

NEWS

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Eleven Charged in Federal Indictment for Auto Insurance and Bank Fraud Schemes

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TRENTON – Ten men and one woman from New Jersey, New York and Florida were charged today in an 11-count federal Indictment in connection with their automobile insurance and bank fraud schemes that cost over \$1 million in total losses, U.S. Attorney Christopher J. Christie announced.

Seven of the defendants were arrested this morning by law enforcement officers. Four of the defendants have not been located at this time. Those arrested included the owner of an automobile body shop and the owner of an automobile repair shop, both located in Red Bank, and a New York restaurateur.

Initial appearances for the defendants arrested today are scheduled for today at 2:30 p.m. before U.S. Magistrate Judge Tonianne J. Bongiovanni in Trenton.

The Indictment, which was unsealed with today's arrests, describes a scheme in which eight of the defendants, along with unindicted co-conspirators, staged multiple vehicle accidents and submitted false property damage claims to many of the major automobile insurance companies licensed to operate in New Jersey and New York. The Indictment identifies 22 accidents that were allegedly staged as a part of the scheme. The Indictment alleges that the various insurance companies paid in excess of \$1 million in claims as a result of those staged accidents.

According to the Indictment, the defendants and others staged the accidents in Red Bank and New York and then made false police reports concerning the staged accidents. The defendants allegedly staged the accidents with vehicles they owned or controlled, including vehicles they had registered in the names of shell companies which they also controlled. The defendants then submitted multiple insurance claims arising out of the staged accidents.

According to the Indictment, the defendants caused the vehicles to be taken to certain automobile body shops for repairs, including lead defendant John V. Cotona's now-defunct Red Bank body repair shop "Perfect Touch Auto Body." The Indictment alleges that the repair shops submitted falsified documents, such as invoices for parts, towing fees and storage bills to the insurance companies.

The Indictment also charges that five defendants conspired to launder the proceeds of the auto insurance fraud scheme. According to the Indictment, this was accomplished by depositing checks from the insurance companies into a network of bank accounts that the conspirators controlled, including accounts in the names of shell companies. The conspirators then transferred the proceeds to other accounts they controlled, withdrew proceeds as cash and spent the funds on personal expenses.

In addition, the Indictment charges five of the defendants with defrauding Commerce Bank of approximately \$168,150. According to the Indictment, the defendants deposited bad checks into accounts they controlled, including accounts in the name of shell companies, and then quickly withdrew the proceeds. Many of these cash withdrawals were "structured" in increments just under \$10,000, the threshold that generates a currency transaction report to be filed by the banking institution with the federal government.

"Insurance fraud is not a victimless crime," said Christie. "We all pay higher rates to cover the

cost of fraud, and as we all know auto insurance rates are high enough in New Jersey. We are pleased to put this ring out of the insurance fraud business.”

The Indictment charges one count of conspiracy to commit mail fraud, four counts of mail fraud, one count of conspiracy to launder money, one count of bank fraud, three counts of structuring currency transactions, and one count of witness tampering.

Charged in the Indictment and arrested were:

- John V. Cotona, 38, of Marlboro, a.k.a. “John Bruno,” who allegedly used his Perfect Touch Auto Body business to make false claims for payment in the insurance fraud scheme, and also controlled many of the bank accounts used to launder the proceeds. The Indictment also charges that Cotona controlled several of the bank accounts that were used to defraud Commerce Bank. Cotona is charged in all 11 counts of the Indictment. In addition, the Indictment seeks criminal forfeiture from Cotona in the amount of \$1,028,795, representing property involved in the money laundering offense, and a 2005 Mercedes Benz SL500R, that Cotona is alleged to have purchased with proceeds of the cash structuring offense.
- Vincent G. Cotona, 43, of New York, the brother of John V. Cotona, is the former operator of a restaurant on South Street in Manhattan, which operated under various names, including “Villa Rotone.” The Indictment charges that, in addition to participating in the insurance fraud scheme, Vincent Cotona used a bank account associated with his restaurant, as well as an account that he opened in the name of his daughter, to launder the proceeds of the scheme. Vincent Cotona is charged with one count each of conspiracy to commit mail fraud, mail fraud, and conspiracy to launder money.
- Shawn P. Streberger, 37, of Red Bank, is the operator of Shawn’s Auto Repair in Red Bank, which the Indictment alleges was used in the fraud scheme. Streberger is charged with one count each of conspiracy to commit mail fraud, mail fraud, and bank fraud.
- Matthew Feldman, 27, of New York, is charged with one count each of conspiracy to commit mail fraud and conspiracy to launder money.
- Anthony Ascolese, 46, of Manalapan, is charged with one count of bank fraud.
- Glenn Geischen, 38, of Dover Township, is charged with one count of bank fraud.
- Vincenza Girone, 35, of Marlboro, the wife of John Cotona, is charged with one count of witness tampering.

Charged in the Indictment and considered fugitives are:

- Enrico Pipoli, 46, of Old Bridge, one count each of conspiracy to commit mail fraud and mail fraud.
- Daniel Hanley, 41, of New York, one count each of conspiracy to commit mail fraud, mail fraud and conspiracy to launder money.

- Pravanand Sulaiman, 31, of New York, one count each of conspiracy to commit mail fraud and conspiracy to launder money.
- Ralph Staffa, 61, of Ocala, Fla., is charged with one count of conspiracy to commit mail fraud, two counts of mail fraud and one count of bank fraud.

The Indictment was the result of a cooperative investigation between the Monmouth County Prosecutor's Office, the U.S. Secret Service, IRS – Criminal Investigations, and the U.S. Postal Inspection Service. Additionally, the National Insurance Crime Bureau, Commerce Bank Corporate Security, and the investigation units at Allstate Insurance, New Jersey Manufacturer's Insurance, GEICO, and State Farm Insurance provided valuable assistance.

The Indictment can be found on the office web site at: <http://www.usdoj.gov/usao/nj>

Count One of the Indictment, which charges conspiracy to commit mail fraud, carries a maximum penalty of 20 years in prison and a fine of \$250,000. Each count of mail fraud carries a maximum penalty of 20 years in prison and a fine of \$250,000. The charge of conspiracy to launder money carries a maximum penalty of 20 years in prison and a fine of \$500,000. Bank fraud carries a maximum penalty of 30 years in prison and a fine of \$1 million. Each count of aggravated structuring currency transactions carries a maximum penalty of 10 years in prison and a fine of \$500,000. The charge of witness tampering carries a maximum penalty of 10 years in prison and a fine of \$250,000.

In determining an actual sentence, U.S. District Judge Joel A. Pisano, to whom the case is assigned, upon a conviction, would consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Despite indictment, all defendants are presumed innocent unless proven guilty beyond a reasonable doubt.

Christie credited Special Agents of the U.S. Secret Service, under the direction of Special Agent in Charge Cynthia Wofford; Special Agents of the IRS Criminal Investigations Division, under the direction of Special Agent in Charge Patricia J. Haynes; Postal Inspectors of the U.S. Postal Inspection Service, under the direction of Postal Inspector in Charge Thomas C. Van De Merlen; Investigators with the Monmouth County Prosecutor's Office, under the direction of Prosecutor Luis A. Valentin; and Police Officers with the Red Bank Police Department, under the direction of Chief Mark Fitzgerald; the Sayreville Police Department, under the direction of Chief John Garbowski; and the Marlboro Police Department, under the direction of Chief Robert Holmes, Sr., with the investigation leading to the Indictment.

The Government is represented by Assistant U.S. Attorney Eric M. Schweiker of the Criminal Division in Trenton.