

Name: Alert ID: TMML2024034172135 The former president of an airline at the center of a financial scandal at Newport News-Williamsburg International Airport was sentenced Thursday to two years in prison for fraud in connection with the failure of People Express Airlines in 2014 and the filing of a false income tax return. Michael Morisi, 59, of Suffolk, is the former president of People Express which engaged in failed start-up operations at the Newport News/Williamsburg International Airport, according to court papers. He pleaded guilty last July to wire fraud and filing a false federal income tax return. He faced 23 years on the two charges. Federal prosecutors said Morisi led the push to get the airline operational, despite a failed track record of getting private investments and significant outstanding liabilities. A switch to a focus on the public commitment of funds led to PEX obtaining a \$5 million loan from TowneBank that was guaranteed by the Peninsula Airport Commission. The loan was funded in June 2014. Within a month, PEX had drawn down nearly the entire loan amount. PEX operated for approximately three months before suspending service. In the aftermath of the suspension of operations, various creditors sought repayment from PEX in 2014 and 2015, according to a news release from the U.S. Attorney's Office for the Eastern District of Virginia. At the same time, Morisi opened new bank accounts to receive insurance proceeds and avoid the seizure of funds. Morisi gave false representations to creditors (including the PAC, which paid more than \$4 million to satisfy the TowneBank loan) claiming that no funds were available, according to court documents. He made large purported back salary payments to himself and other executives in lieu of paying creditors, prosecutors said. When the first bank account was made subject to a state tax lien, Morisi moved accounts again so that he could receive and divert additional insurance proceeds. He also filed false tax returns for three years omitting income and failed to file returns for two additional years, according to the U.S. Attorney's Office. In early 2017, a state audit at the airport dug into the matter of the Peninsula Airport Commission using taxpayer dollars to back the \$5 million line of credit. The 2017 audit caused another airline, Elite Airways, to withdraw from a plan to start service to the Newport News airport, citing "challenging perceptions" about the airport. Former director Ken Spirito was indicted in May on several federal finance charges, according to an Associated Press report. The indictment includes charges of money laundering, and accuses Spirito of hiding public funds that were used to finance People Express Airlines in 2014.