

Affidavit of Steven Sullivan

Editorial Staff

State of Massachusetts) SS
County of Middlesex)

I, STEVEN SULLIVAN, being first duly sworn upon my oath, hereby state as follows:

2. I was employed by Practice Management Associates, Inc. (PMA), in Florida, from April 1989 through April 1990, in the capacity of counselor and salesman in the Practice Starters' Program, which is owned and operated by Peter G. Fernandez.

4. As a result of having been an employee of PMA Inc., I have personal knowledge regarding the policies and actions of the company, its officers, and other employees.

6. Practice Starters do not average \$250,000 per year, as is advertised by PMA to new recruits. PMA agents, myself included, were fully aware that the average Practice Starter member would never experience anywhere near this level of income during his first year of practice.

8. Each PMA member is required to participate in an expensive marketing program designed by Peter G Fernandez, which includes door to door solicitation of new patients.

18. As a PMA employee, I witnessed PMA agents and salesmen making false statements to prospective PMA clients in an effort to induce the recruits to sign contracts with PMA.

25. As a PMA employee, I was witness to a large percentage of PMA clients (at least 40%) that requested releases from their PMA contracts. PMA refused to honor these requests for release from the contracts.

26. As a PMA employee, I was present at PMA conferences in Chicago when Peter Fernandez and PMA agents announced that PMA clients make five times the national average once they join PMA, but I knew, and PMA officers stated to me that they knew, that these statements were false and misleading.

28. In my capacity as a PMA counselor, I discovered that many of my clients were deeply in debt due to the high overhead encouraged by PMA and were unable to make payments to PMA due to the faulty advice given to them by PMA.

29. As a PMA employee, I was present at the Chicago PMA conferences where PMA agents announced that 99.5 percent of all PMA clients were successful when I had already been informed by PMA officers that they knew these statements to be false and misleading.

30. I was present at the Chicago PMA conferences where PMA agents informed the recruits that "PMA has a team of 146 professionals to assist the new chiropractor in all aspects of starting a chiropractic office," but as a PMA employee, I knew that they had far fewer professionals on the staff, and it was

not explained to the new clients that there would be an additional charge of up to \$200 per hour for utilizing these services.

31. As a PMA employee, I was ordered by PMA to direct all of my clients to purchase all of their equipment from PMA companies or from companies that gave a kickback to PMA for their purchases, even though because of the kickbacks, the prices charged to my clients for these products were far more than the client could purchase the goods for elsewhere.

32. As a PMA employee, I was ordered to tell my clients that PMA did not receive any profits from referring individuals to specific suppliers, but to tell them instead that we were referring them to the supplier because that was where they could get the best price.

33. As a PMA employee, I was ordered by PMA to advise my client that if they were to shop around for their office and medical equipment and supplies, it would be a "practice killer" activity and would cost them more money in the long run than if they purchased the quality products furnished for them by PMA.

34. I was present in the room in Chicago when used office and medical equipment was sold to Dr. Leonard Hicks by Dan Williams, of Cotello Leasing, at an alleged \$17,000 savings off the price of new equipment. The fact is that the prices charged to Dr. Hicks for the used equipment were more than or nearly the same as the purchase price of new equipment on the open market.

35. At this meeting in Chicago, Dr. Hicks was not told that PMA would get a kickback for selling the equipment and the lease to a third company, Business Credit Leasing, but I was told by officers of PMA that PMA was to receive a kickback of 9.5 percent for the lease of the equipment. Other employees witnessed this also.

36. As a PMA employee, I witnessed the termination by PMA of their relationships with any supplier who did not give PMA an adequate kickback for each of the PMA clients who were referred to their services or to buy their products.

37. As a PMA employee, I discovered that many of my clients lost a great deal of money as a result of the business activities and advice given by PMA.

38. As a PMA employee, I was ordered by PMA officers to tell new clients about the "bonus bucks" program and to encourage them to sign up as PMA members.

41. As a PMA employee, I was told by PMA officers that many of the PMA clients were filing suit against PMA and that PMA had filed suit against members in Florida, but I was ordered to deny that there were any suits pending if any new recruit asked me about them.

42. I was told by PMA officers that the purpose of the PMA conferences was to recruit new PMA members and not to give any free training as had been advertised by PMA.

44. As a PMA employee, I witnessed the accounting staff of PMA using two sets of accounting systems and submitting two different accounting totals in an effort to reduce the tax liability of PMA.

45. As a PMA employee, I was instructed by PMA officers to teach my clients to make false statements under the marketing program which was designed by Peter Fernandez.

Steven Sullivan

Signed and notarized.

MARCH 1991