 as "... a sort of private jail, utilizing techniques such as torture and punishment which even a convicted criminal would not be subject to."

Newton responded on 20/20, "I don't like the word imprison. Imprison implies punishment." Call it "an isolation ward if you like," he said, adding that he opposes violence. Distancing himself from Straight years later, he said that when "I became clinical director and suddenly found out that there was this thing going on, I never heard of it before, then I walked in and said, 'For god's sake, I am against any harm to any kid at any place, tell us what the problem is so we can fix it.'"

But other former patients sued, including one who was awarded \$721,000 in 1990 and settled for \$400,000. The plaintiff's lawyer, Karen Barnett of Tampa, told The Record of Hackensack, "Every case we had involved assault and at least two of them involved assault directed by Newton."

In the midst of the Florida investigation in late 1983, Straight's Sarasota program closed and Newton moved to Hackensack, where he started KIDS. Dozens of ex-patients have said, some in litigation, that he took Straight's model to more excess in New Jersey.

How excessive? In April 1992, Secaucus Municipal Judge Emil DelBaglivo convicted three male KIDS peer counselors, all 23, of simple assault for dragging 17-year-old [REDACTED] Soto into a room and pummeling him for a half-hour. DelBaglivo was quoted in The Record as calling KIDS a "highly questionable" place. He said something was "radically wrong" if the program's director would condone what the judge described as "almost unbelievable" conduct. "Someone should look into it," he said.

The article also quoted one of the defendants, peer counselor [REDACTED] O'Connor, as saying, "We knew it was wrong, but \*Newton\* told us to do it. I was under his command and that's why I left."

In another case reported on a 1989 broadcast of ABC-TV's West 57th St., a peer counselor was arrested for assault after jumping an 18-year-old man who had just left the program, and forcing him back with help from another patient. The victim, beaten bloody, was treated at Holy Name Hospital in Teaneck.

Newton told the show he had no knowledge of the incident, but program graduate [REDACTED] Johnson countered that Newton told her to try to persuade the victim to drop the charges. In return, she said she told the victim that KIDS wouldn't come after him anymore.

And in 1996 Newton was sued by the federal government for billing the Federal Employees Health Benefits Program for treatment by physicians when the physicians signing the claim form provided no services. Newton, admitting no wrongdoing, agreed to return \$45,000 for 245 claims.

There's much more. As far back as 1989, another administrative law judge, Edith Klinger, concluded after a hearing that KIDS was not in compliance with a host of state safety and health regulations. She pushed for having the place closed unless it applied for a certificate of need from the state Health Department.

Klinger conducted a hearing on a certificate of need application by KIDS to run a drug **abuse** treatment center. For five years, KIDS was not licensed by any state agency, in part, according to state records, because it held itself out as a program that was following the 12 steps of Alcoholics Anonymous. In fact, KIDS had little resemblance to AA. Newton cut the steps down to eight and overlaid the operation with what Ehrlich's experts call cult-like mind control. All patients and parents, in or out, were designated as in good or bad standing; no contact was permitted with those in bad standing.

Klinger concluded that Newton lacked the statutorily required good moral character to get the program certified, urging further investigation.

By late last year, Elberg and Jones had more documented information about KIDS and Newton than anyone else had amassed. They had 28 depositions, including four by Newton. Most important, they had the original, unredacted treatment records, documenting every restraint and incident, as well as every ersatz psychiatric evaluation, diagnosis or treatment, which staffers testified was essentially the same for everyone at KIDS.

Elberg says three key turning points led to the settlement.

First, Judge Gallipoli ruled last March that Elberg could argue for punitive damages if he got to a jury and allowed the attorney to take discovery on the personal assets of all the defendants. "That forced the psychiatrists to think twice about losing their house," Elberg says.

Second, a deposition of staffer Jeffrey Stallings in January 1999 disclosed that Newton hadn't turned over many of the

original records subpoenaed earlier. Stallings -- who, like others, left when he didn't get paid for three months -- testified that Newton altered records in anticipation of an inspection of the program by regulators. He also said Newton withheld some records.

"Getting the unredacted original records was key because then it didn't matter what Miller Newton said, and I didn't really need witnesses," said Elberg.

Third, in finally obtaining all the records, Elberg says he could develop an overall strategy of "showing the perverseness of Rebecca's treatment, especially all her many setbacks to Phase 1 for unbelievable reasons, including eating cookies. KIDS claimed that Ehrlich, who spent about 3 1/2 years in Phase 1 and was overweight, had an eating disorder.

In the end, the case boiled down to garden-variety counts -- consumer fraud, civil rights violations, breach of contract, assault and medical malpractice.

The damages, according to the plaintiff's papers, are the harm done to Rebecca, who really needed mental health care for her bipolar disorder. Instead, her condition worsened.

Ehrlich, like dozens of other ex-KIDS clients, was later treated for post-traumatic stress disorder, and it was her private psychiatrist who suggested she find a lawyer and seek closure.

Says Elberg: "She said what so many have said, that while parents took kids off the street for safety, the kids were never in a more dangerous place than when they were in that place."

Newton, meanwhile, is back in Madeira Beach, where he ran unsuccessfully for Congress in 1972 and 1976, and unsuccessfully for mayor in 1988, while he was heading KIDS in Hackensack.

As long ago as the mid-1980s, Newton was spouting about the wholesome nature of his program. He told 20/20 at that time: "Our program is construed as a teen-age peer culture that is anti-drug, pro-responsible behavior, pro-achievement, pro-family, pro-good appearance, and pro-good moral values."

But when his Medicaid funding was finally pulled by the state, one key reason was the conclusion by state Human Services officials that KIDS was, in fact, a program that failed to bring families back together.

Like many others, **Rebecca Ehrlich** today has reconciled with her parents, and continues to be treated for her bipolar disorder. n

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