



UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA :
 :
 v. : CRIMINAL COMPLAINT
 :
 JONAS KNOPF : Mag. No. 18-8283
 :
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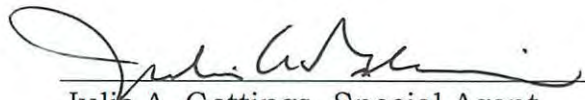
I, Julie A. Gettings, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

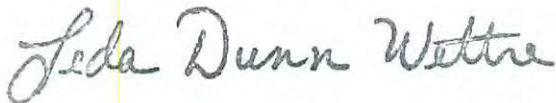
I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this Complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.


Julie A. Gettings, Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
December 14, 2018, in Newark, New Jersey



THE HONORABLE LEDA DUNN WETTRE
UNITED STATES MAGISTRATE JUDGE

ATTACHMENT A

From in or around July 2009 through in or around January 2017, in Ocean County, in the District of New Jersey, and elsewhere, defendant

JONAS KNOPF

did knowingly and intentionally conspire and agree with others, known and unknown, to execute and attempt to execute a scheme and artifice to defraud any health care benefit program, as defined under Title 18, United States Code, Section 24(b), and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of said health care benefit program, in connection with the delivery of and payment for health care benefits, items, and services, contrary to Title 18, United States Code, Section 1347.

In violation of Title 18, United States Code, Section 1349.

ATTACHMENT B

I, Julie A. Gettings, am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have knowledge of the facts set forth herein based on my own investigation, my conversations with other law enforcement officers and others, and my review of reports, documents, and other evidence. Because this Complaint is being submitted for a limited purpose, I have not set forth every fact that I know concerning this investigation. Where statements of others are related herein, they are related in substance and in part. Where I assert that an event took place on a particular date, I am asserting that it took place on or around the date alleged. Statements attributed to individuals are provided in substance and in part.

1. At all times relevant to this Complaint:

a. Defendant JONAS KNOPF ("KNOPF") resided in Lakewood, New Jersey and owned Madison Financial Services ("MFS") in Lakewood, New Jersey.

b. An insurance producer is a person who engages in the sale of insurance products. Insurance producers are required to be licensed by the State in which they sell insurance. KNOPF was a licensed insurance producer in New Jersey and Virginia. KNOPF was a licensed insurance producer in Pennsylvania until 2013, when he surrendered his Pennsylvania license.

c. MFS was the parent company of the following companies owned or controlled by KNOPF: United Comprehensive Health Group; Arlington Executive Service, LLC; United Employer Administrators, LLC; and Executive Staff Training, LLC. KNOPF was also the insurance broker for various other companies including American Staff Training, LLC; Deluxe Employment Services, Inc.; Excellent Administrative Services, Inc.; Hamburg Staff Training, LLC; Lehigh Staffing, LLC; PA Staff Training, LLC; and Universal Administrative Services, LLC. Together, these eleven (11) companies are referred to herein as the "SUBJECT COMPANIES." The SUBJECT COMPANIES provided no services, employed no real workers, and existed solely for the purpose of acquiring health insurance benefits for ineligible participants. All of the SUBJECT COMPANIES were purported to be located and doing business in either Virginia or Pennsylvania, except for United Comprehensive Health Group which was located in New Jersey.

d. KNOPF obtained health insurance from private health care benefit programs, "HEALTH INSURER-1," "HEALTH INSURER-2," and "HEALTH INSURER-3" for purported "employees" of the SUBJECT COMPANIES. HEALTH INSURER-1, HEALTH INSURER-2 and HEALTH INSURER-3 were private health

care benefit programs as defined under Section 24(b) of Title 18 of the United States Code.

Object of the Conspiracy

2. It was the object of the conspiracy for KNOPF and others to unlawfully obtain health insurance from HEALTH INSURER-1, HEALTH INSURER-2 and/or HEALTH INSURER-3 for purported “employees” of the SUBJECT COMPANIES and their dependents. KNOPF and others caused the submission of false and fraudulent insurance applications to these health care benefit programs for the SUBJECT COMPANIES and their respective purported “employees,” resulting in the insurance coverage and significant benefits for otherwise ineligible individuals.

3. KNOPF also enriched himself by orchestrating this company/employee scheme whereby he collected fees from insureds for his services and paid personal expenses from the SUBJECT COMPANIES.

Manner and Means of the Conspiracy

4. In or around July 2009, Coconspirator-1 created Universal Administrative Services, LLC (“UAS”), a SUBJECT COMPANY. KNOPF and Coconspirator-1 applied for health insurance for UAS from HEALTH INSURER-1, a Pennsylvania-based company. KNOPF and Coconspirator-1 made material misrepresentations during the application process which were relied upon by HEALTH INSURER-1 in providing coverage for UAS. Specifically, KNOPF and Coconspirator-1 submitted two unmarried young males as UAS’s only two “employees” to qualify for a favorable rate and alleged that these two “employees” resided in Pennsylvania when, in fact, they lived in New Jersey and/or New York. UAS’s listed office address was a postal service location in Exton, Pennsylvania. Once insured by HEALTH INSURER-1, KNOPF and others increased UAS’s “employees” from the initial two to 28, with an additional 116 new insureds (“employees” plus dependents) covered by HEALTH INSURER-1. None of these “employees” did any work for UAS. In or around 2010, when re-quoted by HEALTH INSURER-1 at a significantly higher rate given the increased insureds, KNOPF cancelled the contract with HEALTH INSURER-1 on behalf of UAS.

5. Within months of the UAS cancellation with HEALTH INSURER-1, another sham company, PA Staff Training, LLC (“PAST”), a SUBJECT COMPANY, was created. Similar to UAS, PAST’s office was a postal service location in Langhorne, Pennsylvania. In or around June 2010, KNOPF and Conconspirator-1 applied for insurance through HEALTH INSURER-1 for PAST, submitting five unmarried young males as PAST’s initial “employees.” Again, these individuals were never employees of nor did any work for PAST. During the first year of the

contract with HEALTH INSURER-1, PAST added 36 “employees,” with 190 new insureds. Most of these insureds resided in Ocean County, New Jersey and/or Brooklyn, New York.

6. In or around August 2012, HEALTH INSURER-1 conducted an internal investigation and concluded that KNOPF had used UAS and PAST as sham companies, with no actual employees, to defraud it out of hundreds of thousands of dollars by insuring individuals who were otherwise not eligible for benefits. Accordingly, HEALTH INSURER-1 terminated its coverage of PAST’s insureds on or around October 1, 2012. In total, HEALTH INSURER-1 paid out approximately \$1,600,000 in claims on behalf of ineligible participants enrolled by KNOPF and others through UAS and PAST.

7. In or around August 2011, KNOPF and Coconspirator-2 submitted an application to HEALTH INSURER-2, another Pennsylvania-based insurance company, for group health insurance for Hamburg Staff Training, LLC (“Hamburg”), a SUBJECT COMPANY. On the application, Coconspirator-2 was listed as the president of Hamburg and KNOPF was the insurance broker. Consistent with the model for UAS and PAST, KNOPF and Coconspirator-2 provided that Hamburg’s only “employees” were two young males who resided in Pennsylvania, when, in fact, they were not actually employees of Hamburg but, instead, were related to KNOPF and resided in New Jersey. Hamburg’s mock “office” was simply a single desk located in the rear of a used car dealership in Pennsylvania. Between September 2011 and August 2012, the number of ineligible insureds under Hamburg submitted to HEALTH INSURER-2 by KNOPF and others for coverage grew to 564 individuals.

8. In or around April 2012, KNOPF submitted an application for group health insurance to HEALTH INSURER-2 for another sham SUBJECT COMPANY, namely Lehigh Staffing, LLC (“Lehigh”). On the application, KNOPF was listed as the president of Lehigh and the policy maker. KNOPF identified two young males as alleged “employees” of Lehigh and claimed that they were residing in Pennsylvania, when, in fact, they were never employees of Lehigh and resided in New Jersey. Lehigh’s company address was a virtual office space in Allentown, Pennsylvania. As part of the deception, KNOPF issued “paychecks” to these “employees” for Lehigh which were ultimately deposited into KNOPF’s bank account.

9. In or around July 2012, KNOPF and Coconspirator-1 submitted an application to HEALTH INSURER-2 for UAS. On the application, Coconspirator-1 was listed as the Member/Group Leader and KNOPF was listed as the Producer of Record for UAS. Unlike UAS’s prior application to HEALTH INSURER-1, this application listed UAS’s office address as a virtual office space location in Center Valley, Pennsylvania. On the application for insurance with HEALTH INSURER-

2 for UAS, KNOPF and Coconspirator-1 listed two young males as UAS's initial "employees," both of whom never worked for UAS.

10. In or around 2012, HEALTH INSURER-2 investigated what they perceived were irregularities in information submitted to them by KNOPF and others for Hamburg, Lehigh and UAS. Following the investigation, in or around August 2012, HEALTH INSURER-2 terminated these SUBJECT COMPANIES and revoked KNOPF's insurance broker privileges, finding that KNOPF misled HEALTH INSURER-2 into providing group health care coverage which otherwise would not have been available.

11. In or around October 2012, the Pennsylvania Department of Insurance ("PA DOI") opened an investigation on KNOPF regarding allegations of misrepresentations on insurance applications. PA DOI alleged that Hamburg, Lehigh and UAS were sham companies and created solely for the benefit of enrolling employees in order to receive less expensive health care coverage. KNOPF voluntarily surrendered his Pennsylvania insurance producer license on or around March 13, 2013.

12. Knopf and Coconspirator-2 organized three of the sham SUBJECT COMPANIES as limited liability companies in Virginia in or around 2013: Arlington Executive Services, LLC ("Arlington"), United Employer Administrators, LLC ("UEA"), and Executive Staff Training, LLC ("Executive"). KNOPF was the secretary and/or vice president and Coconspirator-2 was the president of these three SUBJECT COMPANIES. Aside from leasing virtual office space in Virginia, Arlington, UEA and Executive had no real employees and no actual work was performed in Virginia. As further evidence of this fraud, any mail sent to Arlington, UEA and/or Executive was forwarded to KNOPF's residence in Lakewood, New Jersey. All three companies were created solely as a means for KNOPF and others to fraudulently sell insurance.

13. HEALTH INSURER-3 is health care insurance company based in the metropolitan Washington, D.C. area (Washington, D.C., Maryland and Virginia).

14. Similar to KNOPF's conduct in Pennsylvania, KNOPF and Coconspirator-2 submitted applications for insurance to HEALTH INSURER-3 for Arlington, UEA and Executive in or around 2013, providing that each company had only two "employees" in order to get the best possible rates. None of these "employees" ever worked for these SUBJECT COMPANIES and only two actually resided in Virginia. On the applications, Coconspirator-2 was listed as the president and KNOPF was listed as the broker. The number of "employees" quickly increased for each sham company from the initial two "employees" to the following: Arlington approximately 41, UEA approximately 37, and Executive approximately 36. Over the duration of HEALTH INSURER-3's coverage of

Arlington, UEA and Executive, the number of insureds ballooned to several hundred, including dependents.

15. As with the prior health care benefit programs, in or around January 2017, HEALTH INSURER-3 terminated coverage for Arlington, UEA and Executive. In total, HEALTH INSURER-3 paid out approximately \$9,000,000 in claims on behalf of ineligible participants fraudulently enrolled by KNOFF and others.

16. In furtherance of this scheme, potential insureds would select an insurance company through KNOFF, and, in turn, KNOFF would then assign that individual a SUBJECT COMPANY for whom he/she would be "employed." Coconspirator-3 assisted KNOFF in facilitating this fraud. Typically, the primary insured or "employee" would submit an insurance premium payment with monthly "payroll" contributions to KNOFF, who would then deduct tax withholdings, and mail a payroll check back to the insured/"employee" in an attempt to create a false impression that the SUBJECT COMPANIES had actual employees who received a paycheck for their services. KNOFF also inflated the premium payments for his own personal financial gain and charged the "employees" a payroll fee for his services.

17. Based on law enforcement's investigation to date and records obtained and reviewed, KNOFF and others created sham companies to provide insurance benefits and submitted fraudulent applications with misrepresentations to health insurance companies in order to obtain said benefits.