



Aerospace supplier Corner Group sues Bombardier over Learjet suspension

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The Globe and Mail

Published Tuesday, Nov. 08, 2016 4:17PM EST

Last updated Tuesday, Nov. 08, 2016 4:59PM EST

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Canadian aerospace supplier Corner Group Industries Inc. is suing Bombardier Inc. for \$25-million in damages, saying it was blindsided by the plane maker's sudden decision to suspend its Learjet 85 luxury-jet development program.

Winnipeg-based Corner says it was harmed by Bombardier's decision, which came without warning, adding that it has received no subsequent compensation. Bombardier denies any wrongdoing and says the lawsuit has no merit.

The legal action casts a spotlight on one of the most tumultuous periods in Bombardier's history, when in January, 2015, the company was facing insufficient resources to finish its aircraft programs and weighing whether to bring in new senior management. It's also peculiar in that relations between airframe manufacturers such as Bombardier and suppliers are typically close and cordial, rarely breaking down into open conflict.

"It's an unusual situation," aerospace consultant Ernie Arvai of Airlnsight said. "And I sympathize with the supplier because if you go through and do everything they asked and then you end up with no revenue out of it, that's usually pretty harmful to your bottom line."

Corner says it was contracted to build a variety of parts, including wing ribs for Bombardier's Learjet 85 luxury aircraft, whose development was launched in 2007. The all-composite plane was supposed to be the company's biggest and most advanced Learjet yet, with a planned cruising speed of Mach 0.82 and a range of up to 5,556 km.

Bombardier set up a component-manufacturing plant for the aircraft in Querétaro, Mexico, in 2010. Photos of the inauguration show former Mexican president Felipe Calderón in attendance. According to the lawsuit, Bombardier identified Corner as a supplier for the program and as a condition for awarding it contracts on the Learjet 85, it demanded that the privately held vendor make parts in Mexico.

Corner built a facility across the street from Bombardier's own plant and on January 14, 2015, held a grand opening celebration for the new production plant attended by several Bombardier officials, the lawsuit states. The very next day and "without warning," Bombardier announced the suspension of the Learjet 85 program, thereby cancelling all contracts awarded to Corner, the suit states.

Corner says it learned about the program suspension through media reports.

At the time, Bombardier faced a cash crunch that was impeding its ability to complete numerous aircraft-development programs. The most important of those

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was the C Series airliner, now in commercial production. Citing "weak demand," the company suspended development of the Learjet 85 to shore up its resources, taking a \$1.4-billion (U.S.) charge on the program and slashing 1,000 jobs.

In a series of moves announced the following month, the company replaced Pierre Beaudoin as chief executive officer, suspended its dividend and declared that it would sell debt and equity to shore up its balance sheet. New CEO Alain Bellemare would later cancel the Learjet 85 program definitively and hire David Coleal to replace Eric Martel as head of Bombardier's business aircraft division.

Cormer says Bombardier executives assured the company that they would remedy the situation by allocating other work to Cormer. As a result, the supplier kept its Mexico plant operational but that work never came and about six months later, it began laying off personnel and liquidating machinery. Bombardier later told Cormer it had reviewed the contract and found no documentation showing that it compelled the supplier to build a facility in Mexico as a condition of the contract.

The suit was filed in Quebec Superior Court on Oct. 25. None of the allegations has been proven in court

"It is unfortunate that this could not have been resolved without litigation but Cormer has exhausted all other avenues," Cormer president Leo Sousa said via e-mail. He said Cormer has been advised that there are several other suppliers to Bombardier in a similar situation but declined to name them.

"This lawsuit does not represent the kind of relationships we have with our suppliers," said Bombardier spokesman Simon Letendre. He said Bombardier spent \$2.1-billion last year alone on goods and services provided by its more than 1,270 Canadian-based vendors, contributing significantly to their growth.

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Updated November 21 3:55 PM EST. Delayed by at least 15 minutes.

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