

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
SOUTHERN DIVISION**

No. 7:23-CV-00265

UNITED STATES OF AMERICA,

Plaintiff,

v.

CAMPBELL OIL COMPANY;
EXECUTIVE AIR SERVICES, INC.;
BRIAN D. CAMPBELL; and DAVID
TAYLOR STEPHENS,

Defendants.

COMPLAINT
(Jury Trial Demanded)

The United States of America, for itself and on behalf of its agency, the Federal Aviation Administration (“FAA”), alleges as follows:

INTRODUCTION

1. The United States of America brings this civil action against defendants Campbell Oil Company, (“Campbell Oil”), Executive Air Services, Inc. (“EAS”), Brian D. Campbell (“Campbell”), and David Taylor Stephens (“Stephens,” and collectively with Campbell Oil, EAS, and Campbell, “Defendants”) pursuant to 49 U.S.C. § 46301(a) to recover civil penalties for violations of the Federal Aviation Act (the “Aviation Act”) and the Federal Aviation Regulations (“FARs”).

2. Over a multi-year period, Defendants engaged in a fraudulent scheme to evade Aviation Act and FAR safety and operational regulations applicable to air carriers and commercial operators. Campbell Oil and EAS entered into numerous

sham “dry leases” for aircraft owned by Campbell Oil and EAS that purported to assign “operational control” of the aircraft to the lessees, and thereby to exempt Defendants from regulations applicable to air carriers and commercial operators. Contrary to the language of the leases, Defendants, in fact, retained operational control by, among other actions, accepting flight requests, assigning aircraft and pilots, providing insurance, and overseeing aircraft maintenance. Accordingly, the United States seeks civil penalties for Defendants’ violations of the Aviation Act and FAR. *See* 49 U.S.C. § 46301.

JURISDICTION, VENUE, AND PARTIES

3. This Court has subject matter jurisdiction over this action under 49 U.S.C. §§ 46301(d)(4) & 46305; and 28 U.S.C. § 1345.

4. This Court has personal jurisdiction over the Defendants and venue is proper in this district under 49 U.S.C. § 46106 and 28 U.S.C. §§ 1391(b) & 1395, because the Defendants can be found in, reside in, have transacted business in, and/or a substantial part of the events or omissions giving rise to this claim occurred in the Eastern District of North Carolina.

5. Campbell Oil is a North Carolina corporation with a principal office and registered office at 418 Peanut Road, Elizabethtown, North Carolina 28337.

6. EAS is a North Carolina corporation with a registered office at 505 Shinnecock Court, New Bern, North Carolina 28560 and a registered mailing address at P.O. Box 13097, New Bern, North Carolina 28561.

7. Campbell is a natural person who, upon information and belief, resides in Elizabethtown, North Carolina. Upon information and belief, Campbell is President of Campbell Oil and EAS.

8. Stephens is a natural person who, upon information and belief, resides at 1100 Wachesaw Road, Murrells Inlet, South Carolina 29576.

STATUTORY AND REGULATORY BACKGROUND

9. The Aviation Act and FARs establish the requirements for commercial aviation operations in the United States.

10. Part 119 of the FARs prescribes certification requirements for air carriers and commercial operators, providing that no person or entity may operate as an air carrier or commercial operator without an appropriate certificate and appropriate operations specifications. 14 C.F.R. §§ 119.1(a) & 119.5(g).

11. The Aviation Act defines “air carrier” as a person or entity “undertaking by any means, directly or indirectly, to provide transportation.” 49 U.S.C. §§ 40102(a)(2), (15); *see also* 14 C.F.R. § 1.1 (“Air carrier means a person who undertakes directly by lease, or other arrangement, to engage in air transportation.”).

12. The FARs define a “commercial operator” as “a person who, for compensation or hire, engages in the carriage by aircraft in air commerce of persons or property, other than as an air carrier.” 14 C.F.R. § 1.1. The regulations further define “air commerce” as “interstate, overseas, or foreign air commerce or the transportation of mail by aircraft or any operation or navigation of aircraft within the limits of any Federal airway or any operation or navigation of aircraft which directly

affects, or which may endanger safety in, interstate, overseas, or foreign air commerce.” *Id.*

13. Part 135 of the FARs promulgates rules governing operations of each person or entity who holds or is required to hold an air carrier or operating certificate under Part 119. 14 C.F.R. § 135.1(a)(1). Part 135’s rules also apply to a person or entity “who engages in any operation governed by this part without an appropriate certificate and operations specifications required by [P]art 119.” 14 C.F.R. § 135.7.

14. An aircraft owner may avoid acting as an air carrier or commercial operator if, through a lease agreement, the owner transfers “operational control” of the aircraft to the lessee. FARs define operational control as, “with respect to a flight, . . . the exercise of authority over initiating, conducting or terminating a flight.” 14 C.F.R. § 1.1. Factors indicative of operational control include:

- Assigning crewmembers and aircraft; accepting flight requests; and initiating, conducting, and terminating flights;
- Engagement of the pilots as employees or agents;
- Maintaining the aircraft;
- Ensuring that the flight, aircraft, and crew comply with regulations;
- Deciding when and where maintenance is accomplished and directly paying for maintenance;
- Determining weather/fuel requirements and directly paying for fuel; and
- Directly paying for airport fees, parking/hangar costs, food service and/or rental cars.

United States v. King, 524 F. Supp. 3d 668, 675 (S.D. Tex. 2020) (citing Fed. Aviation Admin., U.S. Dep’t of Transp., No. 91-37B, Truth in Leasing ¶ (8.3 (Feb. 10, 2016))). Not all factors must be present for a person or entity to hold operational control.

FACTUAL BACKGROUND

15. Campbell, Campbell Oil, and EAS do not presently hold an air carrier or commercial operator certificate, or operations specifications, issued by the FAA. Campbell, Campbell Oil, and EAS also lacked an air carrier or commercial operator certificate or operations specifications issued by the FAA, during the period April 8, 2017, through March 20, 2019.

16. Stephens is the primary pilot used by Campbell, Campbell Oil, and EAS, and is an agent of Campbell, Campbell Oil, and EAS. So Stephens could pilot flights on Campbell Oil and EAS’s behalf, Campbell arranged for Stephens to receive flight training, which was paid for by EAS. Campbell Oil paid for a cell phone Stephens used to conduct business on behalf of Campbell Oil and EAS. Stephens performed pilot services on behalf Campbell Oil and EAS through the now-dissolved entity T&E Services, LLC d/b/a T&E Enterprises (“T&E Services”). The registered address for T&E Services was the same address as Stephens’ personal address: 1110 Wachesaw Road, Murrells Inlet, South Carolina 29576. Campbell Oil and EAS would pay Stephens, through T&E Services, commissions for flights he piloted on behalf of Campbell Oil and EAS.

17. Stephens does not presently hold an air carrier or commercial operator certificate or operations specifications issued by the FAA. Stephens also lacked an air

carrier or commercial operator certificate or operations specifications issued by the FAA, during the period April 8, 2017, through March 20, 2019.

18. At all relevant times, a Cessna 525 aircraft, registration number N77VG (the “Cessna 525”), was registered in the name of Campbell Oil.

19. At all relevant times, a Cessna 525A aircraft, registration number N29MC (the “Cessna 525A”), was registered in the name of EAS.

20. At all relevant times, a Beechcraft 200 aircraft, registration number N442KA (the “Beechcraft 200”), was registered in the name of EAS.

21. Campbell Oil leased the Cessna 525, the Cessna 525A, and the Beechcraft 200 pursuant to the following agreements with the following effective dates:

Lessor	Submitted by	Lessee (operator)	Beechcraft 200	Cessna 525	Cessna 525A	Effective date
Campbell Oil Company	Brian Campbell	Bradley Housing Developers LLC		X		2/16/2019
Campbell Oil Company	Brian Campbell	Caviness Land Development		X		3/13/2015
Campbell Oil Company	Brian Campbell	Conner Marketing Group, Inc.		X		3/21/2016
Campbell Oil Company	Brian Campbell	D.B.		X		12/12/2015
Campbell Oil Company	Brian Campbell	D.B.		X		12/12/2018
Campbell Oil Company	Brian Campbell	Dubose Strapping		X		3/16/2019

Lessor	Submitted by	Lessee (operator)	Beachcraft 200	Cessna 525	Cessna 525A	Effective date
Campbell Oil Company	Brian Campbell	Emerson Ventures II		X		3/8/2019
Campbell Oil Company	Brian Campbell	Executive Aircraft Services, Inc.	X	X	X	12/7/2017
Campbell Oil Company	Brian Campbell	Family Foods, Inc.		X		4/1/2013
Campbell Oil Company	Brian Campbell	H&S Aircraft LLC		X		9/25/2015
Campbell Oil Company	Brian Campbell	Highland Paving		X		2/16/2016
Campbell Oil Company	Brian Campbell	Horne Brothers Construction		X		4/18/2017
Campbell Oil Company	Brian Campbell	Hutchens Law Firm LLP		X		6/5/2017
Campbell Oil Company	Brian Campbell	Jarrett Bay Boatworks, Inc.		X		4/26/2016
Campbell Oil Company	Brian Campbell	Keith Wayne Company		X		9/16/2015
Campbell Oil Company	Brian Campbell	Land South Partners		X		6/20/2017
Campbell Oil Company	Brian Campbell	L.K.		X		1/31/2017
Campbell Oil Company	Brian Campbell	Lee Development Co. LLC		X		11/14/2013
Campbell Oil Company	Brian Campbell	MBM Capital LLC		X		3/17/2016

Lessor	Submitted by	Lessee (operator)	Beachcraft 200	Cessna 525	Cessna 525A	Effective date
Campbell Oil Company	Brian Campbell	M.W.		X		2/27/2019
Campbell Oil Company	Brian Campbell	National Warehouse Leasing		X		11/5/2015
Campbell Oil Company	Brian Campbell	Palmetto Corporation/Shawn Godwin		X		4/18/2017
Campbell Oil Company	Brian Campbell	PFC Inc. Stingray Boats		X		3/4/2019
Campbell Oil Company	Brian Campbell	R.H. Moore Company		X		5/27/2016
Campbell Oil Company	Brian Campbell	Regulator Marine		X		12/27/2016
Campbell Oil Company	Brian Campbell	Siskey Capital LLC		X		3/16/2015
Campbell Oil Company	Brian Campbell	Tatum Insulation II		X		3/18/2019
Campbell Oil Company	Brian Campbell	The Teal Company LLC		X		8/22/2014
Campbell Oil Company	Brian Campbell	The Teal Company LLC		X		9/25/2015
Campbell Oil Company	Brian Campbell	Timbervest Holdings LLC		X		3/4/2014

22. EAS leased the Cessna 525, the Cessna 525A, and the Beachcraft 200 pursuant to the following agreements with the following effective dates:

Lessor	Submitted by	Lessee (operator)	Beachcraft 200	Cessna 525	Cessna 525A	Effective date
Executive Aircraft Services	Brian Campbell	AG Equipment Direct, LLC	X	X	X	6/21/2018
Executive Aircraft Services	Brian Campbell	AG Equipment Direct, LLC	X	X	X	6/21/2019
Executive Aircraft Services	Brian Campbell	Bode & Harrell LLP	X	X	X	10/3/2018
Executive Aircraft Services	Brian Campbell	Bradley Housing Developers LLC.	X		X	2/16/2019
Executive Aircraft Services	Brian Campbell	Campbell Oil Company	X	X	X	12/7/2017
Executive Aircraft Services	Brian Campbell	Caviness and Cates Building and Development	X	X	X	1/2/2018
Executive Aircraft Services	Brian Campbell	CBC Marine LLC	X	X	X	11/7/2017
Executive Aircraft Services	Brian Campbell	CWJ Aviation LLC	X	X		7/20/2017
Executive Aircraft Services	Brian Campbell	Directional Services Inc.	X	X	X	1/31/2018
Executive Aircraft Services	Brian Campbell	Dubose Strapping	X	X	X	5/9/2018
Executive Aircraft Services	Brian Campbell	Emerson Ventures II	X	X	X	7/26/2017
Executive Aircraft Services	Brian Campbell	Godwin Group, LLC	X	X	X	11/17/2017
Executive Aircraft Services	Brian Campbell	Green Strip, LTD	X	X	X	4/8/2018

Lessor	Submitted by	Lessee (operator)	Beachcraft 200	Cessna 525	Cessna 525A	Effective date
Executive Aircraft Services	Brian Campbell	H&S Aircraft LLC	X			9/25/2015
Executive Aircraft Services	Brian Campbell	H&S Aircraft LLC	X		X	2/15/2019
Executive Aircraft Services	Brian Campbell	H&S Aircraft LLC		X		2/15/2019
Executive Aircraft Services	Brian Campbell	H&S Aircraft LLC	X		X	3/5/2019
Executive Aircraft Services	Brian Campbell	Highland Paving	X	X	X	11/3/2018
Executive Aircraft Services	Brian Campbell	Horne Brothers Construction	X	X	X	1/27/2018
Executive Aircraft Services	Brian Campbell	Hutchens Law Firm LLP	X			6/5/2017
Executive Aircraft Services	Brian Campbell	Hyatt Buick	X	X	X	5/16/2018
Executive Aircraft Services	Brian Campbell	IVP Forest Products, LLC	X	X	X	2/9/2018
Executive Aircraft Services	Brian Campbell	Jarrett Bay Boatworks	X			4/26/2016
Executive Aircraft Services	Brian Campbell	T.J.	X	X	X	9/4/2018
Executive Aircraft Services	Brian Campbell	KACMD, LLC	X	X	X	5/9/2018
Executive Aircraft Services	Brian Campbell	K.M.	X	X		10/7/2017

Lessor	Submitted by	Lessee (operator)	Beachcraft 200	Cessna 525	Cessna 525A	Effective date
Executive Aircraft Services	Brian Campbell	Land South Partners	X			6/20/2017
Executive Aircraft Services	Brian Campbell	L.K.	X	X		1/31/2017
Executive Aircraft Services	Brian Campbell	MBM Capital LLC	X			3/17/2016
Executive Aircraft Services	Brian Campbell	J.M.	X	X		7/26/2017
Executive Aircraft Services	Brian Campbell	M.W.	X	X	X	2/27/2019
Executive Aircraft Services	Brian Campbell	M.S.	X	X	X	9/15/2017
Executive Aircraft Services	Brian Campbell	National Warehouse Leasing, LLC	X			11/5/2015
Executive Aircraft Services	Brian Campbell	Palmetto Corporation/S.G.	X			4/18/2017
Executive Aircraft Services	Brian Campbell	B.P.	X	X	X	12/7/2017
Executive Aircraft Services	Brian Campbell	PFC Inc. Stingray Boats	X	X	X	10/26/2018
Executive Aircraft Services	Brian Campbell	P.B.	X	X	X	11/3/2018
Executive Aircraft Services	Brian Campbell	R.H. Moore Company, Inc.	X	X	X	4/8/2018
Executive Aircraft Services	Brian Campbell	Regulator Marine	X	X	X	2/13/2018

Lessor	Submitted by	Lessee (operator)	Beachcraft 200	Cessna 525	Cessna 525A	Effective date
Executive Aircraft Services	Brian Campbell	R.L.	X	X		7/3/2017
Executive Aircraft Services	Brian Campbell	C.S.	X	X	X	12/15/2017
Executive Aircraft Services	Brian Campbell	Share Air LLC	X	X	X	11/19/2018
Executive Aircraft Services	Brian Campbell	Tatum Insulation II	X		X	3/18/2019
Executive Aircraft Services	Brian Campbell	The Teal Company LLC	X			8/22/2014
Executive Aircraft Services	Brian Campbell	The Teal Company LLC	X			9/25/2015
Executive Aircraft Services	Brian Campbell	The Teal Company LLC	X	X	X	1/27/2018
Executive Aircraft Services	Brian Campbell	B.T.	X	X	X	1/31/2018
Executive Aircraft Services	Brian Campbell	Time Out Properties LLC	X	X	X	12/7/2017
Executive Aircraft Services	Brian Campbell	TMX Shipping Company	X	X	X	1/3/2018
Executive Aircraft Services	Brian Campbell	T.S.	X	X	X	12/14/2017
Executive Aircraft Services	Brian Campbell	A.T.	X	X	X	4/8/2018

23. Leases set forth in Paragraphs 21 and 22 state: “the lease shall commence on the Effective Date and continue for Twenty Four (24) months

thereafter. At the end of the initial 24 month term or any subsequent 24 month period, the Term shall automatically be renewed for an additional 24 month period.”

24. Leases set forth in Paragraphs 21 and 22 expressly purported to be “dry leases,” under which the lessor leases the equipment, and the lessee assumes operational control.

25. Leases set forth in Paragraphs 21 and 22 state that the the “Owner shall be solely responsible for any repairs or maintenance of the Aircraft that shall be required during the Term of this Lease.” The leases further state that “Owner shall maintain, or cause to be maintained, aircraft liability insurance” and “aircraft hull insurance.”

26. Leases set forth in Paragraphs 21 and 22 contained the “Truth In Leasing” statement from 14 C.F.R. § 91.23, which applies by the language of the regulation to only the Cessna 525 and the Cessna 525A:

13.1 TRUTH IN LEASING STATEMENT UNDER SECTION 91.23 OF THE FAR’S.

WITHIN THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE OF THIS LEASE, THE AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED AND IN ACCORDANCE WITH THE PROVISIONS OF FAR PART 91.

THE PARTIES HERETO CERTIFY THAT DURING THE TERM OF THIS LEASE AND FOR OPERATIONS CONDUCTED HEREUNDER, THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN ACCORDANCE WITH THE PROVISIONS OF FAR PART 91.

LESSEE ACKNOWLEDGES THAT WHEN IT OPERATES THE AIRCRAFT UNDER THIS LEASE, IT SHALL BE KNOWN AS, CONSIDERED, AND IN FACT WILL BE THE OPERATOR OF SUCH AIRCRAFT. EACH PARTY HERETO CERTIFIES THAT IT UNDERSTANDS THE EXTENT OF ITS RESPONSIBILITIES SET FORTH HEREIN FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FEDERAL AVIATION ADMINISTRATION FLIGHT STANDARDS DISTRICT OFFICE, GENERAL AVIATION DISTRICT OFFICE, OR AIR CARRIER DISTRICT OFFICE.

THE PARTIES HERETO CERTIFY THAT A TRUE COPY OF THIS LEASE SHALL BE CARRIED ON THE AIRCRAFT AT ALL TIMES, AND SHALL BE MADE AVAILABLE FOR INSPECTION UPON REQUEST BY AN APPROPRIATELY CONSTITUTED IDENTIFIED REPRESENTATIVE OF THE ADMINISTRATOR OF THE FAA.

27. Leases set forth in Paragraphs 21 and 22 state: “Each use of the Aircraft by Lessee shall be subject to Owner’s prior approval. Lessee shall submit flight scheduling requests to the Owner as far in advance as reasonably possible. Owner may approve or deny any flight scheduling request in Owner’s discretion.”

28. Leases set forth in Paragraphs 21 and 22 state: “Owner shall, at its expense, maintain and preserve, or cause to be maintained and preserved, in the English Language, all Aircraft Documents in a complete, accurate, and up-to-date manner.”

29. Leases set forth in Paragraphs 21 and 22 state: “Owner shall thereafter be solely responsible for any repairs or maintenance of the Aircraft that shall be required during the Term of this Lease.”

30. Despite the leases set forth in Paragraphs 21 and 22 being titled “dry leases,” they were in fact “wet leases.” FARs define a “wet lease” as “any leasing arrangement whereby a person agrees to provide an entire aircraft and at least one crewmember.” 14 C.F.R. § 110.2. Under a wet lease, the lessor retains operational control of the flight. *C.A.B. v. B & M Leasing*, 331 F.2d 592 (5th Cir. 1964).

31. During the period from April 8, 2017, and continuing through at least March 20, 2019, Defendants transported passengers for compensation or hire on the Cessna 525, the Cessna 525A, and the Beachcraft 200, including on the following 154 flights operated under the leases set forth in Paragraphs 21 and 22:

Date	Aircraft	Route¹	Pilot
4/8/2017	Beechcraft 200	MYR/MYNN	Stephens
4/13/2017	Cessna 525	CRE/CUB	Stephens
4/13/2017	Beechcraft 200	MYNN/ILM	Stephens
4/13/2017	Beechcraft 200	ILM/MYR	Stephens
6/19/2017	Cessna 525	CRE/HEF	Stephens
6/20/2017	Cessna 525	HEF/CRE	Stephens
6/21/2017	Cessna 525	CRE/CEU	Stephens
6/21/2017	Cessna 525	CEU/CRE	Stephens
6/22/2017	Cessna 525	CRE/JZI	Stephens
6/22/2017	Cessna 525	JZI/HEF	Stephens
6/22/2017	Cessna 525	HEF/JZI	Stephens
6/22/2017	Cessna 525	JZI/CRE	Stephens
6/23/2017	Cessna 525	CRE/HKY	Stephens
6/23/2017	Cessna 525	HKY/CRE	Stephens
6/25/2017	Cessna 525	CRE/HKY	Stephens
6/25/2017	Cessna 525	HKY/CRE	Stephens
6/26/2017	Cessna 525	CRE/PDK	Stephens
6/27/2017	Cessna 525	PDK/CRE	Stephens
6/29/2017	Cessna 525	CRE/CUB	Stephens
6/29/2017	Cessna 525	CUB/CRE	Stephens
7/3/2017	Cessna 525	CRE/CUB	Stephens
7/3/2017	Cessna 525	CUB/RDU	Stephens
7/3/2017	Cessna 525	RDU/CUB	Stephens
7/3/2017	Cessna 525	CUB/CRE	Stephens
7/6/2017	Cessna 525	CRE/CLT	Barringer
7/6/2017	Cessna 525	CLT/CRE	Barringer
7/12/2017	Cessna 525	CRE/EQY	Stephens
7/12/2017	Cessna 525	EQY/CRE	Stephens
7/17/2017	Cessna 525	CRE/PDK	Stephens

¹ Exhibit A sets the the geographic location of the airport denominated by the International Air Transport Association code used to designate routes in this table.

Date	Aircraft	Route¹	Pilot
7/18/2017	Cessna 525	PDK/CRE	Stephens
7/20/2017	Cessna 525	CRE/JZI	Stephens
7/20/2017	Cessna 525	JZI/CRE	Stephens
8/2/2017	Cessna 525	EQY/ISO	Stephens
8/2/2017	Cessna 525	ISO/EQY	Stephens
8/9/2017	Beechcraft 200	CRE-PDK	Barringer
8/11/2017	Beechcraft 200	PDK-CRE	Barringer
8/25/2017	Cessna 525	EQY/SYR	Stephens
8/26/2017	Cessna 525	SYR/EQY	Stephens
8/27/2017	Cessna 525	MRN/CRE	Stephens
8/31/2017	Cessna 525	ISO/EQY	Stephens
9/2/2017	Cessna 525	JZI/RDU	Stephens
9/2/2017	Cessna 525	IGX/JZI	Stephens
9/7/2017	Cessna 525	CRE/HXD	Stephens
9/7/2017	Cessna 525	HXD/CRE	Stephens
9/12/2017	Cessna 525	CRE/JZI	Stephens
9/12/2017	Cessna 525	JZI/CRE	Stephens
9/21/2017	Cessna 525	CRE/GMU	Stephens
9/21/2017	Cessna 525	GMU/CRE	Stephens
10/15/2017	Cessna 525	IGX/CRE	Stephens
10/22/2017	Cessna 525	FHB/CRE	Stephens
10/22/2017	Cessna 525	TLH/FHB	Stephens
10/26/2017	Cessna 525	TLH/EQY	Stephens
10/27/2017	Cessna 525	ILM/IGX	Stephens
10/27/2017	Cessna 525	IGX/ILM	Stephens
11/13/2017	Cessna 525	CRE/JZI	Stephens
11/13/2017	Cessna 525	JZI/CRE	Stephens
11/14/2017	Cessna 525	CRE/HXD	Stephens
11/14/2017	Cessna 525	HXD/CRE	Stephens
11/29/2017	Cessna 525	EMV/CRE	Stephens
12/6/2017	Cessna 525	CRE/SAV	Stephens
12/6/2017	Cessna 525	SAV/TEB	Stephens
12/6/2017	Cessna 525	TEB/CRE	Stephens
12/7/2017	Cessna 525	CRE/PDK	Stephens
12/7/2017	Cessna 525	PDK/FFC	Stephens
12/7/2017	Cessna 525	FFC/RDU	Stephens
12/7/2017	Cessna 525	RDU/CRE	Stephens
12/8/2017	Cessna 525	FTY/CRE	Stephens
12/10/2017	Cessna 525	CRE/IGX	Stephens

Date	Aircraft	Route¹	Pilot
12/10/2017	Cessna 525	IGX/CRE	Stephens
1/7/2018	Cessna 525	MRH/PIE	Barringer
1/7/2018	Cessna 525	PIE/MRH	Barringer
1/9/2018	Cessna 525	PDK/ORL	Stephens
1/11/2018	Cessna 525	ORL/CUB	Stephens
1/11/2018	Cessna 525	CUB/PDK	Stephens
1/12/2018	Cessna 525	JZI/CRE	Stephens
1/13/2018	Cessna 525	CRE/PDK	St Pierre
1/14/2018	Cessna 525	PDK/CRE	St Pierre
1/18/2018	Cessna 525	FAY/BNA	Stephens
1/25/2018	Cessna 525	CRE/JZI	Stephens
1/25/2018	Cessna 525	JZI/CRE	Stephens
1/29/2018	Cessna 525	CRE/PDK	Stephens
1/29/2018	Cessna 525	PDK/CRE	Stephens
2/6/2018	Cessna 525A	CRE/PDK	Stephens
2/7/2018	Cessna 525A	PDK/CRE	Stephens
2/12/2018	Cessna 525	CRE/IGX	Stephens
2/12/2018	Cessna 525	RDU/CRE	Stephens
2/23/2018	Cessna 525A	CRE/JZI	Stephens
2/23/2018	Cessna 525A	JZI/CRE	Stephens
2/26/2018	Cessna 525A	CRE/JZI	Stephens
2/26/2018	Cessna 525A	JZI/PDK	Stephens
2/26/2018	Cessna 525A	PDK/FIN	Stephens
2/26/2018	Cessna 525A	FIN/PDK	Stephens
2/27/2018	Cessna 525A	PDK/AVL	Stephens
2/27/2018	Cessna 525A	AVL/PDK	Stephens
2/27/2018	Cessna 525A	PDK/JZI	Stephens
2/27/2018	Cessna 525A	JZI/CRE	Stephens
3/7/2018	Cessna 525A	CRE/HXD	Stephens
3/7/2018	Cessna 525A	HXD/CRE	Stephens
3/7/2018	Cessna 525A	CRE/IGX	Stephens
3/7/2018	Cessna 525A	RDU/CRE	Stephens
3/11/2018	Cessna 525A	TEB/CRE	Stephens
3/12/2018	Cessna 525A	CRE/PDK	Stephens
3/12/2018	Cessna 525A	PDK/CRE	Stephens
3/15/2018	Cessna 525A	FAY/FLL	Stephens
3/18/2018	Cessna 525A	FLL/FAY	Stephens
3/21/2018	Cessna 525A	CRE/JZI	Stephens
3/21/2018	Cessna 525A	JZI/CRE	Stephens

Date	Aircraft	Route¹	Pilot
3/29/2018	Cessna 525A	FLL/MYAM	Stephens
4/3/2018	Cessna 525A	MYAM/CRE	Stephens
5/25/2018	Cessna 525A	GGE/MYAM	Stephens
5/25/2018	Cessna 525A	MYAM/FPR	Stephens
5/25/2018	Cessna 525A	FPR/TIX	Stephens
5/29/2018	Cessna 525A	CRE/PDK	Stephens
5/29/2018	Cessna 525A	PDK/RKP	Stephens
5/29/2018	Cessna 525A	RKP/HOU	Stephens
5/29/2018	Cessna 525A	HOU/PKV	Stephens
5/29/2018	Cessna 525A	PKV/PDK	Stephens
5/30/2018	Cessna 525A	PDK/APF	Stephens
5/30/2018	Cessna 525A	APF/PDK	Stephens
5/30/2018	Cessna 525A	PDK/CRE	Stephens
6/13/2018	Cessna 525A	CRE/JZI	Stephens
6/13/2018	Cessna 525A	JZI/CRE	Stephens
6/14/2018	Cessna 525A	CRE/JZI	Stephens
6/14/2018	Cessna 525A	JZI/PDK	Stephens
6/14/2018	Cessna 525A	PDK/RAS	Stephens
6/14/2018	Cessna 525A	RAS/PKV	Stephens
6/14/2018	Cessna 525A	PKV/HOU	Stephens
6/14/2018	Cessna 525A	HOU/PDK	Stephens
6/14/2018	Cessna 525A	PDK/JZI	Stephens
6/14/2018	Cessna 525A	JZI/CRE	Stephens
6/19/2018	Cessna 525	CRE/TEB	Stephens
6/20/2018	Cessna 525	TEB/CRE	Stephens
7/23/2018	N29MC	CRE/JZI	Stephens
7/23/2018	Cessna 525A	JZI/CRE	Stephens
7/27/2018	Cessna 525A	CRE/GMU	Stephens
7/27/2018	Cessna 525A	GMU/CRE	Stephens
8/1/2018	Cessna 525A	CRE/PDK	Stephens
8/3/2018	Cessna 525A	PDK/CRE	Stephens
8/3/2018	Cessna 525A	CRE/PGV	Stephens
9/10/2018	Cessna 525	F45/MYR	Stephens
9/10/2018	Cessna 525	MYR/GMU	Stephens
9/28/2018	Cessna 525A	ILG/BNA	Stephens
10/1/2018	Cessna 525A	BNA/ILG	Stephens
11/7/2018	Cessna 525	CRE/HXD	Stephens
11/7/2018	Cessna 525	HXD/MYR	Stephens
11/8/2018	Cessna 525	MYR/PDK	Stephens

Date	Aircraft	Route¹	Pilot
11/9/2018	Cessna 525	PDK/MYR	Stephens
11/13/2018	Cessna 525	MYR/JZI	Stephens
11/13/2018	Cessna 525	JZI/MYR	Stephens
1/7/2019	Cessna 525	MYR/HKY	Stephens
1/7/2019	Cessna 525	HKY/MYR	Stephens
3/19/2019	Cessna 525A	MYR/BLF	Stephens
3/20/2019	Cessna 525A	BLF/F45	Stephens
3/20/2019	Cessna 525A	F45/EYF	Stephens

32. Campbell Oil and EAS held themselves out as offering air transport services. To that end, Campbell’s brother, D. McQueen Campbell III, wrote a message describing the leasing of aircraft for transport as their “family’s business” and the dozens of lessees as the business’s “customers.”

33. Defendants treated Campbell Oil and EAS’s aircraft leasing activities as a single business. For example, EAS leases used Campbell Oil’s business address and directed that contract-related communications be sent to Campbell at his Campbell Oil email address. EAS entered into leases for aircraft owned by Campbell Oil. Certain lessees seeking to schedule a flight with EAS contacted Campbell at his Campbell Oil email address, who then scheduled the flight. Invoices issued by EAS used Campbell Oil’s 418 Peanut Road, Elizabethtown, NC 28337 address, were issued by Campbell, and, in certain cases, directed lessees with questions to contact Campbell at his Campbell Oil email address. Campbell Oil requisition forms for checks payable to Stephens for commissions on flights he piloted for Campbell Oil and EAS’s lessees directed that payment be made from EAS’s bank account.

34. EAS is an alter ego of Campbell Oil.

35. The lessees paid Campbell Oil or EAS for each of the flights set forth in Paragraph 31.

36. The lessees did not have operational control of any of the flights set forth in Paragraph 31. Lessees, for example, were not responsible for scheduling aircraft, selecting the air crew, maintaining insurance, or aircraft maintenance, nor were they aware of the aircraft airworthiness status. Indeed, many lessees were unaware of the meaning of the term “operational control.”

37. Defendants exercised operational control over each of the flights set forth in Paragraph 31. Campbell (and sometimes Stephens) received requests for and arranged the flights; Campbell Oil and EAS selected and provided the aircraft; Campbell Oil and EAS were responsible for providing training for the pilots; Campbell Oil and EAS were responsible for aircraft maintenance and aircraft documents; and, in almost every case, Stephens flew the aircraft. For flights when Stephens was not available, Defendants arranged for pilots Theodore Rene St. Pierre or David Windsor Barringer to fly the aircraft.

38. Defendants operated each of the flights set forth in Paragraph 31 for compensation or hire.

39. The purported dry leases, including those referenced in Paragraphs 21 and 22, were a sham designed and calculated to avoid the requirements of Parts 119 and 135 and were, in fact, wet leases.

40. With respect to the flights set forth in Paragraph 31:

a. the flights were operated by a pilot who had not passed a written or oral test given by the Administrator or authorized check pilot on those pilots' knowledge within the twelve months preceding each flight;

b. the flights were operated by pilots who had not passed a competency check, given by the Administrator or an authorized check pilot, in that class of aircraft in the twelve months preceding those those flights;

c. the pilot in command had not passed a flight check in the type of aircraft the pilot was to fly in the twelve months preceding those those flights; and

d. the pilot-in-command had not completed the appropriate initial or recurrent training phase of an FAA approved training program in the twelve months preceding those those flights.

FRAUDULENT CONCEALMENT

41. Campbell Oil And EAS, under the actions and authority of Campbell, engaged in affirmative acts to conceal their violations of the Aviation Act and FARs, including by entering into sham "dry" lease agreements that gave the false impression that the lessees were assuming operational control of the aircraft subject to the lease agreements, and therefore that Defendants were not subject to Aviation Act and FAR safety and operational requirements applicable to air carriers or commercial operators.

42. The United States did not discover, and could not have discovered through the exercise of reasonable diligence, the potential existence of the alleged

violations until on or about December 2018, when the FAA received a tip that Defendants' dry lease agreements were shams.

43. The United States diligently investigated the alleged violations after receiving the tip in December 2018.

44. Because of Defendants' fraudulent concealment, the applicable statute of limitation affecting the United States' claim was tolled to and until December 2018.

CLAIM FOR RELIEF
(Civil Penalties under 49 U.S.C. § 46301(a))

45. The United States re-alleges and incorporates by reference the allegations set forth in Paragraph 1 through 44.

46. Defendants operated as an air carrier and commercial operator, including with respect to the flights set forth in Paragraph 31.

47. Defendants operated flights, including those set forth in Paragraph 31, without:

- a. a certificate issued under Part 119;
- b. operations specifications appropriate to operate under Part 135; or
- c. the appropriate economic authority from the Department of Transportation.

48. Defendants operated flights, including those set forth in Paragraph 31, in violation of FARs, including the following:

- a. 14 C.F.R. § 119.5(g), which states that no person may operate as a direct air carrier or as a commercial operator without, or in violation of, an appropriate certificate and appropriate operations specifications;

- b. 14 C.F.R. § 135.293(a), which states that no certificate holder may use a pilot, nor may any person serve as a pilot under Part 135, unless, since the beginning of the 12th calendar month before that service, that pilot has passed a written or oral test, given by the Administrator or an authorized check pilot, on the pilot's knowledge of the specified areas;
- c. 14 C.F.R. § 135.293(b), which states that no certificate holder may use a pilot, nor may any person serve, as a pilot unless, since the beginning of the 12th calendar month before that service, that pilot has passed a competency check given by the administrator or an authorized check pilot in that class of aircraft, if single-engine other than turbojet, or that type of aircraft, if helicopter, multiengine airplane, or turbojet airplane, to determine the pilot's competence in practical skills and techniques in that aircraft or class of aircraft;
- d. 14 C.F.R. § 135.299, which states that each certificate holder may use a pilot, nor may any person serve, as a pilot in command of a flight unless, since the beginning of the 12th calendar month before that service, that pilot has passed a flight check in one of the types of aircraft which that pilot is to fly;
- e. 14 C.F.R. § 135.343, which states that no certificates holder may use a person, nor may any person serve, as a crewmember in operations under this part unless that crewmember has completed the appropriate initial or recurrent training phase of the training program appropriate to the type of

operation in which the crewmember is to serve since the beginning of the 12th calendar month before that service; and

- f. 14 C.F.R. § 91.13(a), which states that no person may operate an aircraft in a careless or reckless manner so as to endanger the life or property of another.

49. Under 49 U.S.C. § 46301(a), Defendants are jointly and severally subject to a civil penalty not to exceed \$12,856 for each violation of the Aviation Act or the FARs occurring prior to April 10, 2017, a civil penalty not to exceed \$13,066 for each violation occurring on or after April 10, 2017, and \$13,333 for each violation occurring after November 26, 2018.

50. Under 49 U.S.C. § 46301(a)(2), a separate violation occurs for each flight involving these violations.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, the United States of America, respectfully requests that this Court order the following relief:

1. That Defendants Campbell Oil, EAS, Campbell, and Stephens, jointly and severally, be assessed, pursuant to 49 U.S.C. § 46301, an appropriate civil penalty in an amount to be determined;
2. That the United States of America be awarded costs and interest from the date of entry of judgment; and
3. That this Court grant Plaintiff, the United States of America, such other relief as the Court may deem just and proper.

Respectfully submitted, this the 10th day of March, 2023.

DANIEL P. BUBAR

First Assistant United States Attorney
Attorney for the United States, Acting
Under Authority Conferred by
28 U.S.C. § 515

/s/ Andrew Kasper

ANDREW KASPER

NC Bar No. 44515

Assistant United States Attorney
Eastern District of North Carolina

150 Fayetteville Street

Suite 2100

Raleigh, North Carolina 27601

Phone: (919) 856-4530

Fax: (919) 856-4487

andrew.kasper@usdoj.gov