

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the United States of America, acting through the United States Department of Justice and on behalf of the United States Department of Health and Human Services, Office of the Inspector General (HHS-OIG) and the Drug Enforcement Administration (DEA), and Dr. Gerald Knouf (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Dr. Gerald Knouf is a physician who resides and works in the District of Idaho. At all times relevant to this Settlement Agreement, Dr. Knouf was a DEA registrant practicing medicine, including the prescribing of controlled substances regulated under the Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.* (CSA), and the regulations promulgated thereunder.

B. The United States contends that it has certain civil claims against Dr. Knouf under both the CSA and the False Claims Act, 31 U.S.C. §§ 3729 *et seq.* (FCA). These claims are based on conduct that occurred between 2018 and 2023. Specifically, the United States alleges that Dr. Knouf wrote prescriptions for controlled substances that lacked a legitimate medical purpose and/or were issued outside the usual course of professional practice in violation of 21 U.S.C. § 842(a)(1) and 21 C.F.R. § 1306.04(a). This includes overlapping prescriptions for dangerous combinations of drugs, including opioids, benzodiazepines, and muscle relaxers. The United States further alleges that Dr. Knouf violated the FCA by (1) issuing invalid prescriptions that caused the presentation of false claims to Medicare and Medicaid, and (2) billing Medicare and Medicaid for services which were not performed. The United States alleges that Dr. Knouf’s conduct renders him liable to the United States for civil penalties and damages under the CSA and FCA. The conduct in this paragraph is referred to below as the “Covered Conduct.”

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

C. This Settlement Agreement is neither an admission of liability by Dr. Knouf nor a concession by the United States that its claims are not well founded. Dr. Knouf denies that he violated the CSA, FCA, or other federal laws.

D. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above Covered Conduct, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Dr. Knouf shall pay to the United States the total sum of \$96,000 (hereinafter, the “Settlement Amount”). Payment shall be made in the following manner:

a. Dr. Knouf shall make an initial lump-sum payment of \$30,000 by May 1, 2024. Payment shall be made by electronic funds transfer or in some other manner to be specified by the U.S. Attorney’s Office for the District of Idaho. Written instructions will be provided to Dr. Knouf’s counsel.

b. Dr. Knouf shall thereafter pay the remaining \$66,000 of the Settlement Amount within three-years of May 1, 2024, by making quarterly payments (i.e., 4 payments per year) to the United States. Each quarterly payment must be in the amount of at least \$5,500. The first quarterly payment shall be due by August 1, 2024, with additional quarterly payments due on or before the following dates until the entire settlement amount is paid in full: 11/1/24, 2/1/25, 5/1/25, 8/1/25, 11/1/25, 2/1/26, 5/1/26, 8/1/26, 11/1/26, 2/1/27, 5/1/27. The entirety of the Settlement Amount must be paid in full on or before May 1, 2027.

2. Dr. Knouf will sign and abide by a Memorandum of Agreement between himself and the DEA (DEA MOA), which, among other things, will restrict Dr. Knouf’s DEA

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

registration for a period of five years. Dr. Knouf will sign the DEA MOA within 10 days of the Effective Date of this Settlement Agreement.

3. Subject to the exceptions in Paragraph 4 below (concerning excluded claims), and conditioned upon Dr. Knouf's full payment of the Settlement Amount and his compliance with this Settlement Agreement, the United States releases Dr. Knouf from any civil or administrative claim the United States has for the Covered Conduct under the Controlled Substances Act, 21 U.S.C. §§ 801, *et. seq.*; the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or under common law theories of payment by mistake, unjust enrichment, and fraud.

4. Notwithstanding the release outlined in Paragraph 3 (above), or any other term of this Settlement Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Service);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory or permissive exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Settlement Agreement;
- f. Any liability by individuals or entities not a party to this Settlement Agreement.

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

5. Dr. Knouf fully and finally releases the United States, its agencies, officers, agents, employees, and servants from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Dr. Knouf has asserted, could have asserted, or may assert in the future against the United States and its agencies, officers, employees, servants, and agents related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. **TOLLING AGREEMENT.** The Parties have previously signed agreements tolling statutes of limitations related to the CSA and FCA claims alleged by the United States and described in the Covered Conduct. The Parties agree that those tolling provisions should continue until Dr. Knouf has paid the Settlement Amount in full as outlined in this Settlement Agreement. Accordingly, the Parties agree that the period of time between February 22, 2024, and the date that Dr. Knouf pays the Settlement Amount in full shall be excluded when determining whether any alleged civil claims brought by the United States against Dr. Knouf pursuant to the CSA and/or the FCA and based on the Covered Conduct are time-barred by a statute of limitations, laches, or any other time-related defenses. Notwithstanding this tolling agreement and consistent with the release provisions above, the United States agrees not to bring civil claims released in paragraph 3 against Dr. Knouf related to the Covered Conduct so long as Dr. Knouf meets the terms of this Settlement Agreement.

7. **BREACH.** In the event that Dr. Knouf does not make timely payment of the Settlement Amount or otherwise breaches the Settlement Agreement, the following provisions will apply:

a. The release provisions of Paragraph 3 will not apply, and the United States will be free to pursue civil claims against Dr. Knouf for the Covered Conduct;

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

b. The United States may institute a civil action for breach of contract in the United States District Court for the District of Idaho entitled *United States v. Dr. Gerald Knouf*. If the United States files that civil action, Dr. Knouf agrees that a Consent Judgment in the amount of \$125,000, less any payments made toward the Settlement Amount, shall be entered by the Court against him. Dr. Knouf agrees that the United States may file this Settlement Agreement as an exhibit to a Motion for Consent Judgment in that civil action and that the Court shall enter judgment against Dr. Knouf in the amount of \$125,000, less any payments made toward the Settlement Amount. Dr. Knouf further acknowledges and agrees that the judgment issued in that civil action will be a civil penalty payable to and for the benefit of the government which is not dischargeable in bankruptcy.

c. The United States will place Dr. Knouf in the Treasury Offset Program.

8. This Settlement Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity.

9. The Settlement Amount is a debt to the United States as defined in the Federal Debt Collection Procedures Act, 28 U.S.C. §§ 3001-08, and nothing in this Agreement precludes the United States from taking action to collect the debt as authorized by law if there is a breach of the Settlement Agreement.

10. Each party to this Settlement Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Settlement Agreement.

11. Each party and signatory to this Settlement Agreement represents that it freely and voluntarily enters into this Settlement Agreement without any degree of duress or compulsion.

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

12. The Settlement Amount shall not be decreased as a result of the denial of claims for payment that could be, or are now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct. Dr. Knouf further agrees not to resubmit to any Medicare contractor any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending appeals.

13. This Settlement Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Settlement Agreement is the United States District Court for the District of Idaho. For purposes of construing this Settlement Agreement, this Settlement Agreement shall be deemed to have been drafted by all Parties to this Settlement Agreement and shall not, therefore, be construed against any party for that reason in any subsequent dispute.

14. This Settlement Agreement constitutes the complete agreement between the Parties. This Settlement Agreement may not be amended except by written consent of the Parties.

15. The undersigned counsel represent and warrant that they are fully authorized to execute this Settlement Agreement on behalf of the persons and entities indicated below.

16. This Settlement Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Settlement Agreement.

17. This Settlement Agreement is binding on Dr. Knouf's successors, transferees, heirs, and assigns.

18. All Parties consent to the disclosure of this Settlement Agreement, and information about this agreement, to the public.

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

19. This Settlement Agreement is effective on the date of signature of the last signatory to the Settlement Agreement (Effective Date of the Settlement Agreement). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Settlement Agreement.

ON BEHALF OF THE UNITED STATES

Dated: _____


ROBERT B. FIRPO
Assistant United States Attorney
District of Idaho

Dated: _____

SUSAN E. GILLIN
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human
Services

ON BEHALF OF DR. GERALD KNOUF

Dated: 03/19/24



WENDY OLSON
CORY CARONE
Stoel Rives, LLP
Attorneys for Dr. Knouf

Dated: _____

Dr. Gerald Knouf

Dr. Gerald Knouf – SETTLEMENT AGREEMENT (3.8.24)

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ON BEHALF OF THE UNITED STATES

Dated: _____

ROBERT B. FIRPO
Assistant United States Attorney
District of Idaho

Dated: _____

SUSAN E. GILLIN
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human
Services

ON BEHALF OF DR. GERALD KNOUF

Dated: _____

WENDY OLSON
CORY CARONE
Stoel Rives, LLP
Attorneys for Dr. Knouf

Dated: 3/19/24

Gerald Knouf
Dr. Gerald Knouf