

# GAO Highlights

Highlights of [GAO-24-107495](#), a testimony before the Caucus on International Narcotics Control, U.S. Senate

## Why GAO Did This Study

The U.S. aircraft registry, managed by FAA, maintains information on civil aircraft to facilitate aviation safety, security, and commerce. FAA issues aircraft registrations to individuals and entities that meet eligibility requirements, such as U.S. citizenship or permanent legal residence. Registry fraud and abuse hinders national security and criminal investigations when law-enforcement officials try to identify aircraft and their owners who might be involved in illicit operations.

This testimony discusses (1) how beneficial ownership information can be obscured in aircraft registrations and (2) FAA efforts to implement GAO recommendations to mitigate registry fraud and abuse.

This testimony is based primarily on GAO's March 2020 report on FAA's efforts to prevent, detect, and respond to fraud and abuse risks in aircraft registrations ([GAO-20-164](#)). For that report, GAO reviewed relevant laws, regulations, and FAA policies; reviewed reports, press releases, and court cases that illustrated risks associated with the registry; analyzed aircraft registry data from fiscal years 2010 through 2018 to identify registrations with risk indicators; and interviewed FAA and federal law enforcement officials.

## What GAO Recommends

In March 2020, GAO made 15 recommendations to FAA. As of April 2024, FAA addressed three recommendations but needs to take additional actions to implement the remaining 12.

View [GAO-24-107495](#). For more information, contact Rebecca Shea at (202) 512-6722 or [shear@gao.gov](mailto:shear@gao.gov).

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# AIRCRAFT REGISTRATIONS

## Risks Remain from Efforts to Obscure Ownership Information

### What GAO Found

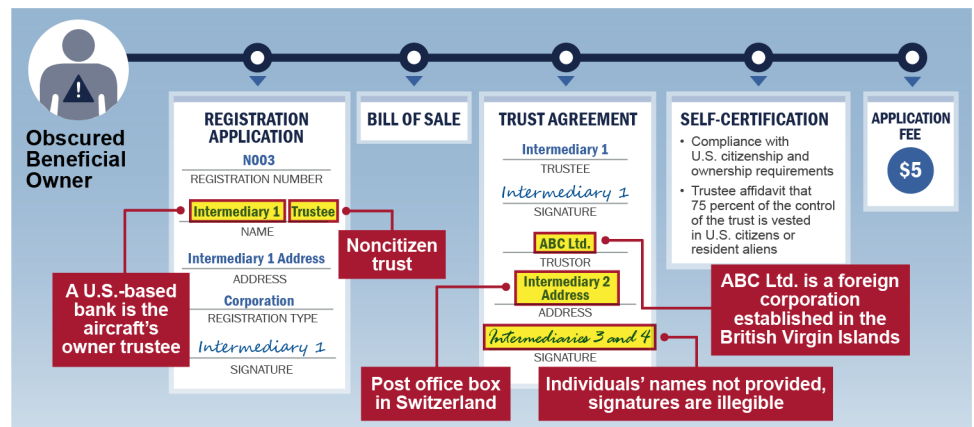
To register civil aircraft with the Federal Aviation Administration (FAA), applicants can provide opaque information on beneficial owners—persons who ultimately own and control the aircraft—resulting in criminal and national security risks through aircraft registry fraud and abuse. Additionally, FAA generally relies on self-certification of registrants' eligibility and does not verify key information.

In a March 2020 report, GAO identified several ways that beneficial ownership in aircraft registrations could be hidden. Specifically, beneficial ownership could be hidden using

- opaque ownership structures, such as shell companies and noncitizen trusts, which are aircraft trusts registered to U.S.-citizen owner trustees with noncitizen trustors;
- intermediaries, which are individuals and entities that facilitate aircraft registration for a fee;
- addresses of registered agents, which are individuals or entities authorized to accept important legal and tax documents on behalf of a business; and
- nominees, which are individuals or entities listed as the owners but in fact acting on behalf of beneficial owners.

The following example illustrates the use of such approaches to obscure the beneficial owner of an aircraft involved in a Malaysian money laundering case. The aircraft, among other assets, was ultimately forfeited to the U.S. government.

### Example of Aircraft Registration Using Opaque Ownership Structures and Multiple Intermediaries and Jurisdictions



Sources: GAO analysis of Federal Aviation Administration information; GAO (icons). | [GAO-24-107495](#)

FAA took steps to mitigate registry fraud and abuse by implementing three GAO recommendations. Specifically, FAA assessed its fraud and abuse risks; determined the impact and likelihood of those risks and established its risk tolerance; and developed an antifraud strategy. However, 12 recommendations remain open, including key recommendations related to collecting data on individuals and entities to verify identity and eligibility. Without further action by FAA, the aircraft registry remains vulnerable to continued fraud and abuse.