

United States Attorney Benjamin B. Wagner Eastern District of California

Federal Jury Convicts Former WECO Owner for Fraudulent Aircraft Repairs

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Docket #: 2:11-cr-429-JAM

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SACRAMENTO, Calif. — Late yesterday, a federal jury found William Hugh Weygandt, 64, of Granite Bay, guilty of a conspiracy to commit fraud involving aircraft parts repair, United States Attorney Benjamin B. Wagner announced. The verdict followed a three-week jury trial before U.S. District Court Judge John A. Mendez in Sacramento.

According to evidence presented at trial, Weygandt is the former owner and president of WECO Aerospace Systems Inc., a Federal Aviation Administration-certified air repair station with facilities in Lincoln and Burbank, Calif. WECO was founded by Weygandt's father in 1974 in Burbank. Weygandt eventually became president and sole owner of the company. In January 2007, Weygandt sold WECO to Gulfstream Aerospace Corporation. Following the sale, Weygandt remained as president of the company until February 1, 2008.

WECO was an FAA Part 145 repair station. The FAA regulates air travel and publishes regulations that FAA-certified repair stations are required to follow. These regulations include tests and inspections that repair stations are required to conduct before a repaired part can be returned and reinstalled into an aircraft. According to its repair station certificate, WECO was permitted to repair certain types of aircraft parts, including starter generators, which are used to start an aircraft engine and then convert to generating electricity during the aircraft's operations. WECO also repaired converters, which provide electricity to the aircraft during flight. Starter generators repaired by WECO were used on various types of aircraft, including small helicopters used by tour companies and law enforcement agencies. Converters were primarily used in the Gulfstream G4 airplane.

During the repair of an aircraft part, a certificated repair station is generally expected to comply with the manufacturer's Component Maintenance Manual (CMM), a step-by-step guide for conducting a proper repair of the part that is prepared by the manufacturer. The CMM contains the steps that a repair shop must take to fix a part, as well as the tests and inspections that must be done before the part can be returned to service.

Evidence at trial established that WECO employees at both its Lincoln and Burbank repair stations regularly failed to follow FAA regulations in repairing and overhauling the aircraft parts. In many cases, WECO did not even have equipment capable of performing some of the tests

required by the CMMs. WECO employees at both locations nonetheless performed repairs and returned parts to customers, falsely certifying to the customers that their parts had been repaired in accordance with the CMMs. The evidence showed that Weygandt had been aware of equipment needs at the Burbank facility since 1985 and at the Lincoln facility since the mid-1990s. Nonetheless, in spite of the fact that he knew of the equipment needs at his company and the false certifications being made by his employees, Weygandt continued to operate WECO without taking steps to comply with FAA regulations.

According to testimony at trial, equipment issues at the facility were raised directly with Weygandt, as well as in daily production meetings, at which Weygandt was a frequent attendee. On at least two occasions, Weygandt was presented by his employees with specific information about equipment that was available that could perform the necessary repairs and asked to authorize the purchase. On another occasion, Weygandt was provided with a copy of the relevant CMM with portions highlighted where WECO was not performing the required tests because they did not have the necessary equipment. On each occasion, Weygandt failed to authorize the purchase of any equipment.

Testimony at trial showed that the missing equipment was “common knowledge” throughout WECO. One witness stated that he asked for equipment so “frequently” without success, that he eventually gave up trying.

Evidence at trial showed that Weygandt earned approximately \$650,000 in 2004, 2005, and 2006. He then sold his company in 2007 to Gulfstream for \$17 million. The estimated cost of the equipment necessary to perform the proper tests was \$300,000.

According to testimony at trial, customers expected the parts to be repaired in accordance with the CMM, and would not have sent the parts to WECO nor accepted them back had they known that the CMMs were not being followed. One customer stated, “An overhaul not done in accordance with the CMM is not an overhaul.” Another customer testified that he had spent more than \$10,000 to re-overhaul parts that WECO had repaired.

There have been no known instances in which a fraudulent WECO repair resulted in an aircraft accident. Upon learning of the allegations, the FAA issued an emergency order suspending WECO’s repair station certificate. In addition, since finalizing its purchase of WECO in 2008, Gulfstream fully cooperated with the FAA, as well as law enforcement in the investigation and prosecution of this case. The conduct alleged in the superseding indictment occurred primarily before Gulfstream’s acquisition of WECO, and none of the defendants charged in this case are currently employed at WECO.

“Federal aircraft part repair regulations are intended to promote aircraft safety,” said U.S. Attorney Wagner. “William Weygandt allowed his company to circumvent those regulations for profit. His conviction yesterday was important in preserving the integrity and effectiveness of the FAA regulatory system.”

“This guilty verdict sends a clear signal that the safety of the Nation’s air transportation system is a high priority for both the Office of Inspector General (OIG) and the Department of

Transportation (DOT)," said William Swallow, DOT OIG Regional Special Agent-in-Charge. "Working with our law enforcement and prosecutorial colleagues, we will continue our vigorous efforts to uncover suspect unapproved parts, prevent their use, and punish to the fullest extent of the law those who would seek to compromise the integrity of DOT's safety programs."

"Weygandt's conspiracy focused on the profit of his business instead of mandatory, regulated repair, testing, and inspection of aircraft parts entrusted to WECO Aerospace Systems Inc. for quality repairs. The reprehensible greed in this matter is inconceivable. This was not a case of simply cutting corners for profit or laziness while performing the tests; these conscious actions put the lives and safety of pilots, passengers, and the unsuspecting public in jeopardy," said Special Agent in Charge Monica Miller of the Sacramento Field office of the FBI. "The FBI is committed to thoroughly investigating any individual and business that strive to illegally enhance profitability by circumventing federal regulations designed to protect the safety of the American public."

This case is the product of an investigation by the Inspector General for the Department of Transportation, and the Federal Bureau of Investigation, along with the Inspectors General of the Department of Homeland Security, and Department of Defense. Assistant U.S. Attorneys Kyle Reardon and Michele Beckwith are prosecuting the case.

Former WECO executives Jerry Edward Kuwata, 60, of Granite Bay; Michael Dennis Maupin, 58, of Arbuckle; and Anthony Vincent Zito, 47, of Saugus, previously pleaded guilty to federal offenses in connection with the conspiracy and await sentencing.

Sentencing is set for February 18, 2014. Weygandt faces a maximum statutory penalty for the conspiracy to commit fraud and fraud involving aircraft parts in interstate commerce of 10 years in prison, a \$500,000 fine, and three years of supervised release. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.

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