



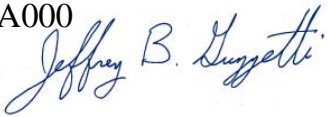
Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement –
Oversight of Los Angeles International Airport
Revenue Use
Federal Aviation Administration
Project No. 12A3011A000

Date: June 29, 2012

From: Jeffrey B. Guzzetti 
Assistant Inspector General
for Aviation and Special Program Audits

Reply to
Attn. of: JA-10

To: Director, Audit and Evaluation

As one of the busiest airports in the Nation, Los Angeles International Airport (LAX) generated nearly \$1 billion in airport revenues in 2011. Federal Aviation Administration (FAA) regulations and Federal statutes¹ require that airport revenue be spent for the operating and capital costs of an airport. Using any airport-generated funds for non-airport purposes constitutes illegal revenue diversion and is grounds for FAA actions—including withholding of grants. Moreover, revenue diversion undermines the sustainability of airports and increases their reliance on Federal grant funds and taxpayer dollars.

Our office has received requests by several Members of Congress to review allegations of revenue diversion at LAX. Accordingly, our audit objective will be to evaluate FAA's oversight of Los Angeles International Airport revenue use.

We will conduct this audit at LAX, the City of Los Angeles, and at FAA's Headquarters and regional offices. We plan to begin the audit in early July 2012 and will contact your audit liaison to schedule an entrance conference. If you have any questions, please contact Darren L. Murphy, Program Director, at (206) 220-6503.

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cc: FAA Administrator
FAA Associate Administrator for Airports
Pierre McLeod, AAE-100
Martin Gertel, M-1

¹ FAA, "Policy and Procedures Concerning the Use of Airport Revenue," 64 Federal Register 7696, February 16, 1999; and 49 U.S. Code §47133 (1996).