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FAA Clarifies 8130s

The FAA has issued a clarification document – “change one” – to amend the instructions for completing 8130-3 tags found in FAA Order 8130.21E.

The most important clarification for most ASA members is found in section 205. The new text in that section clarifies that Manufacturing DARs with function code 08 privileges, and Maintenance DARs with function code 23 privileges, may issue domestic 8130-3 tags at an accredited distributor's facility. By adding the function codes back into the guidance, the FAA has clarified that designees with these function code privileges are authorized to perform these functions. This should help distributors who have been told that no function code specifically authorizes a DAR to issue a domestic 8130-3 tag at a distributors' facility.

One change that some ASA members may see as a step backward for the FAA is found in section 205(b)(3), which previously permitted reliance on acceptable documentation for purposes of determining that an article was manufactured by a production approval holder. The term “acceptable documentation” was defined in a parenthetical to mean “shipping documents, manufacturer certificates of conformance, or material certification ... or part markings”.

The new language in section 205(b)(3) redefines the term ‘acceptable documentation’ to mean “shipping documents, manufacturer certificates of conformance, or material certification ... along with the part markings.” Note that this has changed the language from “or” to “along with.” ASA has talked to the FAA drafters, and there was no specific intent to change the disjunctive “or” into a conjunctive (“and”) through this language change. Nonetheless, this could pose a real problem among FAA inspectors who read the new language as being equivalent to an “and,” because there are many parts that are not marked by the manufacturer.

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MESSAGE FROM ASA'S PRESIDENT

THE UPDATE Report

is the monthly newsletter
of the Aviation Suppliers
Association.

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Dear Members,

Registration for ASA's Annual Conference is in full swing. The conference brochure is available online. The hotel is sold out on some of the nights, so make your reservations soon. If you have any hotel issues, please contact ASA. The cut-off for the early registration rate is June 14th. The cut-off for the ASA room rate is June 20.

The 2007 conference theme is Gateway to New Opportunities. We just announced that the panel for Tuesday afternoon's session regarding the increasing business opportunities in South America has been set with Fernando Moreno, Materials Director of Avianca and the President of the CCMA, being the air carrier speaker. Mr. Moreno will be joined by Alex de Gunten, President of ALTA and Cliff Kapel, President of TSI Aviation. The panel will discuss where the business opportunities, building relationships and parts purchasing issues.

ASA will be moving June 16th. Our new location is in the north Georgetown section of D.C. The new location is a bit bigger than our current location and the layout is more efficient. As with everywhere, rent per square footage has significantly increased, and the Georgetown section is much more reasonable than near the White House. There are also the added benefits that the real estate agents do not mention such as fewer bomb scares, political rallies and traffic closures.

Currently both addresses are active but all over night deliveries need to come to the 734 15th Street address until June 16th. Our phone and fax numbers will not be changing.

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No written rationale was advanced for this change in section 205(b)(3), and ASA's discussions with the FAA suggest that there was no intent to make a substantive change with this wording change - the change was an inadvertent one, effected during the FAA's efforts to broaden this section to address repair stations and air carriers. But you can bet that there will be wordsmiths who seize on the language and claim that it should be interpreted to mean that parts **MUST** be marked ... the net result of such wordsmithing will be to make it impossible to issue an 8130-3 tag for parts that are not marked by their manufacturers (a ludicrous result where the part bears otherwise-acceptable documentation). ASA has already noted the problem to the FAA, and intends to request a rewording back to the original "or" when the next revision of the guidance is published.

The FAA has simplified the instructions for block 11 (serial/batch number) in 8130-3 tags used as approval for return to service (e.g. from repair stations). The old instructions used to read:

Block 11. Serial/Batch Number. *If the part is required by § 45.14 to be marked with a serial number or equivalent, enter the serial number or equivalent that is identified on the part. If a serial number or equivalent is not required under § 45.14 to be marked on the part, enter "N/A." Manufacturing process control numbers or other such serial numbers are not required by § 45.14 and must not be entered in Block 11.*

The new, simplified instructions now read:

k. Block 11. Serial/Batch Number. *If the item is identified with a serial number, batch number, or equivalent identifier, enter it here. If not, enter "N/A."*

This simplification is bound to help out repair stations and air carriers who are trying to decide what numbers to include in block 11.

Previously, the FAA recommended that 8130-3 tags completed as approval for return to service documents should state "approval for return to service" in block 13. This was deemed redundant and the recommendation to do this has been removed from the order.

FAA SUPs Office to Close

The FAA will be closing the Suspected Unapproved Parts (SUPs) Program Office this summer. The functions performed by the office will continue to be performed by the FAA, but they will be 'realigned' to coincide with different FAA offices.

The primary responsibility for coordinating SUPs investigations will be shared by the FAA's Maintenance Divisions (AFS-300) and the Production and Airworthiness Certification Division (AIR-200). They will continue to receive reports through the normal SUPs reporting mechanisms currently in place. The current practice of assigning a field office investigator to perform the investigations will continue.

The plan to close the office should not be a shock to anyone. The original Suspected Unapproved Parts Plan anticipated closing the SUPs

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Program Office about five years after the program began, so the Program Office has enjoyed several extra years of existence beyond its original expected life-limit.

In conjunction with this realignment, the FAA plans to rewrite Advisory Circular 21-29 (Detecting and Reporting Unapproved Parts).

The FAA has made it clear that they remain committed to the investigation of all aircraft parts-related safety allegations. They have also made it clear that they will continue to work cooperatively with the other law enforcement agencies – the FAA regularly meets with representatives from the civilian and military law enforcement community to discuss aircraft parts related law enforcement issues – and they will continue to help coordinate efforts to make sure that the aircraft parts community remains safe from unscrupulous persons who might seek to jeopardize safety in aviation.

New Strategies to Leverage FAA Funding

For many years, the industry has recognized that the FAA is being asked to stretch its resources exceedingly thinly. The FAA simply does not have the resources to accomplish everything that it would like to, so the FAA has focused its resources on the most safety-sensitive tasks. This scarcity of resources has affected distributors in many ways. For example, amidst calls by some parties in the 90s to directly regulate aircraft parts distribution, the FAA pleaded that it did not have the resources to undertake such a massive oversight project. The result was a partnership between industry and the FAA that led to the accreditation program. Accreditation became a model for the way that a system of quality assurance programs can be used to leverage the FAA's resources to permit significant safety benefits with only a limited commitment of oversight resource by the government.

Two current initiatives reflect directly this resource issue. In an effort to preserve its resources, the FAA is working on developing Safety Management Systems (SMS) – these systems could look somewhat similar to the accreditation program. And in an effort to preserve and revitalize its funding sources, the Bush Administration has proposed to Congress a radical new funding paradigm for the FAA. We address the funding mechanism in this month's UPDATE Report, and the SMS initiatives in next month's issue.

FAA's New Funding Paradigm

Under the current funding structure for the FAA, a portion of the FAA's funding comes from excise taxes on things like commercial airline tickets. The FAA has raised concerns that the current funding structure depends primarily on ticket prices and passenger numbers, and these numbers are not necessarily linked to the FAA's workload and costs. Therefore, the FAA has been seeking an alternative funding mechanism.

What is the New Paradigm?

The air carrier community has lobbied for user fees. One of the reasons they favor user fees is because user fees (as proposed by the air carrier community) would shift some of the tax burden from air carrier passengers to the general aviation community. The legislative proposal for user fees would eliminate the ticket price taxes that fund the aviation trust fund and in their place we would see things like landing and take-off fees as well as a significant increase in gas taxes.

The legislative proposal for the new funding mechanism can be found in the "Next Generation Air Transportation System Financing Reform Act of 2007." Copies of this bill can be found on the FAA's Web site.

Who Likes the New Paradigm?

The FAA and the Commercial Airline Industry are both arguing in favor of the user-fee-based funding system. They claim that the proposed new funding structure would link revenues more closely with costs to ensure that revenues rise with increases in FAA's air traffic control and safety activities.

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According to the FAA, cost-based user charges would also be more equitable and could create incentives for more efficient use of the system by aircraft operators.

Do We Need a New Paradigm?

Many people are arguing against the change in the funding mechanism.

The U.S. General Accounting Office (GAO) has analyzed the FAA's current funding structure and has concluded that it can continue to support the FAA into the foreseeable future. The GAO has noted that as the number of air travelers has grown, so have excise tax revenues. Even though revenues fell during the early years of this decade as the demand for air travel fell, they began to rise again in fiscal year 2004, and the FAA has stated that if the current excise taxes remain in effect at their current rates, revenues will continue to increase. The GAO also noted that if additional revenue became necessary, Congress could obtain more revenue by increasing the excise tax rates or the General Fund contribution to FAA's budget.

The GAO has raised a number of questions about the FAA's proposal. The GAO makes it clear that they have doubts about whether the proposed funding structure would achieve its goals. The reason for these doubts is because the new paradigm depends on two unknowns—the soundness of a new FAA cost allocation methodology and the extent to which the proposed structure links revenues to costs.

The General Aviation community has vocally opposed the new funding paradigm. They raise concerns about whether the FAA's proposed fuel tax rate will collect anticipated revenues. There are concerns that the fuel tax may curtail some general aviation operations, which could lead to a need to further raise the aviation fuel tax to meet the shortfalls, which in turn continues a vicious cycle that could lead to a significant cut in the amount of general aviation traffic in the United States.

Playing Fast and Loose with the Law

One thing that can be said about the proposed funding paradigm is that the FAA is seeking a blank check from Congress. The FAA's draft of the bill would include an exemption from the administrative procedures act for any future rulemaking activity under this law. This would mean that the FAA would be able to set user fees without seeking public comment.

User fees are supposed to be tied to the FAA's costs, so do we really need public input into user fees? You bet we do!

Although the proposed law states that user fees collected would have to be tied to the FAA's costs, it also provides the FAA with several different forms of user fee authority that would actually authorize the FAA to collect more money than it needs. The FAA is allowed to collect a 'reserve' as a hedge against future shortfalls. There is no limit imposed on the size of this reserve. In the past, the government has allowed surpluses to collect in the transportation trust funds because these funds are considered "on-budget" and therefore a surplus in the trust funds masks the true size of the budget deficit. Such funds are usually required to be invested in government bonds, although the government does not pay itself interest. Thus, in the guise of collecting a 'reserve,' the FAA could actually be collecting a pool of money designed to help mask the true size of the budget deficit, potentially giving the budget the appearance of balance when it is not really balanced.

FAA User Fees: Conclusion

In the end, the new funding proposal shifts the responsibility for who will pay for the aviation system. On this point, the shift from air carriers to the general aviation community may be a short-term benefit for ASA members to the extent that it lifts some of the financial burden (the ticket tax burden) from the backs of ASA's members' most significant collection of customers. But for ASA members who sell aircraft parts to the general aviation community, this could be a significant new expense levied against your customer base – an expense that the FAA has been underplaying but that is likely to have a noticeable affect on the general aviation community.

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There are aspects of the new proposal that have the potential to harm the entire industry. The fact that user fees are uncapped and can be increased at will by the FAA with no recourse by the public is a very dangerous equation – it allows the FAA to “write its own checks” against the private sector’s accounts, and there is no real public accountability at all. You cannot vote the FAA out of office. You are not even entitled to the formality of public comment under the proposal.

Overall, the FAA’s proposal provides little in the way of benefit to parts distributors, but it hides much in the way of potential costs for distributors.

In the next issue, we will examine the status of this proposal as it is implemented and discussed in legislative proposals on Capitol Hill.

Q&A: Exporting Dual Use Parts

Dear Jason:

We are being requested by a foreign military to purchase parts for their AWACs planes. This plane has dual use parts. I was reviewing the notes on one of your past export presentations and I had some questions.

We were wondering if we need an export license for dual-use parts where the civilian and the military part has the identical part number. Since we already know the part is destined to be used in an AWACs, does that automatically require an export license?

Sincerely,
An ASA Member

Dear ASA Member:

Generally, the intended use of the article or service after its export (i.e., for a military or civilian purpose) is not relevant in determining whether the article or service is subject to the controls of the USML. 22 C.F.R. § 120.3. The relevant inquiry is the purpose for which the items were manufactured

Nonetheless, the fact that the parts are intended to be used on military aircraft should serve as a heads-up that there is a strong possibility that the parts may have been manufactured with the intention that they be used on military aircraft.

You indicated that the parts in question bear a common nomenclature – the same part number is used in the military parts and the civilian parts. While these may be dual use parts, the fact that they bear a single nomenclature may suggest that there is a single use intent at the time of production. That is, these parts may be fabricated for military uses and then they may be diverted for civilian use as needed. If this is the case, then they may be defense-use parts potentially subject to the export oversight of the State Department.

There is a provision in the U.S. Munitions List that declares that “Components, parts, accessories, attachments, and associated equipment (including ground support equipment) specifically designed or modified for...” military aircraft are subject to the jurisdiction of the State Department. If these are aircraft parts that you know were intended at the time of production to go on AWACS used in military service, then you will likely need a U.S. State Department license.

There is an exclusion for tires and propellers used with reciprocating engines, so if you are shipping such items they would be outside the State Department jurisdiction (but then you must check the BIS regulations and the CCLs to see if they are subject to Commerce Department licensing).

There is another catch-all provision in the USML that includes “Any article not specifically enumerated in the other categories of the U.S. Munitions List which has substantial military applicability and which has been specifically designed or modified for military purposes. The decision on whether any article may be included in this category shall be made by the Director of the Office of Defense Trade Controls.” So if you’ve got other parts that do not fit neatly into any of the other USML categories, but are clearly designed for military use, then they may be deemed to be military-use items.

You may want to try to claim that the parts in question should be excluded from State Department control on the grounds that they are dual-use parts that are readily available in the commercial marketplace, and therefore the goals of the Directorate of Defense Trade Controls are not being met by implementing controls on parts destined for military use when they can readily be purchased from non-US sources in the commercial marketplace. If you were to make this argument, though, I would strongly advise making it before you export (in a commodity jurisdiction request), rather than after, because there is a strong chance that the government would reject such an argument for parts known to be destined for AWACS in military service.

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Based on the member's original question, we decided that the aircraft for which these parts were destined were either E-767 AWACS aircraft or E-8 AWACS aircraft. In each case, the military airframe is a derivative of the civilian airframe, and many dual-use parts made for the airframe were originally made for the civilian airframe and not the military airframe.

Some dual use parts for each of these could be specifically excluded from State Department oversight if they were specifically manufactured for civilian aircraft. One way to judge this is to examine the paperwork associated with the parts. If the manufacturer originally obtained 8130-3 tags for the parts in question then this is strong evidence that the parts were intended for the civilian market and not the defense market. We would still recommend seeking out a commodity jurisdiction request before assuming that they are excluded from State Department oversight; we would also recommend doing a full analysis of the specific parts in question to see where they fit into the regulations.

A good way to start your analysis is by talking to the manufacturer of the parts, first. See if the manufacturer can short-cut your analysis ... they may have already filed a commodity jurisdiction request for these parts on their own.

No matter what, there are certain dual-use items that are always restricted under the Wassenaar Agreement. You can find the list of aircraft dual-use aircraft parts subject to the Wassenaar Agreement at:

[http://www.wassenaar.org/controllists/12%20-%20WA-LIST%20\(06\)%201%20-%20CAT%209.doc](http://www.wassenaar.org/controllists/12%20-%20WA-LIST%20(06)%201%20-%20CAT%209.doc)

Generally, if you (as an exporter) are aware that the items in question were made with the intention that they be used for a military end-use, you must notify the proper authorities through a license application.

Don't forget that your analysis may not end with the USML! If you conclude that your parts are not subject to State Department control under the USML, you will next need to analyze them under the export rules of the Bureau of Industry and Security (Commerce Department). Where the State Department does not have jurisdiction, you will find that some parts are subject to licensing requirements from the Commerce Department.

Delta Emerges from Bankruptcy

On April 30, 2007, Delta and its subsidiaries emerged from a 19-month restructuring process. The company and those subsidiaries had voluntarily filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code on September 14, 2005. Since then, they have announced numerous restructuring milestones.

Delta is understandably proud of their emergence from bankruptcy. They claim that they have delivered \$3 billion in annual financial improvements one year ahead of schedule.

The creditors who voted on the reorganization plan (mostly the large institutional creditors) overwhelmingly supported the plan - more than 95 percent of the ballots cast and claims value voting were in favor of the plan. The Bankruptcy Court entered an order confirming Delta's Plan of Reorganization on April 25, 2007.

Delta claims that they've made tremendous progress in transforming into a strong and healthy global carrier. At emergence, the company had reported four consecutive quarters of operating profits, with \$155 million in operating profit in the first quarter of 2007. At the same time, they have beefed-up their international route structure, adding more than 60 new international routes (Continental had already found that a higher proportion of international routes made the carrier stabler and less susceptible to domestic turmoil).

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ASA members who are doing business with Delta should note that their debts no longer receive priority for payment under the bankruptcy court rules. At the same time, Delta is no longer under the protection of the bankruptcy court so payment disputes should be treated as normal disputes to be resolved in your company's ordinary fashion. Finally, ASA members should be sure to treat Delta transactions according to the company's norms for securing credit transactions (whether through insurance, security agreement, or other method).

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Regulatory Workshop Series - One-day workshops providing annual update on regulatory changes, offered at various locations throughout the U.S. and abroad.

Hazmat Training - Certification that satisfies Federal Regulatory Requirements.

Government Representation

As the voice of aviation distributors, ASA works with regulators both in the U.S. and abroad to improve the regulatory environment for distributors while promoting aviation safety to the highest level. ASA has strong ties with the Federal Aviation Administration (FAA), U.S. Congress and the aviation regulators worldwide.

News and Information

Member Bulletins - monthly bulletin sent exclusively to members providing membership and industry updates

Member Alerts - periodic notices that provide immediate updates on industry news as it happens

Employee Background Checks

This brief article is intended to cover some of the basics when considering if you or your company should conduct background checks on employees as part of the hiring or promotion process.

I often hear managers say, "I have a small business with a limited number of employees whom I know and trust. Besides, it costs too much money to do background checks". Sound familiar? Let me start off by saying that one or two bad employees, in a small company, can have a more adverse impact than a couple of bad employees in a larger company. Hiring good employees is one of the most difficult decisions managers face. Over the past 10 years, there has been an increase in the use of counterfeit or false social security cards, drivers licenses and other forms of false identification in the work place. Why not have processes in place to weed out someone you really don't want and find out early before it's too late? Other benefits from such a program can help limit corporate losses from employee theft or other litigation arising from various forms of employee misconduct and create a safer work environment for your employees. Background checks can also help meet the requirements of C-TPAT. It is not difficult to tailor a program for your business. You can base it on the type of position being filled or the access the employee will have to sensitive company information.

You can start the process by having the correct questions on the employment application and let prospective employees know up front that you conduct background investigations to verify the information on the application and may even require drug testing, etc. and obtain any necessary releases. You also need to commit to the program and include your Human Resources Department, if appropriate, and also consult with an attorney for any legal requirements as laws vary from state to state. Once it's in place – follow it!

How much will it cost? You can accomplish some of the following limited checks at no cost. Some simple suggestions are verifying social security numbers provided as opposed to just meeting the I-9 requirements. You can also verify certificates issued by the Federal Aviation Administration. The process for doing these was covered at the last two ASA Annual Conferences, and is provided at the end of this article. Also, you can now verify social security numbers online. After all, if the government is doing something for no cost, maybe we should take advantage of it.

There are also various public databases that you can subscribe to on the Internet to conduct checks on criminal convictions and civil litigations, etc. Those types of name checks can start at \$3.95 for each individual name and go up in price depending on what else you want to include. Also, depending on the type of aviation business you are in, drug and/or alcohol testing may be required or can be included as part of your screening process. That is an added cost and a company responsibility. Some businesses also include credit history checks, as part of their background checks and again, the companies are responsible because releases are normally required.

I am not a proponent of company managers or employees playing Colombo and here is the reason why. There are private investigative agencies in every state that specialize in employee background checks. They subscribe to many different databases, some of which are not accessible to the public. Also, retired or former federal, state and local law enforcement officials head up most of the reputable companies and have far more experience and local contacts than company managers do. For a cost of approximately \$200.00 - \$300.00 most can put together a complete background package, which includes a comprehensive individual profile, driving record, criminal convictions, civil litigation, and news service checks, etc. Don't forget, they also have the means to find out much more information than you can if derogatory information is uncovered. Do you as a manager really have the time to spend researching and subscribing to the necessary public accessible Web sites and then trying verify the information if needed?

Another area, that is important but unfortunately extremely difficult to obtain information on, is what is commonly referred to as "employee suitability issues". It can include such areas as sexual harassment, rate of absenteeism, trustworthiness, etc. Private industry is often very reluctant to provide information on these areas. One reason may be because the problem employee is now yours and they fear legal action by the former employee if they are denied new employment or as

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part of a settlement, the information cannot be divulged. Are you well versed at obtaining this type of critical information? These types of issues are normally covered in expanded background checks and can be expensive. Let me leave you with one thought. Do you really know who you are hiring? This alone could be more of a reason to conduct some form of a background check on prospective employees.

A quick reference to some public accessible websites, phone numbers and other information summarized directly from the individual websites:

Individual Credit History Checks

Numerous websites. As an employer, you may use consumer reports when you hire new employees and when you evaluate employees for promotion, reassignment and retention as long as you comply with the Fair Credit Reporting Act (FCRA). Sections 604, 606, and 615 of the FCRA spell out your responsibilities when using consumer reports for employment purposes. Check <http://www.ftc.gov/bcp/conline/pubs/buspubs/credempl.htm> for details.

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British Airways has launched a competition for long-haul aircraft for replacing tender fleet growth and fleet replacement into the next decade. The aircraft to be replaced are the 20 Boeing 747s and 767s, which will be around 25 years old. Orders will be placed during next year. The aircraft being considered are the Airbus A330-300, A350-900 and Boeing 787-9.

Northwest Airlines reaches agreement with Boeing and Rolls-Royce for engine acquisition
Northwest Airlines has reached agreements with Boeing and Rolls-Royce for the acquisition of engines for the airline to accept delivery of its Boeing 787-9 aircraft in August 2008. "The agreements reached with Boeing and Rolls-Royce are key accomplishments in our efforts to restructure the Northwest fleet as part of an overall strategic plan for the long-term," said Northwest CEO, Craig S. Lee. Northwest announced an order for 18 Boeing 787-9s, equipped with Rolls-Royce Trent 1000 engines, in May 2005.

New \$2.5 billion titanium deal
Allegheny Technologies has signed a long-term agreement with Boeing for the supply of titanium products for commercial aerospace applications. The expected total revenue under the agreement at base prices from 2007 through 2015 is approximately \$2.5 billion. The aerospace agreement includes ingot, billet, bar, rebar, forgings, plate, and other titanium products.

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Federal Record Checks

PACER is a service of United States Judiciary. Public Access to Court Electronic Records (PACER) is an electronic public access service that allows users to obtain case and docket information from Federal Appellate, District and Bankruptcy courts, and the U.S. Party/Case Index via the Internet. Links to all courts are provided from this web site. Electronic access is available by registering with the PACER Service Center, the judiciary's centralized registration, billing and technical support center.

Each court maintains its own databases with case information. Because PACER database systems are maintained within each court, each jurisdiction will have a different URL. Accessing and querying information from each service is comparable; however, the format and content of information provided may differ slightly. Check <http://www.pacer.psc.uscourts.gov/> for details.

Social Security Number Verification

Telephone verification - call 1-800-772-6270, 7:00am – 7:00pm (EST). They will ask for your company name and EIN. They verify up to 5 names and SSNs and must have full name, DOB, and gender.

Internet options - There are two Internet verification options you can use to verify that your employee names and Social Security numbers match Social Security's records. You can verify up to 10 names and SSNs (per screen) online and receive immediate results. This option is ideal to verify new hires. You can also upload batch files of up to 250,000 names and SSNs and usually receive results the next government business day. This option is ideal if you want to verify an entire payroll database or if you hire a large number of workers at a time. While the service is available to all employers and third-party submitters, it can only be used to verify current or former employees and only for wage reporting (Form W-2) purposes. Check www.ssa.gov/employer/ssnv.htm for additional information.

FAA Certificate Verification

Telephone verification - call the Airman's Certification Branch, 1-866-878-2498 or (405) 954-3261, Monday through Friday, 7:30 a.m. to 4:00 p.m. Central Time. (It's best to call early in the morning, when they open) They will process up to 5 requests and will let you know if the certificate is valid, the date of issue, and the type of certificate. Check <http://www.faa.gov> for additional information on letters of verifications, etc.

Conclusion

In summary, it can cost a lot more money and countless hours of management's time and legal fees to fix employee problems that could have been prevented by spending a little money upfront to do some basic checking! I look forward to discussing these issues and other security matters at the next ASA Conference in July. So save up your questions.

[Harry Schaefer retired with 40 years experience as a federal investigator, county detective, Army counter-intelligence officer and private investigator. He has conducted various types of investigations including criminal, employee misconduct and suitability, and internal corporate investigations. He can be reached at hschaefer@triad.rr.com]

Harry Schaefer and Barbara Barnett (U.S. DOT, Office of the Inspector General) will present **Workshop H - Security, Protecting the Company's Assets, & Staying Out of Criminal Prosecution** at ASA 2007 in Miami. To view the complete speaker list, please visit our Web site www.ASA2007.org.

Quantum Control

Business Software *Integrated with the StockMarket*



Inventory Management*

The cornerstone for the Quantum Control system. The parts summary screen provides a central viewpoint for all information and activity related to a given part.



The StockMarket

Quantum users can search, buy, and sell parts with other Quantum Users in real time without leaving the software. Inventory postings are automatic and can include details such as serial numbers, images, time life and prices.



Quotation Processing*

Manages the customer quotation process and the recording of supplier responses from outgoing RFQs.



Vendor Quotes*

Provides a tool to locate sources for part procurement and send out requests for quotes to multiple vendors, including multiple lines.



Sales Orders*

Manages the customer order process to include back order management, invoice preparation and product returns.



Invoice Management*

Provides the opportunity to manage the invoice process by viewing system wide for open sales orders and determining if these can be expedited or consolidated with existing invoices, etc.



Purchase Orders & Requests*

Manages the purchasing process including request routing and approval by dollar amount and employee position. Manages purchasing activity for stock, non-stock and exchange.



Purchase Management*

Provides the capability to manage purchasing activities by being able to review all parts needed for procurement based upon sales order requirements and below minimum level stock quantities.



Integrated Accounting

The Accounting Module includes General Ledger, Accounts Receivable, Accounts Payable, and more - all integrated with Sales, Purchasing, Repair, Exchange, Work Order and Invoicing modules.



Physical Inventory*

Manages the physical inventory process. Generates count sheets for manual or barcode counting efforts.



Receiving and Inspection*

The receiving module is a powerful tool for efficient, cost-saving receiving, intermediate and final inspection, and defect recording.



Shipping Management

Manages the shipping and order consolidation process to include user defined stages and statuses. Creates custom invoices, packing slips and certification forms within one shipment.



Demand Planning

Optimizes material and production planning by analyzing historical usage and projecting future demand. Recommends minimum and maximum order quantities based on lead time and forecasted demand.



Lot Costing

Manages lot purchases and assembly teardowns. Provides total tracking of acquisition costs, overhaul expenses, component part sales, profit margins and full traceability.



Data Services

Provides flexible tools to manage the process of both importing and exporting data to/from the Quantum database. Integration points include ILS, USA Info, Partsbase and AvRef.



Management Reports*

Produces hard copy and screen oriented reports supporting all modules throughout the system.



Crystal Reports 11 Pro

Create flexible, feature-rich reports allowing unlimited reporting from Quantum, using the de facto standard for business reporting today.



Aircraft Maintenance

Manages on wing maintenance and includes Engineering Configuration Management, Maintenance Program Management, Maintenance Recording, Technical Records and Flight Log Processing Modules.



Shop Control

Manages the complete Component and Assembly Repair and Overhaul process. Includes real-time Cost and Schedule Management functions that put you in complete control of your shop's activity.



Manufacturing

The Manufacturing Module addresses all aspects of the manufacturing process including product lines, floor control, inspections, materials planning, purchasing and outside servicing.



Repair Orders*

Manages the preparation, pulling from inventory, shipping and receiving of components sent out for repair. The Repair Order module provides historic as well as current repair cost per component, detailed by parts, labor and miscellaneous charges.



Contact Management

This module provides a tool for sales, service or support centers to record, track, status and assign contact activity. Email list management and broadcasting is also included.



Document Imaging

Provides the ability to attach images or documents against part number, stock line, work order, and company.



Company Management*

Contains both customer and vendor information including pre-defined settings such as payment terms, preferred method of shipping, discounts, tax and more. It can also group vendors and suppliers for marketing purposes and provide detailed history information for each vendor and supplier.



Internet Quantum™ (iQ)

The Internet Quantum module (iQ), utilizes Stock Market technology to allow customers to login to your website and view RFQ, or purchase from your existing stock in real-time. Information such as condition, time & cycles remaining, tag info, scanned documents, delivery time and more is available to assist users in their purchasing decisions.



Max-Q

With Max-Q you get Aviation's leading Business Application, Quantum Control, implemented with the latest database technology from Oracle to provide the ultimate in database Security, Reliability, Scalability and Performance.



Bar Coding

Prints bar codes and allows for the scanning of physical inventory to track and manage stock and account for all parts when shipping, receiving, etc.



Repair Manual Tracking

Tracks all publications and revision dates and review dates. Provides for manual effectivity by part, customer and ATA. Integrated with the Shop Control module providing specific manual requirements for individual work orders.



Rental and Leasing

The Rental and Leasing module has the versatility to handle all of your rental and leasing transactions including flight-time based billing.



GFI Faxmaker

This is a fax manager that supports "background" faxing from all Quantum users by using a service based system. This is a third party MAPI compliant fax manager supporting multiple fax servers and Citrix.



AVREF Catalog Files

The AVREF Catalog System provides the latest OEM pricing information along with access to Government MCRL cross reference data. Completely integrated with the Quantum Inventory Module.



*Standard Quantum Module

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Avioserv San Diego, Inc. – In Focus

Avioserv was founded in 1994 as Willis Aeronautical Services, Inc. (WASI) in San Francisco with the objective to become a major player in trading surplus airframe and engine material. The company was relocated to San Diego in 1998 to support Pacific Gas Turbine Center, a JT8D/JT8D-200 Engine Repair and Overhaul Facility. During this time, the company continued to provide materials to the after-market. WASI was acquired by SR Technics in 2000, and the company name was changed to Avioserv San Diego in 2001.

Since 2001, Avioserv has transitioned from a material broker to a preferred supplier of engine parts for airlines, airline shops, MROs and other material vendors. In 2003, the company began leasing engines as part of its core strategy of acquiring engines at the late stage of their useful life for future placement into its disassembly business. Today, Avioserv leases both JT8D-200 and CFM-56-3 engine types in win-win situations for both the company and its customers. The company believes that its success is the result of continued focus on the customer's needs – delivering high quality, fully documented engines and engine material on time and as promised.

ASA had a chance to speak with Tim Veit, Vice President of Operations, and Paul Dolan, Vice President of Sales and Marketing, to discuss the future growth potential for aviation suppliers. Dolan noted that Avioserv's perspective on the industry is unique due to its specific business plan, in which 2/3 of the business is in after-market materials sales, with the remaining 1/3 in engine leasing. The company keeps a narrow focus on only two types of engines – JT8D-200 and CFM-56-3 and sees potential growth in the industry to sell parts in the second-tier market, as operators take on new aircraft.

In recent years, Dolan noted, airlines have become increasingly more cost-conscious, especially in terms of engine repair costs. Given the cost advantages, MROs and airlines are purchasing more after-market parts. However, quality and documentation of aftermarket material are essential to the after-market business, and both can be a barrier to other companies wishing to enter the market. Avioserv works hard to be leader in this area. While Avioserv anticipates that the after-market industry will continue to grow given airlines' need to keep costs down, obstacles to success could be industry acceptance of after-market parts as well changes in the way OEMs do business.

For Avioserv, the real value of ASA can be identified in one word: Quality. Both Dolan and Veit commented on the necessity of the ASA-100 standard. Because quality requirements are so tight, the ASA accreditation is essential to Avioserv's business. The ASA-100 standard has become increasingly visible in the industry over the past five years, Veit stated. Avioserv's ASA accreditation enables the company to waive certain on-site audit requirements from customers and has been essential to the company's competitive advantage. Avioserv also values ASA's interpretation of FAA regulations and sees ASA the vehicle of communication with the FAA. Dolan and Veit noted that "ASA provides a voice for the concerns of the entire industry."

Avioserv is accredited under the ASA-100 standard and has been a member of ASA since 1996.

CONTACT US!

ASA Staff is always interested in your feedback. Please contact us with any comments or suggestions.

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CALENDAR OF EVENTS!

ASA Events

ASA 2007 Annual Conference.....July 14-17, 2007

Four Seasons Hotel, Miami, FL

Reservations: 305-358-3535

Hazmat Training

June 13-14Miami, FL
Hilton Garden Inn

August 7-8Los Angeles, CA
Embassy Suites

September 11-2St. Louis, MO
Hilton

Summer 2007Washington, D.C.
TBA

Other Industry Events

September 17-19.....SpeedNews 8th Annual Aviation Industry Suppliers Conference
Toulouse (AISCT), Hotel Palladia, Toulouse, France

November 4-6.....SpeedNews 12th Annual Regional & Business Aviation
Industry Suppliers Conference, Location TBA