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On Your Flight Today – Season 2, Episode 2 - JSX Navigating Turbulence Against Aviation Goliaths

Live Date: November 2023

Host: Corinne Streichert

Guest: Ben Kaufman, Director - Marketing, Communications and Product Development, JSX

{Introduction} In today's episode, I'm joined by Ben Kaufman, Director of Marketing, Communications, and Product Development at JSX. A public charter operation based in Dallas, Texas, JSX, much like the other public charter jet services, finds itself amidst a complex web of allegations touching on safety, security, and environmental concerns.

The Federal Aviation Administration (FAA) has invited public comments to assist in assessing the necessity and potential scope of rulemaking related to an existing exception for public charter operators. This exception currently keeps them outside the FAA's domestic, flag, and supplemental operations regulations.

Join us as Ben delves into the intricacies of this unfolding saga, addressing the allegations while shedding light on the potential implications for passengers, small communities, the safety of air travel, and the overall regulatory landscape governing public charters.

As every story has two sides, On Your Flight Today extends an open invitation to the other parties involved to come on the show to share their points of view.

Let's go!

Corinne: Ben, thank you for joining us today. How are you?

Ben: I'm doing great. Thank you so much for having me.

Corinne: My pleasure. Really excited to have you on the show today to talk about JSX. You know, I've been reading a lot about it in the news lately, and I'm hoping that we can have an open conversation. Let's see what's happening and talk about some of the challenges that JSX is currently facing and share some views and thoughts. And you know, for our audience, there is a lot of information out there on the internet, and it can be quite confusing when you get into part 121,135 what does this mean? Hopefully we can distill that information down. So, if you



could just share with your audience a little bit about your background, what you're currently doing.

Ben: Here at JSX, I lead the marketing, brand, UX, UI, public relations, and product development verticals. JSX, by definition and by category is actually not an airline. We are an air carrier. We are a self-titled hop on jet service. But what that really means is that we are a public charter operator flying under a rule called part 380. And that is an important distinction that sets us apart here. But what we do, in essence, is operate by the seat flights between point A or point B, and allow consumers to have the perks that were once reserved for private jet travel. These the corporate elites, the 1%, they can now access those perks at a much more attainable fair and get the most convenient flying experience in the sky on on really nicely appointed jets. So you check in for our flights 20 minutes before departure at a fixed base operator (FBO). Those are our own facilities, and most locations out where the private jet hangars are, where the independent hangars are. We do our own security and safety measures. They're not invasive, they're fast, and they're every bit as, as secure and thorough as what you'd find in the terminal, if not more so have a coffee or tea in our lounge. Hop on the aircraft. It's a 30 seat jet with business class legroom and seat power, Starlink Wi-Fi. And when you land on the other side, you're pulling into an FBO there. You get your bags back next to the airplane, and you're out and on your way 1 or 2 minutes after the door opens. So, it's a new way of thinking about flying. It is the public charter flying model, and it brings these perks and democratizes them to make them available to more people. And just for context on that versus some of these private jet operators, where you're putting down \$100,000 to then have the privilege to rent a jet at \$10,000 an hour. Everything we do is by the seat. There are no membership fees you go to. And if we're going where you're going, you book a seat and our fares are in line and competitive with what you might find on the network airlines either in their full fare coach or economy fare classes, or what you would find in their first class cabins.

Corinne: I think that really helps us to understand how it operates differently from commercial carriers, also known as part 121. Can you just clarify for me, so you spoke about being a part 380. There's also part 135 that we're reading a lot about as well. How does that tie in with JSX?

Ben: So when we talk about the difference between part 121 and part 135, in the broadest sense of the definitions, a part 121 carrier, which is your American Airlines of the world, the scheduled airlines, this is commercial air service and they're scheduled operations. Part 135, which really pertains more to the private jet sector, is considered on demand, doesn't have that scheduled nature to it. And that's one of the things that is a bit of an underpinning of, of the regulatory debate that's going on right now is because the subsection of this, which is part 380, that's public charter flying, has an intentional carve out from the regulators to categorize it as unscheduled. So, they say, and the FAA clarified themselves that although part 380 public charter flights may appear to be scheduled because you have to tell someone where you're



flying from, where you're flying to, and at what time you're going to go, that these flights still categorically are unscheduled, falling under the part 135 banner of operations.

Corinne: The way it is, is quite complex because there were some arguments.- “Well, your flights are scheduled. I can go to the website and book that”

Ben: Yes. And that's where we refer back to the regulation to say that this is a categorically unscheduled class of flying. The FAA has acknowledged that it can look like a scheduled service, but your passengers need to know where and when they're going, so you have to disclose that time. That's a distinction that some of the airlines have asked for clarity on, in which our regulators have said the clarity is right in the text. This is unscheduled. It may and this is, this is the regulator's words, not mine, quote unquote, appear to be scheduled but is categorically unscheduled.

Corinne: Obviously, my focus is more aircraft interiors and product, and we will talk about the JSX product, which I'm very excited to do, but just really interesting to see how you're in the news lately and what's happening. So, it does have to do with this regulatory framework that you legally operate in. So, you've been approved, you've met all requirements to operate, and you're operating very, very successfully out of your HQ is now in Dallas, which you moved from California a few years ago. Can you kind of break it down or unpack it a little bit for the audience? So, in a nutshell, what's going on?

Ben: Sure. So, I think a helpful place to start is to actually look back a little bit to an application that was filed by SkyWest Airlines. SkyWest is the world's largest regional airline. Anyone that knows the regional space, especially in North America, is going to be very familiar with SkyWest. And I think we all look at them as really a beacon of, of what success in the regional space looks like. They're extremely well funded, they're well run, they have a great reputation and for good reason. They've really earned it over the years. SkyWest is looking to diversify their business model and created a subsidiary called SkyWest charter SWC, and that subsidiary is planning to fly part 135 now SkyWest, when it's flying for the airlines as the express or connection carriers, that's a 121 operation. The distinction here is that even though SkyWest has the regulatory approval they need for SkyWest charter to operate, what they really need to make it successful is Commuter Authority, which allows SkyWest charter to serve a route or a market with enough frequency to make it viable, as opposed to a one off or a rifle shot to some of these locations that you would have very infrequent service. This application for that commuter authority, which would allow SkyWest to operate these routes under part 135 and really part 380 with some sort of regularity is very contested right now. The airlines and the and ALPA, specifically the Air Line Pilots Association, the largest pilot union in the world, I believe they have over 75,000 members at this point and represent a very wide swath of pilot groups in North America, objects to this. They are patently against SkyWest being able to do this. And so trying to paint the picture of what part 135 and what part 380 operations look like, JSX got



caught in the crosshairs because they said if SkyWest is allowed to do what they want to do with SkyWest charter, they could become the next JSX and we don't think what they're doing should be getting any bigger than it is already. And, that's what you're seeing in the news is the shift in focus has gone off of SkyWest and SkyWest charter and onto to JSX to say, well, before we even decide what to do about SkyWest charter, if they're going to do what JSX does, should JSX be allowed to do what it's doing. That's the position that's coming from the airlines and the labor union. Some of the airlines, not all. So where that puts us now is in the center of a regulatory debate about what scheduled versus unscheduled flying means, and where part 380 has a place in the infrastructure of the American aviation system.

Corinne: So you're saying that some airlines have concerns with how you're operating, but there are others that don't, you know, there's a lot of information on your website. And you've also on the JSX website provided responses of various organizations to the proposed rulemaking. There's been a lot of responses from other airlines, like, I see that you have the support of United Airlines, you have the support of JetBlue, but American and Southwest seem to be on the other side of this. Some really interesting comments that are available on your website, if I can quote them. Steve Morrissey, the VP of International Regulatory and Policy at United Airlines, said "It's important for the FAA and DOT to recognize the important role of the part 380 and part 135 service model in the National Aviation Network to avoid exacerbating existing challenges to pilot supply and air service to smaller communities, and to be wary of commercial agendas masquerading as safety and security arguments." So that was something that I thought was an interesting comment coming out of United, particularly cautioning the DOT and FAA to be wary of commercial agendas.

Ben: I can certainly tell you what we think. It's no coincidence to us that our neighbors in the Dallas-Fort Worth metroplex, would rather us not be here. When you look at the market share out of DFW. American has over 80% of the market share for the Dallas-Fort Worth International Airport. Southwest has 95% of the market share at Love Field. So, they really don't want to see anybody come in and potentially chip away at that market share. So, we would fully expect a competitive response from them to try to perhaps muscle or elbow us out of the market. The difference in expectation is that we would expect them to do that competitively within the rulebooks that we all abide by, and not as an attempt to legislate competition out of business. What will become very clear as we talk more about this is that the accusations that these companies are making against us. Don't line up with what they're actually doing in business, in business today, in the actual commercial environment. And as an example of that, there's been a lot of talk about part 380 being a quote unquote loophole. And you've got Southwest Airlines saying that loophole needs to be closed. There is no loophole. Part 380 is a very intentional carve out that's been around since the 1960s and reinforced in an FAA rulemaking in 1997 to protect this kind of flying and to diversify the kinds of flying options that the public has to take advantage of. There is no loophole, because if you look at it from a definition basis, a loophole would suggest that it's some sort of ominous omission that, that you're trying to circumvent



something that's there and that isn't this at all. We're actually flying in a business model that complies to the letter of the law that is solidly within the framework of what this regulatory nature says. So, the irony of all of that for Southwest to complain about exploiting a regulatory loophole. Well, they've got a website that they officially maintain called southwest50.com, and it tells the story of Southwest's founding. And on that website, they very proudly say that the reason southwest was able to generate its business model successfully as a startup was because, and this is their wording, they identified a loophole. So, we can certainly understand why Southwest may prefer not to share a love field with us, or anyone for that matter, but that does not change the fact that their argument is deeply hypocritical, because they themselves flaunt the idea that they found and exploited a loophole. And of course, the biggest piece of that now is that there is no loophole. It's one thing to find a way to work around legislation, the way that southwest did, so that they could thrive as a business and get their wings. It's another thing entirely to create a novel business model entirely within the box that's already been given to you.

{Double Chime}

Corinne: JetBlue's a supporter. They also said they urge the FAA and DOT not to be distracted or swayed by pressure from self-interested parties, including those who view JSX as a competitive threat, and obviously more information on your website. So really, it's sounding like the airlines that are on your side really do feel this is probably more of a competitive issue. Really not so much any regulatory concern. There's a lot of talk about safety and security. Is that the strategy to get the attention and how are you addressing those safety and security concerns?

Ben: Yeah, it is the strategy and the, the basis of that argument from these, these companies that or the labor unions are sitting in kind of two pools. One is about safety as it pertains to the qualifications of the pilots. The other is about the actual security practices, both on the ground and in the air, that govern part 135. So the root of the argument. I mean, maybe we will start with the pilot piece. Part 121 c arriers have a 1500 hour rule here in the United States, where a pilot has to obtain 1500 hours before they can be in the flight deck of a part 121 aircraft flight. This is one of the things that resulted from the crash of Colgan Air 3407, in Buffalo back in 2009, and it launched what ALPA has called a one level of safety campaign. And so following that accident the minimums for pilots to get into the part 121 flight deck were raised from 250 hours to 1500 hours.

Corinne: Because of this accident?

Ben: Because of this accident.

Corinne: So the pilots of the Colgan air crash had less than 1500 hours?



Ben: They didn't.

Corinne: Oh!

Ben: Both. Both pilots, who were represented by Alpa at the time, had well over 1500 hours of flying time at the time of the incident, and ALPA released a report about this incident that's over 60 pages long, citing various factors that they believe contributed to this accident, including improper training that they alleged on behalf of Colgan Air. They noted that the crew had commuted in. The crew was fatigued. They noted that, and a big one here is that the background checks that were done on the flight crew and the pilot base in general, weren't necessarily done with the right level of concern that they should have been or the right level of detail, because the captain of that aircraft, who had over 3000 hours, had a dubious training record at best, and had failed multiple times in other simulator and check right environments at a previous employer. So, what you had in that flight deck was a fatigued crew who had more than 1500 hours that perhaps wasn't necessarily properly equipped to handle the situation that they found themselves in, and that that is what ALPA cited as the contributors of this accident. But nowhere was it cited that we need to raise the overall training requirement from 250 to 1500 hours. A lot of what they suggested in their report were training deficiencies very specific to the operator of the aircraft, so that, that's a head scratcher for us, right. So, when the rule for pilot training minimums in part 121 in the United States went from 250 hours to 1500 hours, you would expect that if there was a real safety threat here, the rest of the world would have followed suit.

Corinne: Absolutely.

Ben: They didn't. We are the only nation that has a rule with all of those requirements and much the rest of the world, including the Western world you have pilots getting into the flight deck of Airbus A320, of Airbus A350 of 737s, with as little as 250 hours of flying experience, total time not 250 hours in a jet, 250 hours of total time. And no one could argue realistically or based on data, that European aviation and their equivalent of what we would call part 121 is any less safe than what we have here in the US.

Corinne: If the Colgan Air crash had nothing to do with the amount of hours that the pilot has flown, then what was the justification for raising hours from 250 to 1500?

Ben: I wish I could answer that question for you. I don't know.

Corinne: What would make you want to increase it just because you can?

Ben: Well, and the other piece, right, is, well, how did you get from 250 to 1500 and and I don't know. I wish I could tell you that I knew the answer to that, but I but I don't. What I can say with



absolute certainty is that in the aftermath of the implementation of that 1500 hour rule, we have certainly entered into a major pilot shortage that everyone is feeling. These headlines, and you'll see this in different parts of the world but these headlines are everywhere about the looming pilot shortage. Who is going to stand to lose service when we don't have enough pilots to to fly the airplanes? And I'm not going to go as far as accusing ALPA of manufacturing a pilot shortage, but it certainly would be worth understanding the way that ALPA is able to take advantage of making a very important and skilled labor much more difficult to get your hands on, because that certainly creates much more bargaining power at the table and gives them much more leverage at the table when it comes to the contracts that they're represented pilots have. And that's not to pass any sort of opinion or judgment on the Union itself. But it's certainly interesting to note that when you have a resource in such scarce supply obviously you're going to have a little bit more leverage to to try to get even more favorable contracts than they might already have.

Corinne: You would only raise ours if it was a safety concern. That would, in my mind, be the only logical reason to do that. From an economic perspective, raising the barriers to entry into an industry if there were valid safety concerns makes sense. And you're telling me when I'm in Europe flying or some of my favorite airlines over there, the pilot in the cabin has less than 1500 hours?

Ben: They certainly can.

Corinne: Wow.

Ben: Well, you can go on to the websites of any of Europe's leading carriers, including their international flag carriers, and look at their requirements for first officers. And very few, if any, will have a requirement that's over 500 or 750 hours.

Corinne: And so from a JSX perspective, are there requirements for the part 135 operators that fly the part 380 flights?

Ben: So the rules that we operate under that, that really govern that particular piece are under 135. There are a host of ways that part 135 differentiates itself from part 121, in terms of what the pilots are required to have. What we do at JSX is exceed all of those requirements voluntarily. And we do that because we believe it's the right thing for our business model. And so, as an example of that, we talk about the 1500 hour rule. Generally speaking, our pilots, we hire 750 hours or higher into the right seat of the aircraft. But there's another component here, and that's the the 65 age retirement. In part 121, a pilot has to retire by age 65 whether they want to or not. In part 135 that doesn't exist. And so what happens is we have a lot of pilots that have retired or aged out of part 121 operation that bring decades of flying experience into the flight deck, and they come fly for us. And there's no statistical or scientific evidence to support that in this instance, age is anything but a number. Because if you can pass all of the check rides and all of the requirements, including obtaining and keeping a medical certificate



that comes from an FAA authorized medical examiner, there is no reason why you shouldn't be able to fly. So, when you talk about this 1500 hour rule, something that's really important for people to understand is that here at JSX, our first officers average over 3000 hours of flight time and our captains average over 8000 hours of flight time. And we have pilots here that are former chairman or chairwoman of the unions that they were a part of when they flew at the major airlines, including Southwest Airlines and American. We have pilots that are former Air Force pilots. We have pilots that are former NASA astronauts. To say that there is a difference in the level of experience in the cockpit between a JSX jet and an American Airlines jet would likely actually be true, in that our flight deck is going to be more experienced.

Corinne: If I've understood correctly, and also for our listeners out there so, these challenges have to do with how you operate within the regulations and also the age of your pilots who happen to be over 65, which you're operating well within the law let's be clear about that. You're not breaking any laws. Everything's fine. But that is the attack that is coming your way. Is that correct?

Ben: Correct. And when we talk about the way that pilots are trained, there's a lot of allegation there. About 135 operators versus 121 operators. But. There are things that we do at JSX that 135 operators don't necessarily have to do. We do them voluntarily. Our management primarily comes out of the 121 environment. The 121 standards are something that we hold ourselves to in many ways, voluntarily, not because we're trying to be a 121 or a 135. It's not about what we're classed as. It's about doing what's in the best interest of the flying public. And so when we have a new pilot that gets trained, our instructors are teaching those classes. The same simulator facilities are administering what we call Level D simulator training. This is all right in line with part 121. All of our new hire pilots, they get their type rating on our aircraft as a pilot and command not just a second in command, a pilot in command. And when our pilots start in the flight deck, they always start in the right seat and are then upgraded, or they're moved over or transitioned in to the left seat. And so we have a lot of programs in place that the 121 carriers have to have, by nature of regulation, that we don't necessarily need to have. But I want to be very clear on this that when the airlines or ALPA says, well, if it looks like a duck and it talks like a duck, it's a duck, that's a false equivalency. To suggest that a 135 is being too safe is laughable at best. Um, and, and so there is no evidence to support the claim that what we're doing in part 380 is any less safe than what is happening in part 121 as it pertains to what is going on in the flight deck.

Corinne: We've had the word loophole. Whenever you read about this, you hear the word loophole. What are your thoughts on loophole and the use of that word?

Ben: Absolutely. So while you were saying this, I pulled up the Merriam-Webster dictionary definition of the word loophole. And what it says is a means of escape, especially in ambiguity



or omission in the text through which the intent of a statute, contract or obligation can be evaded. It sounds nefarious when you look at it by definition. Right?

Corinne: Absolutely yeah.

Ben: This is this is behavior meant to skirt something, right? That is a loophole. That is the same thing that Southwest, on their own website is proud to say that they did. And then they also followed that up by saying that they had a long series of of legal battles and lawsuits to, to maintain that loophole that they exploited. The difference here is that there's nothing being evaded. Part 380 was specifically written and has been time tested over four decades. So to say that there's a loophole would be disingenuous because there are no regulatory schemes being evaded. Nothing is being pushed outside of the envelope in which it has been built or shaped. What we're actually doing is using a part of the regulation that's been long standing and, frankly, probably underutilized, to find a way to offer a new novel, innovative service. And for Southwest, I mean anyone really, but especially for Southwest they are the self proclaimed experts in what it means to use a loophole. They should know better than anybody else that that's not what we're looking at here.

Corinne: I've flown Southwest quite a bit. I do a lot of in-flight testing, know working in the industry, their cabin, their product I've never had working WiFi and I've, you know, posted about that. I'm just not a fan of their product. You guys are in such a different league. They don't have any product that can compete with yours. So are you starting to find that their customers are willing to pay a higher premium to get that better product, to get that better experience? And are you taking market share away from them?

Ben: We are taking market share from Southwest and American, there's no doubt about that. But when you put that into context, we don't even account for 1% of the market share at Love Field, where Southwest has over 95%, and that's their own statistic. So in Texas, though, where you have American down the street and Southwest on the same field, and Southwest who is making a much more attractive business offering for the road warriors, especially for that intra Texas travel. There are people that are very brand loyal to Southwest for that reason. Let's be clear that Southwest is not the \$79 airline that it was. Southwest is very much in line from a pricing perspective with what you're seeing at the legacy carriers. And so we do get people that are flying us instead of Southwest or American or anybody. And we're still trying to understand where that elasticity ends. But at the moment, what we do know for sure is that when people try us, regardless of who they came from, they prefer us because it's just humane, it's easier and when you look at the value proposition in general and in its entirety, there is a price point in which it is worth it to spend more to fly with us, for a host of reasons. But yes, we are, we are taking market share. We want to continue to grow our product. And even though it is not the same offering because of where Southwest's pricing sits right now and because of just the sheer presence of Southwest, especially in a place like Texas, it would be certainly fair to say that we are head-to-head competitors.



Corinne: A lot of my travel is business. I'd like to be able to work on a flight. I have flown American relatively recently in their premium cabins around Southern California as well. The product has been comparable with other legacy full-service airlines across the US, but I've been very close to your product at the airports and stuff like that, your whole airport experience, that is a win. You know, you can't beat that. Especially, for example, when you're looking at the JSX terminal, when I compare that to Las Vegas airport, its, you can't compare it, you know, so obviously your ground product is more appealing and stronger than these big commercial carriers. You know, having to line up for hours go through TSA, depending on what day of the week it is you can you feel like you're spending your whole life there? What I loved about the terminal, as you said, you pull up right in front 20 minutes before you get through the terminal on the plane off to where you want to go. Before we even look at your onboard product and talk about that. Obviously, there's a lot of different motivations behind all of this that's going on. What kind of outcome are you guys hoping for out of all of this? So they've called for submissions. All the submissions went in as of the 13th of October. There's all these allegations and concerns coming up, and obviously there's a cost and impact to your business of having to go address all of these as well. So can you give us a bit of background on the impact this has had, and how would you like to see this and how should it really unfold?

Ben: Well, the way that it should unfold is that at the end of this notice of intent period, the issue should be dropped. What could happen coming out of this is that the FAA could look at everything that's been put in front of them and say, yep, we need to open a rulemaking process and figure out how we want to change this. That, of course, could be a death blow to the JSX model and to other carriers that do what we do. But if they do that, under the guise of there being a safety concern rooted in the idea of the 1500-hour rule, then what they're actually saying is that, if it's not operated by a part 121 aircraft and pilot, it's not safe. And that undermines and jeopardizes a huge portion of American aviation that's flying under part 135, that's flying under other, other subtypes. There's a lot more to the aviation ecosystem than part 121. And so, to say that it's unsafe based on that is, is to say that if it's not an airline, it's just not safe, period. And that couldn't be further from the truth. And especially when you look at part 380s history, especially since 2009 when the Colgan accident occurred, there have been zero hull losses, zero serious incidents and zero fatalities on a part 380 flight. But in part 121 there's been over 200 serious incidents, five hull losses and I believe 13 fatalities since 2009. So, there is no evidence to substantiate the claim that we are operating at a lesser level of safety. But to qualify that, how you're talking about the ground experience, that is one of our main differentiators, right? For a domestic flight, you show up to our space 20 minutes before takeoff, 45 if it's international. And you don't go through the TSA line but we have a TSA accepted security plan. And what that does is it facilitates a safe environment that's administered in a different way. And there are a lot of things that are happening before a JSX flight ever leaves the ground that make it every bit as safe, if not more safe than what's happening in the terminal. And just to put some color on that. All of our customers are vetted



through Secure Flight, which is the Department of Homeland Security watch list. We've been doing that for over 5 years because it's just the right and safe thing to do. And recently that's become more of a requirement in the part 135 space, because we need to know who's on our airplane. That's one way in which we say we're modeling the way forward here. We're showing you how 135 should be done and how 380 should be done. But on top of that, we have very, very sophisticated weapon detection systems, the same ones that you'll find in a lot of stadiums and entertainment venues and amusement parks that every passenger goes through. We have secondary ID checks prior to boarding the aircraft. So you're showing your ID at check and you're showing it again right before you get on the airplane. We swab every single bag, including the bags of our crew members for trace explosives. So when people are in the airport and they get pulled aside at the main terminal and they get their hand swabbed, or they get there, they get their bag swabbed or their phone swabbed, and that that gets fed into that, that blue machine on a, on a quota basis. Right? On a, on a random quota basis. We do that to every single bag on that airplane, including the bags of our crew, every flight, every time. We have reinforced flight deck doors. So, there are all of these things that we do on top of other safety and security systems behind the scenes. We have operational quality assistance programs. We have ASAP programs, which stands for Aviation Safety Action Programs. We use certified aircraft dispatchers. Right. When I say that we meet or exceed every single part of the 135 regulation, I genuinely mean to say that we do that and more voluntarily, because it's the right thing to do for the business. It's the right thing to do for our customers because we, more than anybody else in this space, have more skin in the game. Um, but where that nets out for the customer is, you're absolutely right. You show up 20 minutes before you go through what feels like a very seamless, fast, non-invasive process. And before you know it, you're on the plane, you're in flight, you're having a nice ride, and you land on the other side and you're out and on your way. It's refreshing. It's fun. You know? JSX stands for Joyful, Simple Experience, and that's what we facilitate every day. And for anyone to claim that it's unsafe, we would say show us the data.

{Double Chime}

Corinne: But let's talk about Americans. So they're making some of these allegations as well. If SkyWest get into the game, could that potentially lead to the death of a premium cabin on a big commercial carrier?

Ben: I don't know if it would lead to the death of a premium cabin, but SkyWest getting in on the action certainly, certainly is a piece of it. And so what we're doing and what SkyWest is doing or would like to do is, is certainly going to be of interest to them. But you know, when I mentioned before that there are many examples of the way that the allegations being thrown against us don't line up with the actions of the accuser. There are a few things that I would point out here to your listeners about what's going on at American. The first is that, American Airlines on Aol.com is selling seats on part 135 and 380 flights in the United States, operated by



Contour Airlines. They are selling the very flights that they are saying are unsafe, and Contour Airlines has a 750-hour pilot minimum. American is booking seats onto those planes. That's A. B, American Airlines has plenty of codeshare partners around the world and sells seats on those codeshare flights, where they are assigning an American Airlines flight number to another carrier's flight and these are international flagship carriers, right, with an American Airlines codeshare flight number, where their pilot training requirements are nowhere near 1500 hours. They are an investor in GOL, the Brazilian airline GOL. They are 737 operator and they have a 250 hour pilot requirement. American is an investor in them. You know, and to bring that back home, now, with American having the vested interest in the regional space that they do, under the guise that it's no longer economical for them to connect certain cities or certain markets they are selling, quote unquote, flights that are operated by a bus. And we're not here to say that that should or should not happen. But when you're charging \$412 one way for a flight between Philadelphia and Atlantic City that's operated by a bus with an American Airlines flight number, where, per the US Bureau of Transportation Statistics themselves have said there's a 30 times greater risk of fatality on a motorcoach than an airplane. We've got to really wonder here, when you take all of that in totality American is, we don't want part 380 flights. It's not safe. It's not the right thing to do. The pilots aren't qualified. We're all about safety. Well? You're selling seats operated by a 135 380 carrier, a 750 hour pilot requirement. You invest in companies with a 250 hour pilot requirement and the service that you've pulled out of markets all over the country are being replaced by a bus. So the argument doesn't hold up.

Corinne: Don't they realize the inconsistencies that they're spouting? Am I missing something? Do they not realize? Have they become that big that the left hand doesn't know what the right hand is doing? Why are they coming after you when they're blessing that kind of model and supporting it and investing it and selling tickets? That doesn't make sense to me as a consumer.

Ben: It doesn't make sense to us either in any manner, except that they see a shot to get a competitor out and instead of trying to compete in the market because there is no reason why Southwest or American couldn't do what we're doing on their own, they could do this. They're choosing not to. They would rather legislate and get competition out of the market that way, as opposed to actually competing on the basis of product. So that's the only way that that I can see it in my head that that makes any sort of sense, is that this is American flexing a muscle that it wants to flex because it sees a way to try to take a shot at eliminating competition and maintaining their stronghold on the Dallas-Fort worth market. And and it's not just them, you know, it's for the record, you know, part of, part of what this pilot shortage has done is put some of the burden back on the airlines to figure out how to train pilots that become the next generation of, of those of those airlines work groups. And that's a practice that's been in play in Europe for a long time. But you're seeing a lot now, a lot of talk about companies that are starting up cadet programs. You have JetBlue Gateways, you have United's Aviate program. Well, what those programs do is they help a pilot obtain their qualifications and then places them, helps to place them in an environment where they can bridge the gap from having 250



hours to 1500 hours, so that they are then qualified to say, well, I came up through the United Aviate program, I built my time, and now I have the opportunity to potentially go and fly for United Airlines mainline in their flight deck. We are a partner of United Aviate and JetBlue gateways, and we provide excellent pilots. They provide us excellent pilots that are coming out of training. They build their time with us and then they move on back to JetBlue Reunited. Well, Southwest has a program like that. It's called destination 225 degrees. We're a little surprised to see that Advanced Air is one of the companies that they partner with in destination 225, because Advanced Air is a part 135 380 operator in the United States that's flying 30 seat Dornier jets around the country with a 750 hour requirement. Southwest is more than happy to partner with them for the purpose of pilot training. So again, we're asking ourselves, how does this make sense? And the only way that we can, we can justify it in our head is that it is a calculated attempt to legislate competition out of the market, instead of choosing to compete.

Corinne: They want to get rid of you, it sounds like it?

Ben: They do.

{Double Chime}

Ben: But I'll give you one more. From from ALPA's perspective. ALPA is very, very committed. You'll see them posting about this all the time. One level of safety. And the 1500 hour rule and the age 65 retirement rule are huge pillars of that one level of safety program that ALPA has. Well, ALPA also represents a lot of the Canadian regional airlines. That fly under certificate types that would be akin to our part 121. Those ALPA represented pilot groups have 500 hour requirements. So Jazz Aviation, which flies for Air Canada, you'll see Jazz planes all over the United States, the CRJs, the Dash 8's that Air Canada has that are operated by Jazz, well they've got a 500 hour first officer requirement and they are represented by ALPA. How could it be that there's something that happens when you step foot over the border from Canada to the United States, that suddenly changes the infrastructure of aviation so drastically that the pilots here need three times the experience to be able to get into a flight deck where they are represented by the very same union?

Corinne: So would I be correct in saying then, that ALPA seems to feel that the safety of the American flying public is more important than the safety of the Canadian flying public?

Ben: I won't go as far as to put those words in their mouth.

Corinne: Just trying to understand it.



Ben: I would certainly love to understand the motivation, because if we're going for one level of safety, quote unquote, you would think that ALPA would be looking for the implementation of this rule anywhere that they're representing pilots, but they're not.

Corinne: I'm thinking of the flying public. Obviously, they represent the pilots but as someone that loves to fly, and a member the flying public, I would like to think that anybody that's putting rules in place will put the same rule, regardless of where I come from. I'm just trying to piece it together in my head as you've just clearly explained it. Why is it okay for Canadians to only have 500 hours but do the Americans have to have 1500?

Ben: And why, why is it okay that it's the exact same union arguing both sides of that equation?

Corinne: What's the difference between America and Canada that it's so significantly different? I'm not a pilot I don't know anything about if, Is it easier to fly over there than it is over here? And then again, you've got Europe with the pilots it's also different requirements. So I don't understand how a 1500 hour rule contributes to increased safety when the people, and it's all about the flying public, can be sitting on a plane coming back to America - You could be an American just having to get a better deal on another carrier - Yet that pilot from Europe or Canada does not have that requirement. So if safety really is a concern, why are they not regulating carriers that are flying into America?

Ben: Yeah, and I don't know the answer to that. But but a question that I would tack on is why then is American Airlines, A) not objecting, right? The way that you've just stated why, if this is really about safety, are they not raising their hands on that? But then B), Why is American selling tickets on those airlines? Why is American selling tickets on international carriers under a codeshare that have an American Airlines flight number sold on American Airlines ticket stock?

Corinne: You know, there's some answers that we'll probably never find out, but I think there's some really valid questions coming out of this. And again, I'm coming from a different perspective. This isn't my area, but I'm really interested to, to understand these differences because ultimately it's about the flying public. And another document I'd read on the website where you had shared some of the responses of some of your supporters came from Taos Ski Valley Inc. Chaz Rockey said that the past year, the Air Service, now reliably operated by JSX, created \$36 million economic impact to the region. It linked the Taos local businesses to hubs such as Texas and California, and provided residents with world class health care, which wasn't previously available to your region. Why I've picked them I do have some interest out in Taos. I lived in New Mexico, I love it. Really thrilled to read the benefits that you're bringing to the Taos community, which some of the bigger carriers, as we've seen with Covid, have pulled out of smaller cities and all of that. So when we really look at it as an impact to the consumer, I think there's so many different angles to look at this.



Ben: Well, you're completely right on that. If I could add one thing there, there's economic impact in places we don't even fly our service to. We do a lot of our aircraft heavy maintenance in Montana. Now we don't fly to Montana, but the economic impact that we have on Montana's economy because we're putting airplanes into heavy maintenance there is worth tens of millions of dollars over the course of 3 to 5 years. So, there is an outsized economic impact where you're seeing airlines offshore, a lot of their maintenance practices to operators in South America or Central America, we're paying top dollar for American labor and places we don't even fly and empowering those economic engines.

Corinne: From what I'm hearing, from what I've understood, there doesn't seem to be any grounds for concern. These allegations seem to be unfounded. You're exceeding all the requirements. You're running a lean business, you've got a fantastic product. You're competing, you're growing, new destinations coming out. You're doing really, really well. SkyWest are wanting to get into that game, bringing in more competition, which not only benefits the flying public benefits communities as we've just spoken about. So and that has an impact on your business, obviously you're dedicating time and resources to addressing this. How is that really affecting your operations and is that their goal?

Ben: I think that's certainly a piece of the goal. I think their end goal is to eliminate us by any means possible. The impact of the business is clear in that they would rather us not exist. They would like to legislate competition out of the marketplace. And it's interesting to see this administration entertaining that when in 2021, President Biden issued an executive order promoting competition and diversification in the American economy, and aviation was one of the sectors that was called out in that executive order. And so here we are operating with a novel business model that's perfectly within the confines of existing regulation and fulfilling the regulatory carve out that, that it was intended to fulfill dating back all the way to the 1960s and affirmed again in the 90s. And, we're now looking at this existential threat based on evidence that nobody has been able to produce. It's all hearsay. So, what that means for us in the here and now is that, of course, we're dedicating money, resources into this fight. But at the end of the day, it just empowers us more to want to continue to grow and to be a success story the way that that we've envisioned it and the way that it was reinforced by President Biden's executive order. We are the example of innovation of creativity, of what, all of the things that American business is supposed to stand for. We are the representation of that in action successfully. And so. While there is some negative impact, I can tell you that, materially our workforce here of over 1200 crew members across the country, have never been more motivated than they are now, because we know what we're doing is safe, we know what we're doing is legal, and we believe in it with a level of passion that I've not seen anywhere. And when you have 1200 people marching to the beat of the same drum in lockstep, we are an unstoppable group at this point, and we're certainly not going to be bullied out of the marketplace due to anti-competitive behavior that stands to do the exact opposite of the Biden



administration's executive order and actually help to maintain the monopolization of American aviation, where you have four network airlines controlling over 80% of the capacity.

Corinne: I'm just going to go through a quick list. You've also got the Airline Passenger Experience (APEX) behind you. General Aviation Manufacturers Association (GAMA), the Helicopter Association International (HAI), International Flight Services Association, (IFSA), National Air Transportation Association (NATA), National Association of State Aviation Officials (NASAO), National Business Aviation Association, (NBAA). You've got United Airlines, you've got JetBlue, you've got the Taos Ski Valley as one of the communities that have benefited. So you've got some really, really big supporters. I think that in itself sends a message. Aside from ALPA, Southwest and American, are there any other groups coming forward with issues and concerns supporting them, or is it just those three that have come together and said, okay, we've got a problem here in Texas, how are we going to sort it out?

Ben: There have been co-signatories to some of the, the letters or proposals submit by, by, by ALPA. There have been some other trade groups and labor groups that have signed on to those efforts. It's certainly interesting to note that over the last year or so that this has been going on, the number of organizations attaching themselves to that list continues to decline.

{Double Chime}

Ben: What's so interesting about that, too, is that in one of ALPA's original letters to the FAA on this issue, a leading premise of theirs as to why we should not be allowed to operate was because of environmental concerns. They put environmental concerns into this letter to the government and basically said that because we're removing seats from the airplane, taking the ERJ 145 from 50 seats to 30 seats, that that were basically doing an environmental injustice because under part 380, you can't have more than 30 seats on the aircraft. And, that was another interesting one for us, because the way that we see it is that, we're condensing private jet traffic into one place where if you're a private jet owner or a fractional subscriber and you. Let's say take a four seat jet or an eight seat jet, but there's only 1 or 2 of you then you're paying for more than what you need, and doing the environmental damage of all of those seats, not just the ones that you're occupying. And by their argument then, they should never have allowed the regional carriers to pull seats out of their E175 to comply with Scope clause, because that would have been environmentally unsound. And by that logic, then there shouldn't be first or business class or premium economy cabins or extra legroom economy seats, if pulling the seats out of the airplane to meet the regulatory requirement is that much of an environmental issue, then we should just be flying the highest density versions of every airplane that's ever been made to ensure that we're all marching towards, towards that same goal. So again, it's one of those things that just the accusation doesn't line up with the reality.



Corinne: Yeah, it's amazing how it's just taking away your time, effort, resources from doing more great things, helping more people get to where they need to be. You know, I think Americans great at doing mass travel stick to that. You know, just let you guys do what you need to. I think there's enough people in America to, you know, to be able to support all of these different models because everybody has different needs. But in closing, I guess, what can we do to help JSX, you know, love your product, love your brand, love what you're doing. Is there anything our listeners, the community can do to help support?

Ben: Well, you know, we, we appreciate the opportunity to to clarify our position on this and be given platforms like yours to to broaden the message about what's really going on here and why this matters. And, and the implications of, of a rule making would be drastic not just for what we do, but again, like we had talked about earlier, when you say that by this logic, everything that is not part 121 is inherently unsafe, which is not true. That has wide reaching implications well past just what we do here at JSX or air carriers that do things similar to us. That stands to threaten the entire hybrid and electric aircraft movement that are going to start with aircraft that are under 30 seats. It stands to jeopardize urban air mobility projects that that can create new products in the market, like air taxi, for example, and these urban solutions. So, there are wide reaching implications to allowing this to continue on. And so for the listeners, as it pertains to us here at JSX, the things that we would want you to know is A) we're not going anywhere. We have people that do ask our customer service representatives, well, what happens if you go out of business? Do I get my money back? And we said, well, yeah, of course, but that's not going to happen. There is no threat here imminently to our to our business model. And so we need people to continue to believe in what we're doing, spread the word about what we're doing, and more than anything else, continue to fly, because we cannot let the fear mongering tactics under the guise of a safety accusation that can't be substantiated with a single shred of evidence jeopardize innovation in this country. And that's not even just in an aviation that's in any industry. And we can't allow goliath competitors to flex political muscle for the purpose of anti-competitive gain. And to put that into perspective, when they say, if we leave JSX and companies like them unchecked, it could do just huge devastation to to their business models in part 121, which, you know, let's put that into perspective. They're saying right now that we are way too large. Well, we've got less than 50 airplanes flying. American has 950. Southwest has just over 800. We have around 80 flights a day. American has almost 7000. Southwest has about 4000 a day. There is no, when you take our 1200 crew members versus Americans, 130,000 employees, there is no way that there is anything more than a modest modicum of competition that we are introducing into the market, and that competition should be celebrated. The Biden administration celebrates it and their executive order. We need our regulators to continue to celebrate it and encourage it. We need everyone to look at the facts and to those that are accusing us of anything unsavory of any sort of exploitation, we would love to have a conversation with them face to face and say, well, if you have a legitimate concern, show us the evidence, let's talk about it and let's come to the conclusion together. And where I would leave that is that recently, just a couple of days ago in New York, there was



the Wings gala dinner that a lot of aviation executives attended. And Roy Connor, the former CEO of Boeing, gave a speech there and what he said was, when it comes to safety, we're all in this together and that it's integrity that keeps us safe. He said that we should be competing in the market based on product, but that when it comes to safety, we should be cooperating. That is not the behavior that has been exemplified by companies like American and Southwest and by ALPA. Our doors are open. We're ready for that conversation. We're ready to prove the worth and the value of what we do, and we are ready to continue growing. We have airplanes that we're adding into our fleet. We're certainly not going to let this stop us, because the evidence, the facts, the innovation, the spirit of what it means to be an American company is all on our side.

Corinne: I've learned so much. I think you've really clarified a lot of things for our listeners and answered a lot of the questions in my mind and questions that I feel that the audience will have as well, and really given us some insight. I'm not doing this to get any kind of reaction out of American Southwest or ALPA, but I'm sure there might be some comments along the way, but they're more than welcome to come on and have their say. I think, you know the arguments you've put forward and, you know, we've sat here trying to work out what's going on, it just doesn't make sense, I think keep doing what you're doing. You're doing great things. And usually when you're doing great things, that's when everybody tries to shoot you down. And I hope that, this is validating that you guys are doing a great job, you're providing a great service. You're boosting communities, as we heard from the Taos Ski Valley community and what you're doing and the other communities that you fly to. So, you know, we need to celebrate and I encourage listeners, particularly those in the USA, to definitely try out your services. And I also encourage our our listeners out there that might travel with people with mobility or disabilities or anyone that has a special requirement, whether the time is an issue or you have physical needs or any neurodivergent needs to definitely explore JSX, if they're flying to where you need to go, because it sounds like you can have a much better experience, more tailored to suit your needs, and make flying a lot more comfortable for you than having to deal with some of these really massive commercial airlines. So, Ben, on that note, thank you so much for joining us. I wish you all the best, and JSX, I hope that this can pass very quickly. In America you have a right to raise an issue and everybody has that right. That's a great thing about the country. But I do hope that those that are forced to make the decision and the DOT and FAA look at all the facts. But thanks again, Ben, I appreciate your time today.

Ben: Thank you so much.

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The 'On Your Flight Today' Podcast is created, produced and distributed by:

IFECTiv
IFECTiv LLC

3055 St Rose Parkway, #777963,
Henderson, NV 89077 USA

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