



# Business in Perspective

## The Aircraft Registry Group

By W. Stephen Dennis

What makes a great venture in the aviation industry, or any business for that matter, is expert knowledge combined with a

commitment to excellence.

A very important aspect of aviation is the world of international aircraft registration. Most every one in aviation is familiar with the U.S. aircraft designation of an "N" number or "N" registration, but there are a number of options available to operators of aircraft (primarily turbine) outside the borders of the U.S. Most all countries issue aircraft registrations. However, because of operating flexibility or tax advantages, "Flags of Convenience" emerged in the 1970s.

The most well known countries to offer flexibility and benefits with foreign registration are Bermuda, the Cayman Islands and Aruba. Rather than the familiar "N" number, a different designation is utilized for each of the countries offering a "flag of convenience." Bermuda is "VP-B," Cayman Islands are "VP-C," and Aruba is "P-4."

Registration of aircraft is a complex and detail-oriented process in which different factors come into consideration, including compliance with one of the three primary aircraft regulatory bodies: (USA, FAA FARs; EU, Joint Aviation Authority, JARs; or the British CAA, Civil Aviation Authority) that govern any aircraft registration process.

Seven years ago, Miami entrepreneur Jorge Colindres pioneered the world's first privately managed Category 1 aircraft registration program. With the Aircraft Registry Group, of which he serves as president and CEO, he wanted to streamline the aircraft registration process for clients throughout the world by changing what is normally a time-consuming and frustrating experience to something of an effortless process. He has accomplished this by emphasizing a "private enterprise" approach to providing a service that is usually provided only by governments.

His business savvy attracted owners, operators and leasing companies of commercial and private aircraft across the globe that rapidly understood the benefits of his company's ability to provide real on-time aircraft registry solutions.

The business of aircraft registration



Airbus 310-304 owned by Saudi Royal family Kingdom of Saudi Arabia

is not unique. Colindres does have competitors—in the form of national governments that usually oversee the registration process—but in certain instances in the aviation business, it pays to be the small guy.

"Because of advancing aviation technology, airplanes are now changing more rapidly than ever before," said Colindres. "The smallest player in this sector will have the advantage, flexibility and ability to innovate, implement and manage new economic ideas; we happen to be that small player."

### Why register in Aruba?

Aruba is an island situated in the Southwest Caribbean Sea, 12 miles off the North coast of South America. Its capital is Oranjestad; the island's total population is approximately 70,000 inhabitants. The island is 9.6 miles wide by 6 miles across.

The island's first experience with the aviation world was 74 years ago. On July 24, 1925, the first hydro-aircraft, "IDOR," landed in Paardenbaai Harbor, Oranjestad. Lt. Governor Mr. H.E.G. Wagemaker of Aruba presented the first plans for the construction of an airport for the island in 1933.

The landing of the first tri-engine Fokker aircraft, "Snip," occurred on Dec. 23, 1934, at Savaneta. In 1935, Aruba got its first airport, "Dakota," named after a former aloe plantation.

Since an economic boom in 1987, Aruba has experienced spectacular economic growth. This progress was fueled primarily by heavy investment in the tourism industry, oil refining, development of the trade sector and effective financial reforms.

In July 1988, Aruba enacted the Aruba Exempt Corporation Act, introducing into the existing corporate law a new form of legal entity. The A.E.C. is a modern, flexible corporate body, tailored to the needs of international business.

Clients, either individuals or corporate, wishing to incorporate an off-

shore company in Aruba, have a choice of forming a limited liability company and are subject also to a low rate of taxation in Aruba.

After the introduction by the government of The Aruba Tax Exempted Corporation, in 1988, large trust companies that had previously concentrated their operations in Curacao, Venezuela, started operating offices in Aruba. This is an indication of the increased acceptance of Aruba as an international financial center.

So, why register in Aruba?

As an overseas territory and country of the European Union and an autonomous country within the Kingdom of the Netherlands, Aruba follows the Joint Aviation Authority standards and its civil aviation regulations are based on the JARs. However, since Aruba is geographically located in the Americas Insular Territory, the Department of Civil Aviation is well versed in the knowledge and applicability of the U.S. FAA's regulations.

Registration is efficient, under the auspices of The Aruba Department of Civil Aviation, and conforms with the ICAO, and to standards of countries where excellence in aviation is the norm.

With its easy accessibility, political stability, respectable and independent judiciary system, modernized commercial code, competitive administrative costs, and confidentiality, Aruba is attractive for international businesses.

"Worldwide commercial jet and regional commuter airlines, financial groups and aircraft owners are all prospective clients who may seek Aruban registry if it applies to their aircraft," said Colindres.

If you are considering registering your aircraft in a credible Category 1 assessed country, for political, fiscal, economic, commercial or any other reason, registration in Aruba would pertain to you.

"With political, economic and tax benefits, Aruba is the registry of



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choice, with convenience, and is a Category 1 country rated by the U.S. FAA," said Colindres. "Also, it's important for the aircraft owner to register their aircraft where the laws and regulations protect ownership interests."

Note that the Aruba registration process may also lower your aircraft insurance rates.

When it comes to the security of its assets, banks, leasing companies and private operators have chosen Aruba over other jurisdictions. Due to the high regulatory standards and well enforced safety oversight, Aruba was invited to be a member of the International Maintenance Review Board, composed by the civil aviation authorities of the U.S., Canada, European Union, Japan and Australia.

**Aviation venture with the Government of Aruba**

"We have the good fortune of having entered into a joint venture with the government of Aruba," said Colindres. "We are in charge of all Aruban aircraft registrations. Aside from that, we conduct business on our own behalf, marketing worldwide. Among all registries, we are the only one who participates in trade shows. Unlike huge governmental registries, we're in personal contact with our clients on an ongoing basis."

The International Aviation Program of Aruba was developed to provide owners of private and commercial aircraft with an alternative registry in a credible jurisdiction. As administrators of the International Aviation Program of Aruba, any aircraft registration request operated internationally is made through Aircraft Registry Group's Miami office.

In seven years, the company has gathered a little over 100 major clients.

"We are currently refining our existing system of registration process. As part of the process, it's our job to keep track of all airplane paperwork," said Colindres. "Once we assign an inspector to the aircraft, we follow up with our client to make sure all official and mechanical business is up to date."

The normal process of registration can take anywhere from two weeks and longer. Aircraft Registry Group completes the registration process in three days.

"We are very efficient, and flexible," said Colindres. "We are able to dispatch our inspectors in a moment's notice. Our customers value us for efficiency, cost containment, financial benefits, high safety standards, maintenance conformity and regulations compliance to JAA & FAA requirements. If you register through Aruba, your plane is ensured to meet the highest safety requirements, under the government of Holland."



*Air-Astana is a joint venture owned 51 percent by the Government of the Republic of Kazakhstan and 49 percent by BAE Systems Ltd. Air Astana was founded in September 2001 to provide a western style scheduled domestic air service for the Republic of Kazakhstan, in support of developing and improving the domestic aviation infrastructure within Kazakhstan.*

**Aviation standards in the U.S.**

Like Aruba, the U.S. also has very high standards. Different departments of the FAA oversee commercial standards and private standards of registry in the U.S., but only for U.S. airplanes. Foreign carriers have no opportunity to register in the U.S., due in part to the fact that they don't operate mainly in the U.S.

Also, since 2001, the U.S. has employed more stringent air safety standards and air space restrictions. International carriers must file flight plans and get permits; there is a high level of approval needed to enter U.S. airspace. Certain airports ban foreign private and commercial carriers. Just recently a couple commercial flights out of France were cancelled because they were deemed a high-risk security threat.

**Aviation growth in the Former Russian Republic**

Aviation business is sprouting up in the former Russian Republic.

In contrast to many developing nations emerging out of the former Russian Republic, Aruba has extensive and high safety standards—and they comply with European standards, which means airplanes both commercial and private can operate throughout Europe.

Unlike Aruba's stable and safe

standards, rules in other countries can change. Since the countries themselves are economically not totally stable, registration in Aruba is a viable alternative. Because the commercial aviation business in Europe and the U.S. is very competitive, airlines will do what's necessary to safeguard their interests, and sometimes that includes a foreign registry.

"Business was slow for a while, but in the last year it's picked up again," said Colindres. "International aviation business has picked up more domestic business than the U.S. has

since the 9/11 slump. All the former Russian Republics are starting to Westernize; opportunities are available in other countries. Our focus is on the future. Even though our company is headquartered in Miami, we operate our registry inspections and maintenance out of Aruba. One hundred percent of our clients are overseas."

Aircraft Registry Group registers 20 percent commercial carriers and 80 percent private clients. Their commercial clients include planes in Armenia, Peru, the former Russian Republic and many other countries.

"We try to concentrate our efforts on the customers who are safety conscious; there is a much more enjoyable return when you work with a customer who's not trying to cut corners," said Colindres. "If the airplane is managed by a separate entity, we make sure that a safety oversight is done on the airplane to ensure the owners there are no liability issues present for passengers or crew," said Colindres.

If a worldwide leasing company wants to lease an airplane to a country with no experience, they come to Aircraft Registry Group in search of securing their assets overseas, he said.

"As an offshore registration, we can assure that a multimillion-dollar asset is protected," he said. "We keep a close watch on all of our airplane operations by maintaining airplane

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standards in many countries that are just now becoming stable. It's great to be a part of progress in motion."

### The future of International Registration

The company is poised and ready for continued growth. That's proof there is still business to be found in a variety of sectors of aviation business.

Some of the planes the company has registered include Airbus A310, A31020, Boeing 747SV, MD11, Boeing 757, 737-700 and 737-800. Smaller airplanes include Bombardier Challengers, Lear Jets, Hawkers and Cessna Citations.

Presently, the International Air Safety Group (Aircraft Registry Group and the Government of Aruba's joint venture) has on staff five local Aruban maintenance inspectors and five operational inspectors who were all trained in Holland at an aerospace training center in order to learn the Western system of operation and maintenance.

There are over 30 approved Aircraft Registry Group maintenance facilities throughout Europe and the U.S.

Jorge's son, David, joined the business almost two years ago. The father and son team make for great business.

"It's wonderful to be working with my son; he's learned the ropes in a very short time," said the senior Colindres. "He handles marketing

around the world."

David Colindres, the international marketing director, travels quite frequently.

"I love the travel that's involved with my job," he said. "It's amazing to meet people from different countries and oversee the aviation registration process."

David ensures that the standards Jorge established when he formed the Aircraft Registry Group seven years ago continues to be the "standard" against which the other "flags of convenience" are measured.

"Since we started seven years ago, we've created a presence and reputation in the business," said Colindres. "Based on that, we've grown into a large multinational company."

Today, Aruba is the leading and most sophisticated Civil Aviation Offshore Registry, which offers to owners and operators the highest degree of safety oversight, asset protection, compliance and enforcement as well as customer service.

*W. Stephen Dennis is the founder, CEO and president of Aviation Resource Group International, a leader in aviation advisory services since 1975. He has more than 25 years of varied aviation industry and executive and senior management experience covering specialized areas such as operational efficiency, profitability conversions, business development, strategic planning, marketing and corporate restructuring. He can be contacted at [Steve@AirportJournals.com](mailto:Steve@AirportJournals.com).*

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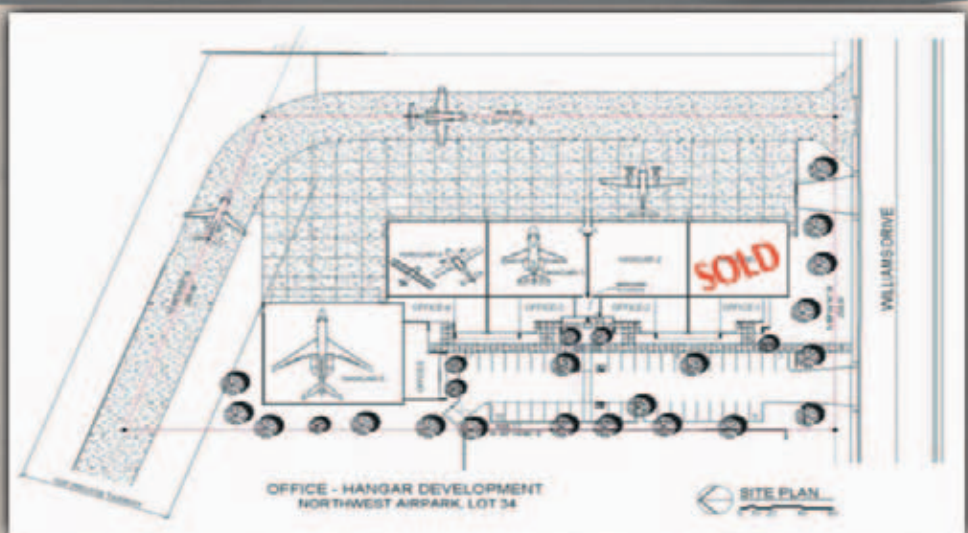
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