



U.S. Department
of Transportation

**Federal Aviation
Administration**

Mike Monroney
Aeronautical Center

P.O. Box 25082
Oklahoma City, Oklahoma 73125

July 9, 1997

J. W. Murdoch, L.L.B.
A.S. Blatt, B.A. (Hons)
Murdochs Solicitors
45 High Street
Wanstead, London E112AA

Dear Messrs. Murdochs and Blatt:

TRUSTEE REGISTRATION

Thank you for your letter of June 20, 1997, with which you enclose copies of two companies' information packages, and ask "Please would you indicate whether you have approved the scheme run by Anglo Trust Limited and/or Southern Trust Limited." (By "scheme" I assume you do not intend its pejorative meaning.)

In any event, the FAA Aircraft Registry does not approve schemes or plans with respect to aircraft registration. We do review aircraft registration applications, evidence of ownership (such as aircraft bills of sale), and other documents as required by Part 47 of the Federal Aviation Regulations, all for the purpose of determining whether the applicant is eligible to be registered owner.

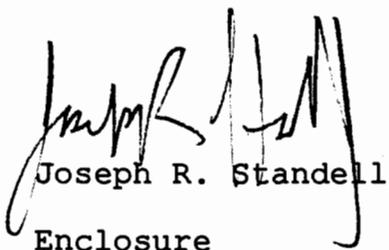
The information provided to you by Mr. Leventhal of Anglo Trust Limited appears to describe accurately the basis for U.S. registration under §§47.7, 47.8, and 47.9 of the Federal Aviation Regulations (copy of those sections are enclosed). Although his information is designed to encourage the engagement of his company's services, it appears his comments generally comport with U.S. law.

With respect to southern trust ltd.'s letter, it appears Mr. Chmura is offering his services to act as individual trustee pursuant to §47.7 of the Federal Aviation Regulations. Provided that the requirements of that section are followed, it would appear he is eligible to register aircraft in his name as trustee.

Nothing in this response should be construed as either an endorsement or admonition with respect to the two offered

services. You and your client should rely on your business acumen in choosing.

Sincerely,



Joseph R. Standell

Enclosure

45 High Street, Wanstead, London E11 2AA
Tel: 0181-530 7291Fax: 0181-530 8473
DX 52550 Wanstead

Federal Aviation Administration
Aircraft Registration,
P.O. Box 25505
OKLAHOMA CITY
Oklahoma 71325 - 0504
U.S.A.

ASB.MK.

20 June, 1997

Dear Sirs,

US REGISTERED CESNA 170

We act on behalf of a UK resident who wishes to retain the November registration of the Cesna 170. We have made contact on his behalf with two companies and we enclose herewith copies of their leaflet.

We understand that you have approved certain schemes to allow the November registration to remain in the UK.

Please would you indicate whether you have approved the scheme run by Anglo Trust Limited and/or Southern Trust Limited.

We look forward to hearing from you at your earliest convenience as our client's insurance requirements mean that registration has to be resolved as quickly as possible.

Yours faithfully,


MESSRS. MURDOCHS

Facsimile

Anglo Trust Limited

Elizabeth House
9 Castle Street
St Helier, Jersey JE2 2RT
Channel Islands

Tel 44 (0)1534 506808

Tel 44 (0)1534 506809

Email anglo@itl.net

To: Andrew Blatt

Company: Murdochs

Fax no: 0181 530 8473

From: Peter D Leventhal

Date: 16 April 1997

No. of Pages: 4 (Including coversheet)

Subject: US Registered Cessna 170

Dear Andrew

It was a pleasant surprise to hear from you today and I attach our information sheet which describes our registration services. I would not recommend that your client flies the aircraft until the registration is rectified. Insurance contracts are uberrimae fides and an insurance company will be entitled to avoid the policy on the grounds that the aircraft is illegally registered.

Please feel free to call me if you would like any further information.

Kind regards



Director:
Peter D Leventhal LLB, ACI Arb.
Advocate Adrian J R Garner LLB
Jaana D Harris

Aviation Consultants:
William P Merriman Jr Dr Jur
Major Edward F L'Honnedieu USAF (Ret), DFC, MA, MSc

Registered office:
Eaton House
Seaton Place
St Helier, Jersey JE2 3QL
Channel Islands

Tel: 44 (0)1534 608844
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N Registration Information Pack

The **American Register** has in recent years become popular to private owner operators of light aircraft.

Like anything foreign the **N register** is not fully understood and rumours and inaccuracies abound. We set out below answers to the more common questions and also details of the service we provide in order to ensure our clients' aircraft are properly and safely registered.

Can a foreigner own an American registered aircraft ?

Yes. The general rule is that only US citizens and green card holders can own American registered aircraft. However, there are three exceptions to this rule:-

1. **Foreign corporation** - if the aircraft will be flown at least 60% of its flight time in America it can be registered to a US corporation which is foreign owned provided that regular returns are filed with the FAA proving its flight time in America.
2. **Owner Trust** - If the aircraft is settled in trust with a US trustee it may be beneficially owned by a foreign person or company.
3. **Voting Trust** - If a US corporation is structured so that not less than two thirds of the Directors and Officers are US citizens and not less than 75% of the voting rights in the shares of the corporation are settled in trust then that corporation can be the registered owner of a US aircraft and may be owned by a foreigner.

What is a Trust ?

A Trust is quite simply an agreement between one person (the **settlor**) who gives to another person (the **Trustee**) an asset, in this case an aircraft, to hold on certain terms. In the case of an **Owner Trustee** the aircraft is typically held solely for one beneficiary which is the settlor. The reason that a Trust is required by the FAA is that in this way they can ultimately control the aircraft through their US Citizens who are the registered trustees of US registered aircraft.

Owner Trust or Voting Trust ?

This will depend upon the beneficial owner's circumstances and on which we are happy to advise. Usually **Owner Trusts** are more suitable for owners of one aircraft and also for businesses seeking to recover capital allowances and tax relief. **Voting Trusts** are commonly used by aircraft dealers and in complex financing transactions.

Can the US Trustee sell or mortgage the aircraft ?

Yes. In fact the US Trustee has all the rights and powers of an owner and can sell or mortgage the aircraft subject always to the terms of the Trust agreement between the Settlor and Trustee. It is a requirement of the Federal Aviation Regulations that the power of the trustee cannot be "**Yettered**" by the beneficiary. This dilemma can be solved where the Trust company or law firm have **adequate fidelity insurance cover**. This particular type of insurance will protect the beneficial owner in the event that the Trustee commits a **breach of trust** and sells or mortgages your aircraft without permission. It will also cover the situation where, as has happened in the past, an individual Trustee has simply gone away.



How can I be protected ?

There are some simple steps you can take to **minimise your risk** and **maximise your security**:-

1. Appoint a **professional Trust company** or large law firm which **specialises** in the provision of **aircraft trustee services**. The trust company should be **regulated and licensed** by a government or **self regulatory organisation** for the provision of Trustee services.
2. Make sure the Trustee carries **fidelity cover** for an amount at least equal to the value of your aircraft and **unrestricted** in the number of aircraft he has registered.
3. Check that your aircraft will be registered to an **individual trustee corporation**. This is important because the Trust agreement which the beneficial owner of the aircraft will have to sign will include **indemnities** in the event that the trustee is sued. Where an individual or a Trust company which **registers itself directly** as the owner of the aircraft is sued then they will **claim against you under its indemnity**. Where the Trustee is a separate trustee corporation for your use only, then you get the **added protection** of being able to rely on its **limited liability** for your protection.
4. Ensure that the aircraft being purchased on or transferred to the American Register can be **flown promptly and legally** outside of America. This will only be possible where the aircraft is **registered to the new Trustee**, so make sure your chosen trustee will be able to have the aircraft **registered quickly**.
5. Check that the Trust company or Law firm is able to complete not only the trust and registration documentation but provide you with all **ancillary documents** required to legally operate the aircraft internationally including a radio station license.
6. Ensure that all **correspondence is forwarded** immediately because airworthiness directives, safety bulletins and other correspondence will be sent to the Trustee as registered agent.

What does it cost ?

There are three charges depending upon whether the aircraft is a single engine, twin engine or turbine.

Type of aircraft	Registration	Annual administration
Single	£1,000.00	£800.00
Twin	£1,500.00	£1,050.00
Turbine	£1,850.00	£1,325.00

The annual administration fee is payable in advance and therefore the initial cost including the first year's administration will be £1,800.00 for a single engine aircraft, £2,550.00 for a twin and £3,175.00 for a turbine.

Why is there a difference in cost ?

Professional indemnity and fidelity insurance is assessed on the value of the trust estate i.e. the aircraft. Such insurance although expensive is absolutely essential for the beneficiary's protection.

Why is there an annual administration fee ?

To cover annual running costs in providing a Trustee corporation. These include the cost of professional indemnity and fidelity insurance, directors' fees, registered agent charges,



state franchise tax, filing of federal tax returns and the like. These charges are all included within the annual administration fee.

I have heard it can be done for just a few hundred pounds

No. It is **not possible** to provide a sole purpose trustee corporation with the minimum fidelity insurance cover at this rate. Although any American can put himself forward as a trustee, the law in some European Union member states currently does not require individuals to be licensed or have any knowledge of trust law. So, for this money, usually all you can expect is an American citizen with no **qualification, trust license or insurance cover** acting in his individual capacity as trustee.

Why is this dangerous ?

There are a number of reasons

1. Some of these individuals have not registered aircraft correctly resulting in prosecution and revocation of registration certificates.
2. Being unlicensed, unregulated, and with no knowledge of trust law, such individual trustees are unlikely to be able to obtain professional indemnity or fidelity insurance cover.
3. Should the individual trustee be sued he would not be in the position of a limited liability trustee corporation and would be compelled to sue the beneficial owner.
4. At such rates it would **not be possible** to obtain a temporary registration certificate which is required in order to operate an aircraft immediately outside of the US following purchase.
5. Most European Union member states are in the process of enacting trust laws for the protection of beneficiaries and this will drive unlicensed operators out of business.

Why Anglo Trust ?

1. We are the **only trust company specialising exclusively** in aircraft registration.
2. All our aircraft are registered to individual trustee corporations.
3. We have on staff **US, English and Jersey lawyers**.
4. We are **pilots** and can advise on all matters of international flight operations.
5. Our **charges** are highly competitive.

I want to buy an aircraft. What information do you need ?

1. The full name and address of the beneficial owner.
2. The make, model, serial number and registration mark of the aircraft.
3. A name for a trustee corporation in whose name the aircraft will be registered eg. Fred Smith Aviation Inc.
4. If the aircraft is being transferred from a foreign to the US register a selection of **personalised registration marks** you would like for the aircraft.

Is there more information about the US register ?

Peter Leventhal has written many **articles** about aircraft registration. If you would like to know more about this subject we would be delighted to send you copies.

For further information and free advise contact **Peter Leventhal** on Telephone 44 (0)1534 506808; Fax 44 (0)1534 506809; Email anglo@itd.net

Happy flying !



southern trust ltd.

Warren F. Chmura, Director
Jean Chmura Director
Meadowside, Cut Valley St. Just.
Cornwall TR19 7NS
24 Hr Tel/Fax 01736 786 032

16 April, 1997

Dear Mr. Andrew Blatt,

Thank you for your inquiry into our FAA Trust Agreements, "N" registration. We are offering a fully Approved FAA Trust Agreement for aircraft registration. Our Trust Agreement is individually drawn up for you and your aircraft so it can legally be kept on the American "N" register. For your aircraft to be registered in the United States it is required by the Federal Aviation Regulations (FARs) to be registered to an American Citizen. The FARs require that a U.S. citizen has control over your aircraft to protect the interests of the United States. However we have built safeguards into the Trust which ensure, you, the beneficial owner are protected.

The Trust Agreement is registered with the FAA and the registered owner (the U.S. citizen) is shown as a Trustee. Anyone having any dealings with the Trustee will know the aircraft is a Trust asset and not a personal asset.

The natural U.S. citizen who will be the Trustee is a professional aircraft engineer, FAA and CAA licensed, residing in England for the last 14 years. The advantage of this type of professional is his awareness of the heavy responsibility of the airworthiness of your aircraft. In the course of his duties he receives airworthiness directives from the FAA which he then deciphers and passes on to the operator of the aircraft.

Our company provides you with:

- 1 An FAA approved Trust Agreement
- 2 Advice on Federal Aviation Regulations
- 3 Explanations for the sometimes complicated Ads (Airworthiness Directives) and service bulletins that come your way.
- 4 If necessary we can quote you a price for changing your aircraft from "G" registration to "N" registration. (Usually this price will be lower than the registration-only fees charged by other companies.) All work is carried out by FAA licensed individuals (DARs and A&Ps).

In short a friendly engineer working for you.

Our price for Aircraft Registration is £250.00 per year. This price as you may have already discovered is very competitive, the reason we are able to keep it this low and still protect the owner of the aircraft is in the administration of the Trust. Southern Trust Ltd. is merely an off shoot from my main business as a licensed engineer. It was set up first as a service to my clients, however it proved so popular with many personal referrals that I have now expanded the service.

Each Trust Agreement is reviewed and approved by the FAA legal department at the registration branch in Oklahoma City.

The FAA do not require it but, if you wish your aircraft to be registered to a company I can arrange it although the price for the Trust will be higher, or you can arrange it. I have Trusts registered to individuals and Delaware companies.

Whether the Trust is registered to an individual or company many safety clauses are incorporated in the Agreement to protect the beneficial owner from possible problems such as the Trustee going bankrupt, ceasing trading ,etc.

Another important point is if your aircraft is going to reside outside of the EEC there will be no VAT chargeable even though it is registered to a Trustee living in England.

You may have also noticed that other Trust Companies charge increasingly large fees depending on the cost and complexity of the aircraft. As the administration cost is exactly the same for a Piper Cub as it is for a Citation. We at Southern Trust see no reason to charge you more money in fees just because you may appear able to pay it.

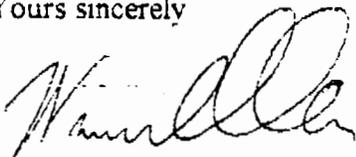
At the moment the registration process is taking 6 to 8 weeks, during this time of the registration transfer you are not allowed to fly your aircraft until the Temporary Registration comes though. If a faster registration service is required a one time charge of £160 will be made for personal carrier service reducing the registration time to 5 to 7 days. We are a company offering efficient and economical services for the aircraft owner.

If you wish to register your aircraft with a Trust Agreement please give me the following information

- 1 Aircraft and Type
- 2 Serial Number
- 3 N number
- 4 Who will be the Trustor
- 5 Who the aircraft is registered to now
- 6 Please enclose a check for £250.00 or £410.00 depending on the service required.

Any other questions feel free to call, preferably in the evenings.

Yours sincerely



Warren F. Chmura

ARMNIP01
ARMNIM02

AIRCRAFT REGISTRATION SYSTEM
MASTER NAME INQUIRY - DISPLAY

07/01/97
12:09

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N-Num	Name	City	St	Ser-Num	Mfr-Mdl	Stat
1. 67867	CHMURA WARREN F TRUSTEE	ST JUST CORNW		1317	3951502	ASGN
2. 5632R	CHMURA WARREN F TRUSTEE	ST JUST CORNW		7244C	5460135	ASGN
3. 9469P	CHMURA WARREN F TRUSTEE	CORNWALL		244979	7102406	ASGN
4. 550SE	CHMURA WARREN F TRUSTEE	CORNWALL		TC-649	1152705	ASGN
5. 719CS	CHMURA WARREN F TRUSTEE	CORNWALL TR19		18-3719	7101826	ASGN
6. 786CS	CHMURA WARREN F TRUSTEE	CORNWALL TR19		18-3786	7101826	ASGN
7. 5834N	CHMURA WARREN F TRUSTEE	ST JUST CORNW		14383	7630314	ASGN
8. 1350J	CHMURA WARREN F TRUSTEE	CORNWALL		516	7630303	ASGN
9. 50029	CHMURA WARREN F TRUSTEE	ST JUST CORNW		28807	2072402	ASGN
10. 20540	CHMURA WARREN F TRUSTEE	PENZANCE		27-4193	7102308	ASGN
11. 2937A	CHMURA WARREN F TRUSTEE	CORNWALLTR19		30137	2072602	ASGN
12. 31RB	CHMURA WARREN F TRUSTEE	ST JUST CORNW		AA5B-0156	3960105	ASGN

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