



U.S. Department of Justice

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PRESS RELEASE

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United States Attorney Richard S. Hartunian, Inspector in Charge Robert Bethel of the Boston Division of the U.S. Postal Inspection Service, and Superintendent Benjamin M. Lawskey of the New York State Department of Financial Services, announced today that MICHAEL J. MCMAHON, 55, and DAWN C. VELAPOLDI, 43, both currently residing in Quakertown, Pa., pled guilty on November 28, 2011, to a one-count indictment charging them with conspiracy to commit mail fraud, in violation of 18 U.S.C. § 1349. MCMAHON and VELAPOLDI entered their guilty pleas in Utica, New York before United States District Court Judge David N. Hurd.

The indictment, which was returned by a federal grand jury on September 7, 2011, charged that from 2006 through May 2011, MCMAHON and VELAPOLDI were reporting fictitious motor vehicle accidents in order to fraudulently obtain compensation for damage to vehicles they claimed was caused by commercial trucks at numerous locations in the Northern District of New York and elsewhere. The claims were all essentially the same – that a commercial truck sideswiped an SUV, causing damage to the driver's side of the vehicle. In each case, MCMAHON and VELAPOLDI provided the name of a different purported claimant, and the names provided were made up as part

of the scheme. The fraudulent scheme devised and executed by MCMAHON and VELAPOLDI included setting up numerous mail boxes and phone numbers, creating phony invoices from non-existent automobile repair shops, and sending photographs of damage to the side of the same two SUVs to at least twenty-two different companies.

Since 2006, MCMAHON and VELAPOLDI made at least eighty-three claims to trucking companies based upon fabricated reports of motor vehicle accidents that never took place. The claims filed sought compensation in amounts ranging from \$1,500 and \$4,500. Thirty-five claims, in the amount of \$84,868.15, were paid, while forty-eight claims, in the amount of \$83,663.23, were not paid. A total of \$168,531.38 in claims made in furtherance of this scheme has been connected to MCMAHON and VELAPOLDI. The claims paid were mailed to commercial mail boxes set up by MCMAHON and VELAPOLDI, who collected the checks and cashed them at various locations. At least thirty-four mail boxes were set up by MCMAHON and VELAPOLDI in fifteen states as part of the fraudulent scheme. Five different mail boxes were opened in the Northern District of New York in Rensselaer, Saratoga, and Schenectady Counties, and checks were mailed to those mail boxes by several companies victimized by the scheme.

MCMAHON and VELAPOLDI face a maximum sentence of twenty years in prison with a fine of up to \$250,000 as a result of their guilty pleas. Judge Hurd scheduled sentencing for both MCMAHON and VELAPOLDI for April 27, 2012 at 2:00 p.m. in federal court in Utica. Both defendants were continued under the supervision of Federal Pretrial Services by Judge Hurd.

The investigation of this case was conducted by members of the United States Postal Inspection Service, the Criminal Investigation Unit of the New York State Department of Financial Services, and the National Insurance Crime Bureau. The case is being prosecuted out of the Binghamton Office by Assistant U.S. Attorney Kevin P. Dooley. Additional inquiries can be directed to AUSA Dooley at (607) 773-2887.