AVIATION

FAA Needs to Better Prevent, Detect, and Respond to Fraud and Abuse Risks in Aircraft Registration

What GAO Found

To register civil aircraft, the Federal Aviation Administration (FAA) generally relies on self-certification of registrants’ eligibility and does not verify key information. According to GAO’s review of the registry process, there are risks associated with FAA not verifying applicant identity, ownership, and address information. The registry is further vulnerable to fraud and abuse when applicants register aircraft using opaque ownership structures that afford limited transparency into who is the actual beneficial owner (i.e., the person who ultimately owns and controls the aircraft). Such structures can be used to own aircraft associated with money laundering or other illegal activities (see example in figure). FAA has not conducted a risk assessment that would inform its eligibility review and collection of information to manage risks. Without a risk assessment, FAA is limited in its ability to prevent fraud and abuse in aircraft registrations, which enable aircraft-related criminal, national security, or safety risks.

Why GAO Did This Study

The U.S. aircraft registry, managed by FAA, maintains information on approximately 300,000 civil aircraft. FAA issues aircraft registration to individuals and entities that meet eligibility requirements, such as U.S. citizenship or permanent legal residence. Registry fraud and abuse hinders the ability of law-enforcement and safety officials to use the registry to identify aircraft and their owners who might be involved in illicit or unsafe operations.

What GAO Recommends

GAO is making 15 recommendations to FAA, including that it collect and verify key information on aircraft owners; undertake a risk assessment of the registry; leverage information-technology modernization efforts to develop data analytics approaches for detecting registry fraud and abuse; and formalize coordination mechanisms with law-enforcement agencies. FAA agreed with all recommendations.