



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

Mike Monroney
Aeronautical Center

P.O. Box 25082
Oklahoma City, Oklahoma 73125

August 10, 1994

Preston G. Gaddis II, Esq.
Crowe & Dunlevy
1800 Mid-America Tower
20 North Broadway
Oklahoma City, OK 73102-8273

Dear Mr. Gaddis:

By your letters of March 28, and July 13, 1994, you have requested this office's opinion regarding the citizenship status of institutional investors for purposes of aircraft registration. You have represented, and the documentation provided supports, that Mutual Series Fund, Inc. (FUND), a Maryland corporation, owns an interest in the stock of Corporation (CORP). Heine Securities Corporation (HEINE) manages FUND investments and has voting control of securities held by FUND.

CORP is the owner of a number of air carrier operated aircraft subject to United States registration. It is your position that the U.S. citizenship status of HEINE, as the entity with the right to vote the interest of stock in CORP, is determinative of U.S. citizenship for purposes of aircraft registration in the name of CORP.

Section 501(b) of the Federal Aviation Act of 1958, as amended, (the ACT) provides that an aircraft shall be eligible for registration if it is owned by a "citizen of the United States." The ACT defines "Citizen of the United States" as:

...(c) a corporation or association created or organized under the laws of the United States or of any State, Territory, or possession of the United States or of any State, Territory, or possession of the United States, of which the president and two-thirds or more of the board of directors and other managing officers thereof are such individuals and in which at least 75 per centum of the voting interest is owned or controlled by persons who are citizens of the United States or of one of its possessions. (Section 101 (16) of the ACT.)

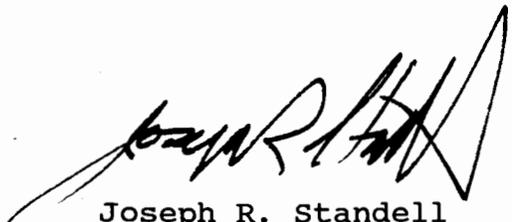
The ACT further provides that "person" means "...any individual, firm, copartnership, corporation, company, association, joint-stock association, or body politic; and includes any trustee,

receiver, assignee, or other similar representative thereof." (Section 101(32) of the ACT.)

Assuming CORP is a) a corporation created or organized under the laws of the United States or of any State, Territory, or possession of the United States; and, b) the president and two-thirds or more of the board of directors and other managing officers thereof are such individuals; then based on the language of Section 101(16) of the ACT, CORP has met the first two criteria defining U.S. citizen. The remaining issue, is whether at least 75 percent of CORP's voting interest is owned or controlled by persons who are citizens of the United States or one of its possessions.

You have represented that FUND owns a substantial, but not controlling, investment interest in CORP. For purposes of this analysis, we will assume that FUND's investment interest in CORP substantially affects 75 percent of all investment interests in CORP. Although FUND owns the interest in CORP stock, it is HEINE that manages and controls that voting interest of the CORP stock for FUND. Therefore, pursuant to Section 101(16) of the ACT, HEINE must qualify as a U.S. citizen to permit aircraft to be registered in the name of CORP as a U.S. citizen. Because FUND does not own a controlling interest in CORP, the citizenship of all investors, and their respective management if such exist, comprising 75 percent of CORP's voting interest must be determined.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph R. Standell', with a large, stylized flourish extending from the end of the signature.

Joseph R. Standell
Assistant Chief Counsel
Aeronautical Center