

TRAVEL AGENCY COMMISSIONER - AREA 1 (DEPUTY TAC3)

VERÓNICA PACHECO-SANFUENTES

110 – 3083 West 4th Avenue

Vancouver, BC V6K 1R5

CANADA

Agreement 2014

Between:

The Travel Blue Aviation

IATA Code 27-3 1876 0

35-36 MZ Empress Tower, 46 Empress Road

Lahore, Pakistan

Represented by Mr. Tanveer Haider

The Applicant

vs.

International Air Transport Association (“IATA”)

111 Somerset Road, # 14-05

TripleOne Somerset

Singapore 238164

Represented by its Manager, Agency Management, Asia Pacific, Mr.
Rodney D’Cruz

The Respondent

I. The Case

Originally, the Applicant sought a Travel Agency Commissioner’s (hereinafter referred to as “the Commissioner”) review of the Respondent’s Notice of Termination dated September 30, 2014, aiming at stopping the effects of its Passenger Sales Agency Agreement (“PSAA”)’s termination by settling the outstanding dues to BSP Member Airlines.

Telephone: + 1 – 604 - 742 9854

Fax: + 1 – 604 - 742 9953

e-mail: Area1@tacommissioner.com / website: www.travel-agency-commissioner.aero

Once received and analysed both Parties' submissions, pursuant Resolution 820e, Paragraph 2.6, the Commissioner proposed to schedule a conference call to the Parties with the view to reach an agreement. This proposal was accepted by both of them, and, hence, a conference was held on Sunday November 2, 2014 at 20H30 (local YVR time). The paragraphs below document the terms of the Agreement reached during the referred encounter as well as the decision rendered by the Commissioner.

II. Background

- The Applicant owes the Respondent an amount of PKR 2,809,260.00 (before interest calculation);
- The Applicant was terminated in accordance with the Sales Agency Rules due to a lack of payment before termination date;
- The Applicant actually requested for consideration of being given the opportunity of paying 50% and paying the remaining 50% in installments for a period of six (6) months; however, the Respondent could not concur with this proposition because the Applicant did not have a valid financial security in place;
- The Applicant requested for a review of the Agency Administrator's decision and during the process of the review has placed with the Respondent an "Insurance Bond" (referred to hereinafter as "IB") for the amount at risk. The bond is effective as of 21 October 2014.

III. Challenges

- The Respondent has invoked an earlier IB submitted by the Applicant and issued by the same Insurance Company that issued the recent one (effective as of October 2014) for the outstanding debt of PKR 2,809,260.00. The Insurer has yet to pay the said claim;
- The Respondent has argued that it cannot reinstate the Applicant unless the Airlines receive all their dues from the BSP, including interest, from the Applicant;
- It has also being taken in consideration the fact that under the "rule of subrogation" the Insurance Company has to confirm that there are no dues pending from the Applicant, should they pay the claim invoked by the Respondent.

Taking all these facts in to consideration, two solutions were pondered and discussed by the Parties. They were as follows:

IV. Proposed solutions:

Option 1:

- a. The Applicant obtains a confirmatory document from the Insurance Company, acceptable to the Respondent, confirming their irrevocable liability to pay the claim that has been invoked under the IB, less any amount paid directly by the Applicant in the event that the Applicant defaults on the repayment schedule to the Respondent;
- b. The Insurance Company also reiterates that the IB issued in favour of the Respondent on behalf of the Applicant, effective as of 21 October 2014, will not be revoked and will simultaneously continue to remain valid and subsisting until its expiration date;
- c. The Applicant will be given six (6) months from the date of the Commissioner's decision to make full payment of all dues outstanding including overdue interest, after having paid at least 50% forthwith upon commencement of the term.

Option 2:

- a. The claim is paid to the Respondent by the Insurance Company in order for the Respondent to settle dues to the concerned BSP Airlines;
- b. The Applicant undertakes to ensure that, within a six (6) month time-frame from the Commissioner's decision, subject to the Insurance Company making payment of the full claim without deductions, the Applicant will settle the principal amount to the Insurance Company and overdue interest on the outstanding amount until the date of payment to the Respondent;
- c. The Applicant will ensure that it obtains a confirmation letter from the Insurance Company that they have no residual demand/dues from the Applicant on account of the claim settled to the Respondent on behalf of the concerned BSP Airlines.

V. Outcome - Decision

Considering that both alternatives were agreed upon by the Respondent, once the Applicant was able to discuss the matter with the Insurance Company involved and

looked at the best possibility for it to honour its debt, the Applicant notified this Office and the Respondent that it has chosen Option 1, therefore, in order to facilitate the process, it was agreed that the Respondent will provide the Insurance Company with a <<*letter and format of the undertaking that will be needed*>> for them to issue in accordance with the agreed terms;

Upon notice of receipt of the Insurance Company's letter by the Respondent, *the Applicant will forthwith pay to the Respondent, at least, 50% of the outstanding amount of PKR 2,809,260.00* (plus the applicable interest to be determined by the Respondent); and from that date onward *the Applicant will, in a period of six (6) months, pay the remaining balance* (plus the applicable interest to be determined by the Respondent) in six (6) monthly installments.

Once the above mentioned amounts would had been duly paid, in order to be reinstated in to the BSP system, the Applicant will have to pay:

- (i) The reinstatement fee, and,
- (ii) The late remittance recovery charge

Decided in Vancouver, the 7th day of November, 2014

Verónica Pacheco-Sanfuentes
Travel Agency Commissioner Area 1
(Deputy TAC3)

Right to ask for interpretation or correction

In accordance with Res 820e § 2.10, any Party may ask for an interpretation or correction of any error which it may find relevant to this decision. The timeframe for these types of requests will be 15 days after receipt of the electronic version of this document.

Note: The original signed version of this decision will be sent to the Parties by regular mail, once the referred period for interpretation/corrections would have expired.