



THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT *of* NEW JERSEY

Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Monday, December 17, 2018

Lakewood Man Charged in \$10 Million Health Care Fraud Against Blue Cross Blue Shield

NEWARK, N.J. – A Lakewood, New Jersey, insurance producer was charged today with conspiring to defraud several Blue Cross Blue Shield health care insurance affiliates of more than \$10 million, U.S. Attorney Craig Carpenito announced today.

Jonas Knopf, 63, of Lakewood, was charged by complaint with one count of conspiring to defraud three health care Blue Cross Blue Shield (BCBS) affiliates in Pennsylvania and the Washington, D.C., area. He is scheduled to appear today before U.S. Magistrate Judge Steven C. Mannion in Newark federal court.

According to documents filed in this case and statements made in court:

From 2009 to 2017, Knopf was the chief executive officer of Madison Financial Services (MFS) and a licensed insurance producer – a person who is licensed to sell insurance products. MFS was the parent company of 11 sham companies created by Knopf and others solely for the purpose of marketing health insurance coverage to people who were not, in fact, his employees. These companies purported to be located and doing business in Pennsylvania and/or Virginia, and created the appearance of employment status for hundreds of individuals, largely Lakewood residents who were seeking health care coverage through BCBS benefit plans. The conspiracy began in Pennsylvania, and lasted until 2013, when an internal BCBS investigation uncovered irregularities in the information submitted by Knopf and others through his sham companies. Ultimately, the Pennsylvania Department of Insurance initiated an investigation and Knopf surrendered his Pennsylvania insurance producer's license and ceased operation in the state. The conspiracy, however, continued in Virginia.

Knopf's clients or purported employees paid him inflated insurance premiums as well as providing him with monies for payroll; Knopf, in turn, issued fake payroll checks, giving the false impression that they were actually employees being paid for services rendered. The conspiracy continued

until January 2017. The conspiracy caused the health care insurers to pay out more than \$10 million in fraudulent claims.

The count of conspiracy to commit health care fraud carries a maximum penalty of 10 years in prison and a \$250,000 fine.

U.S. Attorney Carpenito credited special agents of the FBI, under the direction of Special Agent In Charge Gregory W. Ehrie; special agents of the U.S. Department of Labor, Office of Inspector General, Office of Investigations, New York Region, under the direction of Special Agent in Charge Michael Mikulka; investigators of the U.S. Department of Labor, Employee Benefit Security Administration (EBSA), under the direction of Regional Director Darren Cohen, and the Ocean County Prosecutor's Office, under the direction of Bradley D. Bilhimer, with the investigation leading to today's charge.

The government is represented by Senior Litigation Counsel V. Grady O'Malley of the U.S. Attorney's Office's Organized Crime/Gangs Unit and Assistant U.S. Attorney Tracey Agnew of the Violent Crime Unit.

The charge and allegations contained in the complaint, are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

Defense counsel: Michael Gilbert Esq., New York

Attachment(s):

[Download knopf.complaint.pdf](#)

Topic(s):

Health Care Fraud

Component(s):

[USAO - New Jersey](#)

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