

### § 406.3

### 14 CFR Ch. III (1–1–10 Edition)

#### § 406.3 Submissions; oral presentation in license, permit, and payload actions.

(a) The FAA will make decisions about license, permit, and payload actions under this subpart based on written submissions unless the administrative law judge requires an oral presentation.

(b) Submissions must include a detailed exposition of the evidence or arguments supporting the petition. Where an applicant must demonstrate an equivalent level of safety or fidelity, the applicant must make a clear and convincing demonstration.

(c) Petitions shall be filed as soon as practicable, but in no event more than 30 days after issuance of decision or finding under § 406.1.

[Docket No. FAA–2001–8607, 66 FR 2180, Jan. 10, 2001, as amended by Amdt. 406–3, 71 FR 50530, Aug. 25, 2006; Amdt. 406–4, 72 FR 17017, Apr. 6, 2007]

#### § 406.5 Administrative law judge's recommended decision in license, permit, and payload actions.

(a) The Associate Administrator, who shall make the final decision on the matter at issue, shall review the recommended decision of the administrative law judge. The Associate Administrator shall make such final decision within thirty days of issuance of the recommended decision.

(b) The authority and responsibility to review and decide rests solely with the Associate Administrator and may not be delegated.

#### § 406.7 [Reserved]

#### § 406.9 Civil penalties.

(a) *Civil penalty liability.* Under 49 U.S.C. 70115(c), a person found by the FAA to have violated a requirement of the Act, a regulation issued under the Act, or any term or condition of a license or permit issued or transferred under the Act, is liable to the United States for a civil penalty of not more than \$100,000 for each violation, as adjusted for inflation. A separate violation occurs for each day the violation continues.

(b) *Delegations.* The authority to impose civil penalties is exercised by an

agency attorney as described in § 406.105.

(c) *Notice of proposed civil penalty.* A civil penalty action is initiated when the agency attorney advises a person, referred to as the respondent, of the charges or other reasons upon which the FAA bases the proposed action and allows the respondent to answer the charges and to be heard as to why the civil penalty should not be imposed. A notice of proposed civil penalty states the facts alleged; any requirement of the Act, a regulation issued under the Act, or any term or condition of a license or permit issued or transferred under the Act allegedly violated by the respondent; and the amount of the proposed civil penalty. Not later than 30 days after receipt of the notice of proposed civil penalty the respondent may elect to proceed by one or more of the following:

(1) Pay the amount of the proposed civil penalty or an agreed upon amount, in which case the agency attorney will issue either an order imposing civil penalty or a compromise order in that amount.

(2) Submit to the agency attorney one of the following:

(i) Written information, including documents and witnesses statements, demonstrating that a violation did not occur or that a penalty, or the amount of the proposed penalty, is not warranted by the circumstances.

(ii) A written request to reduce the proposed civil penalty, the amount of reduction, and the reasons and any document supporting a reduction of the proposed civil penalty, including records indicating a financial inability to pay or records showing that payment of the proposed civil penalty would prevent the person from continuing in business.

(iii) A written request for an informal conference to discuss the matter with the agency attorney and to submit relevant information.

(3) Request that a final notice of proposed civil penalty be issued so that the respondent may request a hearing in accordance with paragraph (g) of this section.

(d) *Final notice of proposed civil penalty.* A final notice of proposed civil penalty (final notice) provides the last

opportunity for the respondent to request a hearing.

(1) The agency attorney issues a final notice if one of the following occurs:

(i) The respondent fails to respond to the notice of proposed civil penalty not later than 30 days after the date the respondent received the notice of proposed civil penalty.

(ii) The parties have not agreed to a resolution of the action after participating in informal procedures under paragraph (c)(2) of this section.

(iii) The respondent requests the issuance of a final notice in accordance with paragraph (c)(3) of this section.

(2) Not later than 15 days after the date the respondent received the final notice of proposed civil penalty, the respondent shall do one of the following:

(i) Submit the amount of the proposed civil penalty or an agreed-upon amount, in which case the agency attorney issues either an order imposing civil penalty or a compromise order in that amount.

(ii) Request a hearing in accordance with paragraph (g) of this section.

(e) *Order imposing civil penalty.* An order imposing civil penalty is the final order of the Secretary imposing a civil penalty. An order imposing civil penalty is issued for a violation described in paragraph (a) of this section after notice and an opportunity for a hearing.

(1) The agency attorney either issues an order imposing civil penalty, or another document becomes an order imposing civil penalty, as described below.

(i) The agency attorney issues an order imposing civil penalty if, in response to a notice of proposed civil penalty or a final notice of proposed civil penalty, the respondent pays or agrees to pay a civil penalty in the amount proposed or an agreed upon amount (other than an agreement for a compromise order under paragraph (f) of this section).

(ii) Unless the respondent requests a hearing not later than 15 days after the date the respondent received a final notice of proposed civil penalty, the final notice of proposed civil penalty becomes an order imposing civil penalty.

(iii) Unless an appeal is filed with the FAA decisionmaker in accordance with

§ 406.175, if the administrative law judge finds that a violation occurred and determines that a civil penalty, in an amount found appropriate by the administrative law judge, is warranted, an initial decision of an administrative law judge under subpart B of this part becomes an order imposing civil penalty.

(iv) Unless a complaint is filed with a United States district court in accordance with § 406.176, if the FAA decisionmaker finds that a violation occurred and determines that a civil penalty, in an amount found appropriate by the FAA decisionmaker, is warranted, a final decision and order of the FAA decisionmaker under subpart B of this part becomes an order imposing civil penalty. If a person seeks judicial review not later than 60 days after the final decision and order has been served on the respondent, the final decision and order is stayed.

(2) [Reserved]

(f) *Compromise order.* The agency attorney at any time may agree to compromise any civil penalty with no finding of violation. Under such agreement, the agency attorney issues a compromise order stating:

(1) The respondent agrees to pay a civil penalty.

(2) The FAA makes no finding of a violation.

(3) The compromise order may not be used as evidence of a prior violation in any subsequent civil penalty action, license, or permit action.

(g) *Request for hearing.* Any respondent who has been issued a final notice of proposed civil penalty may, not later than 15 days after the date the respondent received the final notice, request a hearing under subpart B of this part.

(1) The respondent must file a written request for hearing with the Federal Docket Management System (U.S. Department of Transportation, Docket Operations, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue, SE., Washington, DC 20590) and must serve a copy of the request on the agency attorney. Sections 406.113 and 406.115 state how filing and service must be done.

(2) The request for hearing must be dated and signed.

(h) *Method of payment.* A respondent must pay a civil penalty by check or money order, payable to the Federal Aviation Administration.

(i) *Collection of civil penalties.* If a respondent does not pay a civil penalty imposed by an order imposing civil penalty or a compromise order within 60 days after service of the final order, the FAA may refer the order to the United States Department of Treasury or Department of Justice to collect the civil penalty.

(j) *Exhaustion of administrative remedies.* A respondent may seek judicial review of a final decision and order of the FAA decisionmaker as provided in §406.179. A respondent has not exhausted administrative remedies for purposes of judicial review if the final order is one of the following:

(1) An order imposing civil penalty issued by an agency attorney under paragraph (e)(1)(i) of this section.

(2) A final notice of proposed civil penalty that becomes an order imposing civil penalty under paragraph (e)(1)(ii) of this section.

(3) An initial decision of an administrative law judge that was not appealed to the FAA decisionmaker.

(4) A compromise order under paragraph (f) of this section.

(k) *Compromise.* The FAA may compromise or remit a civil penalty that has been proposed or imposed under this section.

[Docket No. FAA–2001–8607, 66 FR 2180, Jan. 10, 2001, as amended by Amdt. 406–4, 72 FR 17017, Apr. 6, 2007; 72 FR 68475, Dec. 5, 2007]

§§ 406.10–406.100 [Reserved]

**Subpart B—Rules of Practice in FAA Space Transportation Adjudications**

**§ 406.101 Applicability.**

(a) *Adjudications to which these rules apply.* These rules apply to the following adjudications:

(1) A civil penalty action in which the respondent has requested a hearing under § 406.9.

(2) [Reserved]

(b) [Reserved]

**§ 406.103 Definitions that apply in part 406.**

For the purpose of this part:

*Administrative law judge* means an administrative law judge appointed pursuant to the provisions of 5 U.S.C. 3105.

*Attorney* means a person licensed by a state, the District of Columbia, or a territory of the United States to practice law or appear before the courts of that state or territory.

*Complainant* in a civil penalty action means the proponent of the civil penalty in the FAA.

*FAA decisionmaker* means the Associate Administrator for Commercial Space Transportation, or the Administrator of the Federal Aviation Administration, acting in the capacity of the decisionmaker on appeal; or a person who has been delegated the authority to act for the FAA decisionmaker. As used in this part, the FAA decisionmaker is the official authorized to issue a final decision and order of the Secretary in an action.

*Mail* means U.S. first class mail, U.S. certified mail, U.S. registered mail, or an express courier service.

*Party* means the respondent or the complainant.

*Personal delivery* includes hand-delivery or use of a same-day messenger service. “Personal delivery” does not include the use of Government inter-office mail service.

*Properly addressed* means using an address contained in agency records; a residential, business, or other address used by a person on any document submitted under this part; or any other address determined by other reasonable and available means.

*Respondent* means a person who has been charged with a violation.

**§ 406.105 Separation of functions for prosecuting civil penalties and advising the FAA decisionmaker.**

(a) *Agency attorney.* The authority to prosecute civil penalties within the FAA is exercised by an agency attorney in accordance with § 406.9.

(1) The following officials have the authority to act as the agency attorney under this part: The Deputy Chief Counsel; the Assistant Chief Counsel for Enforcement; the Assistant Chief Counsel for Regulations; the Assistant