



***United States Attorney
District of New Jersey***

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**AIRCRAFT PARTS BROKER PLEADS GUILTY TO FRAUD FOR
LAUNDERING SCRAPPED JET ENGINE PARTS FOR RESALE**

TRENTON, N.J. – The owner and operator of Suffern, New York-based aircraft parts broker Shelby Enterprises entered a guilty plea today in connection with an aircraft parts laundering scheme involving the sale of approximately \$3 million in scrapped jet engine parts, United States Attorney Paul J. Fishman announced.

Carmine Coviello, 58, of Suffern, pleaded guilty to an Information charging him with conspiracy to commit wire fraud before United States Judge Mary L. Cooper in Trenton federal court.

According to documents filed in this case and statements made in court:

Coviello admitted that from April 2005 through August 2009, he used Shelby Enterprises to purchase used jet engine parts called “blades” and “vaness” from scrap metal dealers. According to Coviello, once he purchased the parts, he would have them grit blasted and blended at a metal shop – a violation of Federal Aviation Administration (“FAA”) regulations – to conceal that the parts had been scrapped. In some cases, the parts had already been deemed non-repairable and thus not airworthy by FAA-certified repair stations.

Through Shelby Enterprises, Coviello then purportedly sold the illegally-repaired blades and vanes to Tara Aviation, a company located in the Bailiwick of Guernsey, a British Crown Dependency in the English Channel. Tara Aviation and Tara Technology – another aircraft parts broker located in Ridgefield, N.J. – were both solely owned and operated by a single individual, and Coviello served as Tara Technology’s general sales manager. The sales, in the approximate amount of \$3 million, occurred only on paper. The parts never changed hands.

Coviello admitted that the purpose of the sham sales was to generate fraudulent historical, or “trace,” paperwork. Such paperwork documented the history of the parts and was necessary in order to sell them. Coviello would prepare fraudulent trace paperwork for Shelby Enterprises on which he certified that the aircraft parts had not been subjected to excessive stress or heat that would render the parts not airworthy. Coviello also admitted that he would prepare fraudulent paperwork for Tara Aviation on which a Tara Aviation employee in the United Kingdom purportedly certified that “all used parts were not subjected to severe stress or heat (as in major engine failure, accident or fire).”

The only purpose of creating the phony paperwork was to conceal from FAA repair

stations and the ultimate purchasers of the aircraft parts that they were scrapped and had previously been rejected as non-repairable by other FAA repair stations.

The FAA certifies FAA repair stations to repair aircraft parts and issue “Airworthiness Approval Tags,” which are required under FAA regulations before an aircraft part can be reinstalled on an aircraft. According to Coviello, he would ship the illegally repaired blades and vanes to FAA repair stations along with the fraudulent trace paperwork. Coviello acknowledged that most FAA repair stations would not accept aircraft parts for repair if they were made aware that those parts had been scrapped, that those parts had no trace paperwork, or that those parts had been deemed non-repairable by another FAA repair station.

According to Coviello, he caused the FAA repair stations to repair the blades and vanes they felt were repairable, issue Airworthiness Approval Tags, and ship the blades and vanes and supporting paperwork back to Tara Technology. Coviello would then store the blades and vanes in Tara Technology’s warehouse inventory in Ridgefield and ultimately sell these parts to aircraft brokers, airlines, and others on behalf of Tara Aviation.

The defendant faces a maximum potential penalty of 20 years in prison and a fine of the greatest of \$250,000 or twice the gross gain or loss caused by his offense. In addition, Judge Cooper will order that Coviello make restitution to the victims of his crimes. Sentencing is set for March 16, 2011.

U.S. Attorney Fishman credited special agents of the Department of Transportation, Office of the Inspector General, under the direction of Inspector General Calvin L. Scovel III and Special Agent in Charge Ned E. Schwartz; and special agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, for the investigation leading to the guilty plea.

The case is being prosecuted by Assistant U.S. Attorney Scott B. McBride of the U.S. Attorney’s Office Healthcare and Government Fraud Unit in Newark.

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Defense counsel: Robert J. Kipnees, Esq., Roseland, N.J.