TRUJILLO RODRIGUEZ & RICHARDS, LLC
Lisa J. Rodriguez (LR6767)
Donna Siegel Moffa (DSM4634)
8 Kings Highway West
Haddonfield, NJ 08022
Telephone: (856) 795-9002
Facsimile: (856) 795-9887

Attorneys for Plaintiffs
(Additional Counsel on Signature Page)

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

DENISE AGOSTINO, ROCCO AGOSTINO, JENNIFER HALEY, CHRISTINE RANIERI, RICHARD RANIERI, ARIA MCKENNA, ERIC GUNTHER, DENISE CASSESE, MARK SMALLER, MICHAEL HOEKHER, SUELLEN HOECKER, ERIC BREUER, DANIELLE AUCLAIR, RONALD SMUCKER, KATHLEEN SMUCKER, ELIZABETH CRUTHERS, RICHARD GRANDALSKI and JANET GRANDALSKI, individually and on behalf of all others similarly situated, Plaintiffs, v. QUEST DIAGNOSTICS, INC., RETRIEVAL MASTERS CREDIT BUREAU, INC. d/b/a AMERICAN MEDICAL COLLECTION AGENCY, CREDIT COLLECTION SERVICES, RUSSELL COLLECTION AGENCY, INC., CREDIT BUREAU CENTRAL, QUANTUM COLLECTIONS, SEATTLE SERVICE BUREAU, INC. and Does 1 to 50, Defendants.	Civil Acton No. 04-4362 (JWB) (GDH) John W. Bissell, USDJ G. Donald Haneke, UDMJ **FIRST AMENDED CLASS ACTION COMPLAINT [corrected]** JURY TRIAL REQUESTED

Plaintiffs Denise Agostino, Rocco Agostino, Jennifer Haley, Christine Ranieri, Richard Ranieri, Denise Cassese, Mark Smaller, Michael Hoecker, Suellen Hoecker, Eric Breuer, Danielle Auclair, Ronald Smucker, Kathleen Smucker, Elizabeth Cruthers, Richard Grandalski and Janet Grandalski (collectively "Plaintiffs"), individually and on behalf of all others similarly situated, for their complaint against Quest Diagnostics, Inc. ("Quest"), Retrieval Masters Credit Bureau, Inc. d/b/a American Medical Collection Agency ("AMCA"), Credit Collection Services ("CCS"), Russell Collection Agency, Inc. ("RCA"), Credit Bureau Central ("CBC"), Quantum Collections ("Quantum"), Seattle Service Bureau, Inc. ("SSB") and Does 1 to 50 (collectively "Defendants"), allege upon information and belief, except as to the allegations which pertain to Plaintiffs and their counsel which claims are based on personal knowledge, as follows:

INTRODUCTION

1. Quest is engaged in the business of providing laboratory testing services to or on behalf of individuals, doctors, hospitals, health insurers, and other health care facilities nationwide. Quest is far and away the industry leader in this field with operations in every major metropolitan city in the United States. For 2003, Quest reported revenues from their laboratory testing business exceeding $4.5 billion, as a result of having conducted over 250 million tests for over 100 million patients. Its revenues increased to $5.1 billion in 2004, with net income of $507 million.

2. Many of the tests performed by Quest are done for patients covered by private health insurance, as set forth in employee welfare benefit plans ("Benefit Plans"). In accordance with those Benefit Plans, private health insurers, employee organizations and others sign agreements with Quest to provide laboratory testing and other health-related services to

participants and beneficiaries of their Benefit Plans. Quest also performs medical testing on non-insured patients and patients covered by Medicare and Medicaid, federal and state governmental insurance programs designed to provide health insurance to seniors, the disabled and the economically disadvantaged.

3. The agreements between Quest and private health insurance providers dictate the prices and terms of the services provided by Quest to Benefit Plan participants and beneficiaries. Those agreements almost always place two restrictions on Quest: 1) that Quest invoice and collect fees for covered services exclusively from the Benefit Plans or their designated fiduciaries, affiliates, administrators or agents; and 2) Quest must accept the negotiated prices listed in the agreements as full payment for the services provided by Quest and paid by the Benefit Plan, without seeking any additional monies from individual consumers covered by the Benefit Plans.

4. Quest routinely violates both of those restrictions when billing consumers covered by private insurance. Although an express violation of its agreements, Quest sends invoices and collects monies for laboratory testing and other covered services to individual participants and beneficiaries of private Benefit Plans.

5. In invoices Quest sends to insured individuals seeking full payment for laboratory testing, Quest engages in "Balance Billing" and "Double Billing." Both practices are violations of the Benefit Plans and Quest's contracts with health insurance providers, and are also false, misleading, deceptive, unfair, unconscionable and contrary to federal and state laws.

6. Balance Billing occurs when Quest sends duplicative invoices to both the Benefit Plan and the insured individual, demanding the entire amount in each invoice. Worse still, the

invoices mailed by Quest to individuals demand payment at Quest's normal rates, rather than the lower rates negotiated between Quest and health insurance providers for their members, conduct that constitutes "Over Billing." As a result of its Over Billing, Quest demands, attempts to collect and often receives payment from insured individuals far in excess of the amount actually owed.

7. In others instances, Quest continues to send invoices to insured individuals after their insurance provider or its agents or administrators have already paid Quest for the services incurred by the insured consumer. This practice is known as "Double Billing." In furtherance of its efforts to Double Bill individuals, Quest falsely represents to the individuals on Quest's invoices that the individual's insurer had denied coverage and/or Quest did not have the correct address of the individual's insurance company.

8. Although Quest is not entitled to any payment from the insured individuals (save for allowed co-payments and deductibles), Quest often aggressively pursues, collects and attempts to collect unearned and non-existent debts from consumers. These deceptive and unconscionable acts constitute "False Billing" by Quest. To assist in the collection of these unearned and non-existent debts, Quest conspires with and employs the services of debt collection agencies, including AMCA, CCS, RCA, CBC, Quantum, SSB and Does 1-50 (the "Debt Collector Defendants"). These debt collection agencies, aided and abetted by Quest, use false, deceptive, misleading, unfair, abusive and unconscionable means to collect and attempt to collect these unearned and non-existent debts. Among the deceptive and unlawful practices employed by Quest and the Debt Collector Defendants are threats of harming consumer credit ratings, records, scores and reports.

9. As a result of its false, deceptive, misleading, unfair, unconscionable and unlawful billing practices, Quest was investigated by the New York Attorney General for the precise practices complained of in this action, namely Balance Billing and Double Billing. As a result of that investigation, the New York Attorney General concluded that Quest engaged in deceptive and misleading practices by engaging in Balance Billing and Double Billing in violation of private health insurance contracts and New York consumer protection laws. In June 2003, Quest settled that case with the New York Attorney General, agreeing to cease its deceptive acts and practices that violate the New York consumer protection laws, refund monies to some New York consumers, pay a fine and the costs of the action - remedial actions Quest has still not accomplished. These same practices have injured and continue to injure insured and uninsured consumers nationwide.

10. Quest also improperly invoices patients covered by Medicare by routinely and deceptively engaging in the billing and Balance Billing of patients covered by Medicare Part B, even though federal laws do not permit Quest to bill Medicare Part B patients for any portion of the cost of laboratory testing. Quest also employs the services of the co-conspirator Debt Collector Defendants to collect these unlawful debts

11. As a result of Defendants' unlawful conduct, Plaintiffs and the Class are injured in at least three ways. First, Plaintiffs and Class members are subjected to Defendants' unlawful and repetitive demands to pay debts for laboratory testing not owed or in amounts above the actual amount owed Second, Plaintiffs and Class members are forced to endure deceptive, misleading, abusive and fraudulent debt collection practices and threats to their credit ratings, records, scores and reports by Quest and/or the Debt Collector Defendants. Third, some

Plaintiffs and many Class members have paid monies demanded by Quest and/or the Debt Collector Defendants that were not owed or in amounts above the amount owed.

12. Plaintiffs and the Class (defined in ¶121) allege claims collectively and alternatively and seek damages and equitable relief for Defendants' past and continuing violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO") 18 U.S.C. §§ 1961 *et seq.*, Fair Debt Collection Practices Act ("FDCPA"), §§ 15 U.S.C. 1692, *et seq.*, Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1001, *et seq.*, the New Jersey Consumer Fraud Act ("NJCFA"), N.J.S.A. §§ 56:8-1, *et seq.* and the similar consumer protection laws of other states, breach of contract, common law fraud and unjust enrichment.

JURISDICTION AND VENUE

13. Plaintiffs invoke the subject matter jurisdiction of this Court pursuant to 28 U.S.C. §1331, which confers original jurisdiction upon this Court for all civil actions arising under the laws of the United States, pursuant to 28 U.S.C. §1332(d), pursuant to 15 U.S.C §1692k(d), pursuant to 29 U.S.C. §1003 and §1132 and pursuant to 18 U.S.C. §1964. This Court has original and supplemental jurisdiction over Plaintiffs' State law and common law claims pursuant to 28 U.S.C. §§ 1332(d) and 1367(a).

14. This Court possesses personal jurisdiction over each Defendant based on each Defendant's residence, presence, transaction of business and contacts within the United States, New Jersey and/or this District.

15. In addition, this Court has personal jurisdiction over each Defendant as a co-conspirator as a result of the acts of any of the co-conspirators occurring in the United States in

connection with Defendants' violations of federal laws, state laws and/or the common law of the fifty States and United States territories.

16. Venue is proper in this District pursuant to 28 U.S.C. §1391 because Quest maintains its principal place of business in this District and at all times conducted substantial business in this District.

TRADE AND COMMERCE

17. In connection with Defendants' enterprise, conspiracy, business, industry and activities, monies as well as contracts, bills and other forms of business communications and transactions were transmitted in a continuous and uninterrupted flow across state lines.

18. Various means and devices were used to effectuate the violations of law and conspiracy alleged herein, including the United States mail, wires, interstate travel, interstate telephone commerce and other forms of interstate electronic communications. Defendants' activities alleged herein were within the flow of, and have substantially affected, interstate commerce.

PARTIES

Plaintiffs

19. (a) Denise Agostino and Rocco Agostino are husband and wife residing in New York. During the relevant time period they were "participants" or "beneficiaries," as those terms are defined by ERISA and applicable regulations, in an ERISA Benefit Plan or Plans that provided them with health insurance, including the Pavers and Road Builders District Counsel Welfare Fund. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiffs' health care Benefit Plan(s), which contract(s) require Quest to

invoice Plaintiffs' health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiffs, and to accept the billing rates and terms set forth in the contract as full payment. Plaintiffs have been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b) On at least two occasions, July 12, 1997 and September 27, 1997, Denise Agostino had laboratory testing done at or by a Quest facility. In 2004 and/or 2005, one or more of Denise and Rocco Agostino's minor children had laboratory testing done at or by a Quest facility. On each occasion, Denise Agostino or her doctor's office provided her and her children's insurance coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest and/or AMCA repeatedly engaged in Balance Billing, Over Billing and False Billing of Mr. and Mrs. Agostino and/or their minor children by demanding payment of bills for laboratory testing covered by their insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest. Quest and AMCA also engaged in Double Billing, by inducing Mr. and Mrs. Agostino to pay money not owed for laboratory testing done on July 12, 1997 and September 27, 1997.

20. (a) Christine Ranieri and Richard Ranieri are husband and wife residing in New York. During the relevant time period they were "participants" or "beneficiaries," as those terms are defined by ERISA and applicable regulations, in an ERISA Benefit Plan or Plans that provided them with health insurance, including Empire Blue Cross and Blue Shield and Aetna. Quest has or had contracted to provide laboratory testing services to participants and

beneficiaries of Plaintiffs' health care Benefit Plan(s), which contract(s) require Quest to invoice Plaintiffs' health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiffs, and to accept the billing rates and terms set forth in the contract(s) as full payment. Plaintiffs have been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b) On at least two occasions, July 30, 2003 and July 21, 2004, Richard Ranieri and Christine Ranieri, respectively, had laboratory testing done at or by a Quest facility. On each occasion, they or their doctor's office provided their insurance coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest repeatedly engaged in Balance Billing, Over Billing and False Billing of Mr. and Mrs. Ranieri by demanding payment of bills for laboratory testing covered by their insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest.

21. (a) Jennifer Haley resides in Nevada. During the relevant time period she was a "participant" as that term is defined by ERISA and applicable regulations, in an ERISA Benefit Plan or Plans that provided her with health insurance, including Sierra Health and Life Insurance Company, Inc., Health Plan of Nevada, Inc. and Aetna. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiff's health care Benefit Plan(s), which contract(s) require Quest to invoice Plaintiff's health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiff, and to accept the billing rates and terms set forth in the contracts as full payment. Plaintiff has been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of

Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b) On at least seven occasions, April 18, 2003, June 20, 2004, July 15, 2004, August 25, 2004 and November 23, 2004, January 10, 2005 and January 20, 2005, Jennifer Haley had laboratory testing done at or by a Quest facility. On March 1, 2005, her infant son had laboratory testing done at or by a Quest facility. On each occasion, she or her doctor's office provided her and her son's insurance coverage information to Quest, which was thereafter on file with Quest. Following at least certain of those occasions, Quest engaged in Balance Billing, Over Billing and False Billing of Mrs. Haley and/or her infant son by demanding payment of bills for laboratory testing covered by her insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest.

22. (a) Aria McKenna and Eric Gunther are fiancées residing in New York and who previously resided in Florida. During the relevant time period they were "participants" or "beneficiaries," as those terms are defined by ERISA and applicable regulations, in an ERISA Benefit Plan or Plans that provided one or both of them with health insurance, including Union Labor Life, Empire Blue Cross and Blue Shield and Blue Cross and Blue Shield of Florida. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiffs' health care Benefit Plan(s) which contract(s) require Quest to invoice Plaintiffs' health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiffs, and to accept the billing rates and terms set forth in the contract(s) as full payment. Plaintiffs have been injured as a result of Defendants' unfair, deceptive, misleading,

unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b) On at least three occasions, April 17, 2002, October 30, 2003 and December 18, 2003, Aria McKenna had laboratory testing done at or by a Quest facility. On each occasion, Aria McKenna or her doctor's office provided her insurance coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest repeatedly engaged in Balance Billing, Over Billing and False Billing of Ms. McKenna and Mr. Gunther by demanding payment of bills for laboratory testing covered by their insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest.

23. (a) Denise Cassese is a resident of New York and a Medicare recipient. Denise Cassese has been covered by Medicare and Medicare Part B continually since September 1, 1983. In violation of the Medicare laws and regulations concerning Medicare Part B, Plaintiff has been injured by Defendants' unfair, deceptive, misleading and unconscionable practices of Balance Billing, Double Billing, Over Billing and/or False Billing.

(b) On at least two occasions, September 26, 2003 and October 2, 2003, Denise Cassese had laboratory testing done at a Quest facility. On each occasion, she provided her Medicare coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest repeatedly engaged in Balance Billing, Over Billing and False Filling of Ms. Cassese by demanding payment of bills for laboratory testing covered fully by Medicare.

24. Mark Smaller is a resident of Vermont. He has been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Double Billing and False Billing. In 1998, Mr. Smaller's minor daughter had laboratory testing done at or by a Quest facility. She did not have insurance to cover the procedure. Upon being billed by Quest for his daughter's tests, Mr. Smaller paid the invoice in its entirety. Afterwards, Quest and CCS engaged in Double Billing and False Billing of Mr. Smaller, demanding payment of bills for laboratory testing previously paid in full.

25. (a) Michael Hoecker and Suellen Hoecker are husband and wife residing in Ohio. During the relevant time period they were "participants" or "beneficiaries," as those terms are defined by ERISA and applicable regulations, in an ERISA Benefit Plan provided by Mr. Heocker's self-insured employer, Alcoa, Inc. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiffs' health care Benefit Plan(s), which contract(s) require Quest to invoice Plaintiffs' health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiffs, and to accept the billing rates and terms set forth in the contracts as full payment. Plaintiffs have been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b) On multiple occasions, including January 29, 2001, Michael Hoecker had laboratory testing done at or by a Quest facility. On each occasion, Mr. or Mrs. Hoecker or their doctor's office provided their insurance coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest engaged in Balance Billing, Over

Billing and False Billing of Mr. and Mrs. Hoecker by demanding payment of bills for laboratory testing covered by their insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest.

26. (a) Eric Breuer and Danielle Auclair are husband and wife residing in Florida. During the relevant time period they were members of a health insurance plan provided by Anthem Blue Cross and Blue Shield. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiffs' health care plan, which contract(s) require Quest to invoice Plaintiffs' health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiffs, and to accept the billing rates and terms set forth in the contracts as full payment. Plaintiffs have been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b) On at least one occasion, February 12, 2004, Eric Breuer had laboratory testing done at or by a Quest facility. On each occasion, Mr. Breuer or Mrs. Auclair or their doctor's office provided their insurance coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest engaged in Balance Billing, Over Billing and False Billing of Mr. Breuer and Mrs. Auclair by demanding payment of bills for laboratory testing covered by their insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest.

27. (a) Ronald Smucker and Kathleen Smucker are residents of Ohio. During the relevant time period they were "participants" or "beneficiaries," as those terms are defined by

ERISA and applicable regulations, in an ERISA Benefit Plan provided by HealthOhio, Inc. d/b/a HealthFirst. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiffs' health care Benefit Plan(s), which contract(s) require Quest to invoice Plaintiffs' health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiffs, and to accept the billing rates and terms set forth in the contracts as full payment. Plaintiffs have been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b). On at least one occasion, August 4, 1999, Kathleen Smucker had laboratory testing done at or by a Quest facility. On each occasion, Mr. or Mrs. Smucker or their doctor's office provided their insurance coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest engaged in Balance Billing, Over Billing and False Billing of Mr. and Mrs. Smucker by demanding payment of bills for laboratory testing covered by their insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest. Quest also engaged in Double Billing, by inducing Mr. and Mrs. Smucker to pay money not owed for laboratory testing done on August 4, 1999.

28 (a) Elizabeth Cruthers is a resident of Oregon. During the relevant time period she was a "participant" as that term is defined by ERISA and applicable regulations, in an ERISA Benefit Plan or Plans that provided her with health insurance, including Regence Blue Cross and Blue Shield of Oregon. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiff's health care Benefit Plan(s), which

contract(s) require Quest to invoice Plaintiff's health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiff, and to accept the billing rates and terms set forth in the contracts as full payment. Plaintiff has been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b). On at least three occasions, July 27, 2000, August 30, 2000 and September 1, 2000, Elizabeth Cruthers had laboratory testing done at or by a Quest facility. On each occasion, she or her doctor's office provided her insurance coverage information to Quest, which was thereafter on file with Quest. Following each of those occasions, Quest engaged in Balance Billing, Over Billing and False Billing of Mrs. Cruthers by demanding payment of bills for laboratory testing covered by her insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest. Quest also engaged in Double Billing, by inducing Ms. Cruthers to pay money not owed for laboratory testing done on July 27, 2000, August 30, 2000 and September 1, 2000.

29. (a) Richard Grandalski and Janet Grandalski are husband and wife residing in Washington, and who formerly resided in Nevada. During the relevant time period they were members of a health insurance plan provided by Anthem Blue Cross and Blue Shield of Nevada as part of the Blue Cross and Blue Shield Federal Employee Program. Quest has or had contracted to provide laboratory testing services to participants and beneficiaries of Plaintiffs' health care plan, which contract(s) require Quest to invoice Plaintiffs' health plan (or its fiduciaries, affiliates, administrators or agents) for laboratory testing received by Plaintiffs, and

to accept the billing rates and terms set forth in the contracts as full payment. Plaintiffs have been injured as a result of Defendants' unfair, deceptive, misleading, unconscionable and fraudulent practices of Balance Billing, Double Billing, Over Billing and/or False Billing in violation of Quest's contractual and legal obligations.

(b) On at least seven occasions, April 18, 2002, May 12, 2003, July 3, 2003, October 20, 2003, January 7, 2004, January 8 2004, April 14, 2004, Richard Grandalski or Janet Grandalski had laboratory testing done at or by a Quest facility. On each occasion, Mr. or Mrs. Grandalski or their doctor's office provided their insurance coverage information to Quest, which was thereafter on file with Quest. Following certain of those occasions, Quest, CBC and/or Quantum engaged in Balance Billing, Over Billing and/or False Billing by demanding payment of bills for laboratory testing covered by their insurance carrier, or demanding amounts in excess of amounts owed and allowed to be charged by Quest. Quest and CBC also engaged in Double Billing, by inducing Mr. and Mrs. Grandalski to pay money not owed for laboratory testing done on January 7, 2004. Quest, CBC and Quantum also engaged in False Billing by demanding and collecting $10 "collection" or "assessment" fees relating to laboratory testing done on July 3, 2003, October 20, 2003 and January 7, 2004.

Defendants

30. Quest is a Delaware corporation with its principal place of business and headquarters located at 1290 Wall Street West, Lyndhurst, New Jersey. Quest is the largest provider of diagnostic and clinical testing in the nation. Quest owns and/or operates over 2000 laboratories throughout the United States. Quest's revenues in 2003 were $4.7 billion, climbing to $5.1 billion in 2004.

31. Quest is the parent company of numerous subsidiaries that provide laboratory testing, patient billing and related services. Included among those subsidiaries of Quest are the following companies, each intended to be a defendant in this action to the extent any has participated, conspired or profited in any of the activities alleged herein, or aided or abetted Quest to participate, conspire or profit in such activities: Quest Diagnostics Holdings Inc. (a Delaware corporation), Quest Diagnostics Clinical Laboratories, Inc. f/k/a SmithKline Beecham Clinical Laboratories, Inc. (a Delaware corporation), Quest Diagnostics Inc. (a California corporation), Quest Diagnostics Inc. (a Maryland corporation), Quest Diagnostics Inc. (a Michigan corporation), Quest Diagnostics of Pennsylvania, Inc. (a Pennsylvania corporation), Quest Diagnostics Inc. (a Nevada corporation), Metwest Inc. (a Delaware corporation), Diagnostic Path Lab Inc. (a Texas corporation), Nichols Institute Diagnostics (a California corporation), Nichols Institute Sales Corp. (a United States Virgin Islands corporation), DPD Holdings, Inc. (a Delaware corporation), Diagnostics Reference Services Inc. (a Maryland corporation), American Medical Laboratories, Inc. (a Delaware corporation), AML Inc. (a Delaware corporation), Quest Diagnostics Nichols Institute, Inc. f/k/a Medical Laboratories Corp. (a Virginia corporation), Quest Diagnostics LLC (an Illinois limited liability company), Quest Diagnostics LLC (a Connecticut limited liability company), Quest Diagnostics LLC (a Massachusetts limited liability company), APL Properties Limited Liability Company (a Nevada limited liability company), Unilab Acquisition Corp. d/b/a FNA Clinics of America (a Delaware corporation), Unilab Corp. (a Delaware corporation), Quest Diagnostics Investments Inc. (a Delaware corporation), Quest Diagnostics Finance Inc. (a Delaware corporation), Pathology Building Partnership (a Maryland general partnership), Quest Diagnostics of Puerto Rico Inc.,

Quest Diagnostics Receivables Inc. (a Delaware corporation), Quest Diagnostics Ventures LLC (a Delaware limited liability company), Lab Portal Inc. (a Delaware Corporation), LifePoint Medical Corp. (a Delaware corporation), CSClinical Laboratory Inc. d/b/a Clinical Diagnostic Services (a New Jersey corporation), MedPlus, Inc. (an Ohio corporation), Worktiviti, Inc. f/k/a Universal Document Systems, Inc. (an Ohio corporation), Valcor Associates Inc. (a Pennsylvania corporation) and Associated Pathologists Chartered (a Nevada company).

32. For each of the companies listed in the previous paragraph, Quest owns (directly or indirectly) at least 50% of the equity or voting interest, controls those companies, their management and operations, and shares officers and/or directors with those companies. For example, Joseph Manory is the Vice President and Treasurer of all or most of those companies, while holding the position of Vice President and Treasurer of Quest. The revenues and profits for each of those companies are included and consolidated in Quest's financial statements.

33. AMCA is a debt collection agency with offices located at 2269 Saw Mill River Road, Building 3, Elmsford, New York and 1261 Broadway, New York, New York. Its collection demand notices list "Regional Offices" in Arizona, California, Colorado and Massachusetts. AMCA is regularly retained by Quest to collect monies from consumers in Florida, Illinois, Iowa, Michigan, New Jersey, New York, North Carolina, Ohio, Oregon and Washington and potentially elsewhere. AMCA and Quest know, or reasonably should know, that many of the so-called "debts" claimed by AMCA and Quest to be owed by consumers to Quest are not owed. Nevertheless, AMCA engages in unfair, deceptive, fraudulent and unconscionable methods, acts and practices to collect, or attempt to collect, these unearned and

non-existent debts. AMCA is the operating affiliate of Retrieval Masters Credit Bureau Inc., a New York corporation.

34. AMCA was founded in 1977. AMCA operates its debt collection efforts strictly on a contingency basis, meaning that AMCA does not get paid from Quest unless it recovers money from consumers. According to an AMCA advertisement: "What's more, we work on a contingency basis, which means NO up-front fees. You pay for results – not for promises." (Emphasis in original).

35. CCS is a debt collection agency with offices located at Two Wells Avenue, Newton, Massachusetts. CCS is regularly retained by Quest to collect monies from consumers in New Jersey, Vermont, Washington, and potentially elsewhere. CCS and Quest know, or reasonably should know, that many of the so-called "debts" claimed by CCS and Quest to be owed by consumers to Quest are not owed. Nevertheless, CCS engages in unfair, deceptive, fraudulent and unconscionable methods, acts and practices to collect, or attempt to collect, these unearned and non-existent debts. CCS is an affiliate and believed to be a wholly-owned subsidiary of CCS Financial Services, Inc.

36. RCA is a debt collection agency with offices located at G-3285 Van Slyke Road, Flint, Michigan and 1184 Bristol Road, Flint, Michigan. RCA is regularly retained by Quest to collect monies from consumers in Michigan and potentially elsewhere. RCA and Quest know, or reasonably should know, that many of the so-called "debts" claimed by RCA and Quest to be owed by consumers to Quest are not owed. Nevertheless, RCA engages in unfair, deceptive, fraudulent and unconscionable methods, acts and practices to collect, or attempt to collect, these unearned and non-existent debts.

37. CBC is a debt collection agency with offices located at 2353 Red Rock Street, Suite 200, Las Vegas, Nevada. CBC is regularly retained by Quest to collect monies from consumers in Nevada and potentially elsewhere. CBC and Quest know, or reasonably should know, that many of the so-called "debts" claimed by CBC and Quest to be owed by consumers to Quest are not owed. Nevertheless, CBC engages in unfair, deceptive, fraudulent and unconscionable methods, acts and practices to collect, or attempt to collect, these unearned and non-existent debts.

38. Quantum is a debt collection agency with offices located at 3223 Civic Center Drive, Las Vegas, Nevada and 1840 East Calvada Boulevard, Suite 11, Pahrump, Nevada. Quantum is regularly retained by Quest to collect monies from consumers in Nevada, and potentially elsewhere. Quantum and Quest know, or reasonably should know, that many of the so-called "debts" claimed by Quantum and Quest to be owed by consumers to Quest are not owed. Nevertheless, Quantum engages in unfair, deceptive, fraudulent and unconscionable methods, acts and practices to collect, or attempt to collect, these unearned and non-existent debts.

39. SSB is a debt collection agency with offices located at 18820 Aurora Avenue North, Seattle, Washington. SSB is regularly retained by Quest to collect monies from consumers in Washington, and potentially elsewhere. SSB and Quest know, or reasonably should know, that many of the so-called "debts" claimed by SSB and Quest to be owed by consumers to Quest are not owed. Nevertheless, SSB engages in unfair, deceptive, fraudulent and unconscionable methods, acts and practices to collect, or attempt to collect, these unearned

and non-existent debts. SSB is an affiliate and believed to be a wholly-owned subsidiary of the National Service Bureau, Inc. ("NBSI").

40. Does 1 to 50, the identities of whom are not presently known but discoverable from the records of Quest, are other debt collection agencies and other companies retained by Quest to collect or assist in the collection of unearned and non-existent monies from consumers and who engage in unfair, deceptive, fraudulent and unconscionable methods, acts and practices to collect or attempt to collect those non-existent debts.

41. During all relevant times, in connection with the activities giving rise to this action, Quest conspired with the Debt Collection Defendants to engage in the various activities set forth herein, and all Defendants agreed to participate in a conspiracy to defraud and deceive Plaintiffs and the Class, and aided and abetted one another in furtherance of that conspiracy.

42. All Defendants acted jointly and severally as a common enterprise and association-in-fact controlled and directed by Quest, are affiliated with the RICO enterprise alleged herein, and participated in furtherance of the scheme described herein to commit the unlawful acts and practices alleged herein.

43. Each of the Defendants benefited from the scheme, conspiracy and criminal enterprise alleged herein to deceive and defraud Plaintiffs and the Class.

FACTUAL ALLEGATIONS

Quest's Laboratory Testing Business:

44. Quest is the nation's leading provider of diagnostic and clinical testing, information and services. Quest owns and/or operates a nationwide network of laboratories and patient service centers where it provides testing and patient consulting services Quest claims to

provide its testing services to physicians, hospitals, managed care organizations, employers, governmental institutions, individual patients and other independent clinical laboratories.

45. Quest was originally formed under the name Metpath Inc., a New York corporation, in 1967. From 1982 until 1996, Quest was known as Corning Clinical Laboratories Inc., a subsidiary of Corning Inc. It changed it name to Quest in September 1996, after being spun-off from Corning.

46. Quest has become the largest laboratory testing company in the country primarily as a result of mergers and acquisitions. In September 1999, Quest acquired SmithKline Beecham Clinical Laboratories, Inc. ("SBCL") to become the dominant company in the laboratory industry.

47. Other acquisitions include Quest's acquisition of Unilab Corporation in February 2003, the leading independent clinical laboratory in California, and Quest's acquisition of American Medical Laboratories, Inc. and LabPortal Inc. in April 2002.

48. Quest categorizes the testing it provides into 3 categories: i) Routine testing; ii) Esoteric and Gene-Based testing; and iii) Clinical Trials testing. Routine testing accounts for approximately 80% of Quest's revenues, Esoteric/Gene-Based testing approximately 16% of Quest's revenues and Clinical Trial testing approximately 3% of Quest's revenues. Routine tests include such common tests as blood cholesterol level tests, complete blood cell counts, Pap tests, HIV-related tests, urinalyses, pregnancy and pre-natal tests and alcohol and substance abuse tests.

49. According to Quest's public filings, individual patients account for 5-10% of Quest's revenues, Medicare and Medicaid account for 15-20% of Quest's revenues, Monthly-

Billed Payers (such as physicians, hospitals and employers) account for 20-25% of Quest's revenues, Managed Care and Third Party Fee-For-Service (*i e.* private insurance) providers account for 40-45% of Quest's revenues and Capitated Managed Care (*i e.* private insurance) providers account for 5-10% of Quest's revenues.

50. For 2004, Quest publicly reported revenues of $5.1 billion and net income of $507 million. For 2003, Quest reported revenues of $4.7 billion and net income of $437 million. For 2002, Quest reported revenues of $4.1 billion and net income of $322 million. For 2001, Quest reported revenues in excess of 3.6 billion and net income of $162 million.

Quest's Revenues and Profits Were Hurt by Medicaid, Medicare and Managed Care:

51. Although immensely profitable, Quest's public filings admit that Quest has been adversely affected by reductions in Medicaid and Medicare reimbursement rates and the growth of managed care and its efforts to curtail health care costs in the United States.

52. As explained in Quest's 2003 Form 10-K, "health insurers demand that clinical laboratory service providers accept discounted fee structures or assume all or a portion of the financial risk associated with providing testing services to their members through capitated payment contracts." An example of the pricing pressure exerted by managed care is evident in a June 28, 2004 article appearing in the *The Wall Street Journal*, reporting that a securities analyst had downgraded Quest's stock performance outlook because, "a large national insurance payer may not renew its contract with Quest unless lowers its rates[]" and as a result "Quest could lose its status as a preferred provider for this insurance payer in certain markets, which would most likely result in lost volume and revenue."

53. To offset these reduced revenues, Quest has become more aggressive in collecting debts from individual patients.

54. Quest's zeal to increase revenues has resulted in its use of Balance Billing, Double Billing, Over Billing and False Billing of insured and uninsured consumers and Medicare patients, in violation of Quest's agreements with Benefit Plan providers, applicable laws and regulations.

Quest's Use of Balance Billing, Double Billing, False Billing and Over Billing:

55. More than half of Quest's revenues are derived from laboratory tests performed on individuals covered by private health insurance Benefit Plans.

56. Quest contracts with most private health insurance providers, or their fiduciaries, affiliates, administrators or agents, to provide their insured members with use of Quest's laboratory testing and other services. These agreements require Quest to bill only the Benefit Plan providers, or their fiduciaries, affiliates, administrators or agents, for laboratory testing or other services performed by Quest for insured individuals. In most instances, Quest may only lawfully invoice insured consumers for co-payments and deductibles, if any, expressly permitted by Quest's contracts with health insurance providers.

57. For example, Plaintiff McKenna's Florida Blue Cross Blue Shield *Schedule of Benefits* makes clear that providers that contract with it to provide laboratory testing to its members "have also agreed not to bill or otherwise collect from any insured any amounts in excess of BCBSF's PPO Schedule Amount, except as otherwise permitted under the terms of their Provider contracts and this Contract."

58. The Mayo Clinic's Glossary of Terms says of "Balance Billing" the following: "Managed care plans and service plans generally prohibit providers from balance billing except for allowed co-payments, coinsurance, and deductibles. Such prohibition against balance billing may even extend to the plan's failure to pay at all (e.g., because of bankruptcy)." Aetna likewise explains on its website that: "Balance billing for costs over the contracted rate is not permitted by participating providers."

59. Certain state laws and regulations similarly preclude Quest from directly billing insured individuals for services included in a health insurance plan or Benefit Plan for which Quest is a participating or included provider of health care services. States with such laws or regulations include New York, Florida, Texas, Massachusetts, Maryland, Delaware, Utah and Arkansas.

60. Quest's agreements with health insurance and Benefit Plan providers also dictate the prices that Quest can charge for services provided, which are almost always lower than the prices normally charged by Quest for the same or similar services. As explained in Quest's 2004 Form 10-K: "Fees billed to patients and insurance companies are based on the laboratory's patient fee schedule, ***subject to any limitations on fees negotiated with the insurance companies*** or with physicians on behalf of their patients." (Emphasis added). Quest's provider agreements require them to accept the stated contract price as full payment for all covered services, and preclude Quest from seeking any additional payment from either the insurance provider or insured individual.

61. Quest has routinely violated their provider agreements by billing and collecting or attempting to collect monies from insured individuals and their insurance providers for the entire

amount of the same services ("Balance Billing"), billing and collecting or attempting to collect monies from both the health insurance providers and insured individuals ("Double Billing"), billing and collecting or attempting to collect monies from insured individuals for services in an amount above the rates and prices agreed in the provider agreements ("Over Billing") and billing and collecting or attempting to collect monies not owed by insured individuals ("False Billing").

62. Not only does Quest wrongfully engage in Balance Billing, Double Billing, Over Billing and False Billing, it mails multiple copies of invoices and threatening letters to insured consumers over a period of months demanding payment, wrongly claiming delinquency, threatening to add the individuals to delinquency lists, threatening debt collection, threatening harm to credit ratings, and threatening legal action and liability for costs and expenses. Quest threatens harm to consumer credit ratings even though in at least some instances is has no intention of following through on its threats.

63. To further promote its Double Billing, Quest's invoices to insured consumers contain a host of deceptive, misleading and false statements, such as stating that the individual's insurance company has denied coverage for the services performed by Quest, and/or that Quest does not have access to the correct billing address of the individual's insurance provider or administrator.

64. The duplicate bills mailed by Quest to insured individuals are routinely and intentionally overstated, whereby Quest invoices the individuals at prices higher than agreed upon in Quest's Benefit Plan and/or provider agreements.

65. Quest follows through on its threats to use outside debt collection agencies, including the Debt Collector Defendants, to collect and attempt to collect debts from insured

individuals, even though such so-called "debts" are fictitious, not properly collected from insured individuals and/or were previously paid by the insurance providers. Worse still, Quest or the Debt Collector Defendants often impose a "collection fee" or "assessment fee" of approximately $10 for each invoice when Quest employs the use of outside debt collectors.

66. Quest provides knowingly and/or recklessly false information to debt collection agencies employed and retained by Quest to wrongfully, deceptively and unconscionably collect and attempt to collect non-existent debts from insured and uninsured consumers.

67. The Debt Collection Defendants acquiesce in the knowledge that the information provided by Quest concerning delinquent debts is often false, but knowingly and/or recklessly ignore that information in pursuit of their debt collection activities.

68. Although it collects debts it knows or should reasonably know are not owed by consumers, AMCA (like the other Debt Collector Defendants) unfairly, deceptively and unconscionably abuses and harasses individuals to pay monies purportedly owed to Quest, but which in fact are not owed. AMCA achieves its illicit goals by repeatedly calling and sending letters to consumers demanding payment to Quest. AMCA's efforts are expressly approved by Quest. According to AMCA: "We find the most effective collection method is a combination of letters and telephone calls ('telecollection'). At AMCA, we have had success mailing up to nine letters to slow payers. Letters are tailored to your specific situation and approved by you before we mail." (Emphasis in original). AMCA promises: "If you want your money, we will collect it for you."

69. The remaining Debt Collector Defendants engage in substantially similar deceptive, fraudulent and abusive practices to collect debts for Quest that they know, or

reasonably should know, are not owed by consumers. Their motivation is amply summarized by a statement on SSB's and NSBI's website: "Because we don't get paid until you do, we strive to achieve quick and efficient results in recovering the money owed you." It is not uncommon for SSB/NSBI to begin debt collection based merely on an electronic order from Quest without confirming the validity of the debt: "NSB[I] works with the top medical labs in the United States ... NSB[I] technology allows for electronic transfer of files and we work with you on customized reporting when and how you need it."

70. Like the other Debt Collector Defendants, Quantum harasses consumers with letters and telephone calls. As stated on its website: "Letters are computer generated and mailed every 14 days until a series of three letters have been mailed. If the collector handling the account has made satisfactory payment arrangements with the debtor, the letters are stopped and a payment reminder is mailed to the debtor. The letter series may be restarted at any time by the collector handling the account." "We do not just provide telephone dunning, though that is an integral part of our service." Their debt collectors are paid solely by commission, bonuses and "monthly contests," based on the amount of debts collected from consumers. Quantum also promotes its willingness to begin collection of Quest's debts based solely on an electronic order: "Our company can accept new business, payments, credit and adjustment via electronic download from client via modem."

71. Aside from Plaintiffs and the investigations of numerous state Attorneys General, consumers nationwide have confirmed the allegations of Balance Billing, Double Billing, Over Billing and False Billing employed by Quest and the Debt Collector Defendants. Some of these consumers made complaints to state and/or federal regulators, who have disclosed consumer

complaints to Plaintiffs' counsel following requests made pursuant to freedom of information laws.

72. Those consumer complaints further demonstrate Quest's and the Debt Collector Defendants' unlawful, deceptive, abusive, unconscionable and fraudulent billing and collection practices. A small sample of those consumer complaints include the following:

(a) An Alabama consumer stated in a September 25, 2003 complaint to the Alabama Attorney General:

> I have had difficulties with Quest as outlined in my attached letter. It seems I am not the only individual who has problems with this company. The medical claims are being submitted by Quest to the private medical insurer or Medicare but then Quest is billing the individual (patient) for additional sums above what is being paid by the insurance company. Other laboratories performing the same services never billed any additional charges. According to my Doctor's office Quest is suppose[d] to be a Preferred Medical Provider, i.e. they accept what ever the insurer agrees to pay for the procedure or service. In my case, I am insured under a corporate sponsored group Blue Cross Blue Shield PMD plan and should only be paying a $20 co-payment to my physician. Whatever Quest is doing with the claims is causing the individuals to pay additional charges to Quest. I have talked to my doctor's office on numerous occasions and they can't figure out what is going on with Quest either as to why the individuals are being billed. My Doctor's office has ceased doing business with Quest.

This same Alabama consumer advised Quest of its improper billing practices:

> I am today [September 22, 2003] in receipt of the captioned invoice indicating an amount due of $73.40. Further, this invoice indicates that it is a final delinquency notice and the account will be turned over to a collection agency unless the balance in full is remitted. ... On August 18th, I received a "third notice" from Quest for the amount of $73.40. On August 19, 2003 I remitted $99.83 under my check number 5752. This represented payment in the amount of $73.42 for services on May 1st and $26.40 for services on May 28th. I returned the entire statement with my check and wrote a note that it is being paid under protest and that I think you are a most unprofessional organization. All during the time between June and August, I had been calling my doctor's office and waiting to hear

something to resolve this matter. Quest never cooperated in the matter with my Physician's office or me to resolve which codes were used, why the codes were changed and why the claim had been submitted under my Major Medical insurance. I decided to pay the third notice in the hope that I would never have to deal with such an unprofessional firm again. I guess I was wrong.

(b) An Illinois consumer stated in an May 21, 2003 complaint to the Illinois Attorney General:

Quest did tests on my spouse and billed us for the two amounts listed on the copy of the enclosed collection notice. I tried to call them but can't get through on their toll free # because the pin code does not work. Mailed a copy of my bank statement showing payment. I have not received any explanation of what the problem is. To my knowledge the amount American Medical Collection Agency is trying to collect on behalf of Quest Diagnostics is the only amount and not billed from previous tests. AMCA's contact points really frustrate, extend and are abusive of customers. I do not know if this has affected my credit rating.

(c) The Missouri Attorney General, on December 7, 2000, received a complaint from a Missouri consumer stating:

Co[mpany] keeps billing Cons[umer] for the services they render. Cons[umer] says that she has a PPO insurance and the Co[mpany] is failing to bill correctly. Cons[umer] sends at least two letters to the Co[mpany] each month before they correct their billing. Cons[umer] believes this is willful and that unsuspecting seniors will go ahead and pay the invoices because they don't understand how a PPO discount works.

(d) The Missouri Attorney General, on April 19, 2001, received a complaint from a Missouri consumer stating:

Cons[umer] had tests done and co[mpany] called her to tell her insurance denied the claim. Cons[umer] paid the claim and later found out that the insurance co[mpany] had covered it. Co[mpany] will not refund the cons[umer's] money.

(e) A Massachusetts consumer stated in a complaint to Quest and the Massachusetts Attorney General:

First I would like to review the history of my problems with Quest Diagnostics ("Quest"). Any medical services needs of mine that arise I use Massachusetts General Hospital ("MGH") ... [who is] apparently passing along my insurance information for Quest to bill directly. ... Although Quest has the same information as MGH has (which has been paid for all services), Quest has claimed that my insurance has NOT paid and has sent my bills to the collection agency. Moreover, I have called Quest several times after they had contacted me to give them my correct insurance information (and also wrote my correct insurance information on each bill I received from Quest - in the designated box to do so, and sent it back to Quest). I also spoke to my insurance company directly who noted that Quest sent their bills to the wrong office and my insurance company had requested from Quest in writing to send any bills dated prior to July 31, 200 [redacted by Massachusetts Attorney General] to the address of Blue Cross of [redacted by Massachusetts Attorney General]. This was never done, and again the bill was sent to the collection agency. I now have several bills from Quest, all of which are covered by my insurance. These bills sent to Quest's collection agency has Quest collection group literally "harassing" me with calls at all hours of the week, and has caused problems with my purchase of a new home.

(f) An Oregon consumer stated in a December 14, 2000 letter to AMCA, copied to Quest, the Oregon Attorney General and the FTC:

This letter is to inform you that I dispute the bill that you are attempting to collect on behalf of Quest Diagnostics. ... I have contacted Quest Diagnostics repeatedly and so has my insurance carrier, Providence Medicare Extra. My insurance company assures me that this bill has been satisfied and that there is no balance owing.

(g) A Florida consumer stated in an April 19, 2004 complaint concerning Quest to the Florida Attorney General's Fraud Hotline:

Quest Diagnostics: Caller has paid his bills (07/03) and then after several months, a collection agency is harassing them for debt that has already been paid. It has happened to several co-workers as well.

(h) A Florida consumer stated in an August 9, 2004 complaint concerning Quest to the Florida Attorney General's Fraud Hotline:

Quest Diagnostics (NJ) – they keep billing for debt that has already been paid. They had sent this to a collection company already. Insurance had paid this already. Caller said that the NY OAG has taken his company to court because of

multiple or false billing. Quest said go back to the doctor and / or insurance company and they can fix this, but it repeats. He has sent letters to the collection (NY-AMC[A]) and has fixed this once, but it has been resubmitted and the collection company is contacting him once more. He will be sending proof to this collection company once more.

(i) An Iowa consumer stated in an August 9, 2002 letter to Quest, copied to AMCA and the Iowa Attorney General's Office:

I am writing you regarding a claim for my wife, [] on May 21, 2001. According to my insurance company, Wellmark, Blue Cross Blue Shield (see attachment) this claim was rejected as PROVIDER LIABILITY, due to information needed to process the claim not being provided. This was previously communicated to Quest. As I understand it since you are contracted with my insurance company you cannot bill me for this claim. I am formally disputing this bill at this time. As a contracting provider, Quest agrees to file claims on behalf of patients. You have not refilled [sic] this claim for []. I am formally requesting that all collection activities on this account immediately cease. Any communications with credit reporting agencies needs to be corrected as well.

(j) A Michigan consumer stated in a December 29, 2003 letter to Michigan Attorney General's Office:

On December 14, 2001, my father, [], had a PSA test ordered by his doctor. The test and lab work completed by Quest Diagnostics Inc. were covered by his Blue Cross of Michigan insurance. ... We thought the problem had been settled until we heard from the collection agency [AMCA]. My father got understandably nervous and paid the $63.25 to the collection agency. Almost immediately the payment form came from Blue Cross indicating that the bill had been paid. Quest Diagnostics was paid twice for the same service. Several calls to Quest Diagnostics always get the same response, "We will look into it." My 81 year old father is discouraged, and I'm angry that a company in the medical field would deliberately take advantage of an older person.

(k) A Michigan consumer states in a January 10, 2000 letter to Quest, copied to the Michigan Attorney General's Office:

I am enclosing a copy of your bill labeled "Third Notice," dated 1/4/2000 indicating that the charges are delinquent, and you will be starting collection procedures. You are a network provider from my insurance provider United Healthcare Insurance Company (UHC). As such you have a contract to accept as

payment in full the moneys [sic] paid by UHC for services provided by your company. I am enclosing copies of statement from UHC dated 11/15/99 and 12/13/99 that show you have been paid in full for the laboratory services listed on the bill. I DO NOT owe you any money. This is not the first time I have had the same problem with your company. It is my opinion that this is the result of incompetent record keeping, or it is an attempt to collect moneys [sic] over and above the amounts provided by your contract with UHC.

(l) An Ohio consumer stated in a August 5, 1999 letter to the Ohio Attorney General's Office, the day before AMCA issued a collection demand notice:

I am a State of Ohio employee covered under the HMO from Aetna Insurance. According to Aetna, my employer's benefit's office and DAS Benefits Administration's office, Quest has been paid their contracted amount for the service provided and I as the patient do not owe this amount. I have contacted Quest, DAS Benefits has contacted Quest, and my employer's benefits office have contacted Quest, however, I am still receiving these notices. Is there anything I can do to stop this invoice and Quest turning this over to a collection agency?

(m) An Ohio consumer stated in a April 15, 1999 letter to SBCL, copied to AMCA and the Ohio Attorney General's Office:

Per my medical plan and the Medical Mutual of Ohio representative, you have a contract with them stating that the Insurance payment is considered payment in full. You have now received duplicate payments for this bill. One from the insurance company and the other from me in the amount of $149.13. After receiving payment twice for the same bill you then turned this bill into American Medical Collection Agency. I recently applied for a new credit card and have been refused due to your practice of duplicate billing for medical bills.

(n) A Vermont consumer stated in a November 9, 1998 letter to the Vermont Attorney General's Office:

I have been threatened several times by SmithKline Beecham Clinical Laboratories. I am requesting that you look into their business procedures as they seem to be a little illegal. My husband[']s employer General Electric Co is a self insured CHP company. All that we have is a $10.00 co-pay and we are not responsible for any additional lab fees. Four times I have given our insurance information to the lab (attach #1). On the fourth time Aug[ust] 31, [19]98 (attach #2) I advised them that any further threats would be considered harassment and

turned over to the Attorney General's Office for fraud. On Oct[ober] 6, [19]98 I faxed a letter to GE Health Care Preferred for them to check out the problem (attach #3). Also attached (attach #4) is a copy of my explanation of benefits for Kaiser Permanente dated 10/29/98 who now does GE CHP coverage. They have paid SmithKline [redacted by Vermont Attorney General] and the statement says the balance exceeds the usual fee for this service. Also attached (attach #5) is another threatening letter dated 11/3/98 from SmithKline stating that this will be turned over to a collection agency.

(o) A Washington consumer stated in an August 27, 2002 letter to Quest, copied to the Washington Attorney General's Office:

Again I have received a collection notice from Credit Collection Service and another phone call. Per my letter of July 29th, my last bill from Quest was for $25.20 and was paid and the check has cleared my bank.

(p) An Alaska consumer and former Washington resident stated in a January 8, 2001 letter to the Washington Attorney General's Office:

In November, 2000, I received a statement from Quest, indicating a balance due of $169. On November 16, 2000, I reached a Quest representative who identified himself as Quantai W. I explained that I had received [an] Explanation of Benefits from (EOBs) from Blue Cross Blue Cross Blue Shield (BC BS) regarding the amount Quest indicated was due from me. According to the first EOB, the submitted charge from Quest was $136; of that amount, $15.80 was allowed by BC BS. The remaining $120.20 was to be written off by Quest, as they are a preferred BC BS provider, leaving $14.22 to b[e] paid by BC BS and $1.58 to be paid by me. The second EOB reflected a submitted charge from Quest for $33. Blue Cross Blue Shield paid $25.15, Quest was to write off $5.06, and my balance was $2.79. So of the total $169 fee for the 8/22/00 date of service by Quest, my amount due is $4.37. The Quest representative, Quantai W., requested that I fax copies of my EOBs to him at (813) 740-3311 so that he could clear my account. At that time I also requested that he correct the spelling of my last name, as well as correct my mailing address, as Quest was using the wrong information. Yesterday, I received two statements from Quest. Each had my correct name and correct address. However, the statements indicated a balance due of $138.79. That is the original amount due of $169, less a $5.06 write-off and a BC BS payment of $25.15. I contacted BC BS and was advised that BC BS had been having a lot of problems with Quest, and I was only responsible for $4.37.

(q) A Washington consumer stated in a January 8, 2002 letter to AMCA, copied to Quest and the Washington Attorney General's Office:

> I am in receipt of your letter dated 1.1.02; I have had three prior phone conversations with representatives from your company. In all three of these conversations you were told that this bill was paid to Quest Diagnostics in October 2001, yet you refuse to remove this account from your system.

(r) A California consumer and former Washington resident stated in a July 16, 2001 letter to the Washington Attorney General's Office concerning SSB and Quest:

> On May 3, 2001 I received a notice from a collections agency called Seattle Service Bureau Inc. claiming that I owed a diagnostics company, Quest Diagnostics, $42.12. ... I called phone number provided on the letter for questions regarding the account and was told the debt was from 1999, at which time I was not only a minor, but also insured. When I tried to explain this to the representative, she said to get the money from who ever was responsible for my care at time of the claim, because Quest would not bill my insurance for a 3 year old claim. ... After she refused to provide any further information about the "debt" I asked if I was expected to pay the "debt" without knowing what it was for or whether it was even valid, to which she responded, "its your credit," and proceeded to disconnect the call. I called back several times, each attempt ending with a nasty remark from the representative as she hung up on me.

(s) A North Carolina consumer stated in a July 9, 2003 letter to the North Carolina Attorney General's Office:

> I am writing to you regarding a recent notice I received from the American Medical Collection Agency. This notice is requesting payment regarding a claim submitted to them by Quest Diagnostics, Incorporated. Quest has been trying to collect payment from me on laboratory services performed on my daughter, []. My health insurance carrier (United Healthcare) has indicated to me that I am not responsible for paying on this claim and that Quest's attempt to collect any portion from me is a violation of their contract. ... My main concern is that this collection report will reflect poorly on my daughter's credit report.

On July 15, 2003, this same North Carolina consumer sent a follow-up letter to the North Carolina Attorney General's Office, attaching a July 7, 2003 letter from United Healthcare to Quest. The United Healthcare letter to Quest stated:

In joining our [United Healthcare] network, you [Quest] agreed to accept the contracted fee as payment in full for the services you provide to our members. A payment of $25.56, equal to 100% of your contracted fee, was issued to you on 02/13/03 for services provided for [] on 11/27/2002. Our records indicate that you sent a bill to [] in the amount of $37.44. This amount is above your contracted fee and is not the member's liability. Please adjust your records so our member will not be billed for this balance. Contractually, our members should not be billed except for member copayment or coinsurance and certain limited situations described in your provider contract.

(t) A January 27, 2003 letter from Blue Cross and Blue Shield of North Carolina to a North Carolina consumer, attached to the consumer's January 29, 2003 complaint to the North Carolina Attorney General's Office states:

Per our conversation today, I have contacted Quest Diagnostic. Despite our previous conversations, they are now contending that the information submitted previously was not sufficient to eliminate your balance of $68.88. I have collected the voucher that went to Quest Diagnostic from Blue Cross and Blue Shield of North Carolina on November 6, 2002. ... However, you can see from the info listed that the member liability is $0.00.

(u) A New York consumer stated in a January 12, 1999 letter to Kenneth Freeman, then Chief Executive Officer of Quest (which was attached to the consumer's January 20, 1999 complaint to the New York Attorney General's Office):

In May of 1998 I had [redacted by New York Attorney General] at your Depaw, New York facility. The girl who took down my insurance information informed me that should would not accept my secondary insurance (no excuse was given). When I received my bill I called your billing department and was informed the reason she didn't take the information at the time of service was because your computers could not hold it. I gave my secondary information to the rep who said she would process this through my secondary insurance. Mr. Freeman, I have been giving this information to your company ever since. I have been billed repeatedly for the balance (which my secondary insurance covers) since June. I have promptly called after receiving each and every bill and give the information to the party I spoke with After I received the latest bill (January 5, 1999), I called Choice Care and received the following information: the balance was paid by Choice Care on October 12, 1998 [redacted by New York Attorney General]. I relayed this information to Alex along with a toll free number he could call if he needed any additional information. A few days later the last straw came when I

received a notice that this was turned over to your collection department and I had until January 21, 1999 to pay.

(v) A New York consumer stated in a February 14, 2003 letter to the New York Attorney General's Office, AMCA and Quest:

I have tried on numerous occasions to have the above referenced Quest Bill corrected. Apparently Quest is unable to review the records of all the information I have provided at their request to three different P.O. Boxes, the information I provided on two E-mails and the many telephone conversations I have had with personnel at Quest. The primary insurance carrier is United Healthcare. THE SECONDARY INSURANCE CARRIER IS **GHI**. I have contacted GHI and sent Quest copies of GHI's statement, the check number of payment, the date Quest cashed the check and a copy of my policy indicating that since Quest is a GHI provider, they must accept GHI's payment for the entire bill. I verified this with GHI also. Quest has not recorded any payment from GHI on my bill AT ALL!!! They tell me they will investigate, but they never do. I have been hounded by bills from Quest and no one at Quest ever bothers to respond to my inquiries or read all the information I have sent repeatedly. Now they sent this **PAID BILL** TO A COLLECTION AGENCY! [Emphasis in original]

(w) A New York consumer stated in a July 6, 2002 letter to the New York Attorney General's Office:

We are in urgent need of your help. We have been harassed since last year and we would like your help. Last year, my husband and I had some blood work done recommended by our primary doctors. We both went to blood laboratory offices referred by our doctors. Quest Diagnostics Incorporated *the people who did the blood work[,] P.O. Box 64813[,] Baltimore, MD 21264-4814[.] They want us to pay the difference that Blue Cross/Blue Shield doesn't allow for. I spoke with Ms. Muter from Blue Cross/Blue Shield @ (1-800-261-5962) and she said that they only allow a certain amount of money for services rendered to their patients. And, that **we are not responsible** to pay the difference in money that Quest Diagnostics want us to pay. We have received many letters from American Medical Collection Agency #0015155157095[,] 2269 S. Saw Mill River Road, Bldg. 3[,] Elmsford, NY 10523 (1-800-516-4250) (914) 345-7125[.] [Emphasis in original]

(x) A New Jersey consumer stated in a April 26, 1998 letter to Quest, copied to the New Jersey Attorney General's Office:

If I weren't so furious, I'd be laughing about the complete ineptitude of your billing system. In September, I had several simple blood tests done. I submitted the charges to the insurance carrier, Mutual of Omaha/Medichoice, who paid them promptly. I continued to receive past due notices from you, despite numerous phone calls and promises that the matter had been resolved. I sent copies of the payment statement from the insurance carrier. I sent letters explaining the situation. I finally sent a check to cover the costs until resolution of the matter so you wouldn't turn me over to a collection agency. After months of hassles and threats on my part to turn this case over to NCQA, the Bergen County Better Business Bureau, and others, you finally cleared the matter and refunded the check. (See attached letter and refund check stub.) The laughable part is that I've now started to receive *past due notices again every two weeks*. I tried calling. That seems to have done nothing. So I talked to people at work, and it seems that many of them have had similar experiences with your lab. I've had it!!! [Emphasis in original].

(y) A New Jersey consumer stated in a May 19, 1999 letter to AMCA, copied to the New Jersey Department of Banking and Insurance:

This letter is to inform you that your agency keeps wasting the money to collect an amount of $62.34 which you agency alleges that my 6 year old son [redacted by New Jersey Attorney General] owes for service rendered by your client Quest Diagnostics, Incorporated. You are here put on notice to stop this harassment because MY WIFE'S Insurance Company, thought her former employer, Celgene Corporation, has reimbursed your client Quest Diagnostics Incorporated for a PPO Provider Discount amount. The original bill from Quest was US$84.80 and they (Quest) have given a PPO discount of US$62.34 to bring the net payment of US$22.46, which has been paid to Quest. A copy of [the] explanation of benefits is attached for your records. I have already written to Quest once in the past in December 1998 (Copy also attached). My efforts seem to have been wasted. They don't seem to understand that I am not putting up with the black mail from agencies like yours.

(z) A February 24, 1999 letter from the Nippon Life Insurance Company of America to the New Jersey Insurance Commissioner, copied to Kenneth Freeman, then Chief Executive Officer of Quest, states:

I am writing to express ongoing concerns that we are experiencing with Quest Diagnostics, Inc. and ask for your help in reaching a resolution. As you can see from the enclosed letters, we have written Quest and asked that they respond to our concerns. To date we have had no response. Since 1997 we have received

numerous complaints. It is taking upwards of 8 weeks for Quest to post the insurance payment in their system. During this time they send notices to the insured stating that they need to pay their bill. We have even had instances where the insured's claim has been referred to a collection agency. There are also times that the insured pays Quest and thus creates an overpayment.

One of the attached letters from the Nippon Life Insurance Company of America to Kenneth Freeman of Quest, dated December 29, 1998, states:

I would like to draw your attention to the second paragraph of the enclosed notice sent by Quest to our insured. This is quite misleading and not a truthful statement. It is implying that the insurance carrier has not provided payment when in fact it appears that our prompt payments are not credited to our insured's account in a timely fashion. I can give you this account as an example but this same situation has occurred with many other insured's using your company's services.

(aa) A New Jersey consumer stated in a May 19, 1999 letter to AMCA, copied to the New Jersey Department of Banking and Insurance:

Quest Diagnostics admits that because of their *poor accounting practices* they will double bill clients. Along the way, they will lie to cover the reason for billing clients whose bills are already paid !!! I was just informed today by a client rep at my HMO that *they were billed three times for the services* I received at Quest. I recently learned those facts when I threatened to involve my lawyer because I have been billed for services paid by my HMO. Quest had notified me that they were about to turn my "unpaid" bill over to a collection agency, which would then effect my credit rating (which is unblemished). When my HMO provided me with proof that they, indeed, had paid my bill by providing me with the check number, the date check was sent and that all services billed by Quest were paid, Quest's agent admitted that they did receive that cited check but had not applied the payment to my account. Over the course of the past 9 months Quest has told me that I owed the money because of many reasons, including: The HMO declined to pay, my doctor had not authorized the blood work, my identification number was wrong, and, I was not covered for the services rendered. My HMO paid for the services on August 8, 2000. When I gave the date along with the check number, "Shirley at Quest said that they had received the check but could not figure out which clients' accounts to apply the payment. So for six months Quest allowed the money to sit in their account without identifying which clients were to be credited. "Shirley" says they often have this problem. In the meantime, we clients are billed and threatened to have our credit ratings

jeopardized. ... From what Shirley told me, this practice of double billing is normal procedure for them. [Emphasis in original].

(bb) A New Jersey consumer stated in a February 12, 2002 letter to the SEC, copied to the New Jersey Attorney General's Office and Robert Hagemann, then Vice President and Chief Financial Officer of Quest:

> I would like to bring to your attention [a] potential revenue recognition matter regarding Quest Diagnostics that I believe requires an investigation. Quest Diagnostics has pre-negotiated rates with my insurance provider, Mayo Management Service, Inc of Rochester, MN. Despite colleting insurance information at the time services are provided, Quest Diagnostics has consistently billed me for services at a rate well in excess of the negotiated fees. As part of the payment process, my insurance company sends an explanation of benefits that clearly describes that the amount of over billing due to the negotiated rate. Rather than issuing a credit to reflect the appropriate rate, Quest Diagnostics uses aggressive collection tactics that include hiring outside collection agencies to collect funds that are not due them. As a former vice president at a Fortune 50 company, I believe that this type of activity in a publicly traded company would certainly deserve further scrutiny. Only the financial professionals at Quest Diagnostics can explain how they account for these transactions. However, the use of a collection agency in this situation gives the appearance of a paper trail creation to support justification of a bad debt write-off for revenues that should have never been booked in the first place. I am enclosing two examples of the situation described above which include 1) Quest Diagnostic Bill, 2) Explanation of Benefits from Mayo Management and 3) Collection Letter from American Medical Collection Agency. These are not the only two that I have received and on previous bills have written to Quest Diagnostics and alerted them to their error.

Quest's Unfair, Deceptive, Misleading, Fraudulent and Unconscionable Conduct In Violation of the Medicare Laws and Regulations

73. The Medicare laws and regulations provide health insurance to qualifying persons, primarily consisting of seniors over the age of 65 and the disabled. Medicare Part A generally provides coverage for inpatient hospital expenses, while Medicare Part B typically covers outpatient health care expenses.

74. Quest has sought and been approved to be a Medicare provider. Quest is, therefore, obligated to comply with all Medicare laws and regulations with respect to its billing for laboratory testing.

75. Persons covered under Medicare Part B receive health insurance for some services subject to an annual deductible and a 20% co-payment. However, outpatient clinical and diagnostic laboratory testing is covered by Medicare Part B in its entirety, without the individual being responsible for paying any deductible or co-payment. The Medicare laws and regulations also prohibit Balance Billing of Medicare recipients.

76. In its Form 10-K for the year ended December 31, 2004, and in prior public filings, Quest admits that it is generally not permitted to bill Medicare patients for lab testing: "With regard to the rest of our laboratory services performed on behalf of Medicare beneficiaries, we must bill the Medicare program directly and must accept the carrier's fee schedule amount as payment in full."

77. Quest also concedes in its Form 10-K for the year ended December 31, 2004, and in prior public filings, that it may not seek co-payments from Medicare patients: "Currently, Medicare does not require the beneficiary to pay a co-payment for clinical laboratory testing." It further states that it has not been permitted to charge co-payments to Medicare patients since 1984.

78. Even though contrary to the Medicare laws and regulations, Quest engages in unlawful billing and Balance Billing of persons covered by Medicare Part B. These methods, acts and practices are unfair, deceptive, misleading and unconscionable.

79. Quest also engages in Double Billing, Over Billing, False Billing and charging co-payments to Medicare Part B recipients.

80. Aside from Plaintiff Cassese, consumers nationwide have confirmed the allegations of unlawful Medicare patient billing and debt collection by Quest and the Debt Collector Defendants. Some Medicare patients wrongfully billed by Quest also complained to state and/or federal regulators, who have disclosed complaints to Plaintiffs' counsel following requests made pursuant to freedom of information laws.

81. Among those consumer and Class member complaints are the following:

(a) A Florida consumer filed a complaint on July 11, 2003 summarized as follows by the Florida Attorney General's Office:

> Dispute with Quest Diagnostics Inc., over billing for services – says they didn't correctly contact Medicare and Blue Cross Blue Shield to get correct insurance info.

(b) A Michigan consumer stated in a May 9, 2003 letter to Quest, copied to RCA and the Michigan Attorney General's Office:

> I don't understand the problems you are having with billing the balance of my husband's tests to his secondary carrier, Medicare. I have sent you three letters giving you information, and I have even called and talked to a "Marlene" who advised me to send the information to this Geddings address, but still to no avail. Yesterday, I now receive a letter from a collection agency [RCA]! I don't understand your billing practices. My primary carrier has already paid you and the normal billing procedure would now be for you to show what NGS, the primary carrier has paid, and indicate the balance and now send this to Medicare for reimbursement. Why do you keep billing us and refuse to bill Medicare? I have sent this information, via email, to the collection agency, and I will send them a copy of this letter.

(c) A Michigan consumer stated in a January 16, 2002 complaint to the Michigan Attorney General's Office:

Quest Diagnostics is billing me for work supposed performed by them for my wife []. This is particularly bothersome to me, since Quest Diagnostics has done diagnostic work for my wife for over twelve years. Regardless, had they bothered to read the instructions from Blue Cross and Medicare why they were rejected, and refiled [sic] their claims correctly, the matter would be moot. Besides this, Quest Diagnostics should know after twelve years of filing claims, that [author's wife] is also covered by Medicaid. This was explained to a Quest Diagnostics representative again in April of 2001, after they did diagnostic work for me, where I was able to secure the home office phone number. I relayed [author's wife's] Medicaid number to the worker who informed that she would "take care of things" and not to worry. Obviously something went wrong.

(d) A Michigan consumer stated in a June 28, 2000 letter to the Michigan Attorney General's Office:

Just weeks prior, while my mother and I were talking, she mentioned trouble she was having with a blood lab by the name of Quest Diagnostics, who was sending her repeated bills and harassing her to pay something that is covered by her Medicare. She had shown me the bills and allowed me to call them to discuss the issue. When I spoke with them they said that my mother[']s Blue Cross would not cover the work they had submitted. I told the person I was speaking to that my mother had Medicare that does cover the bills in questioned [sic]. The wom[a]n asked for my mother's Medicare information. I gave it to her and she said, "Oh we already have it on file." I asked her if they had submitted these claims to Medicare and she said ["] no ["]. I asked her to do that for us, which she said she would immediately, but to date, has still not taken care of it. The same bills continue to come from collections. [Original in all capital letters]

(e) An Ohio consumer stated in an April 10, 2000 complaint to the Ohio Attorney General's Office concerning SBCL and Quest:

[Consumer's doctor] sent the blood for testing to a lab in Lexington, KY for testing. Evidently this lab turned in their bill to Medicare under the name of Quest Diagnostic Clinical .... Everything they have sent me is under the name of SmithKline Beecham Clinical Laboratories. ... Their total bill was for $210.43. My Medicare Summary Notice shows that Medicare approved and paid them $42.92, which is 100% of the Medicare approved amount. It also says that the amount that I may be billed is nothing, and that no claim was sent to my private insurer because they had indicated no additional payment could be made. My private insurer is Aetna U.S. Healthcare .... They pay 90% of a Medicare approved amount that Medicare does not pay. They pay nothing on a bill that is in excess of the amount Medicare approves. Ever since I have had the [redacted

by Ohio Attorney General] SmithKline has been sending me bills for $167.31 more than what Medicare paid them and threatening to take action to collect this amount and add expenses and costs that could substantially increase this amount. I have taken some of these to my doctor's office. They have tried unsuccessfully to help. I have called SmithKline at their toll free 1-800-366-6635 several times trying to resolve the matter. I was told when I called them April 3, 2000 that their billing would continue until the bill was paid.

(f) A consumer residing in Vermont and Florida stated in an November 17, 2003 letter to Quest, copied to the Vermont Public Service Board:

This concerns your latest billing (11/7/03) amounting to [redacted by Vermont Attorney General] for service rendered to patient [] 4/14/03. We have corresponded by mail and phone as well as with Palmetto GBA Railroad Medicare several times. Each time we seem to have the matter resolved. But, then, again, I get the same bill. Its been seven months already. It is stipulated that the service was performed. However Quest Diagnostics / Smithline [sic] Beecham Clin. submitted the claim to Medicare with an incorrect digit in the patient's Medicare number. It was of course denied. You billed me. I noted the error and wrote you and called Medicare. They suggested and I relayed to you the need to re-submit the claim. Not having heard from you for months, I thought the matter was settled. September 26, 2003 you billed me [redacted by Vermont Attorney General] again in addition to another bill amounting to [redacted by Vermont Attorney General]for service 2/12/03[.] I called Medicare. They told me they had paid the [redacted by Vermont Attorney General] bill and the [redacted by Vermont Attorney General] had not been re-submitted. I called you again. You sent me a Form to execute seeking pertinent information relative to my Medicare number, secondary insurance etc. etc. I sent it to you completed. Again, did not hear from you for months until another [redacted by Vermont Attorney General] bill dated 11/7/03. Frankly my patience is at an end. Either your organization is so inept that it's [sic] right hand doesn't know what its left hand is doing, or you believe if you harass me enough I will pay a bill that you should collect from Medicare and my insurance company.

(g) A New Jersey consumer stated in a 2004 to New Jersey Attorney General's Office, copied to Kenneth Freeman and Surya Mohapatra, then respectively Quest's Chief Executive Officer and President:

On June 17, 2002, my wife [redacted by New Jersey Attorney General] incurred a laboratory service from Quest diagnostic. We received a bill, (invoice number [redacted by New Jersey Attorney General]) which I am enclosing and marking

A. That bill shows a balance of $143.25, which I paid to a Baltimore P.O. Box number following Quest's instructions on their bill with my check number [redacted by New Jersey Attorney General] a copy of which is enclosed and marked B. Some time later I sent the paper work to my secondary insurance company, American International Group of Wilmington, DE. They determined that I was entitled to $121.76 under my supplemental coverage to Medicare. Unfortunately they inadvertently sent their check to Quest rather than to me or my insurance company. ... After not voluntarily responding and ignoring three letters it has become clear to my mind that Quest either has incompetent employees, indifferent employees o[r] a company policy to retain any over payments.

(h) A New Jersey consumer stated in a 2002 letter to Quest, copied to AMCA and the New Jersey Attorney General's Office:

My name is []. I have been handling my father in-law[']s billing for well over 10 years now. He is 76 years old, has Parkinson's disease and is extremely hard of hearing. He is easily agitated by his bills not being paid on time. The bill was sent to Medicare and then forwarded to his secondary insurance group. The bill mentioned above has been paid by the secondary insurance company as well as interest! To this date, my father-in-law is still being sent notices from your collection agency [AMCA]! ... I must admit this really looks like fraud to me.

Quest's Acknowledgment of Billing System Problems

82. Quest's public filings with the SEC acknowledge that it has known for years that its billing and related information technology is antiquated, not coordinated among its many facilities and in need of repair. Although armed with the knowledge that its billing systems cause routine customer billing errors, it persists on engaging in the unlawful billing and collection practices alleged herein.

83. Quest admits that many of its facilities employ the use of billing systems that are incompatible with one another, that it has done so for many years, and will not have the problem resolved for years to come. In its Form 10-K for the year ended December 31, 2004, for example, it states that:

> Historically, when we acquired many of our laboratory facilities, our regional laboratories were operated as local, decentralized units, and we did not standardize their billing, laboratory and some of their other information systems. This resulted in many different information systems for billing, test results reporting, and other transactions.

84. To address its known billing system deficiencies, Quest states that it began in 2002 to update the billing systems at all its facilities. The problem is so massive, however, that Quest states in its Form 10-K for the year ended December 31, 2004 that the problems will not be fixed for years to come: "We expect the deployment of the standardized systems will take several more years to complete and will result in fewer systems than we have today."

85. Quest's known billing system problems were cited as a cause of the Balance Billing and Double Billing found in the New York Attorney General's recent investigation of Quest's billing practices. Among the New York Attorney General's findings in this regard was the following:

> At the time the Attorney General commenced the investigation that gave rise to this Assurance of Discontinuance, the billing for Quest Diagnostics' New York State operations was administered in facilities located in Teterboro, NJ, Norristown, PA, and Pittsburgh, PA (the "Billing Facilities"). Each Billing Facility administered the billing for certain Quest laboratories. Each of the three Billing Facilities used a different computer billing system.

86. Also in the Assurance of Discontinuance with the New York Attorney General, Quest represented that: "Billing Facilities' computer systems function independently of each other and may not be completely coordinated due to their different architecture and operating system platforms."

87. The New York Attorney General concluded that Quest's billing system failures cause improper consumer billing: "the independent operation of Billing Facilities' computer

systems has resulted in instances of improper balance billing and double billing of consumers under 10 NYCRR 98-1.5 (b)(6) (ii) and General Business Law Article 22-A."

88. The New York Attorney General's investigation also concluded that other known Quest billing system deficiencies caused improper consumer Balance Billing and Double Billing:

> The Attorney General finds that because Quest Diagnostics' Billing Facilities' computer billing systems may not have, prior to the integration, recognized the differing insurance carriers with which particular laboratories participated, Quest Diagnostics' billing of consumers may have resulted in instances of improper balance billing or double billing of consumers under 10 NYCRR 98-1.5 (b)(6) (ii) and General Business Law Article 22-A.

The New York Attorney General Investigated, Confirmed and Fined Quest for the Same Unlawful and Deceptive Laboratory Billing Practices Described in this Complaint:

89. In June 2003, after an extensive investigation, the New York Attorney General and its Health Care Bureau concluded that Quest had been engaging in improper and deceptive laboratory billing practices by Balance Billing and Double Billing insured individuals throughout New York State.

90. The results of the New York Attorney General's investigation are contained in an "Assurance of Discontinuance" signed by the New York Attorney General and representatives of Quest. According to the Assurance of Discontinuance, the Attorney General focused its investigation on Quest's practice of billing for "diagnostic testing services, including testing of blood and urine, pap smears and generic testing, through a network of regional and local laboratories located in various states, including New York State."

91. The New York Attorney General found that Quest maintains contracts with many, if not most, health insurance providers, which contracts forbid Quest from billing individuals who are properly enrolled as members of a health plan (other than for deductibles, co-insurance

or other charges explicitly authorized by the Quest/insurer contract). These contractual provisions are referred to as "hold harmless provisions" in the Attorney General's Assurance of Discontinuance.

92. "If such a provider's [*i e.* Quest] participating provider contract with a Health Plan contains a hold harmless provision, the provider cannot bill a consumer who is properly enrolled as a member of the Health Plan (other than applicable deductibles, co-insurance or amounts designated by the HMO as the consumers' responsibility in his/her certificate of coverage) if the services rendered by the provider are covered benefits under the consumer's certificate of coverage. If this condition is met, the provider must seek payment for covered services (other than applicable deductibles, co-insurance or amounts designated by the HMO as the consumers' responsibility in his/her certificate of coverage) solely from the Health Plan, not the consumer." Billing the consumer in a contrary manner, according to the New York Attorney General, is a deceptive practice in violation of laws prohibiting such conduct contained in New York General Business Law, Article 22-A.

93. The New York Attorney General and its Health Care Bureau concluded that Quest routinely engaged in deceptive billing practices that violate the New York consumer protection laws and other regulations.

94. Quest's representations in the Assurance of Discontinuance admit that Quest sent bills to consumers even after consumers' insurance providers remit payments to a Quest-owned and controlled billing facility. Quest also admits that Quest-owned and controlled billing facilities and billing systems were not adequately designed to recognize all the health insurance providers with whom Quest has contracts to provide health benefits and testing services.

95. Quest admitted to billing consumers even when it knew that the consumer was insured and knew the identity of the insurance company for whom Quest was a participating provider. The Assurance of Discontinuance states:

> Quest Diagnostics represents that, if the designated HMO or Health Plan did not respond after Quest Diagnostics submitted a claim to it at least two times (in some instances, three times, based on the billing system), Quest Diagnostics would, in certain instances, bill the consumer.

96 Quest makes this same admission on its website. In response to the frequently asked question: "Why have I received an invoice from Quest Diagnostic," Quest responds: "The primary reasons for you receiving an invoice are that our records indicate we have not received your insurance information ***or that we have not received payment for these services***." (Emphasis added). As a demonstration of this Quest practice, the "Quest Diagnostics Incorporated Collection Center" sent a collection notice to Plaintiff Denise Agostino on January 12, 1998 falsely stating: "SINCE YOUR INSURANCE COMPANY HAS NOT PROVIDED PAYMENT TO US, YOU MUST SETTLE THIS BILL AND HAVE YOUR INSURANCE COMPANY REIMBURSE YOU DIRECTLY."

97. The New York Attorney General rejected Quest's contentions and defenses that the billing improprieties discovered by the New York Attorney General's investigation were lawful due to Quest's claims that consumers' health insurance providers remit payment to a Quest-owned and controlled billing facility when Quest would have preferred payment be sent to a different Quest-owned and controlled billing facility. The New York Attorney General properly concluded that Quest and its billing practices and systems "has resulted in instances of improper balance billing or double billing of consumers" in violation of New York consumer protection laws and regulations.

98. The New York Attorney General also concluded that Quest includes deceptive, misleading and confusing statements on the face of its bills to induce consumers to pay monies that are not owed and that were paid by consumers' insurance providers. "[Quest's] [b]illing messages include limited information concerning, among other things, denials or partial payments by the HMO or Health Plan." The Attorney General found these same deficiencies in the dunning letters sent by Quest and its outside debt collection agencies. "Accordingly, the Attorney General finds that the billing messages were potentially misleading and confusing" in violation of New York consumer protection laws.

99. The New York Attorney General also found that "boilerplate" statements on the back of Quest's bills failed to adequately inform consumers of their obligation, or lack thereof, to pay the monies demanded by Quest when the consumer was properly enrolled in a health plan that contracts with Quest for testing services and benefits. The Attorney General also found these Quest practices "potentially misleading, confusing, and contradictory" in violation of New York consumer protection laws and regulations.

100. According to a June 25, 2003 press release discussing the investigation, Attorney General Elliot "Spitzer's office determined that Quest improperly:

- 'Balance Billed' some consumers by billing them for the entire balance of the bill when it had submitted a claim to the consumer's health plan but received no response from the health plan; and
- 'Double Billed' some consumers for amounts their health plan had already paid Quest."

101. Commenting on his Office's action against Quest in that same press release, Attorney General Spitzer commented that: "Consumers' out-of-pocket health care costs are high enough without being subject to bills for procedures that are covered by their health plans" and

that "[h]ealth care providers should not put consumers in the middle of their disputes with health plans or force consumers to pay for their bureaucratic mistakes."

102. A spokesman for New York Attorney General Spitzer stated that the number of individuals in New York affected by Quest's deceptive and unlawful billing practices "could reach in the thousands."

103. Quest agreed to settle the New York Attorney General's claims in June 2003 – in New York only – by providing restitution to some aggrieved New York insured consumers, promising to cease its Balance Billing and Double Billing (something Quest still has not yet done in New York), agreeing to fix problems in its computer systems that caused or assisted the Balance Billing and Double Billing, taking other remedial measures and agreeing to pay a fine and the costs of the Attorney's General's investigation.

104. As part of that settlement, Quest was required to inform New York physicians and consumers that it improperly billed them. In these disclosures, Quest admits, among other things, that it "billed insured patients ... where an HMO or health plan had already paid the bill."

105. None of the named Plaintiffs have received any monies from Quest as a result of its settlement with the New York Attorney General.

106. The Assurance of Discontinuance provides: "Nothing herein shall be construed to deprive any consumer or other person or entity of any private right under the law."

107. The Assurance of Discontinuance further provides that the remedial measures contained therein "shall not be deemed or construed as an approval by the Attorney General of any of the activities of Quest Diagnostics, its successors, agents or assigns, and none of them shall make any representation to the contrary."

108. According to the *2003 Health Care Helpline Report* issued by the New York Attorney General, Health Care Bureau,

> State regulations prohibit a provider from billing a consumer who is properly enrolled as a member of an HMO licensed to do business in New York State if (1) the provider participates with the consumer's HMO, and (2) the services rendered by the provider are covered benefits. If these two conditions are met, the provider must seek payment for covered services (other than applicable deductibles, co-insurance or amounts designated by the HMO as the consumer's responsibility in the certificate of coverage) solely from the HMO, not the consumer. The provider can bill a consumer only if the consumer is not an eligible member of the HMO or the services provided are not covered benefits under the consumer's certificate of coverage. To bill a consumer for any other reason constitutes prohibited "balance billing." Similar protection is usually afforded PPO members through a "hold-harmless" clause in the contracts between the PPO and its preferred providers. [internal footnote omitted]
>
> Participating providers who balance bill their patients often argue that they are forced to do so by the failure of the health plan in question to process and pay their claims in a timely manner. Some providers even infer from a plan's lack of response to a claim that the patient was never a member of the plan or has lost coverage. [internal footnote omitted]
>
> While health plans' mistakes and omission may be a cause of genuine aggravation to providers, there is no justification for balance billing consumers in violation of state regulations and participating provider contracts. To make matters worse, some of the members who receive these providers' bills pay them because they do not know that laws or contract provisions forbid the practice.

109. In the *2003 Health Care Helpline Report*, the New York Attorney General's Enforcement Action against Quest was given as an example of provider violations of state laws and provider contracts forbidding balance and double billing and deceptive practices. Summarizing its "Enforcement Action" against Quest, the Attorney General stated:

> The HCB [Health Care Bureau] began an investigation of Quest Diagnostics, Inc., the nation's largest diagnostic laboratory, after receiving complaints from consumers that it had balance billed them. The HCB found that Quest was improperly balance billing consumers by billing them for the entire balance of the

bill which it had submitted a claim to the consumer's health plan but received no response from the plan.

Other Attorneys General Determine that Quest's Billing Practices are Deceptive:

110. In response to complaints by Oregon consumers concerning Quest's Balance Billing, the Oregon Attorney General has advised Quest that its practices violate the Oregon consumer protection statute.

111. A December 29, 2000 letter from the Oregon Attorney General's Office to Quest states that: "The Oregon Department of Justice has received information alleging that you are misrepresenting the cost of your services by billing patients the difference between the amount you charge and the amount the insurance company reimburses when as a preferred provider you were to write off the difference." The letter advises that such conduct appears to violate the Oregon Unfair Trade Practices Act.

112. The Nevada Attorney General's Office has also advised Quest that it and its collection agencies that have been accused of consumer billing conduct that would violate Nevada's laws prohibiting false and misleading acts and practices.

113. In a September 10, 2004 letter to Quest, the Nevada Attorney General's Office advised Quest that according to information provided by Plaintiffs Richard Grandalski and Janet Grandalski, "Quest Diagnostics is making false or misleading statements to Mr. and Mrs. Grandalski and to Quantum Collections and Credit Bureau Central that Mr. and Mrs. Grandalski have refused to pay bills delivered by Quantum Collections, for the purpose of collecting an unauthorized $10 'administrative fee.'" Based on that complaint, the Nevada Attorney General's Office advised Quest that it may be violating Nevada's consumer deceptive practice statutes.

Quest Has A History of Fraudulent Billing:

114. The New York Attorney General's action and the resulting settlement was not the first or last time Quest and its subsidiaries were accused of fraudulent laboratory billing practices by government regulators, insurance providers and consumers.

115. In the mid-1990's, Quest and SBCL (acquired by Quest in 1999) paid $500 million to settle claims brought by government regulators accusing Quest and/or SBCL of fraud and massive patient over-billing related to their lab testing business. That settlement resolved claims by the government that SBCL routinely engaged in at least 5 types of fraudulent billing practices: i) billing of tests not ordered by physicians; ii) separately billing of labs tests that should have billed at a lower combined rate; iii) Double Billing for the same tests; iv) billing for more expensive tests than the tests actually ordered; and v) fabricating diagnosis codes to obtain reimbursements from managed care and insurance providers.

116. SBCL paid millions more to settle other billing related class action claims brought by patients and insurers, including settlement payments of $30 million and $31 million to settle cases in 2001. The plaintiffs in those actions alleged fraud and other violations in connection with improper billing practices for medical and laboratory testing.

117. Metpath (the original name of Quest) and Unilab Corporation paid an additional $38.9 million to the federal government to settle claims they also participated in fraudulent laboratory billing practices.

118. More recently, in March 2004, Quest paid the federal government $11.35 million and agreed to other injunctive remedies to settle a *qui tam* lawsuit joined by the Department of Justice, the Department of Health and Human Services and the State of California. The lawsuit

claimed that Quest and its subsidiaries violated state and federal Medicare and Medicaid laws, the False Claims Act and the California False Claims Act by billing federal and state governments for tests that were not ordered and that were not medically necessary.

119. The *qui tam* case was commenced by a former Unilab employee in the United States District Court for the District of New Jersey, who accused Quest and its subsidiaries and/or predecessors, Unilab, Metpath and Damon Corporation, of engaging in fraudulent billing practices. Following intervention by the federal and state governments, and pursuant to Quest's payment of the settlement amount and agreement to change its allegedly unlawful practices, the Honorable Joseph A. Greenaway, Jr. consented to dismissal of the action.

120. Quest's Form 10-K for the year ended December 31, 2004 discloses that it is currently the subject of other *qui tam* litigations and government investigations concerning its laboratory billing practices.

CLASS ACTION ALLEGATIONS

121. Plaintiffs bring this action on behalf of themselves and on behalf of all other natural persons similarly situated in the United States who were targets of Defendants' practices of Balanced Billing, Double Billing, Over Billing and/or False Billing (the "Class").

122. The United States is defined as any State within the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Canal Zone and the "Outer Continental Shelf lands" defined in the Outer Continental Shelf Lands Act (43 U.S.C. §§ 1331-1343).

123. Excluded from the Class are Defendants, their parents, subsidiaries, officers, directors, employees, partners and co-venturers.

124. This action is brought as a class action pursuant to the provisions of Rule 23 of the Federal Rules of Civil Procedure, sub-sections 23(a) and 23(b)(2) and/or (b)(3). The Class satisfies the numerosity, commonality, typicality, adequacy, predominance and superiority requirements of Rule 23

125. The members of the Class are so numerous that joinder of all Class members is impracticable. While the exact number of Class members can be determined only by appropriate discovery, Plaintiffs believe that there are thousands of class members residing throughout the United States. Quest claims to have performed 250 million laboratory tests for 100 million patients in 2003 alone.

126. Because of the geographic dispersion of class members, there is judicial economy arising from the avoidance of a multiplicity of actions in trying this matter as a class action.

127. Plaintiffs' claims are typical of the claims of the members of the Class. Plaintiffs have no interests that are adverse or antagonistic to those of the Class. Plaintiffs' interests are to obtain relief for themselves and the Class for the harm arising out of the violations of law set forth herein.

128. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in complex and consumer class action litigation.

129. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Since the damages suffered by the members of the Class may be relatively small, the expense and burden of individual litigation make it virtually impossible

for Plaintiffs and members of the Class to individually seek redress for the wrongful conduct alleged.

130. In addition, Defendants have acted and refused to act, as alleged herein, on grounds generally applicable to the Class, thereby making appropriate final injunctive relief with respect to the Class as a whole.

131. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. Among the questions of law and fact common to the Class are:

(a) Whether Defendants violated the FDCPA;

(b) Whether Defendants violated ERISA;

(c) Whether Defendants violated RICO;

(d) Whether Defendants violated the NJCFA and/or the similar consumer practice statutes of other States;

(e) Whether Defendants' acts and practices are or were unconscionable, false, fraudulent, unfair, misleading and/or deceptive;

(f) Whether Quest breached contractual obligations owed to or intended to benefit Plaintiffs and the Class;

(g) Whether Defendants acted willfully or recklessly in failing to abide by the terms of their agreements with Plaintiffs and the Class;

(h) The proper measure of damages to be paid to Plaintiffs and the Class;

(i) Whether Plaintiffs and the Class are entitled to injunctive or other equitable relief to remedy Defendants' continuing violations of law alleged herein; and

(j) Whether Defendants have been unjustly enriched by their inequitable and unlawful conduct, and if so, whether Defendants should be forced to disgorge inequitably obtained revenues or provide restitution.

132. The Class is readily definable, and prosecution of this action as a class action will reduce the possibility of repetitious litigation.

133. Plaintiffs know of no difficulty that will be encountered in the management of this litigation that would preclude its maintenance as a class action.

FRAUDLENT CONCEALMENT AND EQUITABLE TOLLING

134. Defendants have engaged in fraudulent, misleading and deceptive efforts to conceal the true nature of their unlawful conduct from Plaintiffs and the Class. Defendants intended to and have in fact accomplished their concealment by their active misrepresentations and omissions, as described herein.

135. Due to Defendants' fraudulent concealment, many Plaintiffs have only recently learned of the existence of their claims against Defendants.

136. Plaintiffs' lack of knowledge as to their claims against Defendants were not due to any fault or lack of diligence on their part, but rather due entirely or substantially to the acts of Defendants designed to conceal and hide the true and complete nature of their unlawful and inequitable conduct.

137. Many consumers, for instance, were not put on notice of the illegality of Quest's and the Debt Collector Defendants' billing and collection practices until public dissemination of the New York Attorney General's settlement of its Enforcement Action against Quest. However, insofar as that Enforcement Action involved only New York claims and did not release any claims by private persons, even this settlement may not reasonably have put Plaintiffs and Class member on notice of the existence of their claims against Defendants.

138. Moreover, the New York Attorney General's Assurance of Discontinuance, containing its conclusions and findings of Quest's unlawful conduct, is not readily available to the public and was not obtained by Plaintiffs' counsel until August 2004 in response to a request under the New York Freedom of Information Law.

139. Even after the New York Attorney General's settlement with Quest, diligent consumers were entitled time to learn of the New York Attorney General's settlement, discuss the matter with knowledgeable counsel and compare their records and experiences with the Attorney General's conclusions of wrongdoing.

140. As noted by the New York Attorney General itself in its *2003 Health Care Helpline Report*, consumers are often reasonably unaware of unlawful billing by Quest: "To make matters worse, some of the members who receive these providers bills pay them because they do not know that laws or contract provisions forbid the practice."

141. Knowledge of the claims alleged in this Amended Complaint have also been substantially impaired by Quest's refusal to disclose their contracts with health insurance providers and related documents. Even though ordered by this Court to produce Quest's contracts with Plaintiffs' health insurance providers, Quest has thus far not done so. Among its

stated reasons for non-disclosure is the claimed "confidential" nature of at least some of these agreements. These agreements are not available to Plaintiffs or Class members.

COUNT I

(Violations of the RICO)

142. Plaintiffs repeat and reallege Paragraphs 1 through 141 as though set forth herein.

143. Each Defendant individually is a "person" under 18 U.S.C. § 1961(3).

144. The Defendants collectively comprise an "enterprise" under 18 U.S.C. §1961(4) associated in fact and in law, which enterprise is controlled and directed by Quest, and which enterprise was engaged in and affected interstate commerce.

145. Each Defendant and the Defendants collectively have violated 18 U.S.C. §1962(c) by participating directly or indirectly, or through agents, in the conduct and affairs of a RICO "enterprise" through a pattern of racketeering activity comprising mail and wire fraud.

146. Each Defendant and the Defendants collectively have violated 18 U.S.C. §1962(d) by conspiring to violate 18 U.S.C. §1962(c). In particular, Quest conspired with each member of the enterprise, and each Debt Collector Defendant conspired with Quest to violate and further their efforts to violate 18 U.S.C. §1962(c).

147. Defendants' racketeering activities and frauds have been made, assisted and furthered by use of the United States mails and wires in violation of 18 U.S.C. §1962, which frauds have consisted *inter alia* of the following: (a) falsely representing that Plaintiffs and Class members owe money to Quest for laboratory testing; (b) falsely representing the amount of money owed to Quest for laboratory testing; (c) falsely stating that Plaintiffs' or Class members' insurance companies had denied claims to pay Quest for laboratory testing; (d) falsely stating

state Plaintiffs or Class members owed money to Quest over and above the amount paid by their insurance companies; (e) falsely representing the price of laboratory testing procedures that Quest was permitted to charge insured Plaintiffs and Class members; (f) falsely stating that Quest had not been fully paid all amounts legally due for laboratory testing; (g) falsely stating that Quest or the Debt Collector Defendants were entitled to bill or collect money from Plaintiffs or Class members for laboratory testing; and (h) falsely threatening to report Plaintiffs' or Class members' non-payment of bills for laboratory testing to credit reporting agencies.

148. During the relevant times, in furtherance of and for the purpose of executing a scheme and artifice to defraud, Defendants on more than two occasions, indeed, on numerous occasions, used and caused to be used mail depositories of the United States Postal Service by both placing and causing to be placed mailable matters in said depositories and by removing and causing to be removed mailable matter from said depositories. Each such use of the United States mail in connection with the scheme and artifice to defraud constituted the offense of mail fraud as proscribed and prohibited by 18 U.S.C. §1341.

149. During the relevant times and in furtherance and for the purpose of executing a scheme and artifice to defraud, Defendants on more than two occasions used and caused and caused to be used wire communications in interstate commerce by both making and causing to be made wire communications. Each such use of a wire communication in connection with the scheme and artifice to defraud constituted the offense of wire fraud as proscribed and prohibited by 18 U.S.C. §1343.

150. These instances of mail and wire fraud were a substantial factor in a sequence of responsible causation. Plaintiffs and the Class members reasonably relied to their detriment on

the representations made to them by Defendants. The injuries to Plaintiffs and the Class were reasonably foreseeable or anticipated as a natural consequence of Defendants' mail and wire fraud.

151. Among the racketeering acts of mail and wire fraud committed by Defendants in furtherance of their enterprise and conspiracy are those described above in Paragraphs 72 and 81.

152. The following are additional examples of Defendants' pattern of committing acts of mail and wire fraud in furtherance of their enterprise and conspiracy:

(a) In bills mailed by Quest to Denise Agostino on or about July 18, 1997, August 18, 1997, September 8, 1997, November 15, 1997 and February 18, 1998 and by AMCA to Denise Agostino on or about December 3, 1997, Quest and AMCA represented that Mr. and Mrs. Agostino owed money for laboratory testing performed by Quest on July 12, 1997. Quest and AMCA knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(b) In bills mailed by Quest to Denise Agostino on or about October 2, 1997, November 15, 1997, January 27, 1998, February 18, 1998 and in other mailed bills, the specific dates of which are discoverable from Defendants' files, Quest represented that Mr. and Mrs. Agostino owed money for laboratory testing performed by Quest on July 12, 1997. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated

(c) In bills mailed by Quest to Denise Agostino on or about October 3, 1997, November 3, 1997, November 25, 1997, December 16, 1997 and January 7, 1998 and by

AMCA to Denise Agostino on or about June 29, 1998 and March 9, 1998, Quest and AMCA represented that Mr. and Mrs. Agostino owed money for laboratory testing performed by Quest on September 27, 1997. Quest and AMCA knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(d) In bills mailed by Quest to Richard Ranieri on or about August 6, 2003 and in subsequent mailed bills, the specific dates of which are discoverable from Defendants' files, Quest represented that Mr. and Mrs. Ranieri owed money for laboratory testing performed by Quest on Richard Ranieri on July 30, 2003. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(e) In bills mailed by Quest to Christine Ranieri on or about November 25, 2004 and in prior mailed bills, the specific dates of which are discoverable from Defendants' files, Quest represented that Mr. and Mrs. Ranieri owed money for laboratory testing performed by Quest on Christine Ranieri on July 21, 2004. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(f) In a bill mailed by Quest to Aria McKenna on or about October 15, 2002 and in other mailed bills, the specific dates of which are discoverable from Defendants' files, Quest represented that Ms. McKenna owed money for laboratory testing performed by Quest on April 17, 2002. Quest knew, or reasonably should have known, that this bill and demand for money was false.

(g) In bills mailed by Quest to Jennifer Haley on or about August 3, 2004, August 25, 2004 and in other mailed bills, the specific dates of which are discoverable from Defendants' files, Quest represented that Mrs. Haley owed money for laboratory testing performed by Quest on April 18, 2003. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(h) In a bill mailed by Quest to Jennifer Haley on or about June 25, 2004, Quest represented that Mrs. Haley owed money for laboratory testing performed by Quest on June 20, 2003. Quest knew, or reasonably should have known, that this bill and demand for money was false and/or the amount of money demanded was false and overstated.

(i) In bills mailed by Quest to Denise Cassese on or about October 22, 2003, December 8, 2003, January 7, 2004, February 6, 2004 and March 8, 2004 and in subsequent mailed bills, the specific dates of which are discoverable from Defendants' files, Quest represented that Ms. Cassese owed money for laboratory testing performed by Quest on October 2, 2003. Quest knew, or reasonably should have known, that these bills and demands for money were false.

(j) In bills mailed by Quest to Denise Cassese beginning or about October 2003, the specific dates of which are discoverable from Defendants' files, Quest represented that Ms. Cassese owed money for laboratory testing performed by Quest on September 26, 2003. Quest knew, or reasonably should have known, that these bills and demands for money were false.

(k) In bills mailed by Quest to Mark Smaller's minor daughter by Quest, the specific dates of which are discoverable from Defendants' files, and by CCS on or about March 15, 1999 and other dates, the specific dates of which are discoverable from CCS' files, Quest and CCS represented that Mr. Smaller's daughter owed money for laboratory testing performed by Quest in 1998. Quest and CCS knew, or reasonably should have known, that these bills and demands for money were false.

(l) In bills mailed by Quest to Michael Hoecker on or about August 3, 2001 and other dates, the specific dates of which are discoverable from Defendants' files, Quest represented that Mr. and Mrs. Hoecker owed money for laboratory testing performed by Quest on January 21, 2001. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(m) In bills mailed by Quest to Kathleen Smucker on or about December 1, 1999, December 22, 1999 and other dates, the specific dates of which are discoverable from Defendants' files, Quest represented to Mrs. Smucker that she owed money for laboratory testing performed by Quest on August 4, 1999. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(n) In bills mailed by Quest to Elizabeth Cruthers on or about September 22, 2000, October 20, 2000, November 17, 2000 and other dates, the specific dates of which are discoverable from Defendants' files, Quest represented to Ms. Cruthers that she owed money for laboratory testing performed by Quest on July 27, 2000. Quest knew, or

reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(o) In bills mailed by Quest to Elizabeth Cruthers on or about November 16, 2000, December 14, 2000 and other dates, the specific dates of which are discoverable from Defendants' files, Quest represented to Ms. Cruthers that she owed money for laboratory testing performed by Quest on August 30, 2000. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(p) In bills mailed by Quest to Elizabeth Cruthers on or about October 19, 2000, January 11, 2001, January 26, 2001 and other dates, the specific dates of which are discoverable from Defendants' files, Quest represented to Ms. Cruthers that she owed money for laboratory testing performed by Quest on September 1, 2001. Quest knew, or reasonably should have known, that these bills and demands for money were false and/or the amount of money demanded was false and overstated.

(q) In telephone discussions with Quantum on or about September 24, 2004 and September 30, 2004, Quantum represented to Mr. and/or Mrs. Grandalski that they owed money for laboratory testing performed by Quest on Janet Grandalski on July 3, 2004. Quantum and Quest knew, or reasonably should have known, that these collection demands were false and/or the amount of money demanded was false and overstated.

(r) In a telephone discussion with Quantum on or about November 18, 2004, Quantum represented to Mr. and/or Mrs. Grandalski that they owed money for laboratory testing performed by Quest on Janet Grandalski on October 20, 2004. Quantum and

Quest knew, or reasonably should have known, that these collection demands were false and/or the amount of money demanded was false and overstated.

(s) In a telephone discussion with Quantum on or about February 26, 2004, Quantum represented to Mr. and/or Mrs. Grandalski that they owed money for laboratory testing performed by Quest on Janet Grandalski on January 7, 2004. Quantum and Quest knew, or reasonably should have known, that these collection demands were false and/or the amount of money demanded was false and overstated.

(t) In a collection demand notice mailed by CBC on or about July 29, 2004 and in a telephone discussion on or about August 25, 2004, CBC represented to Mr. and/or Mrs. Grandalski that they owed money for laboratory testing performed by Quest on Janet Grandalski on January 7, 2004. CBC and Quest knew, or reasonably should have known, that these collection demands were false.

153. Plaintiffs and the Class have been injured as a direct, proximate and foreseeable result of Defendants' pattern of racketeering activity, mail and wire fraud, and violations of RICO and conspiracy to violate RICO.

154. Plaintiffs and the Class are entitled to pursue a claim against Defendants pursuant to 18 U.S.C. 1964(c) to redress Defendants' violations of 18 U.S.C. §1962.

COUNT II

(Violations of FDCPA)

155. Plaintiffs repeat and reallege Paragraphs 1 through 141 and Paragraph 152 as though set forth herein.

156. Plaintiffs and similarly situated class members, are "consumers" as that term is defined in 15 U.S.C. §1692a(3).

157. Defendants are "debt collectors" as that term is defined in 15 U.S.C. §1692a(6), insofar as Defendants and their employees, agents and representatives collect and attempt to collect false debts and inflated debts from consumers.

158. 15 U.S.C. §1692e states as follows: "A debt collector may not use any false, deceptive, or misleading representation or means in connection with the collection of any debt."

159. 15 U.S.C. §1692f states as follows: "A debt collector may not use unfair or unconscionable means to collect or attempt to collect any debt."

160. As alleged herein, Defendants use false, deceptive and misleading representations to induce consumers to pay fees, charges and debts not owed and/or in excess of fees and prices agreed in Benefit Plan agreements to which Quest is a party. Such conduct violates 15 U.S.C. §1692e.

161. As alleged herein, Defendants employ unfair and unconscionable means to induce consumers to pay fees, charges and debts not owed and/or in excess of fees and prices agreed in Benefit Plan agreements to which Quest is a party. Such conduct violates 15 U.S.C. §1692f.

162. Plaintiffs and Class member "consumers," as defined by the FDCPA, have been injured as a result of Defendants violations of 15 U.S.C. §§ 1692e and 1692f.

163. Plaintiffs and Class member "consumers," as defined by the FDCPA, are entitled to pursue a claim against Defendants pursuant to 15 U.S.C. §1692k to obtain redress for Defendants' violations of 15 U.S.C. §§ 1692e and 1692f.

164. Plaintiffs and Class member "consumers" as defined by the FDCPA seek actual damages, additional statutory damages up to $1,000 for each Class member, costs and attorney's fees to remedy Defendants' FDCPA violations.

COUNT III

(Violations of ERISA)

165. Plaintiffs repeat and reallege Paragraphs 1 through 141 and Paragraph 152 as though set forth herein.

166. Plaintiffs (except Plaintiffs Cassese, Smaller, Eric Breuer, Danielle Auclair, Richard Grandalski and Janet Grandalski) are each a participant or beneficiary of an ERISA-qualifying employee welfare Benefit Plan, as defined in 29 U.S.C. §1002 and applicable regulations.

167 Quest contracted to provide laboratory testing services for the Plaintiffs. The services were to be provided pursuant to the provisions of a contract between Quest and the Benefit Plans. The contract between Quest and the Plans is a document by which the Benefit Plans are operated. The contracts provide that the compensation paid by the Benefit Plans to Quest is full and complete compensation for services rendered by Quest or otherwise determines the compensation for laboratory testing services Quest performs.

168. As a result of its Balance Billing, Double Billing, Over Billing, and False Billing of ERISA Benefit Plan participants and beneficiaries, as alleged herein and above, Quest is violating the provisions of the contracts with the Benefit Plans and consequently is violating the provisions of the Benefit Plans.

169. Plaintiffs (except Plaintiffs Cassese, Smaller, Eric Breuer, Danielle Auclair, Richard Grandalski and Janet Grandalski) and the Class have been and continue to be injured by Quest's violations of its contracts with the Benefit Plans and violation of the terms of the Plans. The Class members have been and are continuing to be coerced to pay monies not owed to Quest, as a result of the demands of Quest and the remaining Defendants' demands and efforts to collect monies from insured individuals. These demands are made in violation of the terms of the Plans, and in violation of contracts between Quest and the Benefit Plans. Even Class members who have not paid monies to Quest or Debt Collector Defendants have been and continue to be injured by Quest's and Debt Collector Defendants' violations of Benefit Plans, attempts to wrongfully collect monies not owed, abuse, harassment, false debt collection efforts, and Defendants' false, misleading, deceptive, and inequitable acts and practices.

170. Plaintiffs' injuries have been caused as a direct and proximate result of the unlawful and inequitable conduct of Quest and the Debt Collector Defendants, as alleged throughout this Complaint.

171. Plaintiffs (except Plaintiffs Cassese, Smaller, Eric Breuer, Danielle Auclair, Richard Grandalski and Janet Grandalski) and the Class are entitled to pursue a claim against Defendants pursuant to 29 U.S.C. §1132(a)

172. Plaintiffs (except Plaintiffs Cassese, Smaller, Eric Breuer, Danielle Auclair, Richard Grandalski and Janet Grandalski) and the Class seek equitable relief, including appropriate injunctive relief to enforce the terms of the agreements between Quest and the Plans, rescission, imposition of constructive trusts, restitution, disgorgement, declaratory relief, and other appropriate remedies permitted by ERISA, and which discovery may reveal to be

appropriate, to remedy Defendants' past and continuing violations of ERISA, the terms of the Plans, and the contracts between Quest and the Plans.

COUNT IV

(Violations of the NJCFA and Similar Laws of Other States)

173. Plaintiffs repeat and reallege paragraphs 1 through 141 and Paragraph 152 as though set forth herein.

174. Defendants are "persons" as defined in N.J.S.A. §56:8-1(d).

175. N.J.S.A. §56:8-2 states in pertinent part:

> The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing, concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been mislead, deceived or damaged thereby, is declared to be an unlawful practice; provided, however, that nothing herein contained shall apply to the owner or publisher of newspapers, magazines, publications or printed matter wherein such advertisement appears, or should the owner or operator of a radio or television station which disseminates such advertisement when the owner, publisher, or operator has no knowledge of the intent, design or purpose of the advertiser.

176. As alleged herein and above, Defendants have engaged in unconscionable commercial practices, deception, and fraud in connection with its improper billing and debt collection for laboratory testing and other services, including their practices of Balance Billing, Double Billing, Over Billing and False Billing of individual insured and uninsured consumers. These acts and practices violate N.J.S.A. §56:8-2.

177. Plaintiffs and the Class have been and continue to be injured as a direct and proximate result of Defendants' violations of N.J.S.A. §56:8-2.

178. Plaintiffs and the Class are entitled to pursue a claim against Defendants pursuant to N.J.S.A. §§ 56:8-2.11, 56:8-2.12 and/or 56:8-19 for damages, treble damages, equitable relief, costs and attorney's fees to remedy Defendants' violations of the NJCFA.

COUNT V

(Violations of the Consumer Protection Laws of States Other Than New Jersey)

179. Plaintiffs repeat and reallege paragraphs 1 through 141 and Paragraph 152 as though set forth herein.

180. In the alterative that the NJCFA does not provide redress to all Plaintiffs' and all Class members' claims against Defendants, the following additional consumer protection statutes provide a basis for redress to Plaintiffs and the Class based on Defendants' unfair, deceptive, misleading, unconscionable and/or fraudulent acts, practices and conduct:

(a) The Alaska Unfair Trade Practices and Consumer Protection Act, Alaska State. §§ 45.50.471 *et seq.*;

(b) The Arizona Consumer Fraud Act, Ariz. Rev. Stat. Ann. §§ 44-1521, et seq.;

(c) The Arkansas Deceptive Trade Practices Act, Ark. Code Ann. §§ 4-88-101, *et seq.*;

(d) The California Consumer Legal Remedies Act, Cal. Civ. Code §§ 1750, *et seq.* and/or the California Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200, *et seq.*;

(e) The Colorado Consumer Protection Act, Colo. Rev. Stat. §§ 6-1-101, *et seq.*;

(f) The Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. §§ 42-110a, *et seq* ;

(g) The Delaware Consumer Fraud Act, Del. Code Ann. tit. 6, §§2511 et seq. and/or the Delaware Uniform Deceptive Trade Practices Act, Del. Code Ann. tit. 6, §2531, *et seq.*;

(h) District of Columbia Code Ann. §28-3901;

(i) The Florida Deceptive and Unfair Trade Practices Act, Fla. Stat. Ann. §§ 501.201, *et seq.*;

(j) The Georgia Uniform Deceptive Trade Practices Act, Ga. Code Ann. §§ 10-1-370, *et seq.*;

(k) The Guam Deceptive Trade Practices – Consumer Protection Act, Guam Code Ann. tit. 5, Ch. 32;

(l) The Hawaii Uniform Deceptive Trade Practices Act, Haw. Rev. Stat. §§ 481A-1, *et seq.* and/or Hawaii Rev. Stat. §§ 480-1, *et seq.*;

(m) The Idaho Consumer Protection Act, Idaho Code §§ 48-601, *et seq.*;

(n) The Illinois Consumer Fraud and Deceptive Business Practices Act, Ill. Comp. Stat. Ann. §§ 505/1 *et seq.* and/or the Illinois Uniform Deceptive Trade Practices Act, Ill. Comp. Stat. Ann. §§ 510/1 *et seq.*;

(o) The Indiana Deceptive Consumer Sales Act, Ind. Code Ann. §§ 24-5-0.5-1, *et seq.*;

(p) The Kansas Consumer Protection Act, Kan. Stat. Ann. §§ 50-623, *et seq*;

(q) The Kentucky Consumer Protection Act, Ky. Rev. Stat. §§ 367.110, *et seq*;

(r) The Louisiana Unfair Trade Practices and Consumer Protection Act, La. Rev. Stat. Ann. §§ 51:1401, *et seq.*;

(s) The Maine Unfair Trade Practices Act, Me. Rev. Stat. Ann. tit. 5, §§ 205A, *et seq.* and/or the Maine Uniform Deceptive Trade Practices Act, Me. Rev. Stat. Ann. tit. 10, §§ 1211, *et seq.*;

(t) The Maryland Consumer Protection Act, Md. Com. Law. Code Ann. §§ 13-101, *et seq.*;

(u) The Massachusetts Regulation of Business Practice and Consumer Protection Act, Mass. Gen. Laws Ann. Ch. 93A;

(v) The Michigan Consumer Protection Act, Mich. Comp. Laws Ann §§ 445-901, *et seq* ;

(w) The Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. Ann. §§ 325D.43, *et seq.* and/or The Minnesota Prevention of Consumer Fraud Act, Minn. Stat. Ann. §§ 325F.68, *et seq.* and/or Minnesota Stat. Ann. §8 31;

(x) The Missouri Merchandising Practices Act, Mo. Rev. Stat. §§ 407.010, *et seq.*;

(y) The Nebraska Consumer Protect Act, Neb. Rev. Stat. §§ 59-1601, *et seq.* and/or the Nebraska Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. §§ 87-301, *et seq* ;

(z) The Nevada Trade Regulation and Practices Act, Nev. Rev. Stat. §§ 598.0903 *et seq.* and/or Nevada Rev. Stat. §41.600;

(aa) The New Hampshire Consumer Protection Act, N.H. Rev. Stat. Ann., §§ 358-A:1, *et seq.*;

(bb) The New Mexico Unfair Practices Act, N.M. Stat. Ann., §§ 57-12-1, *et seq.*;

(cc) New York General Business Law §349, *et seq.*;

(dd) North Carolina Gen. Stat. §§ 75-1.1, *et seq.*;

(ee) North Dakota Gen. Stat. §§ 51-15-01, *et seq.*;

(ff) The Ohio Consumer Sales Practices Act, Ohio Rev. Code Ann. §§ 1345.01, *et seq.* and/or the Ohio Deceptive Trade Practices Act, Ohio Rev. Code. Ann. §§ 4165 01 *et seq.*;

(gg) The Oklahoma Consumer Protection Act, Okla. Stat. Ann. tit. 15, §§ 751, *et seq.* and/or the Oklahoma Deceptive Trade Practices Act, Okla. Stat Ann. tit. 78, §§ 51 *et seq.*;

(hh) The Oregon Unlawful Trade Practices Law, Or. Rev. Stat., §§ 646-605 *et seq.*;

(ii) The Pennsylvania Unfair Trade Practices and Consumer Protection Law, Pa. Stat Ann. tit. 73, §§ 201-1, *et seq.*;

(jj) The Rhode Island Unfair Trade Practices and Consumer Protection Act, R.I. Gen. Law §§ 6-13.1-1, *et seq.*;

(kk) The South Dakota Deceptive Trade Practices and Consumer Protection Act, S.D. Codified Laws Ann. §§ 37-24-1, *et seq.*;

(ll) The Tennessee Consumer Protection Act, Tenn. Code Ann. §§ 47-18-101, *et seq.*;

(mm) The Texas Deceptive Trade Practices – Consumer Protection Act, Tex. Bus. & Com. Code Ann. §§ 17.41, *et seq.*;

(nn) The Utah Unfair Practices Act, Utah Code Ann. §§ 13-2-1, *et seq.*;

(oo) The Vermont Consumer Fraud Act, Vt. Stat. Ann. tit. 9, §§ 2451, *et seq.*;

(pp) The Virginia Consumer Protection Act, Va. Code §§ 59.1-196, *et seq.*;

(qq) The Virgin Islands Consumer Protections Law, V.I. Code Ann. tit. 12, §§ 101, *et seq.*;

(rr) The Washington Consumer Protection Act, Wash. Rev. Code Ann. §§ 19.86.010, *et seq.*;

(ss) West Virginia Code §§ 46A-6-101, *et seq.*;

(tt) Wisconsin Stat. Ann. §100.18; and

(uu) The Wyoming Consumer Protection Act, Wyo. Stat. §40-12-101, *et seq.*

COUNT VI

(Breach of Contract)

181. Plaintiffs repeat and reallege paragraphs 1 through 141 and Paragraph 152 as though set forth herein.

182. Quest entered into contracts with private insurance and Benefit Fund providers (including their fiduciaries, affiliates, administrators or agents), which contracts were intended to provide health insurance and other benefits to participating individuals and their beneficiaries.

183. Those Plaintiffs and Class members that were insured were intended beneficiaries of the contracts between Quest and health insurance companies (including their fiduciaries, affiliates, administrators or agents).

184. In its contracts, Quest agreed to invoice and collect monies for covered services only from the insurance and Benefit Fund providers, and only to invoice and collect fees for covered services at the rates included in those agreements. Quest was permitted only to invoice and collect payments for co-payments, deductibles and other charges expressly allowed in its contracts with health insurance and Benefit Fund providers (including their fiduciaries, affiliates, administrators or agents).

185. As alleged herein, Quest has breached its contracts with insurance and Benefit Fund providers, which breaches were aided and abetted by the Debt Collector Defendants.

186. By reason of Quest's breaches, and the conduct of the other Defendants who assisted in Quest's breaches, Plaintiffs and the Class suffered financial injuries and other injuries.

COUNT VII

(Common Law Unjust Enrichment)

187. Plaintiffs repeat and reallege paragraphs 1 through 141 and Paragraph 152 as though set forth herein.

188. As alleged herein, Defendants have unjustly benefited from their unlawful and inequitable acts resulting in the payment of monies by insured and uninsured individuals and similarly situated Class members.

189. Defendants have and are continuing to derive profits and revenues resulting from their false, misleading, deceptive, unfair, inequitable and unconscionable conduct.

190. It would be inequitable for Defendants to be permitted to retain any of the proceeds derived as a result of their unlawful and deceitful conduct.

191. Defendants should be compelled to provide restitution and to disgorge into a common fund or constructive trust for the benefit of Plaintiffs and the Class, all proceeds received by Defendants from Plaintiffs and/or the Class as a result any unlawful or inequitable act described in this Complaint which has inured and continues to inure to the unjust enrichment of Defendants or any one of them.

192. Defendants should also be enjoined from continuing to engage in any unlawful or inequitable methods, acts and/or practices alleged in this Complaint.

193. Plaintiffs and the Class have no adequate remedy at law for their irreparable injuries caused by Defendants' inequitable conduct.

COUNT VIII

(Common Law Fraud)

194. Plaintiffs repeat and reallege paragraphs 1 through 141 and Paragraph 152 as though set forth herein.

195. As alleged herein, Defendants intentionally, knowingly, willfully and recklessly charged and collected fees for laboratory billing and other services that Quest's contracts and Benefit Plan agreements unambiguously stated would not be charged to insured individuals.

196. Defendants misused their position of superior knowledge and financial strength to defraud and deceive insured individual consumers into paying fees and costs Defendants knew were not owed.

197. Plaintiffs and the other members of the Class paid these fees in reliance upon the various statements, representations, and omissions of material fact made by Defendants. Those statements, representations, and omissions were made for the purpose of inducing reliance thereon by Plaintiffs and the Class to pay fees not due to Defendants.

198. Plaintiffs and the other members of the Class had a right to rely on, and did reasonably rely on, Defendants' statements, misrepresentations, and omissions. Each of Defendants' misrepresentations, and omissions were material, in that Plaintiffs and the Class would not have paid the improper fees and charges if they had known that the statements and representations of Defendants were false, misleading, incomplete, unfair and untrue.

199. Each of the above misrepresentations, misleading statements, and omissions made by Defendants were false, misleading, incomplete, and untrue, and were known or should have been known by Defendants to be false, misleading, incomplete, and untrue when made. Each misrepresentation, misleading statement, and omission was made with intent to deceive and defraud, or to conceal the truth about Defendants' deceptive billing practices or with disregard for its truth or completeness, or in spite of the fact that it was untrue. Each misrepresentation, misleading statement, and omission was made to induce Plaintiffs and the Class to pay fees and charges not due Defendants.

200. Plaintiffs and the other members of the Class had no knowledge of the falsity, incompleteness, or untruth of the statements and representations of Defendants when they paid these fees and charges to Defendants, or otherwise were coerced into paying the unlawful fees and charges due to threats made by Defendants.

201. By reason of Defendants' misrepresentations, misleading statements, and omissions, Plaintiffs and the other members of the Class suffered financial injuries.

202. The conduct of Defendants in perpetrating the fraud described above was malicious, willful, wanton, and oppressive, or in reckless disregard of the rights of Plaintiffs and the other members of the Class, thereby warranting the imposition of punitive damages against Defendants.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against Defendants, jointly and severally, as follows:

(1) Certifying the Class pursuant to Rules 23(a), 23(b)(2), and 23(b)(3) of the Federal Rules of Civil Procedure, certifying Plaintiffs as representatives of the Class and designating their counsel as counsel for the Class;

(2) Awarding Plaintiffs and the Class damages for their non-ERISA claims;

(3) Awarding Plaintiffs equitable relief for their ERISA claims, including injunctive relief, restitution and disgorgement;

(4) Awarding Plaintiffs and the Class statutory and exemplary damages where permitted;

(5) Awarding Plaintiffs punitive damages;

(6) Permanently enjoining Defendants from continuing to engage in the unlawful and inequitable conduct alleged herein;

(7) Declaring that Defendants have engaged in the unlawful and inequitable conduct alleged herein;

(8) Ordering Defendants to disgorge into a common fund or a constructive trust all monies paid by Plaintiffs and the Class to the full extent to which Defendants or any one of them were unjustly enriched by their unlawful and inequitable conduct alleged herein;

(9) Granting Plaintiffs and the Class the costs of prosecuting this action and reasonable attorney's fees; and

(10) Granting such other relief as this Court may deem just and proper under the circumstances.

JURY DEMAND

Plaintiffs and the Class demand a trial by jury on all issues so triable.

Dated: March 31, 2005

Respectfully Submitted,

TRUJILLO RODRIGUEZ & RICHARDS, LLC

By: _____
Lisa J. Rodriguez (LR6767)
Donna Siegel Moffa (DSM4634)
8 Kings Highway West
Haddonfield, NJ 08033
Tel. (856) 795-9002
Fax. (856) 795-9887

WHALEN & TUSA, P.C.
Joseph S. Tusa (*pro hac vice* pending)
Paul C. Whalen (*pro hac vice* pending)
90 Park Avenue
New York, NY 10016
Tel. (212) 786-7377
Fax. (212) 658-9685

GISKIN & SOLOTAROFF
Oren Gisken
Catherine Anderson
203 W. 25th Street, 4th Fl.
New York, NY 10001
Tel. (212) 847-8315
Fax. (212) 473-8096

MILLER FAUCHER AND CAFFERTY LLP
William R. Kane (WK4537)
Michael Tarringer
One Logan Square
18th & Cherry Streets
Philadelphia, PA 19103
Tel. (215) 864-2800
Fax. (215) 864-2810

- and -

Patrick E. Cafferty
101 North Main Street
Ann Arbor, MI 48104
Tel. (734) 769-2144
Fax. (734) 769-1207

WHATLEY DRAKE, L.L.C.
Glen M. Connor (*pro hac vice* pending)
Richard Rouco
Richard S. Frankowski
2323 2nd Avenue North
Birmingham, AL 35203
Tel. (205) 328-9576
Fax. (205) 328-9669

Attorneys for Plaintiffs