

FILED

June 11, 2009

NEW JERSEY STATE BOARD
OF MEDICAL EXAMINERS

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STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
STATE BOARD OF MEDICAL EXAMINERS

IN THE MATTER OF THE
SUSPENSION OR REVOCATION
OF THE LICENSE OF

} Administrative Action

STEPHEN M. DALY, M.D.
LICENSE NO.: 25MA05472300

} CONSENT ORDER

}
TO PRACTICE MEDICINE IN THE
STATE OF NEW JERSEY.
}

THIS MATTER was opened to the New Jersey State Board of
Medical Examiners ("Board") upon receipt of information alleging
that Stephen M. Daly, M.D., engaged in conduct in violation of
the Board's Sexual Misconduct Regulation, N.J.A.C. 13:35-6.3 (as
incorporated by N.J.S.A. 45:1-21(h)), with respect to L.S., a

CERTIFIED TRUE COPY

female co-worker at the Respondent's former practice located in Fair Lawn, New Jersey. The information received by the Board indicated that the Respondent had engaged in improper touching of the person of L.S. The Respondent neither admits nor denies the allegations herein.

The parties, having agreed to the resolution of this matter without further formal proceedings, and Dr. Daly, having agreed and given his voluntary consent to the within Order, and the Board finding that the within disposition is adequately protective of the health, safety and welfare of the public, and for other good cause shown:

IT IS, THEREFORE, ON THIS 10TH DAY OF JUNE 2009:

ORDERED THAT:

1. The license of Stephen M. Daly, M.D., to practice medicine and surgery in the State of New Jersey is hereby suspended for a period of one (1) year, effective July 1, 2009. Of the one (1) year period, there shall be a period of active suspension for a period of four (4) months, which shall also commence on July 1, 2009. The balance of the one (1) year period, i.e., eight (8) months, shall operate as a period of probation, subject to the conditions set forth below.

2. On July 1, 2009, the Respondent shall cease and desist from the practice of medicine and/or surgery in the State of New Jersey, and shall cease and desist from providing any health care services of any nature whatsoever to any person within the State of New Jersey, for a period of four (4) continuous months.

3. Within four (4) months of the date of the filing of the within Order, Dr. Daly shall undergo an evaluation by the Joseph J. Peters Institute, currently located at 100 South Broad Street, 17th Floor, Philadelphia, Pennsylvania 19110, and shall undertake any recommended treatment, therapy, or course of action.

4. Within four (4) months of the date of the filing of the within Order, Dr. Daly shall successfully complete a Board-approved course in boundary violations. Successful completion means that all sessions were attended, all assignments were properly and appropriately completed, and a passing grade was achieved which was unconditional and without reservation.

5. The Joseph J. Peters Institute shall prepare a report detailing the results of the evaluation, to include any recommendations for treatment, follow-up care, and/or practice restrictions. In the event that any recommendations are made for treatment, follow-up care, and/or practice restrictions, the Respondent shall additionally be required to comply with such recommendations.

6. All reports or evaluations required to be prepared under the terms of this Order shall be provided to both the Board and to the Attorney General of New Jersey. The Respondent agrees that the Board, the Attorney General of New Jersey, The Peters Institute (and its staff), and the agency or person conducting the course in boundary violations (and their staff), may exchange information that relates to the psychiatric or psychological condition of the Respondent, or any other information that relates to his fitness to practice medicine and surgery. The Respondent hereby waives any privilege or right to confidentiality in such information.

7. Dr. Daly shall pay a penalty of twenty thousand dollars, and no cents (\$20,000), within ten (10) days of the date of entry of the within Order.

8. Dr. Daly shall pay all the costs, including attorney's fees, within ten (10) days of the date of entry of the within Order, such costs being fixed at nineteen thousand, one hundred ninety-seven dollars, and fifty cents (\$19,197.50).

9. All payments shall be made by certified check or money order, and shall be transmitted to the New Jersey State Board of Medical Examiners, 140 East Front Street, 2nd Floor, P.O. Box 183, Trenton, New Jersey 08625-0183.

10. The Board may, in its sole discretion, file a Certificate of Debt for the sums due and owing, and may take all other actions to obtain a judgment, and enforce any lien, or take any other actions in law or equity, to collect any sums due and owing. As to any sums of money as set forth above which are not paid in accordance with the terms of this Order, interest shall commence to accrue in according with the Rule 4:42-11(b) of the Rules Governing the Courts of the State of New Jersey, as specifically applicable to tort actions. The failure of the Board to take any action shall not be deemed to constitute a waiver or release of any claim, remedy, or right that the Board may have under this Consent Order.

11. The Respondent shall appear before a Committee of the Board, upon the conclusion of the period of probation contained in Paragraph No. 1, to demonstrate his compliance with the aforementioned conditions.

12. Dr. Daly shall fully comply with the Directives for Disciplined Licensees attached hereto as Exhibit A and made a part hereof.

13. The parties hereby stipulate that entry of this Order is without prejudice to further action by this Board or other law enforcement agencies resulting from Dr. Daly's conduct prior to the entry of this Order, other than such conduct specifically

alleged in this Order, other than such conduct based on information in the possession of the Attorney General or the Board, as of the filing of this Consent Order.

NEW JERSEY STATE BOARD OF
MEDICAL EXAMINERS

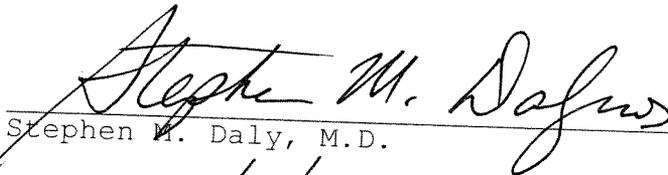
By:



Paul C. Mendelowitz, M.D., M.P.H.,
President

Dated:

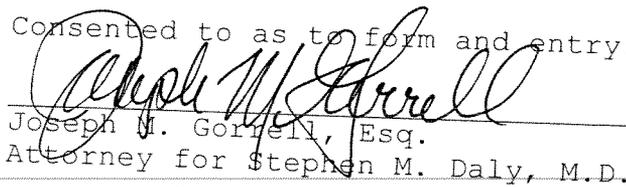
I have read the within Order.
I understand the Order and I
agree to be bound by its terms
and conditions. I hereby consent
to the entry of this Order.



Stephen M. Daly, M.D.

Dated: 6/4/9

Consented to as to form and entry:



Joseph W. Gornell, Esq.
Attorney for Stephen M. Daly, M.D.

Dated: June 4, 2009

**DIRECTIVES APPLICABLE TO ANY MEDICAL BOARD LICENSEE
WHO IS DISCIPLINED OR WHOSE SURRENDER OF LICENSURE
HAS BEEN ACCEPTED**

APPROVED BY THE BOARD ON MAY 10, 2000

All licensees who are the subject of a disciplinary order of the Board are required to provide the information required on the Addendum to these Directives. The information provided will be maintained separately and will not be part of the public document filed with the Board. Failure to provide the information required may result in further disciplinary action for failing to cooperate with the Board, as required by N.J.A.C. 13:45C-1 et seq. Paragraphs 1 through 4 below shall apply when a license is suspended or revoked or permanently surrendered, with or without prejudice. Paragraph 5 applies to licensees who are the subject of an order which, while permitting continued practice, contains a probation or monitoring requirement.

1. Document Return and Agency Notification

The licensee shall promptly forward to the Board office at Post Office Box 183, 140 East Front Street, 2nd floor, Trenton, New Jersey 08625-0183, the original license, current biennial registration and, if applicable, the original CDS registration. In addition, if the licensee holds a Drug Enforcement Agency (DEA) registration, he or she shall promptly advise the DEA of the licensure action. (With respect to suspensions of a finite term, at the conclusion of the term, the licensee may contact the Board office for the return of the documents previously surrendered to the Board. In addition, at the conclusion of the term, the licensee should contact the DEA to advise of the resumption of practice and to ascertain the impact of that change upon his/her DEA registration.)

2. Practice Cessation

The licensee shall cease and desist from engaging in the practice of medicine in this State. This prohibition not only bars a licensee from rendering professional services, but also from providing an opinion as to professional practice or its application, or representing him/herself as being eligible to practice. (Although the licensee need not affirmatively advise patients or others of the revocation, suspension or surrender, the licensee must truthfully disclose his/her licensure status in response to inquiry.) The disciplined licensee is also prohibited from occupying, sharing or using office space in which another licensee provides health care services. The disciplined licensee may contract for, accept payment from another licensee for or rent at fair market value office premises and/or equipment. In no case may the disciplined licensee authorize, allow or condone the use of his/her provider number by any health care practice or any other licensee or health care provider. (In situations where the licensee has been suspended for less than one year, the licensee may accept payment from another professional who is using his/her office during the period that the licensee is suspended, for the payment of salaries for office staff employed at the time of the Board action.)

EXHIBIT A

A licensee whose license has been revoked, suspended for one (1) year or more or permanently surrendered must remove signs and take affirmative action to stop advertisements by which his/her eligibility to practice is represented. The licensee must also take steps to remove his/her name from professional listings, telephone directories, professional stationery, or billings. If the licensee's name is utilized in a group practice title, it shall be deleted. Prescription pads bearing the licensee's name shall be destroyed. A destruction report form obtained from the Office of Drug Control (973-504-6558) must be filed. If no other licensee is providing services at the location, all medications must be removed and returned to the manufacturer, if possible, destroyed or safeguarded. (In situations where a license has been suspended for less than one year, prescription pads and medications need not be destroyed but must be secured in a locked place for safekeeping.)

3. Practice Income Prohibitions/Divestiture of Equity Interest in Professional Service Corporations and Limited Liability Companies

A licensee shall not charge, receive or share in any fee for professional services rendered by him/herself or others while barred from engaging in the professional practice. The licensee may be compensated for the reasonable value of services lawfully rendered and disbursements incurred on a patient's behalf prior to the effective date of the Board action.

A licensee who is a shareholder in a professional service corporation organized to engage in the professional practice, whose license is revoked, surrendered or suspended for a term of one (1) year or more shall be deemed to be disqualified from the practice within the meaning of the Professional Service Corporation Act. (N.J.S.A. 14A:17-11). A disqualified licensee shall divest him/herself of all financial interest in the professional service corporation pursuant to N.J.S.A. 14A:17-13(c). A licensee who is a member of a limited liability company organized pursuant to N.J.S.A. 42:1-44, shall divest him/herself of all financial interest. Such divestiture shall occur within 90 days following the the entry of the Order rendering the licensee disqualified to participate in the applicable form of ownership. Upon divestiture, a licensee shall forward to the Board a copy of documentation forwarded to the Secretary of State, Commercial Reporting Division, demonstrating that the interest has been terminated. If the licensee is the sole shareholder in a professional service corporation, the corporation must be dissolved within 90 days of the licensee's disqualification.

4. Medical Records

If, as a result of the Board's action, a practice is closed or transferred to another location, the licensee shall ensure that during the three (3) month period following the effective date of the disciplinary order, a message will be delivered to patients calling the former office premises, advising where records may be obtained. The message should inform patients of the names and telephone numbers of the licensee (or his/her attorney) assuming custody of the records. The same information shall also be disseminated by means of a notice to be published at least once per month for three (3) months in a newspaper of

general circulation in the geographic vicinity in which the practice was conducted. At the end of the three month period, the licensee shall file with the Board the name and telephone number of the contact person who will have access to medical records of former patients. Any change in that individual or his/her telephone number shall be promptly reported to the Board. When a patient or his/her representative requests a copy of his/her medical record or asks that record be forwarded to another health care provider, the licensee shall promptly provide the record without charge to the patient.

5. Probation/Monitoring Conditions

With respect to any licensee who is the subject of any Order imposing a probation or monitoring requirement or a stay of an active suspension, in whole or in part, which is conditioned upon compliance with a probation or monitoring requirement, the licensee shall fully cooperate with the Board and its designated representatives, including the Enforcement Bureau of the Division of Consumer Affairs, in ongoing monitoring of the licensee's status and practice. Such monitoring shall be at the expense of the disciplined practitioner.

(a) Monitoring of practice conditions may include, but is not limited to, inspection of the professional premises and equipment, and inspection and copying of patient records (confidentiality of patient identity shall be protected by the Board) to verify compliance with the Board Order and accepted standards of practice.

(b) Monitoring of status conditions for an impaired practitioner may include, but is not limited to, practitioner cooperation in providing releases permitting unrestricted access to records and other information to the extent permitted by law from any treatment facility, other treating practitioner, support group or other individual/facility involved in the education, treatment, monitoring or oversight of the practitioner, or maintained by a rehabilitation program for impaired practitioners. If bodily substance monitoring has been ordered, the practitioner shall fully cooperate by responding to a demand for breath, blood, urine or other sample in a timely manner and providing the designated sample.

**NOTICE OF REPORTING PRACTICES OF BOARD
REGARDING DISCIPLINARY ACTIONS**

Pursuant to N.J.S.A. 52:14B-3(3), all orders of the New Jersey State Board of Medical Examiners are available for public inspection. Should any inquiry be made concerning the status of a licensee, the inquirer will be informed of the existence of the order and a copy will be provided if requested. All evidentiary hearings, proceedings on motions or other applications which are conducted as public hearings and the record, including the transcript and documents marked in evidence, are available for public inspection, upon request.

Pursuant to 45 CFR Subtitle A 60.8, the Board is obligated to report to the National Practitioners Data Bank any action relating to a physician which is based on reasons relating to professional competence or professional conduct:

- (1) Which revokes or suspends (or otherwise restricts) a license,
- (2) Which censures, reprimands or places on probation,
- (3) Under which a license is surrendered.

Pursuant to 45 CFR Section 61.7, the Board is obligated to report to the Healthcare Integrity and Protection (HIP) Data Bank, any formal or official actions, such as revocation or suspension of a license (and the length of any such suspension), reprimand, censure or probation or any other loss of license or the right to apply for, or renew, a license of the provider, supplier, or practitioner, whether by operation of law, voluntary surrender, non-renewability, or otherwise, or any other negative action or finding by such Federal or State agency that is publicly available information.

Pursuant to N.J.S.A. 45:9-19.13, if the Board refuses to issue, suspends, revokes or otherwise places conditions on a license or permit, it is obligated to notify each licensed health care facility and health maintenance organization with which a licensee is affiliated and every other board licensee in this state with whom he or she is directly associated in private medical practice.

In accordance with an agreement with the Federation of State Medical Boards of the United States, a list of all disciplinary orders are provided to that organization on a monthly basis.

Within the month following entry of an order, a summary of the order will appear on the public agenda for the next monthly Board meeting and is forwarded to those members of the public requesting a copy. In addition, the same summary will appear in the minutes of that Board meeting, which are also made available to those requesting a copy.

Within the month following entry of an order, a summary of the order will appear in a Monthly Disciplinary Action Listing which is made available to those members of the public requesting a copy.

On a periodic basis the Board disseminates to its licensees a newsletter which includes a brief description of all of the orders entered by the Board.

From time to time, the Press Office of the Division of Consumer Affairs may issue releases including the summaries of the content of public orders.

Nothing herein is intended in any way to limit the Board, the Division or the Attorney General from disclosing any public document.

NAME: Stephen M. Daly, M.D.
NJ License # 25MA05472300

ADDENDUM

Any licensee who is the subject of an order of the Board suspending, revoking or otherwise conditioning the license, shall provide the following information at the time that the order is signed, if it is entered by consent, or immediately after service of a fully executed order entered after a hearing. The information required here is necessary for the Board to fulfill its reporting obligations:

Social Security Number¹: _____

List the Name and Address of any and all Health Care Facilities with which you are affiliated:

List the Names and Address of any and all Health Maintenance Organizations with which you are affiliated:

Provide the names and addresses of every person with whom you are associated in your professional practice: (You may attach a blank sheet of stationery bearing this information).

¹ Pursuant to 45 CFR Subtitle A Section 61.7 and 45 CFR Subtitle A Section 60.8, the Board is required to obtain your Social Security Number and/or federal taxpayer identification number in order to discharge its responsibility to report adverse actions to the National Practitioner Data Bank and the HIP Data Bank.