



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

**Issued by the Department of Transportation  
On the Thirty-First day of March, 2014**

**Sky King Inc.**

**Violations of 49 U.S.C. § 41708 and  
14 CFR Part 241**

**Docket OST 2014-0001**

**Served March 31, 2014**

**CONSENT ORDER**

This consent order concerns reporting delinquencies by Sky King Inc. (Sky King) that constitute violations of 49 U.S.C. § 41708 and the accounting and reporting requirements specified in 14 CFR Part 241. This order directs Sky King to cease and desist from future violations, and assesses the carrier a compromise civil penalty of \$100,000 to be allowed as an administrative claim in its bankruptcy case, Case No. 12-35905-C-11 (“Bankruptcy Case”), pending in the Eastern District of California, Sacramento Division (“Bankruptcy Court”).

**Applicable Law**

Section 41708 of the United States Code, *inter alia*, authorizes the Secretary of Transportation to require air carriers to submit reports to the Department. Pursuant to section 41708, 14 CFR Part 241 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 241 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 complete and accurate reports when they are due constitutes a violation of both 49 U.S.C. § 41708 and 14 CFR Part 241.

**Facts**

Sky King is a certificated air carrier and is therefore subject to the reporting requirements of 49 U.S.C. § 41708 and 14 CFR Part 241.<sup>1</sup> Sky King failed to file in a timely manner a

---

<sup>1</sup> Sky King ceased operations as of January 26, 2014. Since Sky King has ceased operations, its reporting obligations under 14 CFR Part 241 are suspended until such time the carrier resumes operations.

revised Form 41 (Air Carrier Financial Report) for all the quarterly reports that were due in 2013 despite repeated requests from the Bureau of Transportation Statistics (BTS).<sup>2</sup>

### **Mitigation**

In mitigation, Sky King states that on February 18, 2014, a Chapter 11 Trustee was appointed by the Bankruptcy Court. Sky King had already ceased operations when the Trustee was appointed. According to Sky King, there has been significant work by the trustee to gather all of Sky King's records which are located in multiple places. Sky King also states that the Trustee is working to find a quick buyer for Sky King to commence operations and timely file required reports.

### **Decision**

The Office of Aviation Enforcement and Proceedings (Enforcement Office) has carefully considered the information provided by Sky King, but continues to believe that enforcement action is warranted. The Enforcement Office and Sky King have reached a settlement of this matter in order to avoid litigation. Sky King consents to the issuance of this order to cease and desist from future violations of 49 U.S.C. § 41708 and 14 CFR Part 241 and to the assessment of \$100,000 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 Sky King 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;
2. We find that Sky King Inc. violated 49 U.S.C. § 41708 and 14 CFR Part 241 by failing to file required financial reports in a timely manner, as described above;
3. We order Sky King Inc., its successors, its affiliates, and all other entities owned by, controlled by, or under common ownership and control with Sky King Inc., its successors, its affiliates, and its assigns to cease and desist from further violations of 49 U.S.C. § 41708 and 14 CFR Part 241;
4. We assess Sky King Inc. \$100,000 in lieu of civil penalties that might otherwise be assessed for the violations described in ordering paragraphs 2, above. The total

---

<sup>2</sup> After being contacted by the Office of Aviation Enforcement and Proceedings (Enforcement Office), Sky King began working with the Department to submit all the past due reports.

penalty amount of \$100,000 shall be paid as an allowed administrative claim in the Sky King, Inc., Bankruptcy Case.

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 A. WORKIE**  
**Acting Assistant General Counsel for**  
**Aviation Enforcement and Proceedings**

*An electronic version of this document is available at  
[www.regulations.gov](http://www.regulations.gov)*