



# —SEE AND AVOID— ILLEGAL CHARTER

Adapted from, *See And Avoid—  
An In-depth, Authoritative, And Comprehensive Examination Of Illegal Charter,*  
by Gregory S. Lander, Esq.

# Agenda

What is *illegal* about “Illegal Charter?”

Why illegal charters occur

Application of Case Law

Consequence

“See and Avoid”

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What is *illegal* about  
“Illegal Charter?”

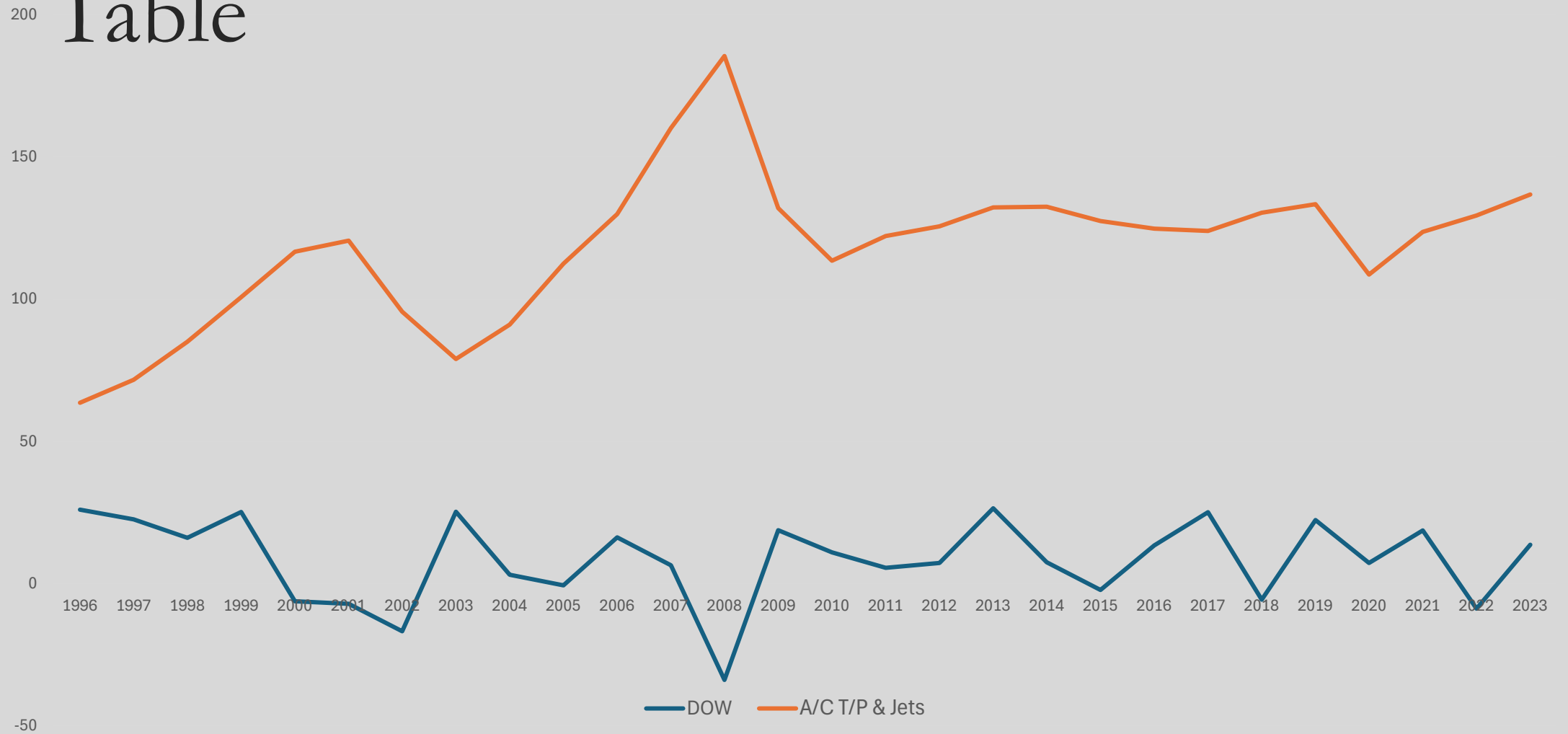
- 49 U.S.C.
- 14 C.F.R.

# Why illegal charters occur





# Table





# Application of Case Law

PLANAR

HDMI

Case Manager to the Honorable Alfred St. Russell

# Illegal Operations by Group

## **Air Carrier**

- Holding Out
- Willingness
- Transport Persons or Property
- For Compensation or Hire

## **Air/Commercial Operator**

- Transport Persons or Property
- For Compensation or Hire

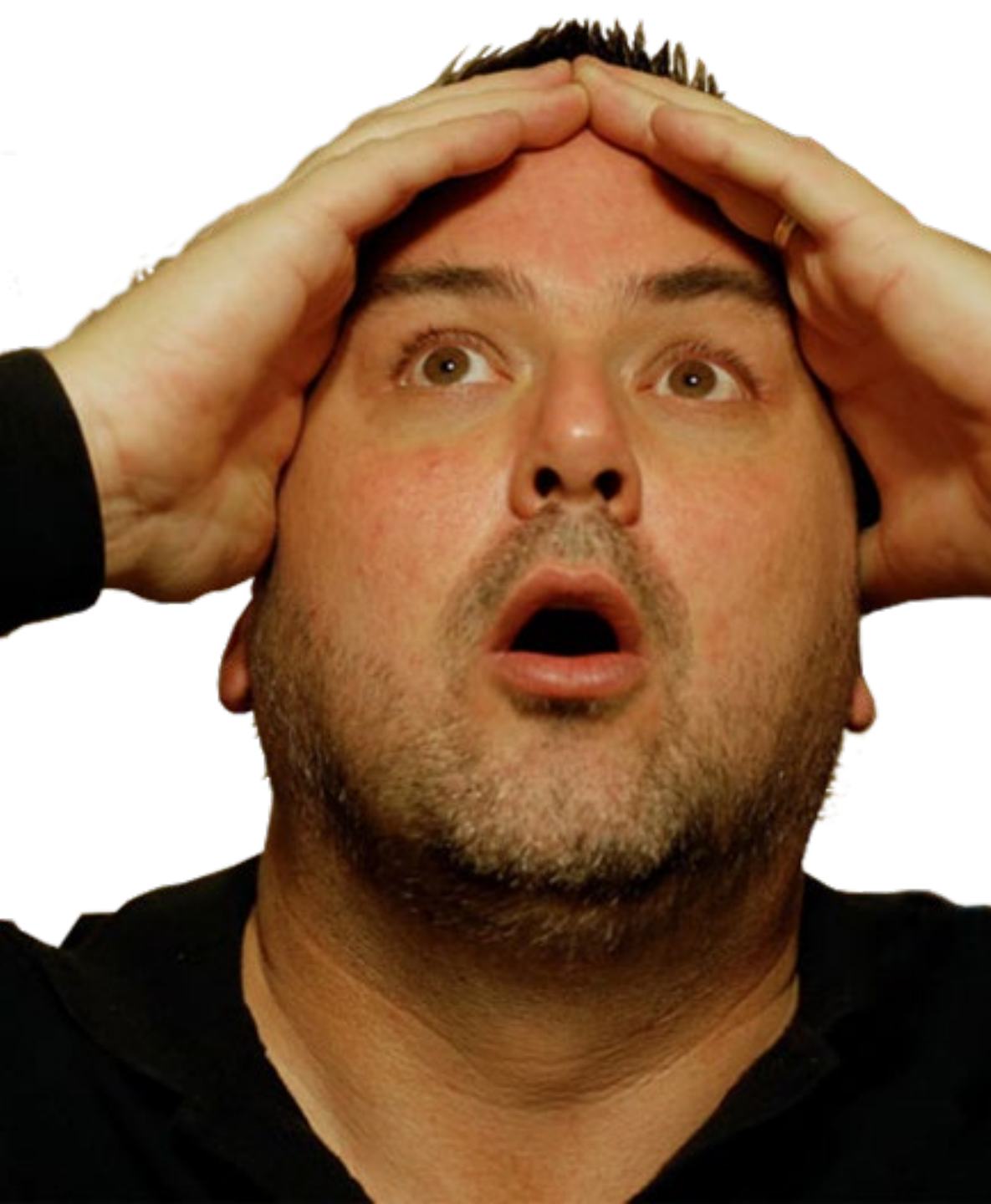
## **Other**

- 14 C.F.R. § 61.113/61.133
- 14 C.F.R. § 119.1(e)
- 14 C.F.R. part 91



If it looks like a duck . . .





# Consequences

The facial reaction  
when an owner gets a  
\$3.9 million civil penalty  
letter from the FAA.



# Consequences

Certificate Action

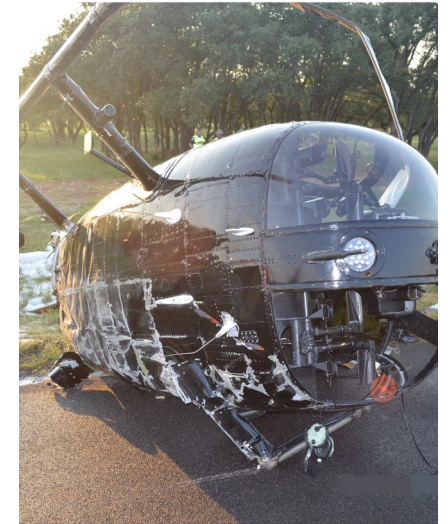
Civil Penalties

Criminal Prosecution

Civil Liability

Adverse Media Coverage

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Making Everything Easier™

Novelty Edition

# Illegal Charter

FOR  
**DUMMIES**

Learn to:

Create Sham Dry Leases

Create a Flight  
Department Company

Make Money Without  
an FAA Certificate



Pursuant to 49 U.S.C. § 46301(a)(5), you are subject to a civil penalty not to exceed \$16,630 for each violation of the Federal Aviation Regulations. Under 49 U.S.C. § 46301(a)(5), a separate violation occurs for each flight involving the violation. After careful consideration of all available information, we are willing to accept **\$3,149,306.00** in settlement of this matter. We will take no further action for a period of 30 days after your receipt of this letter to afford you an opportunity to submit the suggested amount in settlement or furnish additional information pursuant to the procedures described in the enclosure.



#1



**“See and Avoid”**



The way to get started  
is to quit talking and  
begin doing.

Walt Disney

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## Air Carrier Certificate

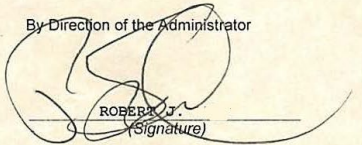
This certifies that

Astro Charter, LLC.  
12334 Main St.  
Anytown, Texas 12345

has met the requirements of the Federal Aviation Act of 1958, as amended, and the rules, regulations, and standards prescribed thereunder for the issuance of this certificate and is hereby authorized to operate as an air carrier and conduct common carriage operations in accordance with said Act and the rules, regulations, and standards prescribed thereunder and the terms, conditions, and limitations contained in the approved operations specifications.

This certificate is not transferable and, unless sooner surrendered, suspended, or revoked, shall continue in effect indefinitely.

By Direction of the Administrator



ROBERT J.  
(Signature)

Certificate number: AC2A456A

Effective Date: NOVEMBER 2, 2000

REISSUED: JANUARY 5, 2015

Issued at: Hometown, USA

MANAGER

(Title)

SW-57

(Region/Office)

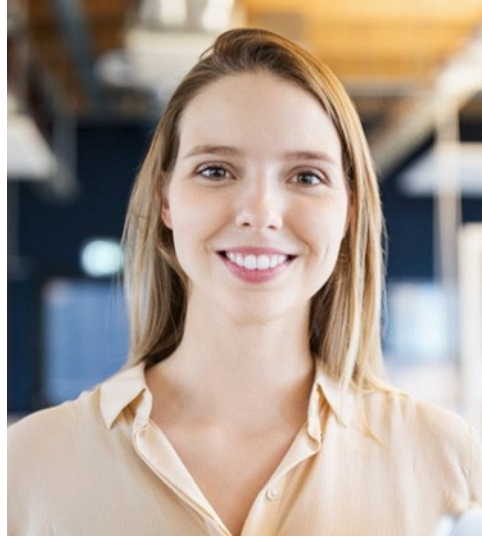
FAA Form 8430-18 (6-87)

Electronic Forms (PDF)

# It Takes a “Team”



Aircraft Owner



Attorney



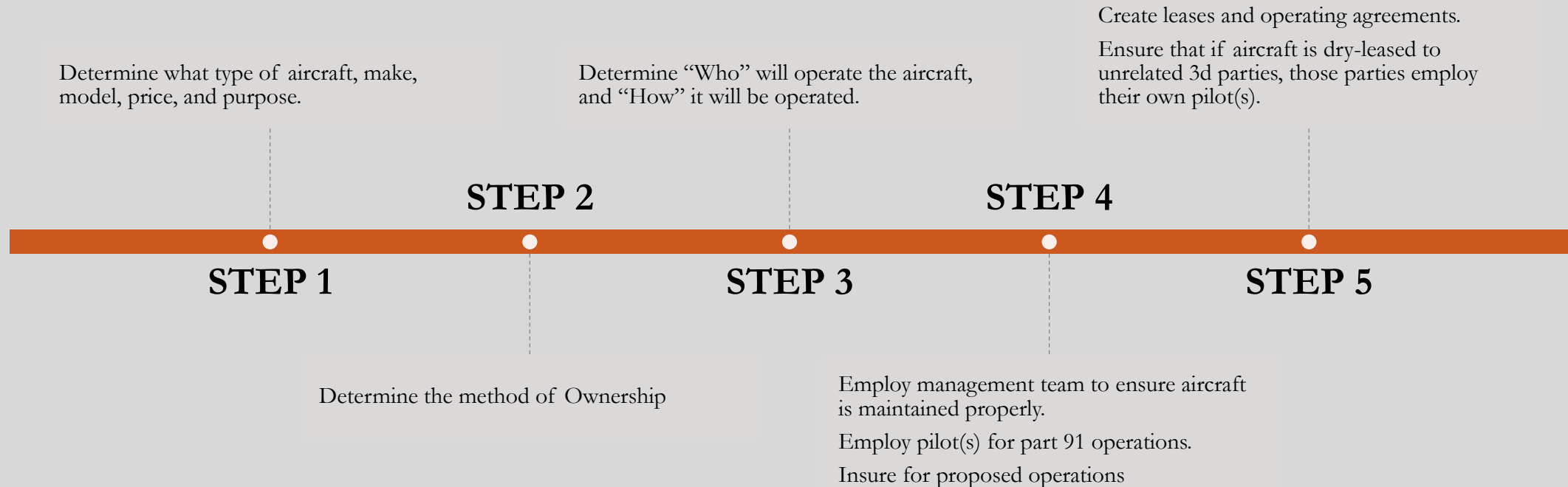
C.P.A.



Insurance Agent



# Timeline: Part 91 operation

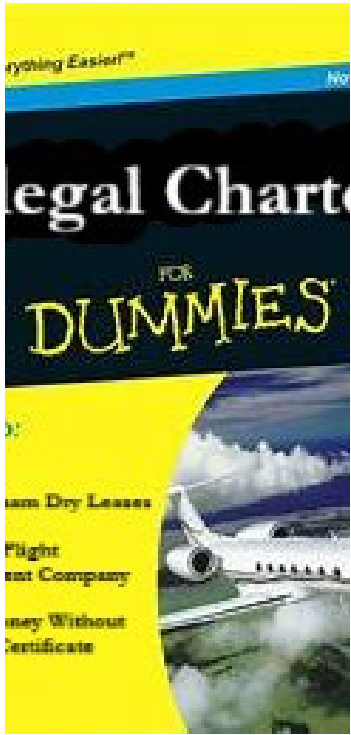


# Do NOT Advise or Allow Your Client to:

- Put the aircraft in an LLC as a single asset and have the LLC be the operator.
- Create or use purported dry leases that provide both the aircraft and pilot together.
- Failing to comply with Subpart F limitations and prohibitions. (All of them!)
- Allow an independent aircraft management company to operate the client's aircraft in illegal charter operations.
- Operate the aircraft under the guise of sharing costs where no common purpose exists.
- Utilizing the NBAA exemption in lieu of a part 135 certificate.

# Do NOT Advise or Allow Your Client to:

- Run afoul of the IRS code regarding active versus passive gains and losses with regard to leasing aircraft.
- Allowing CPAs and tax specialists to ignore FAA requirements.
- Fail to comply with the applicable requirements of 14 C.F.R. section 119.1(e).
- Allow your client's aircraft to be operated commercially by an otherwise legitimate part 135 operator when the aircraft is not listed on D083, and insured for such.
- Fail to comply with § 91.23.



# Summary

With a little legal advice, timely given, illegal charter can be avoided.

It can also dissuade on-going illegal charter operations

The savings can more than off-set the cost of even the BEST aviation attorney's fees!





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ILLEGAL CHARTER

Questions?

# Thank You

Gregory S. Lander

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