

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA) CR. NO: 00-10024-CAD
)
 v.)
) VIOLATION:
 ARTHUR A. COIA,) 18 U.S.C. §1341
)
 Defendant)
)

INFORMATION

The United States Attorney charges that:

COUNT ONE

(18 U.S.C. §1341 - Scheme to Defraud the State of Rhode Island
and the Town of Barrington of Taxes Owed on Automobiles)

Introduction

1. At all times material to this Information, the laws of the State of Rhode Island imposed the following tax liabilities in connection with the use and possession of automobiles:

a. Title 44, Chapter 18, Section 20 of the General Laws of Rhode Island imposed a use tax ("use tax") on the "storage, use, or other consumption" in the State of Rhode Island of any motor vehicle. At all times material to this Information, the use tax was seven percent of the retail sale price of the motor vehicle or of the retail dollar value of the vehicle, whichever was greater. It was the practice of the Division of Motor Vehicles to impose the use tax on the reported sale price of a motor vehicle when the sale was from a licensed dealer to an individual.

b. At all times material to this Information, the term "storage" was defined in Title 44, Chapter 18, Section 9 of the

(1)

General Laws of Rhode Island as including "any keeping or retention in this state, except for sale in the regular course of business or for subsequent use solely outside this state, of tangible personal property purchased from a retailer." The term "use" was defined in Title 44, Chapter 18, Section 10 as including "the exercise of any right or power over tangible personal property incident to the ownership of that property, except that it does not include the sale of that property in the regular course of business."

c. At all times material to this Information, pursuant to Title 31, Chapter 3, Section 4 of the General Laws of Rhode Island, the State of Rhode Island required proof that the use tax described in paragraph 2(a) of this Count had been paid before a motor vehicle could be registered in the State of Rhode Island.

d. At all times material to this Information, pursuant to Title 44, Chapter 34, Section 1 of the General Laws of Rhode Island, cities and towns of Rhode Island were authorized to impose an annual excise tax on registered motor vehicles. Pursuant to Title 44, Chapter 34, Section 4 of the General Laws of Rhode Island, a vehicle would be taxed "in the town or city of permanent abode of the owner" or in the town or city where the vehicle was "customarily kept" if different from the town or city of permanent abode of the owner. Each city and town was authorized to determine its own excise tax rate. Pursuant to Title 44, Chapter 34, Section 2 of the General Laws of Rhode Island, the excise tax was imposed on the value of the vehicle, as determined by the regulations of

the vehicle valuation commission.

e. The excise tax rates in Barrington, Rhode Island ("Barrington") and Middletown, Rhode Island ("Middletown") were as follows for the following years:

| <u>Year</u> | <u>Barrington Rate</u> <u>(per \$1000)</u> | <u>Middletown Rate</u> <u>(per \$1000)</u> |
|-------------|---|---|
| 1992 | \$33.80 | \$13.00 |
| 1993 | \$33.80 | \$13.25 |
| 1994 | \$35.00 | \$14.60 |
| 1995 | \$35.00 | \$15.25 |
| 1996 | \$42.00 | \$16.05 |

f. The tax assessor for each city and town in Rhode Island obtained each year from the Division of Motor Vehicles a list of vehicles registered to residents of the assessor's respective city or town, and assessed excise taxes on the basis of that list.

2. At all times material to this Information, the permanent abode of the defendant, ARTHUR A. COIA, and his wife was in Barrington.

3. At various times material to this Information, a close personal friend of COIA's for at least 40 years, was the President and owner of a group of automobile businesses and dealerships that operated under the name of Viking. These businesses were located in Middletown and East Providence, Rhode Island, and were incorporated under the laws of the State of Rhode Island.

The Scheme to Defraud

4. From in or about June, 1991, through in or about September, 1997, the exact dates being unknown to the United States Attorney, in the District of Rhode Island, the District of Massachusetts, and elsewhere, the defendant,

ARTHUR A. COIA,

did knowingly and unlawfully devise a scheme and artifice to defraud state and local taxing authorities of tax revenues owed on certain automobiles, as detailed below, by means of material false and fraudulent pretenses, representations, and promises.

5. The purpose of the scheme was for the defendant, ARTHUR A. COIA, to acquire, own, possess, store, and use certain Ferraris, as detailed in Paragraph 6 below, while evading certain taxes imposed and authorized by the laws of the State of Rhode Island in connection with the use and possession of those automobiles. As a result of this scheme, the defendant, ARTHUR A. COIA, evaded paying \$99,646.79 in taxes to state and local taxing authorities.

6. It was part of the scheme to defraud that the defendant, ARTHUR A. COIA, committed the following acts:

The 1991 Ferrari F-40

a. On or about July 30, 1991, the defendant, ARTHUR A. COIA, purchased a 1991 Ferrari F-40 ("the F-40"), vehicle identification number ZFFMN34A6M0089653, from Autohaus, a Ferrari dealership located in Cohasset, Massachusetts, in Viking's name for \$450,000. In or about March, 1993, the defendant, ARTHUR A. COIA,

purchased the F-40 from Viking for \$275,000, and obtained financing through Viking from the Chase Manhattan Bank. Viking collected no use tax on this transaction, and the defendant, ARTHUR A. COIA, paid no use tax to the State of Rhode Island in connection with his use and storage of the F-40. The use tax due and owing to the State of Rhode Island for this transaction was 7% of \$275,000, or \$19,250.

The 1972 Ferrari Daytona

b. On or about February 28, 1990, the defendant, ARTHUR A. COIA, purchased a 1972 Ferrari Daytona ("the Daytona"), vehicle identification number 16549, from Shelton Sports Cars in Fort Lauderdale, Florida, for \$1,050,000. On or about August 18, 1993, the defendant, ARTHUR A. COIA, caused the Daytona to be fraudulently registered to Viking's address on East Main Road in Middletown, in order to evade paying the higher excise tax rate in Barrington. As COIA continued to reside in Barrington and the Daytona was not garaged in Middletown, the local excise tax on the vehicle was due to Barrington. However, the fraudulent registration of the vehicle in Middletown caused it to be taxed at the lower rate in Middletown, rather than in Barrington. In or about February or March, 1994, COIA renewed the registration on the Daytona, again at Viking's address on East Main Road in Middletown. Accordingly, the Daytona continued to be taxed by Middletown, rather than by Barrington, through the 1996 tax year. In total, the defendant, ARTHUR A. COIA, defrauded the Town of Barrington of

\$57,865.01 in taxes in connection with his ownership of the Daytona.

The 1973 Ferrari 365 GTB

c. In or about August, 1993, the defendant, ARTHUR A. COIA, purchased a 1973 Ferrari 365 GTB4 ("the 365 GTB"), vehicle identification number 365GTB416943, from Ferrari of Los Gatos in Los Gatos, California, for \$215,000. On or about September 10, 1993, the defendant, ARTHUR A. COIA, used a fraudulent invoice from Viking for \$2,160 to register the vehicle without paying the full use tax of \$15,050 due to the State of Rhode Island. COIA was able to register the vehicle in Rhode Island while paying a use tax of only seven percent of \$2,160, or \$151.20.

d. The defendant, ARTHUR A. COIA, also caused the 365 GTB to be fraudulently registered to Viking's address on East Main Road in Middletown, again in order to evade paying the higher excise tax rate in Barrington. As COIA continued to reside in Barrington and the 365 GTB was not garaged in Middletown, the local excise tax on the vehicle was due to Barrington. However, the fraudulent registration of the vehicle in Middletown caused it to be taxed at the lower rate in Middletown, rather than in Barrington. In or about February, 1994, COIA renewed the registration on the 365 GTB, again at Viking's address on East Main Road in Middletown. Accordingly, the 365 GTB continued to be taxed by Middletown, rather than by Barrington, through the 1994 tax year, after which the vehicle's registration was changed back to

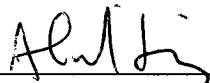
the COIAs' Barrington address and taxes were thereafter paid to Barrington. In total, the defendant, ARTHUR A. COIA, defrauded the Town of Barrington of \$7,632.98 in taxes in connection with his ownership of the 365 GTB.

7. On an unknown date in August, 1995, in the District of Rhode Island, the District of Massachusetts, and elsewhere, the defendant,

ARTHUR A. COIA,

for the purpose of executing the aforesaid scheme and artifice to defraud state and local taxing authorities of tax revenues owed on certain automobiles by means of material false and fraudulent pretenses, representations, and promises, did knowingly and willfully cause a tax bill from the Town of Barrington for tax year 1994 to be placed in a post office and other authorized depository for mail matter to be sent and delivered to COIA's residence in Barrington by the Postal Service by mail according to the directions thereon.

All in violation of Title 18, United States Code, Section 1341.



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January 27, 2000