

Served: June 17, 2002



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

Issued by the Department of Transportation
on the 17th day of June, 2002

Fitness Determination of

ARIZONA EXPRESS AIRLINES, INC.

Docket OST-01-10529

as a commuter air carrier under section 49 U.S.C. 41738

**ORDER TO SHOW CAUSE
PROPOSING ISSUANCE OF COMMUTER AIR CARRIER AUTHORITY**

Summary

By this order, we tentatively find that Arizona Express Airlines, Inc. (Arizona Express) is a citizen of the United States and is fit, willing, and able to provide interstate scheduled passenger operations as a commuter air carrier, subject to conditions.

Background

Section 41738 of Title 49 of the United States Code (“the Statute”) and section 298.21(d) of the Department’s Aviation Economic Regulations (14 CFR 298.21.(d)) direct us to determine whether companies proposing to provide scheduled passenger service as commuter air carriers are “fit, willing, and able to perform the service,” and to ensure that all operations relating to this service conform to the safety standards established by the Federal Aviation Administration (FAA). 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 a carrier’s fitness are whether the applicant: (1) will have the managerial skills and technical ability to conduct the proposed operations, (2) has sufficient financial resources to commence the operations proposed without posing an undue risk to consumers or their funds, and (3) will comply with the Statute and regulations imposed by federal and state agencies. We must also determine that the applicant is a U.S. citizen.

On August 29, 2001, Arizona Express filed an application in Docket OST-01-10529 for authority to provide interstate scheduled passenger operations as a commuter air carrier

pursuant to section 41738 of the Statute. Arizona Express accompanied its application with the fitness information required by section 204.3 of our regulations.¹

No answers were filed to the application and no other 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. Upon review of the information in the application, the safety and compliance information on the carrier received from the FAA, and other information available to us, we tentatively conclude that Arizona Express is a U.S. citizen and has met the fitness test to conduct commuter operations, subject to conditions. We will, however, give interested parties an opportunity to show cause why we should not adopt as final our tentative determination that Arizona Express is fit, willing, and able to provide scheduled passenger operations as a commuter air carrier.

The Company

Arizona Express is a corporation that was organized under the laws of the State of Arizona on August 8, 2001. Its principal base of operations is located in Phoenix. The applicant's sole shareholder is J.L. Mark, Inc.² On November 15, 2001, Arizona Express registered with the Department as an on-demand air taxi operator under Part 298 of the Department's Economic Regulations, and has been providing such services since obtaining the requisite FAA Part 135 Air Carrier Certificate in December.³ The carrier currently operates one six-seat Cessna 421 aircraft, although it anticipates adding more aircraft to its air taxi fleet in the near future.⁴ In addition to charter services, Arizona Express currently offers four weekly scheduled round trips between Show Low and Phoenix.⁵ By Order 2002-4-21, issued April 25, 2002, the Department selected Arizona Express to provide subsidized essential air services between Show Low and Phoenix, subject to its being found fit and issued commuter authority. Thus, if it is found fit, the company plans to expand its scheduled Show Low-Phoenix services to 14 weekly round trips.

¹ Arizona Express subsequently supplemented its application with additional information, most recently on May 22. In this connection, we note that the applicant requested confidential treatment under section 302.12 of our rules for portions of material filed on August 29, 2001, and January 25, 2002. By letters dated September 28, 2001, and March 7, 2002, we granted, in part, the company's requests.

² J.L. Mark, Inc., is an Arizona corporation that engages in no business activities but owns two aircraft--a three-seat Beech A-36 and a five-seat Cessna Citation. Its sole shareholder is Jeffrey L. Mark, who is a citizen of the United States.

³ The company also operates a small car rental company, Practical Rent-A-Car, in Show Low, Arizona.

⁴ These include the Beech A-36 and Cessna Citation currently owned by J.L. Mark, Inc.

⁵ Absent authority to operate as a commuter air carrier, under Part 298, an air taxi operator can provide up to four weekly round trips between two points.

FITNESS

Managerial Competence

In addition to being the company's 100 percent shareholder, Jeffrey Mark is also its Chairman and sole Director. Mr. Mark, a private pilot, is the Chairman of Mark-Taylor, Inc., a company he founded in 1985, that develops and manages upscale apartment communities in the western United States.

Daniel Hall is the President of Arizona Express. Since 1992, Mr. Hall has owned and operated three companies—Neonics, a sign company that manufactured and installed commercial signage in the Phoenix area (1994-1996), Hall-Tech, Inc., a general contracting firm (1996-1999), and Spectrum Design, a construction consulting firm (1999-2001). Mr. Hall founded Arizona Express and has been its President since August 2001.

Sean Kienle is the applicant's General Manager. His primary responsibilities involve station management and customer relations. Most recently, Mr. Kienle has been the President of White Mountain Aviators' Supply (2000-2001), a retailer of pilot supplies. His other employment includes Vice President of Priority One Records Corporation (1999-2000), and Assistant to the Chief Financial Officer of Hawkins & Campbell, a process-serving firm (1999). From 1995 to 1999, he worked with Mr. Hall in his businesses, first as an apprentice with Neonics (1995-1996) and Bookkeeper/Office Manager with Hall-Tech (1996-1999). Mr. Kienle holds a private pilot license from the FAA.

The applicant's Director of Operations since April 2002 is Bessarion Agionantonides. From 1983 until 2001, Mr. Agionantonides served as the Rector (Priest) of Saint Anthony Monastery. Mr. Agionantonides has also occupied a number of flight positions, including Captain and Instructor Pilot for Ukraine International Airlines (1994-2000), Flight Instructor for Sawyer Aviation School (1999), Arizona Chief Pilot for Medical Express (October-November 2001), and President and Chief Pilot Instructor of Romelia Aerospace (2000-2001), an FAR Part 141 training school. Mr. Agionantonides holds an FAA-issued Airline Transport Pilot license.

Mark Swartwood has been the Director of Maintenance for Arizona Express since May 2002. Mr. Swartwood holds an FAA-issued Airframe and Powerplant Mechanic license with Inspector Authorization. From January 1997 until January 2002, he served as a field mechanic for Rocky Mountain Helicopters, an air taxi operator. During this period, he also served on a part-time basis as an aircraft mechanic and inspector with Glendale Aviation, which is a Cessna service center and Part 141 flight school. From 1993 to 1996, he was a lead mechanic for Angola Aircraft Services, an aircraft repair station. From December 1992 to April 1993, he was a mechanic for Mohawk Airlines.

Randy Young also joined Arizona Express in May 2002 and is its Chief Pilot. Prior to joining the applicant, Mr. Young was a pilot with Mesa Airlines (1995-2001).⁶ Before that, he was the Partner/Co-founder, as well as an instructor, of The Flight School, a Part 61 flight school

⁶ Mr. Young left Mesa in October 2001 and was unemployed until joining Arizona Express.

(1994-1995). He also served as a captain for two Part 135 carriers, Baan Air (1993) and Trans Air (1992). Mr. Young has approximately 10,000 total flight hours, over 8,000 of which have been as pilot-in-command, and holds FAA-issued Airline Transport Pilot and Flight Instructor licenses.

We tentatively conclude that the applicant's management team is qualified to oversee the limited scheduled passenger operations the applicant proposes initially. The carrier has already obtained authority and commenced air taxi operations and is working with the FAA to upgrade its Part 135 on-demand authority to commuter status. The FAA also advises us that it has evaluated the qualifications of Messrs. Agionantonides, Swartwood, and Young and has approved them to hold their respective positions.⁷

Nevertheless, we note that the applicant's Chairman and senior managers have no prior airline management experience and that its management team, as a whole, has only limited experience with commuter air carrier operations.⁸ Were Arizona Express planning a more expansive operation than currently before us, our finding of fitness might not be the same. Therefore, if Arizona Express is issued the commuter authorization it seeks, we propose to limit any operations conducted by the applicant to those that could be performed under Part 135 of the Federal Aviation Regulations.⁹ Should the carrier wish to operate larger aircraft, it must first establish its fitness to do so.

Financial Condition and Operating Proposal

As noted earlier, Arizona Express was recently selected by the Department to provide 14 weekly round trips between Phoenix and Show Low under the Essential Air Service program. It plans to provide these services with one 9-seat Beech 1900 aircraft.¹⁰

Since Arizona Express is already operating and providing limited scheduled service in the Show Low-Phoenix market, it anticipates that additional pre-operating expenses in connection with the commencement of its commuter operations will be minimal. The carrier states that it has already paid deposits and other costs of obtaining the Beech 1900 aircraft it intends to use. Thus, the company expects that any remaining pre-operating expenses will include the costs associated with training of crews on the Beech 1900 aircraft, additional insurance costs, and some station expenses. The company estimates these expenses to be approximately \$42,000.

⁷ The FAA evaluates certain of the carrier's key technical personnel with respect to the minimum qualifications for those positions as prescribed in Parts 119 and 135 of the Federal Aviation Regulations.

⁸ As noted in the **Compliance** section of this order, the Department recently found that Arizona Express violated our rules and the Statute by holding out scheduled passenger services in excess of the four weekly flights an air taxi operator is authorized to conduct. It is not clear the extent to which the applicant's limited air carrier background may have been a factor in its actions.

⁹ In effect, this limits Arizona Express to the operation of aircraft in scheduled service with no more than nine passenger seats. The operation of larger aircraft would require the carrier to obtain a Part 121 certificate from the FAA and/or hire additional management personnel.

¹⁰ The carrier has also applied to provide essential air service at Gallup, New Mexico. If selected, Arizona Express proposes to offer those services with a second nine-seat Beech 1900 aircraft. A decision in that proceeding has not been made.

Arizona Express has also provided a first-year revenue/expense forecast in which it projects that it will incur approximately \$2.56 million in expenses in its first year of commuter operations if selected to provide essential air service at both Show Low and Gallup.

The applicant began its current air taxi operations in late December 2001. It has provided balance sheets for itself at November 20, 2001 and May 22, 2002, as well as an income statement for the period January 1 through May 22, 2002. According to these documents, Arizona Express' operations during the January 1-May 22 period resulted in a net loss of \$166,870. At May 22, the applicant had total assets of \$490,381, negative working capital of \$426,202, negative retained earnings of \$303,803 and negative stockholders' equity of \$180,806. While the applicant's total working capital deficit is considerable, we note that \$405,000 of the \$446,188 in current liabilities consists of loans from its owner. Excluding these particular obligations, the company's negative working capital is reduced to \$21,202, for a current assets to current liabilities ratio of 0.48 to 1.

Arizona Express's financial support thus far has primarily come from its current owner, Jeffrey Mark, and the company intends to continue to rely on his financial backing. Based on its forecast, Arizona Express will need \$697,354 to meet the Department's financial fitness criteria.¹¹ To this end, Arizona Express provided a letter from Mr. Mark confirming his commitment to provide the carrier with the financial resources needed to meet our financial test. Mr. Mark has also filed with us his personal financial statement as evidence of his ability to meet his commitment. Based on our review of this document, it appears that Mr. Mark has sufficient cash and/or other assets to do so.¹² In addition, we note that, in selecting Arizona Express to provide essential air service at Show Low, the Department has committed to providing the carrier with \$538,432 in subsidy payments.

In light of the above, we tentatively conclude that Arizona Express will have access to sufficient resources to allow it to conduct the limited commuter operations it proposes without posing an undue risk to consumers or their funds.¹³

Compliance Disposition

¹¹ 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 operations. In calculating available resources, projected revenues may not be used. The \$697,354 figure noted above consists of \$634,152 (which is one-quarter of the first year's projected expenses) plus \$42,000 in remaining pre-operating expenses plus \$21,202 in negative working capital owed to parties other than its owner.

¹² The applicant requested, and we granted, confidential treatment to Mr. Mark's personal financial documents. However, these documents show Mr. Mark to have assets and net worth substantially in excess of the funding requirement needed here.

¹³ As is our practice, however, prior to issuing Arizona Express effective commuter authority, we will require that the carrier provide us with updated information demonstrating that it continues to have sufficient financial resources available to it to meet our fitness criterion.

The applicant states that, except as noted herein, there are no actions or outstanding judgments against it, its owners, or its key personnel, nor have any charges of unfair, deceptive or anti-competitive business practices, or of fraud, felony or antitrust violations been brought against any of these parties in the past ten years. The applicant further states that there are no pending formal complaints filed against it, its owners or key personnel involving violations of the Statute or of the Federal Aviation Regulations.

In September 2000, a monetary judgment of \$18,000 (plus interest and court costs) was levied against Daniel Hall, the carrier's President. According to Mr. Hall, a family member charged (without Mr. Hall's permission) supplies on a commercial account for which Mr. Hall was a signatory, and then subsequently paid the vendor with a check that bounced. The vendor then sought and was granted a judgment against both Mr. Hall and the individual who wrote the invalid check. In addition, in July 2001, CCG Construction filed a civil action against Mr. Hall and his company, Spectrum Design. The suit charges that Mr. Hall and Spectrum Design entered into a contract to provide certain services to CCG in connection with a construction project, and that Mr. Hall and Spectrum did work and retained money that should have been passed through to CCG. In court pleadings, Mr. Hall/Spectrum Design have denied the allegations made by CCG and have filed a counteraction against CCG claiming that Mr. Hall and Spectrum Design are actually owed monies by CCG.

During the course of this proceeding, we received information indicating that Arizona Express may have been holding itself out as providing more than the four weekly scheduled round trips between Show Low and Phoenix it is authorized to offer without holding the commuter authority sought here. Our Office of Aviation Enforcement and Proceedings (Enforcement Office) investigated this matter and determined that the carrier did, in fact, violate our rules (14 CFR 201.5 and 14 CFR 298.21) and the Statute (49 U.S.C. 41101 and 49 U.S.C. 41712) by advertising services between Show Low and Phoenix in excess of those it was allowed to offer under its current air taxi authority. The applicant and the Enforcement Office have agreed to a settlement in this matter. Without admitting or denying the allegations, Arizona Express has agreed to a \$5,000 assessed civil penalty to conclude the case.¹⁴

Notwithstanding the above issues, we tentatively conclude that a negative finding of compliance posture for either Mr. Hall or the carrier is not necessary at this time. Mr. Hall advises that he is attempting to resolve his outstanding judgment, and no court decision has yet been issued in the remaining action.¹⁵ The carrier also states that, when advised it was violating our rules, it cooperated with the Department in this matter and took steps to correct its past errors, including retraining its personnel. Finally, while the applicant has only been

¹⁴ See Order 2002-5-9, issued May 9, 2002. Under the terms of the agreed settlement, Arizona Express is to pay \$2,500 immediately, with the remaining \$2,500 to be forgiven if the carrier does not violate the terms of the settlement within one year of the date of the order.

¹⁵ A continued failure on Mr. Hall's part to resolve his outstanding judgment and/or future findings against Mr. Hall/Spectrum Design in the CCG court case could be considered a negative indicator as to his compliance and/or that of the carrier.

providing air transportation for a few months, the FAA advises us that Arizona Express' overall operations have been satisfactory.¹⁶

Nevertheless, these matters raise some concern. For this reason, we have tentatively decided to limit the company's operating authority to a period of one year. During this time, we will monitor its compliance posture. At the conclusion of that period, and upon receipt from Arizona Express of an application for renewal of its authority along with updated fitness information, we will re-evaluate the record in this proceeding. If that evaluation demonstrates that Arizona Express has a satisfactory record of compliance, and if the applicant continues to meet our other fitness standards, we will grant the carrier either extended or permanent authority.

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 and that at least 75 percent of the outstanding voting stock be owned by U.S. citizens. We have also interpreted the Statute to mean that, as a factual matter, the carrier must actually be controlled by U.S. citizens.

Arizona Express is an Arizona corporation. It is a wholly-owned subsidiary of J.L. Mark, Inc., an Arizona corporation which, in turn, is wholly-owned by Mr. Jeffrey Mark, who is a U.S. citizen. All of the company's key management personnel are U.S. citizens. In addition, Arizona Express has provided an affidavit attesting that it is a citizen of the United States within the meaning of the Statute and that it is actually controlled by U.S. citizens. Finally, our review of the application has uncovered no information that suggests that control of Arizona Express rests with non-U.S. citizens.

Based on the above, we tentatively conclude that Arizona Express is a citizen of the United States and is fit, willing, and able to provide scheduled passenger service as a commuter air carrier, subject to conditions.

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 that persons objecting to our tentative findings and conclusions will support their objections with relevant and material facts. 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 the applicant's fitness and commuter authority.

¹⁶ FAA personnel advise us that the applicant has been working cooperatively with that agency in connection with its current operations and its pursuit of the additional authority needed to conduct the commuter operations it proposes.

EFFECTIVE COMMUTER AUTHORIZATION CONDITIONS AND LIMITATIONS

In the event that we find Arizona Express fit, willing, and able to conduct the proposed commuter service, we will issue to it a Commuter Air Carrier Authorization. However, that authorization will not become effective until the carrier has fulfilled all of the requirements for effectiveness as set forth in the Terms, Conditions, and Limitations attached to its authorization.¹⁷ Among other things, this includes our receipt of evidence that the carrier has been issued Operations Specifications by the FAA authorizing scheduled passenger service under Part 135 of the Federal Aviation Regulations, evidence of liability insurance coverage that meets the requirements of Part 205 of our rules for commuter air carriers, and evidence that Arizona Express continues to have adequate financial resources available to it.

Moreover, as noted earlier, our current findings on the company's fitness may not hold true if it were to significantly change the scope of its operations, including the operation of larger aircraft. Therefore, we will limit the carrier's commuter authority to the operation of aircraft that can be operated under Part 135 of the Federal Aviation Regulations (in effect, aircraft with not more than nine passenger seats). In order to more closely monitor its compliance disposition, we will limit the applicant's commuter authority to a period of one year, such one-year period to start on the effective date of the commuter authorization. Should Arizona Express choose to renew its commuter authority, it will be required to submit updated fitness data with its renewal application.¹⁸ We will then review all of this material prior to making a decision on whether permanent or extended authority should be granted.

Finally, we remind Arizona Express of the requirements of 49 U.S.C. 41110(e). Specifically, that section requires that, once a carrier is found fit initially, it must remain fit in order to hold its authority. To be assured that commuter 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. In this regard, should Arizona Express propose any substantial changes in its ownership, management, or operations, it must first comply with the requirements of section 204.5 of our rules.¹⁹ The

¹⁷ We also reserve the right to stay the effectiveness of Arizona Express' authority if any new information becomes available to us that warrants such action.

¹⁸ Arizona Express will be directed to file any renewal request with the Department at least 45 days prior to the one-year expiration date and to provide us with updated information on any changes in its ownership, key personnel, compliance history, operating plans, or financial posture which it may have undergone between the issuance of its temporary authority and the filing of its application for renewed authority.

¹⁹ The carrier 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 carrier fails to file the information or if the information fails to demonstrate that the 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 carrier's commuter authority.

compliance of the company with this requirement is essential if we are to carry out our responsibilities under the Statute.²⁰

ACCORDINGLY:

1. We direct all interested persons to show cause why we should not issue an order finding that Arizona Express Airlines, Inc., is fit, willing, and able under 49 U.S.C. 41738 to provide scheduled passenger service as a commuter air carrier.
2. We direct any interested persons having objections to the issuance of an order making final any of the proposed findings, conclusions, or the award of authority set forth here to file them with Department of Transportation Dockets, 400 Seventh Street, SW, Room PL-401, Washington, D.C. 20590, in Docket OST-01-10529, 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.
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.²¹
4. 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 set out here and awarding Arizona Express Airlines, Inc., a Commuter Air Carrier Authorization, subject to the attached specimen Terms, Conditions, and Limitations.
5. We will serve a copy of this order on the persons listed in Attachment A.
6. We will publish a summary of this order in the Federal Register.

By:

READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

²⁰ We also remind Arizona Express about the requirements of section 204.7 of our rules. This section provides, among other things, that (1) the commuter 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 commuter 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.

²¹ Since we have provided for the filing of objections to this order, we will not entertain petitions for reconsideration.

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



Specimen
Terms, Conditions, and Limitations

ARIZONA EXPRESS AIRLINES, INC.

is authorized to engage in scheduled passenger air transportation operations as a commuter air carrier.

This authority is subject to the following provisions:

- (1) The authority to conduct scheduled passenger operations 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).*
 - (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 issue tickets for interstate scheduled passenger operations exceeding four round trips per week in any one market.*
- (3) The holder shall at all times conduct its operations in accordance with the requirements of 14 CFR Part 298 and any other regulations prescribed by the Department of Transportation for the services authorized here, 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 is limited to aircraft that can be operated under Part 135 of the Federal Aviation Regulations.*

- (5) *The holder's authority is effective only to the extent that such operations are also authorized by the FAA, and comply with all Department of Transportation requirements concerning security.*
- (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 this authority 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 authority.*
- (8) *The holder shall maintain in effect at all times with the Department of Transportation current information on OST Registration Form 4507.*
- (9) *In the event that the holder receives effective scheduled passenger authority, the following additional conditions will apply:*
- (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.*
- (10) *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.*
- (11) *In the event that the holder does not commence actual flying operations as a commuter air carrier under this authority within one year of the date of the Department's determination of its fitness, its commuter authority shall be revoked for dormancy. Further, in the event that the holder commences but subsequently ceases all scheduled passenger operations, the authority granted here 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 such operations within one year of its cessation, its commuter authority shall be revoked for dormancy.*
- (12) *The authority contained herein shall expire [one year after the effective date].*

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