

REPORT OF THE TRAVEL AGENCY COMMISSIONERS

Submitted by the Travel Agency Commissioners

Introduction

As a consequence of a variety of circumstances, vacancies existed for all three Travel Agency Commissioners (“TAC”) positions in 2008. Candidates were sought globally in late 2008, a number of applicants came forward, interviews were conducted and ultimately the following three Commissioners were selected and contracted for a 3 year period, renewable, from 1 January 2009:

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| Mrs. Verónica Pacheco-Sanfuentes | TAC – 1 |
| Mrs. Helene Cedertorn | TAC – 2 |
| Mr. Jo Foged | TAC - 3 |

The PAPGJC meeting in London in March 2009 allowed the TACs to meet members of the Committee, be briefed on their role within the Agency Programme and to establish a number of communication processes amongst themselves.

At this point the Commissioners wish to thank the outgoing TAC – 1, 2 (3) Brian Barrow for his thorough and very able handover of cases to the new incumbents.

This is therefore the first report provided by these Commissioners.

Work Handled

Attachments “A “ through “ F “ to this report briefly describes the cases dealt with by the individual Commissioners, whether the matter proceeded to a Review and Decision, or whether they were handled without reaching that point.

Formal hearings were held as described in the Attachments but cost containment was achieved where sufficient written evidence was available and where both parties agreed that a Decision could be rendered without the need for face to face interviews.

The Commissioners have re-launched the website www.travel-agency-commissioner.aero. The site is updated to reflect recent changes of the applicable Resolutions and also the Rules for Practice and Procedure for each area are slightly updated. The members of PAPGJC have all received an e-mail with personal log in to enhance security on the secured area of the site (where decisions in full are to be found).

In order to avoid communication problems with the Agents, due to a lack of prompt and timely answer from IATA, TAC for Area 1 had recommended to the IATA's Agency Administrator for Area 1 to inform and let the Travel Agency Community know about the existence of an internet portal created by IATA-One called:
http://www.iata.org/customer_portal_americas/sp/contactus.htm, in order for the Agents to get proper and timely responses to their doubts, before incurring in undesirable irregularities.
This proposal was very well taken by the Agency Administrator.

Recommendations for PAPGJC Consideration

1.

The proposal by the Commissioners which appears on the PAConf/32 Agenda is regarded as critical by them. It requests the inclusion of a non-liability clause in Resolution 820d designed to remove the threat of litigation by disaffected parties and thus allow continued impartial and fair treatment of cases brought before them.

2.

Here are some comments related to Resolution 820e:

(a) With regard to Section 1.2.2.1 and 1.2.2.2 of Resolution 820e, it might be a mistake because it doesn't make sense the citation of Subparagraph 1.1.6 there. In both cases it should be mentioned, instead, Subparagraph **1.1.7**, since this is the rule that refers to the Standard Traffic Documents' withdrawal.

Examination of this apparent incorrect cross-reference would be appreciated.

(b) With regard to the citation of Subparagraph 1.1.10 in the commented Section 1.2.2.1, it also needs to be reviewed, since there is no reference, as it should be, afterwards of the due time frame for requesting a TAC review in such cases (have followed correct procedure). Clarification on which timeframe applies to 1.1.10 is sought.

3.

It would be convenient to review the title that IATA has for the report that the auditor makes after concluding an Agent's audit. The current title is "Deficiency Note" and this is perceived by some Agents as already incriminating them in some sort of irregularity or breach of contract. We respectfully suggest the adoption of a neutral title, such as "*Audit Report*", without any adjective involved.

4.

In connection with Resolution 820e, Paragraph 1.1.8, which states:-

“The Commissioner shall review and rule on cases initiated by:

1.1.8 an Agent who considers that its commercial survival is threatened by a Member’s individual decision preventing it from acting as Agent for, or from issuing Traffic Documents on behalf of, such Member “

This has proven to be a difficult provision and the TACs seek clarification on the mandate that exists with regard to adherence to a TAC Decision by a Member where the Member’s actions are found to be improper. There is a collision in the Resolutions as Resolution 824 clearly gives the airlines the right to withdraw an appointment, and if the Commissioners are not clarified to be able to intervene in situations as described in Res 820e and decide in favour of the Agent seeking review, the Section is pointless and only causes confusion. It also does not reflect well on the TAC Office if its mandate is unclear and/or is questioned by individual airlines. Discussion and subsequent guidance by the Conference on this subject would be welcomed.

5.

ADM questions from Agents are frequent and as well-known ADMs are normally not within scope of the TAC mandate. However it is important that the Members of the PAPGJC are aware of this constant source of tension between the airlines and the agents, often a result also of poor communication and lack of proportion between the failure/error and the amount of the ADM.

Attachment A

Area 1 Travel Agency Commissioner Review Decisions - 2009

| <u>Time & Place</u> | <u>Summary</u> | <u>Decision</u> |
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| <p>10 June 2009 Bogotá, Colombia</p> <p>(Review conducted on the documentary evidence and on a two days hearing)</p> <p>A1-2009-#1</p> | <p>Agent was declared in default. Agent alleged the registration of a dispute (Res. 832, 1.10.5(a) and 1.10.5(b)). Agent didn't pay the undisputed amounts of the BSP report (from Dec. 1st to Dec. 15th, 2008).</p> | <p>Default decision upheld. Agents are to pay the undisputed amounts of BSP Reports, regardless the registration of a dispute. Hypothesis contemplated in Res. 832, 1.10.5(a) and (b) are not accumulative, Agent had to claim one or the other, depending on its reality. Dispute proceeding, according to 1.10.5(a), implies: (i) the real existence of a "dispute"; the sole unilateral manifestation of inconformity or disagreement with a particular BSP amount does not qualify as a dispute, airlines have to be informed about it and had to have given a negative response to Agent; and (ii) at "any time" seems to mean between the following time frame: first, from the time Agent <i>is aware of the BSP report</i>; and, second, right <i>before</i> the default declaration or the imposition of an irregularity.</p> |
| <p>2 June 2009 Panamá City, Panamá</p> <p>(Review conducted on the documentary evidence alone)</p> <p>A1 –2009–#2</p> | <p>Agent received 2 instances of irregularities due to a US\$ 20 difference in BSP Report's payment (March 16th to 22nd, 2009) and was requested to provide a Bank Guarantee for US\$ 37,265.09. The said difference was a consequence of a misunderstood lecture of the BSP Report (the IPAT part vs. the Breakdown of Agent Sales per Carrier part). Upon reception of the BSP Report and before the due date for payment, Agent asked IATA for clarification, but didn't receive any timely response from them. Agent payed the said difference immediately after requested.</p> | <p>IATA's decision was changed. The two irregularities were upheld, but the Bank Guarantee was dismissed.</p> <p>An agreement was able to be reached in this case, thanks to a timely and efficient intervention of the Agency Administrator, who applying the "minor error" rule, was able to dismiss the Bank Guarantee requirement and the review didn't need to go forward, since the Agent accepted the TAC's proposed terms.</p> |

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| <p>8 August 2009 Toronto, Canada</p> <p>(Review conducted on the documentary evidence and on a two days hearing)</p> <p>A –2009-# 3</p> | <p>All Standard Traffic Documents were removed from Agent’s possession on June 25th, 2009, as a consequence of a written information received by IATA from the Risk Management Department of a Member Airline, leading to the belief that the collection of BSP monies from Agent was at risk.</p> <p>On June 29th, Agent sought TAC review and requested an interim relief (Res. 820e, 1.1.7).</p> <p>On July 1st, Agency Administrator sought TAC review too (Res. 832, 1.8.2 and Res. 820e, 1.3.12).</p> <p>Prior to removing ticketing authority from Agent, a big bust-out took place in Canada, where in two weeks \$930,741.56 of airlines tickets were issued and haven’t been paid. The bookings done by Agent in that period of time were made (i) by an Agent’s employee located abroad of Canada, and (ii) by Agent’s local “employee” that was the former owner of a defaulted Canadian Agency (still owing the money) and who is the Agent owner’s husband. In both cases all the bookings were made in connecting with the bust-out Agency, who was in fact the ticketing agent. After IATA’s initial decision, other member airlines contacted them and provided them with more evidence related to this potential prejudice of collecting money from Agent and confirming it. Likewise conclusion was IATA able to reach after has done its own investigation (including the practice of two audits).</p> | <p><u>Preliminary Decisions:</u></p> <ul style="list-style-type: none"> - By TAC’s decision, both review proceedings were accumulated into one (1) process. - Upon agreement reached by the parties at the end of the hearing, Agent declined his petition for interim relief and TAC was to decide the core of the matter within the 8 following business days. <p><u>Final Decision:</u></p> <p>IATA’s decision was upheld. TAC considered that (i) IATA not only had enough evidence in their hands by the time the decision was made but was able to obtain extensive and documented information after removing the ticketing capacity from Agent; (ii) according to TAC’s interpretation of Res. 832, Paragraph 1.8.1:</p> <ul style="list-style-type: none"> - The Agency Administrator <u>must be able</u> to substantiate, to prove the truth of the information received from the Airline. The rule does not require that the substantiation has to be done <i>prior</i> to the decision; - The rule gives discretion to the Agency Administrator to evaluate the risk, upon reception of the written notice from a Member, and if he/she has a reasonable belief that the collection of BSP money is in danger, the Resolution allows him/her to proceed. It can not be otherwise, considering that the relationship between Airlines and Agents is based mainly in <u>trust</u> (Res. 824, Section 7.2). Finally, the fact that IATA sought TAC’s review after the third business day of the Agent’s removal from the system was considered by TAC a reasonable time frame, under the given circumstances. |
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| <p>September 1, 2009 Santiago, Chile</p> <p>(Review conducted on the documentary evidence)</p> <p>A1 – 2009–#4</p> | <p>Agent was reviewed after “change of ownership” and, as a consequence, was asked to provide Financial Guarantee, pay the correspondent fees and send to IATA all the documentation related to the aid change. IATA related the internal restructuring process that the Agent went through as a change of ownership, representing more than 30% of the total issued shares, in terms of Resolution 818g, 10.2.1(b).</p> | <p>IATA’s decision was changed. Neither the Financial Guarantee nor the correspondent fees are required to be provided. Agent is to send, however, the documentation originally requested by IATA related to the changes occurred within it.</p> <p>Agent’s internal reorganization didn’t really mean a change of ownership, because (i) no foreign shareholders were incorporated; (ii) the ultimate Agent’s owner remained the same as of prior to the internal reorganization: it still is the holding company; and (iii) the changes that took place in the Agent’s corporate structure didn’t have any impact on the Agent’s accreditation status and definitively didn’t alter the Agent’s legal nature.</p> |
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Attachment B

Area 1 Travel Agency Commissioner-Matters that did not give rise to a Review

| <u>Time & Place</u> | <u>Incident</u> | <u>Outcome</u> |
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| June 2009 Los Angeles, Chile | Agent received 2 instances of irregularities due to a mistake committing while writing the BSP due amount in numbers and then in letters. | TAC sent a preliminary communication to Agent in regards to the time frame limit to seek TACs reviews. The Agent never got back to TAC. |

Attachment C

Area 2 Travel Agency Commissioner Review Decisions - 2009

| <u>Time & Place</u> | <u>Summary</u> | <u>Decision</u> |
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| <p>24 Feb 2009 London, UK</p> <p>A2-2009-1</p> | <p>Agent was asked to submit a bond of 12,000 000.00 GBP as IATA made the assessment that its parent company accounts failed to meet the UK Financial criteria with regards to net current assets (current liabilities amounted to 65 200.00 GBP). Interlocutory relief was granted by the TAC and the parties met at an informal conference. The consolidated balance sheet of the group (parent and trading company with no other subsidiaries) showed net current assets of 2,133 184.00 GBP. The parent company had a net worth of 2,7 MGBP and the consolidated net worth of the group was 6,3 MGBP. - The Agent claimed that the consolidated accounts should be under assessment, not the stand-alone parent company accounts, and it had arguments for this based on the wording of the UK Financial criteria that were in effect.</p> | <p>The TAC found that the financial criteria for UK were unclear with regards to whether it should be the consolidated accounts of the group, or the stand-alone parent company accounts, that should be assessed. Based on the principle that it is the writer of a text that is ultimately responsible for ambiguities of the text the TAC decided in favour of the Agent's interpretation. (The financial criteria are ultimately decided by the IATA Members, represented by IATA, and the IATA Agency Administrator has the contractual obligation to communicate changes to the Agents according to Res 824.)</p> <p>The UK financial criteria are now changed, effective 16th of June 2009, and it is now clarified that it is the consolidated accounts that should be assessed with regards to parent company accounts.</p> |
| <p>11 Mar 2009 UK</p> <p>(Review conducted on the documentary evidence alone)</p> <p>A2-2009-3</p> | <p>Same theme as above case; Agent was asked to submit a bond of 2,325 000.00 GBP due to failure by the parent company accounts to meet the financial criteria for the UK with regards to loss and lack of liquidity. The Agent argued that it should be the consolidated group accounts that should be under assessment, not the stand-alone next level parent company accounts. The next level parent company was simply a non-trading holding company. It was clarified that the Agent would, if the</p> | <p>Based on the same principle as described above the TAC decided in favour of the Agent's interpretation of the text of the financial criteria for the UK. As mentioned in the above case the text of the Financial criteria for UK are now changed, and it is now clarified that it is the consolidated accounts that are to be assessed.</p> |

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| | consolidated group accounts were to be assessed, comply with the financial criteria with considerable surplus. The Agent had arguments for its interpretation based on the wording of the UK Financial criteria that were in effect. | |
| 28 Mar 2009 UK, London A2-2009-05 | Agent requested review of airline's termination of its appointment to act on the airline's behalf stating that it threatened its commercial survival. The parties met at a hearing and the case was reviewed. | TAC found that the airline has a right to terminate the contractual relationship and had done so in writing and within the stipulated timeframes. However, as the Agent was provided with proper information on the immediate reason for the termination at a late stage in the process and therefore was unable to understand the exact reason for the termination or defend itself in this very serious situation, the Commissioner extended the deadline for the decision to be effective with one month. |
| 30 Mar 2009 UK, London (Review conducted on the documentary evidence alone.) A2-2009-06 | Agent was required to continue to maintain a bond of 450,000.00 GBP as its parent company accounts, according to IATA, failed to meet the UK financial criteria with regards to liquidity and profit before tax. IATA stated that if the consolidated accounts were to be assessed the Agent would meet the criteria. This was also substantiated by the accounts submitted by the Agent. | As already established in cases above the UK financial criteria were unclear with regards to if the parent company accounts should be assessed as stand-alone accounts or at consolidated group level. In line with previous decision the Commissioner decided in favour of the Agent. The criteria are now changed with effect from 16 th of June and it is clarified that it is the consolidated accounts that are to be reviewed. |
| 18 May 2009 Warsaw, Poland A2-2009-09 | Agent requested review of decision by IATA to require a guarantee of PLN 1 678 000.00 before it could be reinstated as Agent. The parties had previously agreed that the Agent should temporarily suspend its accreditation for a period of time. Now the Agent had submitted new accounts that undisputed satisfied the | The Commissioner investigated if IATA was permitted to, based on the applicable IATA Resolutions, set aside or overrule the local financial criteria for Poland and apply additional requirements. The TAC found that this is not permitted and that the Agent should be re-instated without having to set a guarantee. |

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| | <p>Polish financial criteria for accreditation, but IATA still claimed additional security and based this requirement on Res 818 art 2.1.4.2. The parties met at as hearing in Warsaw but were unable to reach an agreement.</p> | |
| <p>17 Jun 2009 UK, London</p> <p>(Review conducted on the documentary evidence alone)</p> <p>A2-2009-10</p> | <p>IATA requested TAC Review under the provisions of Res 818 Attach A Section 1.8.2. (Prejudiced Collection of Funds) and 1.7.11.5 (Accounting Irregularity Safeguards). IATA provided information relating to the financial standing of the Agent, as well as specimen evidence of irregular refunds.</p> | <p>As the Agent did not provide any arguments or comments (receipt of material was confirmed) the TAC based her decision on the material submitted by IATA and found that it had good cause to react in accordance with Res 818 Attach A Section 1.8 and Section 1.7.11. The actions by IATA were consequently upheld.</p> |
| <p>22 July 2009 South Africa</p> <p>(Review conducted on the documentary evidence alone)</p> <p>A2-2009-12</p> | <p>Agent requested review of actions by IATA relating to recovery of paper ticket stocks during 2008, as the Agent was held liable for fraudulent use of these stocks, by ADMs raised by airlines. TAC Review was granted (clearly stating that only the acts of IATA was under review – not the ADM disputes with individual airlines – this in accordance with the TAC mandate as laid out in Res 820e.) The paper stocks were collected during 2008, according to certain procedures as instructed to all Agents by IATA, and by utilizing an external company for the actual collection (contracted by IATA). IATA had allowed the Agent to short pay the amounts in dispute, as IATA itself was conducting an investigation. However the outcome of the IATA investigation was that IATA had followed due process when collecting the ticket stocks in question.</p> | <p>As the TAC investigation showed that the Agent had complied with all instructions issued by IATA (at least nothing indicated the contrary and IATA did not dispute this), and that the Agent could show evidence that it handed over the ticket stocks to the external company at a certain date (receipt countersigned by the external company), the risk for the tickets were deemed to rest with IATA from that point of time, in this particular case. Consequently IATA, acting on behalf of its Member Airlines, should ensure the Agent was not held liable for the fraudulent use of the tickets. The decision previously made by IATA to allow the Agent to short pay the amounts in dispute, should remain in force.</p> |

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| <p>17 Aug 2009 United Kingdom</p> <p>(Review conducted on the documentary evidence alone)</p> <p>A2-2009-14</p> | <p>Agent requested review of decision by IATA to require bond of 555,000.00 GBP due to parent company accounts failure to satisfy the liquidity requirement of the financial criteria. The material submitted by the Agent indicated that if the consolidated accounts were to be presented, the Agent would be in compliance with the local financial criteria. (The parent company was a non trading holding company.)</p> | <p>Based on the new wording of the local financial criteria for the UK (effective 16th of June) the consolidated accounts are to be reviewed when assessing a parent company, not the stand-alone parent company accounts. The decision by IATA to require bond was declared null and void, the Agent was requested to present the financials as consolidated accounts, and IATA instructed to review the consolidated numbers. - The Agent has now complied and IATA has already reviewed the consolidated accounts and found them in compliance with the local financial criteria.</p> |
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| <p>24 Aug 2009 Ireland</p> <p>(Review conducted on the documentary evidence alone)</p> <p>A2-2009-15</p> | <p>Agent requested review of default decision by IATA due to late payment. The Agent claimed that it had complied with IATA instructions, and had tried to pre-pay the amounts due when it suspected that the direct debit would not work as it had changed its bank. IATA claimed that the Agent had not notified the change of bank in accordance with stipulated time frames and that it had not paid amounts due as requested. The series of events were rather complicated and involved mistakes on both sides. – When the Agent contacted IATA initially the parties seemed to have reached an agreement on how to handle the situation and the Agent paid most of the outstanding amount as agreed. By mistake however the full amount was not paid (short of approx 500 Euro), an error the Agent tried to correct immediately at the request of IATA the 18th, and the same date evidenced by sending documentation showing that the full amount was paid to IATA available the 22nd. IATA did not react when the Agent sent the documentation- IATA on the contrary confirmed that the “proof of</p> | <p>The TAC found that the Applicant had not complied with the requirement to give notice 30 days beforehand when it changed its bank. However the parties agreed that it should pay the amounts due a certain date, which also the Agent did, though by error due to the Agent’s fault, short of 500 Euro. When the shortage was discovered the Agent tried to correct this immediately, and sent evidence of the bank transfer to IATA the same date. When IATA took the default decision it was based on incorrect information; namely that all amounts were due but the Agent had in fact already paid the full amount (but 500 Euro to late). - The TAC found that IATA should have informed the Agent when the documentation of the bank transfer of 500 Euro was received, stating clearly that the payment would be available only the 22nd, if IATA found that the transfer was not satisfying its request for immediate payment. The default decision by IATA was revoked, but the Agent was instead, in accordance with Res 818, given Notice of Irregularity, recorded as two instances of Irregularity, due to</p> |
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| | <p>payment” was received. The 22nd IATA took default action. The Agent initially got the information that it was defaulted from a third party, only the 24th IATA wrote the actual default letter to the Agent, the default letter contained incorrect information.</p> | <p>late payment of amounts due BSP period 2009/5.</p> |
| <p>3 Sept 2009 Russia</p> <p>(Review conducted on the documentary evidence alone)</p> <p>A2-2009-16</p> | <p>The Agent (and the person in question) requested review of IATA decision to reject the application to become an Accredited Agent. The decision to reject the application was based on that the General Manager of the applying company had previously been the General Manager of an agency that had later defaulted (Res 818g -2-2.1.8 “Trading History”). IATA claimed that the GM had not given notice of change of ownership before she was dismissed from the agency that later defaulted (approx five months later) and that this was the reason why the application was rejected.</p> <p>The person concerned described that she had worked effectively as General Manager only a few days after the change of ownership. She gave detailed description of the events the last day of her effective assignment as General Manager, during what day she was also informed of the transfer of shares in question. Her statement was substantiated by documentary evidence.</p> | <p>The TAC found that IATA had not provided proper information in accordance with the applicable resolution with regards to the actual decision to reject the application for accreditation. However, the main issue was if IATA had sufficient reason to reject the application for accreditation. By interpretation of the Res 818g section 2-2.1.8 the TAC established that it could potentially be possible to disqualify a person from having a function as listed in the text, also if the person has left the company before it actually defaults or is removed from the agency list. This if the person has been involved in any acts or omissions that caused the default or the removal from the agency list. In this case IATA agreed to that the omission by the former GM was not the reason for the default. Furthermore the time between that she effectively left her role as GM and the default was almost five months. – In light of the individual circumstances in this case the TAC found that the fact that her instructions were not followed by the new General Manager, or that the Agency that later defaulted did not fulfil its obligations to notify, did not disqualify the former GM personally from being in a management position of an IATA Accredited Agent. The decision was consequently revoked and IATA was instructed to disregard the fact that she had been GM at an agency that later defaulted when reviewing the application for accreditation.</p> |

Attachment D

Area 2 Travel Agency Commissioner - Matters that did not give rise to a Review - 2009

| <u>Time & Place</u> | <u>Incident</u> | <u>Outcome</u> |
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| 26 Feb 2009 Kenya A2-2009-02 | 34 Agents in Kenya requested review of an airline decision to stop to pay commission, as the agents claimed that this action violated Res 824, and that the Agents were aggrieved by this amendment to their PSAA. | After investigating relevant sections of Res 824 and 814, and the general framework of the IATA Agency Programme, the Commissioner found that this matter did not fall within the remit of the TAC. Purely procedural matters could potentially be in scope of a TAC Review in the particular situation, but no procedural violations could be established. The requests for TAC Review were consequently dismissed. |
| 19 Mar 2009 UK A2-2009-04 | Agent requested review of decision to require a bond of 480,000.00 GBP due to failure by the trading company and the parent company to meet the financial criteria with regards to liquidity. | The TAC found that the Financial criteria for the UK clearly required that the net current assets must exceed net current liabilities with regards to the trading company. In this situation a bond is clearly required and therefore there were no potential possibility for the Agent to have success in a TAC review (unlike the Agents with parent company accounts issues – see Attachment C). The request for review was therefore dismissed. |
| 8 April 2009 UK A2-2009-07 | Agent requested review of a decision by IATA to require bond of 20,000,000.00 GBP on the grounds that the parent company accounts showed loss and lack of profitability. The Agent stated that it did not consolidate at UK level as its ultimate parent company was a US company. | As the TAC found that it the text of the financial criteria for UK was clear as to the fact that UK parent companies accounts would be considered in the determination of the Agent’s financial standing, and the Agent did not have any alternative interpretation (as in the cases with similar theme described above where the TAC ruled in favour of the Agents as the text was found to be unclear) the TAC found that the Agent had no potential possibility to be successful in a TAC Review. The request was therefore dismissed. |

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| <p>28 April 2009 UK</p> <p>A2-2009-08</p> | <p>Agent requested review of decision to require increase a bond of 10,000,000.00 GBP to 14,200,000.00 GBP. The bond was required due to a change of ownership and later increased to reflect the Agent’s turnover. The Agent argued that the initial decision was wrong, and that IATA should not change this decision as there had been no material change since the initial decision. The Agent also provided arguments as to why the change of ownership should not result in a requirement to provide a bond.</p> | <p>The TAC found that the rules as laid down in the financial criteria for the UK were clear with regards to the bond requirement at change of ownership, and the calculation of the level was correct in relation to the undisputed turnover. As the TAC found that there was no potential possibility for success for the Agent in a TAC Review, the request was dismissed.</p> |
| <p>22 July 2009 London, UK</p> <p>A2-2009-11</p> | <p>Agent requested review of decision by IATA to require bond of 1, 920, 000.00 GBP due to the failure of the Agent to fulfil the local financial criteria with regards to liquidity. The Agent argued that the consolidated accounts (trading agency company and parent company) should be evaluated and not the stand alone trading agency accounts.</p> | <p>The TAC found that the rules in the UK are clear with regards to the requirements of the trading Agent itself and the requirements to fulfil the financial criteria. (The discussion relating to assessment of parent company accounts and whether such should be based on the consolidated or the stand-alone parent company accounts not found to be of relevance here). As the TAC found that there was no potential possibility for success for the Agent in a TAC Review the request was dismissed.</p> |
| <p>14 Aug 2009 United Kingdom</p> <p>A2-2009-13</p> | <p>Agent requested review of decision by IATA based on Res 818 Sections 2.1.8. and 2.1.9 (Trading History) to reject its application to become Accredited Agent. The Agent had defaulted during 2008, and the reason for the default was that it did not pay to IATA amounts related to tickets sold on behalf of an airline that went into administration. IATA filed a law suit to claim the money, but the parties later agreed that further proceedings should be stayed in a settlement (Court Order based on parties’ agreement). The Agent claimed that IATA should have mentioned in the settlement discussions that accreditation might become an issue</p> | <p>The TAC found it clarified that the Agent had not complied with instructions from IATA with regards to the funds relating to the tickets sold on behalf of the airline in administration during 2008 (the reason for the default) and this was a violation of the PSAA (irrespective of other obligations the Agent might have had). Furthermore it was clear that IATA had refused to include in the settlement before the court any stipulations that the Agent should be re-instated, despite the fact that the Agent tried to get this included, therefore the TAC found no reason to criticize IATA on the point relating to the settlement discussions.</p> |

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| | <p>due to the earlier default; furthermore the Agent claimed that it had good reasons not to pay the amount in dispute at the time when the airline went into administration.</p> | <p>Based on the information at hand the TAC consequently found that there was no potential possibility for success for the Agent in a TAC Review, and the request was dismissed.</p> |
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| <p>Variety of matters that have been either dismissed at an early stage or for other reasons have not given rise to a review or full, formal decision. (Phone calls and very simple e-mails are not part of this list.)</p> <p>1 Jan – 7 Sept 2009</p> | <p>2 Feb: Agent asked questions relating to an ADM and refunds from an airline in bankruptcy – TAC referred to IATA and help on how to proceed was provided.</p> <p>6 Feb: Request for review by Agent in UK where the trading agency did clearly not meet the financial criteria – dismissed.</p> <p>8 Feb: Request by Agent to review an old case as independent arbitrator with extensive argumentation. – This matter was found to be out of the mandate as TAC (and not appropriate to review predecessors decision) – dismissed.</p> <p>27 Feb: Agent asked questions on the EU Reg 261/2004 – TAC provided information that this is not within the TAC mandate. (A link to the EU Commission website was however provided.)</p> <p>2 March: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.</p> <p>3 March: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.</p> <p>10 March: Agent that had previously been granted interlocutory relief by the TAC withdrew its request, as IATA had introduced some temporary rules that made the request unnecessary.</p> <p>18 March: Agent wanted TAC as referee in dispute relating to ADM – airline did not approve.</p> <p>19 March: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.</p> <p>20 March: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.</p> |
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2 April: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.

6 April: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.

14 April: Agent raised questions on the practice of an airline relating to Tax Refunds. - TAC explained the limitations of the TAC mandate in relation to individual disputes with an airline.

20 April: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.

20 April: Agent wanted TAC as referee in dispute relating to ADM – airline did not approve.

21 April: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.

27 April: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.

27 May: Two Agents requested review (same country) but it was unclear if it was intended as a request for TAC review. I asked for clarification and one Agent explained that he would continue to talk to IATA instead, and the other did not revert back to me.

27 May: Agent withdrew its request for review as IATA had introduced temporary rules that made the request unnecessary.

5 June: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.

17 June: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC

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| | <p>jurisdiction – Agent did not revert back.</p> <p>13 July: Agent raised questions relating to ADM – TAC provided information on the TAC mandate and its limitations with regards to ADMs and the Agent was asked to revert back if he found that he had a matter under the TAC jurisdiction – Agent did not revert back.</p> <p>28 July: Agent raised concerns relating to some kind of insurance arrangements. – TAC explained the TAC mandate, and advised him to contact his insurance provider to get clarification on the terms for the insurance policy.</p> <p>29 July: Agent asked questions relating to Notice of Irregularity the Agency had received. – TAC found that it was likely to be correct in accordance with the applicable Res. The Agent actually also agreed to this. Clarified not to be a formal request for review – only a general question.</p> <p>5 Aug: Agent asking for assistance as it was prevented to act as the Agent for a certain airline. - TAC explained that the decision must threaten the commercial survival of the Agent to be within the jurisdiction of the TAC and asked for the percentage of volume of tickets sold on behalf of the particular airline. The Agent did not respond.</p> <p>5 Aug: ADM questions from Agent. – TAC provided information on the TAC mandate and its limitations with regards to ADMs. There were some correspondence with the Agent, but still it was clear the matter was outside the mandate of the TAC and this was communicated to the Agent.</p> <p>11 Aug: Agent raised questions relating to refund of segment of ticket. – TAC explained the mandate of the TAC office and that this issue was out of scope, at least based on the material provided.</p> <p>11 Aug: Agent raised questions relating to an individual airline and its practices with regards to fuel surcharges and refunds. – TAC explained the mandate of the TAC and that this is out of scope.</p> |
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Attachment E

Area 3 Travel Agency Commissioner Review Decisions – 2009

| <u>Time & Place</u> | <u>Summary</u> | <u>Decision</u> |
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| 14 April 2009 Makati City Philippines (Review conducted on the documentary evidence alone) 2009-04-14 | As a result of annual financial review, Agent was requested to increase its paid up and working capitals and to provide verification thereof. It failed to do so and incurred 2 instances of irregularity. Agent failed to remit UDS19,304 on due date and did not pay on demand. Termination date was 31 July 2008. Agent did not enter into a formal repayment schedule and was terminated on 11 Sept 08. Agent paid outstanding amount on 26 Sept 2008, 15 days after termination. Considered it had met its obligations on both issues and sought interlocutory relief. | Notice of Termination upheld. Agent could have averted outcome but chose not to follow process. Relief disallowed due agent's financial circumstances. |
| 10 June 2009 Colombo, Sri Lanka (Review conducted on the documentary evidence alone) 2009-06-10 | Agent was asked to extend its Bank Guarantee to 30 June 2009. Agent was unable to do so despite being given more than fair notice. Over a period, Agent was given 4 instances of irregularity due to default of payment. On BSP remittances for 16-30 Nov 08 and 16-31 Dec 08. IATA recovered outstandings by claim against BG (BG valid for claims up to 31 March 09). Agent sought matters be held in abeyance while it sought 1 new BG. | Notice of Termination upheld. Some sympathy for Agent in its endeavours to get BG in tightened economic conditions. |
| 26 June 2009 Colombo, Sri Lanka (Review conducted on the documentary evidence alone) 2009-06-26 | Agent received 2 instances on irregularity due to late submission of Audited Accounts. Agent was requested to extend its existing BG to 30 June 2009. Agent was unable to do so and unilaterally reduced its BG by LKR10m to LKR6.5m. This generated 2 further instances of irregularity and the Agent was given a Notice of Termination. Agent undertook to reduce its risk by reducing its credit client business. Agent's understanding of financial criteria was incorrect despite ample information thereon being circulated. | Notice of Termination upheld. However, subsequent events post this Agent's termination reduced the BG formula in recognition of a contracted market. Agent could have been able to meet these reduced levels and hence IATA is to waive any application fees should this agent apply for accreditation in the future. |

Attachment F

Area 3 Travel Agency Commissioner - Matters that did not give rise to a Review - 2009

| <u>Time & Place</u> | <u>Incident</u> | <u>Outcome</u> |
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| January 2009 Lahore, Pakistan | Agent was reviewed after change of ownership. IATA found financials unsatisfactory and issued Notice of Termination with 30 days ability to seek re-consideration. Second financial review also found deficient and Agent terminated. Change of ownership related to one shareholder's 33% holding moving to 91.5%. | After intervention, IATA accepted Agent should be reviewed under existing criteria, not upcoming formula still subject to PAConf approval. Agent reinstated |
| February 2009 Islamabad, Pakistan | Agent was terminated due to inability to provide Bank Guarantee. Sought review. After gathering information it became evident that Agent had left Application for Review far too late, three months in fact. | Application for Review declined, due made after 30 day deadline. |
| April 2009 Mumbai, India | After 4 instances of Irregularity, Agent entered into formal repayment agreement with IATA. Unable to front with 50% of owings by due date and sought extension. This was granted and substantial payments made. Agent confused on its obligations and felt 50% upfront not required as long as full amount repaid by end of 6 months and sought TAC review. | IATA allowed full repayment plus interest, etc, with financial review plus BG before re-instatement |
| January 2009 to July 2009 | Contact was made by 8 Agents relative to a variety of situations. | As requests by the TAC for further information remained unanswered no cases eventuated. |