



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Owner of a Private Jet Chartering Company Pleads Guilty to a Federal Excise Tax Violation

Los Angeles – The owner of Air Royale International, Inc., a private jet charter business, pleaded guilty today to willfully failing to pay over collected federal excise taxes to the Internal Revenue Service. Air Royale brokers private jet air transportation services by finding private jets that are available for use by its customers.

Wayne John Rizzi, 56, of Palm Springs, entered his plea in federal court before United States District Judge George H. Wu. Rizzi pleaded guilty to a one count information that charges him with failing to pay over federal excise taxes imposed on air travel. Sentencing is scheduled for November 3, 2014.

According to the plea agreement filed in the case, in his capacity as president, CEO and owner of Air Royale, Rizzi understated Air Royale's excise tax liability on tax returns filed for each of the five taxable quarters ending December 31, 2008 through December 31, 2009, and caused Air Royale to not file any quarterly excise tax returns for the entire year of 2010. During the time period from October 1, 2008, through December 31, 2010, Air Royale collected excise tax from its customers totaling \$489,784, but failed to pay this amount over to the IRS. In actuality, Air Royale paid to the IRS only \$29,286, failing to report and pay \$460,498 of the excise taxes collected.

The charge to which Rizzi has agreed to plead guilty relates to the excise taxes imposed on air transportation provided by Air Royale to its customers during the fourth quarter of 2008. During this period, Air Royale collected \$94,990 from its customers, but paid to the IRS only \$23,137 of the collected tax.

The federal internal revenue laws impose an excise tax on the transportation of persons by air. The tax is calculated as a percentage of the amount of the airfare paid by the person purchasing the air transportation, plus a flat fee for each "domestic segment" of the travel. The excise tax is imposed on the purchaser of the transportation, but is collected and held by the seller of the transportation. The collected tax is required to be paid over to the IRS on a periodic basis.

According to the plea agreement, Rizzi faces a statutory maximum sentence of five years in federal prison and a fine of at least \$250,000 when sentenced. He may be further ordered to pay restitution of \$460,498 to the Internal Revenue Service.

The investigation of Rizzi was conducted by IRS Criminal Investigation in Los Angeles in conjunction with the Tax Division of United States Attorney's Office.

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