

With the recent bankruptcies of charter operators offering pre-paid discount service and/or memberships including: Zetta Jet, Blackjet, Beacon Air, Gotham Air it is clear that the charter customer must be exercise care when selecting a charter company.

The current charter market advertises hundreds of variations with three constants jet cards, block charter and membership programs. In general under these programs, the more you pay upfront the deeper the discounts for flight hours. However if these pre-paid funds are not segregated the customers risk could be great. Therefore a through assessment of the aviation charter operator is warranted.

## DON'T BELIEVE THE HYPE

Whether its Ashton Kutcher, a billionaire Uber executive, or an Arab royal family backing a company like Blackjet, these operators can and go bankrupt.

While many of these companies were backed by celebrities and promised white glove services, in-flight butlers and gourmet cuisine, they still went bankrupt, and their "members" received nothing but a notice from the bankruptcy court. Some collecting pre-paid charter fees right up until attorneys filed.

## THE NEW LOGISTICS SOLUTION HASN'T WORKED WITH CHARTER

In many instances the new breed of air charter entrepreneur treated the customer like a package in a logistics scenario where the appropriate algorithm maximizing utilization could solve all transportation problems. Alas these tech focused companies found out packages and people differ, losing millions of member and investor dollars along the way.

## PROTECT YOURSELF

That being said, there are ways to protect yourself from these underfunded and occasionally unscrupulous operators.

## DO YOUR RESEARCH BEFORE SIGNING ANY CONTRACT OR PROVIDING PAYMENT

Ask questions of the operator:

- What FAA certificates do they hold?
- What corporate names do they operate under?
- Who owns the company?
- Do they own any aircraft?
- If not where do their aircraft come from?
- Who are their pilots?
- Who performs their maintenance?
- What insurance do they carry?
- Request 5 references and contact them?

If a salesperson gives you a hard sell to sign immediately, promising “free” flights and upgrades – walk away.

## ESCROW

If possible makes sure your membership or prepaid charter program has an escrow option and use it, no matter what the salesman says.

## BIGGER IS BETTER BUT YOU PAY FOR IT

While you will definitely pay more, there is considerably less risk of total loss of pre-paid funds using operators backed by big publicly traded companies such as General Dynamics (Jet Aviation) and Berkshire Hathaway (NetJets), as opposed to boutique brokers..

## CONCLUSION

- Perform due diligence:
- Ask questions as outlined above,
- Don't rush the process.
- Review contracts in detail
- Use escrow accounts
- Get all upgrade promises in writing