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FEDERAL

Effect of Reorganization Plans* No. III and No. IV

Reorganization Plans No. III and No. IV, transmitted by the President to the Congress in April of this year under the Reorganization Act of 1939, became effective on June 30, 1940. For the convenience of those who deal with the Civil Aeronautics Authority, the future division of certain functions between the Civil Aeronautics Board (this being the name to which the present five-member Authority has been changed), the Administrator of Civil Aeronautics and the Secretary of Commerce, as effected by the above-mentioned Reorganization Plans, will be described below. Under the Civil Aeronautics Act of 1938, the Civil Aeronautics Authority is an independent agency composed of the five-member Authority, the Administrator, and the three-member Air Safety Board.

At present the functions of the five-member Authority are largely regulatory in character and cover substantially the entire field of civil aeronautics. It has the responsibility for all economic regulations, including, among other matters the issuance of certificates of public convenience and necessity to air carriers, the fixing of rates for the transportation of mail by air and the regulation of rates for the transportation of passengers and property by air, the supervision of interlocking relationships between air carriers and others in the aeronautical industry, and passing upon contracts between air carriers affecting air transportation in certain ways. It is also responsible for all safety regulation which includes the issuance of all types of safety certificates (pilot, mechanic, air carrier operating, type, production, airworthiness, etc.), promulgation of safety standards, rules, and regulations, and the enforcement of such rules and regulations by available means including the suspension and revocation of safety certificates and the initiation of proceedings to impose civil penalties. In addition, the Authority provides for the recordation of title to, and the registration of, aircraft. Furthermore, the Authority has the responsibility for the administration of the Civilian Pilot Training Act of 1939.

The Administrator is responsible for the establishment, maintenance, and operation of the civil airways and all of the air navigation facilities located upon them. This includes the supervision of all traffic control centers. In addition, he has the duty of promoting civil aeronautics and of carrying out certain developmental work with, and service testing of, aeronautical equipment.

The Air Safety Board has the responsibility of investigating accidents involving aircraft, reporting to the Authority the causes of such accidents, and recommending the adoption of any measures designed to prevent recurrence of similar accidents in the future.

Reorganization Plan No. III transfers from the Authority to the Administrator of Civil Aeronautics (this being the new name given to

*Taken from Civil Aeronautics Authority Press Release of June 29, 1940.

the Administrator by this Plan) the functions vested in the Authority by the Civilian Pilot Training Act of 1939; the functions of aircraft registration and of safety regulation described in Titles V and VI of the Civil Aeronautics Act of 1938, except the functions of prescribing safety standards, rules, and regulations and of suspending and revoking certificates after hearing; the functions provided for by section 1101 of the Civil Aeronautics Act of 1938 relating to notices concerning hazards to air commerce; and the function of appointing such officers and employees and of authorizing such expenditures and travel as may be necessary for the performance of all functions vested in the Administrator.

Reorganization Plan No. IV transfers the functions of the office of Administrator of Civil Aeronautics to the Department of Commerce and these functions are to be exercised by the Administrator under the direction and supervision of the Secretary of Commerce. The Plan also abolishes the offices of the Members of the Air Safety Board and consolidates the functions of the Air Safety Board with the functions of the Civil Aeronautics Authority (the name of which is changed to the "Civil Aeronautics Board", as indicated above). The Civil Aeronautics Board and its functions are placed within the framework of the Department of Commerce; but all of its functions are to be exercised with complete independence of the Secretary of Commerce.

Functions to be Exercised by the Board

The Board will retain the functions of economic regulation which are described above and the functions of prescribing safety standards, rules, and regulations and of suspending and revoking safety certificates after hearing (including the disposition of any petition for reconsideration of a denial by the Administrator of an application for the issuance or renewal of an airman certificate). The accident investigation and related functions which were exercised by the Air Safety Board are to be exercised by the Civil Aeronautics Board and the Board will have a staff both in Washington and in the field to assist it in this work.

Functions to be Exercised by the Administrator of Civil Aeronautics

Many of the former functions of the Authority with respect to safety regulation will, after June 30, 1940, be handled by the Administrator of Civil Aeronautics. He will have charge of the entire field staff engaged in safety regulation duties, including aeronautical inspectors, engineering inspectors, and aircraft airworthiness engineers. It will be his responsibility, through his technical staff in the field and in Washington, to provide for the flight testing and examination of applicants for airman certificates, the examination and flight testing of aircraft for type and airworthiness certificates, the examination of aircraft manufacturers' facilities to determine whether a production certificate should be issued, the examination of equipment and facilities of aircraft repair stations and flying and mechanic schools to determine whether they are qualified to receive certificates, and to maintain a continuous general supervision over the holders of all of these certificates to make certain that their original qualifications are maintained.

The Administrator will also have substantial jurisdiction over the enforcement of the safety provisions of the Act and of the Civil Air Regu-

lations. There are in use at present five methods of enforcing civil air regulations: (1) a reprimand, (2) the transmission of information concerning violations to the Department of Justice for the initiation of proceedings to collect a civil penalty, (3) the compromise of a civil penalty, (4) the suspension or revocation of a certificate, and (5) the denial of the renewal of a certificate upon the expiration thereof.

The first three of these methods of enforcement will be exercised by the Administrator, although in case of methods (2) and (3) it is anticipated that some channels for the interchange of comments upon the proposed action between the Board and the Administrator will be established. Under such an arrangement, if the Administrator determines to recommend that a civil penalty be imposed upon a violator, the Administrator will transmit the reported violation to the Department of Justice, after consulting with the Board, for the initiation of judicial proceedings to collect the civil penalty incurred. Also, it will be the duty of the Administrator, after consulting with the Board, to accept or reject any compromises of civil penalties which may be offered.

Method (4) is to be exercised by the Board whether such action is taken after the statutory hearing or on a waiver of hearing by the violator. It is expected, however, that, in most cases, the Administrator's staff will present the evidence to the Board or its examiners in suspension and revocation cases where the suspension or revocation is recommended by the Administrator. If the Administrator or his staff determines that the holder of a safety certificate has failed to maintain the original qualifications for the certificate and that the suspension or revocation of the safety certificate is necessary, it will be his duty to bring the matter to the attention of the Board in order that it may take the necessary action to suspend or revoke the certificate.

On the other hand, if facts come to the attention of the Board from sources other than the Administrator (such as through the investigation of accidents) which indicate the necessity for suspending or revoking the safety certificate, the Board will, of course, initiate the proper proceedings on its own motion. The temporary suspension of certificates in emergency, as authorized by the Act, may be effected by the Administrator. Promptly after such a temporary suspension has been effected, an opportunity for a hearing before the Board or one of its examiners must be given to the holder of the certificate.

While method (5) is to be exercised by the Administrator, a petition for a reconsideration of a denial by the Administrator of the issuance or renewal of an airman certificate is to be heard and decided by the Board, although it is expected that the Administrator's staff is to present evidence to the Board at the hearing. All such petitions should, therefore, be filed with the Board.

It will be the duty of the Administrator, through his inspection staff, to investigate violations of the safety provision of the Act and of the safety standards, rules and regulations, and through his legal staff in Washington, to take such of the above-mentioned steps as seem to him to be necessary.

In performing his function relating to air safety, the Administrator will be bound by the safety standards, rules, and regulations prescribed by the Board. The Board will determine and issue in the form of regula-

tions, the qualifications for securing the various types of safety certificates and will prescribe the safety standards, rules and regulations which govern the operation of aircraft and other aeronautical activities. Of course, the Administrator may, and undoubtedly he will, recommend to the Board the issuance and amendment of such rules and regulations as his experience indicates to be necessary. On the other hand, the Board will take the initiative in prescribing new or amended safety standards, rules, and regulations where the Board feels that such action is required. Thus, in so far as safety regulation is concerned, it can be said generally that the Board prescribes the standards, rules, and regulations, and that the Administrator is primarily charged with the duty of taking or recommending action to carry them into effect.

As indicated above, the Administrator is also responsible for the administration of the Civilian Pilot Training Act of 1939; and for the recording of title to aircraft and for the registration of aircraft.

All of the functions of the Administrator, unlike those of the Board, are performed under the general direction and supervision of the Secretary of Commerce.

There follows, in convenient parallel columns, a detailed statement of the way in which certain safety regulation functions are to be exercised.

**The Administrator is to
Exercise the Functions of:**

1. Recommending and supporting safety standards, rules, and regulations in all cases where, in the course of the administration and enforcement of such standards, rules, and regulations, it appears to the Administrator necessary or desirable that existing standards, rules, and regulations be amended or that new ones be adopted.

2. Interpreting safety standards, rules, regulations, and applicable statutes, in connection with the administration and enforcement of such standards, rules, regulations, and statutes.

3. Making the necessary inspections and flight tests, and conducting the necessary examinations preceding issuance in particular cases of various certificates referred to in

**The Board is to Exercise
the Functions of:**

1. Preparing, analyzing, technically and legally, and prescribing safety standards, rules, and regulations in such detail as may seem proper to the Board, including those proposed by the Administrator as well as those proposed by the Board on its own initiative.

2. Interpreting safety standards, rules, and regulations, and applicable statutes, in connection with suspension and revocation safety proceedings, and in connection with proceedings upon the denial of an application for the issuance or renewal of an airman certificate, and in connection with questions submitted to the Board either by the Administrator or by others requesting interpretations of such standards, rules, and regulations or applicable statutes.

3. Receiving of all petitions for reconsideration of a denial of an application for an airman certificate or renewal thereof under section 602 (b) of the Act, setting such petitions

Title VI of the Act, issuing such certificates and renewing, altering, amending, or modifying the same, subject, of course, to compliance with all applicable statutes and to the safety standards, rules, and regulations prescribed by the Board. This will also include, of course, the denial of applications for such certificates or renewal thereof and in the event that an airman (whose application for a certificate has been denied) petitions for reconsideration, the Administrator will present the case in support of the denial in any hearing.

4. Recommending to the Board punitive and corrective actions by the Board, where it has jurisdiction in connection with the enforcement of the safety provisions of the Act and of safety standards, rules, and regulations. This will include recommendations for the issuance of orders directed to the holders of certificates requiring them to show cause why such certificate should not be suspended or revoked.

5. Effecting emergency suspension of certificates under section 609 of the Act and presenting cases to the Board or its examiners (including cases where hearings have been waived) for the suspension and revocation of certificates issued under Title VI of the Act.

6. Requesting the Board for a formal investigation of safety matters which, in his opinion, require such investigation under Title X of the Act and presenting such relevant evidence as may be available to him to the Authority or one of its Examiners.

7. Acceptance of offers in compromise of civil penalties under section 901 of the Act and transmission to the Attorney General of uncompromised civil penalty cases.

down for hearing before an examiner of the Board, and making final disposition of such petitions.

4. Issuance, upon the recommendation of the Administrator or upon the Board's own initiative, of orders to show cause directed to holders of safety certificates.

5. Hearing and deciding suspension and revocation cases arising under section 609 of the Act, including cases instituted upon the initiative of the Board, and deciding all such cases even if a hearing has been waived. The Board will also handle appeals to the courts from suspension and revocation orders.

6. Receiving and considering all formal complaints with respect to safety matters which are filed under section 1002 (a) of the Act and instituting all investigations, holding all hearings, and entering all orders with respect to safety regulation matters which may be called for under sections 1002 (b) and (c) of the act.

7. The Board, in cooperation with the Department of Justice, will handle all appeals to the courts from its orders relating to safety matters.

**DEPARTMENT OF COMMERCE
CIVIL AERONAUTICS ADMINISTRATION**

Memorandum of Instruction

October 5, 1940

TO: Assistants to Administrator
Service, Division and Section Heads Washington Office
Regional Managers
All Personnel of Inspection and Civilian Pilot Training Service

FROM: The Administrator of Civil Aeronautics

Effective immediately, the following outline of functions will govern the operations of the Inspection and Civilian Pilot Training Services with respect to the Civilian Pilot Training Program. In order that the relationship of these Services, as indicated in the outline of functions, may be clearly understood, the following summary statement of responsibilities is presented:

I. Inspection Service

The Inspection Service is responsible for the airworthiness of all aircraft, including their component parts and accessories, used in the Civilian Pilot Training Program, and the certification of all airmen participating in the program.

II. Civilian Pilot Training Service

The Civilian Pilot Training Service is responsible for the administration of the Civilian Pilot Training Program including the negotiation of all necessary contracts and the supervision of the performance thereunder.

OUTLINE OF FUNCTIONS

Inspection Service

- (1) Certificates and rates all flight instructors employed by the Civilian Pilot Training contractors.
- (2) Certificates all aircraft, components and accessories used in the Civilian Pilot Training Program.
- (3) Advises and counsels with the Administrator upon safety aspects of the Civilian Pilot Training Program.
- (4) Enforces the minimum standard requirements of Civil Air Regulations governing the maintenance of all aircraft, components and accessories used in Civilian Pilot Training Program.
- (5) Conducts, either through the medium of aeronautical inspectors or authorized flight examiners designated by the Inspection Service, all written and flight examinations necessary for the issuance of airman certificates and ratings to students trained under the Civilian Pilot Training Program.
- (6) Issues airman certificates and ratings in accordance with Civil Air Regulations.
- (7) Performs the Administration's functions in the investigation of accidents and violations of Civil Air Regulations.

Civilian Pilot Training Service

- (1) Establishes methods and standards for ground and flight instruction for Civilian Pilot Training students.

- (2) Negotiates contracts with ground schools and flight training contractors incorporating established standards and methods of instruction.
- (3) Establishes student quotas for ground schools and flight training contractors.
- (4) Establishes the ratios of flying instructors and aircraft to students.
- (5) Determines the makes and types of qualified aircraft which may be used in the Civilian Pilot Training Program.
- (6) Determines such special aircraft maintenance requirements as are necessary to the Civilian Pilot Training Program.
- (7) Supervises contractual performance of ground school and flight training contractors, and takes appropriate action in instances of breach of contract.
- (8) Determines eligibility of students for graduation from Civilian Pilot Training courses, and issues appropriate evidence of satisfactory completion of training.
- (9) Reports accidents and violations of Civil Air Regulations to the Regional Managers.

DONALD H. CONNOLLY,
Administrator of Civil Aeronautics.