Aeronautical Repair Station Association June 30, 2012 Alexandria, VA www.arsa.org

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Sarah Says

Meeting together in harmony

By Sarah MacLeod, ARSA Executive Director

Your Association's managing and executive directors were honored to be presenters at this year's Federal FAA, European Aviation Safety Agency (EASA) and Transport Canada Civil Aviation (TCCA) meeting. The agencies meet once a year, alternatively in Europe and the United States, to review bilateral agreement issues and listen to industry.

These meetings have been taking place for years and the issues discussed remain basically the same—use of government forms (i.e., the FAA Form 8130-3, EASA Form 1 and TCCA Form 24-0078), the definition and availability of instructions for continued airworthiness, acceptance/validation procedures—to name just a few. However, the real difficulties are more basic than the issues debated during these meetings. The problems faced by industry will not be solved by the government, while the problems faced by the government could be solved by the industry.

The problems faced by the industry are directly associated with several very basic issues. First and foremost, ignorance of the difference between the government's role and the industry's—the government does not and should not make business decisions or base its decisions on business relationships. The aviation safety agency must be focused on its mission, ensuring proper controls of business relationships in the interest of safety. Business can protect its interests by understanding, adhering, and distinguishing between commercial decisions and the basic safety requirements.

The second basic problem is that industry will never work at the government's speed; the government will take years to address what businesses must decide today. If the industry wishes the government to act faster, it must do the agency's job, that is draft the rulemaking, advisory or policy document(s) and persistently request action.

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Sarah Says, continued

In the meantime, the industry must ensure its business relationships do not create conflicts with regulatory compliance. Deliveries and determinations of compliance must be made within the regulatory requirements at the time and cannot be based upon past or anticipated regulations or interpretations.

The discussions during this year's meeting were civilized and rosy; no actions were really taken on the on-going issues. The gathering is certainly important to the industry and governments, but the substantive work must continue to go on "behind" the scenes so each year's meeting will be harmonious.

Legal Briefs

FAA ICA policy, part III

By Craig Fabian, ARSA Vice President of Regulatory Affairs & Assistant General Counsel

Like the last two installments of Legal Briefs, this month's article centers upon basic issues surrounding instructions for continued airworthiness (ICA). As you may recall, the series began with an overview of the FAA's recent policy statement opposing ICA usage limitations followed by a discussion of the ICA information required by existing regulations. The FAA policy statement noted that any language or special agreement attempting to limit distribution and/or usage of ICA is trumped by regulation, and not allowed; the detailed ICA content requirements are focused on including information essential to the continued airworthiness of the aircraft (14 CFR part 23, 25, 26, 27, 29 or 31), aircraft engine (part 33) or propeller (part 35), such as scheduling information for periods at which each part of the airplane and its engines, APU, propellers, accessories, instruments, and equipment should be cleaned, inspected, adjusted, tested, lubricated, and the degree of inspection, applicable wear tolerances, and work recommended at those periods, along with recommended overhaul periods and inspections necessary for the continued airworthiness of the airplane.

In addition to the FAA policy, and design certification requirements to create and furnish detailed ICA, the final leg of the stool rests upon the fact that such information is essential to airworthiness for the work performed by maintenance providers. For repair stations, 14 CFR § 145.109(d) states that documents and data necessary for the performance of maintenance in accordance with part 43 are required. The maintenance performance rules in part 43 specifically state that each person performing maintenance "shall use the methods, techniques, and practices prescribed in the current manufacturer's maintenance manual or Instructions for Continued Airworthiness prepared by its manufacturer, or other methods, techniques, and practices acceptable to the Administrator, except as



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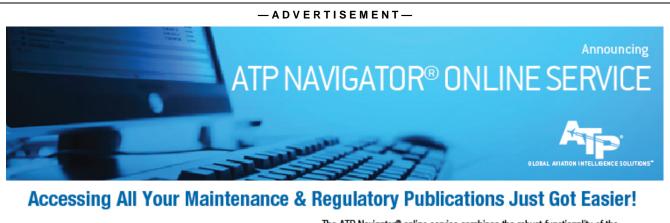
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Legal Briefs, continued

noted in §43.16." Clearly, the current manufacturer's maintenance manual or ICA are the criterion by which other methods, techniques, and practices are measured. That is, although equivalent, or better, methods, techniques or practices can be used (i.e., those acceptable to the Administrator), the "default" position in the rule is that the manufacturer's maintenance manual or ICA must be followed. The reference to § 43.16 [airworthiness limitations] strengthens the point; that section removes the flexibility of using other methods, techniques and practices acceptable to the Administrator when performing an inspection or other maintenance specified in the airworthiness limitations section of a manufacturer's maintenance manual or ICA. In other words, the airworthiness limitations section of a manufacturer's maintenance manual or ICA must be followed unless a separate FAA-approval has been obtained. Quite simply, the rules governing the performance of maintenance inherently rely upon the manufacturer's maintenance manual or ICA as the primary source of information essential to continued airworthiness.

In terms of ICA, the FAA regulations for design and maintenance fit together perfectly; to obtain FAA design approval, detailed ICA must be developed and distributed, and the ICA must be followed by maintenance providers when they are performing work. Either way, the regulatory purpose for requiring ICA is to ensure the continued airworthiness of the design, and arguments to the contrary go against the plain language, and spirit, of the regulations. The rules do not provide for subsets of maintenance information that are not ICA, and yet are so essential to restoring continued airworthiness that their absence would preclude a maintenance provider from performing the work.

Next month, we will tie the basis of the ICA regulations to the law chartering the FAA; the detailed rules are directly based in those statutory requirements.





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Regulatory Lookout

The old and the new: ARSA takes a look at FAA's rewrite of 145

On May 21, 2012, the Federal Aviation Administration (FAA) issued a notice of proposed rulemaking (NPRM) that would significantly revise 14 CFR part 145, the regulation governing aviation maintenance repair stations.

While ARSA is still analyzing its implications, its staff has completed a side-by-side comparison and a red-lined version of the current vs. proposed rule.

Among other things, the NPRM preamble asserts that the proposed rule would—

- Reduce the ratings system from eight to five by combining "radio", "instrument" and "accessory" ratings into one "component" rating.
- Add a question to the repair station application inquiring whether the applicant held a repair station certificate that had been or is currently in the process of being revoked.
- Require that applicants have equipment in place and available for inspection during the certification process. (Currently, the repair station can meet the equipment requirement by having a contract ensuring the equipment is available when the relevant work is performed.)
- Require that the FAA "accept" a certificate for surrender (otherwise, the certificate would remain effective for administrative and enforcement purposes, even if the certificate holder ceased operations).
- Define capability list requirements, institute new processes for adding articles to the capability list, and require repair stations with a capability list to review it at least every two years.
- Revise the definition of line maintenance (according to the NPRM's preamble, the new definition would reinforce that line maintenance is performed for air carriers, is generally performed at the ramp, parking area, or gate and typically does not exceed 24 continuous hours per aircraft).
- Add a section prohibiting fraudulent or intentionally false entries in repair station records or the fraudulent reproduction or alteration of records or reports.
- Add sections to define operations specifications, provide procedures for initiating changes to operations specifications, and clarify that repair station operations specifications are not part of the repair station certificate.
- Require both "suitable and permanent" housing and provide an exception to facilitate repair stations
 with a limitation to perform line maintenance for air carriers.
- Allow a repair station to use multiple fixed locations if appropriate criteria are met.
- Allow a satellite repair station to hold a rating not held by the certificated repair station with managerial control.
- Require a satellite repair station to submit the same repair station manuals as the repair station with managerial control and identify any processes or procedures unique to the satellite.
- Require supervisory personnel, inspection personnel, and personnel authorized to approve an article for return to service to understand, read, write, and speak English.
- Require that the repair station roster include the types of maintenance performed in past positions for each employee listed.
- Require human factors and part 145 regulatory training.

The FAA proposes retaining the current regulations (with revisions to accommodate the transition) appended with the proposed regulations for 24 months after the effective date. New applicants or those that apply for a certificate change after the effective date must comply with the new rule while repair stations already certificated would have 24 months to show compliance.

The Association's initial analysis indicates that the agency may be complicating its rule at a time that simplification would enhance the FAA's compliance and enforcement posture. An example is the FAA's reasoning that since everyone is providing it a "letter of compliance", it should be part of the regulation. The agency apparently has forgotten that it specifically removed that requirement from its rule during the last proposal/final rule but failed to remove the "requirement" for the letter of compliance from its "guidance" documents. Therefore, inspectors "required" the letter even though the regulation did not; hence, applicants "always" provided the document. The Association does not appreciate nor accept hypocritical reasoning; it will again protest the "requirement" for another piece of paper merely because "it has always been done that way."

Additionally, the agency is proposing to remove operations specifications from the certificate, making them a separate "requirement" because there has been "confusion" over their use. The "confusion" arose only since the FAA "automated" the operations specifications. The people that created the automated system were only familiar with air carrier operations specifications that are specifically NOT part of the airline's certificate. To add a burden to small repair stations because the agency misunderstood its own longstanding rule is not a justifiable reason to change the requirement.

On the positive side, the proposed rating system has simplified the method for issuing the original rating, but the capability list must be carefully studied to ensure it is flexible without being burdensome to either the agency or the industry.

ARSA methodically reviews proposed regulations to ensure every nuance is appropriately addressed in its comments. Having completed an initial review of the changes, the Association is now combing through the proposed rule to ensure its comments recommend a consistent and common-sense approach that would benefit both industry and aviation safety.

After completing this analysis, ARSA will file its comments with the agency. The Association encourages members to submit their own suggestions. Comments are due Aug. 20, 2012.

Huerta faces confirmation panel for top FAA spot

On June 21, the Senate Commerce, Science, & Transportation Committee considered Michael Huerta's nomination to serve as the next FAA administrator. The panel grilled Huerta on air traffic controller oversight, pilot fatigue rules, and NextGen implementation, but recessed indefinitely before the hearing concluded for votes.

Despite some tough questions, none of the committee members publicly expressed opposition to Huerta, and many complimented his FAA tenure. He has been acting administrator of the agency since Dec. 5, 2011. Prior to leading the FAA, Huerta served as deputy to Babbitt.

It is unknown when Huerta's nomination vote will take place. While there is currently no public opposition to Huerta, Republicans may be reluctant to move prior to the November election. The position is a five-year term and GOP senators would prefer to wait for the outcome of the presidential election before confirming an FAA chief that would be able to serve through the first four years of a possible Romney administration.

One factor that may work in Huerta's favor is his familiarity with the Republican presidential candidate. Huerta served as managing director of transportation communications for the 2002 Olympic Winter Organizing Committee, which Romney chaired.

Final Documents/Your Two Cents

"Final Documents": This list includes Federal Register (FR) publications such as final rules, Advisory Circulars (ACs), policy statements and related material of interest to ARSA members. For proposals opened for public comment, see "Your Two Cents." The date shown is the date of FR publication or other official release.

"Your Two Cents": This is your chance to provide input on rules and policies that will affect you. Agencies must provide the public notice and an opportunity for comment before their rules or policies change. Your input matters. Comments should be received before the indicated due date; however, agencies often consider comments they receive before drafting of the final document begins.

"Final Documents" and "Your Two Cents" are available at http://www.arsa.org/FDYTC.



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A Member Asked

By Craig Fabian, ARSA Vice President of Regulatory Affairs & Assistant General Counsel

Q: We are a U.S.-based repair station with EASA Part-145 approval; recently a question arose regarding the need to reference Executive Decision 2007/004/R on the FAA/EASA dual release 8130-3 when using data developed by a "non-design approval holder." There are differing opinions in the industry about the reference to 2007/004/R in MAG Section B, paragraph 8(b)(1) regarding automatically approved data and what should appear on an FAA/EASA dual release when such data is used. Should the Executive Decision be referenced?

A: The "limitations" paragraph that appears in MAG Section B, paragraph 8(b)(1) is confusing. Before the current EU/US Agreement was in force, it was clearer that the use of "automatically approved data" meant that a reference to the Executive Decision should be made on an FAA/EASA dual release 8130-

3 (see MIP-G, Appendix 1, paragraph 8(1)). Since we were unsure of the continued need to make reference to an Executive Decision with the EU/US Agreement in place, we contacted EASA for clarification.

In response, EASA stated that the reference to Executive Decision 2007/004/R "is needed in all cases covered by [MAG Section B] item 8(b)(1) which covers Automatically Approved Data for repair design data developed by U.S. organisations/persons for use on EU-registered aircraft and related articles."

That said, EASA also mentioned that it intends to propose a change in the next MAG revision to reference the Technical Implementation Procedures (TIP) of the current EU/US Agreement instead of the Executive Decision. Therefore, in the near future, it may be necessary to reference the TIP instead of the Executive Decision on an FAA/EASA dual release 8130-3 when automatically approved data is used. In the meantime, the Executive Decision should be referenced when any automatically approved data covered by MAG Section B, paragraph 8(b)(1) is used.

Quality Time

Employment Law & Repair Stations

Transgender discrimination and Title VII: An evolving law

By Jonathan W. Yarbrough, Constangy, Brooks & Smith, LLC, 80 Peachtree Rd., Ste. 208, Asheville, NC 28803-3160. © Copyright 2012 Jonathan W. Yarbrough ALL RIGHTS RESERVED

Jonathan is experienced in representing employers in employment law issues; his pragmatic approach can also help keep relationships with employees from becoming difficult. Please contact him for questions regarding employment relationships.

In 1977, in a case of first impression, the court found that because "Congress had only the traditional notions of 'sex' in mind, Title VII of the Civil Rights Act was intended to protect women as a class, not transgender persons." That opinion was generally accepted in 1982 when another court found that "discrimination based on one's transsexualism does not fall within the protective purview of the [Civil Rights] Act." Again in 1984, another circuit court noted that "a prohibition against discrimination based on an individual's sex is not synonymous with a prohibition against discrimination based on an individual's sexual identity disorder or discontent with the sex into which they were born."

Now, in 2012, the Equal Employment Opportunity Commission recently announced that it would recognize transgender discrimination as a violation of Title VII of the Civil Rights Act. Gender, the EEOC reasoned, included not only a person's biological sex but also the "cultural and social aspects associated with masculinity and feminity." The case arose when a then male police officer applied for a position with ATF and was essentially assured the job. However, while a background check was being completed, she informed the employer that she was in the process of transitioning from male to female and requested that ATF change her name and gender. Five days later she was informed that the position was no longer available due to budget reductions. The position had, in fact, been filled by another candidate. The claim was brought on the basis of "gender identity, change of sex, and/or transgender status." It was in this context that the EEOC determined that the case presented a viable claim of sex discrimination under Title VII.

This shift in the interpretation of Title VII actually began with a case that had nothing to do with transgender or transsexuals. The case was decided in 1989 and involved a female accountant who was passed over for partnership at her firm because she did not match her employer's stereotype of women. The Court observed that "we are beyond the day when an employer could evaluate employees by assuming or insisting that they matched the stereotype associated with their group, for in forbidding

employers to discriminate against individuals because of their sex, Congress intended to strike at the entire spectrum of disparate treatment of men and women resulting from sex stereotypes."

Courts then began to embrace the "sex stereotyping" theory. In a 2004 case, the court found that a transgender woman had successfully pleaded a Title VII sex discrimination claim because "[s]ex stereotyping based upon a person's gender non-conforming behavior is impermissible discrimination." In this case the employee was suspended after informing her supervisor that she intended to transition from male to female. The court reasoned that just as discrimination against women for not wearing dresses or makeup is discrimination on the basis of sex, "employers who discriminate against men because they do wear dresses and makeup, or otherwise act femininely, are also engaging in sex discrimination, because the discrimination would not occur but for the victim's sex."

Finally, in 2008, one court found that a plaintiff was entitled to judgment based not only on a sex stereotyping theory, but also on the plain language of Title VII. The court concluded that earlier cases that had excluded transgender individuals from coverage under Title VII was "no longer a tenable approach to statutory construction."

Beyond the decision of the EEOC to recognize transgender discrimination as a violation of Title VII, Congress has before it legislation that would ban LGBT (Lesbian, Gay Bisexual, Transgender) employment bias. Under the bill, "gender identity" would be defined as "the gender-related identity, appearance, or mannerisms or other gender-related characteristics of an individual, with or without regard to the individual's designated sex at birth."

The bottom line is that any employer who employs 15 or more employees and who is found to discriminate against a LGBT applicant or employee may be liable under Title VII's prohibition against discrimination based on "sex."



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The Next Generation of Aircraft Technicians

Providing real experience for students

By Raymond Thompson, Western Michigan University, College of Aviation, 237 N. Helmer Rd., Battle Creek, MI 49037 © Copyright 2012 Raymond Thompson ALL RIGHTS RESERVED.

Raymond Thompson is president of the Aviation Technical Education Council and associate dean of the College of Aviation at Western Michigan University. A long-time mechanic and commercial pilot, he has been involved in technician education in the U.S. and Middle East since 1983.

Editor's Note: This is the sixth in a series of articles from Mr. Thompson in which he provides information on supporting aviation maintenance technician schools (AMTS) and the next generation of mechanics.

Educating and training new aviation maintenance technicians is a complex task. Every school possesses unique strengths, usually related to the needs of the local employers who want graduates that are immediately productive. While there are a number of uniform skills addressed by all schools, as work becomes more specialized, it is difficult to produce graduates that fit the exact needs of all employers. However, many schools add specialized content to better prepare their students to meet the demands of local employers.

How else can AMTs create workforce ready graduates? The answer is simple – provide real experience through internship programs.

Many schools, and likely your company, have internship programs. Well-structured internship programs provide students with industry experience, along with career mentoring and guidance. Internships range in length from three to twelve months, with the average intern serving about six months in a full or part-time capacity.

The purpose of an internship is to provide the student with real aviation experience to develop skills and knowledge. For employers, interns should not be viewed as inexpensive labor, but rather as a source of energy and ideas during what is effectively a long job interview. Companies and schools generally work together to define the scope of the internship and methods of evaluation. This allows the student to refine his/her career path.

Internships are highly beneficial for students. They gain valuable experience that no classroom or laboratory can duplicate. Students move from learning discrete pieces of knowledge to an understanding of how the aviation safety system for maintenance works. Students are able to interact with potential employers and build professional networks.

For employers, interns are a method for evaluating potential employees and future involvement with the AMT. Since students usually do not have 'history' working against them, they tend to approach work with fresh eyes, developing innovative solutions. New hires are expensive to on-board and being able to preview a person's work habits, attitude and aptitude pays large dividends. Interns often develop strong loyalties to the host company and often hope to work for their host in the future.

Internships are a win-win-win for the student, employer, and school. So why are there so few students participating? Again, the answer is simple – cost. Regardless of whether an intern is paid or unpaid, all internships impose cost to the student and the employer. Students may be required to travel to the internship site and incur living expenses. To participate, classes have to be taken later which may increase overall educational cost. Many times, students are interested in an internship opportunity but cannot afford to participate for a variety of reasons.

Beyond deciding whether an internship will be a paid or unpaid position, employers face additional considerations. A company's liability policy may require that all workers be official employees. There may

also be intellectual property and/or export rules that affect whether a student is eligible to participate in certain functions. There are also compliance costs to consider. Even with unpaid internships, company personnel need to spend time mentoring and supervising an intern, which carries a cost.

Ideally, all students should participate in some type of internship or real world work experience. Schools and industry must work together to make this happen. Whether this is something during the educational process or some type of post-graduation intern or apprenticeship, such as the Bridging The Gap concept mentioned in earlier articles, providing students with real work experience is a winning situation Let's find a way to make this happen for every AMT student.



The ATA e-Business Program is pleased to announce the latest revision of **iSpec 2200**: *Information Standards for Aviation Maintenance* (Revision 2012.1). Key highlights for this revision include:

- Revises guidance for placement of graphic IDs
- Establishes sentence case as the standard for illustration note statements
- Removes the DTD structure charts
- Updates several DTDs to include tags to identify regulatory-controlled data

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Legal Waypoints

A case study in trade secrets: AvidAir v. Rolls-Royce

By Steven E. Pazar, Attorney at Law, 11 Carriage House Lane, Boxford, Massachusetts 01921. © Copyright 2012 Steven E. Pazar ALL RIGHTS RESERVED.

Steven is an experienced counselor to businesses operating in high-risk industries, including aviation. He provides templates, tools and training to improve contracting efficiency, close deals faster and control costs.

Reading case law isn't just for attorneys. If you are part of the aviation industry, *AvidAir Helicopter Supply, Inc. v. Rolls-Royce Corporation (8th Cir. 2011)* is a must read. Decided December 13, 2011 the case provides an excellent summary of several important intellectual property concepts, including rights to proprietary documents and "trade secrets" contained in most overhaul manuals and technical bulletins – in this instance technical documents made available to Rolls-Royce Model 250 engine Authorized Maintenance Centers (AMCs). The brief summary below focuses on one of the key legal concepts address by the court in the appeal.

Background: In the underlying actions Rolls-Royce sought damages and injunctive relief for alleged trade secret violations by AvidAir related in large part to its use of certain AMC Overhaul Information Letters (or "Distributor Overhaul Information Letters or DOILs" as they are referred to in the case). AvidAir sought a declaration that the DOILs were not protected by trade secret law. For historical reasons AvidAir was able to acquire many early versions of certain DOIL's but not the latest revisions necessary to stay up to date with the relevant overhaul procedures. In more recent years Rolls-Royce limited distribution of updated DOIL's to AMCs and included a proprietary rights legend on most of its

technical information. AvidAir was not an AMC and argued that the modifications in the latest DOILs were substantially the same as earlier, publically available versions. The district court ruled in favor of Rolls-Royce, finding that most but not all of the information at issue was a protected trade secret. Subsequently, a jury awarded Rolls-Royce \$350,000 and ordered AvidAir to return the protected documents. It is in part from this result that AvidAir filed the appeal which is the subject of the December 2011 ruling.

Do the technical documents constitute a trade secret?

Under the Uniform Trade Secret Act, a trade secret is: "information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy."

Regarding the first part of the test, the court found that the DOILs were compilations - compilations of both publically available information and new proprietary information. Compilations of this type can be valuable so long as the combination affords a competitive advantage. AvidAir argued that the DOILs cannot provide independent economic value because there is only a trivial amount of "new" information. The company argued that no engineering advances were present in the newer revisions. The court found that the existence of a trade secret is determined by the value of the secret not the merit of the technical improvements. "The value of the Rolls-Royce documents is apparent when a shop is required to certify the return to service for an overhauled engine."

Regarding the second part of the test, while Rolls-Royce's efforts to maintain secrecy must be reasonable they need not be overly extravagant or absolute. "It was undisputed that all the technical documents in question were labeled with proprietary rights legends. Though AvidAir claims the documents were 'freely available', in the industry, it failed to present any evidence that Rolls-Royce actually distributed them to a party not bound by confidentiality agreements."

In the final analysis the court of appeals affirmed the judgments of the district court in favor of Rolls-Royce. Please feel free to contact me by email if you would like a copy of the decision. It is well worth reading in its entirety.

Editor's Note: Avid Air has filed a petition with the United States Supreme Court requesting that the high court further review the matter. For more information on this case and ARSA's response please see the related story, "ARSA asks Supreme Court to intervene on ICA availability" in this edition of **the hotline**.

Support ARSA's Positive Publicity Campaign

It's no secret; the contract maintenance industry suffers from an image problem. Years of baseless attacks have created a hostile media environment, and worse yet, has blinded some lawmakers and portions of the public to the benefits of aviation contract maintenance.

ARSA's Positive Publicity Campaign (PPC) confronts these challenges; its message is clear: repair stations make air travel safer, create air carrier efficiencies, contribute to the economy, and generate jobs.

PPC resources support industry economic impact studies, defend the industry in the national media, and monitor media coverage. All industry stakeholders are asked to support the campaign through a financial contribution. Make your pledge today!

A map to the election law minefield

Your campaign contributions help determine who's calling the shots in Washington, but there are some things you need to know to stay out of trouble

By Christian A. Klein, executive vice president, ARSA

If you care about the issues facing the country and your industry – rising debt, tax uncertainty, underinvestment in infrastructure, regulatory overreach, etc. – it's important that you help decide who's calling the shots on Capitol Hill and in the White House. Voting is one way to do that, writing a campaign check is another. With the average House race costing around \$1 million, your financial support is critical to helping like-minded candidates get their messages out to voters. As you wade into Campaign 2012, here are some basic rules to keep you out of trouble:

Who can give? All money contributed to federal campaigns must come from individuals who are either U.S. citizens or lawful permanent residents (i.e., "green card" holders).

An individual can contribute to a campaign directly or give money to a political action committee (PAC), which collects money from multiple individual donors and distributes those funds to candidates who share the PAC's political philosophy.

How much can you give? Federal election laws impose limits on how much individuals can contribute. Some of the limits are indexed for inflation, some aren't. Some limits are based on a two-year election cycle, others are annual. The current limits are:

- \$2,500 per congressional candidate *per election* (primary and general elections count as separate elections, so you could give up to \$5,000 this cycle to a Senate or House candidate running in 2012);
- \$30,800 per national political party committee per calendar year;
- \$10,000 per state, local, and district party committee per calendar year (combined limit);
- \$5,000 per political action committee per calendar year; and
- \$117,000 in total contributions *over a two-year election cycle* with a limit of \$46,200 to all candidates and \$70,800 to all PACs and parties.

Husbands and wives have separate contribution limits. If you're married, assuming certain protocols are followed, you can write checks out of the same bank account for double the contribution limits indicated above, even if one of the spouses doesn't work outside the home.

No corporate contributions. Corporations (including nonprofits like ARSA), banks, and labor unions can't make direct contributions to candidates from their general treasury funds. In other words XYZ, Inc. can't write a check to Bob Smith for Congress. Under the recent *Citizens United* Supreme Court ruling, those prohibited entities can, however, make independent expenditures (i.e., pay for ads) to influence elections. They can also set up and administer PACs to advance their political agendas. The ban on corporate contributions also means that corporations can't reimburse owners and employees for contributions they make to candidates or PACs.

But certain businesses can support candidates. Partnerships and limited liability companies (LLCs) can make contributions to candidates and PACs. However, LLCs can't contribute if they're publicly-traded or are treated as corporations for tax purposes. Also, individual owners of the partnership or LLC must remain personally responsible for the contribution (i.e., it has to be attributed to an owner or owners as income). Contributions by partnerships and LLCs also count against the overall contribution limits of participating partners.

Be careful about doing campaign work on company time. You may want to do more than just contribute and actually help the campaign in other ways (raising money, organizing a campaign event, etc.); be careful about doing so at work. The Federal Election Commission (FEC) has said that it's okay to make "incidental" use of company time and facilities (assuming the company doesn't mind!), but that if it exceeds more than one hour per week or four hours per month, you have to reimburse the company at a commercially reasonable rate. That reimbursement counts against your contribution limits.

No quid pro quo. Remember that it's inappropriate – and illegal – to ask a candidate to do something in exchange for a campaign contribution. While there's nothing wrong with discussing substantive issues or ask questions about a candidate's positions at a campaign event, telling a candidate that your contribution is dependent on them doing something specific (e.g., voting for or cosponsoring a bill) could be considered bribery and subject you to criminal prosecution.

The foregoing is just a cursory look at some of the most common campaign finance issues since this article does not constitute legal advice. If you have questions, consult an attorney or the FEC website, which has a wealth of information to help you stay out of trouble. The FEC's "Questions & Answers" page is a great place to start: http://www.fec.gov/ans/answers.shtml. Another great resource is the Citizens Campaign Guide Brochure: http://www.fec.gov/pages/brochures/citizens_guide_brochure.pdf.



Staples Business Advantage, which is **free to join for ARSA members in good standing**, offers a top-level customer service program designed to reduce your total cost to acquire office supplies, including cleaning, break-room and related industrial supplies to furniture and even electronics.

ARSA Action

Honor Charlie Taylor

Association joins effort to recognize Taylor upon Udvar-Hazy Center's "Wall of Honor"

ARSA is teaming up with the Aircraft Maintenance Technicians Association (AMTA) to help honor one of the aviation's great heroes, Charles E. "Charlie" Taylor. ARSA is supporting efforts to recognize Charlie, the first aviation technician, with an inscription on the "Wall of Honor" at the Smithsonian's Steven F. Udvar-Hazy Center.

Nearly forgotten by history, Charlie designed and built the first aircraft engine, and served as the Wright brothers' mechanic. Charlie worked with the Wright Brothers from 1901 – 1911, providing important guidance and skilled service in ushering humanity into the era of flight.

ARSA is partnering with AMTA to ensure that Charlie is listed among other aviation legends like the Wright brothers, Jimmy Doolittle, and Amelia Earhart.

ARSA and the AMTA are asking for your help to raise \$10,000 by July 31, 2012 to include Charlie among the wall's patrons, the highest honor.

AMTA will purchase the largest size letter that the raised funds will provide. The Smithsonian has established the following donation rates:

- \$5,000 Air & Space Benefactor (3/4" letters)
- \$10,000 Air & Space Patron (1" letters)

Currently, the AMTA has raised \$5,365. This guarantees that Charlie's name will be inscribed in 3/4 inch letters.

Help ensure that Charlie is given the highest possible honor. As our industry's original unsung hero, let's put Charlie in his proper place among aviation's more recognized names, for without Charlie's ingenuity in building the first engine, the famous December flight at Kittyhawk would have never happened.

AMTA is collecting the donations for this important effort. No donation is too small (or large), so please make your donation today.

For more information, please visit AMTA on Facebook.

To demonstrate your support for Charlie, click here to go to the AMTA website. On the AMTA site click "craft and profession C.E.T. bust donation" and scroll down to the PayPal link. On the PayPal donation page, note "Wall of Honor" in the box marked "purpose."

ARSA donated \$500 to this endeavor, and the Association hopes you too will help honor Charlie. With your support, Charles E. Taylor will no longer be remembered as aviation's original unsung hero, but rather as one of its greatest icons.

Members of the Association may display the Member Web Badge on their company Web site. Contact arsa@arsa.org for information.



ARSA asks Supreme Court to intervene on ICA availability

Points out that federal agencies must recognize their own regulations

On June 11, ARSA filed an *amicus curiae* (friend of the court) brief with the United States Supreme Court. In doing so, ARSA provided background for the FAA regulations requiring maintenance instruction availability, and pointed out that the FAA cannot ignore the plain language of those regulations. As a result, ARSA emphasized existing Supreme Court legal doctrine supporting Court intervention in the matter.

"The FAA does not have discretion in enforcing its own rules," said ARSA Executive Director Sarah MacLeod. "ARSA is simply pointing out that a federal agency must follow its regulations and the federal courts must ensure that the public has redress when an agency choses to blatantly disregard its own rulemaking."

ARSA's concerns arise from the FAA's ongoing neglect for the plain language of the rules, mandated by federal statute, requiring that design approval holders (DAHs) make technical information available regarding the performance of maintenance, preventive maintenance, or alterations. This requirement ensures that owners of aircraft and those servicing aircraft have access to the latest and most recent information for maintaining aircraft and are critical for guaranteeing flight safety.

Unfortunately, the FAA has ignored instances of noncompliance involving the unavailability of such maintenance information. This situation creates a dilemma for maintenance providers who are required to comply with the technical instructions. Without FAA enforcement, parties are left to argue commercial aspects in accessing such information, despite the clear regulatory requirements.

"The FAA cannot simply turn a blind eye to its own rules, especially those mandated by federal law," ARSA notes in its brief.

Click here to view ARSA's brief online.

Positive Publicity Corner

Forging a path with proactive strategies

By Jason Langford, ARSA director of communications

Last month this column provided an overview of what the PPC has achieved so far – public opinion research, economic research, media surveys, and expanded outreach. This month, it will look at the opportunities that lie ahead for the Association in the coming months.

ARSA's is updating its data to provide figures on the economic and employment impact of aviation maintenance. The data is the key to communicating the industry's value to its audiences. Revitalizing this research is one of the PPC's top goals for 2012. ARSA has received research proposals from several companies and is analyzing their value.

The campaign has launched its speakers bureau of industry experts that will provide insights and guidance to the media on maintenance issues. The bureau met on June 6 for media training and messaging to ensure an informed perspective on the maintenance industry and to become better equipped to handle inquiries.

The campaign has developed to the point it is providing ARSA with a media team that executes proactive strategies. The team is getting the word out about the benefits of the civil aviation maintenance industry. The advanced planning and strategic development for significant media events will help guide the development of stories. When the DOT-OIG audit on repair stations is issued, we will not merely be reacting to messages from others.

Help the PPC achieve even more by joining the leading companies already supporting ARSA's efforts. To help the campaign realize further success, pledge your company's support today!

If you have any questions about the PPC or would like to pledge your support for the PPC contact ARSA Director of Communications Jason Langford at 703 739 9543.

As part of ARSA's ongoing Positive Publicity Campaign (PPC), the association is actively working to enhance the media's understanding of our \$50 billion industry and its vital importance to global civil aviation. To accomplish this goal, ARSA monitors media coverage about aviation maintenance to spread the word about the valuable role repair stations provide their communities in jobs, economic opportunities, and community involvement. These are some of this month's top stories highlighting the industry's contributions.

15 Washington DC youths will build an airplane to learn STEM (PRWeb)

MTU Aero Engines' partner Middle East Propulsion Company inaugurates new facility (AVIATIONPROS.com)

ST Engineering's Aerospace arm successfully bids for PEMCO's Tampa facility and certain assets of PEMCO (AVIATIONPROS.com)

Liebherr Aerospace expands in Michigan (Saline Patch)

Aircraft maintenance business flies higher (Oregon Business)

New aviation business coming to DeKalb (The Daily Chronicle)

Growing demand for aircraft maintenance driving TIMCO growth (The Business Journal)

Line maintenance expansion for Monarch Aircraft Engine Limited (AVIATIONPROS.com)

Erickson Air-Crane wins USFS aerial firefighting contract (RotorNews)

ARSA on the Hill

By Daniel Fisher, ARSA Vice President of Legislative Affairs

ARSA's legislative team coordinated congressional guests at the Association's Dallas and Cleveland Outreach luncheon. In addition to Dallas area repair stations, Congresswoman Eddie Bernice Johnson (D-Texas) and representatives from Texas Sens. John Cornyn (R) and Kay Bailey Hutchison's (R) offices were also in attendance to hear from ARSA's Executive Vice President Christian Klein about the Association's activities. In Cleveland, luncheon attendees, including staffers from Ohio lawmakers Rep. Marcia Fudge (D) and Sen. Robert Portman (R), were treated to a briefing from ARSA's Executive Director Sarah MacLeod and Managing Director & General Counsel Marshall Filler.

ARSA continues to urge lawmakers to press TSA for a final the repair station security rule so that the FAA can once again do its job and issue new foreign repair station certificates.

ARSA was represented at the Death Tax Repeal Coalition meeting, a group of organizations advocating for abolishing the estate tax.

Government Affairs Committee members were encouraged to use www.ARSAaction.org, ARSA's grassroots action center, and urge Congress to reconsider language that would limit federal employees from participating at more than one conference or meeting hosted per non-federal organization per year.



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operators, aircraft completion centers, airlines, MRO facilities, and part distribution/ redistribution companies. Quantum is installed in over 50 countries and can be deployed as a single-site or multinational solution. For more information, please visit www.componentcontrol.com

Bills on the Hill

House penalizes DHS for TSA's inaction

On June 7, the House sent a clear signal that the Transportation Security Administration's (TSA) failure to finalize a repair station security rule is unacceptable when it approved the fiscal year 2013 Department of Homeland Security (DHS) appropriations bill (H.R. 5855).

The legislation withholds \$5,000,000 from use by the department's General Counsel's office until a final rule for aircraft repair station security is published. In the House Homeland Security Committee's report accompanying the legislation, lawmakers stated, "failure to act has inhibited the ability of industry to compete in the global market place." Despite TSA's claim that it will complete the security rules by the end of the year, committee members withheld the funding because "based on past performance, the Committee has little confidence that TSA and DHS will meet this deadline."

ARSA continues to urge lawmakers to press TSA to finalize the rule so that the FAA can once again do its job and issue new foreign repair station certificates. For more information on supporting these efforts contact Daniel Fisher, ARSA's vice president of legislative affairs.

Report: Taxmageddon will push nation over "fiscal cliff"

The nonpartisan Congressional Budget Office (CBO) issued a dire warning of an impending recession if Congress fails to prevent a series of spending cuts and tax increases scheduled for the end of the year.

"On the one hand, if the fiscal policies currently in place are continued in the coming years, the revenues collected by the government will fall far short of federal spending, putting the budget on an unsustainable path," CBO warns. "On the other hand, immediate spending cuts or tax increases would represent an added drag on the weak economic expansion."

CBO projects that congressional inaction would cause the economy to grow only 0.5% in 2013 after shrinking in the first six months, while preventative measures could allow a more economically robust growth rate of 4.4%.

Dubbed "Taxmageddon," the increases would include an end to the payroll tax cut, the alternative minimum tax (AMT) patch, and the Bush-era tax cuts, all while cutting government spending.

Although CBO indicates that allowing the tax increases and spending reductions would cause the nation's economy to walk over a "fiscal cliff," it recognizes the need to address the ever-expanding national debt. "If all current policies were extended for a prolonged period, federal debt held by the public—currently about 70 percent of GDP, its highest mark since 1950—would continue to rise much faster than GDP. Such a path for federal debt could not be sustained indefinitely, and policy changes would be required at some point," the analysis states.

The report provides guidance to lawmakers as they explore ways to offset the immediate effects of fiscal restraint measures designed to reduce the entire federal budget by 5.1 percent. The cuts are required by the Budget Control Act (BCA) of 2011, the deal to raise the national debt ceiling following the failure of the congressional "super committee" to reach a bipartisan agreement to curb federal spending.

ARSA joins multi-industry push to reinstate 100 percent depreciation bonus

On June 1, ARSA joined a coalition of 80 business organizations and companies in a call to reinstate the 100 percent depreciation bonus for 2012.

"These bills will provide an immediate and temporary incentive for businesses to make new capital investments in the United States," the coalition stated. "Enacting this legislation will enable business to access capital for immediate investment and create jobs in the United States now."

The coalition's letter urged House and Senate leaders to support two companion bills: H.R. 4196 and S. 2240 that would reinstate the 100 percent depreciation bonus for 2012. The 80 co-signatories also encouraged Congress to allow additional companies to apply for the depreciation bonus via their Alternative Minimum Tax credits and to permit entities that use the percentage of completion accounting method to take advantage of the capital investment incentive.

The Tax Relief, Unemployment Insurance Reauthorization & Job Creation Act of 2010 provided 100 percent depreciation bonus for capital investments placed in service after September 8, 2010 through December 31, 2011. However, for articles placed in service after December 31, 2011 and through December 31, 2012, the bill provides for 50 percent depreciation bonus.

Be sure to tell your lawmakers how valuable extending 100 percent bonus depreciation would be for your business by visiting www.ARSAAction.org.

House considers FAA appropriations

On June 28, the House Appropriations Committee approved the Department of Transportation and Housing & Urban Development (THUD) appropriations bill that includes FY 2013 funding for the FAA.

Lawmakers allocated \$9.718 billion to FAA operations, \$82.3 million more than in FY 2012. Much of the increase is attributable to the \$60 million provided for NextGen. Funds designated for aviation safety activities were set at\$1.255 billion, up \$1.619 million from the current year.

While lawmakers made sure the FAA received adequate funding, the legislation slashed THUD funding by \$4 billion, drawing a veto threat from the White House. The future of the bill is unclear as the Senate has not begun its appropriations process.

ARSA PAC offers special deal for online training

Through the end of July, ARSA PAC is offering new PAC contributors a unique opportunity to experience ARSA's online training.

Executive and management employees at ARSA member companies must give solicitation consent to ARSA PAC before the Association can provide further details.

Solicitation consent allows ARSA PAC to communicate freely about its political activity with members who understand that what happens on Capitol Hill impacts business. Find out what it takes to join the ranks of fellow industry advocates who have chosen to play an important role in ARSA's political program!

To learn more about the special online training offer, please contact ARSA's communication coordinator Josh Pudnos.

2012 ARSA PAC Contributors

Capitol Hill Club (\$1,000)

Jim Perdue, SONICO Bill Perdue, SONICO

Washington Team (\$500)

Marshal S. Filler, ARSA Gary Fortner, Fortner Engineering
Lynn Fortner, Fortner Engineering Robert Fortner, Fortner Engineering

Sarah MacLeod, ARSA Christian A. Klein, ARSA

Bill Rathmanner, Aero Design Services

145 Club (\$145)

Jose Eduartez, A.I.R.S. Randall Herman, Mid-America Aviation

Gary Jordan, Jordan Propeller Services Jim Meyer, Aviation Repair Solutions

Barry Muhler, Aviation Repair Resources Jennifer Weinbrecht, Component Repair

Technologies

Get the ARSA Dispatch for weekly news briefings—Click here to subscribe!

Have You Seen These Candidates?

Throughout the election season, *the hotline* is introducing readers to the candidates running in some of the most critical Senate campaigns. This month we look at Montana, where Republican Congressman Denny Rehberg looks to unseat incumbent Democratic Senator Jon Tester

Sen. Jon Tester (D-Mont.)



Sen. Jon Tester is a Democrat running to serve a second term in the Senate.

Tester is a member of the Banking, Housing & Urban Affairs Committee, serving as chairman of the panel's Economic Policy Subcommittee. Tester also sits on the powerful Appropriations Committee as well as on the Homeland Security & Government Affairs; Indian Affairs; and Veterans' Affairs Committees.

A graduate of the University of Great Falls, Tester was a music teacher, a farmer, and served as state senator prior to his election to the U.S. Senate. Tester and his wife, Sharla, have two children and live in Big Sandy.

Jon Tester's campaign headquarters:

Montanans for Tester P.O. Box 317 Billings, MT 59103-0317 www.jontester.com

Rep. Denny Rehberg (R-Mont.)



Rep. Denny Rehberg is a Republican who currently represents Montana's atlarge district in the U.S. Congress.

In the House, Rehberg sits on the Appropriations Committee, where he chairs the Subcommittee on Labor, Health & Human Services, Education & Related agencies, and serves on the subcommittees on Energy & Water Development and the Legislative Branch.

A graduate of Washington State University, Rehberg was a congressional aide, rancher, realtor, member of the Montana House of Representatives, and

Lieutenant Governor prior to his election to the House. Rehberg and his wife, Janice, have three children and live in Billings.

Denny Rehberg's campaign headquarters:

Montanans for Rehberg 5115 US Highway 93 South Missoula, MT 59804-9007 www.dennyrehberg.com

For more information about these and other candidates, visit www.ARSAAction.org.

Advertise in **the hotline** ~ Click here for more information!

International News

CASA drafts AC on specialist maintenance qualifications

The Civil Aviation Safety Authority of Australia (CASA) is considering comments submitted on a draft advisory circular (AC) pertaining to employee qualifications for specialist maintenance professionals.

Proposed June 5, the draft AC states that an Approved Maintenance Organization (AMO) may issue authorization to an employee to provide maintenance for special tasks, but only if the AMO has procedures for confirming the qualifications and can provide any training required of the position.

The draft AC clarifies that the specialist positions involve non-destructive testing; welding; borescope inspections; composite repairs; in-flight entertainment equipment that requires specialist software management; and/or other maintenance designated by CASA as specialist maintenance.

The AC also points to regulations specifying the acceptable means of compliance for specialist maintenance qualifications. The qualifications include specifications for training employees, training course elements, evaluation expectations, and guidelines for allowing a qualified employee hold specialized and perform maintenance certifications.



Singapore accelerates maintenance engineer training

The Civil Aviation Authority of Singapore (CAAS) is accelerating its certification process for aircraft maintenance engineers.

The CAAS will now permit accumulated aircraft maintenance training hours from the aerospace programs of Singapore's Institutes of Higher Learning (IHLs) to apply toward requirements for an aircraft maintenance license. The revision allows IHLs to incorporate basic aircraft maintenance training into their curriculum to cover foundational subjects and hands-on basic training. An employer's specialized training organization would then equip graduates for independent work through an apprenticeship.

Currently, graduates earn all necessary training for certification through an employer-provided apprenticeship program. The change would reduce the time required in the apprenticeship program by as much as a year.

Singapore hopes that the change will enhance the nation's ability to attract employers by driving down the costs of employee sponsored training. The CAAS is also hopeful that the move will attract more IHL graduates into the city-state's growing aviation maintenance sector.



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Member Spotlight

Aero Tire & Tank, L.L.C., Farmers Branch, TX

When Aero Tire & Tank, Inc. started in 1971, the company was mainly a fuel cell repair station and warehouse. Over the years the company grew and added a wheel and brake service shop in 1984. Several years later, once Aero had become a premier service center, Thompson Aerospace acquired the company. Eventually, the company was bought by heirs of the original owners and transformed into Aero Tire & Tank, L.L.C. The company is currently structured into two divisions, Aero Tank Specialist, that handles fuel cell repair, sales, and overhaul, and Dallas Centerline, that handles wheel and brake repair and overhaul.

Aero Tire & Tank, L.L.C. is an employee-owned and operated company, and has an extensive and illustrious record in fuel cell, wheel, and brake maintenance and alteration. It works industriously to meet its primary goals – (1) create long-term business relationships with companies that demand quality and professionalism, and (2) offer lasting commitment and support to the small and medium airline market.

For more information, visit http://www.aerotire.com/

Are you an ARSA member who would like to be in the "Member Spotlight?" If so, please contact Keith.Mendenhall@arsa.org.



Insurance for Repair Stations

click here for information

What's In It for You

This month: Online Training: Use It, Don't Lose It

By Jennifer Goodwin, ARSA membership & senior administrative coordinator

In this world of ever changing regulations, it's too easy to become out of date. Staying on top of new rules is a must.

However, when you're trying to run your business, finding the time for a full day of training at a remote location is difficult. In order to make your regulatory training to work for you ARSA has developed an online training program that makes it easy for you stay compliant. ARSA's online training is flexible, convenient and IA approved. Choose from a variety of courses and check back often as new ones are added. Refresh your regulatory knowledge or train the new guy while saving time and money. Click here for a list of courses and schedules. The next session starts July 11. Classes fill up quickly, so register today!

Welcome New Members

Camtronics LLC, Tulsa, OK

JETTECH, LLC, Littleton, CO

Ford Instruments & Accessories, Titusville, FL

Temple Electronics Co., Inc. Houston, TX

Harman's Repair Station, Inc., Anchorage, AK

ARSA Regulatory Compliance Training—Questions

Part 1: General Comprehension Level 1: For anyone working in aviation

§ 65.89: Display of certificate.

Each person who holds a mechanic certificate shall keep it within the immediate area where he normally exercises the privileges of the certificate and shall present it for inspection upon the request of the Administrator or an authorized representative of the National Transportation Safety Board, or of any Federal, State, or local law enforcement officer.

representative of the National Transportation Safety Board, or of any Federal, State, or local law enforcement officer.					
Question 1 : Under this rule, anyone with a mechanic certificate must keep it within the immediate area where the privileges of the certificate are normally exercised.	certificate must be presented to anyone				
A—True.	A—True.				
B—False.	B—False.				
Question 3: Under this rule, a federal or local law enforcement officer can require a mechanic to present a certificate for inspection.	<u>Question 4</u> : Under this rule, the National Transportation Safety Board has authority to inspect mechanic certificates.				
A—True.	A—True.				
B—False.	B—False.				
Name	DateDate Test was Completed				
Clearly Print the Name of the Person	n Taking the Test Date Test was Completed				
Score Enter as x (number correct) of y (num	Hours nber of questions) Time Credited for Test				
Approved by					

Signature of Supervisor or Person Administering Test

ARSA Regulatory Compliance Training—Answers

Correct answers are in bold

Part 1: General Comprehension Level 1: For anyone working in aviation

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Question 1 : Under this rule, anyone with a mechanic certificate must keep it within the immediate area where the privileges of the certificate are normally exercised.	Question 2 Under this rule, the certificate must be presented to anyone who requests to inspect it.
A—True. (Correct answer; each person who holds a mechanic certificate shall keep it in the immediate area where he/she normally exercises the privileges of the certificate.)	A—True.
B—False.	B—False. (Correct answer; each person who holds a mechanic certificate shall present his/her certificate to the Administrator or authorized representative of the NTSB, or of any Federal, State, or local law enforcement officer.)

•	Question 4 : Under this rule, the National Transportation Safety Board has authority to inspect mechanic certificates.
certificate shall be presented for	A—True. (Correct answer; each person who holds a mechanic certificate shall present it for inspection upon the request of the Administrator or an authorized representative of the NTSB.) B—False.