CONSENT ORDER

This consent order concerns the unlawful holding out of direct air transportation by Air Ambulance Worldwide, Inc. (AAW) an indirect air carrier specializing in air ambulance services. AAW’s conduct exceeded the scope of the economic authority conferred in Civil Aeronautics Board (CAB) Order 83-1-36 and violated 49 U.S.C. § 41101, the Department’s economic licensing requirement for air carriers. Those violations also constituted an unfair and deceptive trade practice and unlawful method of competition in violation of 49 U.S.C. § 41712. This consent order directs AAW to cease and desist from such further violations and assesses AAW a compromise civil penalty of $12,000.

As background, in addition to applicable Federal Aviation Administration (FAA) requirements, in order to engage in air transportation as a direct or an indirect air carrier, citizens of the United States must hold economic authority from the Department, either in the form of a certificate of public convenience and necessity issued pursuant to 49 U.S.C. § 41101, or in the form of an exemption from section 41101. In 1983, the CAB, which held jurisdiction over the economic aspects of aviation licensing prior to the Department, issued Order 83-1-36, a blanket exemption from what is now

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1 A “direct air carrier” is a person or other entity that provides air transportation and that has control over the operational functions involved in providing that transportation.

2 An “indirect air carrier” is a person or other entity that engages indirectly in air transportation operations and who uses for such transportation the services of a direct air carrier.

3 A “citizen of the United States” includes a corporation organized in the United States that 1) meets certain specified numerical standards regarding the citizenship of its president, officers and directors, and holders of its voting interest and 2) is under the actual control of citizens of the United States. 49 U.S.C. § 40102(a)(15).
section 41101 that allows entities to operate as “indirect air carriers to the extent necessary… to hold out, arrange, and coordinate the operation of air ambulance services,” provided that they meet certain conditions.\(^4\) While this exemption permits entities that are not duly licensed direct air carriers to sell air transportation in their own right, it does not permit indirect carriers to hold themselves out to the public in a manner that would reasonably create the impression that they are direct air carriers. Such misrepresentations violate section 41101 and Order 83-1-36 and constitute an unfair and deceptive trade practice and unfair method of competition in violation of 49 U.S.C. § 41712.

AAW is a provider of aeromedical transport services. It employs a group of flight nurses and flight paramedics across the country who accompany patients on flights that it arranges. However, AAW holds neither the necessary economic authority from the Department, nor the corresponding safety authority from the FAA, to act as a direct air carrier.

An investigation by the Office of Aviation Enforcement and Proceedings (Enforcement Office) of AAW's advertising practices revealed violations of 49 U.S.C. §§ 41101 and 41712, and CAB Order 83-1-36. Specifically, AAW's Internet website contained numerous statements that reasonably could have led a consumer to conclude that AAW is a direct air carrier. For example, notwithstanding the fact that AAW does not hold an air carrier certificate and operations specifications issued by the FAA, AAW's homepage stated that it "Serv[ed] the United States and the World with our contracted, owned and managed aircraft on [o]ur 135 certificate." In addition, under the "License, Insurance and State Inspection" tab on its website, AAW displayed the copies of the air carrier certificate/Part 135 operations specifications of a different company, Air Gato Enterprises, Inc. (Air Gato). AAW has asserted that it shares common ownership with Air Gato. AAW's website contained no language explaining this relationship and making it clear that the licensing documents and the air carrier/Part 135 certificate of Air Gato were not, in fact, its own.

In mitigation, AAW asserts that it did not intend to deceive potential consumers through the statements on its web site. AAW notes that it, in fact, is the registered owner of one of the aircraft listed on its website and that aircraft and others are operated on its behalf by Air Gato, which is a duly licensed direct air carrier. AAW points out that it has cooperated fully with the Enforcement Office throughout this matter and has worked with the Enforcement Office to bring its web site into full compliance.

The Enforcement Office has carefully considered all of the information available to it, including the cooperation of Air Ambulance Worldwide Inc., but continues to believe that enforcement action is warranted. In order to avoid litigation, the Enforcement Office and Air Ambulance Worldwide, Inc, have reached a settlement of this matter. Without admitting or denying the violations described above, Air Ambulance Worldwide, Inc, agrees to the issuance of this order to cease and desist from future violations of 49 U.S.C. §§ 41101 and 41712 and CAB Order 83-1-36. Air Ambulance Worldwide, Inc., further

agrees to the assessment of $12,000 in compromise of potential civil penalties otherwise assessable against it. This compromise assessment is appropriate in view of the nature and extent of the violations in question, serves the public interest, and establishes a deterrent to future similar unlawful practices by Air Ambulance Worldwide, Inc., and other indirect air carriers.

This order is issued under the authority contained in 49 CFR 1.57a and 14 CFR 385.15.

ACCORDINGLY,

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

2. We find that Air Ambulance Worldwide, Inc., violated CAB Order 83-1-36, as described above, by holding itself as a direct air carrier without possessing the appropriate economic authority.

3. We find that Air Ambulance Worldwide, Inc., violated 49 U.S.C. § 41101, as described above, by holding itself as a direct air carrier without possessing the appropriate economic authority.


5. We order Air Ambulance Worldwide, Inc., and all other entities owned and controlled by or under common ownership with Air Ambulance Worldwide, Inc., and its successors and assignees, to cease and desist from further violations of 49 U.S.C. §§ 41101 and 41712 and CAB Order 83-1-36.

6. We order Air Ambulance Worldwide, Inc., to submit to the Office of Aviation Enforcement and Proceedings on the one-year anniversary of the service date of this order, copies of all advertising material, including print-outs of all versions of its Internet website, that Air Ambulance Worldwide, Inc., has caused to be published since the service date of this order.

7. We assess Air Ambulance Worldwide Inc., a compromise civil penalty of $12,000 in lieu of civil penalties that might otherwise be assessed for the violations described in ordering paragraphs 2, 3 and 4, above. Of this total penalty amount, $6,000 is due and payable within 30 days of the issuance of this order. The remaining $6,000 shall become due and payable if Air Ambulance Worldwide, Inc., violates this order's cease and desist provisions within one year following the date of issuance of this order, or fails to comply with the payment provisions of this order, in which case the entire unpaid portion of the $12,000 shall become due and payable immediately. Failure to pay the penalty as ordered could subject Air Ambulance Worldwide, Inc., to an assessment of interest, penalty, and collection charges under the Debt Collection Act and to possible enforcement action for failure to comply with this order.
8. We order Air Ambulance Worldwide, Inc., to pay the compromise civil penalty as ordered in paragraph 7, above, by wire transfer through the Federal Reserve Communications System, commonly known as "Fed Wire," to the account of the U.S. Treasury as described in the attached instructions.

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

BY:

ROSALIND A. KNAPP
Deputy General Counsel

(SEAL)

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