

*Initial Certificate Effective Date:* May 7, 1993.

*Amendment Number 1 Effective Date:* May 30, 2000.

*Amendment Number 2 Effective Date:* September 5, 2000.

*Amendment Number 3 Effective Date:* May 21, 2001.

*Amendment Number 4 Effective Date:* February 3, 2003.

*SAR Submitted by:* Pacific Sierra Nuclear Associates.

*SAR Title:* Final Safety Analysis Report for the Ventilated Storage Cask System.

*Docket Number:* 72-1007.

*Certificate Expiration Date:* May 7, 2013.

*Model Number:* VSC-24.

\* \* \* \* \*

For the Nuclear Regulatory Commission.

Dated at Rockville, Maryland, this 1st day of Nov., 2002.

**William D. Travers,**

*Executive Director for Operations.*

[FR Doc. 02-29485 Filed 11-19-02; 8:45 am]

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## FEDERAL DEPOSIT INSURANCE CORPORATION

### 12 CFR Part 366

RIN 3064-AC29

#### Minimum Standards of Integrity and Fitness for an FDIC Contractor

**AGENCY:** Federal Deposit Insurance Corporation.

**ACTION:** Final rule.

**SUMMARY:** The Federal Deposit Insurance Corporation (FDIC) is issuing this rule which governs conflicts of interest, ethical responsibilities, and use of confidential information by independent contractors seeking to do business with the FDIC. This rule ensures that any individual who is performing, directly or indirectly, any function or service on behalf of the FDIC meets minimum standards of integrity and fitness. It also prohibits certain persons from performing any service on behalf of the FDIC. This rule makes four changes from the interim final rule that the FDIC published on May 15, 2002. These changes are described below in Section II of the **SUPPLEMENTARY INFORMATION**.

**EFFECTIVE DATE:** December 20, 2002.

**FOR FURTHER INFORMATION CONTACT:** Martin A. Blumenthal, Counsel, (202) 736-0359, Peter M. Somerville, Counsel, (202) 736-0110, or Thomas E. Nixon, Senior Attorney, (202) 898-8766, Legal

Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429. These are not toll-free numbers.

#### **SUPPLEMENTARY INFORMATION:**

##### **I. Introduction**

###### *A. Overview*

This rule sets forth integrity and fitness provisions for FDIC contractors in three areas. The first area regards those persons from whom the FDIC is prohibited from entering into a contract. The second area identifies integrity and fitness responsibilities for independent contractors. These include conflicts of interest, minimum standards of ethical responsibility, confidential information, and information that contractors must disclose to the FDIC. The last area regards a contractor's expectations, rights and obligations. These include what advice and determinations the FDIC will provide a contractor, reconsiderations and reviews of those determinations, and the possible consequences a person may face for violating the provisions of this rule.

###### *B. Authority*

The statutory authorities for adopting this rule are our general rulemaking authority found at section 9 (Tenth) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. 1819 (Tenth); and sections 12(f)(3) and (4) of the FDI Act, 12 U.S.C. 1822(f)(3) and (4). Section 19 of the Resolution Trust Corporation Completion Act (RTCCA), Public Law 103-204, 107 Stat. 2369 (1993), required the addition of section 12(f) to the FDI Act.

We may establish other integrity and fitness policies where we determine such policies are required by law or appropriate to maintain the integrity of our programs. Any such policies may be independent of, in conjunction with, or in addition to the restrictions set forth in this rule.

We may also, temporarily or permanently, suspend this rule or exempt a person from compliance with any part of this rule for good cause shown, in order to protect our interests or to provide an orderly transfer of services to another person.

###### *C. Background*

The contractor integrity and fitness rules, based on statutory requirements, are regulatory tools the FDIC uses to assure that certain of its contractors meet minimum standards of competence, experience, integrity and fitness. See Federal Home Loan Bank Act, section 21A(p)(6), as added by section 501(a) of the Financial

Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law 101-73, 103 Stat. 183. This statute was enacted to ensure that no person who contributed to the failure of an insured depository institution could contract with the FDIC without disclosure and considerable scrutiny.

On June 24, 1994, we published a proposed rule applicable to independent contractors (59 FR 32661-32668), as required by section 12(f)(3) of the FDI Act, 12 U.S.C. 1822(f)(3). That rulemaking proposed standards governing conflicts of interest, ethical responsibilities, and use of confidential information. It also proposed procedures for ensuring that independent contractors meet minimum standards for competence, experience, integrity, and fitness. We received six comment letters. After careful consideration of each comment and numerous changes that the Office of Government Ethics (OGE) requested, we made appropriate modifications to the proposal resulting in the reorganization and modification of some provisions.

On March 11, 1996, we adopted an interim final rule entitled, "Contractor Conflicts of Interest", (61 FR 9590), with the concurrence of OGE. We determined that an interim final rule was appropriate in order to allow interested parties to comment on the rule while providing prompt implementation of the rule to satisfy concerns relating to the merger of the RTC into the FDIC. We received only one comment on the interim final rule and it was non-substantive.

On May 15, 2002, we published an interim final rule requesting public comment. The interim rule represented a fundamental reconsideration of our obligations under the RTCCA. We received no public comments in response to our May 2002 interim final rule.

##### **II. Final Rule**

We are adopting the May 2002 interim final rule with four minor changes. First, in the interim final rule, § 366.12(c) stated that contractors are required to disclose waste, fraud, abuse or corruption to us. We are adding to § 366.12(c) a telephone number and an email address that can be used to make such reports to the FDIC Inspector General. Second, in the interim final rule, § 366.12(d)(4) prohibited contractors from making impermissible gifts or entertainment to an FDIC employee. We are extending this prohibition to gifts made by FDIC contractors to other FDIC contractors, as well as FDIC employees. This is because there can be occasions in which FDIC

contractors may make decisions on behalf of the FDIC. Third, in the interim final rule, § 366.14(f) established retention requirements for information that FDIC contractors submit to the FDIC pursuant to this rule. The interim final rule broadly described the information that must be retained as any information that the contractor relies upon regarding their compliance with part 366. The final rule clarifies that information the contractor relies upon includes information that they prepare. Finally, because the May 2002 interim final rule was unclear as to which event triggers the three year retention period, we are adding the phrase “which ever occurs last” at the end of the sentence for further clarification. As a result, § 366.12(f) will require contractors to retain any information they prepare or rely upon regarding the provisions of part 366 for a period of three years following termination or expiration and final payment of the related contract for services whichever occurs last.

### III. Matters of Regulatory Procedure

#### A. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the FDIC certifies that the final rule will not have a significant economic impact on a substantial number of small entities. This rule, which finalizes the May 2002 interim final rule, imposes no new compliance burdens on small entities within the meaning of the Regulatory Flexibility Act.

Our May 2002 interim final rule noted that we were reviewing this rule pursuant to our responsibilities under section 610 of the Regulatory Flexibility Act and requested public comment about our review. A section 610 review requires us to consider how we could minimize the economic impact of the rule on small businesses while remaining consistent with the objectives of the statute that requires the rule. Our May 2002 interim rulemaking resulted from a careful consideration of how we could minimize the burden of the 1996 rule. Based on our review under section 610, we conclude that the May 2002 rule changes should successfully reduce burden on small businesses with whom we contract and that no further changes are necessary now.

#### B. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*), we may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid Office of

Management and Budget (OMB) control number. We submitted two collections of information to OMB for review when we published the May 2002 interim final rule.

One collection is titled “Acquisition Services Information Requirements,” and includes forms that we use to ensure compliance with our contractor integrity and fitness regulation and to make contracting decisions for contractors other than legal service providers. The May 2002 rule changed the definitions of some of the terms used on OMB approved contracting forms. Each of the changes reduced estimated burden on our contractors. OMB approved our changes to the information collection under control number 3064–0072, which will expire June 30, 2005.

The second collection is titled, “Forms Relating to FDIC Outside Counsel Services” and includes forms we use to ensure compliance with our contractor integrity and fitness regulation, to make contracting decisions, and to control payments to law firms and legal support service providers. The May 2002 rulemaking affected the definition of terms on one of the 13 forms in that collection and reduced the estimated burden in completing the form. OMB approved our changes to the information collection under control number 3064–0122, which will expire June 30, 2005.

#### C. The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

We have determined that this rule will not affect family well-being within the meaning of section 654 of the Treasury and Government Appropriations Act, 1999, Public Law 105–277, 112 Stat. 2681 (1998).

#### D. Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) (Pub. L. 104–121) provides generally for agencies to report rules to Congress for review. The reporting requirement is triggered when the FDIC issues a final rule as defined by the Administrative Procedure Act (APA) at 5 U.S.C. 551. Because the FDIC is issuing a final rule as defined by the APA, the FDIC will file the reports required by the SBREFA. The Office of Management and Budget has determined that this final rule does not constitute a “major rule” as defined by the SBREFA.

### List of Subjects in 12 CFR Part 366

Contractor conflicts of interest, Government contracts, Reporting and recordkeeping requirement.

For the reasons set forth in the preamble, we hereby revise part 366 of chapter III of title 12 of the Code of Federal Regulations to read as follows:

### PART 366—MINIMUM STANDARDS OF INTEGRITY AND FITNESS FOR AN FDIC CONTRACTOR

- Sec.
- 366.0 Definitions.
- 366.1 What is the purpose of this part?
- 366.2 What is the scope of this part?
- 366.3 Who cannot perform contractual services for the FDIC?
- 366.4 When is there a pattern or practice of defalcation?
- 366.5 What causes a substantial loss to a federal deposit insurance fund?
- 366.6 How is my ownership or control determined?
- 366.7 Will the FDIC waive the prohibitions under § 366.3?
- 366.8 Who can grant a waiver of a prohibition or conflict of interest?
- 366.9 What other requirements could prevent me from performing contractual services for the FDIC?
- 366.10 When would I have a conflict of interest?
- 366.11 Will the FDIC waive a conflict of interest?
- 366.12 What are the FDIC’s minimum standards of ethical responsibility?
- 366.13 What is my obligation regarding confidential information?
- 366.14 What information must I provide the FDIC?
- 366.15 What advice or determinations will the FDIC provide me on the applicability of this part?
- 366.16 When may I seek a reconsideration or review of an FDIC determination?
- 366.17 What are the possible consequences for violating this part?

**Authority:** Section 9 (Tenth) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. 1819 (Tenth); sections 12(f)(3) and (4) of the FDI Act, 12 U.S.C. 1822(f)(3) and (4); and section 19 of Pub. L. 103–204, 107 Stat. 2369.

#### § 366.0 Definitions.

- As used in this part:
- (a) The word *person* refers to an individual, corporation, partnership, or other entity with a legally independent existence.
- (b) The terms *we*, *our*, and *us* refer to the Federal Deposit Insurance Corporation (FDIC), except when acting as conservator or operator of a bridge bank.
- (c) The terms *I*, *me*, *my*, *mine*, *you*, and *yourself* refer to a person who submits an offer to perform or performs, directly or indirectly, contractual services or functions on our behalf.
- (d) The phrase *insured depository institution* refers to any bank or savings

association whose deposits are insured by the FDIC.

**§ 366.1 What is the purpose of this part?**

This part establishes the minimum standards of integrity and fitness that contractors, subcontractors, and employees of contractors and subcontractors must meet if they perform any service or function on our behalf. This part includes regulations governing conflicts of interest, ethical responsibility, and use of confidential information in accordance with section 12(f)(3) of the FDI Act, 12 U.S.C. 1822(f)(3), and the prohibitions and the requirements for submission of information in accordance with section 12(f)(4) of the FDI Act, 12 U.S.C. 1822(f)(4).

**§ 366.2 What is the scope of this part?**

(a) This part applies to a person who submits an offer to perform or performs, directly or indirectly, a contractual service or function on our behalf.

(b) This part does not apply to:

(1) An FDIC employee for the purposes of title 18, United States Code; or

(2) The FDIC when we operate an insured depository institution such as a bridge bank or conservatorship.

**§ 366.3 Who cannot perform contractual services for the FDIC?**

We will not enter into a contract with you to perform a service or function on our behalf, if you or any person that owns or controls you, or any entity you own or control:

(a) Has a felony conviction;

(b) Was removed from or is prohibited from participating in the affairs of an insured depository institution as a result of a federal banking agency final enforcement action;

(c) Has a pattern or practice of defalcation; or

(d) Is responsible for a substantial loss to a federal deposit insurance fund.

**§ 366.4 When is there a pattern or practice of defalcation?**

(a) You have a pattern or practice of defalcation under § 366.3(c) when you, any person that owns or controls you, or any entity you own or control has a legal responsibility for the payment on at least two obligations that are:

(1) To one or more insured depository institutions;

(2) More than 90 days delinquent in the payment of principal, interest, or a combination thereof; and

(3) More than \$50,000 each.

(b) The following are examples of when you have or do not have a pattern or practice of defalcation. These examples are not inclusive.

(1) You have five loans at insured depository institutions. Three of them are 90 days past due. Two of the three loans have outstanding balances of more than \$50,000 each. You have a pattern or practice of defalcation.

(2) You have five loans at insured depository institutions. Two of them are 90 days past due. One of the two is with ABC Bank for \$170,000. The other one is with XYZ bank for \$60,000. You have a pattern or practice of defalcation.

(3) You have five loans at insured depository institutions. Three of them are 90 days past due. One of the three has an outstanding balance of more than \$50,000. The other two have outstanding balances of less than \$50,000. You do not have a pattern or practice of defalcation.

(4) You have five loans at insured depository institutions. Three of them have outstanding balances of more than \$50,000. Two of those three were 90 days past due but are now current. You do not have a pattern or practice of defalcation.

**§ 366.5 What causes a substantial loss to a federal deposit insurance fund?**

You cause a substantial loss to a federal deposit insurance fund under § 366.3(d) when you, or any person that owns or controls you, or any entity you own or control has:

(a) An obligation to us that is delinquent for 90 days or more and on which there is an outstanding balance of principal, interest, or a combination thereof of more than \$50,000;

(b) An unpaid final judgment in our favor that is in excess of \$50,000, regardless of whether it becomes discharged in whole or in part in a bankruptcy proceeding;

(c) A deficiency balance following foreclosure of collateral on an obligation owed to us that is in excess of \$50,000, regardless of whether it becomes discharged in whole or in part in a bankruptcy proceeding; or

(d) A loss to us that is in excess of \$50,000 that we report on IRS Form 1099-C, Information Reporting for Discharge of Indebtedness.

**§ 366.6 How is my ownership or control determined?**

(a) Your ownership or control is determined on a case-by-case basis. Your ownership or control depends on the specific facts of your situation and the particular industry and legal entity involved. You must provide documentation to us to use in determining your ownership or control.

(b) The interest of a spouse or other family member in the same organization is imputed to you in determining your ownership or control.

(c) The following are examples of when your ownership or control may or may not exist. These examples are not inclusive.

(1) You have control if you are the president or chief executive officer of an organization.

(2) You have ownership or control if you are a partner in a small law firm. You might not have ownership or control if you are a partner in a large national law firm.

(3) You have control if you are a general partner of a limited partnership. You have ownership or control if you have a limited partnership interest of 25 percent or more.

(4) You have ownership or control if you have the:

(i) Power to vote, directly or indirectly, 25% or more interest of any class of voting stock of a company;

(ii) Ability to direct in any manner the election of a majority of a company's directors or trustees; or

(iii) Ability to exercise a controlling influence over the company's management and policies.

**§ 366.7 Will the FDIC waive the prohibitions under § 366.3?**

We may waive the prohibitions for entities other than individuals for good cause shown at our discretion when our need to contract for your services outweighs all relevant factors. The statute does not allow us to waive the prohibitions for individuals.

**§ 366.8 Who can grant a waiver of a prohibition or conflict of interest?**

The FDIC's Board of Directors delegates to the Chairman, or his designee, authority to issue waivers and implement procedures for part 366.

**§ 366.9 What other requirements could prevent me from performing contractual services for the FDIC?**

You must avoid a conflict of interest, be ethically responsible, and maintain confidential information as described in §§ 366.10 through 366.13. You must also provide us with the information we require in § 366.14. Failure to meet these requirements may prevent you from contracting with us.

**§ 366.10 When would I have a conflict of interest?**

(a) You have a conflict of interest when you, any person that owns or controls you, or any entity you own or control:

(1) Has a personal, business, or financial interest or relationship that relates to the services you perform under the contract;

(2) Is a party to litigation against us, or represents a party that is;

(3) Submits an offer to acquire an asset from us for which services were performed during the past three years, unless the contract allows for the acquisition; or

(4) Engages in an activity that would cause us to question the integrity of the service you provided, are providing or offer to provide us, or impairs your independence.

(b) The following are examples of a conflict of interest. These examples are not inclusive.

(1) You submit an offer to perform property management services for us and you own or manage a competing property.

(2) You audit a business under a contract with us and you or a partner in your firm has an ownership interest in that business.

(3) You perform loan services on a pool of loans we are selling, and you submit a bid to purchase one or more of the loans in the pool.

(4) You audit your own work or provide nonaudit services that are significant or material to the subject matter of the audit.

**§ 366.11 Will the FDIC waive a conflict of interest?**

(a) We may waive a conflict of interest for good cause shown at our discretion when our need to contract for your services outweighs all relevant factors.

(b) The following are examples of when we may grant you a waiver for a conflict of interest. These examples are not inclusive.

(1) We may grant a waiver to an outside counsel who has a representational conflict. We will weigh all relevant facts and circumstances in making our determination.

(2) We may grant a waiver to allow a contractor to acquire an asset from us who is providing or has provided services on that asset. We will consider whether granting the waiver will adversely affect the fairness of the sale, the type of services provided, and other facts and circumstances relevant to the sale in making our determination.

**§ 366.12 What are the FDIC's minimum standards of ethical responsibility?**

(a) You and any person who performs services for us must not provide preferential treatment to any person in your dealings with the public on our behalf.

(b) You must ensure that any person you employ to perform services for us is informed about their responsibilities under this part.

(c) You must disclose to us waste, fraud, abuse or corruption. Contact the Inspector General at 1-800-964-FDIC or [Ighotline@fdic.gov](mailto:Ighotline@fdic.gov).

(d) You and any person who performs contract services to us must not:

(1) Accept or solicit for yourself or others any favor, gift, or other item of monetary value from any person who you reasonably believe is seeking an official action from you on our behalf, or has an interest that the performance or nonperformance of your duties to us may substantially affect;

(2) Use or allow the use of our property, except as specified in the contract;

(3) Make an unauthorized promise or commitment on our behalf; or

(4) Provide impermissible gifts or entertainment to an FDIC employee or other person providing services to us.

(e) The following are examples of when you are engaging in unethical behavior. These examples are not inclusive.

(1) Using government resources, including our Internet connection, to conduct any business that is unrelated to the performance of your contract with us.

(2) Submitting false invoices or claims, or making misleading or false statements.

(3) Committing us to forgive or restructure a debt or portion of a debt, unless we provide you with written authority to do so.

**§ 366.13 What is my obligation regarding confidential information?**

(a) Neither you nor any person who performs services on your behalf may use or disclose information obtained from us or a third party in connection with an FDIC contract, unless:

(1) The contract allows or we authorize the use or disclosure;

(2) The information is generally available to the general public; or

(3) We make the information available to the general public.

(b) The following are examples of when your use of confidential information is inappropriate. These examples are not inclusive.

(1) Disclosing information about an asset, such as internal asset valuations, appraisals or environmental reports, except as part of authorized due diligence materials, to a prospective asset purchaser.

(2) Disclosing a borrower's or guarantor's personal or financial information, such as a financial statement to an unauthorized party.

**§ 366.14 What information must I provide the FDIC?**

You must:

(a) Certify in writing that you can perform services for us under § 366.3 and have no conflict of interest under § 366.10(a).

(b) Submit a list and description of any instance during the preceding five years in which you, any person that owns or controls you, or any entity you own or control, defaulted on a material obligation to an insured depository institution. A default on a material obligation occurs when a loan or advance with an outstanding balance of more than \$50,000 is or was delinquent for 90 days or more.

(c) Notify us within 10 business days after you become aware that you, or any person you employ to perform services for us, are not in compliance with this part. Your notice must include a detailed description of the facts of the situation and how you intend to resolve the matter.

(d) Agree in writing that you will employ only persons who meet the requirements of this part to perform services on our behalf.

(e) Comply with any request from us for information.

(f) Retain any information you prepare or rely upon regarding the provisions of this part for a period of three years following termination or expiration and final payment of the related contract for services whichever occurs last.

**§ 366.15 What advice or determinations will the FDIC provide me on the applicability of this part?**

(a) We are available to you for consultation on those determinations you are responsible for making under this part, including those with respect to any person you employ or engage to perform services for us.

(b) We will determine if this part prohibits you from performing services for us prior to contract award, after contract award, and during the performance of a contract.

(c) We may determine what corrective action you must take.

(d) We may grant you a waiver for good cause shown where provided for under this part.

**§ 366.16 When may I seek a reconsideration or review of an FDIC determination?**

(a) You may seek reconsideration or review of our initial determination by sending a written request to the individual who issued you the initial decision.

(b) You must provide new information or explain a change in circumstances for our reconsideration of an initial decision. The individual who issued you the initial decision may either make a new determination or refer your request to a higher authority for review.

(c) You must provide an explanation of how you perceive that we misapplied

this part that sets forth the legal or factual errors for our review of an initial decision.

**§ 366.17 What are the possible consequences for violating this part?**

Depending on the circumstances, violations of this part may result in rescission or termination of a contract, as well as administrative, civil, or criminal sanctions.

Dated in Washington, DC, this 12th day of November, 2002.

By order of the Board of Directors.  
Federal Deposit Insurance Corporation.

**Valerie J. Best,**

*Assistant Executive Secretary.*

[FR Doc. 02-29407 Filed 11-19-02; 8:45 am]

BILLING CODE 6714-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 2002-CE-48-AD; Amendment 39-12954; AD 2002-23-10]

RIN 2120-AA64

**Airworthiness Directives; Piaggio Aero Industries S.p.A. Model P-180 Airplanes**

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule; request for comments.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD) that applies to all Piaggio Aero Industries S.p.A. Model P-180 airplanes. This AD requires you to inspect for proper clearance between the first outboard flap control rod and the bleed air duct for interference, replace worn or damaged parts or correct interference, and adjust clearance. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Italy. The actions specified by this AD are intended to detect and correct interference or damage of the first outboard flap control rod and bleed air duct, which could result in failure of the flap control rod. Such failure could lead to loss of airplane control.

**DATES:** This AD becomes effective on December 17, 2002.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in the regulation as of December 17, 2002.

The Federal Aviation Administration (FAA) must receive any comments on this rule on or before January 22, 2003.

**ADDRESSES:** Submit comments to FAA, Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 2002-CE-48-AD, 901 Locust, Room 506, Kansas City, Missouri 64106. You may view any comments at this location between 8 a.m. and 4 p.m., Monday through Friday, except Federal holidays. You may also send comments electronically to the following address: 9-ACE-7-Docket@faa.gov. Comments sent electronically must contain "Docket No. 2002-CE-48-AD" in the subject line. If you send comments electronically as attached electronic files, the files must be formatted in Microsoft Word 97 for Windows or ASCII text.

You may get the service information referenced in this AD from Piaggio Aero Industries S.p.A., Via Cibrario 4, 16154 Genoa, Italy. You may view this information at FAA, Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 2002-CE-48-AD, 901 Locust, Room 506, Kansas City, Missouri 64106; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:**

Doug Rudolph, Aerospace Engineer, FAA, Small Airplane Directorate, 901 Locust, Room 301, Kansas City, Missouri 64106; telephone: (816) 329-4059; facsimile: (816) 329-4090.

**SUPPLEMENTARY INFORMATION:**

**Discussion**

*What Events Have Caused This AD?*

The Ente Nazionale per l'Aviazione Civile (ENAC), which is the airworthiness authority for Italy, recently notified FAA that an unsafe condition may exist on all Piaggio Model P-180 airplanes. The ENAC reports an incorrect installation with insufficient clearance between the first outboard flap control rod and the bleed air duct. This caused interference with consequent loss of flap control.

*What Are the Consequences If the Condition Is Not Corrected?*

The failure of the flap control rod could lead to loss of airplane control.

*Is There Service Information That Applies to This Subject?*

PIAGGIO has issued Alert Service Bulletin No. 80-0182, Original Issue: June 7, 2002.

The service bulletin includes procedures for:

- Inspecting for interference between the first outboard flap control rod and bleed air duct, and inspecting for damage or wear in this area;

- Replacing damaged parts or correcting interference; and
- Correcting where clearance is less than the correct value, but no interference is found.

*What Action Did the ENAC Take?*

The ENAC classified this service bulletin as mandatory and issued Italian AD Number 2002-442, dated August 22, 2002, in order to ensure the continued airworthiness of these airplanes in Italy.

*Was This in Accordance With the Bilateral Airworthiness Agreement?*

This airplane model is manufactured in Italy and is type certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement.

Pursuant to this bilateral airworthiness agreement, the ENAC has kept us informed of the situation described above.

**The FAA's Determination and an Explanation of the Provisions of This AD**

*What Has FAA Decided?*

The FAA has examined the findings of the ENAC; reviewed all available information, including the service information referenced above; and determined that:

- The unsafe condition referenced in this document exists or could develop on other Piaggio Model P-180 airplanes of the same type design;
- The actions specified in the previously-referenced service information (as specified in this AD) should be accomplished on the affected airplanes; and
- AD action should be taken in order to correct this unsafe condition.

*What Does This AD Require?*

This AD requires you to incorporate the actions in the previously-referenced service bulletin.

In preparation of this rule, we contacted type clubs and aircraft operators to obtain technical information and information on operational and economic impacts. We did not receive any information through these contacts. If received, we would have included, in the rulemaking docket, a discussion of any information that may have influenced this action.

*Will I Have the Opportunity To Comment Prior to the Issuance of the Rule?*

Because the unsafe condition described in this document could result