



5th

World Financial Symposium

17 – 20 September 2018

Madrid Marriott Auditorium Hotel & Conference Center





Agenda

- Main Cases – Bankruptcy and Suspension
 - Not all cases addressed involve a bankruptcy or insolvency filing
- Reminder on Procedure





Reminder on the Basics...

Applicable ICH Regulations

- 9(a): "...no liability for payment and no right of action to recover payment shall accrue between Clearing House Members."
- 9(b): The ICH has "...the exclusive right to institute court actions, file claims in appropriate jurisdictions and to settle and compromise such claims."
- Individual member action can interfere with the ICH's ability to claim its rights in court, and therefore jeopardize the rights of other members.
- Any approach by legal firms, administrators, liquidators, or other representatives of the bankrupt airline should be referred to the ICH.
- Please refer to Procedure 18 for a full description.





Also...

Unfortunately bankruptcy processes are slow

- The ICH is not the only creditor and some take much longer to provide data
- Government rules may be applied
- Many companies are trying to negotiate with the Administrator at the same time
- The bankrupt airline may no longer have access to systems, data, or expertise
- The bankrupt airline may dispute the claims of the ICH
- Court appearances may need to be scheduled
- Assets need to be identified by the administrators





Also...

Internally it also takes time

- Funds in IATA's hands have to be identified from around the world
- Local regulations on release and remittance apply
- Members have six months to clear their accounts and submit claims
- Special clearances take time to set up, run, and release funds

Additional information available via bankruptcy/suspension extranet updates





2012 and Prior (part 1)

KW-100 Wataniya

- Claim successful for 100% of debt; airline appealing; IATA has attached airline assets to preserve collection opportunities following the appeal.

NM-476 Air Madrid

- IATA successful at trial court, defeating claim vs. ICH for NM claims without offset of NM debts; airline appealing. A decision is not likely until 2019, and a distribution is unlikely on the pending ICH claims.

LC-183 VarigLog

- Claim confirmed by the court, awaiting completion of bankruptcy process.





2012 and Prior (part 2)

B3-208 Bellview

- Marginal recovery to be made via internal offset; special clearance to follow.

QC-040 Cameroon Airlines

- Considering reinstatement; claims to have settled all claims bilaterally. The case will therefore be closed.

C9-251 Cirrus

- Amount of ICH claim under negotiation; small recovery likely following resolution.





2012 and Prior (part 3)

JK-680 Spanair

- Amount of ICH claim under negotiation; small recovery likely following resolution.

U8-669 Armavia

- Claim filed for outstanding amounts in bankruptcy; special clearance to follow to allow for partial distribution.





2014 Cases

V3-021 Carpatair

- Claim filed in bankruptcy; amount agreed. Suspension upheld by court.

DN-440 Senegal Airlines

- Considering collection options following cessation of operations; possibility of small distribution via offset of internally held funds.





2015 Cases

IY-635 Yemenia

- Partial distribution possible following internal offset and special clearance.

UN-670 Transaero

- Claim filed with bankruptcy court, partially successful at trial court – matter may be appealed. Distribution depends on potential appeal process.

OV-960 Estonian

- Claim filed with bankruptcy court, but denied without explanation by administrator – ICH proceeding with appeal. Distribution uncertain, and depends on ruling in appeal.





2016 Cases

4Q-741 SAFI Airways

- A material distribution is expected in this case following a special clearance.

LC-753 Equatorial Congo Airlines

- Upon researching the airline's situation, the ICH has determined that collection efforts will not be effective. A small distribution will be made following a special clearance.

GE-170 TransAsia Airways Corporation

- Claim submitted in out-of-court liquidation process, and will be re-submitted in recent bankruptcy proceedings. Recovery questionable.





2017 Cases (part 1)

7I-958 Insel Air International

- Submitted claim with trustee in court case; material distribution eventually likely.

8I-778 InselAir Aruba

- There were no open debts in this case, for an ACH participant. This case will therefore be closed.

LV-400 Mega Maldives

- The ICH will not pursue collection actions in this case, but a small distribution will likely be possible through offset of internally withheld funds, following a special clearance





2017 Cases (part 2)

AZ-055 Alitalia

- Airline has placed a security deposit with the Clearing House and continues to settle all amounts due in the ordinary course.

AB-745 Air Berlin

- The ICH was able to recover 100% of all claims after negotiating a security deposit with the airline to see it through the bankruptcy process, prior to its suspension. The special clearance has concluded in this case, which will therefore be closed.





2018 Cases (part 1)

Z6-181 Dniproavia

- Following a special clearance, 100% of claims were paid. Case to be closed.

F7-033 Darwin Airline

- A claim has been submitted against the bankruptcy estate. A partial distribution may be possible depending on the outcome of the case.

7N-185 PAWA Dominicana

- A resettlement was necessary in this case, and collection actions have been determined to be ineffective. No distribution will be possible, and this case will be closed.





2018 Cases (part 2)

8U-546 Afriqiyah Airways

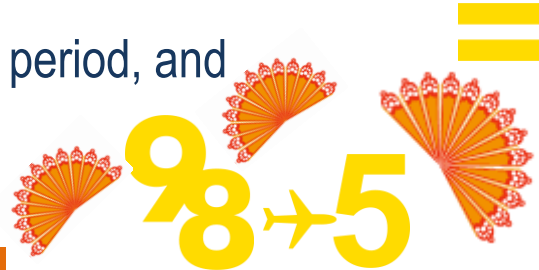
- Considering collection options; possibility of small distribution via offset of internally held funds.

UG-150 Tunisair Express

- Considering collection options; possibility of small distribution via offset of internally held funds.

2N-121 NextJet AB

- The ICH is collecting claims during the 6-month submission period, and will submit a claim in the bankruptcy process as necessary.





Reminder on Procedure

ALWAYS follow Proc. 18: timely submit claims vs. suspended airline

- 6 months will be provided for submission, unless local law requires a shorter deadline
- Failure to timely submit will prevent any recovery on these claims

ALWAYS check claims submitted during 6-months post-suspension

- The suspended airline should also submit its own claims, which may need to be rejected
- Untimely rejections will not be allowed, as per RAM guidelines

NEVER bilaterally settle claims already submitted in ICH

- Bilateral settlement often results in a worse outcome for your own claims, and is in any case grounds for suspension





John Middleton
Assistant General Counsel
middletonj@iata.org

