

Order 2005-9-26
Served: September 30, 2005



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

Issued by the Department of Transportation
on the 30th day of September, 2005

Applications of

MAXJET AIRWAYS, INC.

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

**Dockets OST-2004-17171
OST-2004-17172**

**ORDER TO SHOW CAUSE, CONFIRM ORAL ACTION,
AND ISSUE EFFECTIVE CERTIFICATE**

Summary

By this order, we (1) tentatively conclude that MAXjet Airways, Inc. (MAXjet), previously known as SkyLink Airways, Inc.¹ is fit, willing, and able to engage in interstate scheduled air transportation of persons, property, and mail, and should be issued a certificate of public convenience and necessity authorizing such operations, subject to conditions; (2) confirm our oral action of August 22, 2005, making the foreign scheduled certificate issued to MAXjet effective on that date; and (3) reissue the carrier's foreign scheduled certificate to reflect its effective date.

Background

On February 20, 2004, MAXjet filed applications requesting certificates under 49 U.S.C. 41102 authorizing it to engage in interstate and foreign scheduled air transportation of persons, property, and mail in Dockets OST-2004-17171 and OST-2004-17172, respectively. Upon review of MAXjet's interstate application, the Department found that MAXjet had not submitted

¹ MAXjet initially submitted its application under the name SkyLink Airways, Inc. However, Skylink Aviation, Inc., a Canada-based company doing business in the United States, filed an answer opposing the applicant's use of the name "SkyLink Airways, Inc." After reaching an agreement with Skylink Aviation, Inc. in August 2004, SkyLink Airways, Inc., agreed to change its name. By letter dated April 27, 2005, the applicant informed the Department that it has changed its name to MAXjet Airways, Inc.

an interstate service proposal, including traffic statistics, estimated revenue block hours, and revenue projections. Therefore, while the Department, by Order 2005-3-28, issued January 24, 2005, found MAXjet fit to engage solely in foreign scheduled air transportation of persons, property, and mail, it deferred action on MAXjet's interstate application. The Department advised the applicant that should it wish to engage in interstate scheduled passenger operations, it could amend its interstate application, providing us with an interstate service proposal and updated fitness information to demonstrate its fitness to conduct such operations.²

The foreign scheduled passenger authority issued to MAXjet was to become effective on the sixth (business) day after the Department received (1) a copy of MAXjet's Air Carrier Certificate and Operations Specifications issued by the Federal Aviation Administration (FAA) authorizing it to engage in such operations, (2) evidence of liability insurance coverage meeting the requirements of Part 205 of our rules for such operations, and (3) updated fitness information.

On August 10, 2005, MAXjet filed updated fitness information and requested that the Department make its foreign authority effective. The material filed by the company included a copy of its certificate of insurance showing that it has liability coverage that meets the requirements of 14 CFR 205.5(b), and information regarding the changes in its management, operating plans, financial position, and compliance disposition since the Department issued its Show Cause Order on January 5, 2005.³

On August 11, 2005, MAXjet submitted a copy of its Air Carrier Certificate and Operations Specifications from the FAA authorizing such operations. At the same time, MAXjet requested that the Department waive the six-day waiting period and make its foreign authority effective immediately.⁴

Our review of these documents was satisfactory. Under these circumstances, we concluded that there was no reason not to make its foreign scheduled authority effective. Thus, on August 22, 2005, we orally advised the air carrier that we were making its foreign scheduled certificate effective as of that date. By this order, we confirm that action and reissue the air carrier's foreign scheduled certificate to reflect its effective date.

AMENDED INTERSTATE SCHEDULED APPLICATION

As stated previously, the Department deferred action on MAXjet's interstate scheduled application until such time as the applicant filed an interstate scheduled service proposal. On May 12, 2005, MAXjet amended its interstate scheduled application and included a revised service proposal for interstate service, as well as foreign scheduled passenger authority.⁵ In its

² On May 12, 2005, MAXjet amended its interstate application and provided us with a revised service proposal which included interstate and foreign scheduled operations.

³ We discuss the changes the carrier has undergone in more detail in the **UPDATED FITNESS INFORMATION** section of this order.

⁴ We dismiss as moot MAXjet's waiver request since more than six days had elapsed before the air carrier submitted acceptable evidence of financial resources.

⁵ On June 30, 2005, MAXjet provided additional information in support of its new service proposal.

revised service proposal, the carrier stated that it intends to provide interstate scheduled passenger service on routes used by the air carrier to position its aircraft for its transatlantic flights.⁶

Since no issues regarding MAXjet's interstate application have come to our attention, under these unique circumstances, we propose to decide the issue of the applicant's fitness to conduct interstate scheduled operations on the basis of the written record while simultaneously issuing the carrier an effective certificate for its foreign scheduled operations. Thus, we tentatively conclude that MAXjet is fit, willing, and able to operate its proposed interstate scheduled passenger service. However, we will give interested persons an opportunity to show cause why we should not adopt as final the tentative findings and conclusions pertaining to MAXjet's proposed interstate authority described herein.

UPDATED FITNESS INFORMATION

Managerial Competence

In our initial Show Cause Order tentatively finding the applicant fit to engage in foreign scheduled passenger operations, we determined that MAXjet's management team was qualified to oversee the carrier's proposed operations. Since then, substantial changes in the applicant's management have taken place. The following list identifies MAXjet's new management team:

Mr. Gary Rogliano – Chief Executive Officer (CEO)
 Mr. James Weiland – Acting Chief Operating Officer
 Mr. William Kutzke – Executive Vice President and General Counsel
 Mr. Joshua Marks – Vice President of Planning
 Mr. Mike Jefferson – Vice President of Maintenance
 Mr. James Carlson – Vice President of Safety, Security, and Systems Operation Control
 Mr. Timothy Brown – Director of Operations
 Mr. Charles Stoddart – Chief Inspector and Vice President of Quality Control
 Mr. Thomas Gannon – Chief Pilot

The Department has previously reviewed the qualifications of Messrs. Kutzke, Marks, Jefferson, Carlson, Brown, and Stoddart and has determined that these individuals are qualified to hold their respective positions with the applicant. Mr. Marks, initially the carrier's President, now holds the position of Vice President of Planning.⁷ Mr. Brown, formerly MAXjet's Chief Pilot, has replaced Mr. Stanley Saunders as the carrier's Director of Operations.

In March 2005, Mr. Gary Rogliano replaced Mr. Kenneth Carlson as MAXjet's CEO. Mr. Rogliano brings over 20 years of executive experience to MAXjet. Before joining the carrier, Mr. Rogliano served as Chairman and CEO of TransPacific Capital Corporation (2001-2005). Prior to that, he was a Partner at Ernst & Young's national office in New York (1998-

⁶ MAXjet's proposed interstate operations are discussed later in this order under the heading **Operating Proposal and Financing Plan**.

⁷ MAXjet notes that a new President has not been selected and the responsibilities of that position have been divided between Mr. Rogliano and Mr. Weiland.

2001). Further, he served as Senior Vice President, Chief Financial Officer, Chief Operating Officer, and Member of the Board for The Pittston Company for 14 years (1984-1998). Mr. Rogliano has a Bachelor of Science degree in Accounting and he is a Certified Public Accountant.

Mr. James Weiland joined MAXjet in March 2005 as the company's Acting Chief Operating Officer. Mr. Weiland has over 25 years of executive experience holding positions such as Principal (2004-2005) and President (1997-1999) of Aviation Technical Professionals, Executive Vice President (2001-2004) and Chief Operating Officer and Senior Vice President of Maintenance and Engineering (1997-2001) of Spirit Airlines, Inc. He has also served as Senior Vice President of Operations for STS Services, Inc. (1995-1997), Senior Vice President of Technical Services for GE Capital Aviation Services (1990-1994), and President and Chief Executive Officer of Ramcor Airline Maintenance (1986-1990). From 1984-1986, Mr. Weiland held the positions of Vice President and General Manager of Maintenance and Engineering for World Airways, Inc., and from 1980-1984, he served as Vice President and General Manager of Operations for AAR Corporation. Mr. Weiland holds a Bachelor of Science degree in Industrial Management and he is an Airframe and Powerplant Mechanic.

Mr. Thomas Gannon, an Airline Transport Pilot with more than 18,000 flight hours, joined MAXjet in 2004 as a Proficiency Check Airman. In April 2005, he replaced Mr. Timothy Brown as the carrier's Chief Pilot. Prior to joining MAXjet, Mr. Gannon was a pilot with Delta Airlines for 27 years (1977-2004). Mr. Gannon also served in the United States Navy as a Naval Aviator.

In view of the experience and background of the MAXjet's key personnel, we tentatively conclude that MAXjet has demonstrated that it has the management skills and technical ability to conduct its proposed interstate and foreign scheduled passenger operations.⁸

Operating Proposal and Financial Plan

Under its initial operating plan, MAXjet intended to conduct foreign scheduled operations using eight B-767 aircraft. The applicant expected to incur pre-operating costs of \$9.7 million and first-year operating expenses of \$164.5 million. We reviewed the carrier's projections and found them to be reasonable. Thus, MAXjet was required to show that it would have access to a working capital reserve of \$50.8 million (one quarter of its projected first-year operating expenses plus all pre-operating costs) to meet the Department's financial fitness criteria.

MAXjet's revised operating proposal includes interstate and foreign scheduled operations. The applicant now intends to provide interstate scheduled passenger air transportation on those routes already used by the carrier to position its aircraft for its foreign flight operations. The carrier

⁸ Before authorizing a carrier to conduct air transportation operations, the FAA also evaluates certain of the applicant's key personnel with respect to the minimum qualifications for those positions required by 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. In this connection, the FAA has advised us that it has reviewed the qualifications MAXjet's required personnel and approved them to hold their respective positions.

plans to operate only three B-767 aircraft⁹ instead of the eight B-767 aircraft it initially proposed, and anticipates commencing operations by providing charter flights using one B-767 aircraft on an ACMI (aircraft, crew, maintenance, and insurance) basis.

The applicant states that it will begin its scheduled service using the remaining two B-767 aircraft in November 2005. Initially, MAXjet will conduct 16 transatlantic flights and four domestic-tag weekly roundtrip flights between Orlando and London via New York. In January 2006, the carrier intends to increase its frequency, adding five more weekly roundtrip flights. In March 2006, MAXjet intends to introduce three weekly flights between Baltimore and London, increasing to four weekly flights in June 2006. Also, in May 2006, the carrier intends to introduce service between London and at least one additional northeast city in the U.S. By the end of its first year of certificated operations, MAXjet expects to have a fleet of three aircraft and scheduled flights accounting for approximately 70 percent of the carrier's operations.

Regarding its pre-operating costs, MAXjet states that certification delays and rising fuel costs have resulted in pre-operating expenditures of \$16.8 million through August 15, 2005, far above the carrier's initial projections. However, in its August 10, 2005, submission, MAXjet indicates that all of its pre-operating costs have been paid. Thus, the carrier is only required to show evidence that it has access to financial resources sufficient to cover three months of normal first-year operations.

MAXjet's revised operating proposal resulted in a significant reduction in the carrier's expected first-year operating expenses. Although the carrier is adding interstate service to its operations, the reduction of fleet size and transatlantic flights brings the applicant's projected expenses down considerably. For example, under the initial plan, MAXjet intended to operate 19,855 block hours during its first year, while under the revised plan, the applicant intends to operate only 4,088 block hours. With fewer transatlantic flights, a smaller aircraft fleet, and increased charter flights where most costs are passed on to the customer, MAXjet's projected first-year fuel costs decreased from \$56.1 million to \$8.9 million, and its crew costs decreased from \$20.7 million to \$7.7 million.

Under MAXjet's revised plan for integrated interstate and foreign operations, the carrier expects to incur first-year expenses of \$47 million, compared to \$164.5 million under the old operating plan which accounted only for foreign service. Since MAXjet did not separate its interstate projected expenses from its foreign projected expenses, we required the carrier to demonstrate its financial fitness to conduct both interstate and foreign operations in order to meet the Department's financial fitness criteria for making its foreign certificate effective. Accordingly, we reviewed MAXjet's revised first-year expense projections for both interstate and foreign scheduled passenger service and found them to be reasonable. Therefore, we determined that to make its foreign authority effective, the carrier must demonstrate that it has access to one quarter of its projected first year expenses for both interstate and foreign operations, or \$11.8 million.

After reviewing MAXjet's August 10 and 11, 2005, submissions, the Department informed MAXjet that the financial information the carrier filed in support of its proposed operations did

⁹ Two B-767 aircraft will be used in scheduled service, while the third aircraft will be used in charter service.

now show that it had a firm commitment of funding from the carrier's intended source of capital. Accordingly, on August 22, 2005, MAXjet provided third-party verification of an alternate source of financial support, which the Department found acceptable, showing that MAXjet has access to the \$11.8 million required to make its foreign certificate effective.

In light of the above, we find that MAXjet has financial resources to conduct its proposed foreign operations, and tentatively conclude that the carrier also has sufficient financial resources to conduct its proposed interstate scheduled operations.

CONFIDENTIAL TREATMENT

On June 30, July 13, August 10, and August 22, 2005, MAXjet filed Motions for Confidential Treatment under 14 CFR 302.12 (Rule 12) for certain information contained in its revised service proposal and its request for effective authority. Specifically, MAXjet requested confidential treatment for (1) projected revenues, (2) projected cash flows, (3) projected net income, (4) the operating quarters of its projected balance sheet, (5) an executed term sheet with respect to the sale and leaseback of an aircraft, (6) the personal financial statements of Mr. Kenneth Woolley, and (7) third-party verification of Mr. Woolley's financial resources.

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*, 615 F.2d 527, 529 (D.C. Cir. 1979)).

There is no question that the information for which MAXjet 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, that is, 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 of the person 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*, 615 F.2d 527, 530 (D.C. Cir. 1979)).

We agree with MAXjet that the information for which it requests confidential treatment is of the type that would not normally be released to the public. We have previously granted MAXjet confidentiality for its projected revenues, projected cash flows, projected net income (because revenues could be calculated by subtracting projected expenses from the net income), and balance sheets for the first three quarters of its first year of operations.¹⁰ We have also previously granted confidentiality to fully executed term sheets and aircraft lease agreements.¹¹ We found that disclosure of such information could substantially harm a company's competitive position. Therefore, we will grant confidential treatment to this information. Further, it has been

¹⁰ *See* letter dated August 11, 2004, from the Department to the applicant in Docket OST-2004-17172.

¹¹ *See* letter dated September 15, 2004, from the Department to Ameristar Air Cargo, Inc. in Docket OST-2003-16773.

the Department's practice to grant confidential treatment to personal financial statements; therefore, we find no reason not to do so here.¹²

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 with regard to MAXjet's interstate authority 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 an order that will make final our tentative findings and conclusions with respect to MAXjet's fitness and certification.

ACCORDINGLY, Acting under authority assigned by the Department in its Regulations 14 CFR 385.12:

1. We direct all interested persons to show cause why we should not issue an order making final the tentative findings and conclusions stated above and award a certificate to MAXjet Airways, Inc., authorizing it to engage in interstate scheduled air transportation of persons, property, and mail, subject to the attached specimen Terms, Conditions, and Limitations.
2. With regard to MAXjet's interstate authority, we direct any interested persons having objections to the issuance of an order making final any of the proposed findings, conclusions, or the certificate award set forth here to file them with U.S. Department of Transportation, Docket Operations (M-30, Room PL-401), 400 Seventh Street, SW, Washington, D.C. 20590, in Dockets OST-2004-17171 and OST-2004-17172, 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. With regard to MAXjet's interstate authority, 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.¹³

¹² *See* Order 2002-6-7 in Docket OST-2001-10529 issued to Arizona Express Airlines, Inc. on June 17, 2002.

¹³ Since we have provided for the filing of objections to this order, we will not entertain petitions for reconsideration.

4. With regard to MAXjet's interstate authority, in the event that no objections are filed, we will consider all further procedural steps to be waived and we will enter an order making final our tentative findings and conclusions.
5. We grant the motions of MAXjet Airways, Inc., for confidential treatment filed on June 30, July 13, August 10, and August 22, 2005.
6. We confirm our oral action of August 22, 2005, making the section 41102 foreign scheduled certificate authority issued to MAXjet Airways, Inc., effective on that same date.
7. We reissue to MAXjet Airways, Inc., the section 41102 foreign scheduled passenger certificate issued to it by Order 2005-3-28 in the attached form to reflect its effective date.
8. Should MAXjet Airways, Inc., propose to conduct operations with more than three total aircraft, we direct it to notify the Department in writing at least 45 days prior to the proposed change in operations and demonstrate its fitness to conduct such operations before their commencement.¹⁴
9. We direct MAXjet Airways, Inc., to submit to the Air Carrier Fitness Division a first year progress report within 45 days following the end of its first year of certificated operations.¹⁵
10. We will serve a copy of this order on the persons listed in Attachment A.

Persons entitled to petition the Department for review of this order, under 14 CFR 385.30 may file their petitions within 10 days of the service date of this order.

The action confirmed in this order was effective when taken and the filing of a petition for review shall not alter its effectiveness.

By:

RANDALL D. BENNETT
Director
Office of Aviation Analysis

*An electronic version of this document is available on the World Wide Web at:
<http://dms.dot.gov>*

¹⁴ A "large aircraft" is any aircraft originally designed to have a maximum passenger capacity of more than 60 seats or a payload of more than 18,000 pounds.

¹⁵ The report shall include a description of the 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, and a listing of current senior management and key technical personnel.



SPECIMEN

Terms, Conditions, and
Limitations

MAXJET AIRWAYS, INC.

is authorized to engage in interstate 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) Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card) or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."*
- (2) 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.*
- (3) 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.**
- (4) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).*
- (5) 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.*
- (6) The holder is authorized to conduct charter flights in interstate and/or foreign air transportation in accordance with the provisions of 14 CFR 212.*
- (7) In the event that the holder receives effective scheduled passenger authority, the following additional conditions will apply:*

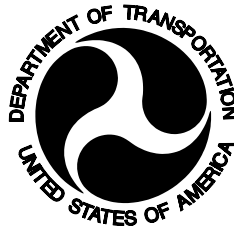
** To assure compliance with all applicable U.S. Government requirements concerning security, the holder shall, before commencing any new service (including charter flights) to or from a foreign airport, contact its Principal Security Inspector (PSI) to advise the PSI of its plans and to find out whether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

(a) *The holder may reduce or terminate service at any point or between any two points, subject to compliance with the provisions of 49 U.S.C. 41734 and all orders and regulations issued by the Department of Transportation under that section.*

(b) *The holder may not provide scheduled passenger air transportation to or from Dallas (Love Field), Texas, except within the limits set forth in section 29 of the International Air Transportation Competition Act of 1979, as amended by section 337 of the Department of Transportation and Related Agencies Appropriations Act, 1998.*

(8) *Should the holder propose any substantial changes in its ownership, management, or operations (as that term is 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.*



Certificate of Public Convenience and Necessity for Foreign Air Transportation

Route 822

This Certifies That

MAXjet Airways, Inc.
(as reissued)

is authorized, subject to the provisions of Subtitle VII of Title 49 of the United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in foreign air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

By Direction of the Secretary

*Issued by Order 2005-9-26
On September 30, 2005
Effective on August 22, 2005*

*Randall D. Bennett
Director
Office of Aviation Analysis*



Terms, Conditions, and
Limitations

MAXJET AIRWAYS, INC.

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

Between a point or points in the United States and a point or points in Aruba, Austria, Belgium, Canada, Chile, Costa Rica, the Czech Republic, the Dominican Republic, France, Germany, Italy, the Netherlands, Slovakia, Taiwan, and the United Kingdom (excluding London's Heathrow and Gatwick Airports).

This authority is subject to the following provisions:

(1) 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.

(2) 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 order of the Department of Transportation issued under them. To the extent that the holder has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including fifth-freedom intermediate and/or beyond rights) in limited-entry markets

* *This certificate is being reissued to reflect its effective date.*

unless the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.

(3) 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.

(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 applicable 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 authorized to conduct charter flights in interstate and/or foreign air transportation in accordance with the provisions of 14 CFR 212.

(8) *Should the holder propose any substantial changes in its ownership, management, or operations (as that term is 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

** *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.*

Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

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