



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

**Issued by the Department of Transportation
on the 12th day of May, 2015**

Inter Island Airways, Inc.

**Violations of 49 U.S.C. § 41708 and
14 CFR Part 298**

Docket OST 2015- 0002

Served May 12, 2015

CONSENT ORDER

This consent order concerns reporting delinquencies by Inter Island Airways, Inc., (Inter Island) that constitute violations of 49 U.S.C. § 41708 and the accounting and reporting requirements specified in 14 CFR Part 298. This order directs Inter Island to cease and desist from future violations, and assesses the carrier a compromise civil penalty of \$20,000.

Applicable Law

Section 41708 of the United States Code, among other things, authorizes the Secretary of Transportation to require air carriers to submit reports to the Department. Pursuant to section 41708, 14 CFR Part 298 designates various categories of statistical data to be collected and prescribes the manner in which these data are to be submitted to the Department. The Department uses carriers' Part 298 reports to analyze the effects of air transportation industry policy initiatives, to allocate airport development funds, to forecast traffic, and to develop airport and airway traffic policy. A carrier's failure to file its reports prevents the Department from making fully informed decisions. Failure to file reports when they are due constitutes a violation of both 49 U.S.C. § 41708 and 14 CFR Part 298.

Facts

Inter Island is a commuter air carrier and is therefore subject to the reporting requirements of 49 U.S.C. § 41708 and 14 CFR Part 298. Inter Island failed to file Bureau of Transportation Statistics (BTS) Form 298-C, "Report of Financial Data" and

BTS Schedule T-100, “U.S. Air Carrier Traffic and Capacity Data by Nonstop Segment and On-Flight Market” for an extended period, despite repeated requests from the BTS.¹

In July 2014, the Office of Aviation Enforcement and Proceedings (Enforcement Office) contacted the carrier about its non-compliance with the Department’s reporting requirements. Despite reassurances from Inter Island that they were taking steps to promptly provide the overdue data, Inter Island failed to file these required reports for several more months.

Mitigation

In mitigation, Inter Island states that it is committed to the timely submission of all BTS reports as required under 49 U.S.C. § 41708, and the accounting and reporting requirements specified in 14 CFR Part 298. Inter Island asserts that any alleged non-compliance was unintentional and inadvertent, and was the result of the data being submitted in a softcopy form by email instead of the electronic form entry as required.

Inter Island states that it has taken comprehensive action to ensure timely compliance, including updating the accounting software in its accounting division which is responsible for generating the reports. Inter Island states that executive management will oversee and review BTS reports, assuring timely submission of the reports in the future.

Decision

The Enforcement Office has carefully considered the information provided by Inter Island, but continues to believe that enforcement action is warranted. The Enforcement Office and Inter Island have reached a settlement of this matter in order to avoid litigation. Inter Island consents to the issuance of this order to cease and desist from future violations of 49 U.S.C. § 41708 and 14 CFR Part 298, and to the assessment of \$20,000 in compromise of potential civil penalties otherwise due and payable pursuant to 49 U.S.C. § 46301.

The compromise assessment is appropriate considering the nature and extent of the violations described herein and serves the public interest. It provides a strong incentive for Inter Island and other air carriers to submit data to the Department in a timely and complete manner, as required.

This order is issued under the authority contained in 14 CFR Part 1.

ACCORDINGLY,

1. Based on the above discussion, we approve this settlement and the provisions of this order as being in the public interest;

¹ Inter Island is currently up to date with respect to its reporting obligations.

2. We find that Inter Island Airways, Inc., violated 49 U.S.C. § 41708 and 14 CFR Part 298 by failing to file required reports in a timely manner, as described above;
3. We assess Inter Island Airways, Inc., a compromise civil penalty of \$20,000 in lieu of civil penalties that might otherwise be assessed for the violations found in ordering paragraphs 2, above. Of this total penalty amount, \$10,000 shall be due and payable within 30 days from the date of issuance of this order. The remaining portion of the civil penalty amount, \$10,000, shall become due and payable immediately if, within one year of the date of issuance of this order, Inter Island Airways, Inc., violates this order's cease and desist provisions or fails to comply with the order's payment provisions, in which case Inter Island Airways, Inc., may be subject to additional enforcement action for violation of this order;
4. We order Inter Island Airways, Inc., and all other entities owned or controlled by or under common ownership with Inter Island Airways, Inc., and their successors and assigns to cease and desist from further violations of 49 U.S.C. § 41708 and 14 CFR Part 298; and
5. We order Inter Island Airways, Inc., to pay the penalty through Pay.gov to the account of the U.S. Treasury in accordance with the instructions contained in the Attachment to this order. Failure to pay the penalty as ordered shall subject Inter Island Airways, Inc., to the assessment of interest, penalty, and collection charges under the Debt Collection Act, and to possible additional enforcement action for failing to comply with this order.

This order will become a final order of the Department 10 days after its service date unless a timely petition for review is filed or the Department takes review on its own motion.

BY:

Blane Workie
Assistant General Counsel for
Aviation Enforcement and Proceedings

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