

LCIA brings speedy end to Russian airline dispute

Ali Khan • Friday, 22 April 2016 (3 days ago)

A US aviation company has won a US\$22 million LCIA award against an insolvent Russian airline within three months of bringing the claim, in an example of the time and cost efficiency of using a sole arbitrator for simpler cases even where one side refuses to participate.



Once Russia's second largest airline, Transaero has filed for bankruptcy (Credit: iStock)

Florida-based GA Telesis won the [award](#) against Transaero in late January from sole arbitrator **Christopher Symons QC**. The award came to light after Telesis applied to enforce it in the courts of Florida earlier this month.

Formerly Russia's second-largest commercial airline, Transaero entered bankruptcy proceedings last October, after a rescue offer from another Russian airline, Aeroflot, came to nothing.

Telesis brought the LCIA claim the following month, seeking to recover payments owed under agreements for the leasing and maintenance of aircraft engines and parts. The US company requested expedited formation of the tribunal and Symons was appointed as sole arbitrator six days later. London was chosen as the arbitral seat.

After Transaero failed to respond to Symons' suggestion of a documents-only arbitration, the arbitrator held a hearing on 20 January at his London chambers, 3 Verulam Buildings, which the airline did not attend.

Symons agreed to treat Telesis's request for arbitration as its statement of claim, concluding that this was "a sensible way of minimizing the costs". He was also satisfied that Transaero had received notice of the arbitration and the hearing.

The award was issued eight days later, ordering the airline to pay US\$22.4 million plus interest and costs. The whole process had lasted just three months despite the extra care needed in situations where one side is not taking part.

Telesis submitted its [petition](#) to the Southern District of Florida on 4 April to enforce the award against assets that it says Transaero may own in the United States.

Transaero's debts are estimated at €1.1 billion. The airline had its operating licence revoked by Russia's Federal Air Transport Agency in October 2015 and is reportedly facing a US\$50 million lawsuit from Aeroflot in the Russian commercial courts.

Telesis used Dentons in the arbitration and has retained Holland & Knight for the enforcement proceedings. The company's general

counsel **Randall Green** told *GAR* that it is also pursuing a claim in bankruptcy against Transaero in the Saint Petersburg courts.

The LCIA's [recently published](#) annual report for 2015 indicated that 52 per cent of its arbitrator appointments in that year were sole arbitrators, a higher proportion than in previous years.

GA Telesis LLC v OJSC Transaero Airlines

In the US District Court for the Southern District of Florida

Counsel to GA Telesis

- Holland & Knight

Partner **Jose Casal** and associate **Daniel Hanlon** in Miami

Counsel to OJSC Transaero Airlines

Not yet appointed

In the LCIA arbitration

Sole arbitrator

- **Christopher Symons QC** – sole arbitrator

Counsel to GA Telesis

- Dentons

Partner **John Hay** and associate **Diora Ziyaeva** in New York and associate **Sophie Palmer** in London

Counsel to OJSC Transaero Airlines

Not represented