



The Update Report

The Airline Suppliers Association

Volume 9, Issue 5

May 2001

LEGISLATIVE UPDATE

Tax Reforms to Benefit All Americans

ASA has been participating as a member of the Tax Relief Coalition, and even before that coalition came into being, ASA's representatives had been lobbying for tax relief. ASA is proud to announce that Congress has passed broad-based tax relief legislation that will likely affect every ASA member.

Rate Reduction

All marginal tax rates are being reduced over the next five years.

By 2006, the highest marginal rate will be 35%, and most taxpayers will experience a 3% reduction in their marginal rates.

Tax legislation had been passed by both chambers of Congress but they differed in their language and effect. Representatives from both the House and the Senate met in a Conference Committee to negotiate the final form that relief would take. The final product of those negotiations, known as the Conference Report, was passed by both chambers of Congress on May 26.

This legislation offers tax relief in the form of:

- o Marginal tax rate reductions,
- o Tax benefits relating to children,
- o Marriage penalty relief,
- o Education incentives,
- o Estate tax repeal,
- o Pension and individual retirement arrangement provisions, and
- o Alternative Minimum Tax relief

This article outlines some of the more important features of the new tax bill.

| TAX YEAR | Marginal Tax Rate Reduction | | | |
|-----------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| | 28% tax rate is reduced to: | 31% tax rate is reduced to: | 36% tax rate is reduced to: | 39.6% tax rate is reduced to: |
| 2001-2003 | 27% | 30% | 35% | 38.6% |
| 2004-2005 | 26% | 29% | 34% | 37.6% |
| 2006 | 25% | 28% | 33% | 35% |

In addition, the lowest tax rate, the 15% rate, will be split into a 10% rate and a 15% rate. This will actually take effect beginning in tax year 2002. *In lieu of applying the new split to tax year 2001, the government expects to send out tax credit checks to Americans on or about October 1, 2001.* These checks should be sent to those who properly filed their 2000 taxes. The checks will be for \$300 for those who filed as single filers, \$500 for those who filed as the head of a household, and \$600 for those who filed as married joint filers. In future years, the ten percent rate bracket applies to the first \$6,000 of taxable income for single individuals

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A Message from ASA's President

Last week ASA held our 2nd quarter Board of Directors meeting. It was my pleasure to welcome two new directors, Roy Resto and Terry Bond.

ASA's Board of Directors consists of seven elected directors. One of the agenda items was the formal acceptance of Paula Sparks's resignation from the Board of Directors. Paula no longer works for AVTEAM and is now employed by Pratt & Whitney. Under the terms of the bylaws, a Director must resign if they cease being employed by the member company that employed them at the time of the election. ASA was fortunate to have Paula serve on the Board of Directors. Paula was elected in July 1998 and was in the middle of her second term. During her tenure, Paula hosted a one-day SUPs seminar in Miami and allowed the industry to attend free of charge. Paula advised ASA on quality issues and auditing. Her guidance helped ASA strengthen the accreditation program. Her presence on the Board will be greatly missed.

The Board of Directors unanimously appointed Mitch Weinberg to fulfill the remainder of Paula's term. Mitch is the President of International Aircraft Associates, Inc. Mitch served on the Board of Directors from

April 1997 to March 1999 and has participated on the quality assurance committee since its inception. Mitch brings to the Board a wealth of experience in business management, part sales and quality.

At the annual conference the Board of Directors will be available throughout the entire meeting to discuss any issues with members and they will also address the membership at the Members-Only meeting.

Best regards,

Michele Schweitzer

| | |
|---|--------------|
| Board of Directors: | |
| Terry Bond | 305-925-2600 |
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| Roy Resto | 414-875-1234 |
| Tracer Corporation | |
| Mike Molli | 847-836-3100 |
| Scandinavian Airlines System | |
| Mitch Weinberg | 305-685-5511 |
| International Aircraft Associates, Inc. | |

ASA Annual Meeting

The 2001 Annual Meeting of the Members of the Airline Suppliers Association will be held in conjunction with the ASA Annual Conference. This is the customary practice for the Association.

The Association's annual meeting of the membership will be held at The Breakers Hotel in West Palm Beach, FL on Tuesday, June 10, 2001 at 7:30 a.m. It will be a breakfast meeting.

The Association shall provide the members with a briefing on the Association activities, and the Association also expects to place issues before the membership for voting.

If you have any other questions, please call ASA at (202) 730-0270.

The Update Report

is a monthly newsletter of the Airline Suppliers Association. Questions/comments should be addressed to:

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1707 H Street, NW, Suite 701
Washington, DC 20006
voice: (202) 730-0272
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email:
jason@airlinesuppliers.com

The Update Report

provides timely information to help Association members and readers keep abreast of the changes within the aviation supply industry.

The Update Report

is just one of the many benefits that the Airline Suppliers Association offers members. For information on ASA-100, the ASA Accreditation Program, Conferences, Workshops, FAA guidance like Advisory Circulars, Industry Memos, or services and benefits, contact the Association.

The Update Report

For information on special package rates for advertising, contact the Association at (202) 730-0270.

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| | |
|---------------------------|--------------|
| Officers: | |
| Karen Borgnes | 253-395-9535 |
| Corporate Treasurer | |
| Jason Dickstein | 202-730-0270 |
| Corporate Secretary | |
| Michele Schweitzer | 202-730-0270 |
| President | |

The New “Secured Transactions” Laws and Consignments

Last month’s **Update Report** described how states across the country are in the process of revising the laws that govern commercial transactions involving loans and collateral – particularly those known as “secured transactions.” The reforms will have wide-ranging effects on anyone who buys or sells goods on credit. The reforms will also make it easier for businesses that place goods on consignment to protect their interests in those goods should the merchant holding those goods default on his or her obligation to pay.

This month’s and next month’s articles will discuss the changes in greater detail. This month shall concentrate on changes in the rules affecting consignments, and next month

shall address additional technical changes that could affect a company’s security interests. Each focusing on rules concerning security interests in “tangible collateral,” such as business inventory and equipment.

Enhanced Recognition of Consignments

In many cases, the old U.C.C. failed to recognize consignments as a separate category. It would often treat them as a sale with an option to return. While this legal fiction permitted consignments to fit with the scope of the existing laws, it often meant that courts treated consignments in a way that was not always congruent with the original expectations of the parties to the consignment agreement. The new rules include,

for the first time, a formal definition of a consignment.

A consignment is defined as “a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale, and the merchant: (i) deals in goods of that kind under a name other than the name of the person making delivery; (ii) is not an auctioneer; and (iii) is not generally known by its creditors to be substantially engaged in selling the goods of others.” The total value of the goods involved must be at least \$1000, and the goods must not be “consumer goods” intended for home or personal use.

The person who places the inventory

(Continued on page 53)

**IF YOUR PRESENT INSURANCE AGENT DOESN'T UNDERSTAND YOUR BUSINESS,
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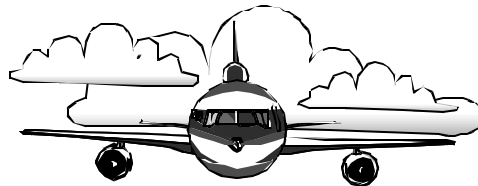
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Key Features and Terms from Last Month

Last month's article addressed some key features and terminology of secured transactions. It explained that "secured transactions" are transactions involving collateral in which a valuable asset is pledged as a guaranty to repay a financial obligation. Common examples include:

- a mortgage on a house;
- a business loan using business equipment or inventory as collateral.

The parties to a secured transaction create a legal right to claim the collateral – a "security interest" – by concluding a contract known as a "security agreement." Once this agreement is in place, the "secured party" can reclaim the collateral if the "debtor" defaults on its obligation to pay. The secured party can also enforce its rights to the collateral vis-à-vis third parties by filing a public notice known as a "financing statement" with the appropriate state authorities (or the FAA in some cases), a process known as "perfecting" the security interest. Perfected security interests generally enjoy "priority" over competing security interests (and an earlier-perfected security interest has priority over a later-perfected security interest in the same collateral).

(Continued from page 51)

is the "consignor." The person who accepts and warehouses the consignment is the "consignee."

Consignments are explicitly recognized in the rules governing financing statements as well. A secured party may now draft the financing statement using the terms "consignor" and "consignee" instead of the terms "secured party" and "debtor," an option generally not allowed under current law. This will serve to clarify the nature of the security interest should any questions arise.

Protecting Your Rights

The priority of security interests in consigned goods is more clearly spelled out in the new rules. Consignments are expressly characterized as "purchase money security interests in inventory." This means that the consignor will enjoy priority over any other competing security interests in the consigned goods as long as the consignor complies with two requirements:

First, the consignor must perfect the security interest in the inventory *before* delivering the inventory to the consignee. This will usually mean that the financing statement must be filed before delivery (although there

are sometimes other applicable methods of perfecting the lien, proper filing is the most common).

Second, before delivering the inventory to the consignee, the consignor must provide written notice to any other secured parties who may have a prior perfected security interest in the consigned parts. The notice must describe the consigned parts and state that the consignor is asserting the security interest over the parts.

How could somebody else have a *prior* security interest in inventory being placed on consignment? If one of the consignor's creditors has a security interest, then that could represent a prior security interest. But it is also possible for the *consignee's* creditors to establish a prior security interest!

One way this situation can arise is when a third-party has a perfected security interest in the debtor/consignee's inventory that includes an "after-acquired inventory" provision. If a secured party has an interest in a consignee's entire inventory of engine parts, for example, any engine parts subsequently added to that inventory – even those placed on consignment by another consignor – would be subject to that earlier

(Continued on page 55)

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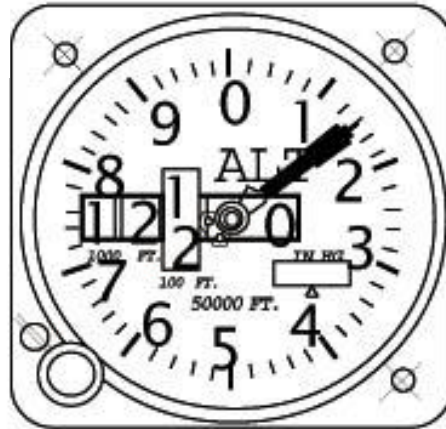
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New Laws to Protect Your Consignments

(Continued from page 53)
security interest.

A consignor can preserve his security interest in his own consigned goods by providing the written notification mentioned above to all holders of prior interests. This is an important clarification in the law.

This makes it especially important for consignors to research potential security interests in after-acquired inventory associated with the consignee. Consignors should check with the state or local office in which security interests are normally filed for the location at which the consignment will be held (this is usually defined in that state's laws). It is not a bad idea to check the filings in the other states or counties as well if the consignee has multiple locations (for


filings made under the old rules).

A security interest in consigned goods is never more valuable than when the consignee declares bankruptcy. Under current laws, consigned goods may be subject to the claims of creditors of the consignee (see the article in the February 2001 issue of the **Update Report** discussing the treatment of consigned goods when the consignee declares bankruptcy). Unless the consignor files a financing statement perfecting a security interest in the consigned goods, the consignee's creditors can seize the consigned goods even though the consignor still retains title to the inventory.

To prevent losing one's consignment in the event of a bankruptcy situation, the consignor must file *before* the


consignee takes possession of the goods, and must also, before delivering the goods to the consignee, provide written notice of that filing to any third party who already holds a security interest in similar kinds of inventory in the consignee's possession.

The new rules go a long way to clarify the status and priority of security interests in consigned goods. Fortunately, the new rules governing the filing of financing statements makes it easier to file them and conduct "UCC searches" to find filings by other secured parties. Next month's article will continue this discussion by analyzing some of the technical changes that will make it easier to conduct business related to secured transactions.



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| August 22 & 23, 2001 | Seattle, WA | TBA |
| September 12 & 13, 2001 | Chicago, IL | Hosted by AirLiance! |

HazMat instruction also offered in other cities. See the Upcoming Events listing in this issue for additional dates. Can't make it to a scheduled site? Instruction can also be provided on-site at your facility (call us for details).

For registration information contact:

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PHONE: 202-730-0270, FAX: 202-730-0274, E-MAIL: TRAINING@AIRLINESUPPLIERS.COM

Estate Tax Repeal and Other Tax Breaks

(Continued from page 49)

(\$7,000 for 2008 and thereafter), \$10,000 of taxable income for heads of households, and \$12,000 for married couples filing joint returns (\$14,000 for 2008 and thereafter).

Other Tax Credits and Deductions

Married couples and families will also benefit under the new bill. The child tax credit will be increased over the next few years from \$600 per child starting in 2001 to \$1,000 per child starting in 2010. The adoption credit is increased to \$10,000.

The bill also eliminates the "marriage penalty," although relief will not begin until 2005. Starting in that year, married couples filing a joint return will be able to claim a progressively larger standard deduction every year until 2009, when the standard deduction for a married couple will

finally be double that for a single person. As an additional bonus, the 15% tax bracket for married couples will also be expanded significantly.

Parents saving for their children's education will be able to put more aside in an educational IRA. The new bill increases the annual limit on contributions from \$500 to \$2000. Parents will also be able to make tax-free distributions from the account to cover elementary and secondary school expenses.

Retirement IRAs and qualified pension plans will also be expanded and improved under the bill, with higher annual contributions limits, improved catch-up provisions, and increased portability for plan participants.

Estate Taxes

The eventual repeal of the estate tax represents one of the bill's sweetest victories for ASA, the culmination of years of advocacy. The bill phases

out estate taxes by gradually reducing the top marginal rate, while increasing the amount exempt from the tax. This happens through 2010. After 2010, the estate tax is completely repealed. The long-overdue changes will give family-owned businesses a new lease on life.

The Future

Even as we enjoy this victory, it is important to bear in mind that the tax cuts that the Congress has just enacted are not permanent. The Congressional Budget Act of 1974 prevents the Congress from imposing budgetary commitments on the federal government more than ten years in the future. Consequently, the Conference Report for the current tax package includes a mandatory 'sunset' provision that stipulates that the provisions of the present bill will not apply to tax years beginning after December 31, 2010. This means that we will need to make sure that Congress reauthorizes these hard-won tax cuts over the next nine years, before they expire.

REGULATORY UPDATE

129s; Strandflex

Because of breaking news on tax reform, we ran out of space (in fact, this issue is two pages longer than our usual twelve). In next month's issue, ASA will return to our series on components obtained from or with traceability to, Part 129 air carriers.

Because the ASA Conference is scheduled for early July, the June Update Report will be published two weeks early - you should receive it before the Conference

Many ASA members are familiar with the Strandflex issue, addressed in the February issue at 9 TUR 14. At press time, a settlement agreement had just been released. A copy will be available on the ASA website.

AT 800 INDEPENDENCE AVENUE

Sabatini To Head Flight Standards Service

In April we noted that FAA Administrator Jane Garvey would appoint Nicholas Sabatini as the Director of the Flight Standards Service. His appointment has become official.

Sabatini succeeds Nicholas Lacey, who is being reassigned to assist in the FAA's 10-year program to improve the National Airspace System.

The Flight Standards Service sets and enforces the certification standards for air carriers, commercial operators, air

agencies, and airmen. Among other tasks, it oversees the Distributor Accreditation program. Sabatini will oversee a staff of 4,500 inspectors and other aviation safety workers.

A former New York City police officer, Sabatini also served as a pilot for the U.S. Customs Office in New York, where he worked in drug interdiction. He joined the FAA in 1979 as a Principal Operations Inspector. He was appointed the Eastern Region Flight Standards Division Manager in 1990, and headed the Suspected Unapproved Parts Task Force in 1995.

UPNs are published by the FAA's SUPs Program Office. They are republished here as a service to our readers. The Association is not responsible for claims made by the Notification. All questions should be directed to the FAA contact office listed in the Notification.

UNAPPROVED PARTS NOTIFICATION



U.S. Department
of Transportation
**Federal Aviation
Administration**

SUSPECTED UNAPPROVED PARTS PROGRAM OFFICE, AVR-20
45005 AVIATION DRIVE, SUITE 214
DULLES, VA 20166-7541

No. 2001-00076
April 2, 2001

UPNs are posted on the internet at <http://www.faa.gov/avr/sups.htm>

Published by: FAA, AFS-610, P.O. Box 26460, Oklahoma City, OK 73125

AFFECTED PARTS

Parts maintained and approved for return to service by Total Airframe & Turbine Corporation.

PURPOSE

The purpose of this notification is to advise all aircraft owners, operators, manufacturers, maintenance organizations, and parts distributors regarding maintenance performed by Total Airframe & Turbine Corporation (d/b/a TATCO), a Federal Aviation Administration (FAA) certificated repair station located at 3437 W. El Segundo Blvd., Hawthorne, CA 90250.

BACKGROUND

Information received during a FAA suspected unapproved parts investigation revealed that TATCO performed work for which it was not rated. TATCO was issued an Air Agency Certificate (No. T31R629Y) with a limited airframe rating on June 22, 2000. TATCO's certificate limited its performance to maintenance, repair, and overhaul of sheetmetal and composite booms, nacelles, cowlings, fairings, panels, airfoil surfaces, pylons, tailpipes, thrust reversers, and landing gear doors; and included attaching brackets and fittings but excluded autoclave and radome repairs.

Evidence indicates that TATCO has performed maintenance on, and approved for return to service, various parts outside its limited airframe rating. Evidence also indicates that TATCO performed magnetic particle inspection on parts when it did not have the proper equipment, approved personnel, or inspection program to conduct the non-destructive testing (NDT); and that they may have falsified return-to-service maintenance entries regarding NDT work it performed.

Attached to this notification is a partial list of parts that may have been improperly returned to service by TATCO.

RECOMMENDATION

Regulations require that type-certificated products conform to their type design and be properly maintained using current data, required equipment, and appropriately trained personnel. Aircraft owners, operators, manufacturers, maintenance entities, and parts distributors should inspect their aircraft and/or parts inventory for any parts approved for return to service by TATCO. You should take appropriate action if any of these parts have been installed on an aircraft. If any existing inventory includes

these parts, the FAA recommends that you quarantine the parts to prevent installation on an aircraft until a determination can be made regarding each part's eligibility for installation.

FURTHER INFORMATION

Further information may be obtained from the FAA Flight Standards District Office (FSDO) shown below. The FAA would appreciate any information regarding the discovery of the above-referenced unapproved parts from any source, the means used to identify the source, and the action taken to remove them from inventory or service.

This notice originated from the Los Angeles FSDO, 2250 East Imperial Highway, Suite 140, El Segundo, CA 90245, telephone (310) 215-2150, fax (310) 645-3768; and was published through the FAA Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0581, fax (703) 661-0113.

The following is a partial list of parts that may have been improperly returned to service by TATCO [to the right].

| (PART NAME) | (P/N) | (S/N) |
|-----------------------|--------------|----------|
| Actuator | 2518000-4 | NWL03781 |
| Quadrant | 65-40529-1 | 101 |
| Spoiler Control | APH7158-502 | SYS07944 |
| Spoiler Control | APH7158-501 | SYS07950 |
| Spoiler Control | APH7156-501 | SYS07943 |
| Spoiler Control | APH7157-501 | SYS07949 |
| Lateral Control Mixer | APH7279-511 | SYS07942 |
| Lateral Control Mixer | APH7279-509 | SYS07941 |
| Aileron Tension Reg. | APH7044-1 | SYS07939 |
| Roller Assy. | 65-41341-1 | N/A |
| Gear | 725785-3 | N/A |
| Coffee Server | 7S235911 | N/A |
| Flap Track | 65-46428-25 | 3511 |
| Diffuser | 1-110-230-08 | Multiple |

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UNAPPROVED PARTS NOTIFICATION



U.S. Department
of Transportation
**Federal Aviation
Administration**

SUSPECTED UNAPPROVED PARTS PROGRAM OFFICE, AVR-20
45005 AVIATION DRIVE, SUITE 214
DULLES, VA 20166-7541

No. 1998-00233
April 12, 2001

UPNs are posted on the internet at <http://www.faa.gov/avr/sups.htm>

Published by: FAA, AFS-610, P.O. Box 26460, Oklahoma City, OK 73125

AFFECTED PARTS

Heat-treated aluminum parts.

INTRODUCTION

The purpose of this notification is to advise all aircraft owners and operators, maintenance organizations, manufacturers, and parts distributors regarding aluminum parts that have been improperly heat-treated.

BACKGROUND

Information received during a Federal Aviation Administration (FAA) suspected unapproved parts investigation indicated that West Coast Aluminum Heat Treat (WCAHT), formerly located at 14365 Macaw St., La Mirada, CA 90638, had improperly heat-treated numerous aluminum parts having aviation applications. WCAHT was engaged in the business of heat-treating all stages of aluminum parts, many of which were used in a wide variety of military and commercial aircraft applications. WCAHT was approved to perform heat-treating for many production approval holders. The investigation disclosed that from 1981 to March 1997, WCAHT improperly heat-treated and falsified quality testing on parts that are used in various type-certificated aircraft. The FAA observed re-testing of some parts identified as having been heat-treated by WCAHT. The test results indicated that some parts did not meet the hardness and/or conductivity requirements.

The listing of the affected part numbers (**12,000 plus distinct parts**) can be viewed at the following Internet URL:

http://www.faa.gov/avr/sups/heat_treated.htm

RECOMMENDATIONS

Regulations require that type-certificated products conform to their type design. Aircraft owners and operators, manufacturers, maintenance organizations, and parts distributors are encouraged to inspect their aircraft and/or aircraft parts inventory for the identified part numbers. Parts that cannot be determined to conform to the approved type design should be considered suspect and appropriate action taken. The parts in question do not display any external readily identifiable features or markings to distinguish them from properly heat-treated parts; therefore, documentation associated with parts should be reviewed to determine the source of heat-treating. Parts heat-treated by WCAHT may require hardness and/or conductivity testing.

FURTHER INFORMATION

The FAA Certificate Management Office – Boeing (CMO) listed below would appreciate any information that you could provide concerning the discovery of these parts from any source, the means used to identify the source, and the actions taken to remove the parts from aircraft and/or stock.

This notice originated from the FAA Transport Airplane Directorate Certificate Management Office – Boeing, Suite C-2, 2500 East Valley Road, Renton, WA 98055-4056, telephone (425) 227-2170, fax (425) 227-1159; and was published through the FAA Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0581, fax (703) 661-0113

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UNAPPROVED PARTS NOTIFICATION

SUSPECTED UNAPPROVED PARTS PROGRAM OFFICE, AVR-20
45005 AVIATION DRIVE, SUITE 214
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U.S. Department
of Transportation
**Federal Aviation
Administration**

No. 1999-00302
March 20, 2001

UPNs are posted on the internet at <http://www.faa.gov/avr/sups.htm>

Published by: FAA, AFS-610, P.O. Box 26460, Oklahoma City, OK 73125

AFFECTED PARTS

Hamilton Standard propeller hubs - Model 2D30.

PURPOSE

The purpose of this notification is to advise all aircraft owners, operators, maintenance organizations, manufacturers, and parts distributors regarding the installation of unapproved blades into Hamilton Standard propeller hubs.

BACKGROUND

Information received during a Federal Aviation Administration (FAA) suspected unapproved parts investigation revealed that during the first half of 1996, The Prop Shop, Inc. (FAA Air Agency Certificate No. T4PR764J), located at 8231 SW Third Street, Oklahoma City, OK 73128, improperly installed Hamilton Standard propeller blades, Model 6915A-7, into Model 2D30 propeller hubs. An unapproved machining process was performed on the blades in order to accomplish the installation.

RECOMMENDATION

Aircraft owners, operators, maintenance organizations, manufacturers, and parts distributors should inspect their aircraft, aircraft records, and/or parts inventories for propellers repaired or overhauled by The Prop Shop, Inc., to verify the model and condition of blades installed on the referenced propeller hubs. Actual verification should be made, independent of information provided on any work order; FAA Form 8130-3, Airworthiness Approval Tag; or FAA Form 337, Major Repair and Alteration.

FURTHER INFORMATION

Further information can be obtained from the FAA Flight Standards District Office (FSDO) given below. The FAA would appreciate any information regarding the discovery of the above-referenced parts from any source, the means used to identify the source, and the action taken to remove the parts from service.

This notice originated from the Oklahoma City FSDO, 1300 S. Meridian, Suite 601, Oklahoma City, OK 73108, telephone (405) 951-4200, fax (405) 951-4282; and was published through the FAA Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0580, fax (703) 661-0113.

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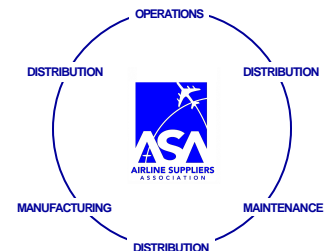
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July 8-10, 2001

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UNAPPROVED PARTS NOTIFICATION



U.S. Department
of Transportation
**Federal Aviation
Administration**

SUSPECTED UNAPPROVED PARTS PROGRAM OFFICE, AVR-20
45005 AVIATION DRIVE, SUITE 214
DULLES, VA 20166-7541

No. 2001-00046
March 15, 2000

UPNs are posted on the internet at <http://www.faa.gov/avr/sups.htm>

Published by: FAA, AFS-610, P.O. Box 26460, Oklahoma City, OK 73125

AFFECTED PARTS

Assorted O-rings, seals, and gaskets manufactured for military aircraft.

PURPOSE

The purpose of this notification is to advise all aircraft owners, operators, maintenance organizations, manufacturers, and parts distributors regarding the manufacture of non-conforming parts produced by L&T Seals, Inc.

BACKGROUND

Information received during a Defense Criminal Investigation Service suspected unapproved parts investigation revealed that L&T Seals, Inc. (CAGE Code 0ZF09), 319 West 17th Street, Galena, KS 66739, produced non-conforming O-rings, seals, and gaskets of various sizes and cost. These parts were represented as having been manufactured to a military specification (MIL-SPEC). Further investigation revealed that some of the parts failed during use, and when tested, were found to be manufactured using incorrect material. The MIL-SPEC required that the parts be made of nitrile; however, testing disclosed that the parts were made of neoprene. After this disclosure, L&T Seals, Inc., ceased operation.

The following O-rings have been identified by National Stock Number as not meeting the required specification:

5330002913077 = MS29513-238
5330010142605 = NAS1611-014
5330008078993 = MS28775-228
5331002519378 = MS29513-346
5330009531885 = NAS1611-018

Although produced for military aircraft, some of the parts produced by L&T Seals, Inc., may have commercial application. At the present time, there is no indication that the referenced parts produced by L&T Seals, Inc., have been installed on civil aircraft.

RECOMMENDATION

Aircraft owners, operators, maintenance organizations, manufacturers, and parts distributors should inspect their aircraft, aircraft records, and/or parts inventories for any parts produced by L&T Seals, Inc. Appropriate action should be taken if any of these parts have been installed in an aircraft. If any existing inventory includes these parts, the Federal Aviation Administration (FAA) recommends that you quarantine the parts to prevent installation in aircraft until a determination can be made regarding each part's eligibility for installation.

FURTHER INFORMATION

Further information can be obtained from the FAA office given below. The FAA would appreciate any information concerning the discovery of the above-referenced parts from any source, the means used to identify the source, and the action taken to remove the parts from service. This notice originated from the FAA Manufacturing Inspection Office, ACE-180, 901 Locust Street, Kansas City, MO 64106, telephone (816) 329-4180, fax (816) 294-4157; and was published through the FAA Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0580, fax (703) 661-0113

UPNs are published by the FAA's SUPs Program Office. They are republished here as a service to our readers. The Association is not responsible for claims made by the Notification. All questions should be directed to the FAA contact office listed in the Notification.

UNAPPROVED PARTS NOTIFICATION



U.S. Department
of Transportation
**Federal Aviation
Administration**

SUSPECTED UNAPPROVED PARTS PROGRAM OFFICE, AVR-20
45005 AVIATION DRIVE, SUITE 214
DULLES, VA 20166-7541

No. 2000-00194
January 9, 2001

UPNs are posted on the internet at <http://www.faa.gov/avr/sups.htm>

Published by: FAA, AFS-610, P.O. Box 26460, Oklahoma City, OK 73125

AFFECTED AIRCRAFT

All aircraft.

PURPOSE

The purpose of this notification is to advise all aircraft owners, operators, maintenance organizations, manufacturers, and parts distributors regarding the production and sale of non-conforming **grease fittings**.

BACKGROUND

Information received during a Federal Aviation Administration (FAA) suspected unapproved parts (SUP) investigation revealed that **Alemite Corp.**, 167 Rowland Dr., Johnson City, TN 37601, produced and sold non-conforming grease fittings (part no. 1992B1). Alemite traced the flawed production to a broken drill bit. The discrepant grease fittings have insufficient grease hole depth that interferes with the passage of grease. The grease fittings are typically used in aircraft hydraulic actuators for flight controls, landing gear systems, and passenger and cargo doors; or in any location on an aircraft that would require a grease fitting to lubricate a moving part.

Alemite Corp. may have sold approximately 65,000 fittings to aviation and non-aviation manufacturers, parts distributors, suppliers, and repair stations from March 1999 to June 2000. The majority of sales were to non-aviation entities; however, shipments made to, and distributed by, Honeywell, Inc., Salt Lake City, UT, revealed non-conforming fittings. Non-conforming fittings were detected in May and June 1999 shipments from Honeywell, Inc., to B.F. Goodrich/Tramco, Everett, WA, and in shipments to Hydro-Mill Co., Chatsworth, CA.

RECOMMENDATION

Aircraft owners, operators, maintenance organizations, manufacturers, and distributors should inspect their aircraft, aircraft records, and/or parts inventories for the above-referenced grease fittings. If any of the grease fittings are found in existing parts inventory, it is recommended that the grease fitting be quarantined to prevent installation until a determination can be made regarding each grease fitting's eligibility for installation. Either prior to or following the installation of any grease fitting, a common safety practice is to verify grease flow through the fitting.

FURTHER INFORMATION

Further information can be obtained from the FAA Manufacturing Inspection Office (MIO) given below. The FAA would appreciate any information concerning the discovery of the above-referenced parts from any source, the means used to identify the source, and the action taken to remove the parts from service.

This notice originated from the Kansas City MIO (ACE-180), 901 Locust St., Room 301, Kansas City, MO 64106-2641, telephone (816) 329-4183, fax (816) 329-4157; and was published through the FAA Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0581, fax (703) 661-0113.

Issues of the Update Report Are Now Online!

Are you reading a borrowed copy of the Update Report? Subscriptions to the Update Report are now FREE to persons in the aviation industry or the government. To receive your free subscription, send your name, title, company, address, phone number, fax number and email address to ASA. Our email address is info@airlinesuppliers.com and our fax number is (202) 730-0274.

Back issues of the Update Report are now on-line! Missing a prior issue? Issues of the Update Report are being added to the ASA web site about one month after they are published. Complete sets of volumes six through eight are now on-line!

UPCOMING EVENTS

* = *Schweitzer, Lewis or Dickstein will be speaking there*

- July 8-10** * **Airline Suppliers Association Annual Conference**, The Breakers, Palm Beach, FL.
Call ASA at (202) 730-0270 for more information, or send email to conference@airlinesuppliers.com
- Aug. 16-17** * **ASA Hazmat Training**, Phoenix, AZ. Phoenix Airport Courtyard by Marriott. See Page 34 for details.
- Aug. 20-21** * **ASA Hazmat Training**, Los Angeles, CA. Embassy Suites, Arcadia, CA. See Page 34 for details.
- Aug. 22-23** * **ASA Hazmat Training**, Seattle, WA. Hosted by Avolo! See Page 34 for details.
- Sept. 13-14** * **ASA Hazmat Training**, Chicago, IL. Hosted by Airliance! See Page 34 for details.
- Sept. 18-20** **Aviation Indus. Suppliers Conf. (AISCE)**, Hotel Palladia, Toulouse, France. Call (310) 203-9603.

Coming Soon: Fall 2001 ASA Workshop Schedule!

- October 3-5** **Cargo Facts 2001**, Seattle, WA. Contact Kristy Koch at (206) 587-6537 or e-mail kkoch@cargofacts.com
- Nov. 7-9** **Regional & Corporate Aviation Indus. Suppliers Conf.**, Rancho Mirage, CA. Call (310) 203-9603.

2002

- Mar. 18-20** **Commercial Aviation Indus. Suppliers Conf.**, Los Angeles, CA. Call (310) 203-9603 for information..
- Apr. 25-27** **Aircraft Electronics Ass'n Annual Convention**, Palm Springs, CA. Call (816) 373-6565 for details.

Don't forget to register for the 2001 ASA Annual Conference at the Breakers in Palm Beach, Florida. It will be held July 8-10, 2001. Registration materials are available on the ASA Website, or call (202) 730-0270. Make Hotel Reservations at the Breakers by calling 888-273-2537. The ASA Conference Attendee Room Rate at the Breakers is \$130+tax/night.

Airline Suppliers Association
1707 H Street, NW, Suite 701
Washington, DC 20006
Telephone: (202) 730-0270
Facsimile: (202) 730-0274

May 2001