



FORMER DIRECT AIR BOSS UP FOR BANK FRAUD

News / Personalities



Robert Keilman, the co-founder and former Chief Financial Officer of [Direct Air](#) (D1, [Myrtle Beach](#)), has pleaded guilty to conspiring to commit wire **fraud** and **bank** fraud during a hearing at a US District Court in Newark last week.

Ashbury Park Press reports Keilman admitted to colluding with two other unnamed airline executives to defraud a local New Jersey bank of between USD3.5 million and USD9.5 million from 2010 through to September of 2011.

The offence entailed double-dipping into the airline's escrow account. The US Department of Transportation (DOT) requires charter operators to keep money paid by passengers for future flights in escrow accounts in approved banks. Monies in the account can only be accessed once a flight has been completed and the airline has submitted flight reports and requests for payments.

However, Keilman admitted in court that he and his accomplices had filed fraudulent disbursement

claims prior to the flights' completion before filing a second one on their actual completion. He admitted to inflating passenger revenue figures which resulted in the bank releasing more than it was required to. In addition, the former executive also admitted to concealing the carrier's poor financial state from creditors by generating fraudulent financial statements.

Keilman, who faces up to five years in prison and a fine of USD250,000, is due to be sentenced on January 6, 2016. The other executives involved in the scam were not charged.

Direct Air ceased operations in 2012 after the DOT moved to impose USD9.6 million worth of fines for violations of US Federal Aviation Regulations (FAR). The fines related to the manner in which the airline abruptly cancelled roughly 350 flights between March and April of 2012.

29 SEPTEMBER 2015

SOURCE: CH AVIATION

ARTICLE LINK:

<https://ids.50skyshades.com/news/personalities/former-direct-air-boss-up-for-bank-fraud>