



155WP

November 18, 1986

Sue White, Manager
Federal Aviation Title
and Guaranty Company
P.O. Box 19929
Oklahoma City, OK 73144

Dear Ms. White:

Aircraft N155WP

Your letter of October 30, 1986, requests advice from this office as to whether or not a Court Order dismissing a lawsuit involving former co-owners and a former lessee of the aircraft may be recorded by the FAA Registration Branch (the Registry) or otherwise associated with the aircraft file. Specifically, you explain in your letter that Airspeed Aviation, Inc., a Canadian firm, leased the aircraft from two co-owners, Philift Leasing Co. and Western Piping And Engineering Co., Inc. Apparently, at the time the aircraft was leased, it was subject to a security interest granted to Crocker Equipment Leasing, Inc. Airspeed Aviation, Inc., on the basis of unspecified allegations of fraud in the lease transaction, took legal action against the co-owners, the secured party, and other named defendants, in order to recover funds. The law suit has since been settled, as evidenced by the copy of the Stipulated Order of Dismissal.

You have, on two occasions, submitted the Stipulated Order of Dismissal along with an Order arising from the same cause of action to the Registry for recordation. On both occasions the Registry declined to record the documents and returned them for your disposition.

It appears that the Registry has declined to record the documents because they do not meet the statutory requirements for recordation under Section 503(a)(1) of the Federal Aviation Act of 1958 (the Act), i.e., neither document affects title to, or an interest in, a civil aircraft of the United States (49 U.S.C. Section 1403(a)(1)). The Stipulated Order of Dismissal, while dismissing the lawsuit between parties with a past ownership, leasehold, or security interest in the aircraft, does not directly affect ownership of or an interest in the aircraft, nor does it make a specific reference to the aircraft. In contrast, the Order appears to be a conveyance, and affects aircraft ownership in that it orders the aircraft released to one of the litigants, Crocker Equipment Leasing, Inc. While this appears to be a basis for recordation, the Order is not in recordable form. Upon submission of a Court certified copy of that Order, we would recommend to the Registry that it be recorded.

You have asked the Registry to associate copies of the court documents with the aircraft as an alternative to recordation. Regrettably, the Registry cannot honor such a request, as the Registry does not have the statutory authority to retain unrecorded copies of documents in an aircraft file. As you are aware, the Act directs the Secretary of Transportation to establish a system for recordation of conveyances in aircraft ownership and interests (49 U.S.C. Section 1403(a)(1)). The Registry, which was established in accordance with this provision, therefore maintains a conveyance system of aircraft records. We, therefore, endeavor to avoid associating documents with an aircraft file. To associate documents with an aircraft file, as you have suggested, would convert the Registry into a "notice" system, as the associated documents would serve to give notice of a transaction, rather than act as a conveyance. Authority for a "notice" system of records is not provided for in the Act.

We understand that you have submitted the two documents for recordation to clear the cloud posed by the lease. We have no comment as to whether or not the lease is an encumbrance or that recordation of these documents will release this lien. It appears, however, that if the lease is a cloud, you may wish to consider submitting either a termination of lease, or, alternatively, a Certificate of Repossession executed by the lessors named in the lease.

If you have any questions on this matter, you may contact Al Rodriguez of this office at 686-2296.

Sincerely,

Joseph R. Standell
Aeronautical Center Counsel

OFFICIAL FILE: 2010-19-1aaa
AAC-7:AJRodriguez:lml:2296:11/18/86.

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