

# Taking Registrations Could Be Risky Business

**T**here are a few signs that the deal you hoped for in an aircraft transaction may not be all it's cracked up to be. This article highlights one of the ways to detect that. If you are representing an aircraft for sale and you get a call from another broker or person who says they have a customer and then go on to say that they would like to register that customer with you, alarm bells should be sounding in your mind.

Why? Let's take a step back and dissect what this usually means.

First of all, if the person calling really had a relationship with the possible buyer, there would be no need to register the prospect with you. Registering the prospect in this scenario means that you would take the name of the prospect and protect the broker/caller if, in fact, the prospect buys the airplane.

Here's the problem for you and the client whose airplane you are representing for sale. Let's imagine you agreed to take the registration. The next thing that would typically happen is you'd receive an email from the registering broker with the prospect's name.

Assuming you agree by return email to accept it, one hour to a week later someone calls and says, "I would like to find out about the airplane you have for sale".

No problem so far until they introduce themselves to you and you say, "I spoke to your broker last week and sent him all the info on the airplane for you," to which the caller replies, "I don't have a broker!"

What just occurred to you (and more importantly the seller you work for) is that a potentially very real prospect has been removed from play because you agreed to not work with that prospect around the person/broker who you took the registration from. Worse still is that if you really started to work with that prospect through the person/broker from whom you took the listing, the chances are that you would find the deal being transacted in what is called a 'Back-to-Back' transaction.

This brings about very complicated

maneuvering to get a deal done. Since the biggest part of this whole need for the registration or the Back-to-Back is about undisclosed economic issues, your seller may have to contract and pass title through a party who is not really the 'ultimate' buyer. Also tricky is following the trail of the deposit given. Often the broker or the person standing in the middle will sign the contract as the 'buyer', however the deposit will have been paid to the escrow company by the ultimate buyer.

No problem, of course... unless there is a problem. Let's say the ultimate buyer decides to reject the aircraft or just pull out of the deal: The title company will look at the contract and say the remitting party of the deposit is not party to the contract so the title company will send the deposit back with no discussion, and your seller will be stuck with a transaction that has fallen apart with no real recourse since the contractual 'buyer' was a person with no financial means or skin in the game. All of this is being done just to hide a commission or fee that the ultimate buyer never contractually committed to pay to the person throwing his or her name around.

This registration process can work in the opposite direction as well. Let's say you call a broker that says he/she represents an off-market aircraft. They say they will not tell you anything about the specifics of the plane unless you register your client with them. They will want full name, company, and other pertinent info about your client. In this scenario what is happening is that someone without any real contractual relationship with the seller or the aircraft is just out fishing for a buyer. Once they have a name of your customer they will then go to the owner and try to get a listing to sell it to them.

If you have a real buyer for a plane like the one you called on, and you do your job correctly by advising the market of your need by sending out communiques to the world, talking to all the touch points (aviation attorneys, other brokers, etc.) no doubt anyone with an aircraft that has not come to the market yet but was just about to will find you.

Either they will legitimately hire a broker and give them an exclusive listing to market the airplane or they will see your need and contact you directly.

Stay away from what are called 'Off-Market Opportunities'

where you are asked to give your client's name to just get specifications on the mystery airplane. If you got caught in this reverse trap you might also find yourself in what could be a Back-to-Back transaction and not be contracting directly with the real seller. One of many hazards with this scenario is that the one big survivable rep and warranty that a buyer gets when buying an airplane - the rep of Clear Title - will not be given by the real owner who can make that rep and really stand behind it.

Our industry is full of wonderful professionals who make their living every day representing their clients and aircraft either as buyers or sellers on an exclusive basis. If you are an owner or prospective buyer, support what is a tried and true process and a recipe for success. Hire a professional, give them your exclusive mandate to buy or sell and then let them go to work for you.

➤ Jay Mesinger is the CEO and Founder of Mesinger Jet Sales. Jay serves on the Jet Aviation Customer and Airbus Corporate Jets Business Aviation Advisory Boards (BAAB). Jay is also a member of EBAA and the Colorado Airport Business Association (CABA). If you would like to join in on conversations relating to trends in Business Aviation, share your comments on Jay's blog [www.jetsales.com/blog](http://www.jetsales.com/blog), Twitter and LinkedIn. For more information visit [www.jetsales.com](http://www.jetsales.com). Do you have any questions or opinions on the above topic? Get them answered/published in World Aircraft Sales Magazine. Email feedback to: [editorial@avbuyer.com](mailto:editorial@avbuyer.com) ■

