



# The Update Report

The Airline Suppliers Association

Volume 9, Issues 7 & 8

July-August 2001

## YOUR ASSOCIATION IN ACTION

### Post-Conference Double Issue

*We've got too much to say! In the wake of the ASA 2001 Conference, there was simply too much that needed to go into the July issue to fit it all into twelve pages. So we have combined the July and August issues into one giant double issue packed with all sorts of the information that every aviation industry company needs!*

July 8-10 marked the eighth Annual Conference of the Airline Suppliers Association. Hundreds of distributors, manufacturers, air carriers and repair stations gathered for three days of education and business.

The Conference included a members' only breakfast at which the official business of the Association was transacted. Association President Michele Schweitzer provided a "State-of-the-Association" address, discussing the Association's financial situation, recent accomplishments and strategic plans. This membership meeting featured votes on a new name for the Association (see article on Page 83, column one) and a new logo for the use of the membership (see article on Page 83, column two).

Although the business of the Association was accomplished during the members' breakfast, the vital information that every distributor needs was discussed throughout the main conference presentations.

The keynote speaker for this year was Aviation Maintenance Magazine Editor-in-Chief Matt Thurber. Thurber

discussed the growth in regional and business aviation markets, and detailed several industry trends that suggest a continued increase in business aviation. He noted that even the major air carriers are developing fleets of business aircraft to serve the fractional ownership market. This is likely to lead to significant new market opportunities for companies sell-

*(Continued on page 86)*



Aviation Maintenance Editor Matt Thurber was the keynote speaker for this year's ASA Annual Conference

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*See Page 76 for the list of eleven  
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airlinesuppliers.com](http://www.airlinesuppliers.com) for the ever-  
growing list of AC 00-56 accredited  
distributors*



## A Message from ASA's President

It was a pleasure seeing so many of you at the conference. Judging from the surveys, the conference was a smashing success. We are always seeking to improve and, using your comments, we plan to make next year's conference even better. The 2002 Annual Conference will be held June 23-25 at the Four Seasons Hotel, Las Vegas, Nevada. Registration information will be available early in 2002.

Education and training have always been the backbone of the annual conference. However, networking opportunities at the meal functions are an important part of the conference mixture. Without our sponsors ASA would not be able to hold the annual conference in high-end locations without charging extra for meals. You will find a list of our sponsors on Page 81 of this issue.

The Board of Directors held their 3<sup>d</sup> quarter meeting prior to ASA's Annual Meeting. The Board reviewed the proposal to change the Association's name, and then presented it to the membership at the Conference. See page 83 for more information on the name change. The next meeting of the Board is October 14-15, 2001. If you would like to have the Board review an issue or a suggestion, please contact me or any Board Member.

The Quality Assurance (QA) Committee met at the conference and discussed several ongoing projects, including ASA-100, accident/incident statements and 8130-3 tags. An article on their meeting will be published in next month's issue. They reviewed proposed changes to ASA-100 and voted not to change the document. The next QA meeting will be in November.

Take care, and I hope you enjoy the double issue,

Michele Dickstein

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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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## ASA Offers Widest Variety of Workshops Yet

ASA offered its widest variety of workshops yet at the 2002 Conference. The most prevalent complaint about the ASA Conference was the fact that attendees only had time to attend four workshops, and most attendees wanted to attend more than that! Each of the workshops offered its own pearls of wisdom - for the benefit of those who were unable to attend all of the workshops, we have reproduced here a brief summary of each workshop.

Each year, ASA is proud of the participation it enjoys by government officials. This year's conference saw the return of two familiar faces from the FAA to describe the latest developments in Washington: Ken Reilly, Manager of the Suspected Unapproved Parts Office (AVR-20), and Al Michaels, National Resource Specialist for the Continuous Airworthiness Maintenance Division (AFS-307). The FAA has had a busy year. An AIR-DU working group has submitted recommended changes to Advisory Circular ("AC") 00-56 to the FAA for review and incorporation. Another AC on Receiving Inspections is currently undergoing legal review in anticipation of publication later this year. The FAA lawyers are also reviewing a proposed AC on determining the disposition of undocumented parts and material in advance of its publication. New guidance on direct ship authority is also in the works, a consolidation and clarification of existing guidance in various orders, ACs, bulletins, and other sources. AC 21-29, which concerns detecting and reporting Suspected Unapproved Parts, is also being revised to better reflect changes in the industry and FAA policy. Yet another AC is being developed to provide guidance on how to properly "part out" a type-certificated product. Concerns over improperly rebuilt aircraft have led to

the establishment of a working group to develop guidance on the safe disposition of damaged or destroyed aircraft. Certification and documentation harmonization between the FAA and the Department of Defense continues, with DoD purchasing more off-the-shelf civil products like B-737s, 757s and 767s. The FAA also continues to upgrade its web site, offering a complete library of airworthiness directives and, soon, an on-line airworthiness inspector's handbook that will eventually replace Handbook Bulletins. In conclusion, Reilly and Michaels described forthcoming SUP educational material and noted that the agency is trying to determine whether anything needs to be done to regulate standard parts such as wire rope or fasteners.

Also presenting the government's perspective was another returning speaker: Harry Schaefer, Special Agent in Charge of Field Operations at the Department of Transportation Office of the Inspector General (OIG). Schaefer focused, as in previous years, on the OIG's investigations of suspected unapproved parts (SUPs) cases, and the prosecutions and convictions that have resulted. Since 1996, there have been 147 indictments leading to 141 convictions for SUPs-related offenses. Approximately 70 investigations are currently open. Schaefer described the specific offenses and penalties established under the SUPs provisions of the Wendell H. Ford Aviation Investment and Reform Act for the 21<sup>st</sup> Century, which criminalizes fraud involving aircraft parts in interstate or foreign commerce. He also described the kinds of indicators investigators look for when looking into allegations of fraud involving documents, parts, or facilities. Schaefer noted that the number of SUPs cases nationwide is actually declining somewhat, and he

credited ASA with helping to get the word out that cutting corners in business practices relating to aircraft parts just doesn't pay.

Although the ASA Conference has traditionally addressed a mixture of regulatory and quality assurance issues, many members have asked for a greater emphasis on business issues. This year, ASA offered more business-oriented workshops than ever before, and the membership attendance made it clear that this is a trend ASA will want to continue.

Tightening economic conditions have forced many companies to take a hard look at their credit policies. Don Mosher of NACM North Central Corporation, a commercial credit information company, gave his workshop participants a quick survival guide to extending trade credit in troubled times. Trade credit, Mosher explained, encompasses the broad range of arrangements by which businesses extend credit to their customers in the ordinary course of business, without the formalities of promissory notes, interest, or collateral. As a result, trade creditors frequently face greater risk when a customer defaults on their obligations. Mosher outlined a number of steps businesses can take to minimize their risks, such as ordering commercial credit reports on customers or joining an Industry Credit Group, an association of similar businesses that shares information in order to recognize and better manage high-risk accounts. Mosher's advice to every business is "know your customer!" That includes evaluating the payment histories of current customers in order to spot potentially troublesome trends, and learning everything possible about new customers. He also recommends making it a practice to announce that your com-

*(Continued on page 88)*

## FAA Audits Threaded Fastener Industry

A recent audit by the FAA found some disturbing quality system failures among fasteners. While most of the failures are unlikely to have an adverse effect on safety, the FAA is nonetheless committed to correcting them; action to remedy the problems could have a secondary effect on distributors.

Unlike some more specialized aircraft parts, the production of simple threaded fasteners such as nuts and bolts is often not strictly regulated. The lack of regulation is due to a variety of factors. One important factor is the fact that many fasteners are manufactured to a standard, like a military specification. These fasteners fall outside of the oversight jurisdiction of the FAA. Not all fasteners are manufactured as standard parts, though, and sometimes it appears that fasteners that *are* within the FAA's jurisdic-

tion (e.g. those manufactured by or for production approval holders) fail to meet the strict standards associated with the FAA-approved design.

There is currently a concern that variations in the quality of such fasteners are not always discovered in time to prevent fasteners that do not conform to FAA approved design data or industry specifications from being used in commercial aircraft. The FAA conducted an audit of the threaded fastener industry to determine whether this concern was supported by the facts. The FAA has recently completed its audit, and found a number of areas for improvement.

The FAA audit has its roots in an earlier study. In 1998, the Department of Transportation Office of the Inspector General (DOT-OIG) conducted an audit of the FAA's oversight of the

production of fasteners used in commercial aviation. The audit examined fasteners and other hardware from three aircraft operators and four repair stations. The DOT-OIG found that 48 out of 176 fasteners inspected had at least one dimension that did not meet FAA design data.

When the FAA sent the non-conforming hardware to the manufacturers for re-inspection, the manufacturers could confirm nonconformance in only six out of the 48 pieces. The FAA ascribed the disparity in the audit data to the use of different testing methods and devices. It is well known that different measurement devices can return differing results—this is one of the reasons that manufacturer's recommendations on the type of measuring device are followed. It is also true that different

*(Continued on page 93)*



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## The New Part 145 is Out!

As the Update Report went to press the new revisions to Part 145 were scheduled to be published in the Federal Register on August 6, 2001. The text of the rule, though, has already been placed on the internet.

Part 145 is the set of rules that govern operation of an aeronautical repair station. They explain how to apply for a repair station certificate, and what one must do to keep such a certificate. Many people have commented that the Part 145 rules are outdated and no longer reflect modern business practices.

The revised Part 145 rule has been a long time in coming. In 1962 the regulations were "streamlined and clarified" in a recodification project. In 1962 the FAA admitted that some substantive changes could be needed, but that such changes would have to be made at a later date. Thirteen years later, in 1975, the FAA's First Biennial Operations Review recommended that specific and substantial requirements of part 145 be revised. Although minor amendments to part 145 were subsequently adopted, no major revision was made in response

to this recommendation.

Although one amendment expanded the scope of work foreign repair stations are authorized to perform in 1988, the FAA still had not engaged in a substantial response to the 1975 recommendation.

In 1989, the FAA began the process of responding to the recommendations by publishing an advance notice of proposed rulemaking seeking comments on the provisions that should be included in a significant rewrite of Part 145. That process is now being completed with the publication of the new rules.

The new rule updates and revises the regulations for repair stations. The FAA explains that this action was necessary because many of the current repair station regulations do not reflect changes in repair station business practices and aircraft maintenance practices. There will be some who claim the new rule does not adequately reflect modern business practices either. As with the old rule, though, it is likely that problems in the rule will represent impediments to

business, but it is also likely that clever repair station managers will find ways to continue to do business safely and profitably. This is an important goal, as problems for repair stations can have a severe effect on the surplus parts suppliers that hire repair stations to perform component overhauls and other maintenance work.

The new rule establishes definitions applicable to repair stations and updates requirements relating to (1) repair station certification; (2) housing, facilities, equipment, materials, and data; (3) personnel; and (4) operations. These definitions are expected to help make enforcement of the aviation regulations more uniform.

The rule is also meant to eliminate distinctions between repair stations based on geographic location. Under the prior rule, FAA repair stations located in the United States were subject to different rules than FAA repair stations located in other countries, although the regulations were interpreted fairly similarly in practice.

*(Continued on page 81)*



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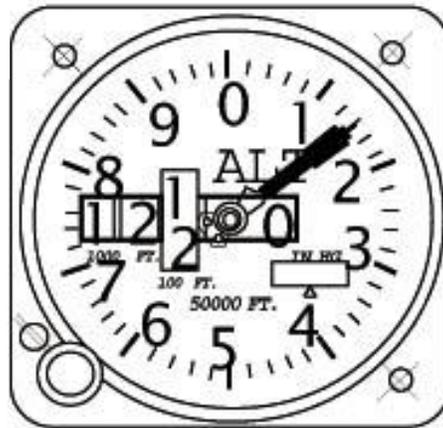
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The Airline Suppliers Association would like offer its sincere thanks to the sponsors of this year's ASA Annual Conference. Without the support of these companies, the ASA Annual Conference would not be the same quality event that it is.

- Aviation Systems International, Inc. (Banquet Entertainment)
- Baron International Aviation, Inc. (Tuesday Lunch)
- The Boeing Company (Monday Reception)
- Continental Data Graphics (Monday AM Break)
- Frank Crystal & Co., Inc. / Global Aerospace (AAU) (Tuesday PM Break)
- Intertrade, A Rockwell Collins Company (Monday PM Break)
- Inventory Locator Service (Sunday Welcome Dinner and Monday Banquet Dinner)
- M&M Aerospace Hardware, Inc. (Monday Continental Breakfast)
- Pratt & Whitney SMMO & P&W Services, Dallas Aerospace (Pocket Agenda & Speakers' Gifts)
- Scandinavian Airlines System (Tuesday Members-only Breakfast)
- Source One Spares (Conference Materials)
- Tracer Corporation (Tuesday AM Break)
- Unical Aviation, Inc. (Monday Lunch)
- Volvo Aero Services LP (Sunday Golf Tournament)

**THANKS!**

ASA would also like to thank the event's speakers, who gave up time from their busy schedules to participate as unpaid volunteer speakers at the event. Their positive attitudes, desire to share their knowledge, and willingness to make sacrifices to make the Conference a better event are deeply appreciated:

Robert Agnew	Jason Dickstein	Don Kenny	John Mitchell	Kurt Robinson	Matt Thurber
Bill Ake	Marshall Filler	Jason Lewis	Don Mosher	Harry Schaefer	Louis M. Timpanaro
Michael Barnes	James Finn	John Matthews	Teo Ozdener	Michele Schweitzer	William Tipton
Chad Bierman	Robert Harper	Al Michaels	Ken Reilly	Jim Sdoia	
Amy Cochis	William Herdman	Richard Mills	Jim Robinson	Juliann Strum	

## REGULATORY UPDATE

### FAA Issues Long-Awaited Part 145 Repair Station Rule Changes

*(Continued from page 79)*

There are several major provisions from the proposed rule that were not adopted in this final rule. Provisions that would have abrogated the property rights of the certificate holder were eliminated, which is a good thing for everyone in the industry. The final rule does not adopt the proposed revised repair station ratings and quality assurance system, although it does make minor, subtle, changes to ratings and quality system provisions. The FAA has pledged that revisions to the ratings system and a new proposal on mandatory quality assurance systems for repair stations will be published in the future in a subsequent rulemaking action.

Finally, this final rule removes the appendix to the repair station regulations that sets forth the job functions and equipment requirements for repair stations. This could have mixed ef-

fects. By eliminating the minimum requirements, it permits repair stations to specialize to a greater degree and to focus their resources on performing the best and safest maintenance possible. On the other hand, certain minimum standard provisions also implied certain privileges associated with those minimum standard provisions (e.g. radio installation privileges). With the elimination of the minimum standard provisions appendix, the implied privileges are also eliminated.

The August 6 publication of the new rule represents the culmination of a quarter century of work. Many people worked on the project and to a certain extent it appears to suffer from too many different ideas that pulled the draft in different directions at different times. Just before it was published, House Aviation Subcommittee Chairman John Mica (R-FL) and

House Transportation and Infrastructure Committee Chairman Don Young (R-AK) wrote a letter to the OMB (with copies to the FAA). In the letter they asked that the regulation be pulled: "it would be better to send the draft rule back to the FAA with instructions to do the job thoroughly and correctly." This letter from Congress was ignored.

The regulations are likely to continue to be a source of consternation to those who must comply with them, but ASA does not expect them to cause major upheavals in the industry. ASA is working with our neighbor organization, the Aeronautical Repair Station Association (ARSA) on this issue. The complete analysis is available through ASA's website or by going directly to ARSA. ARSA's website contains a variety of information on Part 145 and is located at <http://www.arsa.org>.

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#### *QUALITY SYSTEMS UPDATE*

### Receiving “New” Parts from Non-U.S. Air Carriers

Wondering whether you can receive those parts from that foreign air carrier? Looking for tips on receiving policies for Part 129 components? You’ve found the right article!

Part 129 represents the portion of the federal aviation regulations that provides operating rules for foreign air carriers that wish to operate through United States airspace. Non-U.S. air carriers with U.S. operating privileges are therefore often called “Part 129 carriers.”

This article addresses traceability and airworthiness concerns related to aircraft parts that have gone through the quality system of a part 129 air carrier. This month the article analyzes new parts, and explains why it is reasonable to continue accepting new

parts traceable to, or through, a Part 129 air carrier. Next month the series shall continue with an investigation of the standards applied to used, repaired or overhauled parts .

In the last several months, the Update Report has carried a series of articles on the quality systems found in the typical Part 129 carrier. These articles have highlighted the fact that foreign air carriers that are certificated under FAR Part 129 have quality systems that meet international standards. These international standards are quite similar to United States regulations. They are sufficiently similar so that it is common for the United States to enter into agreements with foreign governments who follow these standards in which we recognize that the United States FAA and the

foreign aviation authority may share certain aviation safety oversight responsibilities (bilateral agreements).

The one important difference between Part 129 certification, and domestic air carrier certification (Part 121) is that Part 129 does not carry maintenance privileges. This limits the acceptability of maintenance performed by such air carriers, as we shall see next month in this series of articles.

#### *Why is Traceability Important*

Many questions have arisen about the circumstances under which one may receive parts that are “traceable” to or through a Part 129 carrier.

No FAA regulation requires that any

*(Continued on page 92)*

## ASA Changes Name

The membership of the Airline Suppliers Association voted overwhelmingly to change the Association's name.

The Association's new name will be the Aviation Suppliers Association. The new name will reflect the expanding role that ASA and ASA's members are taking in the industry. A growing number of ASA's members supply parts for other aspects of the industry, like air operators, business aviation and private general aviation. The new name reflects this expansion of the marketplace, and it is also expected to entice a larger range of companies to join the Association.

The new name was chosen to minimize the effect of the change. The acronym remains the same, and the core membership and interests of the Association will remain the same.

Many members have advertised their membership in the Association on business cards, letterhead, or other materials. To further minimize any adverse effect of the change, ASA will ask its members to only change references to the association on their paper products when current supplies run low and the member company would ordinarily have re-ordered such materials.

This change will also have an effect on accredited companies, because of the associated change in the logo. Further information on this issue is discussed just to the left. That article discusses the changes in the existing accreditation logo and the addition of a new Association membership logo.

The vote was taken on Tuesday, July 10, 2001 at the Association's annual membership meeting in West Palm Beach, Florida. The change will become effective as of January 1, 2002.

## ASA Membership Selects New Logos

Following the vote to adopt a new name, ASA voted to adopt a new logo as well.

As all ASA members know, the well-known ASA Accreditation logo is reserved for use only by those companies that are accredited to ASA-100.

Recently, several ASA members have asked the Association to adopt a membership logo that could be used by any ASA member. This sort of logo could be used by companies that are not appropriate for accreditation, like air carriers and associate members. It could also be used by companies accredited to a different standard other than ASA-100.

The Association has responded to these requests with a brand-new Association logo that will be available to ASA members in conjunction with

the name change.

Options were presented to the membership and the membership selected the new logo. The new logo features a globe, to reflect ASA's global membership, as well as the new Association name.

The accreditation logo will also be changed slightly. The new logo will include the text "ASA-100," and will feature the new association name: Aviation Suppliers Association. The basic layout of the Accreditation logo shall remain the same so that it will continue to be recognized.

Both of these new logos will be available soon, so members and accredittees will be able to use them on their stationary and other promotional products. Anyone eligible to use the logo will be required to sign a licensing agreement before using it, but no additional fee will be required.



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## FAA Releases Revised 8130-3 Instructions

The FAA has released new rules on completion of the 8130-3 tag.

The rules were released through an FAA internal order. This order is entitled *Procedures for Completion and Use of the Authorized Release Certificate, FAA Form 8130-3, Airworthiness Approval Tag*. It is known as FAA Order 8130.21C and the "C" at the end of order number reflects the fact that this is the third revision of the order.

### History

The 8130-3 tag was first developed as an export airworthiness approval tag. Export airworthiness forms are completed by the FAA (or an FAA designee acting on behalf of the FAA) in order to certify that the product or part in question meets the standards of the appropriate FAA-approved design and is in a condition for safe operation. Another form is used for exporting aircraft, engines and propellers; the 8130-3 was developed for use with all parts and components that are not complete ("Class I") products.

Over the years, the 8130-3 tag has come to be used for a great many more functions. It is used for domestic airworthiness identification in addition to export airworthiness, and it may be issued for this purpose under a variety of circumstances. For example, the recent FAA Notice 8130.70 permits the tag to be used for domestic airworthiness purposes when issued by a Designated Airworthiness

Representative (DAR) for a part held by an accredited distributor (see the cover article in last month's issue for more information). The tag is also used for approval for return to service following maintenance and alteration activities. This wide array of differing uses makes it difficult for the FAA to develop and enforce uniform policies for the tag, because the rules that apply to one use do not always apply to another use.

### The 8130-3 Tag Today

One of the driving forces behind this recent revision was the effort to harmonize the 8130-3 tag with its counterparts in other nations. In particular, there was a desire to harmonize the

form with its Canadian counterpart, the TC 24-0078, and its European counterpart, the JAA Form One. Early discussions about the form suggested creating a single form that would include all three titles on it, so that it could be used with equal utility in any nation in Europe or North America. Recipients would look at block one to determine which country exercised authority over the certification made on the form.

The true test of success in the harmonization process will be the comparison of Order 8130.21C to its foreign counterparts. ASA hopes to perform this analysis in the near future, as soon as the other documents are available.

1. Approving National Aviation Authority/Country:		2.		3. Form Tracking Number:	
<b>AUTHORIZED RELEASE CERTIFICATE</b> FAA Form 8130-3, AIRWORTHINESS APPROVAL TAG					
4. Organization Name and Address:				5. Work Order/Contract/Invoice Number:	
6. Item:	7. Description:	8. Part Number:	9. Eligibility: *	10. Quantity:	11. Serial/Batch Number:
12. Status/Work:					
13. Remarks:					
14. Certifies the items identified above were manufactured in conformity to:			19. <input type="checkbox"/> 14 CFR 43.9 Return to Service <input type="checkbox"/> Other regulation specified in Block 13		
<input type="checkbox"/> Approved design data and are in a condition for safe operation. <input type="checkbox"/> Non-approved design data specified in Block 13.			Certifies that unless otherwise specified in Block 13, the work identified in Block 12 and described in Block 13 was accomplished in accordance with Title 14, Code of Federal Regulations, part 43 and in respect to that work, the items are approved for return to service.		
15. Authorized Signature:		16. Approval/Authorization No.:	20. Authorized Signature:		21. Approval/Certificate No.:
17. Name (Typed or Printed):		18. Date (m/d/y):	22. Name (Typed or Printed):		23. Date (m/d/y):
<b>User/Installer Responsibilities</b>					
It is important to understand that the existence of this document alone does not automatically constitute authority to install the part/component/assembly. Where the user/installer performs work in accordance with the national regulations of an airworthiness authority different than the airworthiness authority of the country specified in Block 1, it is essential that the user/installer ensures that his/her airworthiness authority accepts parts/components/assemblies from the airworthiness authority of the country specified in Block 1.					
Statements in Blocks 14 and 19 do not constitute installation certification. In all cases, aircraft maintenance records must contain an installation certification issued in accordance with the national regulations by the user/installer before the aircraft may be flown.					

The new FAA Order 8130.21C is available on the FAA's website at <http://www.faa.gov/avr/air/air200/8130-21C.doc>

The FAA has developed an internal training briefing. It can be found as a Microsoft PowerPoint presentation at: <http://www.faa.gov/avr/air/air200/8130.21c.ppt>

The FAA internal training briefing can be found as an Adobe Acrobat document at: <http://www.faa.gov/avr/air/air200/8130-3tng.pdf>

## ASA Conference a Success!

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ing parts for business aircraft — and for companies who are considering entry into this growing market.

ASA Washington Counsel Jason Dickstein gave his annual overview of the changes in the FAA rules and policies that have occurred in the past year, and that are likely to arise in the coming year. He outlined strategies for remaining in compliance while still maintaining a profitable business. He explained the status of upcoming rules, like the major revisions to the manufacturing rules of Part 21, the repair station rules of Part 145, and the delegated authority rules of Part

consulting company specializes in valuation of aircraft and aircraft parts inventories. The pencils were flying as attendees took notes on Agnew's assessment of the aviation manufacturing and utilization markets, and the effects these markets will have on the distribution of aftermarket parts (both new and surplus).

Agnew noted that the economic outlook for the aviation industry is closely tied to the outlook for the economy as a whole. Domestically, growth in GDP has slowed considerably in the last year. The same holds true internationally in the regions with the majority of the world's aircraft

able on the market. Aircraft parts sales in general are likely to remain sluggish, Agnew predicted. He attributes this to discount pressure on new aircraft sales, a slow used aircraft market, and a considerable slowdown in freighter conversions.

Marshall Filler, senior partner at the law firm of Filler & Weller P.C. in Alexandria, Virginia, returned to this year's conference to give a presentation titled "The Aviation Industry: An Increasingly Tempting Target for Criminal Prosecutors." As the title suggests, criminal prosecutors across the country are devoting increasing attention to aircraft maintenance facilities and parts distributors, aided in part by stricter federal laws enacted in recent years. Filler pointed out that at any given time, there are typically over 200 pending federal criminal investigations relating to aviation across the United States - mostly focusing on falsified documents. He presented an overview of the specific offenses with which aviation businesses are most commonly charged, and offered some pointers on how businesses and individuals can protect themselves if they find themselves the target of a criminal investigation.

One important trend Filler addressed was the increasing reluctance of persons involved in accident investigations to provide statements to National Transportation Safety Board investigators for fear of subsequent criminal liability. As always, Filler gave a great presentation, and one that could make a real difference to a business that finds itself in the investigative crosshairs.

ASA always tries to present a conference that provides value right up through the last moment and this year's conference was no exception.

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The exhibit hall was a popular place for discussions during breaks in the event. Here, Association President Michele Schweitzer discusses the Association's Future with Liz Molli and Paula Glover.

183. He outlined the major changes found in the recent FAA Orders and Notices concerning the 8130-3 tag, and he explained ASA's expected next steps to support traceability in a way that enhances safety while still permitting ASA's members to sell their inventories to the willing buyers.

ASA welcomed Bob Agnew – President of Morten Beyer and Agnew – back to the podium as he gave his presentation on the state of the commercial aircraft industry. Agnew's

fleet. The airline industry faces a mixed outlook overall, with lower fuel costs being offset by rising labor costs. Agnew offered a cautiously optimistic prognosis for airline profitability from 2002 onward, particularly if the U.S. economy has 'bottomed out', as some indicators suggest. Agnew said that while the major carriers are facing a difficult period in the next year, start-up carriers using a Jet Blue or Air Tran business model may enjoy a window of opportunity as more older aircraft become avail-

## Air Carriers Tell All at ASA Conference



Air carriers and distributors shared business ideas during social events each evening

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The Tuesday afternoon session featured a panel of airline experts who discussed each of their carrier's desires and requirements for the documentation each carrier seeks when receiving parts from various types of suppliers. The panel consisted of:

- o Bill Ake - United Airlines
- o Michael Barnes - British Airways
- o Robert Harper - American Airlines
- o John Mitchell - Continental Airlines
- o Jim Robinson - US Airways
- o Kurt Robinson - Delta Airlines
- o Bill Tipton - Northwest Airlines

Each speaker outlined their company's policies concerning parts received (1) from OEMs and direct suppliers; (2) from distributors and surplus suppliers; (3) from repair stations; and, (4) from non-U.S. sources.

With one exception, all of the carriers shared a policy on "non-incident" statements—either they are not requiring them or they are currently in the process of asking for them. Instead, they expect the seller to make a positive statement concerning rele-

vant history when known (e.g. known accidents, exposure to undue heat/stress/environmental conditions, etc.) in accordance with the recommendations of FAA Advisory Circular 20-62D. The sole dissenter on this point was Delta, who continues to require a "non-incident" statement from surplus parts suppliers.

The European representative on the panel, British Airways, explained that it is looking for 8130-3 tags on parts,



The Air Carrier Panel at this year's ASA Conference discussed the receiving and documentation policies of seven of the world's major air carriers. From left to right, the air carrier panel included Jim Robinson (US Airways), Bill Ake (United Airlines), John Mitchell (Continental Airlines), William Tipton (Northwest Airlines), Kurt Robinson (Delta Airlines), and Robert Harper (American Airlines). Not pictured is Michael Barnes (British Airways).

and expects there to be no more than two surplus suppliers in the chain of commerce before the part reaches BA.

The conference ended with a panel that has become an ASA tradition. Representatives from a wide variety of aviation interests answered the burning questions posed by the Association members. This annual panel has become an important opportunity for ASA members to bring issues before the Association, and to obtain answers to their questions, about issues that may not have been addressed elsewhere during the Conference. This year's panel consisted of the following industry experts:

- o Chris Anderson
- o Jason Dickstein
- o Herman Kooyman
- o Richard Levin
- o Michele Schweitzer
- o Jim Sdoia
- o Mitch Weinberg

The industry panel provided a mixture of legal advice and commonsense practices to address a range of burning issues.

## Conference Offered More Business-Oriented Workshops

*(Continued from page 77)*

pany reports all customers' credit data to commercial credit reporting services. This works to reward customers with good payment practices (by boosting their credit ratings) and serves as an additional spur to customers who are less forthcoming with payments.

In an effort to expand the range of benefits its members enjoy, ASA has established a Workers' Compensation Insurance Program for member businesses. Donald Kenny and Louis Timpanaro of Frank Crystal & Co., the Program Administrator, were on hand at the conference to tell participants about the program and to sign up interested parties. The program, which became effective on July 1, 2001, features individually tailored policies for every member business, loss control services, client claims control, telephone claims reporting, and a group dividend plan.

As more and more companies begin doing business with customers outside the United States, familiarity with export and import regulations becomes more and more important. Chad Bierman of the Washington Aviation Group provided a broad overview of the principal laws, regulations, and FAA guidance that come into play when exporting or importing complete aircraft, aircraft parts, and anything in between. Bierman outlined the roles and the specific areas of focus of the three agencies that administer and enforce U.S. embargoes and export controls – the Departments of State, Commerce, and the Treasury – and provided information on how to find the information your company needs to avoid inadvertently engaging in a prohibited transaction. He also explained the FAA's rules for certifying the airworthiness of exported

aeronautical products in accordance with the requirements of the importing country. On the import side, Bierman highlighted the Customs regulations that apply to aircraft and parts thereof, as well as the FAA's procedures for certifying the airworthiness of products coming into the United States.

Knowing how large an inventory of spare parts to have on hand is crucial for airlines, and has a tremendous effect on our business. Morton, Beyer, & Agnew's Teo Ozdener discussed how airlines (or suppliers working with airlines) can evaluate their needs and maintain an inventory that is right for them. Ozdener began with the "initial provisioning" decision, the process by which an airline defines and acquires the number and types of parts considered necessary to support its forecast maintenance commitments. As a rule of thumb, Ozdener recommended investing in spare parts equal to ten to fifteen percent of the value of the aircraft. Once the airline is operational, Ozdener explained, the

real problem is how to meet requirements for items not acquired during the initial provisioning – the so-called "provisioning gap." He described mathematical models that help to predict how large this gap is likely to be, and showed how fleet size can be significantly increased with only a modest increase in required inventory. Ozdener also examined current trends in the spare parts market, looking in turn at the policies of Airbus, Boeing, SAS, British Airways, and Singapore Airlines. Looking to the future, he foresees the growth of business-to-business e-commerce, a growing role for small and medium-size enterprises, and continuing consolidation across national and corporate boundaries, citing the success of Inventory Locator Service, Inc. and the launch of Exostar. He also highlighted some of the software packages that are now available to facilitate inventory management.

Computers and e-commerce continue to grow in importance to the industry,

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ASA President Michele Schweitzer prepares Powerpoint slides for Conference Speaker Richard Mills—Mills is the Vice President of the National Air Carrier Association, as well as the former President of the Air Carrier Section of the Coordinating Agency for Supplier Evaluation [CASE].

## Conference Featured Inventory Management Workshops



After the Conference, the room was still filled with participants sharing ideas. Pictured in the foreground are Bill Ake of United Airlines and Setsko Huffman of All Nippon Airways. In the background are Jim Robinson of US Airways and Mitchell Weinberg of International Airline Associates.

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and the ASA Conference reflected this with several presentations focusing specifically on aspects of e-commerce.

James Finn of Unisys Worldwide E Security and Consulting addressed security threats to businesses' computer systems. Finn noted that e-commerce poses the challenge of instituting security measures that protect a company's valuable information without locking out customers, partners, and suppliers. He detailed the rise in hacker attacks and other threats (such as viruses) in recent years, citing a FBI survey in which 85% of respondents reported some form of unauthorized use of their computer systems in the previous year. Reported economic losses from computer attacks and misuse have also nearly tripled since 1997. According to Finn, firms typically seek the help of outside e-security consultants for risk assessment, personnel training, design and implementation of security enhancements, and help with regulatory

compliance. He described the most common problems found in businesses as an inability to identify current system vulnerabilities, untrained and/or over-tasked system and network administrators, weak application security, poor staff awareness of security and privacy policies, lack of security testing and automatic monitoring programs, and a tendency to employ spot fixes rather than correcting root problems. Despite its complexity, Finn warned, proper e-security is something every company must master and implement.

Inventory Locator Service, Inc. is one of the largest and most successful online marketplaces for aircraft parts. Jim Sdoia, ILS Vice President – Sales and Service offered conference attendees an update on new ILS services. Sdoia explained the difference between traditional supply chains, which link buyers and sellers along a linear product completion and distribution path, and an e-marketplace, which is an aggregation of enterprises

within a business community, any of which may be net buyers or sellers in any given transaction. He went on to describe the many services ILS offers to its participating merchants, such as banner ads, MCRL options, G-listing, parts statistic information, and special message broadcasts. ILS also offers the BidQuest feature for buyers and instant RFQs through ILS Exchange. Sdoia described some of ILS's security features as well.

The FAA has been seeking ASA's input on a number of e-commerce related issues, so ASA felt it would be a good idea to get a better idea of what the members feel are the benefits and weaknesses of e-commerce. ASA Counsel Jason Dickstein moderated an open forum on ecommerce designed to solicit the members' opinions. The forum began with a presentation on the current state of the law concerning e-commerce, as well as a discussion of the technologies being used to protect the integrity of e-commerce. Dickstein noted that any robust computerized system must feature four elements:

- o Non-Repudiation
- o Data Integrity
- o Security
- o Archival Mechanism

His presentation explained how each of these elements is met in the current system and where the system is vulnerable. Following the presentation, the participants in the forum analyzed a series of issues, and provided their guidance on where they perceived weak points in the system, where the system needed to be strengthened, and what they felt were the most important benefits of e-commerce. A summary of the participants' views can be found in next month's issue.

ASA has always stood for quality in

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## Conference Featured E-Commerce Workshops

(Continued from page 89)

the aviation industry. ASA was successful in inviting some of the top quality assurance program speakers to share their ideas with the membership.

William Herdman of Pratt & Whitney SMMO described Quality Clinic Process Charts, or QCPC, a system he was instrumental in developing at Pratt & Whitney's Testing Center. The QCPC system helps employees continuously analyze a process for quality improvement opportunities and process inefficiencies, or "turnbacks." QCPC uses special charts as visual tools that allow employees to identify and prioritize problem areas in need of improvement, a critical first step in devising ways to "mistake proof" the problem. The charts also allow employees to identify and quantify their successes. Herdman explained that one of the principal benefits to the system is that employees are involved throughout the process, leading to greater trust and team spirit.

Amy Cochis, also of Pratt & Whitney SMMO, focused on solving problems at their source. Cochis emphasized the importance of identifying the "root cause" of a problem, the fundamental breakdown or failure of a process that, when resolved, prevents a recurrence of the problem. The root cause can be identified, she explained, by constantly asking "why?" until the trail leads to the one fundamental element of the process that failed. The basic roadmap for root cause analysis is DIVE: first, *define* the problem, for example by documenting the nonconformity. Next, *investigate* the problem by gathering information and developing a root cause theory. Then *verify* that theory by conducting tests and ensuring that the conclusions are consistent with the original objectives of the problem analysis. Finally, *ensure* that a mistake-proof solution is achieved, implemented, and properly documented. To work properly, Cochis cautioned, the root cause approach requires commitment, discipline, and persistence on the part of everyone involved. The method is easily undermined by a lack of resources, misunderstanding of the problem or a predilection to quick solutions. Nonetheless, the benefits of the DIVE process can be tremendous in terms of money and effort saved.

Audits are a critical part of any quality system. Richard Mills, Vice President of Technical Affairs of the National Air Carrier Association offered some helpful pointers on how to make audits go smoothly. Mills audited for a variety of air carriers and he also served as the President of the Air Carrier Section of the Coordinating Agency on Supplier Evaluation (CASE). Mills explained that the difference between a successful audit and an audit disaster most fre-

quently comes down to proper preparation. The business being audited needs to plan ahead by ensuring that its records are kept in good order, and by conducting practice internal audits to identify potential problems. When the auditor arrives, Mills advised, be sure the facility is clean, avoid keeping the auditor waiting, introduce the auditor to key personnel, and be sure to provide a designated "answer person." Good coffee can also work wonders. Mills conducted a survey of participants' good and bad audit experiences and discussed the results. In the end, he said, the best advice is (1) do not offer what isn't asked, (2) concentrate on controlling the things your company can control, and (3) do not fret over the things your company can't control.

No ASA conference would be complete without emphasizing the benefits of accreditation under the FAA's Accreditation Program, and the ASA-100 Quality System Standard. ASA's Manager of Accreditation and Training, Jason Lewis explained ASA's role in administering the accreditation program, and went on to describe the requirements of the ASA-100 standard. Lewis highlighted the considerable benefits of accreditation, such as enhancing safety and improving customer confidence and the reputation of your business. Looking toward the future, Lewis noted that further improvements to both ASA-100 and the FAA's AC 00-56, the document describing accreditation, are currently in the works.

Anyone who missed the Conference, or who would like an extra copy of the Conference Binder, should contact the Association to purchase a Binder (with copies of all presentations) while they last. For more information on ordering a 2001 Conference Binder, contact the Association at (202) 730-0270.



Michele Schweitzer presented the 2001 Edward J. Glueckler Award to Ken Reilly. The award is presented for outstanding commitment, dedication and contribution to the Airline Suppliers Association and to the aviation industry

## Ken Reilly Selected for 2001 Edward J. Glueckler Award

Every year, one of the highlights of the ASA Annual Conference is the presentation of the Edward J. Glueckler Award, named for the founder and first president of ASA. The Glueckler Award recognizes an individual who has made an outstanding contribution to ASA, its members, and the aircraft parts distribution industry as a whole. This year, ASA presented the award to Kenneth Reilly, Manager of the FAA's Suspected Unapproved Parts (SUP) Program Office.

Reilly began his career in aviation in 1975 as an aircraft mechanic for the U.S. Air Force. He joined the FAA in 1988, and has served in both the Aircraft Certification and Flight Standards Services. In 1996, Reilly took charge of the newly established SUP Program Office (AVR-20), based in Dulles, Virginia. At the time, there were numerous skeptics who doubted that the SUP Program could ever be a success. The program faced dauntingly complex technical issues and a charged political atmosphere. Reilly confounded the skeptics. Under his leadership, the SUP Program has developed into a robust and multifaceted program that has significantly contributed to safety in our nation's skies without – as so easily could have been the case – imposing untenable burdens on the parts distribution industry.

Reilly has been instrumental in defining, clarifying, and disseminating the FAA's policies concerning suspected unapproved parts. His office has made education and training a top priority, developing and administering the "Detecting and Investigating Unapproved Parts" course that is mandatory instruction for all aviation safety inspectors, as well as creating a variety of brochures, videotapes, and computer-based training materials aimed at the industry and the wider

public. He also serves as the FAA's leading spokesperson on SUPs issues, and regularly represents the agency at conventions, trade shows, conferences, and forums worldwide.

From the start, Reilly has been an avid supporter of ASA and the Voluntary Industry Distributor Accreditation Program. ASA President Michele Schweitzer describes Reilly as "someone who really gets things done," and praises his commitment to working together with the industry to find solutions to difficult problems; solutions that benefit everyone involved whenever possible.

"Ken exemplifies what a government official should be," Schweitzer said. "He is creative and professional. Ken always makes himself available to the industry and he's willing to provide answers. He is never a glory seeker – and he always allows his employees the latitude they need to do their jobs

the best they can."

Al Michaels, the National Resource Specialist for the FAA's Continuous Airworthiness Maintenance Division, praises both Reilly's professional acumen and his personal qualities. "Due to Ken's extensive industry maintenance and manufacturing background, along with experience gained as an aviation safety inspector, he has developed the ability to truly understand, and offer sound judgment to address, issues that must be resolved continuously," Michaels said. "Ken's motivation . . . is to do the best job possible and make sound, meaningful decisions regardless of the difficulty or controversy involved."

ASA extends its sincere congratulations to Ken Reilly and its heartfelt gratitude for all he has done to make our industry safer, more professional, and a source of confidence to the flying public.



ASA President Michele Schweitzer and ASA Founder Edward Glueckler congratulate FAA SUPs Program Office Manager Ken Reilly, and thank him for the outstanding efforts to improve aviation safety that made him so deserving.

## Can I Accept “New” Part 129 Components?

(Continued from page 82)

aircraft part be “traceable” to any particular source. Traceability is, instead, a tool that permits persons in the chain of commerce to meet safety goals and regulatory requirements. For example, traceability documentation can assist an installer in meeting the installer’s airworthiness duties under the FAA maintenance rules. A full review of the use and effect of traceability can be found in the two-part Update Report article found at 6 TUR 133 and 7 TUR 1 (available on the Association website—reprints are also available by calling the Association).

### *New Parts*

Manufacturers who hold production approval issued by the FAA are required, by law, to assure that a part is airworthy at the time the part is released from the quality system. Therefore, parts that are traceable to a production approval holder (PAH) may be presumed to be airworthy as long as inspection shows that the part has not suffered damage or degradation since being released from a manufacturer’s quality system. For this reason (among others), new aircraft parts manufactured by PAHs are preferred in the industry.

Obviously, documentation tracing a new part to a PAH is one method of demonstrating that the part comes from a baseline of airworthiness. This sort of documentation is not always available, for a variety of reasons, and so the industry has adopted other standard mechanisms for conveying information about a new part. When a part is released from the inventory of a domestic air carrier or repair station, those companies have the privilege of issuing an 8130-3 tag to verify that the part was new when it arrived into their quality system, and

therefore must still be new because it has not been used while within the quality system.

Foreign air carriers generally do not have the privilege to complete an 8130-3 tag assuring a part’s airworthiness. Nonetheless, they generally have comprehensive quality systems that meet international standards and are comparable to the quality systems found in U.S. domestic air carriers.

### *Trusting the 129 Quality System*

Traditionally, the industry has relied on statements from other parties in the industry about the new status of a part. Such statements were made on forms like the ATA SPEC 106, or on a company’s own certificate of conformance. Because the end user is relying on the veracity of the person who made the statement, it has become common for people to say “know your supplier,” because you are relying on that person’s word (a false statement about the quality of an aircraft part is a federal offense that carries a ten-year jail sentence).

It is easy to know your supplier if it is an individual. Among the people you know well, you know who in the industry you can trust and who you can’t. Your trust of another person’s word is often a product of that person’s character (or your perception of that character).

How do you trust a company? Companies are faceless legal fictions. They are liability shields erected to conduct business and to protect the individuals who run them from individual responsibility. While most companies are run with the same high level of moral fiber associated with their owners, a small minority may diverge from those high standards.

The way that you trust a company is through the company’s systems that govern the way it does business.

It has become common for nearly every company in the aviation industry to develop quality systems to help make sure that business is carried out in a uniform manner, and according to safe industry practices. Air carriers have quality systems published in the general maintenance manuals. Repair stations have quality systems published in the inspection procedures manuals. Accredited distributors have quality systems. In their accreditation manuals. Part 129 carriers have quality systems that meet international standards as well as the regulatory standards of the carrier’s home nation.

These quality systems are generally designed to assure that no harm will come to an aircraft part while it falls within the protection of the company’s quality system. These quality systems are an integral part of the reason that we trust companies to maintain a consistent level of quality.

An audit of a major foreign air carrier will demonstrate quality systems equivalent to those of major U.S. air carrier. These Part 129 air carriers generally have comparable accident/failure rates to major U.S. air carriers. The United States has permitted and endorsed code shares, and other arrangements with foreign air carriers.

Empirical evidence also shows us that our trust in Part 129-traceable parts is not misplaced. New parts from Part 129 carriers are regularly drawn from parts pools for use by U.S. air carriers. They are accepted and used every day. FAA regulations do not restrict use of such parts. Empirical evidence shows that such parts have proven to be airworthy.

## FAA's Report Examines Fastener Safety

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people can read a measuring device differently, so it is important for the people using the measuring devices to be properly trained in the correct way to read them.

Because there were several possibilities for the disparity in measurements and the resultant disparity in findings of nonconformance, the DOT-OIG recommended that the FAA investigate the *cause(s)* of the variation in measurement. FAA explained this was one of its purposes in carrying out its own investigation. One of the issues on which the FAA focused was the effect of different types of measuring equipment.

The FAA began its audit of fastener quality in September 2000. Its primary stated purposes were (1) to follow up on the DOT-OIG recommendation to investigate the cause of variations in measurement, (2) to ascertain the airworthiness of fasteners used in the production of civil aircraft, and (3) to assess the threaded fastener industry's overall compliance with FAA approved design data and applicable industry specifications. Although similar in approach to the DOT-OIG audit, the FAA inquiry was designed to be more comprehensive.

The audit was conducted in two phases. In the first phase (Inspections and Tests), the FAA examined 2,264 individual fasteners selected from the finished stores of manufacturers who are FAA Production Approval Holders (PAH). Eight PAHs and three independent laboratories inspected the fasteners to the full extent required by the specifications for several major dimensional characteristics (this was an expansion of the DOT-OIG audit, which only inspected threads). Alternate approved inspection equipment was also employed (and the results

compared) in order to assess variations in measurement.

In the second phase, the FAA conducted on-site process audits at nine fastener manufacturers that were either PAHs or suppliers to PAHs, examining the facilities' receiving inspections, control of raw materials, in-process controls and inspections, proper use and implementation of specifications, final inspection, control of suppliers, and customer base.

The FAA published the results of its audit on June 13, 2001. In its findings on the Inspection and Tests phase, the report documented the range of results obtained through different testing methods. Where the PAHs found 5.7% of all inspected bolts and 1.1% of all inspected non-crimped nuts to be dimensionally non-conforming, the independent laboratories (employing a disposition process to confirm non-

***The FAA found that the dimensional non-conformity found in the samples did not preclude the samples from meeting mechanical performance requirements***

conformance discovered in initial inspections) found non-conformance in 11.3% of inspected bolts and 3.0% of inspected non-crimped nuts. The difference in the results for bolts resulted from the significant amount of variation-in-measurement noted between the three types of gauges used to conduct the inspections. The disparity in the results for nuts was attributed to the fact that the PAHs did not inspect the dimensional characteristic on which the laboratories found the most non-conformity. Overall, however,

the FAA found that the dimensional non-conformity found in the samples did not preclude the samples from meeting mechanical performance requirements – thus the technical non-conformances did not always result in material effects on safety.

Another significant finding in the first phase inspections concerned the specifications used in the commercial aviation industry for threaded fasteners. The industry continues to make widespread use of the MIL-S-8879C specification developed by the Department of Defense (DOD). DOD, however, unaware of the extent to which the specification was in use outside the government, inactivated MIL-S-8879 in 1997 without designating a superceding document. This has led to considerable uncertainty in the industry, not least because of language in the Society of Automotive Engineers (SAE) Aeronautical Standard AS8879 that suggests that DOD recognizes AS8879 as superceding MIL-S-8879C. In the conclusion to its report, the FAA urges SAE to remove that language from AS8879 and recommends that industry develop a consensus commercial specification that the DOD would designate as a superceding document to MIL-S-8879C.

During the In-Process Audit phase, the FAA found a number of shortcomings in the industry's compliance with FAA approved design data and applicable industry specifications. All nine of the audited facilities, for example, exhibited deficiencies relating to the calibration of indicating thread gauges, working thread ring gauges, and thread setting plug gauges. Other problem areas found in all audited facilities included control of suppliers (manufacturers were failing to conduct initial and periodic

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# UNAPPROVED PARTS NOTIFICATION

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



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

No. 1999-00310  
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## AFFECTED PART

Engine generator rotor shaft.

## AFFECTED AIRCRAFT

Boeing 747.

## PURPOSE

The purpose of this notification is to advise all aircraft owners and operators, maintenance organizations, manufacturers, and parts distributors regarding rotor shafts, part no. 1547114-1-RE, manufactured by Reverse Engineering, Inc., without holding a Federal Aviation Administration (FAA) production approval.

## BACKGROUND

Information received during a FAA suspected unapproved parts investigation indicated that Reverse Engineering, Inc., located at 10603 SW 128<sup>th</sup> Place, Miami, FL 33186, manufactured approximately 43 rotor shafts, part no. 1547114-1-RE, and sold them as replacement parts for installation in Allied Signal generators (part nos. 28B263-5-C, 5-D, 13-A, and 13-B). Reverse Engineering, Inc., previously held a FAA production approval to produce the rotor shafts as replacement parts for International Sales and Service, part no. 1547114-1-ISS. Reverse Engineering, Inc., did not, however, hold a production approval to produce replacement parts for installation in Allied Signal generators.

### Affected Part Serial Numbers

Part Name: Rotor Shaft  
Part Number: 1547114-1-RE

Serial Numbers	Ship Date
001 - 008, 010 - 012, 014 - 016, 025, 029, 036 - 041	May 12, 1999
013, 020, 022, 024, 026 - 028, 030 - 032, 034 - 035	May 20, 1999
009, 017 - 019, 021, 023, 033	September 2, 1999
042 - 043	September 11, 1999

## RECOMMENDATIONS

Regulations require that type-certificated products conform to their type design. Aircraft owners, operators, maintenance organizations, manufacturers, and parts distributors should inspect their aircraft, aircraft records, and/or parts inventories for

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## FAA's Fastener Report is Now Available

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the above-referenced rotor shafts produced by Reverse Engineering, Inc., and sold as eligible for installation in Allied Signal generators. If installed, the above-referenced rotor shafts should be considered suspect, and the parts inspected and/or removed as appropriate. If any of the rotor shafts are found in existing parts inventories, it is recommended that the parts be quarantined to prevent installation until a determination can be made regarding each part's eligibility for installation.

In determining a part's eligibility for installation, it is further recommended that you request from the manufacturer any documentation showing that the part meets the design approval for the intended application and that the part was produced under a quality system approved by the FAA.

### FURTHER INFORMATION

You may obtain further information from the FAA Manufacturing Inspection District Office (MIDO) listed below. That office 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 Orlando MIDO, 5950 Hazeltine National Drive, Rm. 405, Orlando, FL 32822, telephone (407) 855-9050, fax (407) 438-1900; 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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evaluations of suppliers and take necessary corrective actions) and the manufacturers' final inspection programs (insufficient inspection methods and inadequate plans to ensure conformity with approved design data). The FAA recommended corrective actions for each of these problem areas.

One particular deficiency the FAA identified in the audit has potential implications for distributors. The FAA evaluated the manufacturers' customer base to ascertain compliance with Title 14 Code of Federal Regulations Section 21.303, using a process designed to detect the production of unapproved parts. The agency sought to assure that all products were produced pursuant to an FAA production approval (i.e., PMA, TSO, etc.). For those products manufactured without evidence of a FAA production approval, the FAA evaluated whether production was under the direct control of a PAH. The FAA evaluated, through purchasing documentation, whether the quantities produced and sold through supplier or distributor relationships exceeded the quantities ordered by the PAH.

At four of the nine facilities audited, the FAA observed the manufacturer producing product without an FAA production approval, or producing product for persons other than production approval holders, that is, direct sales to an authorized supplier or distributor. In some instances, pur-

chasing or manufacturing documentation indicated that the product was intended for end use by a PAH. In most cases, however, there was no objective evidence that production was under the direct control of the PAH. The FAA observed that PAHs are not maintaining adequate control of production quantities throughout all levels of manufacturing.

The implications of these findings are troubling for distributors. Typically, a distributor purchasing fasteners from a manufacturer cannot say at the time of purchase who the ultimate end-user will be. Distributors commonly purchase large lots of fasteners and resell them to multiple customers in significantly smaller quantities. Were this not the case, manufacturers and purchasers both would have to significantly change the way they presently do business.

The FAA offered no recommendations to address the "deficiencies" it found in the customer bases of the audited manufacturers, beyond encouraging aircraft, aircraft engine, and propeller manufacturers to control and/or preclude the manufacture and distribution of production overruns. The implication, however, is that the FAA may require manufacturers to exercise more scrutiny over who they sell products to, and may require more documentation for such sales. The result would be an increase in paperwork and its associated costs for both distributors and customers.

*The full FAA Report on Fastener Quality can be downloaded from the FAA's web site at <http://www.faa.gov/avr/air/air200/Reports.htm>. This URL is part of the website of the Production and Airworthiness Certification Division (AIR-200) and it includes reports (like the fastener report) that AIR-200 has drafted and reports on which AIR-200 has participated.*

## HazMat Q & A: Trace Residues in Used Components

*I attended the HazMat training course in Long Beach, Ca; an excellent course that has brought forth the following question:*

*When shipping a component that has trace amounts of class 3 (jet fuel) do you mark the package? 49 CFR 173.150 rationale suggests to me that this is a moot point when the total volume is probably in .5 - 1.0 cc's. Can you shed some light on this for me?*

*Thanks,*

*Combustible in CA*

Dear Combustible:

The short answer is that this package must be marked as a hazardous material if it offered for transportation in commerce, although there may be an exception that applies if you plan to only ship the component by highway and/or rail.

As a general rule, any shipment of hazardous material in commerce is regulated by the Department of Transportation. You state in your example that the material in question is jet fuel, which is hazardous class 3, so we may assume that this is hazardous for the sake of our example. If we were not sure whether it was a hazardous material, though, then we could look it up in the regulations ("fuel, aviation, turbine engine" is listed as a class 3 hazardous material) or we could analyze the flash point of the jet fuel to determine if it is a hazardous material (unless it falls into an exception, any material with a flash point of 141 degrees Fahrenheit or less is considered a class 3 flammable liquid).

You pointed out that there is a very small quantity of jet fuel in the com-

ponent. Although there are exceptions, even a small quantity of hazardous material is usually regulated. In fact, when a package of hazardous material is emptied, it is still considered to be hazardous and regulated because of the residue that remains in the package. In order to be considered "truly empty," the package needs to be cleaned out so as to remove all traces of the hazardous material including all vapors. In our case, the residue of jet fuel continues to be a regulated material.

There is a small quantity exception to the regulations that may apply to flammable liquids when the quantity is 30 ml (one ounce) or less. It is found at 49 C.F.R. § 173.4. That exception only applies when the small quantity is packaged according to the requirements of the exception. The exception requires that the inner packaging in which the small quantity is packaged be a receptacle with a removable closure. Your 'component' will probably not meet the definition of receptacle, so it is not an adequate packaging and the small quantity exception may not be used to justify the transportation of the jet fuel residue in the component.

You made a reference to 49 C.F.R. § 173.50. This is the list of exceptions for transportation of flammable liquids. You may be referencing subsection 173.50(b), which is the limited quantity exception. Like the small quantity exception, the limited quantity exception relies on certain specifications for the packaging that will probably not be met if the residue remains in the component. Even if we did meet the requirements of the limited quantity exception, though, that provision only exempts the package from certain provisions of the law, and the marking requirement is not one of those provisions. Limited

quantity packages must be marked according to the regulations.

There is another exception in section 173.50 that you could be referencing. 49 C.F.R. § 173.50(f) is the exception for combustible liquids. Combustible liquids are those with a flash point at or above 100 degrees Fahrenheit. This only applies to a material that does not meet the definition of any other hazard class (e.g. not corrosive, poisonous, oxidizer, etc.) and that is not a hazardous substance, hazardous waste, or marine pollutant. Jet fuel may often fall into this category. JP-5 jet fuel, for example, has a flash point of about 140 degrees Fahrenheit. Under the right circumstances, JP-5 jet fuel (which is a flammable liquid) may be reclassified as a "combustible liquid." This permits us to treat the jet fuel differently as we prepare it for transport.

A material that is reclassified as a "combustible liquid" does not have to comply with the regulations. Unfortunately, the "combustible liquid" classification may only be used for transport over land – and not for transport by aircraft or marine vessel. This presents a problem because so much transportation in our industry is carried out by aircraft. Whether we are having our air carrier customer transport the component or relying on a package service like Federal Express, chances are that component will be shipped by air. The "combustible" label is not permitted as an option if the component will be shipped by air, so it is usually advisable to forego that option, unless you are certain that the component with the jet fuel residue will not be transported by aircraft.

There is a provision that applies directly to the sort of shipment you in-

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## Trace Amounts of Jet Fuel in Equipment May Still be a HazMat

(Continued from page 96)

tend. 49 C.F.R. § 173.222 provides regulations that apply to hazardous material in equipment, such as the jet fuel remaining in the component. The component may be shipped with the remaining jet fuel as long as it is shipped in a strong outer packaging that prevents the leakage of the hazardous materials from the component. If the component is designed such that it prevent leakage itself, then the strong outer packaging may not be needed but the ability to prevent leakage is a requirement. When a component is shipped according to this provision, all of the marking, labeling and other applicable regulations must be obeyed. The only exception afforded by this special provision is permission to use packaging materials that may differ from those ordinarily required by the other regulations. A copy of the regulation that applies to the shipment of components containing hazardous materials is included for your reference.

You should note that there is a separate set of provisions that apply to the shipment of an engine with jet fuel. This separate provision is found at 49 C.F.R. § 173.220 the rule concerning shipment of engines with hazardous materials remaining inside the engine.



### 49 C.F.R. § 173.222

#### Dangerous goods in equipment, machinery or apparatus.

*Hazardous materials in machinery or apparatus are excepted from the specification packaging requirements of this subchapter when packaged according to this section. Hazardous materials in machinery or apparatus must be packaged in strong outer packagings, unless the receptacles containing the hazardous materials are afforded adequate protection by the construction of the machinery or apparatus. Each package must conform to the packaging requirements of subpart B of this part, except for the requirements in Secs. 173.24(a)(1) and 173.27(e), and the following requirements:*

*(a) If the equipment, machinery or apparatus contains more than one hazardous material, the materials must not be capable of reacting dangerously together.*

*(b) The nature of the containment must be as follows--*

*(1) Damage to the receptacles containing the hazardous materials during transport is unlikely. However, in the event of damage to the receptacles containing the hazardous materials, no leakage of the hazardous materials from the equipment, machinery or apparatus is possible. A leakproof liner may be used to satisfy this requirement.*

*(2) Receptacles containing hazardous materials must be secured and cushioned so as to prevent their breakage or leakage and so as to control their movement within the equipment, machinery or apparatus during normal conditions of transportation. Cushioning material must not react dangerously with the content of the*

*receptacles. Any leakage of the contents must not substantially impair the protective properties of the cushioning material.*

*(3) Receptacles for gases, their contents and filling densities must conform to the applicable requirements of this subchapter, unless otherwise approved by the Associate Administrator for Hazardous Materials Safety.*

*(c) The total net quantity of hazardous materials contained in one item of equipment, machinery or apparatus must not exceed the following:*

*(1) 1 kg (2.2 pounds) in the case of solids;*

*(2) 0.5 L (0.3 gallons) in the case of liquids;*

*(3) 0.5 kg (1.1 pounds) in the case of Division 2.2 gases; and*

*(4) A total quantity of not more than the aggregate of that permitted in paragraphs (c)(1) through (c)(3) of this section, for each category of material in the package, when a package contains hazardous materials in two or more of the categories in paragraphs (c)(1) through (c)(3) of this section.*

*(d) When a package contains hazardous materials in two or more of the categories listed in paragraphs (c) (1) through (c)(3) of this section, the total quantity required by Sec. 172.202(c) of this subchapter to be entered on the shipping paper, must be the aggregate quantity of all hazardous materials, expressed as net mass.*

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## UPCOMING EVENTS

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

- Aug. 20-21** \* **ASA Hazmat Training**, Embassy Suites, Arcadia, CA (N. Los Angeles area). See Page 78 for details.  
**Aug. 22-23** \* **ASA Hazmat Training**, Hilton Garden Inn, Renton, WA. See Page 78 for details.  
**Sept. 9-11** \* **Air Carrier Purchasing Conference**, New Orleans. Complete information at <http://www.acpc.com>.  
**Sept. 12-13** \* **ASA Hazmat Training**, Chicago, IL. Hosted by Airliance! See Page 78 for details.  
**Sept. 18-20** **Aviation Indus. Suppliers Conf. (AISCE)**, Hotel Palladia, Toulouse, France. Call (310) 203-9603.  
**Sept. 25-26** **Asia-Pacific Airfinance Conference**, Hong Kong. Send email to [ksteelejones@euromoneyplc.com](mailto:ksteelejones@euromoneyplc.com).  
**Sept. 26-27** **Aero-Engine Overhaul & Maint. Conf.**, Paris, France. Send email to [katea@aviation-industry.com](mailto:katea@aviation-industry.com).  
**October 3-5** **Cargo Facts 2001**, Seattle, WA. Contact Kristy Koch at (206) 587-6537 or e-mail [kkoch@cargofacts.com](mailto:kkoch@cargofacts.com)  
**Oct. 17-18** **Aircraft Quality & Safety Conference**, London, UK. Send email to [sophie@aviation-industry.com](mailto:sophie@aviation-industry.com)  
**Oct. 24-25** **Asia-Pacific Aircraft Tech. & Maint. Conf.**, Singapore. Send email to [jog@aviation-industry.com](mailto:jog@aviation-industry.com).  
**Nov. 1** \* **ASA Continuing Education Workshop**, Newark, NJ. Contact ASA at (202) 730-0270 for details.  
**Nov. 7-9** **Regional & Corporate Aviation Indus. Suppliers Conf.**, Rancho Mirage, CA. Call (310) 203-9603.  
**Nov. 14-15** **Airline Component Mng't & Overhaul**, Copenhagen, Denmark. Email [moa@aviation-industry.com](mailto:moa@aviation-industry.com).  
**Dec. 4** \* **ASA Continuing Education Workshop**, Miami, FL. Contact ASA at (202) 730-0270 for details.  
**Dec. 5** \* **ASA Continuing Education Workshop**, Ft. Lauderdale, FL. Contact ASA at (202) 730-0270.

**Jun 23-25, 2002 ASA 2002 Annual Conference**, Las Vegas, NV. Details will be available early in 2002!

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