

JAFFA & CO

Superyacht & Aviation Lawyers



Welcome to the latest edition of the Jaffa & Co newsletter!

I am often asked whether the superyacht and aircraft industries experience different 'busy periods'. For us, the answer is a firm 'no'. We tend to operate at a fairly steady pace throughout the year, and between sales, newbuilds, financings and dispute resolution, we are generally kept very busy during all seasons. The main exception to the rule is the spike in the US sales at the end of each calendar year when American clients rush to take advantage of the Bonus Depreciation Scheme (more on that in the Q4 newsletter...!), which then also tends to result in a lull in aircraft sales in the new year. However, 2025 has bucked the trend for us, with a strong showing of jet sales going to contract and crossing the finish line in Q1.

The theme of 2024 seems to have continued, though. High value and newer assets are transacting well, with the sub €/\$10m market experiencing something of a headwind.

I am reluctant to raise the topic of the Trump administration, but the market uncertainties of April 2025 have definitely led American clients to pause, and take stock. This pause seems to have been felt more keenly in business aviation than yachting, which is unsurprising since

they are typically utilised as business tools (either with or without personal usage as well) and are therefore more susceptible to stock market fluctuations.

I was very pleased (and privileged) to sit alongside some illustrious panelists at the Superyacht Investor conference in London, speaking about the state of the US market. Since Jaffa & Co is the only specialist law firm with offices in Europe, the UK and the US I felt that I might actually have something useful to contribute! For what it's worth, I predicted a softening in the US market (for both yachts and jets), very much akin to what we have seen in Europe for the past 18 months or so. That is not to say transactions will run dry; I just think they will slow down. By contrast, I predicted that Europe and rest-of-world would gather momentum. My view is that the European market has reached the bottom of its curve and that, quite unusually, the US economy will follow that of Europe. Then again, what do I know...?! (Although advising on €/\$3bn+ of assets in 2024 might give some insight...)

I am writing this in our Fort Lauderdale office, having just waved the Jaffa Family off, back to the UK. One of the advantages (so I have found) of a Florida office is that the family can come and enjoy Spring Break here, and we can 'enjoy' a few days at Disney World. (Although I think Mickey must be running his own Gulfstream G700 and Minnie must have her own Bombardier Global 7500, because that is the only justification for the amount of money they took from us...! Still, the children had fun!)

Next up is Venice, Italy, for the World Superyacht Awards. Jaffa & Co is a proud sponsor this year, and Boat International is even giving me a microphone to present one of the awards (which is brave). Various members of the team are attending the Palma International Boat Show as well as the MYBA Charter Show in Sanremo. Then we roll into the Monaco F1, which is always fun because so many friends, colleagues and clients are milling around the Principality we call one of our homes.

Thank you for reading, and even more so for the continued support. It really does mean the world and it will never be taken for granted.

Until next time...

James Jaffa
Managing Partner





Market Overview & Legal Update

Each issue, I am asked to write about something interesting that has crossed my desk over the past few months and, on this occasion, it is superyacht Personal Guarantees and Warranties of Title.

It is well known that the US and Europe/rest of world utilise (very) different forms, but it is not so well understood how they differ, and the implications for clients.

Starting at the beginning (and apologies to those who know this already), it is normal for a superyacht to be owned by an SPV (that is, a single purpose vehicle). This is typically a company or limited partnership which was established for the sole purpose of owning the yacht.

The primary advantages are discretion and near-anonymity for the ultimate beneficial owners, and (perhaps more importantly) a distancing of risk. If a casualty should occur, and a lawsuit is brought against the yacht's owner, it is far better if the financial exposure is limited to the value of the yacht (being the only value in the company). If the yacht was owned by a person directly, their whole wealth could be attacked.

The consequence, though, is that when a yacht is bought from an SPV, if a debt or claim should be discovered after completion of the sale, the selling entity would be a value-less SPV. Therefore, even if the purchaser sued the entity, it would be a fruitless exercise because the SPV would have no assets and (almost certainly) no money in the bank, and a financial recovery would be near impossible.

It is not unheard of for debts to arise a year or more after completion of the sale, and sometimes innocently. I recall one client who bought a beautiful superyacht, pulled into a lovely marina 12 months later, and the previous owner's invoice landed promptly on the passarelle! Debts such as berthing, fuel, crew salaries and shipyard costs attach to the vessel, which means they can be inherited unknowingly by a new owner.

Therefore, we insist on taking a personal guarantee and indemnity from the beneficial owner of a selling company. It is difficult for a seller to resist providing one, because if all debts have been paid by the outgoing owner, they have nothing to fear in providing it. Ten years

ago, a guarantee was seemingly provided in sub-50% of transactions. I would say they are now de rigueur and almost universally provided (perhaps limited to a specific time period, and with a capped value).

Anyway, background legal lesson over...now, how do the guarantees differ?

In the US, it is normal for a Warranty of Title to be granted. This says, quite simply, that the Seller guarantees free and clear title. Nothing more, and nothing less. As such, the buyer can rely upon it and commence legal action to recover monies for debts which may come to light after the sale completes.

By contrast, the MYBA Personal Guarantee, which is long established and generally the worldwide benchmark, is in fact more limited than most users realise. It is true that it can be called upon in the event debts or claims arise against the vessel from the previous owner's tenure, but only once the yacht has been arrested. This puts the new owner in a very difficult position because I cannot think of an owner who would inherit an unpaid berthing fee or crew salary large enough for them to allow their yacht to be arrested, in order to sue the previous owner.

We have started tailoring our MYBA Personal Guarantees accordingly, although it remains the benchmark and most widely used protection for incoming owners.

James Jaffa
Managing Partner



Recent developments

Dubai Golden Visa for Yacht Owners

The General Directorate of Residency and Foreigners Affairs (GDRFA) announced a new 10-year Golden Visa scheme for yacht owners. The UAE's 'Golden visa' is a long-term residence visa which enables foreign talents to live, work or study in the UAE while enjoying exclusive benefits.

Among exclusive benefits for Superyacht Owners are: long-term residency with the possibility to sponsor their spouse, children, and dependent parents under their residency; tax-free advantages, visa-free travel, access to real estate in designated areas for UAE residents, world-class marinas and infrastructure, and business & investment opportunities.

Eligibility Criteria

- Yacht Owners – Individuals who own private yachts of 40 meters or longer.
- Maritime Industry Executives – CEOs, major shareholders, and central yacht agents.
- Yacht Service Providers – Professionals in yacht maintenance, insurance, and brokerage.

- Family Members – The visa extends to immediate family, offering stability for dependents.
- Proof of substantial investment in UAE's maritime infrastructure.

A similar initiative was introduced in Abu Dhabi in December 2024, offering the Golden Visa to superyacht owners as part of a broader strategy to attract high-net-worth individuals (HNWIs). While Dubai's Golden Visa targets global yacht owners and industry leaders, Abu Dhabi's Golden Quay Program aims to integrate the superyacht sector into its growing luxury tourism industry.



A Few Things We've Learned

Superyachts: Turkish Commercial Licence

In a recent transaction involving the purchase of a yacht to be delivered in Turkey, we discovered that a commercially registered yacht wishing to enter Turkish territorial waters must first obtain a Turkish commercial licence irrespective of whether she was entering Turkish territorial waters on charter.

The only exceptions to this requirement is if the yacht is entering Turkish waters to disembark crew for repatriation (details of the crew's flights would need to be supplied to the local Turkish agent) or for provisioning (details of the provisioning items must be provided to the local Turkish agent). Even then, the yacht may remain in Turkish waters for no longer than 24 hours.

We were acting on behalf of the incoming owner, who wished to take delivery of the yacht while she was alongside in Turkey, as this would place her closer to the Yacht's ultimate destination under the new ownership. Due to the above restrictions, we had to persuade the seller to change the yacht's registration from commercial to private, as privately registered yachts may enter Turkish territorial waters without the same licensing requirements.

Sarah Fairweather
Partner & Head of Talent



Lauren McNab
Lawyer



Aviation: Change of Registration Mark

During an aircraft acquisition, we encountered an unusual issue that had not come across in our practice before: the FAA registration mark listed on the title report didn't match the mark painted on the aircraft. Upon investigation, we discovered the seller had initiated a tail number change with the FAA but failed to complete the process.

The FAA's process for changing an aircraft's registration mark is time-consuming. After filing the request, it can take several weeks to receive authorisation. Once approved, the owner has one year to complete the change by signing and returning the FAA's authorisation form, after which a new registration certificate is issued.

In this case, the owner received authorisation and painted the new mark on the aircraft, but failed to sign and return the form – resulting in the change not being finalised. After a year had lapsed, the FAA unassigned the number, leaving the aircraft without valid registration. The result of this was that the aircraft could not legally be operated.

To resolve this, we explored two options: (1) fast-track FAA approval to reassign the mark, or (2) revert to the previous registration. The first proved unviable, so the seller applied a vinyl overlay of the original mark and completed the required restrapping.

The problem was a novel one, but thankfully, it was also fairly easy to resolve. It served as a reminder that even the smallest things, especially those we often take for granted, should always be double-checked.

Matthew Potts
Partner



Transaction of the month

Superyachts

- Advising on the sale of a UK flagged passenger ship for a UK based client
- Advising on the purchase and financing of a Maltese flagged 70m+ superyacht for a Dubai based client
- Advising a UK based client on the purchase of a Pearl 82 yacht
- Advising a Hong Kong based client on the purchase of a newbuild Wally chase boat



Jets

- Advising a US based Buyer on acquisition of a Global XRS
- Advising on the sale of a Learjet 75
- Advising an international flag carrier on the novation of an aircraft lease in respect of A320 aircraft
- Advising on the dry leasing arrangements for an A319 commercial aircraft



Team Update



New Joiners

We are delighted to have welcomed Umair Ghaloo to our London office, and Madison Bode to our Fort Lauderdale office.



Umair Ghaloo is a qualified lawyer and focusses on marine and aviation transactions. Specifically, Umair is noted for his expertise in the financing, sale and purchase and construction of superyachts and corporate jets. Umair enjoys working on complex, multi-jurisdictional deals and helping clients navigate the intricacies of high-value transactions.

Having trained at a global shipping company listed on the NYSE, he has extensive, hands-on experience in the commercial shipping sector. His previous work involves portfolio structured finance deals, refinancing transactions, the sale and purchase of commercial vessels and shipbuilding contracts.



Madison Bode brings a wealth of experience to the Jaffa & Co Fort Lauderdale office, and specialises in the sale, purchase, construction and financing of superyachts, as well as dispute resolution.

Madison was an Honors student and graduated summa cum laude from the University of Florida, before receiving her Juris Doctor from The George Washington University Law School. She has since become a well respected member of the US superyacht community.

Her broad expertise covers yachts ranging from 24 to 100+ metres in length and she is recognised as a safe pair of hands and a highly strategic transactional advisor, which is why clients return to her time and again.

Madison has advised on vessel acquisitions across the globe, including European construction projects. She is an expert in charter related matters (both contentious and non-contentious) as well as tax and duty issues. She participates in all aspects of maritime litigation, including vessel arrests and judicial auctions, warranty claims and construction defects and personal injury cases. Additionally, Madison represents marinas and yacht owners with regard to slip agreements, live-aboard vessels, boat club contracts and ADA issues.

Until next time...



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