Airline Failures: The Early Years After Deregulation

Here's a somewhat iconoclastic and irreverent review of 30+ start-up airlines that now sleep with the fishes. After deregulation, the airline industry was suddenly open to new entrants, but an uncertain one that had had no real innovation in decades. That meant a lot of experimentation, and a lot of failures.

These are examples of an air transportation system that in fact no longer exists. Enjoy.

Access Air

An airline that tried to be all things to too many places.

Got investment from business entities in Des Moines, Moline/Quad Cities, and Peoria, all of which thought that Access Air would bring low fares high levels of service and employment at each one... A reservations center here... a hangar there... administrative offices someplace else. Everybody can get a piece of the pie.

In their promotional materials, Access Air used the visual analogy of avoiding getting squashed by incumbent "elephants" in the airline industry. That turned out as accurate – no other airline was even vaguely interested in what Access Air was planning.

The operational play was to "hopscotch" 737s across the country, borrowing a term and model from a long-gone system used by Piedmont. The plane would start in the east, and stop six or seven places on its odyssey to the West Coast, picking up and dropping off passengers all along the way. Sort of like a transcon milk run. Or, the 7th Avenue subway gone national.

Seems not many consumers wanted to play hopscotch.

It had too few airplanes to deliver on its intentions, and worse, too little frequency to make a dent in the market. Add in poor reliability, and the result was a visit to the bankruptcy court.

Access Air then continued on for about a year in charter service – focused on carrying prison inmates, who presumably were hopscotching between sentencing and internment - before losing its certificate in April, 2001.

No elephants were involved.

Air Atlanta

Established 1984. The carrier offered very high levels of amenities, seeking to compete with Delta and Eastern at ATL.

The assumption was that a premium product would make up for the frequency and brand-loyalty shortfalls. With few aircraft to develop a wide route system and no frequent flyer program, traffic didn't grow.

But Air Atlanta was bold and brave taking on Delta and Eastern. Like a moose charging a locomotive.

Outcome similar.

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Note: *throughout this narrative, there is one strategy that comes up over and over again – the idea that if the consumer gets a bigger seat and premium service, it would be the key to building new business. Throughout the post-deregulation period a common theme was the assumption that simply offering an all-premium cabin would attract consumers from other airlines.*

With the exception of Midwest Express – which ultimately failed, anyway – using wider seats and free on-board hootch to get traffic from entrenched competition has proven to be like trying to use a squirt gun to rob the local bank.

It didn't work for Air Atlanta as well as at just about every other carrier that tried it... keep reading...

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Air One

Established 1982. The intent was to capture traffic from TWA at St. Louis by offering, yes, all first-class service with 727s.

Not a lot of interest. Air One wallowed deeper and deeper into the financial Red Sea. They then decided to find a latter-day Moses to get them across to the promised land of profitability.

The board – comprised of otherwise suitable and sophisticated business leaders, desperate for fresh cash investment – found The Savior to lead the airline into the future. This messiah convinced them that there was hope, and he had the gelt to make Air One a success.

They eagerly made him Chairman, and awaited the manna of cash he was to infuse into Air One.

And they waited. And waited. It seems The Savior was actually a 19-year-old confidence man.

They supposedly only realized their new Chairman wasn't old enough to order a Martini, let alone deliver bags of needed cash, when they called his number and his mom answered the phone.

With judgment like this, it's no surprise Air One went into the history books.

Note: By the way, we're not done with the teenage confidence man. As we'll see below, he grew up and went on to a stellar career of airline flim-flam. A few years later, the same guy zapped Braniff II. Then he was involved in starting Braniff III, and tanked it, too. He has since been convicted of illegal financial schemes in the airline and aviation industry at least twice.

Air Niagara

Another attempt to plumb an unserved market, or supposedly unserved market.

Lore has it that Niagara Falls is the place for honeymooners. Maybe. But as far as them wanting to fly there, that's not part of the pre-nup. Buffalo is down the street.

Air Niagara opted to get a couple of 727s and launch flights between Niagara and Newark. For anyone that's been to these burgs, they aren't exactly two of the world's most exotic destinations.

Despite low costs, the airline was unable to generate sufficient business – honeymooners or otherwise - at Niagara Falls. The traffic simply did not exist.

Divorced from reality, after 1983, neither did Air Niagara.

American International

Established scheduled services in 1982, with a hub at Atlantic City, where a couple of DC-9 passenger loads would turn the small terminal into a virtual re-make of the fall of Saigon.

So, on a week-end snap decision, they moved to Philadelphia, directly in the competitive maw of US Air. The main terminal was full, so American International (which never flew international, by the way) was forced to use the remote and decrepit Philadelphia Overseas Terminal, which actually did bear some uncanny resemblance to the original Tan San Nhut of the 1960s. So, some of the Atlantic City flavor was not lost in the move.

The intent was low-fare services to compete directly with high-cost USAir. Great idea, according to the whiz-kids in the financial world. American International was a favorite of Wall Street, which promoted its stock heavily in a 1983 public offering that provided over $20 million in capital.

The money went fast.

With the new found capital, they bought exceedingly expensive 50-seat deHavilland Dash-7 turboprops supposedly to deliver regional support for its fleet of 3 porcine-heavy DC-9-30-QCs and 2 special-engine MD-80s leased from Hawaiian.

Then bought some really good-priced 727-100s they found sitting around in Europe. Had at least one painted in American International livery - only to discover these were flying jalopies years behind on AD compliance and couldn't fly in the US. A pre-purchase records check would have cost money they didn't think necessary to spend.

Then the two MD-80s consecutively ate a couple of birds, taking them out of action due to non-availability of the special-dash engines, and no money to get them even if they were.

Add in the inability to maintain a dependable schedule longer than a re-run of *Wild Kingdom*, and the whole shebang went 86 in 1984.

Air 21

Based at Fresno, the carrier had a constantly-changing route system, trying to find sufficient passengers in California markets to fill their F-28 jets.

Ownership was in question - and in court, much of the time. Took a scorecard to figure who was who and which side some of the airline's "consultants" were actually working for. Gone by 1998.

Braniff III

Established in 1990 and involved with the same confidence man (the former Savior) who scammed the board at Air One, then helped a doomed buy-out of Braniff Two.

Braniff III had no corporate ties with the prior airlines of the same name.

Apparently, this guy had some sort of fetish with the name "Braniff." He even brought in ex-AA 727s that were originally operated by Braniff and spent the money to re-register them with the original Braniff N-numbers. On time performance and reliability were not in the business plan. It attempted hodge-podge low-cost service from a number of cities.

It shut down after pre-selling millions of dollars in tickets prior to July 4th week-end in 1992, stranding and defrauding thousands of consumers.

As an epilogue, apparently the skill-sets of the founder was still in demand. Un-deterred by his record, San Bernardino Airport later hired him to run the former military base. Same outcome...

arrested and went to the Big House on some billing shenanigans over an inoperable airplane he controlled.

Interestingly, it was a former Braniff 727.

Discovery Airlines

This airline was planned to be a third intra-Hawaiian carrier, offering a low-cost jet alternative to Hawaiian and Aloha. Short-haul, high-cycle flying in a salt-laden atmosphere is just the trick to make money, right?

It received support from British Aerospace, which was to supply a fleet of four-engine BAe-146 jets to the airline.

It claimed to have US ownership, but was suddenly shut down by the DOT when they found out that the carrier's real owner was some guy in Taipei.

Jet America

Established in 1980. Provided service from noise-sensitive Long Beach to DFW, ORD, and STL, using MD-80s, which major carriers did not yet operate.

That little niche ended when American got MD-80s and jumped in.

Nowhere else to go, Jet America was bought by Alaska... probably without need of a loan. Blended in and the brand disappeared

Kiwi

This 727 operator established operations at Newark in 1993. Gained notoriety for providing good customer service and extra leg room.

Despite low costs, it found that competing against established airlines at Newark was not a cakewalk.

Financing attempts ascended into to the Twilight Zone when Kiwi signed a deal with a Romanian aircraft manufacturer to get ROMBAC (BAC) 111s. Never happened. The purchase, or the airplanes.

The ultimate outcome was predictable.

Kiwi was ultimately torpedoed by the FAA, which arbitrarily ordered Kiwi to ground four of its airplanes, with absolutely no explanation whatsoever.

The FAA needed some media smokescreens to divert attention from its deadly failure to monitor ValuJet before it killed 110 people in a 1996 crash.

Kiwi went into bankruptcy. Almost stereo-typically, it, found a doctor to bail them out, continued to have cash problems, let service levels decline. Gone by 1997.

MarkAir

An outgrowth of a pre-deregulation airline, MarkAir expanded within Alaska relatively successfully with a fleet of 737s, using the code of Alaska Airlines.

In early 1990s, the carrier ended its code share agreement and began to compete directly with Alaska Airlines. The predation in this case was from the new entrant, Mark Air, which allegedly slashed fares well below costs to gain market share. Predictably, it went into Chapter 11.

It eventually emerged in 1994, but promptly began to break post-chapter payment plans to creditors that were made with the bankruptcy court.

Attempted to expand into lower 48 with a "hub" at Denver, but high costs there and really bad service killed it.

When it finally shut down in 1995, it left a huge number of large creditors holding the bag, including economic development agencies in Alaska, which had loaned the airline money in exchange for "creating jobs".

It apparently did quite well creating jobs for the legal industry, however.

McClain Air

After a pre-operating gestation period long enough to engender a herd of elephants on the Serengeti, McClain Air attempted service from Chicago/ORD in 1984, claiming that it would need to get only a small, single-digit share of traffic from AA and United to survive and prosper.

The two larger carriers, however, seemed to disagree... as did consumers.

Not clearly grounded in reality, the business plan had a couple pages babbling about how the airline would focus on “trickle boarding” – where passengers could wander on the airplane when they checked in. A breakthrough in customer service, supposedly.

The only thing that trickled was the revenue stream. Operated for a very short time before being shut down for lack of cash. And lack of a clue.

Midway "I"

Established low-fare service at Chicago/Midway in 1979. The carrier was limited due to its size at Midway Airport - it could not gain a sufficient share of the local Chicago market from American and United. Furthermore, it was unable to compete for connecting traffic through Chicago.

The independent low-fare model not working, Midway then tried to become – yes, that's right - an all-business class airline, which was a giant black hole. That got dropped.

Subsequent to that, Midway attempted to interest American in a merger. During this time, juggernaut Southwest entered Midway Airport in a big way, putting downward pressure on fares there.

Midway Airlines went in search of a new venue... so they took over the Philadelphia operations of then- shrinking Eastern Airlines. Found out that in leaving PHL, Eastern wasn't exactly running from their route system's crown jewels. Midway's PHL load factors were akin to a minor league baseball score. Zip traffic.

Finally, it tried a last-minute merger with Northwest. Filed bankruptcy and ceased service in 1992.

Midway "II"

Lightning doesn't strike the same place twice, supposedly. So, the same can be said for an airline failure, right?

That seemed to be the thinking in establishing yet another airline named "Midway" at the same Chicago airport where the last airline of the same name went down the financial tube.

Oops... Midway "II" could only lease a limited number of gates at MDW, and competition with Southwest doomed the low-cost carrier's Chicago operations. There simply was no real market demand. Lightning notwithstanding, it was glub-city for the carrier at MDW.

So, this carrier did the same thing the earlier Midway did... do the airline-refugee act, and move to fill in where a major carrier had decided to pull out.

In 1994, it made the decision to move to Raleigh/Durham, supposedly to pick up the slack caused by the pulldown of the American Airlines' hub there. They never would have guessed that there was probably a reason AA was dropping these markets... and it wasn't because the profits were driving American into a higher tax bracket. The routes were revenue bow-wows.

Fleet planning brilliance took hold in 1997 when it dumped its A-320s and bought 50-seat jets to augment its Fokker-100s. Nothing like high seat-mile costs to get that bottom line excited.

Got back into trouble by buying fleet of 737-700s - big airplanes that would be hard to fill. Claimed the costs were the same as the smaller F-100s.

The revenues, apparently, were also.

The aftermath of 9/11 didn't help. Gone by 2003.

Midwest Express

Established in 1984, Midwest Express built a small hubbing operation at Milwaukee, focusing on all first-class service, which in this case actually worked. With support of parent company, Kimberly-Clark, the airline expanded very slowly, and was profitable.

Split off from its paper-company parent, Midwest did fine until 9/11 changed airline economics and consumer flows.

After 9/11, the all-business class model – on which the carrier's ridership was based – no longer was financially viable. A merger with AirTran was considered and rejected. Tried to implement new classes of service within a uniform all-economy configuration that nobody – let alone the consumer – could understand.

Was ultimately bought by holding company Republic and eliminated as a brand.

Muse Air

Muse Air was started at Love Field in 1982 by the ousted founder of Southwest.

He had tried to convince the Southwest board that a major move to Chicago Midway would be a sound strategy. The board – back then – said no, and Muse left the company.

Muse Air was founded apparently with the intention of teaching the ingrates at Southwest a lesson, right in their home base at Love Field

Muse failed the course. Unfortunately, Muse Air could not gain market share at DAL competing with established Southwest, and Muse was eventually taken over by Southwest in 1986-1987. It was operated for a time by Southwest as TranStar, before being shut down completely.

Northeastern International

A low-fare, low-cost, airline established in 1981 initially to carry traffic to Florida from airports peripheral to the New York metro area.

Expanded rapidly adding widebodies.

Undercapitalized and on the edge financially, it ceased service in 1985.

New York Air

A product of Frank Lorenzo and Texas Air, NYA began service in 1980 as a direct competitor to the Eastern Shuttle in the NYC-BOS/WAS markets. Not a lot of success.

Despite the name (maybe because of it) it failed at attempts at building hub operations at IAD and RDU.

Assets were merged into Continental in 1986.

Pacific Express

Pacific Express attempted low-fare service on the West Coast, starting in 1981.

Received support from British Aerospace in exchange for ordering BAe-146 jets, which it never received. Operated BAC-111s, and attempted to compete with United in intra-California markets.

No dice. Lost money faster than a rigged card game. Gone by 1984.

PeoplExpress

In the early to mid-1980s, this airline was revered on Wall Street. Its growth and "unique" employee culture made PeoplExpress a favorite among airline analysts and investment houses. Founded in 1981, the carrier originally was a 737 operator flying underserved markets from Newark.

Initial success led the carrier to expand rapidly. Lots of swooning media stories assured that the senior management were increasingly separated from reality.

Employees were all "managers" and everybody supposedly cross-utilized. The C-level execs were reported to occasionally work as flight attendants. Nothing like having your CFO serving coffee on climb-out from Newark, when the lenders are calling in to find out what’s going on with accounts payable.

But cross-utilization was the mantra. Conceptually, a call to the airline might be answered, *“PeoplExpress Customer Service. This is Captain Skygod, how can I help you?”*

The CEO proudly claimed that he answered his own phone, which meant he was on a first-name basis with every copier salesman in New Jersey.

Employees were required to buy stock, with the company loaning them the money on a payroll-deduction basis. This, analysts reasoned, would make employees more "loyal". (Read: keep them non-union.)

Its huge "profits" fueled acquisitions that made no earthly business sense at all. It purchased a large commuter in the Midwest, Brit Air. This airline had good feed into ORD, which didn't do diddly for PeoplExpress since it had no real market presence in Chicago.

It also bought a large bankrupt commuter in Florida - another investment that gave PeoplExpress no synergies.

It purchased the original Frontier Airlines and within a year had it heading smoothly into bankruptcy and out of business.

With 747s flying routes like Newark - London, and Brussels - Los Angeles, PeoplExpress impressed financial analysts but was running itself into the ground. In 1986-1987, financial realities set in, and PeoplExpress began to very quickly implode. It was then acquired by Frank Lorenzo and blended into Continental Airlines.

(This is no relation to the airline of the same name that attempted service at Newport News in 2016, and quickly went out of business, leaving lots of work for local accountants and attorneys to figure out the wreckage.)

Presidential

Presidential attempted a hub at Washington/Dulles. It depended on the same template as many other start-ups, i.e., low fares intended to generate high revenues.

Over its short lifetime, it was a fast-mover. Presidential shifted operating models like costume changes at a Broadway show. It changed fleets from 737s to BAe-146s, which had high operating costs and poor reliability.

Presidential bought a commuter partner. It then became a Continental code-sharer, commuter partner and all.

Then became a United code-sharer, commuter partner and all.

Went out of business in 1989, commuter partner and all.

Pride Air

Founded in 1984 by a group of former Continental pilots, probably wanting to show Frank Lorenzo, who had taken over Continental, a thing or two.

They certainly did – like how to lose money fast. Operated 727s between Florida and western destinations, with headquarters at New Orleans.

Had insufficient capitalization to compete, and it shut down in 1986.

MGM Grand Air

MGM Grand attempted ultra-first-class service between New York and LAX, using 34-seat 727- 100s. The idea – which is basic to just about all of the fizzled start-up airlines that took this approach – was that, heck, it won't take but a small sliver of the market to fill this many seats.

Had high amenities on board including stand-up bar, and secretarial staff. Naturally, costs dictated that it needed to fill all 34 seats with people to whom this stuff was important when trying to get between the Coasts.

The stand-up bar and stenographic services apparently didn't make much of dent in the load factors in the front end of AA and UA flights between JFK and LAX.

Thrashing around to find the meaning of life, MGM Grand later tried service with mixed first and coach service, using DC-8s. Like, just what AA and UA were doing. Zero brand loyalty can be economically lethal.

Shut down. Carrier's DC-8 assets sold off to a freight operator in 1994.

Regent Air

As if proof-of-concept made no difference, Regent Air took to the skies with the same approach as MGM Grand, even operating the same 34-seat 727-100s that MGM Grand had flown, with the main destination being Deficit City.

Once again, it was discovered that unlike lightning, airline failures can strike twice in the same place.

Problem was the same as with MGM Grand: most high-end travelers were quite happy with the first-class service and higher frequencies offered by American, United, and TWA, even if they had to get their manicures someplace else.

Spreading the costs of a lumbering 727-100 over just 34 chairs was as much of a problem for Regent as it was for MGM Grand.

Outcome was the same.

Reno Air

Originally planned to have a hub at Reno, the carrier had several major route re-alignments after beginning service in 1992.

It was purchased by American in 1998. The reasons for the purchase are unclear, as the two carriers had very little overlap, and hence brought no value to American, and ultimately little downside to consumers.

The handling of the merger did, however, get American entangled in a costly legal row with their pilots union, as well as a number of MD-90s that had no compatibility with the rest of the AA fleet.

Sunworld

Started at Las Vegas in 1980, the airline was owned by a bus company on the East Coast. Low costs and low fares allowed the airline to compete on initial routes with DC-9s.

In 1984, acquired 737-300s, and expanded into secondary markets in the Midwest from Las Vegas. Unlike today, LAS was not as much of a slam-dunk destination. Poor traffic, low fare yields, and expansion at LAS by other low-fare carriers (not majors) had Sunworld heading out of business by 1988.

It is interesting to note that it was competition from a new-entrant carrier, America West, that was probably most responsible for Sunworld's demise.

UltrAir

Another airline trying to draw passengers out of competitors' first-class cabins, UltrAir was intended as an all-premium airline serving New York and Los Angeles from Houston. It began service in 1991.

UltrAir's basic product was a confused mix of a high-priced "super premium" cabin, and a 5-abreast "first class" cabin on the carrier's fleet of 727s.

Very high costs due to its product were not sustainable in competing for premium customers. Actually, the planned menus represented more catering stuff than could be handled in the galleys on a fully-booked flight. Luckily, it wasn't a problem UltrAir faced very often.

Ceased operations in 1993. It briefly re-surfaced as a high-density, low-cost carrier between Newark and Florida. Ceased service in 1994.

Air South

Putting it as clearly as possible, Air South, to its credit, was a unique, albeit somewhat numbskull, approach.

Instead of being a response to a market need, it was first formed as an airline, and then its founders looked around to find someplace that would pay the most incentives to locate there.

So, it wasn't picking markets on the basis of potential revenue-potential, but instead based on what city fathers would shell out to get them to build a headquarters. Only a little bit backward from reality. The ultimate outcome of the carrier, however, wasn't.

Civic hubris in South Carolina resulted in a $17 million financing commitment by the state in exchange for the airline basing itself at Columbia, and promises to employ 2,000 people. Just what these 2,000 staff would be doing, was unclear. That much overhead would require an airline a lot larger than what Air South could deliver.

Because of the huge government support, one journalist in South Carolina dubbed the carrier "Bubbaflot."

Air South, trying to build operations at a relatively low-population focus city at Columbia, ran through the state's money rapidly.

Service was so bad and Third World-unreliable that the airport Charleston, SC at times scheduled airport police to be on duty to deal with irate passengers in case of a cancellation.

The results were predictable. It flew into history, along with the State's initial money and about $30 million more.

Western Pacific

Had a niche at Colorado Springs. It had a perfect market opening... the new airport in Denver had high costs, a new efficient terminal at COS allowed WestPac to offer fares not available at Denver at the time.

Not too long after starting, the traffic levels attained by Western Pacific actually exceeded the design expectations of the new COS terminal.

Problem: invasive interference from investors and failure to offer sufficient frequency to attract continuing brand loyalty. Also, there were things like airplane leases forced on WestPac with companies owned by investors … deals that made no economic sense.

All WestPac needed was time and a clear route plan that delivered frequency to establish itself in the growing Colorado I-25 corridor.

However, its board wanted faster results, and installed a new Messiah management team to part the financial seas.

Instead, they just raised the water table.

The new savior-experts decided to split operations between Denver and Colorado Springs – again resulting in shoddy flight frequencies. Made no real analyses of the costs at Denver – just estimates... numbers that were galaxies from reality. Amateur hour was in full swing.

WestPac entered into an agreement to merge with Frontier. WestPac initially code-shared flights – put both the Frontier code and the WestPac code on flights... and promptly allowed the res system to assume the flights therefore had twice the seat capacity. Quite messy at departure time. Amateur hour was extended into overtime.

The new plan was head-on competition with United at Denver, where UA had brand loyalty and a frequent-flyer program that made WestPac hardly a dot on the consumer radar screen. But it still dumped thousands of additional seats in several markets priced below costs. Lost $80 million in 1997.

Like most airline failures, its new Messiah management blamed everything except itself for its really bad reliability, poor leadership and poor product.

Luckily, Frontier was able to disentangle itself from WestPac.

Pan Am II & III

No connection with the earlier global airline of the same name.

First, Pan Am II. It got incredibly bad strategic advice from one of those huge global consulting companies. The plan was to operate A300 widebody airliners to offer domestic connections for the secondary foreign airlines flying into JFK.

The plan just assumed that the PanAm name would have customers lined up to buy tickets, and these foreign carriers had lots of passengers just hankerin' to do a connect at JFK to Chicago or Miami or wherever.

But operationally and economically, the plan was pure quicksand – airlines at JFK like Air Afrique and JAT Yugoslavian, and Air Whoever really didn't have much connecting traffic to anyplace.

Predictably, Pan Am II lost millions. Bankrupt in February 1998.

Pan Am III: The name and trademarks were purchased by another entity, which owned a railroad in Maine. Tried flights with 727s to an airport in southern Illinois (Mascoutah) it called "St. Louis" and to an airport in Indiana (Gary) it called "Chicago" not to mention an airport in New Hampshire it billed as"Boston."

So much for navigation.

Pan Am III bought another 14 used 727-200s from United with the agreement they would not be operated on domestic routes.

They certainly kept their word: they went out of business in 1999. But the name PanAm lives on – it was applied to the railroad in Maine.

Airline legend Juan Trippe, founder of Pan Am, which implemented innovations like the China Clipper, giant flying boats across the Atlantic, and introducing the 747 to the world, should be thrilled at this legacy, with the big blue PanAm meatball logo emblazoned on the side of old boxcars rumbling through Dover-Foxcroft in the middle of the night.

Vanguard

Established at Kansas City in 1994, Vanguard revised its route system repeatedly, looking for markets of opportunity where it could make money.

In 1995, Vanguard had an initial stock offering that provided the airline approximately $14 million. However, much of this was needed to pay overdue bills and fund aircraft maintenance reserves. Thanks for the dough, investors.

There were few niches where this carrier could find sufficient revenue. Tried to spread its aircraft into markets where it could skim traffic, and was unsuccessful. Went out of business, due to no business.

Pro Air

Attempted service at Detroit City Airport. There are approximately 1.2 million passenger trips generated annually in the immediate service area of that airport.

The biggest problem was special interest opposition – wealthy neighborhoods – strongly opposing the establishment of service at City Airport.

While Detroit backers like General Motors, Chrysler and even the United Auto Workers were strong supporters of Pro Air, it found difficulty in building a core route system.

The special interest opposition had the support of prominent politicians, including Michigan's Senator Carl Levin, who emphatically urged the DOT to deny Pro Air slots at LaGuardia. Politics at its finest – oppose a new business being established in one of the most impoverished areas of the Motor City.

In 2000, the FAA used ProAir as a media tool, shutting it down with great fanfare, although they provided virtually no concrete support of the action.

Months later, the FAA agreed to rescind its revocation of ProAir's operating certificate, in exchange for ProAir agreeing not to take any legal action against the FAA.

Gone in late 2000.

Eastwind

A 737 operator that started with service from Trenton, where there was no competition. Not to mention much traffic, either.

Moved offices to Greensboro. Tried service at Rochester, NY, an airport in a region screaming about a need for low fare carriers. But the airline couldn't find enough passengers and pulled the Rochester plug.

After attempting various routes from Greensboro, the airline finally shut down.