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Russian Firm Sues Boeing $115M Over Troubled 737 Max Planes

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A subsidiary of Russian conglomerate Rostec has sued Boeing for a total of $115 million to cancel its order for 35 troubled 737 Max jets, making it the first customer to bring a lawsuit against the crisis-hit U.S. manufacturer.

The world's largest planemaker has cut production of its narrow-body 737 Max model, which was grounded worldwide in March following two crashes in Ethiopia and Indonesia that killed 346 people. Russia's aviation authority suspended Boeing 737 Max flights and state carrier Aeroflot had threatened to cancel its order of 20 planes unless Boeing guaranteed the plane's safety by November.

Related article: Russia Suspends Boeing 737 MAX Flights

Rostec has confirmed reports that Avia Capital Services, a unit of the state conglomerate, had filed the first lawsuit against Boeing for breach of contract.

“This will be the first of many to come,” Avia’s lawyer Steven Marks told the Financial Times newspaper, predicting that other operators would file lawsuits “in the coming months.”

Avia alleges that Boeing “intentionally” withheld information about the 737 Max’s airworthiness from customers and hadn’t disclosed “critical information” to the U.S. aviation safety regulator during certification, FT reported.

Avia wants Boeing to return its $35 million cash deposit with interest and $75 million in “lost profit,” according to the FT. The company reportedly seeks about $115 million in compensation plus “several times this amount” in punitive damages.

Deliveries of the 737 Max to Avia had been pushed back before the deadly crashes from 2019-2022 to 2022-2024 for an unknown reason, the newspaper reported.

A spokesman for Avia said on Tuesday that it was ready for an out-of-court settlement with Boeing. He added that the jets were ordered for a number of Russian air companies, including domestic low-cost firm Pobeda, a unit of Aeroflot.

Boeing has said it would take a $4.9 billion after-tax charge on estimated disruptions to its customers stemming from the planes’ prolonged grounding.

Reuters contributed reporting to this article.

Correction: An earlier version of this article placed the total amount of Avia's lawsuit at $225 million. The correct total is $115 million.

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