

BEFORE THE
NATIONAL TRANSPORTATION SAFETY BOARD

-----x
)
Interview of:)
)
JAY HOWARD) Docket No.SA-521
)
)
)
-----x

Date: Tuesday, July 16, 2002
8:30 a. m.

Location: FAA Great Lakes Regional Office
230 East Devon Avenue
DesPlaines, Illinois 60018

Taken by: Frank McGill
Maintenance Air Safety
Investigator

APPEARANCES:

FRANK MCGILL, Maintenance Air Safety Investigator, NTSB

JAY HOWARD, Witness

CAPT. TODD GUNTHER, Chairman, Accident Investigation Board

LYLE K. STREETER, Air Safety Investigator

DAVID W. HOFFSTETTER, President, Tennessee Technical Services, LLC

CLINT S. THAYER, Boeing Airplane Maintenance Data Engineering

DAVID E. HANLEY, Manager, FAA Flight Standards Division

FRANK HILLDRUP, NTSB Air Safety Investigator

THOMAS M. WOOD, Aviation Consultant

1

2

P R O C E E D I N G S

3

MR. MCGILL: All right, Jay, would you start off by telling us about your duties now? And a little bit about your experience level with the FAA please?

6

MR. HOWARD: Currently I am the manager of the San Jose Flight Standard's district office in San Jose, California. I've had approximately 23 years experience in the industry. Five years with Pan American Airways as a line mechanic, and a lead mechanic in San Francisco, Lake Island, and Miami. I've had about 18 years of industry and general aviation.

13

Duties of a mechanic through service manager, assessment dealers, and etcetera. Three years with, as a product assurance manager for Kristen Industries building aromatic aircraft.

18

I've got 25 years experience with the FAA, four years as a field inspector. I then transferred to Washington, became the assistant manager of the Aircraft Maintenance Division, AFS-300. From there transferred to Brussels as the manager of Europe African Middle East Division, for two and a half years. And from there to San Jose where I'm currently the physical manager.

1 MR. MCGILL: Okay, before we get too far into
2 the Emery, I have a couple of statements that were made
3 by the Department of Transportation, the Office of
4 Inspector General, that I just wanted to maybe get your
5 thoughts on.

6 And, in December of 2001 the DOTIG came out
7 with a report that talked about the inadequacies of the
8 CASS programs, and the way they were being conducted by
9 the FAA. They specifically at the time were referring
10 to Alaska Airlines about improperly deferred
11 maintenance, inadequate controls in place, that they
12 lacked quality control issues.

13 And I was just wondering at this time what has
14 changed from your perspective from the San Jose office?

15 MR. HOWARD: In regards to the CASS program?

16 MR. MCGILL: Yes, has there been any changes?

17 MR. HOWARD: Well, CASS programs mainly are
18 concerned with 121 carriers. And we only had one left
19 which is a cargo carrier. And from my perspective
20 nothing has changed in the field as far as San Jose is
21 concerned, based on that report.

22 MR. MCGILL: Has any extra guidance been given
23 by the training, by the FAA to your principals in
24 regards to CASS?

1 MR. HOWARD: Not from the FAA, no

2 MR. MCGILL: In April of this year, of 2002,
3 the Inspector General also issued another report about
4 the FAA inspectors receiving minimal training. And they
5 even interviewed inspectors, and over 70 percent of them
6 said that the, what training that they did get was
7 inadequate. They complained about
8 inspectors that were located in other areas from where
9 the airline maintenance bases were at. And that some
10 did not have training on the airplanes, that they were
11 supposed to check. I was wondering do you know, and
12 this was issued in April by the IG, and the POT, has any
13 changes been done that you know of pertaining to the FAA
14 inspectors?

15 MR. HOWARD: This year has been, I think, an
16 extraordinary year for training. Our inspectors it
17 seems like spent more time in training this year than we
18 did anything else. And there are a lot of systems
19 trainings left that our inspectors are getting, based on
20 the types of aircraft that they are assigned to.

21 In the past I think that's probably been true.
22 But, I think now that there's been a change, especially
23 with the CSET organization, and the set evaluations that
24 are coming out. And they put out recommendations if

1 they find an inspector who doesn't have basic training
2 for the aircraft. And immediately the FAA provides that
3 training.

4 MR. MCGILL: Jay, I'd like to go back to the
5 RASIP inspection from February of 1999. And pick up any
6 facts that you might remember about that particular
7 RASIP, and what was done about that?

8 MR. HOWARD: The RASIP that we did in February
9 was focused on ULD's, and in the cargo carrying
10 apparatus that's installed in the aircraft. We came up
11 with a number of enforcement actions based on that
12 RASIP. And those enforcement actions were carried
13 forward into the final agreement with Emery. And up to
14 that point there was no action taken on them by legal
15 that I'm aware of.

16 MR. MCGILL: Do you remember anything about
17 the MEL, and deferred maintenance of problems that
18 occurred during that inspection?

19 MR. HOWARD: In general? Or, do you have
20 something specific?

21 MR. MCGILL: Well, the findings. I'm sitting
22 here looking at several findings in here where they
23 deferred various mechanisms in cargo, cargo door locking
24 mechanisms, and so forth. The non-MEL deferral

1 procedures that they have placed in their manual.

2 And I notice that this was in '99, and by the
3 time we get over to the 2000 RASIP in January, we're
4 seeing exactly the same items again. And static
5 alternate, static systems, holes in fuel liners, cargo
6 doors, deferred panels, pumps, thresh reverser,
7 translating ring finger seals. Things that are
8 typically not non-MEL items with other carriers. These
9 would be items that should have been addressed. And I
10 was wondering if you could remember anything about that?

11 MR. HOWARD: The only other system that they
12 considered non-MEL deferred, and we've had a number of
13 correspondence going back and forth between our office
14 and Emery discussing the fact that there is no such
15 thing as non-MEL defers, deferrals. And we were working
16 with them to change the -- of that particular program.
17 Basically what it was supposed to be was when they found
18 an item it was to be put on a routine discrepancy sheet,
19 and corrected. It was not supposed to be called non-
20 MEL, since there was no such program. And if they had
21 an item like that, it'd become an item that they needed
22 to repair, not defer.

23 So, that was one of the enforcement actions
24 that we had in our package.

1 MR. MCGILL: Obviously that same violation
2 came up again a year later. And, so it was not
3 addressed to the second team's standards. So, do you
4 know if that had been fixed?

5 When I look at things, I'm looking at
6 intercostals on fuel liners. And these things are
7 normally addressed from the STC holders. But this, I'm
8 looking here at, they had Rosenbaum, -- Douglas.

9 They had
10 various types of STC cargo configurations. How they
11 were able to take these manuals, and compile a non-
12 deferral list. Was that done over a period of time?
13 Or, did you all approve that?

14 MR. HOWARD: No, that's not a system that you
15 approve, there is no approval to them at all. It's just
16 one of Emery's procedures that they developed. And as I
17 said, once we discovered what they were doing with them,
18 then we tried to work with them to correct the issues.
19 And they were working on it to correct them.

20 I did notice though, as you say it's true.
21 And the RASIP then was done, and there in like the same
22 thing showed up again. So, apparently there was no
23 correction that they made that was, that was of a
24 permanent nature.

1 MR. MCGILL: The, I'm sure you're familiar
2 with then, also, the second RASIP, which was done in
3 January of 2000?

4 MR. HOWARD: Sort of.

5 MR. MCGILL: These were, were you part of the
6 review process when they -- by that time the certificate
7 had already moved to Great Lakes, is that correct?

8 MR. HOWARD: Yes.

9 MR. MCGILL: Were you part of that review
10 process? Because they were reviewing things that
11 technically had happened still at San Jose. Is that
12 correct?

13 MR. HOWARD: I don't know.

14 MR. MCGILL: Well, if they started it in
15 January, and you look at this stuff, all of these items
16 that they're finding would have been areas that had
17 already been in place, and they had already found,
18 because the certificate had just been changed. So, I
19 was asking were you there at any of these debriefings,
20 or?

21 MR. HOWARD: No.

22 MR. MCGILL: Was any of your people there for
23 say this debriefing at all?

24 MR. HOWARD: No.

1 MR. MCGILL: Now, I'm just going to read a
2 little bit. And we'll get David to talk about this a
3 little later when he's, when we're talking to him. But,
4 I wanted to just look at a couple of the areas that the
5 second evaluation team had found. They were
6 talking about a, there was no delegation of authority
7 mentioned in the maintenance policy for the director of
8 maintenance, and chief inspector positions. It just
9 seems like there's also been a contentment there between
10 how Emery had a director, a heading maintenance, a head
11 for the director of line maintenance, and how the
12 inspection process was together was not real clear.
13 They had problems with time limit manuals.

14 And then a whole lot of problems about the DC-
15 10. Reliability, short terms C check package reviews,
16 trace abilities, conformity checks. There's like 36
17 pages here. And the manuals, the RWI in training.
18 There was just many.

19 It make statements in there that Emery appears
20 to be very limited and sparse. And about their
21 training. They were, they were concerned about these
22 issues. I would go back, and after looking at all of
23 these comments, specifically the DC-10 portion at this
24 time, chronic problems, multiple systems, it goes on and

1 on. Why was the DC-10 put on their OPS specs if Emery's
2 maintenance was so, considered in such inadequate
3 condition at that time? Why would you add an airplane
4 for the OPS specs?

5 MR. HOWARD: We were working the DC-10 issue
6 back as early as in '98. And the thrust of the DC-10
7 project was that Emery would, for every DC-10, he was
8 going to retire three DC-8's. Which makes sense to work
9 the program to get that accomplished.

10 The items that they write
11 up on the DC-10 as far as it being, having multiple
12 system problems, their plane had been operating since
13 April, '99, so it's not inconceivable that they may have
14 had some problems from April until they did this. But,
15 at the time when on the certificate, there were no
16 discrepancies on the airplane, and it was clean.

17 MR. MCGILL: But, did they have the structure
18 in place to accept? Did the have the training, and
19 people, and fueling, and all of these other things in
20 place? They had vendors, and repair facilities to work
21 on the airplanes? All of that was in place?

22 MR. HOWARD: All of that was in place. They
23 had from '98 through April of '99 to put all that in
24 place. And they had the training done. They had, when

1 we did the proving flights, they worked out well. They
2 had maintenance stations that could do the maintenance
3 on the airplane. Pilot crews were trained and operated
4 very effectively according to our national resource
5 inspector.

6 Once we got down into the final stages I could
7 find no problems with it at all, and none of the
8 inspectors found any problems with the systems.

9 MR. MCGILL: Well, the RASIP team inspectors
10 seemed to find a lot of problems with it though?

11 MR. HOWARD: That's not, that's not unusual.
12 When you transfer a certificate the first thing the next
13 receiver of the certificate does is do a very in-depth
14 inspection. And if you look at the RASIP that was done
15 in January, and then look at the RASIP that was done
16 later in the year, you find escalation of problems. And
17 it was done by a different group.

18 So, it, every group looks at different things,
19 every group will find more things. And it's, it's
20 across the system. Not just Emery, but it's across the
21 system, depending on which group focuses on what. So,
22 I'm not surprised to find differences in various
23 inspections.

24 MR. MCGILL: I wanted to pick up some of the

1 correspondence that was generated from your principal
2 with Emery from the '98 time frame, all the way to
3 later. As early as December of '98 part of this, these
4 are some of the exhibits that we had from our public
5 hearing. But,
6 letters of serious issues of non-compliance requires
7 immediate corrective actions in December from the PAI at
8 the time, your PAI, which set up the reliability and
9 short term escalation problems that started. The first
10 letters were in March of '99, continuing on through
11 March to October. And then in December, which you wrote
12 one on December 1, in 1999, to Mr., to the president and
13 chief operating officer at the time, talking about you
14 may amend the OPS specs,
15 D-74, and D-76 on the short term escalations.

16 What had continued on that allowed you to feel
17 at this point that you would, that you may have to amend
18 their OPS specs?

19 MR. HOWARD: I'm trying to follow your
20 chronological listing here. In '98 the letters from the
21 PAI is, we had some problems with Emery as far as their
22 ISNS systems. And another avionic system that I can't
23 remember the term for it right now. But, there were
24 some, so many issues there that dealt with the ACO. The

1 ACO issue, the STC's that were not complete.

2 Emery was getting one word from the installer,
3 based on the STC. And we were dealing with the ACO to
4 get the STC straightened out. And what it had to do
5 with was a supplemental maintenance programs for these
6 systems that they were installing.

7 And the STC didn't call
8 out for those. And it took some time to get that
9 straightened out with the ACO, one ACO working with
10 another ACO that produced the STC.

11 So, that was an ongoing issue that took quite
12 some time. And that led into looking at the reliability
13 program which included maintenance issues with time
14 limits, and the way that they were running their
15 reliability program. The escalation part was that Emery
16 was consistently escalating three to five airplanes on
17 one boarder, one letter, when they were only authorized
18 to escalate one aircraft at a time.

19 So, based on that, and the letter that was
20 written to me by the PAI for the Emery CMT, that's the
21 certificate management team, we then discussed this with
22 our division manager, and with legal, and decided that
23 the next step would be to amend the operation
24 specifications, and rescind their D-74, and D-76.

1 proposed DC-10 maintenance program using the MSG3
2 process, which is what they want to do.

3 But, insufficient
4 reliability apartment, contractitory reflected
5 statements, policy methods, reliability method seems to,
6 it requires expansion. And this goes on and on.
7 There's just all types of problems. And I'm looking at
8 this, and this thing four pages long, and talking about
9 the alerts, going into the data points that are picked
10 up, and how they're done. And even to the point that at
11 the time they were using Fleet airplanes, and they said
12 that the 727's, and the 8's, and the 10's was all on the
13 same program. Was that correct? They were using, on a
14 reliability using all three airplanes in a Fleet, total
15 Fleet. Do you remember?

16 MR. HOWARD: They only had one 727 that they
17 brought on, and then they took it off. It was not on
18 the reliability program.

19 MR. MCGILL: But, at one time it was.

20 MR. HOWARD: Not on the reliability program
21 that we managed. It came from Ryan.

22 MR. MCGILL: Was it in their, on their
23 B-85 OPS specs? The listing of airplanes?

24 MR. HOWARD: Of course.

1 MR. MCGILL: But, then it would, if it's on
2 the OPS specs it would have to, it was not part of the
3 reliability, it was part of a CASS program separately?

4 MR. HOWARD: It was a separate maintenance
5 program.

6 MR. MCGILL: A separate maintenance program?

7 MR. HOWARD: And the same with the DC-10, it
8 was not on the reliability program. They had no
9 experience with DC-10's, so you can't put them on a
10 reliability program. The only airplanes that were on it
11 --

12 MR. MCGILL: So, the DC-8 was the reliability
13 programmer?

14 MR. HOWARD: The DC-8, right.

15 MR. MCGILL: So, they tried to put it on the
16 program?

17 MR. HOWARD: Well, they asked to put it on,
18 but no, you can't. You can't put a new entrance
19 airplane on a reliability program when you have no
20 experience with it. It's, it just doesn't do it.

21 MR. MCGILL: Well, that was in July of '98.
22 By November of '98 the principal again is talking about
23 his, the, he would not approve the criteria for this new
24 operator specified in the MSG3. And, so whatever

1 program was submitted was unacceptable. He did not
2 accept it.

3 And the next, I don't know how many of these
4 I've looked at, continue right on through. Were they
5 trying to make changes so that they could get a, get the
6 10 under control at that time?

7 MR. HOWARD: What letters you have there was
8 in the beginning when Emery wanted to go to the MSG3
9 program. In order to do that they had to develop a
10 bridging document that shows us how they're going to
11 bridge that. And that was missing. And Joe there was
12 writing letters to them telling them that they're
13 program for MSG was not acceptable because they didn't
14 have a bridging document to make it work.

15 MR. MCGILL: To come under the MSG2, to move
16 under the MSG3 process?

17 MR. HOWARD: To go on through. And eventually
18 they did come across with that. And their program was
19 accepted, but that was in '99.

20 MR. MCGILL: I notice in December of '98,
21 Emery had sent a list of mechanics, again that KMI
22 disapproved all these listing of people on the
23 DC-10, training certificates, and appearance levels.
24 And it just, virtually every one of them requires

1 recurrent training. Requires recurrent training,
2 expired authorization, recurrent training required, and
3 so forth, and so on. Just all the way through here.

4 How was the DC-10 initially approved if there
5 were no people qualified at the time? Were these extra
6 people, or what?

7 MR. HOWARD: No, you know, it's not unusual
8 for an organization to submit a list of mechanics that
9 they intend to put on. It's not unusual for us to find
10 a number of them unqualified. We send them back to
11 them, and they get the training they need. Now, as you
12 notice that's in December of '98. Their first flight
13 was in April of '99. So, in between those periods of
14 time they achieved the training, and we accepted the
15 mechanics that they had on the program.

16 MR. MCGILL: In the December 1st, '99 letter
17 that you sent to Emery, who did, did you consult with
18 Washington prior to that, sending that letter?

19 MR. HOWARD: No, I did not.

20 MR. MCGILL: What happened right after you
21 sent the letter?

22 MR. HOWARD: I don't know what happened right
23 after. The next thing I received was by fax. It was a
24 letter from Angela Elgee to Emery stating that they were

1 not going to take action on the amendment to their
2 operation specification.

3 MR. MCGILL: Okay, then at this point in
4 December, you were going to rescind the reliability
5 program, the short term escalation. And you gave them
6 30 days for petition for reconsideration. Is that
7 correct?

8 MR. HOWARD: Correct.

9 MR. MCGILL: You stated all of these data
10 collections were not accepted, failure to provide
11 acceptable documentation, maintaining their continuing
12 analysis of surveillance system, and failure to submit
13 major alteration reports, escalation of five airplane
14 seat checks without a reliability program analysis, or
15 evaluation, and so forth. There is like seven of these
16 items.

17 And then you showed where there was three
18 airplanes that were, had been sent in with major
19 corrosion. In the last paragraph you stated that the
20 San Jose office in closing this PIR0028 has been given
21 due to consideration in leu of legal enforcement
22 actions. And the amendment above references the
23 operation specs that serves the public interest.

24 So, in leu of, in other words, there were

1 going to be no enforcement actions, and you were going
2 to amend the OPS specs. Is that correct?

3 MR. HOWARD: That only dealt with one
4 enforcement action. That enforcement action encompassed
5 all of those items that you find on that letter.

6 MR. MCGILL: So, 0028 was the one that, that
7 enforcement action, it included all of these other
8 items?

9 MR. HOWARD: That's correct.

10 MR. MCGILL: Okay. At this point you've got,
11 you had to respond, where you wanted a response within
12 ten days. Did you get a response?

13 MR. HOWARD: That's, I think they're getting,
14 well, I think there's a letter in there that's kind of
15 mixed up with the first letter in March. The March
16 letter was a ten day response. The actual letter sent
17 in December, they had 30 days to petition that one to
18 AFS1 to --

19 MR. MCGILL: That's correct.

20 MR. HOWARD: And, so the ten day response
21 dealt with the March letter.

22 MR. MCGILL: Okay, and the 30 day dealt with
23 the response for the pre-consideration.

24 MR. HOWARD: For the petition, yes.

1 MR. MCGILL: For the petition?

2 MR. HOWARD: Yes, that's correct, sir.

3 MR. MCGILL: Then what did you say happened
4 after that?

5 MR. HOWARD: The next I heard on it was the
6 letter that was faxed to me from Cincinnati, was the
7 letter from Angela Elgee to Emery, stating they were not
8 going to take any action on their amendment of their
9 operation specifications.

10 MR. MCGILL: Well, we have a, the letter that
11 was sent by legal counsel for Emery, the director of
12 flight standards in which they, he went directly to at
13 that time Mr. Lacey, to try to work out whatever
14 happened. Then he sent this letter on December 30th.
15 But, somewhere between December 1st and December 30th
16 the certificate on the 17th was transferred to
17 Cincinnati. Now, why would you do that?

18 MR. HOWARD: Why would we transfer the
19 certificate? That was a prearrangement in a year of
20 makings between the division manager of Western Pacific,
21 and the division manager of Great Lakes. The transfer
22 didn't take place until Cincinnati was staffed to take
23 the certificate. And they were staffed, and agreed to
24 accept the certificate on December 17th.

1 MR. MCGILL: So, this is just sort of
2 coincidental to the fact?

3 MR. HOWARD: That's correct.

4 MR. MCGILL: This petition for reconsideration
5 was filed on the 30th of December. And you brought up
6 the fact that the manager for, continues to go ahead and
7 work on this at the time. Ms. Elgee, she did not respond
8 until March the 13th. That's three months later. Is
9 that typical? Or, what is the responsibility of the FAA
10 to respond to something sent by an operator?

11 MR. HOWARD: I can't speak for the director of
12 flight standards on what time limits that they have to
13 do that. The rule just says they have 30 days in which
14 to ask for a stay, or petition the director. And from
15 there it's, I don't, I don't know of any time limits.

16 MR. MCGILL: Well, in the letter that was sent
17 three months later she makes a statement that the FSDO,
18 and Emery, has come to a resolution which resolves the
19 need to amend the OPS specs of Emery. Do you know what
20 that resolution was?

21 MR. HOWARD: I don't sir, no.

22 MR. MCGILL: Did they ever talk to you about
23 that?

24 MR. HOWARD: No, sir.

1 MR. MCGILL: You don't know how it was handled
2 then either?

3 MR. HOWARD: No, I don't.

4 MR. MCGILL: I wonder what the purpose of this
5 letter was then? It didn't really, it just says that,
6 that it was resolved, and sent three months later. So
7 if he didn't send it, nothing would have, he didn't seem
8 to say anything to me. So, I was just, do you know
9 anything? Were you just copied this letter? Is that
10 correct?

11 MR. HOWARD: Pardon me?

12 MR. MCGILL: You were just copied?

13 MR. HOWARD: I was not copied. It was sent to
14 me as a courtesy from Cincinnati. And I'm not sure who
15 sent it. It didn't have a name on it, it just showed up
16 on our fax machine. But, it had, my PMI said it came
17 from Cincinnati, so --

18 MR. MCGILL: At the time when you were, you
19 had technically already rescinded the reliability
20 program, or it was in the process, I guess. And you had
21 some enforcement actions pending. What happened to
22 those enforcement actions after December 17th, when this
23 was transferred to Cincinnati?

24 MR. HOWARD: We were still working then

1 through the western pacific region. Western Pacific
2 legal had all of the enforcement actions at that time.
3 And they were coordinating with Washington on them.
4 Nothing was ever settled on them, and then in 2001 they
5 were all sent, taken out of the western pacific region,
6 and sent back to the Great Lakes region to be
7 incorporated in the final agreement between Emery and
8 FAA.

9 MR. MCGILL: Does the legal counsel of the
10 region typically just hold these enforcement actions
11 like that? Or, do they communicate back and forth with
12 you, or the principal, or the person that originated the
13 enforcement action? What is this relationship like?

14 MR. HOWARD: Once we turn over an enforcement
15 action to legal it becomes theirs, and they do with it
16 as they please. Sometimes they talk to us and
17 coordinate, and sometimes they don't. In Emery's case
18 there were a number of them that they did coordinate
19 with the inspectors.

20 On the, on the larger ones they coordinate
21 generally with Washington. And we don't hear anything
22 from them until either Washington okays them, or
23 Washington makes some changes. And periodically I would
24 inquire of legal of where they are, and what's the

1 standing on various EIR's. And they're
2 pretty good at telling me where they are, and what's
3 going on with them. But, it's a very slow moving
4 process when you're dealing with some complex, and some
5 high dollar EIR's. So, it's not surprising, it takes
6 quite some time.

7 MR. MCGILL: Do you feel that relationship is
8 adequate? Or, could it be improved? Or, should you
9 have more of a participating role in those actions? Not
10 only you as a manager, but take it down even further to
11 the person, to the principal that's creating the
12 enforcement action.

13 MR. HOWARD: A number of years ago there was a
14 better relationship, I think, between legal and the
15 principal inspectors. That's who they deal with, they
16 don't generally deal with me. But, it seems over the
17 past few years that the legal department is just
18 overwhelmed with the EEO, and MSPB, and the court
19 actions, and those kinds of things that they have to
20 work in conjunction with safety issues.

21 I just think they're over taken by events, and
22 by work load, and don't have time for it.

23 MR. MCGILL: How large is that office for
24 general counsel for the region?

1 MR. HOWARD: Pardon me?

2 MR. MCGILL: How large is each region's
3 general counsel?

4 MR. HOWARD: I don't know about each region.
5 Western Pacific, they have six, seven attorneys. And
6 they're not all assigned to flight standards, of course.
7 But, when I go to legal and look at their work load,
8 and they have stacks piled half way to the ceiling on
9 the floor, it's, they are very much overloaded then.

10 MR. MCGILL: Is there training given to the
11 principals, or the person in the region aiding the
12 enforcement action of how to better present this
13 enforcement action, so that perhaps they could do their
14 job better, or?

15 MR. HOWARD: FAA provides training. We have
16 compliance and enforcement training that I feel is a
17 pretty good course. And our inspectors, by in large,
18 write very good packages. And these packages are
19 reviewed by specialists in the division before they go
20 onto legal. And once they go through the package, and
21 we've been through it, it's, I would say it's complete.

22

23 There's not a lot of occasion that legal will
24 come back and say, well, you've got to have this, or you

1 forgot this. Pretty much they're satisfied with the
2 cases, it's just time that it takes to go through them,
3 and for them to prepare their papers.

4 MR. MCGILL: Just reading through several
5 boxes of rebuttals from Emery, from many of the
6 allegations, and the violations that were, the
7 enforcement actions filed, I just couldn't help note, I
8 even took a few notes, that they talked about, no
9 specific deficiencies were mentioned for the alleged
10 finding. You
11 didn't provide certain types of information, there was
12 no supportive documentations that were -- and I know
13 we're getting into a very legalistic area right in here.
14 But, it seems like that's what it's getting into now a
15 days with the airlines. They go out and get attorneys,
16 and their rebutting these allegations. But, they're
17 having a difficult time, because they, they're looking
18 at this, and there's not enough documentation sometimes
19 to rebut.

20 And, so their insurers that are coming back,
21 which is what we at the Board have looked at. I find
22 that perhaps some of these enforcement actions could be
23 better written, or better presented. Because, and I can
24 see where maybe the general counsel of the region would

1 be hesitant to file certain violations, or operators
2 with the data that they had in hand. Does any of this
3 make sense? Have you run across any of this?

4 MR. HOWARD: No, the violations that our legal
5 department has passed forward, as far as I know are
6 complete. Because once they pass them onto, either to
7 the operator, depending on the amount of the civil
8 penalty, or to Washington to review for the higher ones,
9 I haven't received any information, or any request for
10 additional information from Washington, or from legal
11 once they write their paper.

12 From time to time we do receive information
13 from Western Pacific legal for some additional
14 information, or documents. But, once that goes onto the
15 operator I can only assume that it's complete, because
16 legal is the one that sends them on.

17 MR. MCGILL: By the way, were you, were you
18 involved with any manner with the interim settlement
19 agreement between the FAA and Emery?

20 MR. HOWARD: No, I wasn't involved, and I
21 don't even know what the settlement was.

22 MR. MCGILL: Did anyone from legal counsel
23 talk to you about some of the enforcement actions, or
24 anything in the way of, because they were getting ready

1 to glob all of these together. Did anyone at all, did
2 anybody talk to you at all about how the relationships
3 with the FAA and Emery, once that certificate left your
4 facility?

5 MR. HOWARD: No, I haven't heard from anybody.

6 MR. MCGILL: So, you haven't heard from
7 anybody?

8 MR. HOWARD: No.

9 MR. MCGILL: You read the paper just like the
10 rest of us?

11 MR. HOWARD: Yes.

12 MR. MCGILL: After the certificate left in the
13 middle of September, you still had to continue to work
14 those enforcement actions that you had filed earlier,
15 though. Is that correct?

16 MR. HOWARD: Legal was still working then,
17 yes.

18 MR. MCGILL: What was the outcome when several
19 letters were sent to Emery from your office requesting
20 that information be sent to them? Do you remember that,
21 any of those things?

22 MR. HOWARD: We sent many, many letters. So,
23 I don't know unless you have some specific item there.

24 MR. MCGILL: Well, they were, the principal

1 avionic inspector requested, this was all a part of the
2 action 0028 in April of 2000, they requested a bunch of
3 documentations of a UNS, the ISSS, and the different --
4 , flight data recorder parameters, and so forth. And
5 then this is all a part of our Exhibit 7TT. And then we
6 have a telex that was a statement where you had a
7 conversation with, presented to Mr. Wood, in which they
8 considered the EIR0028 closed.

9 And then on May of 2000, a conversation
10 between Mr. Skaggs and Mr. Wood where he said he would
11 not provide any records. And to contact legal counsel.
12 Do you remember any of this?

13 MR. HOWARD: A little bit. As I recall the
14 PAI was, I was working through the PAI at Cincinnati to
15 obtain some information that legal had asked him to get
16 on those particular systems. And since 028 was in the
17 document for the rescinding of the OPS spec, I believe
18 that's what Emery used to say that that was closed.

19 However, subsequently to the fact that, that
20 the operation specification letter was sent saying they
21 were taking no action on it, 028 was reopened with
22 Western Pacific. And there was a request for some
23 additional information which our PAI asked for Emery.
24 And Emery said they would not furnish it because that

1 PAR, PIR was closed.

2 MR. MCGILL: Well, how can it, if it's closed
3 how can it be reopened?

4 MR. HOWARD: Well, it was not closed due to
5 the fact that there was no action taken on the OPS spec,
6 which left that EIR to be put back into the system.

7 MR. MCGILL: I see, I see. Had you rescinded
8 the D74 or 76, then that would have -- 028?

9 MR. HOWARD: Exactly.

10 MR. MCGILL: Okay.

11 MR. HOWARD: And I'm only saying what I think
12 happened. Was that Emery felt that since we didn't take
13 any action on the OPS specs, that EIR was closed and
14 done with, and were not going to furnish us any
15 information.

16 Since we didn't deal with Emery directly at
17 that time, we were dealing through Cincinnati, there was
18 just a refusal to submit that information. And then
19 subsequently to that those EIR's were then sent to Great
20 Lakes, and it was round up in the final agreement.

21 MR. MCGILL: You did not personally get
22 involved one way or the other?

23 MR. HOWARD: No, I didn't.

24 MR. MCGILL: You were just kind of following

1 what was transpiring between --

2 MR. HOWARD: That was just my briefings.

3 MR. MCGILL: Do you recall from Exhibit 17S, a
4 memo from the Emery CMT to you, the manager of the FSDO,
5 that was sent on January 22nd of '99? It was 11 pages
6 long. It elaborated that Emery's management
7 representatives would rather expand their resources
8 defending their decisions, or denying that a compliance
9 decision even existed. They said that they, Emery
10 sanctioned internal policies and directives to company
11 personnel that were directly contrary to FAR
12 regulations.

13 The trend seems to have been increasing for
14 the last 12 to 18 months. Later on, when we looked at
15 that earlier, talked about the 2000, the January of
16 RASIP. At that time they had three category A items,
17 which are non-compliant. By the time they did the next
18 RASIP, which was after, by the time the certificate was
19 already in Cincinnati, I forgot what it is, but it's, it
20 was up to 43. Which means that Emery is, from this
21 perspective is getting worse and worse all the time.

22 Now this, at this stage this letter was in
23 January of, January 22nd of '99. It says Emery does not
24 report findings of corrosion as required from the CPCP

1 program. They've got 12 open EIR's right now pending.
2 They've got, they haven't sent in any reliability
3 programs for 21 checks. This thing just goes on and on.

4 When they, they had problems with manuals, and
5 training. And then they state right here that Emery is
6 controlled by it's only customer, Emery Worldwide, and
7 freight forwarder, which expertise is the trucking
8 business, and not airline safety. From their
9 perspective operational control issues are constantly
10 challenged, but are always under control by the freight
11 forwarders, not the airline. They make
12 serious allegations in here, and they get into all of
13 these, the innovative solutions and support systems that
14 they were having problems with, training for this IS and
15 S system, and digital data air computer systems. And
16 then the last part of it they recommend suspension of
17 the air carrier certificate until compliance is obtained
18 as specified in under this Board order, the FAR.

19 Now, when something is sent to you like this,
20 14 pages of very strong allegations, what do you do with
21 this?

22 MR. HOWARD: During the time that that letter
23 was written there were EIR's on all of those systems
24 that they mentioned, the ISNS, and the innovative

1 systems. And that's part of that 12 EIR's they're
2 talking about.

3 When they get down to the suspension, in March
4 of that year we had a meeting down in Western Pacific
5 with our legal counsel, and our division manager, and
6 discussed the possible suspension of the certificate
7 based on all of these issues. Legal counsel at the time
8 said we did not have significant evidence that he could
9 support that. His thought was that when we finished all
10 of the EIR's he would look at them as a total package,
11 and make another decision whether it warranted
12 suspension.

13 And then in March of that year, based on that
14 document and EIR's that we had, also based on some
15 further documentation on the corrosion control program,
16 and some of the changes from levels from what the
17 contract maintenance had reported, plus what Emery had
18 reported. That's what prompted the operations
19 specification, the rescinding of that, as an
20 alternative to suspension of the certificate, which they
21 said we didn't have enough evidence.

22 We felt that by suspending the certificate, or
23 not the certificate, by rescinding the OPS spec we could
24 gain the same advantage. We would have them redo their

1 complete maintenance program, and reliability program,
2 and we could achieve the same.

3 MR. MCGILL: Who makes these decisions like
4 that? Do you make those decisions?

5 MR. HOWARD: Which decisions?

6 MR. MCGILL: To, for instance, do you have a
7 certificate management team send you this letter saying
8 that they should suspend the certificate. That once you
9 get that, you said earlier that the legal counsel
10 determined that maybe they didn't have enough, the
11 evidence wasn't strong enough. Are they making that
12 decision? Do they, is it a collaborative decision? Who
13 makes the decision to suspend a carrier that's operating
14 under your system?

15 MR. HOWARD: We put forth the recommendation.
16 And then it goes to the divisional level, and to legal
17 level. And the decision comes out of the joint
18 agreement between legal and FAA, as to what we're going
19 to do with it.

20 MR. MCGILL: Were you talking any to AFS1 at
21 this time?

22 MR. HOWARD: No, we were not. It was all at
23 the local level at that time.

24 MR. MCGILL: Why would these inspectors feel

1 that they had strong enough views to show a carrier
2 down, and legal feel they didn't have enough evidence to
3 do that?

4 MR. HOWARD: I can't speak for legal counsel,
5 but that was their decision that they could not support
6 it.

7 MR. MCGILL: Could you override that decision?
8 I mean, could you still have gone ahead and presented
9 something to the system?

10 MR. HOWARD: As a matter of fact we did. We
11 submitted an enforcement action for that. That went
12 from suspension, they changed that to 4.4 million civil
13 penalty on that particular issue. And that was their
14 prerogative to do that.

15 MR. MCGILL: What happened to these summary
16 civil penalties? We read about it, ALPA kept a big list
17 of all the different penalties. But, were they ever
18 actually sent out? Did Emery collect any money on any
19 of these penalties?

20 MR. HOWARD: There were, as I recall three
21 that actually were sent to Emery.

22 MR. MCGILL: Three from your --

23 MR. HOWARD: Three from our enforcement
24 actions. And there were a number of them that were not

1 on the road yet, so to speak. But, Emery had been given
2 an alert. Nothing has happened to those. They were all
3 consolidated into the final agreement.

4 MR. MCGILL: But, the question is, why was
5 nothing done at that time? I'm mean, it's later, I know
6 it was consolidated a year or so later. But, how long
7 does it take to get an enforcement action? Get some
8 action out of something? How long does it take for you
9 to do what you did? You know, why is this process so
10 slow?

11 MR. HOWARD: When you have enforcement actions
12 that exceed \$50,000 they have to go to Washington for
13 approval. And when you're talking four and \$7 million
14 it takes whatever time Washington decides they're going
15 to take, and I have no control over that.

16 MR. MCGILL: So, it's, at that point it's
17 taken out of the region even if general counsel out of
18 Washington is now handling it. Is that more or less
19 what's happening?

20 MR. HOWARD: That's correct.

21 MR. MCGILL: Okay, and it goes through then
22 the phases of whatever the enforcement actions are, I
23 guess, in the civil filters. At the time before the
24 certificate departed San Jose, do you think that Emery

1 was really cooperating to bring itself into compliance?

2 MR. HOWARD: If I could back up just a little
3 bit. From the time I became involved in Emery in '92 up
4 through towards the end of '96, Emery was really a top
5 notch organization. I mean, they responded well, did
6 things well. We noticed the turn in late '96 of non-
7 response. And it started, was on it's way down from
8 there. And we had --

9 MR. MCGILL: Was that because of change of
10 personnel? Or, what caused that?

11 MR. HOWARD: I don't know if that was the
12 cause, but they did have a change. They had a change in
13 corporate headquarters, and also the COO and CEO of
14 Emery changed. I don't know that I would say definitely
15 that was it, but I do know that in '96 there were some
16 drastic changes that took place. And as my inspectors
17 say they think that they were being controlled by the
18 parent company. I can't dispute that, but I don't know
19 that for a fact.

20 MR. MCGILL: In all of the correspondence that
21 we have with the letters back and forth, and we have it
22 at least a half a dozen times, they feel that Emery
23 spent more time trying to write a solution, rather than
24 just actually fix the solution.

1 We've heard that time and
2 time, when we interviewed the various principals. They
3 spent more effort trying to resolve something rather
4 than actually going out and fixing it. Was that, was
5 that something that you would have agreed to, or with?

6 MR. HOWARD: Yes, like I said from '96 on it
7 seemed to be that way.

8 MR. MCGILL: Is there any difference in how
9 the oversight of an operator, whether it be a freighter,
10 between a freighter and a cashier operator. Is there
11 any difference in this oversight of an FAA -- ?

12 MR. HOWARD: Not from our point of view.

13 MR. MCGILL: So, you would treat a
14 supplemental freighter exactly like a supplemental
15 cashier?

16 MR. HOWARD: For the most part. I mean, there
17 are some differences.

18 MR. MCGILL: Yeah, there's differences, but --

19 MR. HOWARD: But in the realm of safety I
20 wouldn't treat them any different than any other
21 carrier.

22 MR. MCGILL: I've asked this to other people,
23 including FAA people, but in your opinion would you say
24 that the top management of Emery, these problems were

1 caused by inexperience? Or, the fact that they were not
2 knowledgeable? Or, that they lacked a commitment to do
3 what was necessary by the FAA standards?

4 MR. HOWARD: You're asking an opinion?

5 MR. MCGILL: Yes, you had that certificate for
6 a long time. Were those people at the top? Are they
7 top, or are they just not knowledgeable? Were they
8 experienced enough? Or, should they have been replaced?
9 What is your, I mean, we've lost a carrier here, it's
10 no longer in operation. We're just trying to understand
11 what happened here.

12 MR. HOWARD: Well, I think we're trying to
13 find out, or trying to, we're wondering what happened as
14 well. The same management was in place in '92 that was
15 in place in '98 and '99 except for the COO, and a couple
16 of the top parent company managements. They had a
17 change in engineering. They developed an engineering
18 group when we put the DC-10 on.

19 They had competent engineers. The management
20 of that we felt might have been a little weak, but in
21 management as long as it has technical people doing the
22 functions, it shouldn't be a problem. But, the other
23 management, well qualified people.

24 Why the change in '96 in cultural attitude? I

1 don't know.

2 MR. MCGILL: Have you been involved in any
3 other meetings, once it left, the certificate left your,
4 San Jose, were you involved in any particular meeting
5 say in July of 2000? Or, anything involved with the
6 certificate?

7 MR. HOWARD: We had a meeting in our division
8 in July. That meeting had Emery management and counsel,
9 or counsel, and our technical people from the FSDO, and
10 our division manager. We had a meeting discussing
11 several of the enforcement packages. If that's the one
12 --

13 MR. MCGILL: Why weren't you, you're
14 perspective, I guess those were your enforcement actions
15 by the San Jose?

16 MR. HOWARD: Yes, and since we still had them
17 in July they wanted to discuss them. Basically to try
18 and resolve them before they got out on the street.

19 MR. MCGILL: What were some of these issues?

20 MR. HOWARD: They were the high dollar ones.
21 EIR's that, one of them I believe was 4.4 million, the
22 other one was for a million, three. They were there to
23 discuss the action that we had against Emery for a
24 falsification of documents.

1 MR. MCGILL: Was that the corrosion?

2 MR. HOWARD: Yes. And then the meeting took
3 place, we were advised there were only going to be two
4 that were going to be discussed, and that was to civil
5 penalties. When we arrived there we found out that they
6 had withdrawn the enforcement against Emery for record
7 falsifications. So --

8 MR. MCGILL: Who withdrew that?

9 MR. HOWARD: Legal.

10 MR. MCGILL: Legal from the region?

11 MR. HOWARD: I don't know, sir. We were not
12 told, and --

13 MR. MCGILL: Tell me a little bit about this
14 falsification of the corrosion?

15 MR. HOWARD: We had seven aircraft that we had
16 inspected record, both at the contract out sourcing
17 facility that did the maintenance. And then compared
18 Emery's reports to that. And we found the majority of
19 level two and three corrosion reporting had been
20 downgraded to level one. And what that does is if you
21 maintain a level three it means you have to change your
22 maintenance program inspection intervals to maintain a
23 level one corrosion.

24 So, based on that fact, is why we wrote the

1 enforcement action to suspend the certificate pending
2 compliance. And that was down graded then to a 4.4
3 million, and eventually closed with no action.

4 MR. MCGILL: Was Boeing brought in to analyze
5 some of these corrosion problems?

6 MR. HOWARD: I know that the principal
7 inspector talked to Boeing, then Douglas, down in Los
8 Angeles about it. But, I don't have the particulars on
9 that.

10 MR. MCGILL: Have you ever seen someone, is it
11 ever approved, or been anywhere that a person could
12 downgrade corrosion like that, once it's found and set?

13 MR. HOWARD: I've never run across that
14 before.

15 MR. MCGILL: There's no, what I'm saying,
16 there's no approval to do that, is there?

17 MR. HOWARD: No, not that I'm aware of.

18 MR. MCGILL: I mean, however the approval was
19 set by the carrier through their control, probably the
20 control after it comes back from maintenance overhaul.
21 Is that correct?

22 MR. HOWARD: I didn't understand that, the
23 first part.

24 MR. MCGILL: Well, when a, for instance, a 145

1 sets in the inspection process writes up a level, that
2 is not necessarily the level. It's evaluated by the
3 quality control portion of the company, is it not?
4 Which then may change it, say from a level two to a
5 level one, or something of that nature. Is that, and
6 they have that authority to do that. Is that correct?

7 MR. HOWARD: The authority to change it to a
8 level one?

9 MR. MCGILL: Yes.

10 MR. HOWARD: Not that I'm aware of.

11 MR. MCGILL: So, if I take an airplane to say
12 TTS, and one of their people writes up a level two
13 corrosion in an area, by the time my quality assurance
14 auditors get there to re-evaluate it, they look at it,
15 and whatever, with their expertise they think that's
16 level one. You're saying that they wouldn't have that
17 ability to do that?

18 MR. HOWARD: Well, at the repair station they
19 have representatives there that will look at the same
20 thing. Now, if that representative disagrees, and they
21 come to an agreement that it's not, they could --

22 MR. MCGILL: And is that what happened here on
23 this particular, on these cases right here? Was that --

24 MR. HOWARD: Not from the indications that we

1 had. It arrived at Emery as a level three. And
2 there's, there's different, I don't know exactly how to
3 put this because I'm not really technical on corrosion,
4 but there's extensive areas, and corrosion has to be a
5 certain type of corrosion, it has to include a certain
6 area of distance, or members, and whatever.

7 Now, when you get a level three, and it
8 includes all of those areas that specify a level three,
9 I don't know how you can judge that as being a level one
10 in my mind.

11 MR. MCGILL: Now, this was done, this was
12 already addressed and done away with prior to you
13 entering into that meeting. Is that correct?

14 MR. HOWARD: Yes, it is. I say that because
15 the opening statement from the legal counsel was --

16 MR. MCGILL: Your legal counsel?

17 MR. HOWARD: No.

18 MR. MCGILL: Their legal counsel?

19 MR. HOWARD: Emery's counsel was that we
20 understand that enforcement action number so and so has
21 been withdrawn, and our legal counsel said yes that has
22 been withdrawn. And it was after that that we found out
23 which one it was.

24 MR. MCGILL: A lot of attorneys working back

1 and forth here, isn't there?

2 MR. HOWARD: That's generally what they do.

3 MR. MCGILL: But, do these attorneys come back
4 and talk to the people that's actually -- these
5 corrosions, and creating these? I haven't met too many
6 attorneys in really 40 years that have kind of skill
7 level to understand all of this without going back and
8 getting someone. You're kind of referring that they
9 don't necessarily do that. And in this case they didn't
10 talk to you. Did they talk to the principals that work
11 for you about that?

12 MR. HOWARD: No.

13 MR. MCGILL: So, they made that decision using
14 some other means of evaluation?

15 MR. HOWARD: Yes, and I can't say they didn't
16 get it evaluated by somebody, but not by us.

17 MR. MCGILL: But, not by you?

18 MR. HOWARD: No.

19 MR. MCGILL: What else was involved in that
20 meeting?

21 MR. HOWARD: That was about all. They
22 explained their position, and then asked for two months
23 to respond to the allegations. And they were given two
24 months. And that's the last I heard of it.

1 MR. MCGILL: And then the next thing, by
2 August they had come up with an interim settlement
3 agreement?

4 MR. HOWARD: Yeah, they did respond to legal
5 on the documents. And, but I don't know what the
6 outcome was of it. Eventually it was consolidated with
7 the rest of it.

8 MR. MCGILL: Was anybody from the Cincinnati
9 office present during that meeting?

10 MR. HOWARD: From where?

11 MR. MCGILL: The Cincinnati office?

12 MR. HOWARD: No, sir.

13 MR. MCGILL: Or, the Great Lakes region? I'll
14 tell you what, Jay, I've just about asked what I think,
15 it's over for me right now. Let's take a break, we'll
16 come back.

17 (Off the record at 10:07 a.m.)

18 (Back on the record at 10:30 a.m.)

19 MR. GUNTHER: Okay, Mr. Howard, I'm Todd
20 Gunther from the Airline Pilot's Association. To your
21 understanding why was the certificate moved from your
22 certificate management office to Cincinnati? Do you
23 remember the reasons that occurred at that time?

24 MR. HOWARD: Mr. Scott came out and visited

1 me, and discussed the fact that he was, would like to
2 move the certificate. His reasons were two fold. One
3 of them was that we had a, sort of a part-time APM that
4 was working with Emery. And he thought that that wasn't
5 sufficient enough for him. And we were in the process
6 of obtaining a permanent APM.

7 Also, he said that the didn't feel that he was
8 getting enough oversight from FAA, and he would like to
9 be closer to the FAA to an office which he described as
10 Detroit. He wanted to go and have

11 Detroit -- . Those were the reasons.

12 MR. GUNTHER: And when you say Mr. Scott, is
13 that Ken Scott?

14 MR. HOWARD: Yes.

15 MR. GUNTHER: And they proposed moving the
16 certificate to -- Michigan, Detroit Michigan? Correct?

17 MR. HOWARD: That's correct.

18 MR. GUNTHER: Did you notice any type of
19 reaction on their part when the FAA proposed moving the
20 certificate management office to Cincinnati? Were they
21 displeased with that decision, or?

22 MR. HOWARD: They didn't mention that to me.

23 MR. GUNTHER: Mr. McGill mentioned the number
24 of letters, including one that was in the internal memo

1 that we sent to you from the certificate management
2 team. In addition to that when going through that
3 package that was produced by the NTSB for the public
4 hearing, it seems that approximately once a month there
5 was a letter going out to Emery from your office in
6 regards to problem areas. Is that pretty normal in your
7 experience level for when you're managing an airline of
8 that size?

9 MR. HOWARD: Pretty much.

10 MR. GUNTHER: At the time, or now in
11 hindsight, did you ever consider Emery to be a problem
12 carrier? Did it take a lot more effort on your part in
13 order to attempt to bring them into compliance compared
14 to others that you had managed?

15 MR. HOWARD: The last approximately year and a
16 half to two years on the certificate it became more
17 troublesome.

18 MR. GUNTHER: And would that be post '96?

19 MR. HOWARD: Yes.

20 MR. GUNTHER: Other than the facts that you
21 talked about that you received, that your PMI told you
22 about, and said that it had come from AFS300, during the
23 time period that you were managing Emery's certificate,
24 and during the time that you were having difficulty

1 bringing in the complaints, did you ever have any
2 conversations, or memos, faxes, or any interaction with
3 the AFS300 at that time?

4 MR. HOWARD: No.

5 MR. GUNTHER: Did they ever show any type of
6 interest in the problems that you were having with the
7 certificate?

8 MR. HOWARD: No.

9 MR. GUNTHER: How about AFS200?

10 MR. HOWARD: We didn't deal with 200 on
11 issues, or problems. We did deal with them on some
12 programs, but not issues.

13 MR. GUNTHER: Have you ever heard the, of the
14 system that's an electronic data collection system
15 called Merit?

16 MR. HOWARD: Yes.

17 MR. GUNTHER: Okay. Is that the system that
18 you were talking about before in regards to reliability
19 programs? Is that what they were using at the time?

20 MR. HOWARD: They were using the Merit system
21 for, I can't tell you exactly everything that it
22 encompassed, but that system had not been approved by
23 us. When we told them several times about the Merit
24 system, that they needed to, to run it along side their

1 current system that they were using, which I don't
2 remember the acronym of their current system they were
3 using. But, it had a problem of failing, and not giving
4 them the information they needed for them to report to
5 us on SDR findings, and that sort of thing.

6 MR. GUNTHER: And did they discontinue the use
7 of the Merit system? Or, did they continue to run a
8 parallel program after it was discussed with your
9 office?

10 MR. HOWARD: I don't recall.

11 MR. GUNTHER: Apparently there are, one of the
12 things that we also noticed in the document, that during
13 the period from September to December of 1988 Emery
14 apparently had an absence of accurate fleet data with
15 respect to their reliability program.

16 And particularly
17 maintenance reliability reports, and maintenance
18 interruption summary reports. Did you ever get involved
19 in any of the interaction with the company in regards to
20 that problem?

21 MR. HOWARD: Only through briefings with the
22 PMI, that he was not receiving reports regularly like he
23 was supposed to be.

24 MR. GUNTHER: Was he concerned about that?

1 MR. HOWARD: Yes.

2 MR. GUNTHER: Do you remember any of the
3 conversations you had with him in regards to that? Did
4 he suggest any improvements or alternative arrangements
5 in order to be able to either capture that data, or to
6 modify the reliability program?

7 MR. HOWARD: He spent most of that time
8 talking with Emery, and their engineering, and their
9 reliability manager. I don't, I wasn't directly
10 involved in that.

11 MR. GUNTHER: Now, during the time that the
12 certificate was at your office, did you, did it ever
13 come up to the point where the Merit system became
14 capable of running the reliability program properly?
15 Was it ever approved?

16 MR. HOWARD: No.

17 MR. GUNTHER: Did you believe that they had
18 adequate reliability personnel at the time?

19 MR. HOWARD: We didn't have a problem with the
20 personnel. The people who were actually running the
21 program were quite qualified.

22 MR. GUNTHER: Did you ever receive any
23 explanation as to why five Emery DC-8's, aircraft C
24 intervals were escalated without the benefit of adequate

1 reliability program analysis or evaluation?

2 MR. HOWARD: Not to my knowledge. Now, they
3 may have with the PMI, but not that I know of.

4 MR. GUNTHER: Apparently during the time that
5 this was going on, your office had three
6 DC-8's in November, 996 Trolley Fox Trot, 997 Trolley
7 Fox Trot, and 998 Trolley Fox Trot. And those aircraft
8 were removed from service by the end of the day for
9 significant corrosion, what they considered to be
10 requiring major repairs, okay? How come those, were you
11 ever given any explanation by the carrier as to how come
12 those aircraft had not either been previously repaired,
13 or removed from operation?

14 MR. HOWARD: I don't remember those airplanes
15 by N numbers, or the circumstances surrounding them. I
16 don't think they were removed by the FAA. I know Emery
17 removed several of them that we knew about. But --

18 MR. GUNTHER: And I just have one more
19 question for you Mr. Howard. In hindsight, for
20 instance, is there anything you would have done
21 differently than was done during the time that you were
22 out, that you were managing the certificate through your
23 office? Knowing what you know now about the carrier,
24 the problems that occurred after 1996, and sort of speak

1 what I would consider to be the change in the tide at
2 the time? Or, is there anything you can suggest to the
3 FAA in the future, or towards, to the NTSB, or to any of
4 your other offices on another way to handle this? Or,
5 are there any suggestions that you think would be a good
6 idea in the future for situations like this that would
7 occur in order to bring a carrier into compliance?

8 MR. HOWARD: I couldn't suggest anything else.
9 We did everything that we could. And I think the
10 principals who were involved did the very best that we
11 could in order to work with the airline. I don't see
12 how anything could change. I wouldn't have changed
13 anything.

14 MR. GUNTHER: Jay, thank you very much.

15 MR. HOWARD: Sure.

16 MR. GUNTHER: I have no further questions.

17 MR. MCGILL: Lyle?

18 MR. STREETER: Jay, there was some discussion
19 about the first DC-10 going on the OPS specs a little
20 earlier. Did you, did there ever come a time when you
21 had to discuss with Emery any concerns about putting
22 more DC-10's on the certificate?

23 MR. HOWARD: The discussion never came up with
24 us to put more on. We did know that their plans in the

1 future were to add, and remove DC-8's as they, as they
2 put on the DC-10's. But, it was never discussed with
3 us.

4 MR. STREETER: Okay, so there were, there
5 never were any more DC-10's that actually went on the
6 OPS specs past the first one. Is that correct?

7 MR. HOWARD: Not when we had it, no.

8 MR. STREETER: Okay, now given what you had at
9 the time, if Emery had asked for more 10's ont he
10 certificate, would you have been able to do it then?

11 MR. HOWARD: We would have definitely
12 considered it, as long as they were going to remove
13 three of their older DC-8's. Because that way you get
14 new, and then eliminate three other issues.

15 MR. STREETER: All right. Now, going down to
16 the discussion that Frank had with you about how a
17 theoretical proposed suspension is handled. And there
18 was some discussion on your part that it was a
19 collaborative decision between the -- management team
20 division, and general counsel.

21 If the CMT and division agreed that suspension
22 was needed, and counsel disagreed, would that stop any
23 certificate action at that point? I guess my question
24 is, is there any way for certificate action to proceed

1 if the certificate management team wants it, the
2 division wants it, and the counsel does not want to do
3 it? Can you proceed with the certificate action at that
4 time?

5 MR. HOWARD: I've never gotten that far in a
6 certificate action to answer that correctly. But,
7 usually legal has a reason for not doing that, and
8 they'll tell you what the reasons are. And if, and one
9 of the reasons could be they need more evidence.

10 And they
11 would tell us we need more of this, more of this. And
12 we would go out and see if that exists. Barring that,
13 if they just flat say that we have no way of supporting
14 this, I don't know how much further you can go with it,
15 from my experience.

16 MR. STREETER: All right, I have no further
17 questions.

18 MR. HOFFSTETTER: Dave Hoffstetter, Tennessee
19 Tech Services. Just a couple of questions. I'd like to
20 ask an opinion about inspection, inspectors. At what
21 point in a carrier do you think you should have on the
22 aircraft, or inspectors out, full time inspectors
23 watching what the mechanics are doing? Is there a ratio
24 between mechanics and inspectors? Or, a level of

1 maintenance that would require an inspection? Or, is
2 there a point with the carrier where you should have
3 full time inspectors out there watching what the
4 mechanics are doing?

5 MR. HOWARD: You know, I don't think we're
6 ever going to be at the point where we have enough
7 inspectors in the government to go out and look over the
8 mechanics as they do their work functions.

9 MR. HOFFSTETTER: I'm talking about Emery's
10 employees that are inspectors, not FAA inspectors.

11 MR. HOWARD: Okay, now could you, could you
12 give me that question again since I know what you're
13 looking for?

14 MR. HOFFSTETTER: Were you, at one point do
15 you feel like the air carrier should provide full time
16 inspectors to oversee what the mechanics are physically
17 accomplishing on their aircraft? Is there a ratio of
18 mechanics to inspectors? Or, is there a level of
19 maintenance that would mandate that you need a full time
20 inspector? Is there any criteria that you're aware of,
21 or that you feel there should be full time inspection
22 people out watching what the mechanics are doing?

23 MR. HOWARD: From experience, going back to my
24 Pan American experience, we didn't have inspectors

1 looking at everything that we did. We performed the
2 work, and if it had a buy off by an inspector, they
3 would come back and inspect the work that we had done,
4 and buy off. But, the ratio between mechanics and
5 inspectors is very small.

6 MR. HOFFSTETTER: One per 20, one per 50, one
7 per?

8 MR. HOWARD: Well, we used to have two
9 inspectors per airplane on a heavy surge.

10 MR. HOFFSTETTER: How about line stations, or
11 B-checks?

12 MR. HOWARD: Only if there was any items that
13 required inspection to look at would there be an
14 inspector there. And they would look at the paperwork
15 up front, figure out where they had to be. And then
16 they would check, and whenever they found one that would
17 sign off they'd go inspect it. That's basically the way
18 they operated.

19 MR. HOFFSTETTER: But, they had full time,
20 reported to the inspection department full time people
21 that could do that?

22 MR. HOWARD: That's true, that's correct.

23 MR. HOFFSTETTER: And that's my question. At
24 what point do you back away from a designated inspector

1 program where you've got ten people out there working on
2 a B-check, and you designate three of them as inspection
3 designees for the B-check program. They finish the B-
4 check, and get on with business. At what point do you
5 have somebody that reports full time, not through
6 production, but to the quality control department
7 exclusively?

8 MR. HOWARD: I can't tell you what the ratio
9 might be on that. But, organizations generally have a
10 specific number of full time inspectors. They can also
11 have, depending on the size of the air carrier,
12 designated people who can also do that inspection work
13 as long as they're not working on that particular part
14 of the aircraft.

15 Now, what the ratio is between full time
16 inspectors and designated? I don't think there's any
17 set figures on that.

18 MR. HOFFSTETTER: Let's talk for a minute
19 about Emery's CPCP program. My understanding, this is
20 just what I've been told, is that Emery ran their CPCP
21 program based on an alternate means of compliance. They
22 didn't use the Douglas CPCP task cards as they were
23 written in the book, and didn't use the same times as
24 Douglas or Boeing had submitted. Is that, is that your

1 understanding?

2 MR. HOWARD: I'm not familiar with their, with
3 their program. I didn't get that intimately involved in
4 their corrosion program.

5 MR. HOFFSTETTER: I was very surprised during
6 the public hearing phase to find out that Emery had no
7 full time inspectors that watched what the mechanics
8 were doing, and were physically B-checks, or auditing
9 paperwork on the line. All they did was, all they used
10 was designated inspectors. Their inspectors were office
11 people who audited paperwork, and reviewed forms. Is
12 that your understanding of how their inspection system
13 worked?

14 MR. HOWARD: I don't know first hand
15 information on how that worked. But, as I understood
16 it, they did have full time inspectors. Now, if
17 something's changed, I wasn't aware of it. But, early
18 on when I first came into the office, I know they had an
19 inspection department with inspectors. Where it went
20 from there I'm not really sure on that.

21 MR. HOFFSTETTER: I don't have any other
22 questions.

23 MR. MCGILL: Clint?

24 MR. THAYER: Clint Thayer, Boeing Company. I

1 don't have any questions at this time.

2 MR. MCGILL: Okay, Tom?

3 MR. WOOD: No questions.

4 MR. MCGILL: Frank?

5 MR. HILLDRUP: Yeah, Frank Hilldrup, NTSB.
6 Jay, mostly just a rehash of the areas that have been
7 covered so far. I just want to clarify some things for
8 my purpose. I think a question was asked, or a couple
9 questions were asked about, for instance, were perhaps
10 the problems that were ongoing between the FAA and
11 Emery, were they a result of, in your opinion, of a lack
12 of knowledge within Emery, and I think a lower
13 experience at those positions that were necessary? And
14 the answer I believe from you was, no, you didn't
15 believe that was the case. Was that your answer? Or,
16 do you remember?

17 MR. HOWARD: I don't believe experience was
18 the problem, no.

19 MR. HILLDRUP: Okay, how about, and I believe
20 part of the question from Mr. McGill was, how about
21 their commitment, or willingness, or attitude? And I
22 can't remember what your answer was on that, but let me
23 re-ask that. In your opinion were the difficulties in
24 how I might characterize the FAA trying to get Emery to

1 respond to letters that were being sent, or do the
2 things in their minds that should have been happening.
3 Was that due to a lack of commitment, and this is in
4 your opinion, a lack of commitment, or a willingness, or
5 attitude on the part of Emery?

6 MR. HOWARD: Post '96, that's my opinion.

7 MR. HILLDRUP: That there was a lack of
8 commitment by Emery?

9 MR. HOWARD: There was a lack of, of, well, I
10 guess commitment's a pretty good word. It's not the
11 word I was looking for, but I don't know what else to
12 use.

13 MR. HILLDRUP: That's good enough. And I
14 believe you had said that some of these management
15 changes after '96 were the COO, the chief operating
16 officer for, is this for Emery, or is this for the
17 parent company?

18 MR. HOWARD: This was Emery.

19 MR. HILLDRUP: Okay.

20 MR. HOWARD: And the parent company had a
21 change, also, in one of the high management --

22 MR. HILLDRUP: Okay, you had indicated a
23 couple of other top management changes. And again, that
24 was, Emery was the parent company, or the --

1 MR. HOWARD: I think that was the only time I
2 mentioned that was just those two instances.

3 MR. HILLDRUP: Okay, the COO for Emery, and
4 what other positions? I'm sorry, would you reiterate?

5 MR. HOWARD: The other position was either an
6 executive vice-president, or the president of the parent
7 company.

8 MR. HILLDRUP: And in your opinion it was
9 those, those two positions. There was a change of
10 personnel that may have led to a decline, or some change
11 in how Emery responded after that time frame?

12 MR. HOWARD: There seemed to be a definite
13 cultural change about that period.

14 MR. HILLDRUP: Okay. And another question was
15 asked about the number of letters. And I think this
16 characterizes maybe on average one per month. But
17 there, in my opinion, and again I don't have a whole lot
18 of experience with what's typical, and I believe you
19 said that this is not unusual to get perhaps a letter
20 per month on average. And I'll characterize them as
21 surveillance letters, I don't know what else you would
22 call these. But, and I believe you said, well, that's
23 not unusual, or it may be typical.

24 But, how about the content of the letters?

1 And again, I'm making a broad characterization of the
2 type of letters that were sent. But, because there were
3 so many, would you say that the content of the letters,
4 and the types of things that they were asking for, was
5 that also typical?

6 MR. HOWARD: No, I think, I think in this case
7 it was letters sent out for corrections, answers coming
8 back that were not corrections. So, in this case we
9 were just not getting the responses that we needed in
10 order to clear up some of the items that we were
11 discussing.

12 MR. HILLDRUP: And going back to this July
13 2000 meeting where several things were discussed. I
14 just want to clarify again for my understanding about
15 this falsification, I believe it was the
16 characterization, or the actual alleged violation.
17 Could you walk me back through that? I'm not too
18 familiar with, I understand it was a corrosion, there
19 was a downgrade of corrosion I believe on an airplane,
20 or airplanes. And falsification is a pretty strong
21 word, but that was, was that, that was part of an EIR?
22 That was part of an enforcement action initiated by the
23 FAA on this particular subject?

24 MR. HOWARD: That's correct.

1 MR. HILLDRUP: And was there an allegation
2 that the company, or an individual within the company
3 falsified records on this issue? I mean, is that what
4 we're talking about here?

5 MR. HOWARD: What you're saying is probably
6 strong language. But, the word that was used was
7 fraudulent entries, which probably is the same thing.

8 MR. HILLDRUP: Fraudulent entries.

9 MR. HOWARD: That was used for seven
10 airplanes.

11 MR. HILLDRUP: Seven airplanes involving the
12 corrosion? Downgraded corrosion?

13 MR. HOWARD: Corrosion downgrading. There
14 again, legal found that there wasn't enough evidence to
15 go forward with that.

16 MR. HILLDRUP: And on this allegation alone,
17 was this what precipitated your office's recommendation
18 to suspend the certificate? Or, was it a combination of
19 a series?

20 MR. HOWARD: It started out as a combination,
21 but ended up with that particular one as the main basis
22 for it.

23 MR. HILLDRUP: And again, that recommendation
24 goes to Western Pacific legal, at least initially from

1 your --

2 MR. HOWARD: It goes from our, from us to the
3 division as a recommendation. The division then reviews
4 it. And if they agree with it, it goes onto legal as a
5 recommendation.

6 MR. HILLDRUP: When you say the division at
7 this time that would be Mr. Gilliom?

8 MR. HOWARD: Yes.

9 MR. HILLDRUP: And as far as you know that was
10 passed along to Mr. Gilliom to legal? It did get to
11 legal then?

12 MR. HOWARD: It did get to legal then, yeah.

13 MR. HILLDRUP: Okay, and so the, this went
14 from, and you don't know who within legal? Whether it
15 was, stayed within Western Pacific, or whether it went
16 to D.C.? But, I guess if we're talking something of
17 this magnitude, would you expect that D.C. legal was
18 involved in resolving this?

19 MR. HOWARD: In the beginning, I'm not sure.
20 Because it first went from a recommendation for
21 suspension pending compliance to 4.4 million. And I
22 don't know whether Western Pacific did that alone. I
23 suspect they did. And then from there it went to
24 Washington.

1 MR. HILLDRUP: Because it exceeded 50,000?

2 MR. HOWARD: That's correct.

3 MR. HILLDRUP: And then by the time of this
4 meeting you were informed at the beginning, or you
5 learned at the beginning, and I don't know if the
6 characterization's correct, this finding, or this EIR
7 was closed altogether with no action against the
8 company?

9 MR. HOWARD: Yes, it was withdrawn as
10 they --

11 MR. HILLDRUP: Withdrawn?

12 MR. HOWARD: Right.

13 MR. HILLDRUP: Did you have any discussions
14 with your principals after that meeting? I mean, were
15 you surprised at this action?

16 MR. HOWARD: Very much.

17 MR. HILLDRUP: And were they surprised?

18 MR. HOWARD: Yes.

19 MR. HILLDRUP: Just a couple other questions.
20 This petition for reconsideration, after your, and
21 again, back in March of '99 you initiated a letter and
22 informed Emery of, I guess your proposed action on
23 rescinding their, I guess their reliability program, was
24 that at a short term escalation?

1 MR. HOWARD: Both of them.

2 MR. HILLDRUP: Okay, and was there, and I'm
3 sure that these things take time, but you had given
4 Emery 10 days, and you said you extended that, or
5 allowed them more time to respond to that. Was there
6 correspondence back and forth either in writing, or
7 verbally, between March and December of that year?

8 MR. HOWARD: Yes.

9 MR. HILLDRUP: What was the, what was the
10 nature of it? I'm not aware of what, I don't think I
11 have any copies of that stuff. But, was it just purely
12 on the basis of we need more time to respond to this?
13 Or, was there more details involved?

14 MR. HOWARD: Well, they responded within ten
15 days, but requested an extension to develop documents on
16 how they were going to correct these items that were
17 listed. And, so we allowed them an extended time, and I
18 don't remember how long it took for them to prepare
19 their documents and send them to us. But, there was
20 also some other things that were involved here. The
21 RASIP that we working, and the EIR's.

22 And, so it took a period of months to get all
23 of the responses, and to review them, to discover that
24 there weren't any fixes. And that's why the next

1 letter.

2 MR. HILLDRUP: And based on what you know
3 about this process, and how the, Emery's petition for
4 reconsideration of this was sent to AFS1. Is that, in
5 your experience or knowledge, is that typical?

6 MR. HOWARD: That's the way it's supposed to
7 work.

8 MR. HILLDRUP: It is supposed to go to AFS1?

9 MR. HOWARD: Yes.

10 MR. HILLDRUP: And what's your understanding
11 of the FAA's obligation, or requirement or whatever, to
12 that in a timely fashion? Do you know if there's any
13 requirement?

14 MR. HOWARD: I don't know of a time limit for
15 AFS1 to respond. But, normally AFS1 is the person who
16 responds to the petition.

17 MR. HILLDRUP: Okay. You mentioned about
18 RASIP's, and that was another question I had. The RASIP
19 that was done, I believe was February of '99? Is that
20 correct, when the --

21 MR. HOWARD: Out of our office, yes.

22 MR. HILLDRUP: And it was, could you tell me
23 what precipitated, or what concerns were raised? And
24 this was a bit of a focus on the ULD's, is that correct?

1 MR. HOWARD: Yes.

2 MR. HILLDRUP: What prompted that? What
3 concerns? Were these ongoing concerns by your
4 principals? Or, what, why was there a RASIP initiated?

5 MR. HOWARD: Well, we had a lot of concern.
6 In fact, we had met with Emery, discussed the concerns
7 that we had with the ULD's, and the aircraft systems,
8 the loading systems for the ULD. And at the same time
9 our geographic inspectors located around the United
10 States were starting to pick up on the same subject.
11 And we were having enforcement actions coming out of
12 Florida. And We had an inspector come from Florida to
13 Chicago, and found some more. And in Denver some more,
14 and in Los Angeles they were picking up on ULD's.

15 So, looking at the whole system, our division
16 decided let's go do a focused inspection on ULD's. They
17 finally acted on recommendations that we had put forth a
18 year before. And, so that's what generated it.

19 MR. HILLDRUP: Who finally acted on the
20 recommendations?

21 MR. HOWARD: Our division, Dave Gilliom.

22 MR. HILLDRUP: Okay. And was it purely on the
23 basis of what you guys were seeing, the FAA was seeing,
24 with Emery and this area of their operation? Or, was it

1 a matter of these issues had been raised with Emery?
2 And I'm sure when there are findings by the different
3 inspectors that presented them. And was it an issue of
4 simply the findings?

5 Or, the fact that these findings were
6 presented to Emery, and that there was, and in the FAA's
7 mind a lack of response to them. And that, in effect,
8 precipitated the RASIP? Was it, was it both of those
9 things that brought that about?

10 MR. HOWARD: That's correct. We find very
11 little response.

12 MR. HILLDRUP: Okay, I wanted to ask just a
13 couple more. And one of them was on the flight data
14 recorder. Now, I don't know how well you know about
15 this. We've had, on this airplane the investigation was
16 impeded because the elevator, if I can get it straight
17 now, on certainly one of the parameters, I believe the
18 elevator position parameter was, the conversions that we
19 were provided to read out to the FDR were improper. And
20 as a result the, one of the plots that we had was not
21 correct, and it didn't show up right away. And luckily
22 it was eventually caught. And that led to a lot of the
23 findings that we've had here.

24 But, and as a result of our direct

1 involvement, I think we did a couple of other airplanes
2 that we were involved with doing some checks, and some
3 rigging checks, we found a couple of other airplanes,
4 DC-8's with Emery that had some problems when you
5 compare what kind of output we were getting from the
6 FDR. And I think that there was submissions that were
7 raised by the PAI, and Mr. Pearson at the time with
8 Emery.

9 Do you know, are you aware of the FDR problems
10 with Emery?

11 MR. HOWARD: I'm not aware of the specific
12 problems. But, I am aware of the problems, and the
13 letters going back and forth between the principal of
14 AVI, saying Emery.

15 MR. HILLDRUP: Okay, well, just one more
16 question. And it's also, I'd like to ask you, I think
17 you were asked by somebody else about whether there were
18 anything else that you would do differently, or any
19 changes. But, I also would like to make a specific
20 question about the issue of the inspectors, and office
21 managers, and their involvement with the legal process
22 when it comes to EIR's.

23 And it's a little bit disturbing that the
24 inspectors do, they work hard to generate these things.

1 And while there may be some interaction, there seems to
2 be very little interaction by legal back to the
3 originating office, and the originating inspectors.

4 It does
5 sound like it happens on occasion, but I don't know if
6 there's any, there's certainly no requirement. Is that
7 correct? There's no requirement for legal to go back
8 and talk to the originating office, and inspectors
9 before they close out, or withdraw an EIR?

10 MR. HOWARD: No requirements that I know of.
11 Generally, they'll talk to us. But, there are occasions
12 where --

13 MR. HILLDRUP: Are they asking you things?
14 Or, are they telling you what they're going to do?

15 MR. HOWARD: Sometimes they'll come out and
16 tell us that they're going to make certain changes to
17 it, or they're going to change the CP, and why they're
18 doing that. Other times they'll ask us for additional
19 information. Or, they'll ask us to explain a document
20 that was submitted.

21 If they look at a package, and they have no
22 questions, they may make changes to it, and never let us
23 know. And we'll find out at a later time, so.

24 MR. HILLDRUP: And I understand that they're

1 looking for, you know, they need to look at things in
2 perhaps a slightly different perspective, because they
3 need to carry this thing forth. But, certainly in the
4 case of the corrosion issue where when things were quite
5 clearly in some people's minds downgraded, and I'm still
6 at a loss, and I don't expect that you can answer that
7 question either since you were surprised as well.

8 But, I'm still at a loss at how this can be,
9 can go from a suspension, proposed suspension, a
10 certificate down to a fine, and then fully withdrawn.
11 And you don't, again, I'll ask you again, you don't have
12 any information on how that was done, or why?

13 MR. HOWARD: I have no information.

14 MR. HILLDRUP: Would you like to see, and I
15 think I heard that you're retiring soon, so I'll still
16 ask you. But, would you think that it would be
17 beneficial that this process involving DIR's, and
18 actions against, or enforcement actions, do you think it
19 would be beneficial if legal were more interactive with
20 the originating office then, in fact, they have been in
21 order to resolve these issues? Do you think it would be
22 a good idea for them to step up their interaction with
23 the originating office?

24 MR. HOWARD: In my opinion, I think legal

1 ought to bring the principal inspectors in on any change
2 that they propose, or think to make on any case. And in
3 years past it used to be that way. But, I think it's
4 important. It's, in fact, it's imperative that they do
5 that. And we had passed that information onto legal,
6 our feelings on that situation.

7 MR. HILLDRUP: Okay, thanks a lot. I have
8 nothing else.

9 MR. MCGILL: Jay, thank you very much for your
10 cooperation, and talking to you today. We appreciate it
11 very much.

12 MR. HOWARD: Okay, you're welcome.

13 (Record closed at 11:10 a.m.)

14 * * * * *

15

16

17

18

19

20

21

22

23

24

1

2

3

4

5

6

7

8