

**Me or My Company is Wealthy! ... Please Steal From Me.** That's how most jet charter brokerages treat their extremely valuable and exclusive clientele. Rather than focusing on their own customer value proposition, they focus on ways to deceive customers to better support their own bottom line. If you are a private flier and have used private jet chartering services, then be prepared for a quick education on how all of the scams (a.k.a programs) work ordered by least value to highest value:

### Fractional Jets – a.k.a “Timeshare Jets”

Other than “Hey, I own a timeshare on a Jet – I’m really cool” – there’s not much more of an upside to this. It makes for great dinner conversation and impresses lots of people, but that’s about where the value proposition ends. The biggest current player in this world is NetJets owned by Berkshire Hathaway – need I say more. Warren Buffet isn’t going to get involved in a company unless it is MASSIVELY profitable or has massive profit potential – he is a very smart man. If Warren’s making a lot of profit, and you’re the customer .... that means .... that most of your money isn’t going to cost recovery, but more to Warren’s bottom line. By far, the best marketed and well dressed program out there, but when you really add up the dollars after all of the fees – definitely not the best value for the customer by any means. Great name, Great marketing, not really getting that much for your money ... but then again – it just feels nice to say “I own part of a jet”, doesn’t it.

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*A Private Jet Charter Industry Whitepaper by Rick Klev – President of RaynAirJets, Private Aviation Expert*

Part 1 of The EPF Educational Series

EPF → Exploited Private Flier

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### Premiere Memberships or Flight Cards

These are the programs where jet charter companies put up this “veil of hugeness” to make you believe that they have hundreds if not thousands of planes parked all over the country with pilots and full flight crews sitting in their seats with the engines running 24 hours a day 7 days a week just waiting for your phone call to file the flight plan. For the “small bank deposit” of \$100,000 USD or a “Premiere” bank deposit of \$250,000 USD you get “guaranteed” availability of any of these planes.

If that sounds really ridiculous, that’s because it is. Where do I start?

- \$250k at 8% annually is \$20k in interest that you don’t get. **Strike 1.**
- By holding your money hostage, they take away your right to a good price – of course you will take whatever price they throw at you – they are holding your wallet! **Strike 2.**
- Fees, Fees, Fees – All inclusive? I don’t think so – read the marketing material closely – on top of the buy in hostage rate and lost interest factor, they add taxi time, fuel surcharges, flight crew charges, catering charges (if applicable), federal excise taxes etc. etc. etc. etc. etc. With these guys, there’s no such thing as all inclusive pricing, and if there was, you would think the nosebleed seats at Giants Stadium are close to the ground. **Strike 3.**

- Think they really own all of those jets? (Hint: These guys aren't all as rich as Warren!) They are chartering out to small firms just as much as every other broker out there! **Strike 4. (Little league rules for these guys!)**
- The primary benefit of you taking money out of the bank into a non interest bearing account that you “may” see again (do you really think they'll give it back that quickly without 100 phone calls and 3 notarized lawyer letters?) is that there is a plane always available for you. When was the last time you called a jet broker and they couldn't get a plane? Never. That's right, Never. Even during hurricanes, tornadoes, sporting events, presidential visits and every other kind of man made or natural calamity, a good reputable broker can get you a plane when you need it, where you need it. Getting planes isn't about availability – it's about money. If you've got the money, a good jet broker can get you a plane – anywhere, anytime. **Strike 5 (Prison rules – these guys are criminals!)**

How much markup is your broker going to make?

OK. You smarter than the other guys. You've avoided the traps of the “Fractional Ownership” and “Premiere Memberships”. So now you are back with calling charter companies directly or other regular jet charter brokers? How do you know who's good and who's bad? The answer is just as easy as if you were at a restaurant. Who gives you the best service? Does the same person always answer the phone? How quick can they turn around a quote? Is the quote

reasonable AND ALL INCLUSIVE? Imagine how you would feel if the price of a steak at a new restaurant didn't include 4 other charges in addition to state tax and tip and wasn't listed on the menu? Does your charter broker reveal how much markup he is adding for his service?

Is your broker what you think it is?

Have you done a full background check on your broker? Is your charter broker a convicted felon or is the firm he/she works for owned by convicted felons? Is your brokerage firm a specialty firm or are they just the voice that answered the phone because they had a relationship with your credit card company (you know, the same credit card company that cares so much about you that they entrust all of your sensitive personal information to a "secure" call center office in India or Pakistan.) Has your "broker" been doing this as a real full time job or is this just a gig in a boiler room until his/her acting career comes through? Remember, this is someone you are entrusting with an awful lot of money and your life. I am continually shocked at how quickly people will hand over \$50,000+ to put their families lives into a private flight without researching who they are handing the money over to (Fact: Most people do more research buying their \$2,000 television than they do chartering a \$50,000 jet.) Corporations are nothing more than collections of people – do you even know who the founders of that corporation are? If you do know their names, have you even done the bare minimum of a google search? There are a lot of "really well established big and colorful"

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brokerages out there with really nice corporate offices, dig just a bit deeper and you might be surprised what you find.

### Ways of really getting a good deal?

Get to know your jet charter broker. Does the same person answer your calls and call you back quickly? Is he/she willing to take your call at 3AM? Will he/she reveal his markup percentage? Call around – and MAKE SURE to get all inclusive pricing. Make sure that every quote states “All Inclusive Pricing – No additional charges will be issued for any circumstances.” Don’t quibble over a couple of hundred bucks – it’s important to keep your relationship. Remember that fact of wanting to get a plane anytime, anywhere? You can do that by simply having a relationship with your jet charter broker – WITHOUT handing him a quarter of a million dollars!

### Safety, Safety, Safety

Safety is the most overstated element in all of private aviation (and public aviation). Safety is 60% pilot, 20% plane, 10% weather, 10% pure bad luck. Airplanes crash. It happens. We hope and pray that it never happens, but unfortunately planes are man made pieces of flying metal which occasionally do not perform up to the original engineering specifications. Do you really think the “rating agencies” can offer you any additional guarantee that a particular plane on a particular day flown in particular weather by a particular pilot can offer you any degree of safety higher than that of a different plane flown on the same particular

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day in the same particular weather by a different particular pilot? The answer is obvious – No. Accidents truly are random events and as much as humans like to put scores on things, there is no “better” predictor for safety, regardless of how much the jet charter brokers want to charge you for it.

Don't Be an EPF