

Proposed Questions for Nick DeSimone

Could you provide us with your educational background and employment history prior to founding Kingsway Recovery, LLC (“Kingsway”)?

Have you struggled with addiction? Could you describe your struggles with addiction, including any treatment you sought in connection with your addiction issues?

How did your addiction issues affect you in terms of your professional and personal life including your relationship with your spouse, Michelle DeSimone?

Please describe the circumstances surrounding your decision to change careers and the path you took in terms of your educational background?

Can you describe the impact your change in careers had on your employment and financial situation?

Can you provide us with your employment history as you pursued your education in addiction counseling and prior to founding Kingsway?

Can you describe what led to your decision to found Kingsway, and the initial steps you took to open Kingsway?

What was the initial source of funding for Kingsway?

What services does Kingsway provide to its patients, including the various levels of care offered by Kingsway?

What is Kingsway’s mission statement?

Can you explain how Kingsway is licensed, including which state agency licenses Kingsway?

Did you have any assistance in operating Kingsway when it first opened, and can you describe generally Kingsway’s growth once you began operations?

How many total employees does Kingsway currently have, and in what capacities?

How did Kingsway obtain patients when it first opened, and how does Kingsway generally obtain patients today?

Can you explain the decision-making behind Kingsway focusing on patients with private insurance, and why Kingsway does not accept patients whose treatment Medicare or Medicaid would fund?

Was that decision based in any way on an effort to avoid oversight on Kingsway's treatment activities?

Was that decision based in any way on a desire to maximize profits in connection with Kingsway's business operations?

Does Kingsway award "scholarships" to patients in lieu of billing them for treatment and can you explain how the scholarship process works?

Since Kingsway began operations, do you have a general breakdown of how many patients have received scholarships in connection with the cost of their treatment?

Can you generally describe the intake process for patients at Kingsway, and who generally handles the intake process for Kingsway?

What happens next in terms of interacting with the patient's insurance carrier?

Does Kingsway seek out clients who are insured by specific insurance companies?

Do insurance carriers establish an amount of treatment they will cover when a patient initially seeks treatment at Kingsway, and how does that process generally progress during the patient's treatment at Kingsway?

Does Kingsway maintain a patient list that tracks this information, including when a patient is approaching the end date for treatment authorized by the patient's insurance carrier?

Does Kingsway prepare utilization reviews in connection with a patient's treatment, and if so, could you generally describe what a utilization review entails and whether utilization reviews are provided to a patient's insurance carrier?

Has Kingsway ever deliberately downplayed a patient's progress in preparing a utilization review in order to prolong a patient's treatment at Kingsway or keep the patient at a higher level of care than otherwise required?

Who at Kingsway generally oversees the interactions with insurance companies as a patient's treatment progresses?

Can you describe generally how Kingsway bills insurance companies for a patient's treatment? Has Kingsway utilized any third party billing services in connection with the billing function?

Do insurance companies generally pay the full amount Kingsway bills for treatment provided to its patients?

When Kingsway first began operations, did Kingsway employ bundle billing and, if not, please explain how the billing process worked?

Did Kingsway ever double bill for the treatment services it rendered to a patient?

Did Kingsway ever overlap services provided to a patient in order to generate additional bills for services rendered to the patient, for example billing for a group therapy session and then pulling the patient out of the group therapy session in order to receive other case management or medical services that were then billed separately from the group therapy session?

Did Kingsway's billing practices change over time, and does Kingsway now utilize bundle billing?

Have you confirmed with UB Solutions that treatment services billed by Kingsway are appropriately coded? [Mr. DeSimone to offer into the record confirmation of proper billing practices from Tiffany Madden, principal of UB Solutions.]

Does Kingsway provide incentives such as food, beverages, gifts, living accommodations at sober living homes at little or no cost, or transportation to Kingsway as an incentive to obtain patients?

Your wife, Michelle DeSimone, owns Graceway Living, Inc. ("Graceway") and it operates five sober living homes in Glassboro, New Jersey. Do you have an ownership interest in Graceway?

Does Kingsway have an ownership interest in Graceway?

Does Kingsway fund operations at Graceway?

Do Kingsway and Graceway have any common employees?

Does Kingsway have patients who either need or could benefit from a sober living home while they are receiving treatment at Kingsway?

In such a case, how does Kingsway handle the referral of a patient to a sober living home?

Does Kingsway refer patients to sober living homes other than Graceway?

To the best of your knowledge, are all persons residing at Graceway's sober living homes patients of Kingsway?

In terms of Kingsway patients residing at the Graceway sober living homes, as a general matter, are the patients referred to Graceway by Kingsway, or does Graceway generally refer the resident to Kingsway for treatment?

In your experience, is it common for addiction treatment facilities to have relationships with sober living homes?

Can you describe generally and to the best of your knowledge, the reasons Mrs. DeSimone founded Graceway?

Has Graceway been profitable to date?

Has Mrs. DeSimone utilized your personal funds to cover the costs of Graceway's business operations?

Have you agreed to utilize your personal funds to cover revenue shortfalls in connection with Graceway's business operations because doing so financially benefits Kingsway?

What type of business entity is Kingsway?

When you formed Kingsway, did you seek advice in terms of forming the entity, and if so, from whom?

Has your accountant remained involved in your business operations in terms of Kingsway?

Have you created any additional business entities in connection with your operations at Kingsway, and if so, was that based upon advice you received from your accountant?

In terms of D28 Services LLC ("D28"), what caused you to form this entity and what is its primary function?

Is there a lease between D28 and Kingsway, and if so, who advised you to establish a lease between the entities and for what purpose?

In terms of South Jersey Management Company Limited ("South Jersey Management"), what caused you to form this entity and is it currently operational?

How would you describe your current role at Kingsway in terms of Kingsway's day-to-day operations?

In connection with your role at Kingsway, do you monitor therapy sessions?

Have you, or to the best of your knowledge, Mrs. DeSimone, ever instructed Kingsway employees to end therapy sessions in order to conclude the therapy sessions prior to their allotted time?

Do you receive a salary from Kingsway and in what amount?

Given Kingsway's status as an S corporation and closely held business, how do you generally account for profits, losses, and income distributions to you personally?

Did you establish this structure with the advice and knowledge of your accountant?

Does your accountant prepare all federal and state tax returns in connection with Kingsway and you personally?

Have you paid all required federal and state taxes related to Kingsway's business operations and the revenue you have received from those operations?

Have you ever structured payments you received from Kingsway in an effort to avoid currency transaction reports?

Are you aware of any payments you received from Kingsway that would have generated a currency transaction-reporting requirement? [Mr. DeSimone to reference Exhibit AR-85V and the 6/3/2019 and 1/21/2020 distributions.]

Were distributions from Kingsway to you ever characterized as a business loan repayment, and if so, could you explain the circumstances, including any steps taken to remedy any accounting error in this regard?

Did you avoid paying any taxes in connection with the funds inadvertently labeled as a business loan repayment, or were all required federal and state taxes paid in connection with the funds involved?

Have you every structured payments from Kingsway to yourself to avoid any tax or tax reporting requirements?

Have you ever transferred money between your personal bank accounts in an effort to disguise the source of the funds?

In terms of Kingsway's operations, are urine samples collected from patients, and if so, can you describe the circumstances under which urine samples are collected?

Who handles the collection of urine samples from Kingsway patients? [Mr. DeSimone to provide Service Agreement with Ammon Analytical Laboratories and letter from Scientia Diagnostics.]

Are you aware of anyone employed by Kingsway ever attempting to alter a urine sample in order prolong a patient's treatment at Kingsway? [Mr. DeSimone to reference confirmation in letter from Scientia Diagnostics.]

Has Kingsway incurred a great deal of staff turnover?

Has Kingsway ever compromised or otherwise exploited the treatment of its patients in order to generate revenue?