



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

58028

Mr. Allan W. Markham
ALLAN W. MARKHAM, PC
2733 Thirty-Sixth Street, N.W.
Washington, D.C. 20007-2149

DEPT. OF TRANSPORTATION
DOCKETS

99 JUN 23 PM 2:33

400 Seventh St., S.W.
Washington, D.C. 20590

OST 99-5798-2

June 22, 1999

Dear Mr. Markham:

I have completed my initial review of the application you filed on behalf of Cardinal Airlines, Inc., for a determination of its fitness to conduct interstate scheduled passenger operations as a certificated air carrier.

This review has revealed the need for additional and/or clarifying information before I can complete processing of the application. You will note that some of the items contained in the attached Information Request have not been necessary in the past. These items are needed as a result of recent legislation and/or new procedures recently adopted by the Department. I ask that you respond fully to the attached Information Request within 21 days of the date of this letter. The original plus 7 copies of your response should be filed in Docket OST-99-5798. If you wish to seek confidential treatment for any portion of this material, you should use the procedures set forth in section 302.39 of the Department's Regulations. As is the Department's practice, further processing of Cardinal's application will be deferred pending receipt of this material.

As a final matter, please remember that Cardinal should promptly provide the Department with any information regarding changes it may undergo in areas affecting its fitness (*i.e.*, management, operating plans or financial condition, compliance disposition, or ownership) while its application is under review by the Department.

Thank you for your cooperation in this matter. If you have any questions regarding this letter or the requested information, please feel free to contact me at (202)-366-9721.

Sincerely,

Janet A. Davis
Senior Analyst
Air Carrier Fitness Division

cc: Docket OST-99-5798

Mr. Lawrence A. Watson
President and CEO
Cardinal Airlines, Inc.
1380 Sarno Road, Suite B
Melbourne, Florida 32935-5214

Mr. Martin Polomski
Certification Project Team Manager
FAA FSDO-15
5950 Hazeltine National Drive
Citadel International, Suite 500
Orlando, Florida 32822-5023

Enclosure

INFORMATION REQUEST FOR CARDINAL AIRLINES

GENERAL INFORMATION

1. Please provide a copy of Cardinal's Articles of Incorporation and By Laws, including amendments if any, for the record.
2. Please state the date Cardinal was originally incorporated in the State of Delaware.
3. Cardinal has not filed the required statement from the State of Delaware regarding its current corporate standing. The document provided as Exhibit 1 does not attest that Cardinal is in good standing. Please provide the required statement. See item 6 on page 9 of the enclosed information booklet for more information on this required statement.
4. Please clarify the number of aircraft for which Cardinal is seeking operational authority during its first year of proposed service. In addition, please state the number of seats with which each such aircraft will be configured.
5. Please state the identity and citizenship of the individual(s) for whose benefit the TAWCOT trust is held.
6. Please state the number of members of Cardinal's Board of Directors and provide the identity (name, address, principal business, and citizenship) of each such member.

MANAGEMENT AND KEY TECHNICAL PERSONNEL

1. Please provide a chart showing positions and operating divisions within Cardinal's organization that depicts which positions and functions report to whom.
2. Please clarify whether any member of Cardinal's senior managerial and key technical personnel team holds an officership, directorship, stock (if 10 percent or more), or other interest in any other air carrier, common carrier, or person substantially engaged in the business of aeronautics. The statement provided on page 2 of Cardinal's application refers the reader to Exhibit 4. However, Exhibit 4 only addresses ownership in Cardinal itself.
3. For Mr. Lawrence Watson, Cardinal's President and CEO, please provide the following:
 - a. A detailed summary of the duties performed by Mr. Watson with Cardinal since February 1997 and the percentage of his time that has been devoted to these duties.
 - b. A statement as to whether he is handling Cardinal's public offering independent of any brokerage firm. If so, please summarize his experience in handling such offerings in the past, including size of offering (number of shares, total funding sought), success, and type of business involved.

- c. A brief summary of the type of operations conducted by Allied Aviation, including the number and type of aircraft operated and the FAA/DOT authority under which its operations were provided. Also, please state whether Mr. Watson held an ownership interest in this company and, if so, the percentage of total stock held.
4. For Mr. H. Lawrence Mason, Cardinal's Vice President of Finance, please provide the following:
 - a. A detailed summary of the duties performed by Mr. Mason with Cardinal since February 1997 and the percentage of his time that has been devoted to these duties.
 - b. A confirmation of the dates shown for his employment with each company shown on his resume. According to the resume provided with Cardinal's application, Mr. Mason held several different positions concurrently. If the dates shown on Mr. Mason's resume are correct, please indicate what percentage of his time he devoted to each overlapping position.
5. For Mr. Thomas Vandervelde who is listed as Cardinal's Vice President of Safety, please clarify whether he is currently a consultant to Cardinal or an employee of the company. If he is a consultant to Cardinal at this time, please state the amount of time he currently devotes to Cardinal and whether he will continue to perform the duties of Vice President of Safety after Cardinal is certified. If he is an employee of Cardinal, please indicate whether he continues to operate his aviation consulting business and, if so, how he divides his time between his duties with Cardinal and his other clients.
6. For Mr. David Linsley, Cardinal's Vice President of Flight Operations, please clarify whether he is currently an employee of the company. If not, please indicate when he will join Cardinal and whether this will be on a full-time or part-time basis. If part-time, please explain how he will divide his time between The Pegasus Foundation and Cardinal. Also, please clarify how Mr. Linsley as a Captain with United Airlines supervised the Chief Pilot, Manager of Dispatch, and Crew Scheduling.
7. For Mr. John Pertschi, Cardinal's Vice President of Maintenance, please clarify whether he is currently an employee of the company. If not, please indicate when he will join Cardinal and whether this will be on a full-time or part-time basis. If part-time, please explain how he will divide his time between Commodore Aviation and Cardinal.
8. For Mr. Jack Freeman, Cardinal's Vice President-Quality Assurance, please clarify whether he is currently an employee of the company. If not, please indicate when he will join Cardinal and whether this will be on a full-time or part-time basis. If part-time, please explain how he will divide his time between SOLAIR and Cardinal. Also, please provide a brief summary of the type of operations conducted by SOLAIR and PRC Aviation, including the number and type of aircraft maintained.

9. For Mr. Dennis Cunningham, Cardinal's Chief Pilot, please clarify whether he is currently an employee of the company. If not, please indicate when he will join Cardinal

10. For the key technical personnel (Director of Operations, Director of Maintenance, Chief Pilot, Director of Safety, and Chief Inspector), please provide a statement that these individuals meet the qualifications for their respective positions as set forth in sections 119.65 and 119.67 of the Federal Aviation Regulations (14 CFR 119.65 and 119.67).

FINANCIAL POSITION AND OPERATING PLANS

1. According to Exhibit 5, page 2, Cardinal is seeking its funding through a public stock offering that was to commence on or about June 1. Please provide a copy of the registration statement and other offering documents submitted to the Securities and Exchange Commission (SEC). Further, please indicate when the offering commenced and its current status (number of shares sold, total funding raised thus far). Further, if this offering is being handled by a brokerage firm on Cardinal's behalf, please identify that firm and the individual responsible for overseeing this offering.

2. In Exhibit 5, page 3, Cardinal sets forth several different scenarios for usage of the offering funds. It appears that, based on funding raised, Cardinal anticipates commencing operations with either one or two aircraft. However, Exhibit 6 appears to be based solely on the operation of one aircraft. Therefore, under the current policy of the Department, Cardinal's fitness evaluation will be based on the operation of a single aircraft and, if found fit, Cardinal would be limited to such an operation initially. Therefore, if Cardinal intends to operate with two or more aircraft during its first year of operations, it should submit detailed forecasts for these operations

3. Please state the Washington/Baltimore airport(s) Cardinal intends to operate to/from and the number of flights per day that will be provided between each of these airports and Melbourne.

RELATED MATTERS

As a result of recent legislation and new procedures recently adopted by the Department, the following additional information should be submitted.

1. Please place a copy of Cardinal's Preapplication Statement of Intent in the public docket of this proceeding, together with information on any changes that have been made to this filing since its original submission to the FAA.

2. Please indicate whether Cardinal proposes to establish maintenance or operations bases separate from its corporate offices. If so, provide the locations of those bases.

3. Please indicate whether Cardinal intends to contract out any maintenance, training, or other operational functions. If so, the percentage and type of such contracts should be indicated. Further, if Cardinal proposes to contract out any maintenance, training, or other operational functions, the corporate position that will be responsible for overseeing those contracts should be identified along with the name, background, and credentials of the individual selected to oversee contracts of this type. Cardinal should also indicate to whom in the corporate structure this position will report, how the oversight will be accomplished, and whether the position is part-time or full-time.

4. Under the Department's current procedures, we will not issue a show cause order that tentatively finds an applicant fit until the company has, at a minimum, entered into letters of intent for the lease or purchase of aircraft and facilities (a step it must complete in order to pass through Gate 1 of the FAA certification procedures). Therefore, if Cardinal has already filed these letters of intent with the FAA, it should immediately forward a copy of these documents to us. If Cardinal has yet to enter into these agreements, when it does so, it should provide a copy to the Department.

5. The Aviation Disaster Family Assistance Act of 1996 (Title VII of the Federal Aviation Reauthorization Act of 1996 (P.L. 101-264)) adds a new section 41113 to the Statute requiring certificated air carriers to develop and submit to the Department and the National Transportation Safety Board a plan ("accident plan") to address the needs of families of passengers and other victims involved in any aircraft accident involving an aircraft of the air carrier and resulting in a major loss of life. New section 41113(b) of the Statute describes the specific contents of the accident plans. (A copy of the new Act is enclosed for your reference.) The requirement to file an accident plan became effective April 9, 1997. Therefore, please file a copy of Cardinal's accident plan in the public docket established for these plans (Docket OST-96-1960) as soon as possible. Further, at the time it submits its accident plan to the Department, Cardinal must also submit a copy of this plan to the National Transportation Safety Board at the following address:

Office of Public Affairs
National Transportation Safety Board
490 L'Enfant Plaza East, SW.
Washington, DC 20594

Please note that the Department will not be able to issue a final order regarding Cardinal's certification until this requirement has been met. Therefore, please file a notice in the public docket for this case when Cardinal has complied with the Accident Plan requirements noted above.

COMPLIANCE DISPOSITION

The information provided pursuant to this Information Request should be accompanied by a certification, pursuant to Title 18 United States Code Section 1001, that the individual signing the application, in his or her individual capacity and as the authorized representative of Cardinal, has not in any manner knowingly and willfully falsified, concealed or covered up any material fact or made any false, fictitious, or fraudulent statement in connection with the preparation.