

Department of Justice

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Former Owner of Florida Airline Fuel Supply Company Pleads Guilty in Scheme to Defraud Illinois-Based Ryan International Airlines

A former owner and operator of a Florida-based airline fuel supply service company pleaded guilty today to participating in a kickback scheme to defraud Illinois-based Ryan International Airlines, a charter airline company located in Rockford, Ill., the Department of Justice announced.

Sean E. Wagner, the former owner and operator of Aviation Fuel International Inc. (AFI), pleaded guilty in the U.S. District Court for the Southern District of Florida in West Palm Beach to one count of conspiracy to commit honest services wire fraud. On Aug. 13, 2013, a grand jury returned an indictment against Wagner and AFI, charging them for their roles in a conspiracy to defraud Ryan International Airlines. According to the indictment, Wagner and AFI made kickback payments to Wayne Kepple, a former vice president of ground operations for Ryan, in exchange for awarding business to AFI. According to court documents, from at least as early as December 2005 through at least August 2009, Wagner and others at AFI made kickback payments to Kepple totaling more than \$200,000 in the form of checks, wire transfers, cash and gift cards. The charges against AFI were dismissed on Feb. 21, 2014.

Ryan provided air passenger and cargo services for corporations, private individuals and the U.S. government – including the U.S. Department of Defense and the U.S. Department of Homeland Security.

“These types of kickback schemes subvert the competitive process and increase costs to American consumers,” said Bill Baer, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The Antitrust Division will vigorously prosecute individuals who defraud American taxpayers and businesses.”

Wagner pleaded guilty to one count of conspiracy to commit honest services wire fraud. The count carries a maximum sentence of 20 years in prison and a \$250,000 criminal fine for individuals. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either amount is greater than the statutory maximum fine.

As a result of the ongoing investigation, four other individuals have pleaded guilty and have been ordered to serve sentences ranging from 16 to 87 months in prison and to pay more than \$580,000 in restitution.

The investigation is being conducted by the Antitrust Division’s National Criminal Enforcement Section and the U.S. Department of Defense’s Office of Inspector General’s Defense Criminal Investigative Service, Southeast Field Office, headed by Special Agent in Charge John F. Khin, with assistance from the U.S. Attorney’s Office for the Southern District of Florida. Anyone with information concerning anticompetitive conduct in the airline charter services industry is urged to call the Antitrust Division’s National Criminal Enforcement Section at 202-307-6694 or visit www.justice.gov/atr/contact/newcase.htm.