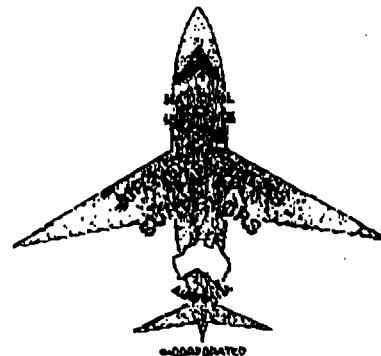


The Chairman and Members of the Board
Civil Aviation Safety Authority
P.O. Box 2005
CANBERRA CITY ACT 2601



P.O. BOX CP57
CONDELL PARK
NSW 2200

CC: Director Aviation Safety
Mr Mick Toller

Mr Chairman and Members of the Board

**Re: INVESTIGATION OF ENGINE OVERHAULS BY
CALIFORNIA AIRMOTIVE PTY LTD**

On 15 September 1998, the National Institute of Airworthiness Surveyors Australia (NIASA) wrote to you expressing its grave concerns over a series of events surrounding the illegal and improper overhaul of one or more aircraft piston engines by California Airmotive Pty Ltd.

The information about which NIASA had become aware, indicated that the following had occurred:

1. **Perversion of the course of justice** by one or more CASA Officers, in that an investigation into critical air safety matters was never brought to its proper conclusion and the offenders never brought to account for their actions;
2. **Deliberate negligence and possible corruption** on the part of one or more CASA Officers, in that a Brief of Evidence, which was stated to have been lodged with the Director of Public Prosecutions (DPP), was never lodged with the DPP. This matter was made all the more serious when one considers that this false information was conveyed to relevant CASA Airworthiness Inspectors and aggrieved industry personnel and was also included in a report from the RMSER to the CASA Board Chairman and, ultimately, to the Minister for Transport.

EXTERNAL INVESTIGATION BY PROFESSOR DENNIS PEARCE

Two members of the NIASA Management Committee, Vice-President Peter Shepherd and Secretary Neil Morton, assisted Professor Dennis Pearce with his inquiries into the above matters. The Institute is aware that many other people, both from industry and those employed by CASA, were also interviewed by Prof. Pearce.

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**NATIONAL INSTITUTE OF AIRWORTHINESS SURVEYORS AUSTRALIA
(INCORPORATED IN THE A.C.T.)**

It is understood that Prof. Pearce's report was given to CASA prior to the 1998 Christmas holiday break.

It is hoped that the CASA Board can now be provided with authoritative answers to the following questions, previously posed to you by this Institute.

QUESTION 1

Was CASA Investigations Officer Mike Shannon ever questioned by Paul Hibberd (CASA Office of Legal Counsel) as part of an earlier internal investigation? If not, why?

QUESTION 2

If "Yes" to above, was CASA Investigator Mike Shannon asked about an interview which he conducted of Roland Muscat at a Qantas facility at Sydney Airport, in which Mr Muscat told Shannon of a number of engines he had witnessed being processed through the Connell's Point garage?

QUESTION 3

If the interview of Mr Muscat took place, who else was present and where is the Record of Interview?

QUESTION 4

If the interview of Mr Muscat took place, why was this key fact omitted from the RMSER Brief to the Chairman?

QUESTION 5

Who was responsible for the false and misleading information contained in the RMSER Brief to the Chairman?

UNANSWERED PREVIOUS QUESTIONS

Relevant matters included in MASA's previous letters, dated 15 Sept 1998 and 30 June 1998, are again re-stated below, as none of the many questions posed in parentheses have been answered.

False and misleading information contained in Brief for the Chairman

A brief was produced on 19 May 1998, entitled "Brief for the Chairman concerning the overhaul of Lycoming 0-540 engine Serial Number L-16281-40 by California Airmotive" and was prepared by SE Region on 19 May 1998. That brief was sent by EM (Subject: Dent brief with Trevor's clearance) on 19 May 1998 at 18:00 hrs to Peter McGuinness, CC to Rob Elder.

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The Executive Summary states that the evidence became corrupted during the process and criminal proceedings will not continue.

[How did the evidence become corrupted, by whom and when?]

The brief states that the Certificate of Approval of California Airmotive was suspended in January 1997.

[It fails to disclose that the company handed in its certificate and requested that it be cancelled, which was done. Why is this not stated in the brief?]

The brief states that Mike Shannon was not consulted with respect to what could be disclosed to members of the public whilst the investigation was still ongoing.

[This is simply not so. Mike Shannon was consulted by Alan Pree and Bob Vale at all necessary times during the course of the investigation.]

The brief states that the disclosure of some of the evidence by CASA staff jeopardised further investigation and future criminal proceedings. It offers, as examples, the return of the engine to Dent Aviation and also to California Airmotive under Dent's authorisation.

[What evidence was disclosed to the public that was alleged to have jeopardised the case?]

The brief states that the DPP verbally advised CASA that the evidence submitted was insufficient and that more crucial proof was needed.

[Why was this not made known to the District Office? David Dent has advised that he has spoken to Chris Murphy of the DPP's office, who apparently can find nothing in connection with this matter, even when given a submission date of 8 May 1997. The RMSEER has since established that Mike Shannon DID NOT EVER lodge a submission on this matter with the DPP. Why, then, did Mike Shannon repeatedly assure Airworthiness Inspectors that a submission had been lodged but that the DPP's office was taking its time getting around to looking at it?]

The brief states that CASA investigators were working on gathering the required evidence which was becoming increasingly more difficult with the passage of time and the engine in question being sent from one place to another for evaluation and finally returned to Mr Leach.

[The moving of the engine was always done with the prior knowledge of Mike Shannon.]

The brief states that, in view of CASA's inability to establish the facts relating to the status of the engine at the time of the submission of the MDR, the current Regional Manager South East Region has decided not to continue with criminal proceedings.

[Who in CASA were unable to establish the facts? The problem would seem to be that of the investigator not supplying more crucial proof. Mr Roland Muscat has advised that he stated emphatically to Mike Shannon that he witnessed many engines being overhauled at the Leach's Connell's Point garage. Why has Mike Shannon never returned to Mr Muscat to conduct a formal record of interview or to obtain a signed statement?]

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Why has the person who performed the subsequent overhaul of the engine, Mr Brian Rule, not been interviewed by Mike Shannon?]

As previously stated, grave concern is held for an unknown number of engines on which maintenance (including overhaul) has been carried out at the Connell's Point residence of Nick Leach.

CONCLUSIONS

Subsequent investigations have confirmed that California Airmotive Pty Ltd has never held a Certificate of Approval (COA) of any kind, let alone one covering the maintenance of aircraft piston engines. The COA previously held by A.G. Leach and K. Hatfield had a registered business name of California Airmotive, which also appeared on that COA as the trading name, with the only recognised location of Macclesfield, Victoria. However, the engine removed by Dent Aviation from Piper Pawnee VH-PLJ was not overhauled at the Macclesfield premises and had been certified as having been overhauled by A.G. Leach, for and on behalf of California Airmotive Pty Ltd.

What's more, it has become clear that "show cause" actions against the COA of Groupair, of which A.G. Leach is a principal, and the AME Licence of A.G. Leach, have not proceeded for reasons which are unclear, but nevertheless curious, to say the least. The only plausible reason would suggest that Mr Leach is being protected from enforcement action by someone within CASA.

It has now been in excess of 6 months since NIASA first brought its concerns in regard to these matters to the notice of the CASA Board. To date, the Institute has not received an answer to any of the questions posed. Of greater concern is the fact that the CASA Board and its Senior Management have been provided with more than a reasonable amount of time in which to properly address those concerns expressed by this Institute.

The investigation of critical air safety matters has never been brought to its proper conclusion and the offenders have never been brought to account for their actions.

Furthermore, on 16 September 1998, following receipt of the second NIASA letter concerning these matters, CASA Director Mr Mick Toller asked NIASA Secretary Neil Morton for two days grace before the Institute conveyed its concerns to the news and current affairs media. Of course, in the circumstances, such a request was an entirely reasonable one, particularly as Mr Toller had informed us of his intentions to have Prof. Pearce conduct an independent inquiry into these matters.

You may recall that, following a presentation by NIASA to the Board on 20 February 1998, you stated that if Airworthiness Inspectors were aware of serious air safety problems about which District and Regional Management had failed to properly address, then those inspectors were required to inform the Board. This is one such case and the Board has been so advised.

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Having given the Board and Mr Toller every opportunity to reach a satisfactory and timely conclusion to the above matters, NIASA members are now so concerned at CASA's reluctance to take appropriate action that the Institute must seriously reconsider whether or not to take its concerns to the media and the public of Australia. We cannot wait any longer.

It is also our understanding that one or more CASA Officers failed to co-operate with Prof. Pearce during his investigation. This gives rise to further concerns about possible negligence and corruption on the part of certain CASA Officers. NIASA respectfully requests that its Secretary be provided, as a matter of extreme urgency, with a copy of the report compiled by Prof. Pearce. This will assist the Institute with its deliberations and may well avoid the necessity for such drastic and regrettable action being taken.

If CASA is serious about the vigorous pursuit of those in industry who choose not to comply and if CASA gives a clear commitment to act swiftly in the matters outlined above, NIASA is prepared to provide assistance in any way possible.

Please be advised that the Institute's Secretary is currently on Recreation Leave until 15 January 1999, but can be contacted at his Camden residence on telephone (02) 46.551251.

Yours sincerely



NEIL MORTON
Secretary
NIASA

07 JANUARY 1999

**NATIONAL INSTITUTE OF AIRWORTHINESS SURVEYORS AUSTRALIA
(INCORPORATED IN THE A.C.T.)**