Applications of

21 AIR, LLC

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

Dockets DOT-OST-2015-0043
DOT-OST-2015-0044

ORDER TO SHOW CAUSE
PROPOSING ISSUANCE OF CERTIFICATE AUTHORITY

Summary

By this order, we tentatively find that 21 Air, LLC (“21 Air”), is a citizen of the United States and is fit, willing, and able to conduct interstate and foreign charter air transportation of 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 February 26, 2015, 21 Air filed applications in Dockets DOT-OST-2015-0043 and DOT-OST-2015-0044 for authority to conduct interstate and foreign charter air transportation of property and mail pursuant to section 41102 of the Transportation Code.¹

¹ 21 Air filed amendments to its application on March 4 and May 27, 2015. On March 2, 2015, 21 Air also provided a motion for confidential treatment under 14 CFR § 302.12 to withhold from public disclosure certain
No answers were filed to the applications 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. After reviewing the applications and other information available to us, as discussed below, we tentatively conclude that 21 Air is a U.S. citizen and is fit, willing, and able to conduct interstate and foreign charter air transportation as set forth in this order and subject to conditions. We will, however, give interested persons an opportunity to show cause why we should not adopt as final the tentative findings and conclusions stated herein.

FITNESS

The Company

21 Air, a North Carolina limited liability company located in Greensboro, North Carolina, was formed on February 25, 2014, by Messrs. Adolfo Moreno and Michael Mendez. Since 2014, the company has engaged in charter brokering for cargo flights from the U.S. to San Juan, Puerto Rico, points in the Caribbean, and points in South America. If 21 Air receives the authority it seeks, the applicant intends to conduct all cargo operations using two Boeing 767-200ER freighter aircraft leased from JW Aviation, LLC (“JW Aviation”), an affiliated company controlled by Mr. Moreno.

21 Air has no subsidiaries and holds no shares of stock in any air carrier or person engaged in the business of aeronautics. However, 21 Air does have two companies affiliated through common ownership of Mr. Moreno: JW Aviation, a Florida limited liability company engaged in aircraft sales and leasing, in which Mr. Moreno has a 99 percent membership interest, and Solar Cargo, Inc. (“Solar Cargo”), a Florida corporation wholly-owned by Mr. Moreno, which has engaged in the indirect air carrier business since 1999 primarily serving South Florida area.

Managerial Competence

21 Air’s key management and technical personnel consist of the following individuals, all of whom are U.S. citizens:

- Michael Mendez, President and Chief Executive Officer (“CEO”)
- Freddy Gomez, Chief Financial Officer (“CFO”)
- David Norgren, Director of Operations
- Todd H. Thomas, Director of Safety and Security
- Brian E. Lynch, Director of Maintenance
- James R. Wilhoit, Chief Pilot
- Michael Steinke, Chief Inspector

Mr. Michael Mendez, an Airframe and Powerplant Mechanic, has served as President and CEO of 21 Air since its inception in 2014. Prior to this, he was an Aviation Consultant for Aviation Specialist, Inc., for more than 10 years (2004-2013) where he specialized in airline certifications information filed in support of its application. By this order, we grant the applicant’s request for confidential treatment. See the CONFIDENTIAL TREATMENT section of this order for a more detailed discussion.

2 The remaining 1 percent membership interest in JW Aviation is held by Mr. Enrique Perez, a U.S. citizen.
and regulatory matters. Before this, Mr. Mendez served as Vice President of Maintenance and Operations at Arrow Air, Inc. (1999-2004). He has more than 38 years of experience in aviation maintenance related positions, having begun his career as an Aircraft Mechanic with General Air Services, an aviation maintenance company, in 1977.

Mr. Freddy Gomez has served as the CFO of 21 Air since its inception in 2014. In addition to his duties and responsibilities at 21 Air, Mr. Gomez also serves as a Controller at Solar Cargo. Prior to this, he served as the Controller at Sky Lease Cargo (2010-2011). Mr. Gomez has also previously been employed as a Manager and Budgeting Director at Arrow Air (2006-2010), Controller at South Winds Cargo (2002-2006), and Accountant at Staf Airlines/Cielos del Peru (2002-2006).

Mr. David Norgren, an Airline Transport Pilot with more than 12,000 total flight hours, joined 21 Air in January 2015 as the applicant’s Director of Operations. Prior to this, he was employed by Dynamic Airways holding various positions with the air carrier, including Chief Pilot, Check Airman and Director of Operations, and Director of Operations and Check Airman (2012-2014). Mr. Norgren was also previously employed as a MD-11 pilot at Sky Lease I, Inc. (2010-2011), and as a B-757 pilot at Arrow Air, Inc. (1993-2010).

Mr. Todd H. Thomas joined 21 Air in 2015 as its Director of Safety and Security. Mr. Thomas has more than 35 years of experience in the aviation industry with more than 15 years of experience in aviation safety and security positions. Prior to joining 21 Air, he was employed as Director of Safety and Security at Orange Air, LLC (2014-2015). Before this, he served as Manager of Safety and Security at Dynamic Airways, LLC (2010-2011 and 2013-2014); Director of Corporate Security at Silver Airways, LLC (2012-2013), Manager of Safety and Security at Victory Jet, LLC (2011), and in various roles of increasing responsibility at Pace Airlines, Inc., having resigned in 2009 as its Director of Safety and Security (2001-2009). Mr. Thomas has also worked in aviation sales, inventory control, and operations during his career and he served for four years in the United States Air Force as an Inventory Management Specialist (1981-1985).

Mr. Brian E. Lynch, an Airframe and Powerplant Mechanic with more than 20 years of experience in aviation maintenance, became 21 Air’s Director of Maintenance in December 2014. In addition to his duties and responsibilities at 21 Air, Mr. Lynch also serves as an Airframe and Powerplant Instructor at Great Oaks CDC (2005-present) and works part-time in the Maintenance Control Department at ABX Air, Inc. (2010-present). Prior to joining 21 Air, he served as a Rotary Wing Instructor and as an Aircraft Mechanic/Maintenance Instructor at DynCorp International (2012-2013); Flight Mechanic at Sky King, Inc. (2009-2013); as Line Mechanic for the C27J Spartan at L-3 Communications (2011-2012); Turbine Repair and Overhaul Quality Inspector at Standard Aero (2010-2011); and Mechanic at ABX Air (1998-2009), American Trans Air (1998), and Southern Air Transport (1997-1998).

Mr. James R. Wilhoit, an Airline Transport Pilot with more than 10,000 total flight hours and who is type rated on the Boeing 767 aircraft 21 Air intends to operate, became 21 Air’s Chief Pilot in December 2014. Prior to this, he was employed as a Boeing 767 Captain and Check Airman at Dynamic Airways (2014). Mr. Wilhoit has also previously served as a pilot of other Boeing aircraft, including the B-737, B-757, and B-747, for several certificated air carriers since
beginning his career as a BA3100 First Officer with CC Air in 1990. He previously served as an Aviation Safety Inspector at the Federal Aviation Administration ("FAA") from October 1997 to November 1999.

Mr. Michael Steinke became 21 Air’s Chief Inspector in January 2015. In addition to his duties and responsibilities at 21 Air, Mr. Steinke will continue to serve as the Chief Inspector at Sky Lease I, a position he has held since 2012, until 21 Air reaches the final stages of its FAA certification. Prior to joining 21 Air, Mr. Steinke served as Director of Maintenance at Dynamic Airways (2014), Manager of Maintenance Control at Tradewinds Airlines, Inc. (2007-2012), and Manager of Maintenance Control at Express.Net Airlines, LLC (2000-2006). Mr. Steinke also held aviation maintenance positions with Burlington Air Express, Inc. (1997-2000); Gemini Air Cargo (1996-1997); American International Airways, Inc. (1991-1996); and Rosenbalm Aviation (1987-1991).

In view of the experience and background of the applicant's key personnel, we tentatively conclude that 21 Air has demonstrated that it possesses the managerial skills and technical ability to conduct its proposed charter operations.³

Operating Proposal and Financial Condition

If granted the interstate and foreign charter authority it seeks, 21 Air intends to provide service to freight forwarders in the U.S. and around the world, as well as subservice to other air carriers on an Aircraft, Crew, Maintenance, and Insurance ("ACMI") basis using a fleet of two Boeing 767 aircraft configured for all-cargo operations. 21 Air intends to conduct its own line maintenance, while heavy maintenance will be contracted from qualified third-party providers.

To meet the Department’s financial fitness criteria, an applicant should have access to financial resources sufficient to cover its pre-operating expenses and the expenses that are reasonably projected to be incurred during three months of “normal” operations.² 21 Air provided the Department with its pre-operating and first-year expense forecasts. The applicant expects to incur approximately $322,000 in pre-operating expenses, which includes conformity of maintenance manuals, proving runs, crew training, and FAA/DOT certification costs; and approximately $9.3 million in first-year operating expenses. We have reviewed 21 Air’s forecasts and find them to be reasonable. Thus, in order to meet our financial fitness criteria, 21 Air will need access to approximately $2.65 million.⁵

³ Before authorizing an air carrier to conduct air transportation operations, the FAA also evaluates certain of the air carrier'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 their skills and technical ability. All of 21 Air’s key technical personnel have been approved by the FAA to hold their positions.

⁴ Because projected expenses during the first several months of air transportation services frequently do not include all costs that will be incurred during a “normal” period of operations, it is our practice to base our three-month test on an average of one-quarter of the first year’s operating cost forecast.

⁵ The $2.65 million noted here is one quarter of the applicant’s forecast of approximately $9.3 million in first year expenses plus the $322,000 in pre-operating costs.
In support of its ability to meet our financial fitness test, 21 Air provided a balance sheet dated April 30, 2016, which shows total shareholder equity of approximately $2,080,239 and current assets and current liabilities of approximately $2,163,938 million and $245,559, respectively, for a positive working capital balance of $1.92 million. The applicant also provided information evidencing that it has established a line-of-credit with J.P. Morgan Chase for $1.0 million, which remains to be drawn.

21 Air also submitted income statements showing that the applicant’s existing charter broker operations have been conducted with satisfactory results. For the 2014 calendar year 21 Air reported net income of $73,536 on revenues of $6,407,306; for the 2015 calendar year 21 Air reported net income of $272,306 on revenues of $12,617,297; and for the 4-months ended April 30, 2016, 21 Air reported net income of $867,397 on revenues of $4,443,367.

In light of the above, we tentatively conclude that 21 Air will have sufficient financial resources available to it to enable it to commence its proposed charter all-cargo operations without posing an undue risk to consumers or their funds. We note that, as is our practice, prior to making any authority awarded to 21 Air effective, we will require the company to demonstrate that it continues to have access to the financial resources needed to meet our financial test.

Compliance Disposition

21 Air states that there are no actions or outstanding judgments against it, its owners, its key personnel, or any relevant corporation, nor have there been any charges of unfair, deceptive or anti-competitive business practices, or of fraud, felony or antitrust violations brought against any of these parties in the past ten years. Additionally, 21 Air states that as a newly formed air carrier, it has not been involved in any accidents or incidents. Moreover, none of its key personnel have been involved in an accident or incident in the year preceding its application or at any time in the past which remains under investigation by the FAA or the National Transportation Safety Board (“NTSB”). Furthermore, there are no pending investigations, enforcement actions, or formal complaints filed by the Department against it, its key personnel, or persons having a substantial interest in it with respect to compliance with the Transportation Code or the Department’s regulations.

Our review has uncovered no other information which would reflect negatively on 21 Air, its owners, or its key personnel. In addition, according to the FAA, 21 Air is making satisfactory progress in working toward obtaining the required FAA certification under 14 CFR Part 121 and the agency knows of no reason why the air carrier should not be granted the authority it is seeking.

In light of these circumstances, we tentatively find that 21 Air 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

49 U.S.C. § 41102 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 must be under the actual control of U.S. citizens.

As previously stated, 21 Air is a limited liability company organized under the laws of North Carolina. Apple Aviation, LLC (“Apple Aviation”), a Florida limited liability company wholly-owns 21 Air. Apple Aviation, in turn, is owned by Messrs. Adolfo Moreno (75 percent) and Michael Mendez (25 percent), both of whom are U.S. citizens. Moreover, all of 21 Air’s key personnel are U.S. citizens and the company has provided an affidavit attesting that it is a citizen of the United States within the meaning of the Transportation Code and that it is actually controlled by U.S. citizens. Finally, our review of the applicant's citizenship has uncovered no other reason to suggest that control of 21 Air rests with non-U.S. citizens.

Based on the above, we tentatively conclude that 21 Air is a citizen of the United States and is fit, willing, and able to provide the interstate and foreign all-cargo charter service it proposes as a U.S. certificated air carrier.

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 all-cargo air transportation proposed by 21 Air 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 21 Air meets the fitness requirements of the Transportation Code, it will receive certificates authorizing it to engage in interstate and foreign charter air transportation of property and mail under section 41102.6

REQUEST FOR CONFIDENTIAL TREATMENT

On March 2, 2015, 21 Air filed a motion for confidential treatment under 14 CFR § 302.12 (“Rule 12”) of our rules seeking to withhold from public disclosure revenue and profit projections contained in its first-year profit and loss forecast. In support of its request for confidential treatment of the above information, 21 Air states that this information is financial and/or confidential in nature that fall within the parameters of Exemption 4 to the Freedom of Information Act.

Rule 12 instructs us to evaluate requests for confidential treatment by the standards of disclosure found in the Freedom of Information Act (5 U.S.C. section 552). Information may be withheld from disclosure under 5 U.S.C. § 552(b)(4) if it is (1) commercial or financial, (2) obtained from a person outside of government, and (3) privileged or confidential (Gulf and Western Industries, Inc. v. United States, 615F.2d 527, 529 (D.C. Cir. 1979)).

Pursuant to 49 U.S.C. § 41307, issuance of foreign authority to 21 Air is subject to Presidential review.
There is no question that the information for which 21 Air seeks confidential treatment is financial or commercial in nature and that it was obtained from a person outside the government. The remaining question is whether the information is privileged or confidential--whether “disclosure of the information is likely to have either of the following effects: (1) impair the Government’s ability to obtain necessary information; or (2) cause substantial harm to the competitive position from whom the information was obtained” (National Parks and Conservation Association v. Morton, 498 F.2d 765,770 (D.C. Cir.1974)). Further, to be privileged or confidential, the information must not be of the type that is usually released to the public (Gulf and Western Industries, Inc. v. United States, 615F.2d 527,530 (D.C. Cir. 1979)).

We have reviewed the material submitted and determined that in the past the Department has granted confidential treatment to material of this type, having found that public disclosure of an applicant’s revenue and income projections could cause substantial harm to the competitive position of the applicant or the person from whom it was obtained. Thus, we will grant confidential treatment to the information for which such treatment is sought.

**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 applications 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 orders that will make final our tentative findings and conclusions with respect to 21 Air’s fitness and certification.

**CERTIFICATE CONDITIONS AND LIMITATIONS**

If 21 Air is found fit and issued the certificates it seeks, its authority will not become effective until the air carrier has fulfilled all of the requirements for effectiveness as set forth in the terms, conditions, and limitations attached to its certificates. Among other things, this includes our receipt of (1) a copy of 21 Air’s Air Carrier Certificate and Operations Specifications evidencing that the applicant has been authorized by the FAA to engage in the subject operations, (2) a fully-executed OST Form 6410 evidencing liability insurance for all of its aircraft that meets the requirements of 14 CFR §205.5(b) of our rules, (3) verification of available funding necessary to meet the Department’s fitness requirements, and (4) a statement of changes that 21 Air has
undergone in its ownership, management, operations, finance, or compliance disposition since the issuance of this order.\footnote{21 Air has filed its Family Assistance Plan with both the Department and the National Transportation Safety Board, a copy of which was provided in Docket DOT-OST-1996-1960 on May 27, 2015.}

Additionally, our tentative findings stated above are based on the operating plan described in 21 Air’s applications that utilizes up to two aircraft. These findings might no longer apply if the company were to substantially change the scope of its operations through the introduction of additional aircraft. Therefore, once the applicant’s certificates become effective, should 21 Air propose to acquire additional aircraft, it must notify the Department in writing at least 45 days in advance and demonstrate its fitness for such operations prior to implementing service with those additional aircraft.

Furthermore, we remind 21 Air of the requirements of 49 U.S.C. § 41110(e). Specifically, that section requires that, once an air carrier is found fit initially, it must remain fit in order to hold 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 they may undergo in areas affecting fitness.\footnote{21 Air 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. Moreover, 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 the air carrier 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 the air carrier’s charter authority.}

The compliance of the company with this requirement is essential if we are to carry out our responsibilities under 49 U.S.C. § 41110(e).\footnote{We also remind Air 21 of 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.}

Finally, to aid the Department in monitoring the fitness of new air carriers, we require that all newly certificated air carriers 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 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,\footnote{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.} 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 21 Air, LLC, authorizing it to engage in interstate and foreign charter air transportation of 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 the Department of Transportation Dockets, 1200 New Jersey Avenue, SE., West Building Ground Floor, Room W12-140, Washington, D.C. 20590, in Dockets DOT-OST-2015-0043 and DOT-OST 2015-0044, and serve them upon all persons listed in Attachment A no later than 14 days after the service date of this order; answers to objections shall be filed no later than 7 days thereafter.

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.\(11\)

4. In the event that no objections are filed, we will consider all further procedural steps to be waived and we will enter orders making final our tentative findings and conclusions and will issue 21 Air, LLC certificates that will contain exact copies of the attached specimen Terms, Conditions, and Limitations.

5. We grant the motion for confidential treatment filed by 21 Air, LLC, on March 2, 2015.

6. We will serve a copy of this order on the persons listed in Attachment A.

7. We will publish a summary of this order in the Federal Register.

By:

\[\text{JENNY T. ROSENBERG}\]
\[\text{Acting Assistant Secretary for}\]
\[\text{Aviation and International Affairs}\]

\[\text{An electronic version of this document is available on the World Wide Web at}\]
\[\text{http://www.regulations.gov}\]

\(11\) Since we have provided for the filing of objections to this order, we will not entertain petitions for reconsideration.
21 Air, LLC

is authorized to engage in interstate charter air transportation of 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), or enter into contracts for the operations proposed under this certificate, 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 is not authorized to carry passengers (other than cargo attendants accompanying freight shipments).
(5) 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.*

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

(7) 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.

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

(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.
is authorized to engage in foreign charter air transportation of 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), or enter into contracts for the operations proposed under this certificate, 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 is not authorized to carry passengers (other than cargo attendants accompanying freight shipments).
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.

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.

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.*

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

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.

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.

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.
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