

United States Senate

WASHINGTON, DC 20510

December 7, 2004

Hon. Norman Y. Mineta
Secretary
Department of Transportation
Nassif Building
400 Seventh Street, SW
Washington DC, 20590

I write today to express my concern for Southeast Airline's former customers, especially those who are seeking a refund for their unused tickets, and urge you to ensure the parties involved provide compensation in a fair and timely manner. I have watched this unfortunate situation unfold over the past week and am troubled at how the airline and the banks involved have been able to shirk responsibility. These passengers deserve a refund, and I hope you will make sure that they do.

As you know, last week, Southeast Airlines suddenly ceased operations, without notifying federal aviation officials, airport managers, and most importantly, its loyal passengers. The airline left hundreds of passengers stranded and countless other future travelers with unusable tickets. My office has received dozens of calls from passengers who were unable to get an answer from aviation officials, the airline, or the banks as to how to get their money back. To this date, they have not been given a guarantee that there are sufficient funds available for a full a refund.

While I understand that some passengers who paid for future travel with a credit card have been reimbursed, my concern is for travelers who paid using cash, check, or a debit card. The now defunct airline simply told passengers to send a letter to both Valley National Bank and United Bank of St. Petersburg with their information. However, it has come to my attention, and has been reported publicly, that both institutions have shirked responsibility for repayment.

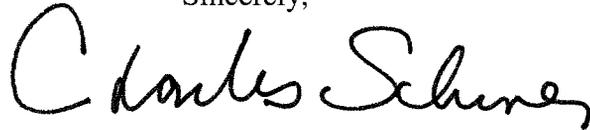
There are laws on the books meant to protect passengers in the event a private charter suddenly discontinues service. Department of Transportation regulations require air carriers to keep paid fares in an escrow account until a passenger has completed his or her itinerary, ensuring money can be recouped should arrangements suddenly change. It is clear to me this has not occurred and Southeast Airlines did not live up to its agreements, because both banks refuse to confirm the completeness, or merely the existence, of these accounts. It appears Southeast Airlines had a troubled financial history, which further leads me to believe that there will not be enough money for full reimbursements.

I urge you to take up this matter in order to determine who is responsible for the refunds, how much money is available, and to make sure passengers receive their refunds as soon as possible. In addition, after travelers receive their refunds and this issue is resolved, I hope you will conduct an investigation in to circumstances leading to this discrepancy and to Southeast Airline's eventual demise. Present law should guarantee that there is at least an amount equal to the value of every outstanding ticket in the escrow account. This clearly is not the case.

Again, I hope you will take up this issue and I offer my support to help you resolve it. This is an unfortunate and unusual situation, I realize, but I hope that we can work together to protect Southeast Airline's customers. I have also written to the Comptroller General on this issue.

Please contact Joshua Vlasto on my staff at (202) 224-4960 should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Charles E. Schumer". The signature is written in a cursive style with a large, prominent initial "C".

Charles E. Schumer
US Senator