Rules and Regulations

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FEDERAL ELECTION COMMISSION

11 CFR Part 104

[NOTICE 2007–9]

Statement of Policy; Safe Harbor for Misreporting Due to Embezzlement

AGENCY: Federal Election Commission.

ACTION: Statement of policy.

SUMMARY: The Commission is issuing a Statement of Policy to announce that it is creating a safe harbor for the benefit of political committees that have certain internal controls in place to prevent misappropriations and associated misreporting. Specifically, the Commission does not intend to seek civil penalties against a political committee for filing incorrect reports due to the misappropriation of committee funds if the committee has the specified safeguards in place.

EFFECTIVE DATE: April 5, 2007.

FOR FURTHER INFORMATION CONTACT: Mr. Joseph Stoltz, Assistant Staff Director, Audit Division, 999 E Street, NW., Washington, DC 20463, (202) 694–1200.

SUPPLEMENTARY INFORMATION: The Commission has encountered a dramatic increase in the number of cases where political committee staff misappropriates committee funds. Misappropriations are often accompanied by the filing of inaccurate disclosure reports with the FEC, leaving committees vulnerable to a FEC enforcement action and potential liability for those reporting errors. In response to the rise in this activity, the Commission has concluded that the following internal controls are minimal safeguards a committee should implement to prevent misappropriations and associated misreporting.

This policy does not impose new legal requirements on political committees; rather it creates a safe harbor. If the following internal controls are in place at the time of a misappropriation, and the post-discovery steps described below are followed by the committee, the FEC will not seek a monetary penalty on the political committee for filing incorrect reports due to the misappropriation of committee funds.[1] The Commission will also consider the presence of some, but not all, of these practices, or of comparable safeguards, as a mitigating factor in considering any monetary liability resulting from a misappropriation.[2]

A. Internal Controls

- ☐ All bank accounts are opened in the name of the committee, never an individual, using the committee's Employer Identification Number, not an individual's Social Security Number.
- ☐ Bank statements are reviewed for unauthorized transactions and reconciled to the accounting records each month. Further, bank records are reconciled to disclosure reports prior to filing. The reconciliations are done by someone other than a check signer or an individual responsible for handling the committee's accounting.
- ☐ Checks in excess of $1000 are authorized in writing and/or signed by two individuals. Further, all wire transfers are authorized in writing by two individuals. The individuals who may authorize disbursements or sign checks should be identified in writing in the committee's internal policies.
- ☐ An individual who does not handle the committee's accounting or have banking authority receives incoming checks and monitors all other incoming receipts. This individual makes a list of all committee receipts and places a restrictive endorsement, such as: For Deposit Only to the Account of the Payee'' on all checks.
- ☐ If the committee has a petty cash fund, an imprest system [3] is used, and the value of the petty cash fund should be no more than $500.

B. Post-Discovery of Misappropriation Activity

As soon as a misappropriation is discovered, the political committee:

- ☐ Notifies relevant law enforcement of the misappropriation.
- ☐ Notifies the FEC of the misappropriation.
- ☐ Voluntarily files amended reports to correct any reporting errors due to the misappropriation, as required by the FEC.

This notice represents a general statement of policy announcing the general course of action that the Commission intends to follow. This policy statement does not constitute an agency regulation requiring notice of proposed rulemaking, opportunities for public participation, prior publication, and delay in effective date under 5 U.S.C. 553 of the Administrative Procedures Act (''APA''). As such, it does not bind the Commission or any member of the general public. The provisions of the Regulatory Flexibility Act, 5 U.S.C. 605(b), which apply when notice and comment are required by the APA or another statute, are not applicable.

Dated: March 22, 2007.

Robert D. Lenhard,

Chairman, Federal Election Commission.

[FR Doc. E7–6299 Filed 4–4–07; 8:45 am]

BILLING CODE 6715–01–P

[1] The internal controls set forth here represent the minimum efforts a committee must take to qualify for this safe harbor. The FEC provides additional guidance on internal controls best practices at *http://www.fec.gov/law/policy.shtml#guidance.*

[2] This policy does not absolve or mitigate FEC liability for individuals responsible or complicit in the misappropriations.

[3] An imprest fund is one in which the sum of the disbursements recorded in the petty cash log since the last replenishment and the remaining cash always equals the stated amount of the fund. When the fund is replenished the amount of the replenishment equals the amounts recorded since the prior replenishment and should bring the cash balance back to the stated amount. Only one person should be in charge of the fund.

FEDERAL ELECTION COMMISSION

11 CFR Part 111

[Notice 2007–8]

Policy Regarding Self-Reporting of Campaign Finance Violations (Sua Sponte Submissions)

AGENCY: Federal Election Commission.

ACTION: Statement of Policy.

SUMMARY: In order to encourage the self-reporting of violations about which the Commission would not otherwise have learned, the Commission will generally

offer penalties between 25% and 75% lower than the Commission would otherwise have sought in identical matters arising by other means. The Commission will also use a new expedited procedure through which the Commission may allow individuals and organizations that self-report violations and that make a complete report of their internal investigation to proceed directly into conciliation prior to the Commission determining whether their conduct may have violated statutes or regulations within its jurisdiction. This policy also addresses various issues that can arise in connection with parallel criminal, administrative or civil proceedings.

DATES: Effective April 5, 2007.

FOR FURTHER INFORMATION CONTACT: Mark Shonkwiler, Assistant General Counsel, or April J. Sands, Attorney, Enforcement Division, Federal Election Commission, 999 E Street, NW., Washington, DC 20463, (202) 694–1650 or (800) 424–9530.

SUPPLEMENTARY INFORMATION:

I. Goals and Scope of the Policy

The Commission periodically receives submissions from persons who self-report statutory or regulatory violations of which the Commission had no prior knowledge. The Commission considers such self-reports (which also are referred to as *sua sponte* submissions) as information ascertained in the normal course of carrying out its supervisory responsibilities pursuant to 2 U.S.C. 437g(a)(2), and may investigate if it determines there is reason to believe a violation has occurred. The Commission also investigates complaints reporting the potentially illegal conduct of another, submitted pursuant to 2 U.S.C. 437g(a)(1), but which also, by implication, provide a basis for investigating the complainant itself.[1] As a general proposition, self-reported matters, when accompanied by full cooperation, will be resolved more quickly and on more favorable terms than identical matters arising by other means (*e.g.*, those arising via external complaints, referrals from other government agencies, or referrals from the Commission's Audit or Reports Analysis Divisions).[2]

The Commission recently has seen an increase in self-reported violations, which may be attributable, at least in part, to greater attention being placed on compliance programs for areas of potential organizational liability, and recognition that addressing a problem through self-auditing and self-reporting may help minimize reputational harm. The increase in the number of self-reported matters has highlighted the need to increase the transparency of Commission policies and procedures. Moreover, the Commission seeks to provide appropriate incentives for this demonstration of cooperation and responsibility.

On December 8, 2006, the Commission published a proposed policy statement on self-reporting of violations. See Proposed Policy Regarding Self-Reporting of Campaign Finance Violations (Sua Sponte Submissions), 71 FR 71090 (December 8, 2006). The comment period ended on January 29, 2007. Two comments were received. One of the comments supported the proposed policy and suggested some minor revisions. The other comment opposed the proposed policy.

This policy provides an overview of the factors that influence the Commission's handling and disposition of self-reported matters. It should be noted that while cooperation in general, and self-reporting in particular, will be considered by the Commission as mitigating factors, they do not excuse a violation of the Act or end the enforcement process. Also, this policy does not confer any rights on any person and does not in any way limit the right of the Commission to evaluate every case individually on its own facts and circumstances.[3]

II. Self-Reporting of FECA Violations

Self-reporting of violations typically allows respondents to resolve their civil liability in a manner which has the potential to: (1) Reduce the investigative burden on both the Commission and themselves; (2) demonstrate their acceptance of organizational or personal responsibility and commitment to internal compliance; and (3) conclude their involvement in the Commission's enforcement process on an expedited basis. As a result, a person who brings to the Commission's attention violations of the FECA and Commission regulations and who cooperates with any resulting investigation will also generally receive appropriate consideration in the terms of an eventual conciliation agreement. For example, the Commission may do one or more of the following:

- Take no action against particular respondents;
- Offer a significantly lower penalty than what the Commission otherwise would have sought in a complaint-generated matter involving similar circumstances or, where appropriate, no civil penalty;
- Offer conciliation before a finding of probable cause to believe a violation occurred, and in certain cases proceed directly to conciliation without the Commission first finding reason to believe that a violation occurred;
- Refrain from making a formal finding that a violation was knowing and willful, even where the available information would otherwise support such a finding;
- Proceed only as to an organization rather than as to various individual agents or, where appropriate, proceed only as to individuals rather than organizational respondents;
- Include language in the conciliation agreement that indicates the level of cooperation provided by respondents and the remedial action taken.

Additionally, in cases where the submission includes privileged or sensitive information, the Commission may work with the submitter to protect privileged information from public disclosure while still allowing the Commission to verify the sufficiency of the submission.

III. Factors Considered in Self-Reported Matters

The Commission may take into account various factors in considering how to proceed regarding self-reported violations. In general, more expedited processing and a more favorable outcome will result when the self-reporting party can show that upon discovery of the potential violations, there was an immediate end to the activity giving rise to the violation(s); the respondent made a timely and complete disclosure to the Commission and fully cooperated in the disposition of the matter; and the respondent implemented appropriate and timely corrective measures, including internal safeguards necessary to prevent any recurrence. Further detail as to these factors is supplied below.

[1] If a person who self-reports a violation of the FECA also makes specific allegations as to other persons not joining in the submission, and particularly where the person making the submission seeks to assign primary responsibility for the violations to another person (including an organization's former officers or employees), the Commission, acting through its Office of General Counsel, may advise the self-reporting person that a portion of the relevant materials should be re-submitted as a complaint to which other persons would be allowed to respond prior to any findings by the Commission.

[2] When violations are found, FECA requires the Commission to attempt to correct or prevent violations through conciliation agreements before suit may be filed in federal district court.

[3] Some violations, for instance, are subject to a mandatory minimum penalty prescribed by statute. See 2 U.S.C. 437g(a)(6)(C).

Nature of the Violation

(1) *The type of violation:* Whether the violation was knowing and willful, or resulted from reckless disregard for legal requirements or deliberate indifference to indicia of wrongful conduct; negligent; an inadvertent mistake; or based on the advice of counsel; [4]

(2) *The magnitude of the violation:* Whether the violation resulted from a one-time event or an ongoing pattern of conduct repeated over an extended period of time (and whether there was a history of similar conduct); how many people were involved in or were aware of the violation and the relative level of authority of these people within the organization; whether individuals were coerced into participating in the violation; the amount of money involved either in terms of absolute dollar amount or in terms of the percentage of an entity's activity; and the impact the violation may have had on any federal election;

(3) *The origin of the violation:* Whether the conduct was intended to advance the organization's interests or to defraud the organization for the personal gain of a particular individual; whether there were compliance procedures in place to prevent the type of violation now uncovered and, if so, why those procedures failed to stop or deter the wrongful conduct; and whether the persons with knowledge of the violation were high-level officials in the organization.

Extent of Corrective Action and New Self-Governance Measures

(4) *Investigative and corrective actions:* Whether the violation immediately ceased upon its discovery; how long it took after discovery of the violation to take appropriate corrective measures, including disciplinary action against persons responsible for any misconduct; whether there was a thorough review of the nature, extent, origins, and consequences of the conduct and related behavior; whether the respondent expeditiously corrected and clarified the public record by making appropriate and timely disclosures as to the source and recipients of any funds involved in a violation; whether a federal political committee promptly made any necessary refunds of excessive or prohibited contributions; and whether an organization or individual respondent waived its claim to refunds of excessive or prohibited contributions and instructed recipients to disgorge such funds to the U.S. Treasury;

(5) *Post-discovery compliance measures:* Whether there are assurances that the conduct is unlikely to recur; whether the respondent has adopted and ensured enforcement of more effective internal controls and procedures designed to prevent a recurrence of the violation; and whether the respondent provided the Commission with sufficient information for it to evaluate the measures taken to correct the situation and ensure that the conduct does not recur.

Disclosure and Cooperation

(6) *Full disclosure of the violation to the Commission:* Whether steps were taken upon learning of the violation; whether the disclosure was voluntary or made in recognition that the violation had been or was about to be discovered, or in recognition that a complaint was filed, or was about to be filed, by someone else; and whether a comprehensive and detailed disclosure of the results of its internal review was provided to the Commission in a timely fashion;

(7) *Full cooperation with the Commission:* Whether the respondent promptly made relevant records and witnesses available to the Commission, and made all reasonable efforts to secure the cooperation of relevant employees, volunteers, vendors, donors and other staff without requiring compulsory process; whether the respondent agreed to waive or toll the statute of limitations for activity that previously had been concealed or not disclosed in a timely fashion.

The Commission recognizes that all of the above-listed factors will not be relevant in every instance of self-reporting of potential FECA violations, nor is the Commission required to take all such factors into account. In addition, these factors should not be viewed as an exhaustive list.

IV. Reduction in Penalties for Self-Reporting Matters

The Commission will generally reduce opening civil penalty offers by between 25% and 75% compared with identical matters arising from a complaint or by other means. The amount of the reduction depends on the facts and circumstances of a particular case. The Commission will consider the factors set forth above.

Absent unusual circumstances, the Commission will grant a civil penalty reduction of 50% to respondents who meet the following criteria:

- Respondents alert the Commission to potential violations before the violation had been or was about to be discovered by any outside party, including the Commission;
- The violation immediately ceased and was promptly reported to the Commission upon discovery;
- Respondents take appropriate and prompt corrective action(s) (e.g., changes to internal procedures to prevent a recurrence of the violation; increased training; disciplinary action where appropriate);
- Respondents amend reports or disclosures to correct past errors, if applicable;
- Any appropriate refunds, transfers, and disgorgements are made and/or waived; and
- Respondents fully cooperate with the Commission in ensuring that the *sua sponte* submission is complete and accurate.

In addition, the Commission may grant a civil penalty reduction of up to 75% to respondents for violations in *sua sponte* submissions based on other factors such as submissions that were uncovered as a result of independent experts that were hired by respondents to conduct a thorough review, investigation or audit, or an equally comprehensive internal review, investigation or audit. In order to receive this reduction, respondents must also meet the above criteria for a 50% reduction and provide the Commission with all documentation of the experts' review, investigation, or audit.[5]

The required scope of the review, investigation or audit will depend on the circumstances. For example, if an organization discovers that an employee, stockholder or member may have reimbursed political contributions with organization funds, the Commission would consider a thorough review to include: Identification of all political contributions made by the suspect employee subsequent to and for at least three years prior to the suspected reimbursement (and extending further if additional suspect contributions are found); a review of contributions by anyone associated with the organization (including, but not limited to, relatives and subordinates) corresponding in time or recipient to the suspected reimbursed contributions; a review of the organization's compensation (especially bonus) and expense reimbursement policies and

[4] A respondent seeking to defend conduct based on advice of counsel may not simultaneously withhold documentary or other evidence supporting that assertion based on the attorney-client privilege.

[5] As discussed above, the Commission will, where appropriate, work with the submitter to protect privileged information from public disclosure.

practices for the relevant periods to identify potential contribution reimbursements. Similarly, if an organization discovers it has misstated financial information on its reports, the Commission would consider a through review to include: An audit reconciling bank and internal financial records with FEC reports for the period in which the error was discovered, any subsequent reporting periods, and prior reporting periods for at least a year prior to the error (and extending further if additional errors are found); a review addressing internal controls and reporting procedures and identifying weaknesses contributing to the errors and remedies for those weaknesses.

The Commission will be the sole arbiter of whether the facts of each case warrant a particular reduction in the penalty. The Commission will generally not give a respondent the benefit of this policy if the respondent is the subject of a criminal or other government investigation. In considering appropriate penalties, the Commission will also consider the presence of aggravating factors, such as knowing and willful conduct or involvement by senior officials of an entity.

V. Fast-Track Resolution

The Commission will generally not make a reason-to-believe finding or open a formal investigation for respondents that self-report violations, if: (1) All potential respondents in a matter have joined in a self-reporting submission that acknowledges their respective violations of the FECA; (2) those violations do not appear to be knowing and willful; (3) the submission is substantially complete and reasonably addresses the significant questions or issues related to the violation; and (4) the factual and legal issues are reasonably clear. Accordingly, the Commission is modifying its current practice to allow for an expedited Fast-Track Resolution (''FTR'') for a limited number of matters involving self-reported violations. This procedure is available at the Commission's discretion, but may be requested by respondents.

Respondents eligible for the FTR process will meet with the Office of General Counsel to negotiate a proposed conciliation agreement before the Commission makes any formal findings in the matter. Although the Commission is always free to reject or seek modifications to a proposed conciliation agreement, it is expected that this process will allow for more expedited processing of certain types of violations where factual and legal issues are reasonably clear. It also will allow respondents to resolve certain matters short of the Commission finding that there is reason to believe that a violation has occurred. Examples of matters that might be eligible for such treatment include:

- Matters in which an individual contributor discovers that he or she inadvertently violated the individual aggregate election cycle contribution limit contained in 2 U.S.C. 441a(a)(3);
- Matters in which a political committee seeks to disclose and correct relatively straightforward reporting violations;
- Matters in which a contributor and a political committee jointly seek to resolve their liability for a simple and inadvertent excessive or prohibited contribution; and
- Matters in which the initial self-reporting submission by the respondents is sufficiently thorough that only very limited, if any, follow-up by the Office of the General Counsel is necessary to complete the factual record.

VI. Parallel Proceedings

The Commission recognizes that persons self-reporting to the Commission may face special concerns in connection with parallel criminal investigations, State administrative proceedings, and/or civil litigation. The Commission expects that persons who self-report to the Commission will inform the Commission of any existing parallel proceedings. The Commission encourages persons who self-report to the Commission also to self-report related violations to any law enforcement agency with jurisdiction over the activity. This will assist the Commission, where appropriate and possible, in working with other federal, state, and local agencies to facilitate a global and/or contemporaneous resolution of related violations by a self-reporting person. The possibility of such a resolution is enhanced when the self-reporting person expresses a willingness to engage other government agencies that may have jurisdiction over the conduct and to cooperate with joint discovery and disclosure of facts and settlement positions with respect to the different agencies.

In situations where contemporaneous resolution of parallel matters is not feasible, the Commission will consider whether terms contained in a conciliation agreement with the Commission may affect potential liability the same respondent realistically faces from another agency. In appropriate cases, where there has been self-reporting and full cooperation, the Commission may agree to enter into conciliation without requiring respondents to admit that their conduct was knowing and willful, even where there is evidence that may be viewed as supporting this conclusion. The Commission has followed this practice in several self-reported matters where the organizational respondents promptly self-reported and took comprehensive and immediate corrective action that included the dismissal of all individual corporate officers whose actions formed the basis for the organization's potential knowing and willful violation.

The Commission has the statutory authority to refer knowing and willful violations of the FECA to the Department of Justice for potential criminal prosecution, 2 U.S.C. 437g(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. 2 U.S.C. 437d(a)(9). The Commission will take into consideration the fact of self-reporting in deciding whether to refer a matter. However, the Commission will not negotiate whether it refers, reports, or otherwise discusses information with other law enforcement agencies. Although the Commission cannot disclose information regarding an investigation to the public, it can and does share information on a confidential basis with other law enforcement agencies.

VII. Conclusion

The Commission seeks to encourage the self-reporting of violations. To that end, the Commission has adopted this policy that explains that *sua sponte* submissions will, in general, receive more expedited processing and more favorable outcomes than identical matters arising by other means.

This notice represents a general statement of policy announcing the general course of action that the Commission intends to follow. This policy statement does not constitute an agency regulation requiring notice of proposed rulemaking, opportunities for public participation, prior publication, and delay in effective date under 5 U.S.C. 553 of the Administrative Procedures Act (''APA''). As such, it does not bind the Commission or any member of the general public. The provisions of the Regulatory Flexibility Act, 5 U.S.C. 605(b), which apply when notice and comment are required by the APA or another statute, are not applicable.

Dated: March 27, 2007.

Robert D. Lenhard,

Chairman, Federal Election Commission.

[FR Doc. E7–6185 Filed 4–4–07; 8:45 am]

BILLING CODE 6715–01–P

FARM CREDIT ADMINISTRATION

12 CFR Parts 611, 612, 614, 615, 618, 619, 620, and 630

RIN 3052–AC19

Organization; Standards of Conduct and Referral of Known or Suspected Criminal Violations; Loan Policies and Operations; Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; General Provisions; Definitions; Disclosure to Shareholders; Disclosure to Investors in System-Wide and Consolidated Bank Debt Obligations of the Farm Credit System; Effective Date

AGENCY: Farm Credit Administration.

ACTION: Announcement of effective date.

SUMMARY: The Farm Credit Administration (FCA) published a final rule under parts 611, 612, 614, 615, 618, 619, 620, and 630 on February 2, 2006. This final rule amended our regulations affecting the governance of the Farm Credit System and became effective on April 5, 2006 (71 FR 18168, April 11, 2006), except for the amendments to §§ 611.210(a)(2), 611.220(a)(2)(i) and (ii), 611.325, and 620.21(d)(2). This document announces the effective date of those delayed portions of the rule.

EFFECTIVE DATE: The effective date for the amendments to §§ 611.210(a)(2), 611.220(a)(2)(i) and (ii), 611.325, and 620.21(d)(2), published February 2, 2006, at 71 FR 5740, is April 5, 2007.

FOR FURTHER INFORMATION CONTACT: Gary Van Meter, Deputy Director, Office of Regulatory Policy, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4232, TTY (703) 883–4434; or Laura D. McFarland, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102–5090, (703) 883–4020, TTY (703) 883–4020.

(12 U.S.C. 2252(a)(9) and (10))

Dated: April 2, 2007.

Roland E. Smith,

Secretary, Farm Credit Administration Board.

[FR Doc. E7–6357 Filed 4–4–07; 8:45 am]

BILLING CODE 6705–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2007–27757; Directorate Identifier 2007–NM–030–AD; Amendment 39–15014; AD 2007–07–13]

RIN 2120–AA64

Airworthiness Directives; Gulfstream Aerospace LP Model Galaxy Airplanes and Model Gulfstream 200 Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule; request for comments.

SUMMARY: We are adopting a new airworthiness directive (AD) for the products listed above. This AD results from mandatory continuing airworthiness information (MCAI) originated by an aviation authority of another country to identify and correct an unsafe condition on an aviation product. The MCAI describes the unsafe condition as:

Avionics and electrical wire harnesses are routed behind the Primary Flight Displays (PFD) tray at the rear of the instrument panel. In some cases, the wire harness has been found to be chafing on the PFD tray. That could result in electrical arcing and shorting and subsequent loss of systems essential for safe flight.

This AD requires actions that are intended to address the unsafe condition described in the MCAI.

DATES: This AD becomes effective April 20, 2007.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in the AD as of April 20, 2007.

We must receive comments on this AD by May 7, 2007.

ADDRESSES: You may send comments by any of the following methods:

- *DOT Docket Web site:* Go to *http://dms.dot.gov* and follow the instructions for sending your comments electronically.
- *Fax:* (202) 493–2251.
- *Mail:* Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL–401, Washington, DC 20590–0001.
- *Hand Delivery:* Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- *Federal eRulemaking Portal*: *http://www.regulations.gov*. Follow the instructions for submitting comments.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://dms.dot.gov*; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office (telephone (800) 647–5227) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Mike Borfitz, Aerospace Engineer, International Branch, ANM–116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98057–3356; telephone (425) 227–2677; fax (425) 227–1149.

SUPPLEMENTARY INFORMATION:

Streamlined Issuance of AD

The FAA is implementing a new process for streamlining the issuance of ADs related to MCAI. This streamlined process will allow us to adopt MCAI safety requirements in a more efficient manner and will reduce safety risks to the public. This process continues to follow all FAA AD issuance processes to meet legal, economic, Administrative Procedure Act, and **Federal Register** requirements. We also continue to meet our technical decision-making responsibilities to identify and correct unsafe conditions on U.S.-certificated products.

This AD references the MCAI and related service information that we considered in forming the engineering basis to correct the unsafe condition. The AD contains text copied from the MCAI and for this reason might not follow our plain language principles.

Discussion

The Civil Aviation Authority of Israel (CAAI), which is the aviation authority for Israel, has issued Israeli Airworthiness Directive 31–07–01–12, dated February 15, 2007 (referred to after this as ''the MCAI''), to correct an unsafe condition for the specified products. The MCAI states:

Avionics and electrical wire harnesses are routed behind the Primary Flight Displays (PFD) tray at the rear of the instrument panel. In some cases, the wire harness has been found to be chafing on the PFD tray. That could result in electrical arcing and shorting and subsequent loss of systems essential for safe flight.

The corrective actions include inspecting the wiring harness for chafing, performing repairs if required; and inspecting the wire harnesses for