



*United States Attorney
District of New Jersey*

FOR IMMEDIATE RELEASE
Jan. 9, 2017
www.justice.gov/usao/nj

CONTACT: Matthew Reilly
Office of Public Affairs
(973) 645-2888

**TWO INDICTED IN \$6.6 MILLION HEALTH CARE FRAUD AGAINST HORIZON
BLUE CROSS BLUE SHIELD AND AUTO WORKERS UNION**

NEWARK, N.J. – A former union official and an insurance broker have been charged in connection with their roles in conspiring to defraud Horizon Blue Cross Blue Shield and the United Auto Workers (UAW) Local 2326 Health Care Plan of millions of dollars, U.S. Attorney Paul J. Fishman announced today.

Sergio Acosta, 66, of Passaic New Jersey, formerly the president of Local 2326, and Lawrence Ackerman, 53, of Old Tappan, New Jersey, were both indicted by a federal grand jury on one count each of conspiring to defraud Horizon Blue Cross Blue Shield and one count each of conspiring to defraud the union's self-insured health care plan. An arraignment for both defendants will be scheduled at a later date.

According to the indictment:

Acosta was an employee of Local 2326 and was its president from 2002 to 2008. During this time, he was responsible for conducting the union's operations as well as its benefits plan. In 2008, he became a representative and employee of the UAW International Union, yet continued to serve as the union's trustee to the benefit plan.

Ackerman was the chief operating officer of Atlantic Business Associates ABA, Atlantic Medical Associates (AMA), AM Law, Atlantic International Group and Pro-Tech Automotive services. In actuality ABA and AMA were "shell" companies allegedly created by Ackerman, through which he marketed health insurance nationally to people who were not, in fact, employees of ABA and AMA. He used ABA and AMA to create the appearance of employment status for individuals who were improperly seeking health care coverage through the benefit plan.

Acosta and Ackerman allegedly conspired to defraud Horizon Blue Cross Blue Shield of \$5.6 million by covering 700 to 800 ineligible participants recruited by Ackerman from across the country. After Horizon discovered the fraud and rescinded its coverage from Local 2326, Acosta allegedly permitted the same ineligible participants to continue being covered by the Local 2326 self-insured health care plan. After just five months, an additional \$1 million in losses were incurred.

Each of the counts with which the defendants are charged carries a maximum penalty of 10 years in prison and a \$250,000 fine.

The charges and accusations contained in the indictment are merely accusations, and the defendants are considered innocent unless and until proven guilty.

U.S. Attorney Fishman credited special agents of the U.S. Department of Labor, Office of Inspector General, New York Region, under the direction of Special Agent in Charge Michael Mikulka; the Office of Employee Benefit Security Act (EBSA), under the direction of Regional Director Jonathan Kay; and the Office of Labor Management Standards, under the supervision of District Director Andriana Vamvakas, with the investigation leading to today's charges.

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

17-003

###

Defense counsel:

Ackerman: Robert Kipnees Esq., Roseland, New Jersey

Acosta, Alan Silber Esq., Roseland, New Jersey