



U.S. Department
of Transportation
**Federal Aviation
Administration**

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Mike Monroney
Aeronautical Center

P.O. Box 25082
Oklahoma City, Oklahoma 73125

August 14, 2002

Via Facsimile # 405-681-2047

Sharon Hoaglin Schroeder
Aero Records & Title Co.
PO Box 19246
Oklahoma City, OK 73144

Dear Ms. Hoaglin Schroeder:

**Control of Voting Interest
of Limited Liability Companies**

During the past several weeks, you and I have been trying to convince each other of the appropriateness of our positions concerning the control of voting interest of limited liability companies (LLCs). Your letter of May 29; our telecon of June 13; your fax of June 13; our meeting of July 19 with Mike Burton; and your letter of July 19.

The following scenario derived from your letter of July 19, appears to include all essential elements for purposes of discussion.

The LLC is manager-managed by John Doe, an individual U.S. citizen. The sole member is ABC Partnership which is composed of John Smith, an individual U.S. citizen and XYZ, a corporate U.S. citizen.

It appears we are in agreement that the standard for analyzing the eligibility of the LLC applicant is 49 U.S.C. 40102(a)(15)(C). In applying the definition of "citizen of the United States", we agree that an LLC is an 'association' and that the "president, two thirds, two thirds" test applies (as best we can make it apply) to the LLC manager.

With regard to voting interest, I believe we agree that 75% must be owned or controlled by the LLC member.

We agree that a partnership with a corporate partner is not a "citizen of the United States" because of 49 U.S.C. 40102(a)(15)(B).

In analyzing the above scenario under 49 U.S.C. 40102(a)(15), it also appears we agree as follows:

- John Doe as an individual U.S. citizen meets the "president, two thirds, two thirds" test as manager of the LLC.

- Since ABC Partnership owns 100% of the voting interest and has a corporate partner (XYZ Corporation), ABC Partnership is not a U.S. citizen.

Our divergence of opinion involves the disjunctive use of "controlled" in 49 U.S.C. 40102(a)(15)(C): ". . . the voting interest is owned or controlled by persons that are citizens of the United States." [emphasis mine]

Again, you and I appear to agree that Congress intended by use of the disjunctive that an LLC would meet the LLC voting interest test if the voting interest of the LLC was controlled by citizens of the United States, even though that voting interest was clearly not owned by citizens of the United States.

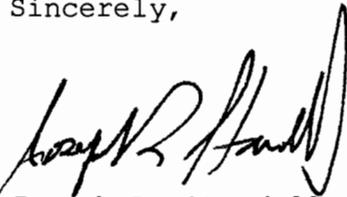
Our only disagreement appears to be that you believe ABC Partnership alone controls the voting interest of the LLC and that we should not "look through" the partnership at the citizenship of the general partners; while, in my view, determining who exercises control over the voting interest requires examination of the partners.

In my view, there are only two persons capable of controlling the voting interest, i.e. the two partners: John Smith who is an individual U.S. citizen and XYZ Corp. which is a corporate U.S. citizen. Therefore, I am of the opinion that the voting interest of the LLC in our scenario would be controlled by persons who are citizens of the United States.

I thought this view was well accepted. To be on the safe side, I sought counsel of several local attorneys who engage in aircraft registration practice as well as the FAA Aircraft Registry Technical Section and attorneys in my office. Everyone I have spoken with concurs in my interpretation. Several persons indicated it might be very disruptive to reverse it.

I know you feel very strongly about this. I am sorry that my opinion is not favorable to your position.

Sincerely,



Joseph R. Standell
Aeronautical Center Counsel