

Department of Justice

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MAN SENTENCED IN AUTO INSURANCE FRAUD SCHEME

BUFFALO, N.Y.-- Cameron Deverteuil, 38, of Freeport, NY, who pled guilty to mail fraud on July 14, 2009, was sentenced to 15 months in prison by U.S. District Judge William M. Skretny, U.S. Attorney Kathleen M. Mehlretter of the Western District of New York announced today.

Assistant U.S. Attorney John E. Rogowski, who handled the case, stated that the defendant had been convicted of mail fraud for operating a business, located in Brooklyn, New York, which helped its customers engage in a "rate evasion" scheme to defraud automobile insurance companies. The defendant counseled and assisted approximately 200 individuals, who resided in the New York City area, to illegally obtain lower cost automobile insurance by having the insurance customers fraudulently claim to be residents of Western New York. Automobile insurance premiums are based, in significant part, on the area in which the owner resides and garages the car to be insured. Premiums for automobile insurance are significantly higher for residents of the New York City area than for residents of Western New York. When he pled guilty, the defendant acknowledged that he not only provided New York City residents seeking automobile insurance with UPS Store addresses in Western New York that customers fraudulently claimed were their residences, but also assisted the customers in changing their true addresses on the vehicle registration filed with New York State Department of Motor Vehicles to the fraudulent UPS Store addresses. The victim insurance companies, AIG and Progressive, sold these persons automobile insurance policies based on Western New York rates rather than the truly applicable New York City rates. As a result of the scheme, the customers were undercharged a total \$541,685 in premiums than they should have paid.

In asking the Court to impose a prison sentence, Assistant U.S. Attorney Rogowski stated the crime of rate evasion undermines the automobile insurance industry rate setting system, authorized under New York State law, which sets its rates territorially to reflect various factors, including the incidence of accidents, the incidence of thefts, the cost of repairs, and the cost of medical treatment for

individuals injured in automobile accidents. Losses incurred by insurance companies because of rate evasion results in higher premium for all properly insured individuals. In addition to the jail sentence, the defendant was ordered to pay restitution in the amount of \$541,685.

The conviction was the culmination of an investigation on the part of Special Agents Special Agents of the United States Postal Inspections Service, under the direction of Robert Malaby, Inspector in Charge of the Boston Division, the New York State Insurance Fraud Bureau, under the direction of Frank Orlando, Director, and the National Insurance Crime Bureau, under the direction of Joseph Wehrle.