



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 25th day of February, 2020

Applications of

**WESTERN AIR CHARTER, INC.
d/b/a JET EDGE**

for certificates of public convenience and necessity
under 49 U.S.C. § 41102 to engage in interstate and
foreign charter air transportation of persons, property,
and mail

**Dockets DOT-OST-2019-0126
and
DOT-OST-2019-0127**

ORDER TO SHOW CAUSE

Summary

By this Order, the U.S. Department of Transportation (the “Department”) tentatively finds that Western Air Charter, Inc. d/b/a Jet Edge (“Western”) is a citizen of the United States and is fit, willing, and able to conduct interstate and foreign charter air transportation of persons, property, and mail as a U.S. certificated air carrier, subject to conditions.

Background

Section 41102 of Title 49 of the United States Code (the “Transportation Code”) directs us to determine whether companies proposing to engage in interstate and foreign charter air transportation are “fit, willing, and able” to perform such service, and to comply with the Transportation Code and the regulations and requirements of the Department. In making fitness findings, the Department uses a three-part test that reconciles the Airline Deregulation Act’s liberal entry policy with Congress’ concern for operational safety and consumer protection. The three areas of inquiry that must be addressed in order to determine an air carrier’s fitness are whether the applicant: (1) will have the managerial skills and technical ability to conduct the proposed operations, (2) will have sufficient financial resources to commence the operations proposed without posing an undue risk to consumers, and (3) will comply with the Transportation Code and regulations imposed by Federal and State agencies. We must also determine that the applicant is a U.S. citizen.

On September 5, 2019, Western filed applications in Dockets DOT-OST-2019-0126 and DOT-OST-2019-0127 requesting authority to conduct interstate and foreign charter air transportation of persons, property, and mail and accompanied its applications with fitness information required by section 204.3 of our regulations (14 CFR § 204.3).¹

No answers opposing Western's applications were filed and no special issues regarding the applicant have come to our attention. Under these circumstances, we propose to decide the issue of the applicant's fitness on the basis of the written record, and we tentatively conclude that Western is a U.S. citizen and is fit, willing, and able to provide charter passenger air transportation as a U.S. certificated air carrier. However, we will give interested persons an opportunity to show cause why we should not adopt as final these tentative findings and conclusions.

FITNESS

The Company

Incorporated in the State of California in November 2006, Western is a registered air taxi operator in accordance with Part 298 of the Department's regulations (14 CFR Part 298) and holds a Part 135 certificate (14 CFR Part 135) issued by the Federal Aviation Administration ("FAA").² The applicant operates a fleet of 48 small aircraft³ from its principal base of operations in Scottsdale, Arizona, and maintains an Operations Control Center and a Maintenance Control Center at its corporate office in Van Nuys, California. Western is wholly-owned by JEI Holdings, LLC ("JEI"), a Delaware limited liability company. The company now intends to operate large aircraft,⁴ particularly two Boeing 737 business jet aircraft ("BBJ") configured for 16 passenger seats, in interstate and foreign charter air transportation, for which Certificates of Public Convenience and Necessity are required.

Managerial Competence

The following individuals, all of whom are U.S. citizens, serve as Western's key management and technical personnel.

William (Bill) Papariella	Chief Executive Officer ("CEO")
Cary Aquila	Senior Vice President of Safety and Security
Jonah Adler	Chief Revenue and Marketing Officer

¹ The applicant supplemented its applications with additional information, most recently on November 26, 2019.

² Western was previously found fit by the Department and issued effective commuter authority in January 2018. The company operated as a commuter air carrier under this authority until January 14, 2019, at which time it surrendered its commuter authority and the Department subsequently canceled its authority. *See* Order 2019-4-21.

³ A "small" aircraft is defined as any aircraft with an original design capacity of 60 seats or fewer or a maximum payload capacity of no more than 18,000 pounds.

⁴ A "large" aircraft is defined as any aircraft with an original design capacity of more than 60 seats or a maximum payload capacity of more than 18,000 pounds.

David Cox	Executive Vice President of Fleet Operations
Michael Sanders	Chief Financial Officer ("CFO")
Adam Parnes	Director of Maintenance
Ricardo C. Casipit	Chief Inspector
Lynn R. Sloan	Director of Operations
Sophia deBruyn	Vice President of Fleet Operations Support
James Potter	Chief Pilot

The Department has previously reviewed the managerial competency of Messrs. William Papariella, Cary Aquilla, Adam Parnes, Ricardo C. Casipit, Lynn R. Sloan, and James Potter during the applicant's publicly docketed commuter air carrier proceeding in 2017 and found each qualified to hold their respective positions.⁵

Mr. Jonah Adler serves as the Chief Revenue and Marketing Officer for Western (2018-present). He is also the President and Co-Founder of FORTU Group (2016-present). Prior to this, Mr. Adler served as the Principal and CEO for Noteworthy (2002-2016).

Mr. Michael Sanders serves as the CFO of Western (2018-present). Prior to joining Western, Mr. Sanders served as Chief Operating Officer and CFO for The Ergo Baby Carrier, Inc. (2013-2018); CFO for Big Strike LLC (2011-2013); and in various positions of increasing responsibilities with Emak Worldwide, Inc., including Senior Vice President and CFO (2006-2010), Vice President of Corporate Finance (2004-2006), Division CFO (2005), and Senior Director of Corporate Finance (2002-2004). Before that, he served as Senior Manager, Transaction Support Group (1997-2002) and Audit Manager (1992-1997) for Ernst & Young LLP. Mr. Sanders holds a Bachelor of Accountancy degree from the University of San Diego and is a Certified Public Accountant.

Mr. David Cox, an Airline Transport Pilot with more than 20,000 flight hours, serves as the Executive Vice President of Fleet Operations for Western (2018-present). He also serves as the Vice President of Operations for MGM Resorts International (2013-present). Previously, Mr. Cox served as Executive Vice President and FAR 119 Director of Operations for XOJet, Inc., and Director of Operations and Check Airman for Atlantic Coast Airlines/Independence Air. He holds a Bachelor of Science degree in Aviation Management from Pacific Western University, Miramar, California.

Ms. Sophia deBruyn serves as the Vice President of Fleet Operations Support for Western (2018-present). Prior to this, Ms. deBruyn served as Commercial Space Investigations Global Manager for Bigelow Aerospace (2018); and as Director of Aviation Operations and Programs (2017-2018), Internal Affairs Investigations Manager (2015-2017), Paralegal Manager (2013-2015), and Security Manager (2006- 2013) for MGM Resorts International. She holds a Bachelor of Arts degree in Criminal Justice from University of Nevada, Las Vegas.

⁵ See Order 2017-5-4.

In view of the experience and background of the applicant's key personnel, we tentatively conclude that Western has demonstrated that its key management and technical personnel have the managerial skills and technical ability to support its proposed operations.⁶

Operating Proposal and Financial Plan

If granted the certificate authority it seeks, the air carrier intends to engage in interstate and foreign on-demand, single entity charter operations using up to two executive-configured BBJ aircraft configured with 16 passenger seats. The BBJ aircraft Western plans to operate are those that it currently manages pursuant to an aircraft management/lease agreement with Jet Force V, LLC ("Jet Force"), wherein Western will lease the BBJ aircraft directly from Jet Force on an as needed basis, operating under Part 135, with Jet Force receiving 90 percent of the revenue generated from the charter flights. Western's anticipated geographic areas of operations are the Continental United States, Hawaii, Mexico, Asia, Europe, and the Middle East.

As required by our regulations, Western provided historic and current financial statements. Western's historic financial statements show that the air carrier has been profitable. For calendar year 2016, Western earned net income of \$1.79 million on operating revenues of \$10.08 million; for calendar year 2017, the company earned net income of \$1.56 million on operating revenues of \$10.31 million; and for calendar year 2018, Western earned net income of \$1.87 million on operating revenues of \$19.17 million. The applicant's current financial statements show that for the six months ended June 30, 2019, Western reported a net loss of \$397,665 on operating revenues of \$5.38 million. Western's balance sheet at June 30, 2019, shows the company has current assets and current liabilities of \$13.53 million and \$7.71 million, respectively, giving the company positive working capital of \$5.82 million.

Western also provided forecasts of its pre-operating and first-year expenses associated with its proposed certificated operations. The applicant projects its pre-operating expenses will total approximately \$189,000, mainly for crew training and insurance, and anticipates its first-year expenses will total approximately \$9.4 million. We have reviewed Western's forecasts and find them to be reasonable. Therefore, to meet the Department's financial fitness test, we estimate that Western will require approximately \$2.54 million in working capital or other available funds.⁷

In establishing financial fitness, the Department typically asks an applicant to demonstrate that it has access to financial resources sufficient to cover its pre-operating expenses and any negative working capital balance, plus a working capital reserve equal to the operating costs that are reasonably projected to be incurred during three months of "normal" operations. Because projected expenses during the first several months of air service frequently do not include all costs that will be incurred during a "normal" period of operations, it is our practice to base our three-

⁶ Before authorizing an air carrier to conduct air transportation, the FAA evaluates certain of the applicant's key personnel with respect to the minimum qualifications for those positions as prescribed in the Federal Aviation Regulations. The FAA's evaluation of these key personnel provides an added practical and in-person test of the skills and technical ability of these individuals. The FAA has advised us that Western's key technical personnel are acceptable to the agency in their respective positions.

⁷ The \$2.54 million noted here is comprised of \$2.35 million, which is one-quarter of the applicant's forecast of approximately \$9.4 million in first-year expenses, plus \$189,000 in pre-operating costs.

month test on one-quarter of the first year's operating costs. Further, in calculating available resources, projected revenues may not be used.

In support of its ability to meet the Department's financial fitness requirements, Western provided bank statements from Bank of the West BNP Paribas dated August 30, 2019, showing it had funds in excess of \$9.08 million on deposit in its name. In addition, Western provided a letter from Fifth Third Bank dated August 30, 2019, evidencing a revolving line of credit for \$10.0 million, of which \$3.02 million remains available, and an additional revolving aircraft line of credit for \$15.0 million, all of which remains available. We also note that Western's financial statements, as detailed above, indicate the air carrier maintains a sufficient working capital position to meet our financial fitness criteria.

In light of the above, we tentatively conclude that Western has access to sufficient financial resources to enable it to commence the proposed operations without posing an undue risk to consumers or their funds. As is our practice, prior to making any award of authority to Western effective, the Department will require the company to demonstrate that it continues to have access to the financial resources needed to meet our financial fitness test.

Compliance Disposition

Western states that there are no pending actions or outstanding judgments against it, its owners, or its key personnel, nor have there been any charges of unfair, deceptive, or anti-competitive business practices, or of fraud, felony, or antitrust violations, or other action brought against these parties in the past ten years. The applicant states that there are no pending investigations, enforcement actions, or formal complaints involving the applicant, persons holding a substantial interest in it, or its key personnel with respect to compliance with the Transportation Code or the Department's regulations.

Our search of the Department's records and other information available to us has uncovered no information that would reflect negatively on the applicant or any of its key personnel. The FAA notes that the air carrier has had no accidents since 2014 and advises us that it is working with Western in connection with the applicant's efforts to add the BBJ aircraft to its operations specifications, and that it knows of no reason why we should act unfavorably on the company's certificate applications.

In light of these circumstances, we tentatively conclude that Western has the proper regard for the laws and regulations governing its services to ensure that its aircraft and personnel conform to applicable safety standards and that acceptable consumer relations practices will be followed.

CITIZENSHIP

Section 41102 of the Transportation Code requires that authority to engage in air transportation be held only by citizens of the United States as defined in 49 U.S.C. § 40102(a)(15). That section requires that the president and two-thirds of the Board of Directors and other managing officers be U.S. citizens, that at least 75 percent of the voting interest be owned by U.S. citizens, and that the air carrier be under the actual control of U.S. citizens.

Western is wholly-owned by JEI, a non-operating holding company, that also partially or directly owns several subsidiaries engaged in aviation-related activities.⁸ Because Western's citizenship is dependent upon the citizenship of JEI, we have reviewed JEI's ownership structure to determine whether or not the company meets the statutory definition of a U.S. citizen. Based on the information provided, we tentatively find that JEI is under the ownership and actual control of U.S. citizens.

Specifically, ownership of JEI is majority held (51 percent total equity/100 percent voting interest) by three U.S. citizens - Mr. William Papariella, the applicant's CEO; Centennial Jet Partners, LLC ("CJP"), a Delaware limited liability company; and Solace JEI Holdings A, Inc. ("Solace A"), a Delaware corporation. The remaining 49 percent total equity/100 percent non-voting interest is held by Solace JEI Holdings B, Inc. ("Solace B"), a foreign-owned Delaware corporation.

CJP is owned by Jet Edge Holdings, LLC ("Jet Edge Holdings"), a Delaware limited liability company (96.976 percent), and T1 Holdings, LLC ("T1 Holdings") a Delaware limited liability company (3.024 percent). Jet Edge Holdings, in turn, is wholly owned by Mr. Papariella, while T1 Holdings is wholly owned by Michelman and Robinson LLP, a Delaware limited liability partnership owned by seven (7) U.S. citizen partners. Thus, we tentatively find CJP is a U.S. citizen.

Solace A is wholly-owned by Solace Capital Special Situations Fund JEI Holdings AIV, L.P. ("Solace AIV"), a Delaware limited partnership that has nine U.S. citizen limited partners, all of which are passive investors, and one (1) general partner, Solace General Partner, LLC ("Solace GP"), a Delaware limited liability company, which holds 100 percent of the voting rights of Solace AIV and ultimately Solace A. Solace GP is owned by three U.S. citizen limited partnerships. Therefore, we tentatively find Solace A is a U.S. citizen.

Solace B is wholly-owned by Solace Capital Special Situations Fund, L.P. ("Solace Fund"), a Delaware limited partnership. Solace Fund has sixty (60) limited partners, of which at least one is foreign, and one (1) general partner, Solace GP. As with Solace A, the limited partners are passive investors with Solace GP holding 100 percent of the voting rights of Solace Fund and ultimately Solace B. Because Solace Fund has at least one foreign limited partner, we tentatively find Solace Fund is a foreign limited partnership. We also tentatively find that because the majority of the foreign financial investment in Solace Fund (66.8 percent of Solace Fund's total equity) is from open skies countries, Solace B's investment in Western is consistent with the Department's policy allowing foreign equity interests over 25 percent where the foreign investors have been nationals of countries with which we have open skies aviation bilateral agreements.

JEI has three classes of units: (1) Class A preferred voting units, which are entitled to 50.94987 votes per unit; (2) Class B preferred non-voting units; and (3) common voting units, which are

⁸ JEI's other subsidiaries are as follows: Jet Edge International LLC; Western Jet Maintenance, LLC; Aircraft Brokerage, LLC; 1384 Charter LLC; 1436 Charter LLC; 113 Charter LLC; 118 Charter LLC; WestJet Spares LLC; and Centennial Jet Planning LLC.

entitled to one vote per unit. The table below illustrates the ownership of JEI broken down by class of units.

Class	Investor	Citizenship	Units Held	Total Equity %	Voting Rights	Voting %
Common	Papariella	U.S.	250	0.50%	250	0.50%
Common	CJP	U.S.	24,850	49.60%	24,850	49.60%
Preferred A	Solace A	U.S.	490.6784	0.98%	25,000	49.90%
Total U.S.				51.08%		100.00%
Preferred B	Solace B	Non-U.S.	24,509.32	48.92%	0	0
Total Non-U.S.				48.92%		0%

JEI is managed by a Board of Directors⁹ and officers, each of whom is a U.S. citizen: William Papariella, Board Member, CEO and Co-President; Sanford Michelman, Board Member; Christopher Brothers, Board Member and Co-President; Tracy Chow, Board Member and Assistant Secretary; Craig Ross, Board Member; Michael Sanders, Chief Financial Officer, Secretary and Treasurer; and Xavier Corzo, Assistant Secretary.

Furthermore, all of Western's key personnel are U.S. citizens, the company has provided an affidavit attesting that it is a citizen of the United States within the meaning of the Transportation Code, and there is no other information before us that would lead us to conclude that control of Western rests with non-U.S. citizens.

In light of the foregoing, we tentatively find that Western is owned and actually controlled by U.S. citizens, consistent with 49 U.S.C. § 40102(a)(15) and is fit, willing, and able to provide the proposed charter operations, subject to conditions.

PUBLIC CONVENIENCE AND NECESSITY

No finding of consistency with the public convenience and necessity is required for the award of authority for interstate charter air transportation under section 41102, although such a finding is required for authority to engage in foreign charter air transportation.

We tentatively find that the foreign charter air transportation proposed by Western is consistent with the public convenience and necessity. By Order 78-7-106, which instituted the *Former Large Irregular Air Service Investigation*, the Civil Aeronautics Board found that there was a continuing demand and need for additional charter air carriers. Therefore, if Western meets the fitness requirements of the Transportation Code, it will receive certificates authorizing it to engage in interstate and foreign charter air transportation of persons, property, and mail under section 41102.¹⁰

⁹ JEI's Board is comprised of two (2) representatives from CJP (Papariella and Michelman), two (2) representatives from Solace A (Brothers and Chow), and one (1) independent representative proposed by CJP and approved by Solace A (Ross).

¹⁰ Pursuant to 49 U.S.C. § 41307, issuance of foreign authority to Western is subject to Presidential review.

OBJECTIONS

We will give interested persons 14 days following the service date of this Order to show cause why the tentative findings and conclusions set forth here should not be made final; answers to objections will be due within 7 days thereafter. We expect such persons to direct their objections, if any, to the application and points at issue and to support such objections with detailed economic analyses. If an oral evidentiary hearing or discovery procedures are requested, the objector should state in detail why such a hearing or discovery is considered necessary, and what material issues of decisional fact the objector would expect to establish through a hearing or discovery that cannot be established in written pleadings. The objector should consider whether discovery procedures alone would be sufficient to resolve material issues of decisional fact. If so, the type of procedure should be specified (*See* Part 302, Rules 19 and 20); if not, the reasons why not should be explained. We will not entertain general, vague, or unsupported objections. If no substantive objections are filed, we will issue an order that will make final our tentative findings and conclusions with respect to Western's fitness and certification.

CERTIFICATE CONDITIONS AND LIMITATIONS

If Western is found fit and issued the certificates it seeks, its authority will not become effective until the company has fulfilled all requirements for effectiveness as set forth in the terms, conditions, and limitations attached to its certificates. Among other things, this includes our receipt of evidence that Western has been certified by the FAA to engage in the subject operations, a fully-executed OST Form 6410 evidencing liability insurance coverage that meets the requirements of section 205.5(b) of our rules for all of its aircraft, third-party verification of available funding necessary to meet the Department's fitness requirements, and a statement of changes that Western has undergone in its ownership, management, operations, finance or compliance disposition since the issuance of this Order.¹¹

Our tentative findings are based on the operating plan described in Western's applications, *i.e.*, the use of no more than two large aircraft. These findings might no longer apply if the company were to substantially change the scope of its operations through the introduction of additional large aircraft. Therefore, once the applicant's certificates become effective, should Western propose to acquire additional large aircraft beyond the two large aircraft it initially proposed, it must notify the Department at least 45 days in advance and demonstrate its fitness for such operations prior to implementing service with those additional large aircraft.

Additionally, we remind Western of the requirements of 49 U.S.C. § 41110(e). Specifically, that section requires that, once an air carrier is initially found fit, it must remain fit in order to maintain its authority. To be assured that certificated air carriers continue to be fit after effective authority has been issued to them, we require that they supply information describing any subsequent substantial changes it may undergo in areas affecting fitness. Therefore, if Western is issued effective charter certificates and should it subsequently propose substantial changes in its

¹¹ Western has filed an Aviation Accident Family Assistance Plan with the Department in Docket DOT-OST-1996-1960 and with the National Transportation Safety Board.

ownership, management, or operations, it must first comply with the requirements of section 204.5 of our rules.¹² The compliance of the company with this requirement is essential if we are to carry out our responsibilities under section 41110(e).¹³

Furthermore, if Western is granted effective authority, it would be required to submit a detailed progress report, within 45 days following the end of the first year of certificated operations, to the Air Carrier Fitness Division. The submission of a first-year progress report is a condition imposed upon all newly certificated air carriers and was adopted as policy by the Department to aid in monitoring the fitness of new air carriers. The report should include a description of the air carrier's current operations (number and type of aircraft, principal markets served, total number of full-time and part-time employees), a summary of how these operations have changed during the year, a discussion of any changes it anticipates from its current operations during its second year, current financial statements,¹⁴ and a listing of current senior management and key technical personnel. The air carrier should also be prepared to meet with staff members of the Fitness Division to discuss its current and future operations.

ACCORDINGLY,

1. We direct all interested persons to show cause why we should not issue orders making final the tentative findings and conclusions stated above and award certificates to Western Air Charter, Inc. d/b/a Jet Edge authorizing it to engage in interstate and foreign charter air transportation of persons, property, and mail, subject to the attached specimen Terms, Conditions, and Limitations;
2. We direct any interested persons having objections to the issuance of orders making final any of the proposed findings, conclusions, or the certificate awards set forth here to file such objections with Department of Transportation Dockets, 1200 New Jersey Avenue, SE, W12-140, Washington, D.C. 20590, in Dockets DOT-OST-2019-0126 and DOT-OST-2019-0127, and serve them upon all persons listed in Attachment A no later than 14 calendar days after the service date of this Order; answers to objections shall be filed no later than 7 calendar days thereafter;

¹² Western may contact our Air Carrier Fitness Division to report proposed substantial changes in its operations, ownership, or management, and to determine what additional information, if any, will be required under section 204.5. In addition, by notice dated July 21, 1998, the Department requested air carriers to provide a 30-day advance notification of any proposed change in ownership, restructuring, or recapitalization. If the air carrier fails to file the information or if the information fails to demonstrate that it will continue to be fit upon implementation of the substantial change, the Department may take such action as is appropriate, including enforcement action or steps to modify, suspend, or revoke its operational authority.

¹³ We also remind Western about the requirements of section 204.7 of our rules. This section provides, among other things, that (1) the certificate authority granted to a company shall be revoked if the company does not commence actual flying operations under that authority within one year of the date of the Department's determination of its fitness; (2) if the company commences operations for which it was found fit and subsequently ceases such operations, it may not resume certificated operations unless its fitness has been redetermined; and (3) if the company does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

¹⁴ These financial statements should include a balance sheet as of the end of the company's first full year of actual flight operations and a twelve-month income statement ending that same date.

3. If timely and properly supported objections are filed, we will accord full consideration to the matters or issues raised by the objections before we take further action;¹⁵
4. In the event that no objections are filed, we will consider all further procedural steps to be waived. We will enter orders making final our tentative findings and conclusions and will issue to Western Air Charter, Inc. d/b/a Jet Edge certificates that will contain exact copies of the attached specimen Terms, Conditions, and Limitations; and
5. We will serve a copy of this Order on the persons listed in Attachment A.

By:

David E. Short
Deputy Assistant Secretary
Aviation and International Affairs

An electronic version of this document is available at:
<http://www.regulations.gov>

¹⁵ Since we have provided for the filing of objections to this Order, we will not entertain petitions for reconsideration.



SPECIMEN

Terms, Conditions, and Limitations

WESTERN AIR CHARTER, INC.

is authorized to engage in interstate charter air transportation of persons, property and mail between any point in any State, territory, or possession of the United States or the District of Columbia, and any other point in any of those entities.

This authority is subject to the following provisions:

(1) The authority to operate under this certificate will not become effective until six (business) days after the Department has received the following documents; provided, however, that the Department may stay the effectiveness of this authority at any time prior to that date:

(a) A copy of the holder's Air Carrier Certificate and Operations Specifications authorizing such operations from the Federal Aviation Administration (FAA).

(b) A certificate of insurance on OST Form 6410 evidencing liability insurance coverage meeting the requirements of 14 CFR § 205.5(b) for all of its aircraft.

(c) A statement of any changes the holder has undergone in its ownership, key personnel, operating plans, financial posture, or compliance history, since the date of the Show Cause Order in this case.

(d) A revised list of pre-operating expenses already paid and those remaining to be paid, as well as independent verification that the holder has available to it funds sufficient to cover any remaining pre-operating expenses and to provide a working capital reserve equal to the operating costs that would be incurred in three months of operations.

(2) Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card), issue tickets for the operations proposed under this certificate, or enter into contracts with charter operators, and any advertisement by the holder must prominently state: "This service is subject to receipt of government operating authority."

(3) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.

(4) The holder's authority under this certificate is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all

*U.S. Government requirements concerning security, including, but not limited to 49 CFR Part 1544. **

(5) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. § 40102(a)(15).

(6) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.

(7) The holder is not authorized to engage in air transportation operations between points within the State of Alaska.

(8) Should the holder propose any substantial change in its ownership, management, or operations (as defined in 14 CFR § 204.2(l)), it must first comply with the requirements of 14 CFR § 204.5.

(9) In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy, unless the holder is conducting operations under another type of certificate authority. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under all certificates held shall be suspended under the terms of 14 CFR § 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

** To assure compliance with all applicable U.S. Government requirements concerning security, the holder shall, before commencing any new service (including charter flights) to or from a foreign airport, contact its Principal Security Inspector (PSI) to advise the PSI of its plans and to find out whether the Transportation Security Administration has determined that security is adequate to allow such airport(s) to be served.*



SPECIMEN

Terms, Conditions, and Limitations

WESTERN AIR CHARTER, INC.

is authorized to engage in foreign charter air transportation of persons, property, and mail:

Between any place in the United States and any place outside thereof.

This authority is subject to the following provisions:

(1) *The authority to operate under this certificate will not become effective until six (business) days after the Department has received the following documents; provided, however, that the Department may stay the effectiveness of this authority at any time prior to that date:*

(a) *A copy of the holder's Air Carrier Certificate and Operations Specifications authorizing such operations from the Federal Aviation Administration (FAA).*

(b) *A certificate of insurance on OST Form 6410 evidencing liability insurance coverage meeting the requirements of 14 CFR § 205.5(b) for all of its aircraft.*

(c) *A statement of any changes the holder has undergone in its ownership, key personnel, operating plans, financial posture, or compliance history, since the date of the Show Cause Order in this case.*

(d) *A revised list of pre-operating expenses already paid and those remaining to be paid, as well as independent verification that the holder has available to it funds sufficient to cover any remaining pre-operating expenses and to provide a working capital reserve equal to the operating costs that would be incurred in three months of operations.*

(2) *Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card), issue tickets for the operations proposed under this certificate, or enter into contracts with charter operators, and any advertisement by the holder must prominently state: "This service is subject to receipt of government operating authority."*

(3) *The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.*

(4) *The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any*

orders of the Department of Transportation issued under them or for the purpose of requiring compliance with them.

(5) The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.

*(6) The holder's authority under this certificate is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all U.S. Government requirements concerning security, including, but not limited to 49 CFR Part 1544.**

(7) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. § 40102(a)(15).

(8) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.

(9) Should the holder propose any substantial change in its ownership, management, or operations (as defined in 14 CFR § 204.2(l)), it must first comply with the requirements of 14 CFR § 204.5.

(10) In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy, unless the holder is conducting operations under another type of certificate authority. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under all certificates held shall be suspended under the terms of 14 CFR § 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

** To assure compliance with all applicable U.S. Government requirements concerning security, the holder shall, before commencing any new service (including charter flights) to or from a foreign airport, contact its Principal Security Inspector (PSI) to advise the PSI of its plans and to find out whether the Transportation Security Administration has determined that security is adequate to allow such airport(s) to be served.*

**SERVICE LIST FOR
WESTERN AIR CHARTER, INC.**

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