

ciate of the contractor or charterer, or an officer, director, agent, or executive thereof, directly or indirectly—

- (1) owns, charters, or operates a vessel engaged in the domestic intercoastal or coastwise service; or
- (2) owns a pecuniary interest in a person that owns, charters, or operates a vessel in the domestic intercoastal or coastwise service.

(b) WAIVER.—A person may apply to the Secretary of Transportation for a waiver of subsection (a). Before deciding on the waiver, the Secretary shall give the applicant and other interested persons an opportunity for a hearing. The Secretary may not grant the waiver if the Secretary finds it would—

- (1) result in unfair competition to a person operating exclusively in the domestic intercoastal or coastwise service; or
- (2) be prejudicial to the objectives and policy of this subtitle.

(c) CONTINUOUS OPERATION SINCE 1935.—The Secretary shall grant an application under subsection (b) without requiring further proof that the public interest and convenience will be served and without further proceedings as to the competition in the route or trade, if the contractor or other person, or a predecessor in interest, was in bona-fide operation as a common carrier by water in the domestic intercoastal or coastwise trade in 1935 over the route or in the trade for which the application is made and has so operated since that time or, if engaged in furnishing seasonal service only, was in bona-fide operation in 1935 during the season ordinarily covered by its operation, except in either event as to interruptions of service over which the applicant or its predecessor in interest had no control.

(d) DIVERSION INTO INTERCOASTAL OR COASTWISE OPERATIONS.—If an application under subsection (b) is approved, a person referred to in this section may not divert, directly or indirectly, money, property, or any other thing of value, used in a foreign-trade operation for which a subsidy is paid by the United States Government, into intercoastal or coastwise operations.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1670.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
58101 .....	46 App.:1223(a).	June 29, 1936, ch. 858, title VIII, §805(a), 49 Stat. 2012; Pub. L. 97-31, §12(122); Aug. 6, 1981, 95 Stat. 164; Pub. L. 104-239, §4(b)(1); Oct. 8, 1996, 110 Stat. 3131.

In this chapter, references to the “operating-differential subsidy program” are substituted for references to “part A of subchapter VI of this chapter”, meaning 46 App. U.S.C. 1171-1185a, because part A of subchapter VI contains the operating-differential subsidy program and under 46 App. U.S.C. 1185a that program is being phased out. Consequently, part A is being omitted from the revised title and will instead appear as a note under section 53101, except for 46 App. U.S.C. 1177 and 1177-1 which are restated in chapter 535. References to “chapter 575 of this title” are substituted for references to “subchapter VII of this chapter”, meaning 46 App. U.S.C. 1191-1205, because those sections are restated in chapter 575.

In subsection (b), the words “A person may apply to the Secretary of Transportation for a waiver of subsection (a). Before deciding on the waiver, the Secretary shall give the applicant and other interested persons an opportunity for a hearing.” are substituted for “without the written permission of the Secretary of Transportation. Every person, firm, or corporation having any interest in such application shall be permitted to intervene and the Secretary of Transportation shall give a hearing to the applicant and the intervenors.” for clarity.

In subsection (c), the words “domestic intercoastal or coastwise trade” are substituted for “domestic, intercoastal, or coastwise trade” for consistency in the section.

In subsection (d), the words “and whosoever shall violate this provision shall be guilty of a misdemeanor” are omitted because section 3559 of title 18 provides for the classification of offenses. See the revision notes for section 58109 of the revised title.

**§ 58102. Default on payment or maintenance of reserves**

The Secretary of Transportation may supervise the number and compensation of all officers and employees of a contractor under the operating-differential subsidy program or a charterer under chapter 575 of this title, receiving an operating-differential subsidy, if the contractor or charterer—

- (1) is in default on a mortgage, note, purchase contract, or other obligation to the Secretary; or
- (2) has not maintained, in a manner satisfactory to the Secretary, all of the reserves provided for in this subtitle.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1671.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
58102 .....	46 App.:1223(b).	June 29, 1936, ch. 858, title VIII, §805(b), 49 Stat. 2012; Pub. L. 97-31, §12(122); Aug. 6, 1981, 95 Stat. 164; Pub. L. 104-239, §4(b)(2); Oct. 8, 1996, 110 Stat. 3131.

The words “contractor under the operating-differential subsidy program or a charterer under chapter 575 of this title, receiving an operating-differential subsidy” are substituted for “contractor under part A of subchapter VI of this chapter or subchapter VII of this chapter receiving an operating-differential subsidy” for the reasons explained under section 58101.

**§ 58103. Employing another person as managing or operating agent**

(a) PROHIBITION.—Except with the written consent of the Secretary of Transportation, a contractor holding a contract under the operating-differential subsidy program or under chapter 575 of this title may not—

- (1) employ another person as the managing or operating agent of the operator; or
- (2) charter a vessel, on which an operating-differential subsidy is to be paid, for operation by another person.

(b) APPLICABILITY OF PROVISIONS TO CHARTERER.—If a charter prohibited by this section is made, the person operating the chartered vessel is subject to all the provisions of this subtitle and the operating-differential subsidy program, including limitations of profits and salaries.