



U.S. Department
Of Transportation
**Federal Aviation
Administration
Office of Regional Counsel**

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June 28, 2010

VIA REGULAR and CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Max A. Lyons
President
Hillsboro Aviation, Inc.
3565 NE Cornell Rd.
Hillsboro, OR 97124

Re: Hillsboro Aviation, Inc., FAA Case Nos. 2008NM090073 and 2008NM090063

Dear Mr. Lyons:

We have received a report of investigation from which it appears that:

1. Hillsboro Aviation, Inc. (HAI) is now and at all times mentioned herein was the holder Air Carrier Certificate No. LJEA093G.
- A. **ALLEGATIONS RELATING TO AIRCRAFT N2767F**
2. HAI is now, and at all times mentioned herein was, the owner and operator of a Bell Model 206B rotorcraft, N2767F.
3. HAI's General Operations Manual (GOM), part of the manual HAI is required to prepare and use pursuant to 14 CFR § 135.21, states that only FAA certificated repair stations or appropriately rated and FAA certificated mechanics may perform maintenance on HAI aircraft that require maintenance or when discrepancies arise. The GOM likewise provides that for any aircraft for which a mechanical discrepancy has occurred, pilots must ensure the aircraft is returned to service only by an FAA certificated mechanic.
4. On or about June 29, 2008, HAI personnel performed maintenance on N2767F by replacing a hose and thereafter returning N2767F to service.
5. When performing the maintenance described in paragraph 4, HAI personnel failed to use methods, techniques and practices prescribed in the current manufacturer's maintenance manual or use other methods, techniques and practices acceptable to the Administrator in maintaining N2767F; specifically, HAI personnel failed to use the hose specified by the manufacturer or otherwise acceptable to the Administrator.

6. When performing the maintenance described in paragraph 4 above, HAI personnel failed to do the work in such a manner so as to ensure that N2767F was at least equal to its original or properly altered condition.
7. The person actually performing the maintenance referenced in paragraph 4 above, was not a person authorized to perform this maintenance by Part 43 of the Federal Aviation Regulations (14 CFR).
8. The person actually performing the maintenance referenced in paragraph 4 above, was not a person authorized by Section 43.7 of the Federal Aviation Regulations (14 CFR) to approve an aircraft for return to service after performing the maintenance described in paragraph 4 above.
9. Following the maintenance described in paragraph 4 above, HAI personnel failed to make an entry in the appropriate maintenance record that HAI personnel had performed maintenance on N2767F, providing a description of the work performed, or referencing data acceptable to the FAA.
10. Following the maintenance described in paragraph 4 above, HAI personnel failed to make an entry in the appropriate maintenance record providing the date of completion of the work performed.
11. Following the maintenance described in paragraph 4 above, HAI personnel failed to make an entry in the appropriate maintenance record providing the name of the person performing the work.
12. On or about July 1, 2008, HAI personnel performed maintenance on N2767F by performing lubrication of various parts as required by the manufacturer, and thereafter returning N2767F to service.
13. The person actually performing the maintenance referenced in paragraph 12 above, was not a person authorized to perform this maintenance by Part 43 of Federal Aviation Regulations (14 CFR).
14. The person actually performing the maintenance referenced in paragraph 12 above, was not a person authorized by Section 43.7 of the Federal Aviation Regulations (14 CFR) to approve an aircraft for return to service after performing the maintenance described in paragraph 12 above.
15. On an unknown date after July 18, 2008, HAI personnel made a maintenance record entry describing maintenance allegedly performed on July 18, 2008, on N2767F, specifically, performance of an Airworthiness Directive (AD) 2007-25-07, requiring verification of the torque on the fin support attachment hardware every one hundred (100) hours of service.

16. The maintenance record entry referenced in paragraph 15 above was intentionally false in that the AD had not been performed on that date and the responsible HAI personnel knew the AD had not been performed.
17. AD 2007-25-07 was in fact due on July 24, 2008, when N2767F had an Airframe Time of 9710.9.
18. AD 2007-25-07 was not performed until September 9, 2008, when N2767F had an Airframe Time of 9830.4.
19. On an unknown date on or after August 27, 2008, HAI personnel made a maintenance record entry describing maintenance allegedly performed on N2767F, specifically, a main rotor mast nut re-torque as specified by the manufacturer, and a following return of N2767F to service.
20. The maintenance record entry referenced in paragraph 19 above was intentionally false in that the name of the person appearing on the record as having performed the maintenance was not the same person who actually performed the maintenance described in the maintenance record referenced in paragraph 19 above, and the HAI personnel responsible for making the record knew the signer was not the same person who performed the maintenance.
21. The person actually performing the maintenance referenced in paragraph 19 above, was not a person authorized to perform this maintenance by Part 43 of Federal Aviation Regulations (14 CFR).
22. The person actually performing the maintenance referenced in paragraph 19 above, was not a person authorized by Section 43.7 of the Federal Aviation Regulations (14 CFR) to approve an aircraft for return to service after performing the maintenance described in paragraph 19 above.
23. On an unknown date between July 23 and July 26, 2008 HAI personnel performed maintenance on N2767F by installing a linear actuator and then returning N2767F to service.
24. When performing the maintenance described in paragraph 23, HAI personnel failed to use methods, techniques and practices prescribed in the current manufacturer's maintenance manual or use other methods, techniques and practices acceptable to the Administrator in maintaining the above referenced aircraft; specifically, HAI personnel failed to install the actuator within the manufacturer's specifications.
25. When performing the maintenance described in paragraph 23 above, HAI personnel failed to do the work in such a manner so as to ensure that the aircraft was at least equal to its original or properly altered condition.

26. The person actually performing the maintenance referenced in paragraph 23 above, was not a person authorized to perform this maintenance by Part 43 of Federal Aviation Regulations (14 CFR).
27. The person actually performing the maintenance referenced in paragraph 23 above, was not a person authorized by Section 43.7 of the Federal Aviation Regulations (14 CFR) to approve an aircraft for return to service after performing the maintenance described in paragraph 23 above.
28. Following the maintenance described in paragraph 23 above, HAI personnel failed to make an entry in the appropriate maintenance record that HAI personnel had performed maintenance on N2767F, providing a description of the work performed, or referencing data acceptable to the FAA.
29. Following the maintenance described in paragraph 23 above, HAI personnel failed to make an entry in the appropriate maintenance record providing the date of completion of the work performed.
30. Following the maintenance described in paragraph 23 above, HAI personnel failed to make an entry in the appropriate maintenance record providing the name of the person performing the work.
31. Between June 29, 2008, and September 9, 2008, HAI operated N2767F on at least 103 flights, including at least four (4) revenue flights under Part 135.
32. As the result of the foregoing, HAI operated N2767F when it was not in an airworthy condition.

B. ALLEGATIONS RELATING TO AIRCRAFT N636ES

33. HAI is now, and at all times mentioned herein was, the owner and operator of a Bell Model 206B rotorcraft, N636ES.
34. Section D073 of HAI operations specifications requires that HAI maintain N636ES in accordance with the BHT-206A/B-Series Manufacturer's Manual (MM).
35. The MM at 5-00-00 (Special Inspections) provides that, after each swash plate assembly installation, an inspection of the tilt friction must be carried out between ten (10) and twenty-five (25) hours of operation following the installation.
36. On or about July 11, 2007, HAI personnel performed maintenance on N636ES by installing a swash plate assembly and thereafter returning N636ES to service.

37. Following the maintenance performed as referenced in paragraph 36 above, HAI personnel failed to perform the required tilt friction inspection referenced in paragraph 35 above.
38. The MM at 5-00-00 (Special Inspections) provides that, after each engine mount installation, a re-inspection must be carried out after one hundred (100) hours of operation following the installation.
39. The MM at 5-00-00 (Special Inspections) provides that, after each Disc Pack Coupling installation, a torque check must be carried out between ten (10) and twenty-five (25) hours of operation following the installation.
40. On or about February 13, 2008, HAI personnel performed maintenance on N636ES by performing an annual inspection, which included replacing the engine mounts; and, also, the removal/reinstallation of the tail rotor shaft, which, in turn, included the installation of disc packs. Thereafter HAI returned N636ES to service.
41. Following the maintenance performed as referenced in paragraph 40 above, HAI personnel failed to perform the required inspection referenced in paragraph 38 above.
42. Following the maintenance performed as referenced in paragraph 40 above, HAI personnel failed to perform the required torque check referenced in paragraph 39 above.
43. The MM at 5-00-00 (Special Inspections) provides that, after each main rotor component installation, a check torque of the main rotor mast nut must be carried out between three (3) and eight (8) hours of operation following the installation.
44. The MM at 5-00-00 (Special Inspections) provides that, after each main rotor component installation, a check torque of the pillow block retention bolts and nuts must be carried out between three (3) and eight (8) hours of operation following the installation.
45. On or about March 12, 2008 HAI personnel performed maintenance on N636ES by installing a main rotor assembly and thereafter returning N636ES to service.
46. Following the maintenance performed as referenced in paragraph 45 above, HAI personnel performed a check torque of the main rotor mast nut after the N636ES had been operated for only 1.1 hours, but did not perform the check torque within the time frame described in paragraph 44 above.
47. Following the maintenance performed as referenced in paragraph 45 above, HAI personnel failed to perform the required pillow block check referenced in paragraph 44 above.
48. When performing the maintenance described above, HAI personnel failed to use methods, techniques and practices prescribed in the current manufacturer's maintenance manual or use other methods, techniques and practices acceptable to the Administrator in

maintaining N636ES; specifically, HAI personnel failed to carry out required special inspections as described above.

49. When performing the maintenance described above, HAI personnel failed to do the work in such a manner so as to ensure that N636ES was at least equal to its original or properly altered condition.
50. Between June 14, 2008 and July 23, 2008, HAI operated N636ES on numerous flights when installed equipment (the Outside Air Trip gauge; the fuel gauge, the GPS and the EFIS Cool Alarm) were not operating properly, and these discrepancies were not repaired between flights.
51. Between January 13, 2008, and September 7, 2008, HAI operated N636ES on at least 430 flights, including at least 349 revenue flights under Part 135.
52. As the result of the foregoing, HAI operated N636ES when it was not in an airworthy condition.

C. ALLEGATIONS RELATING TO AIRCRAFT N206NU.

53. HAI is now, and at all times mentioned herein was, the owner and operator of a Bell Model 206B rotorcraft, N206NU.
54. On or about July 8, 2008, HAI personnel operated N206NU on a flight which occurred in the vicinity of Portland, Oregon, with passengers on board.
55. During the flight referenced in paragraph 54 above, HAI flew N206NU less than 500 feet from a structure when N206NU flew under the Glen L. Jackson (I-205) bridge.
56. During the flight referenced in paragraph 54 above, HAI flew N206NU less than 500 feet from a structure when N206NU flew under a portion of the Interstate (I-5) bridge.
57. As a result of the above, HAI operated N206NU below an altitude allowing, if a power unit fails, an emergency landing without undue hazard to persons or property on the surface.
59. HAI's operation of N206NU, as described above, was reckless, endangering the lives and property of others.

By reason of the foregoing circumstances, HAI violated the following sections of Federal Aviation Regulations (14 CFR):

- a. Section 39.7 in that HAI operated a product to which an airworthiness directive applied other than in accordance with the requirements of that airworthiness directive.

- b. Section 43.3(a), in that HAI performed maintenance on and altered an aircraft while not authorized to do so by Part 43 of Federal Aviation Regulations (14 CFR).
- c. Section 43.5(a), in that HAI approved for return to service any aircraft, airframe, aircraft engine, propeller, or appliance, that has undergone maintenance, preventive maintenance, rebuilding, or alteration without ensuring that the maintenance record entry required by Section 43.9 or Section 43.11 as appropriate, had been made.
- d. Section 43.9(a)(1), in that HAI performed maintenance and alterations on an aircraft and the component parts thereof and then failed to make an entry in the applicable maintenance record which contained a description of the work performed; or contained a reference to data acceptable to the Administrator.
- e. Section 43.9(a)(2), in that HAI performed maintenance and alterations on an aircraft and the component parts thereof and then failed to make an entry in the applicable maintenance record which contained the date of completion of the work performed.
- f. Section 43.9(a)(3), in that HAI performed maintenance and alterations on an aircraft and the component parts thereof and then failed to make an entry in the applicable maintenance record which contained the name of the person performing the work.
- g. Section 43.12(a)(1) in that HAI made or caused to be made a fraudulent or intentionally false entry in a record or report that was required to be made, kept, or used to show compliance with a requirement under Part 43 of the Federal Aviation Regulations.
- h. Section 43.13(a), of the Federal Aviation Regulations (14 CFR), in that in performing maintenance, HAI failed to use the methods, techniques and practices prescribed in the current manufacturer's maintenance manual, or otherwise acceptable to the Administrator.
- i. Section 43.13(b), in that HAI failed to do work in such a manner as to ensure that the condition of the aircraft worked on would be at least equal to its original or properly altered condition with regard to qualities affecting airworthiness.
- j. Section 91.407(a)(1), in that HAI operated an aircraft that had undergone maintenance or alteration and had not been returned to service by a person authorized under Section 43.7 of the Federal Aviation Regulations (14 CFR).
- k. Section 91.407(a)(2), in that HAI operated an aircraft that had undergone maintenance or alteration and for which the maintenance record required by Section 43.9 of the Federal Aviation Regulations (14 CFR) had not been made.

- l. Section 91.7(a), in that HAI operated a civil aircraft which was not in airworthy condition.
- m. Section 91.119(a), in that HAI operated an aircraft below an altitude allowing, if a power unit fails, an emergency landing without undue hazard to persons or property on the surface.
- n. Section 91.119(c), in that HAI operated an aircraft below an altitude of 500 feet above the ground and closer than 500 feet to structures or persons.
- o. Section 91.13(a), in that HAI operated an aircraft in a careless or reckless manner so as to endanger the life or property of another.
- p. Section 119.5(g) in that HAI operated as a direct air carrier in violation of appropriate operating specifications.
- q. Section 119.5(l), in that HAI operated an aircraft under Part 135 in violation of its operations specifications.
- r. Section 135.21(a), in that HAI's flight and maintenance personnel failed to use the manual that HAI is required to prepare and keep current pursuant to this Section.
- s. Section 135.25(a)(2), in that HAI operated aircraft under Part 135 of Federal Aviation Regulations (14 CFR) when they were not in an airworthy condition.
- t. Section 135.413(a), in that HAI failed to have defects repaired between required maintenance under Part 43 of Title 14 of the Federal Aviation Regulations (14 CFR).
- u. Section 135.413(b), in that HAI failed to perform maintenance, including airframe and parts, under its manual and Chapter 135 of Title 14 of the Federal Aviation Regulations (14 CFR).
- v. Section 135.419(g), in that HAI had an Approved Aircraft Inspection Program and failed to have each of its aircraft inspected in accordance with the program.

Under 49 U.S.C. sections 46301(a) and (d), as modified by 14 CFR Part 13, Subpart H, HAI is subject to a civil penalty not to exceed \$11,000 for each violation noted.

Aggravating circumstances considered by the FAA in this case include the fact that the violations referenced in paragraphs 15, 16, and 20 included the intentional falsification of maintenance records by three HAI personnel, which were caused by HAI's director of maintenance.

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Mitigating circumstances include the fact that the general manager, upon learning of the intentional falsifications, immediately terminated all personnel involved with these or any other possible deceptive practices, including the director of maintenance, and ordered a complete conformity inspection of all HAI aircraft.

After considering all known circumstances in this case, including the fact that the director of maintenance and all other personnel involved with any deceptive practices, were immediately dismissed from HAI and HAI conducted a conformity inspection of all its aircraft, we would be willing to accept an offer in compromise in the amount of \$580,000 in full settlement of this matter.

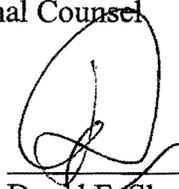
Enclosed is information concerning HAI options in responding to this Notice. The options include participating in an informal conference with an FAA attorney and submission of information to the FAA for consideration. We will take no further action in this matter for a period of thirty (30) days after HAI receives this letter, to allow it an opportunity to take appropriate action in accordance with the enclosed information.

If you have any questions regarding this Notice, please contact FAA attorney David Shayne at telephone number 425.227.2165.

DWIGHT S. WILLIAMS

Regional Counsel

By:



David F. Shayne
FAA Attorney

Enclosures: Information Sheet/Reply Form

cc: Steve Rosen, Esq.
620 Southwest Main Street
Portland, OR 97205-3030