



*United States Attorney
District of New Jersey*

FOR IMMEDIATE RELEASE

October 7, 2010

www.justice.gov/usao/nj

CONTACT: Rebekah Carmichael
Office of Public Affairs
(973) 645-2888

**FORMER PARTNER IN NEW JERSEY-BASED INSURANCE BROKERAGE FIRM
PLEADS GUILTY TO ORCHESTRATING \$20 MILLION
FRAUDULENT LOAN SCHEME**

NEWARK, N.J. – A former partner of the New Jersey-based insurance brokerage firm Smith Gatta Gelok pleaded guilty today to a \$20 million fraudulent loan scheme, U.S. Attorney Paul J. Fishman announced.

Gavin Gatta, 48, of Wayside, N.J., pleaded guilty before U.S. District Court Judge Dennis M. Cavanaugh to a criminal Information charging him with wire fraud.

According to the Information to which Gatta pleaded guilty and statements made in court:

Gavin Gatta is a former partner at Smith Gatta Gelok (“SGG”), an insurance brokerage firm based in Monmouth County, N.J., which assisted businesses in purchasing commercial insurance. When businesses could not pay the entire insurance premium up front, SGG also would assist them in obtaining financing for the premium from one of several premium finance companies (“PFCs”). Gatta admitted that in 2003, he began preparing fake applications for premium financing on behalf of customers who did not need or request such financing and, in fact, previously had paid the full premium to the insurance carrier. Gatta would submit these fake applications to one of several PFCs and ask that the loan funds be sent back to SGG on behalf of the customer.

Gatta used these fake applications for financing to steal more than \$20 million in illicit proceeds, which he used to fund extravagant personal expenses such as jewelry and luxury automobiles – including a Mercedes, a Porsche, an Aston Martin and several Ferraris.

U.S. Attorney Fishman stated: “Even with his name on the company letterhead, Gavin Gatta wasn’t satisfied with an honest living. Instead, he traded it all for quick, stolen millions. The fake deals he made put big money in his account and high-end cars in his garage. But like so many others, his life built on lies couldn’t last. Whether your victims are individuals or institutions, we are working to uncover your crimes and take the proceeds of your sham success.”

Michael Ward, Special Agent In Charge of the FBI’s Newark division, stated: “This has become a far too familiar story. An individual commits a white collar crime, surrounds him or herself with the trappings of success, quickly squanders the ill-gotten proceeds trying to support an extravagant lifestyle, and in the end is exposed and held accountable. Gavin Gatta followed this script from inception to epilogue, and despite the expensive jewelry and numerous luxury

automobiles, is simply the latest to plead guilty in this pattern of activity.”

The wire fraud count to which Gatta pleaded guilty carries a maximum penalty of 20 years in prison and a fine of \$250,000 or twice the gain or loss from the offense. Sentencing is scheduled for January 24, 2011.

U.S. Attorney Fishman credited special agents of the Federal Bureau of Investigation, under the direction of Special Agent in Charge Michael B. Ward in Newark, with the investigation that resulted in today’s guilty plea.

The case is being prosecuted by Assistant U.S. Attorney Christopher J. Kelly of the U.S. Attorney’s Office Economic Crimes Unit in Newark.

10-281

###

Defense counsel: Edward Dauber, Esq., Newark, N.J.