



# What Aircraft Owners Need to Know About Illegal Charter

## Risks of Illegal Charter

- Allowing your aircraft to be used in an illegal charter operation could result in termination of your aircraft insurance or failure to pay out a claim, should the insurance company determine a loss was the result of or in the commission of an illegal operation. In the event of an accident, you may find your corporate and estate assets at risk.
- Illegal charter operations could also expose you to IRS scrutiny, as appropriate taxes may not be remitted; and put you at odds with the TSA for failure to meet security requirements and with customs officials if your aircraft is flown internationally for illegal charters. In some cases, this could lead to aircraft seizure.
- Legitimate air charter operators are issued a certificate by the FAA which states they meet certain standards and ensures ongoing oversight by the FAA. An illegal operator may not meet those standards and has far less oversight. Higher standards may include more frequent and specific pilot training, more stringent maintenance recordkeeping and better defined control of the aircraft.
- Legal charter operators are required by the Department of Transportation to hold a minimum level of insurance coverage. Illegal charter operators may have insurance policies but those policies typically do not cover commercial activities, including air charter operations.
- For large companies or highly visible individuals, media exposure related to illegal charter can be damaging to your reputation.

## How to Spot Illegal Charter Activity

- When choosing someone to manage your aircraft, who will also make your aircraft available to others, ask for a copy of:
  1. FAA-issued Part 135 air carrier certificate.
  2. Insurance certificate.
- If you're considering a leasing scenario, be sure the lease proposed complies with Advisory Circular 91-37 (current revision), including submission of the lease to the FAA as required. Be highly suspicious of any organization that refuses to send its local FAA office a copy of the lease or claims to have a special relationship with its FAA that doesn't require submitting the lease.
- Be wary if an operator is less than forthcoming with that information.
- Be suspicious of any arrangement that requires you to pay the pilots or delegates responsibility for maintenance activities to you, as well as arrangements that require passengers to pay you rather than the Part 135 certificate holder directly. In a traditional, legal charter arrangement, the air charter operator is responsible for training and paying pilots, maintaining the aircraft and ensuring appropriate compensation is made to the aircraft owner, for use of the aircraft.
- Consider the structure of the charter agreement. While detailed charter agreements will vary from one organization to another, a legitimate air charter operator will typically provide a single management agreement that addresses the aircraft, maintenance, pilots and so on.

## What You Can Do About It

- Check the legitimacy of the operator by name or aircraft "N"/"tail" number against FAA databases at [www.avoidillegalcharter.com](http://www.avoidillegalcharter.com).
- Educate your air charter clients about the risks posed by illegal charter schemes.
- Report suspected illegal charter operations to the ACSF's Illegal Charter Hotline at 888-759-3581.
- If contacted, assist FAA inspectors in investigating illegal charter operations by answering questions truthfully and providing any documentation related to suspicious interactions.

