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PUBLICATION FOR THE MEMBERS OF THE FLORIDA YACHT BROKERS ASSOCIATION

SEPTEMBER/OCTOBER 2013

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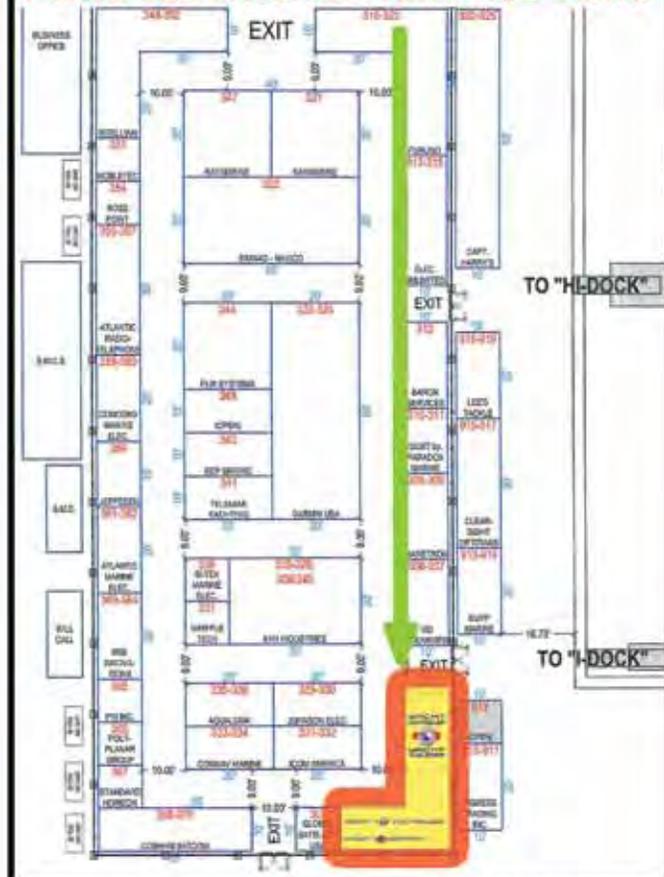


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CALENDAR OF EVENTS

OCTOBER / NOVEMBER

31-Nov. 4 Fort Lauderdale International Boat Show

DECEMBER

5-8 St. Petersburg Power & Sailboat Show

6-12 Antigua Charter Yacht Show

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ON THE COVER

A bird's eye view of the Fort Lauderdale International Boat Show. Photo by Forest Johnson.

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It's Showtime!

The 54th Fort Lauderdale International Boat Show (FLIBS) is here! The FYBA once again will have our booth located on a floating dock on the south side of the show between docks C/D, in Booth C/D 59. There seems to be a lot of optimism this year in the brokerage business leading



Top: Welcome to Colombia! Julie Balzano, Carlos Zunga, Kitty McGowan, Thom Dammrich, John Mann, Ann Vernon. Above: Isla San Andres

up to the boat show, not only on this side of the Atlantic but also at the Monaco Yacht Show. Show Management has informed the FYBA that it will be showcasing the 228-foot exhibition megayacht SEAFAIR at FLIBS. The yacht

will include a restaurant and cocktail lounges. Fireworks will be launched from the rooftop of the Bahia Mar on October 31st. Let us all hope that we will not see another storm sweep through at this year's event!



Most of you probably already know that FLIBS will be moving back a week starting in 2015. The show will start on the first Thursday of November rather than the last Thursday in October.

You will find in this edition of COMPASS an article on my recent trip to Colombia. As I was very restricted on space, I would like to add here my huge thank you to ProExport for making this "fam trip" possible, particularly Maria Jose Abuabara Arenas and Miguel Franco Hossain, our tour guide throughout the trip. Carlos Augusto Socarras Zunga was our marina expert and deserves a warm thank you for his patience. There are so many others to thank, but space constraints will not let me name them all!

We had two FYBA mixers this summer that were highly successful. I'd also like to thank The Grateful Palate and Mancini's for offering their restaurants to host these events.

The FYBA staff has been working on the new FYBA Membership Directory, which will be mailed out shortly and available at the FYBA booth during all the season's boat shows. We also will have FYBA lapel pins to give out to all the members!

I can't forget to let you all know that we will be selling FYBA T-shirts from the FLIBS booth!!! We will have them for both men and women. So, do come by and see us for your pin, T-shirt, fax, or photocopy needs!

So, with that I'll close by wishing you all a successful boat show season this year!!!

Ann

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FYBA MEMBER ALERT

Revised FYBA Purchase and Sale Agreement

The revised FYBA Purchase & Sale Agreement is now available for download from the "Member Area" of the FYBA website at www.fyba.org. Several updates and changes that have been made to the Purchase & Sale Agreement are reflected in the revised version. Please discard any other version you may have of this form and used the revised form going forward.

The following changes have been made to the form:

1. Information Box: "Balance to Close" changed to "Balance".
2. Paragraph 3: "Upon Buyer's acceptance of the Vessel, Seller will not make any use of the Vessel pending Closing except to move the Vessel to the Delivery Location" change to bold print.
3. Paragraph 4: "Closing" clearly defined. "Closing is defined herein as the transfer of ownership of the Vessel. Ownership shall transfer when:
 - (a) all funds due from Buyer have been received by Seller pursuant to the terms of this Agreement,
 - (b) the Vessel is delivered to Buyer, and
 - (c) all other requirements for Closing as set forth in Paragraph 6 have been complied with."
4. Paragraph 4: Manner in which closing funds are distributed more clearly defined. "At Closing, Buyer shall pay the Balance to Seller (subject to Paragraph 6) and/or to the Selling Broker for onward transfer to Seller by wire transfer. Any funds Seller owes to (a) the Brokers for storage, insurance, repairs and/or other items, or (b) the holder of any other Encumbrance, will be deducted from the amount due Seller prior to disbursement of funds to Seller."
5. Paragraph 7: The first sentence now ends "prior to Closing" rather than "prior to delivery of the Vessel to Buyer."
6. Paragraph 16: Added, "Absent the intentional wrongdoing or gross negligence...."
7. Acknowledgement of Deposit added. "Subject to clearance of funds."
8. Each page is marked with the new revision date 9.10.13. All previous editions should be destroyed.

If you have any comments or questions, please email FYBA at fyba@fyba.org or call our office at 954.522.5270. Thank you, The FYBA Forms Committee



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State Revenues Rise In the Wake of Sales Tax Cap

As the national debate over the federal government's shutdown heats up, the state of Florida can point to some success in raising revenue and creating jobs in the boating industry in the wake of landmark bi-partisan legislation enacted during the depths of the Great Recession.

The number of larger recreational vessels registered in the state has jumped substantially since mid-2010 following passage of a new law putting an \$18,000 sales-and-use-tax cap on boats purchased or brought into Florida.

According to a recent analysis of Florida boat registrations from 2000 to 2012 by FYBA, the number of 65- to 110-foot yachts registered increased by 28 percent, from 807 in 2010 to 1,032 in 2012, while the number of yachts over 110 feet increased by 7 percent. Research in 2009 had indicated that Florida's marine industry was losing sales to nearby states and foreign countries with lower or no sales taxes at all.

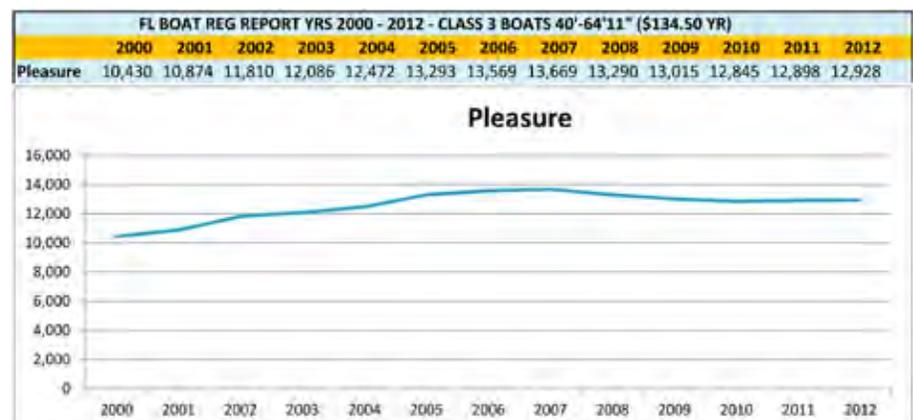
"These increases in the number of larger vessels registered are especially significant as the number of boats registered under 65 feet actually declined during the same period," said Jeff Erdmann, chairman of the FYBA Public Affairs Committee.

In testimony before the Florida Legislature in 2009, Erdmann had argued that the state's existing 6 percent sales-and-use-tax was keeping larger vessels out of the state and away from its \$17 billion marine industry, which employed over 200,000 Floridians hard hit by the recession.

"With superyacht expenses averaging \$4.75 million per year for everything from fuel to crew salaries to maintenance and repair, increasing their presence in Florida's waters was a top priority of this legislation," said Erdmann, noting that the number of vessels 110-foot and longer registered in the state is on the rise for the first time since falling steadily since 2007.

"The bottom line is the state took a chance on the marine industry and these statistics clearly demonstrate that the marine industry has added to the bottom line of the state," said Erdmann.

Florida Boat Registration Report from 2000-2012 Class 3 Boats from 40' to 64'11"



continued on page 24



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Genoa → Port Everglades 12/2013
Palma de Mallorca → Newport 10/2013
Palma de Mallorca → Port Everglades 09/2013
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Palma de Mallorca → Port Everglades 11/2013
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TO THE SOUTH PACIFIC

Palma de Mallorca → Auckland 11/2013
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VOYAGES FROM THE EAST COAST USA

TO THE CARIBBEAN

Newport → St. Thomas 11/2013
Port Everglades → St. Thomas 10/2013

TO THE MEDITERRANEAN

Newport → Palma de Mallorca 11/2013
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Port Everglades → Palma de Mallorca 10/2013

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◆ **NORTHROP & JOHNSON'S**

Fort Lauderdale office is pleased to announce the following:

SALES: AQUARIUS W, 100' (30.48m) GE-TA Tasarim built in 1991. Kevin Merrigan and Simon A. Turner represented the seller. The asking price was \$1,450,000.

JL SEAGULL, the 145' (44.20m) Benetti built in 2002/2011. Kevin Merrigan and Wes Sanford. The asking price was €9,900,000 Euros. Contact: Karina Lopez at 954.522.3344 or email karina.lopez@northropandjohnson.com

received a new five-year Certificate of Inspection from the U.S. Coast Guard to carry up to 70 passengers.

PRICE REDUCTIONS: TRANQUILITY, 130' 1995 Hatteras, reduced to \$4,390,000, Joint CA Whit Kirtland CPYB; *MAMILU, 70' 2011 Azimut, reduced to \$839,000, CA Chris Saumsiegle.

SOLD VESSELS: MR. ED, 97' 1992/09 Maiora, Joint Listing and Selling Broker Whit Kirtland CPYB; DOLPHIN II, 70' 2009 Marlow, Listing and Selling Broker Whit Kirtland CPYB.

In other news, Bradford Marine

10 years of marketing experience, including an MBA in marketing.

◆ **SKYWATER YACHTS** announces that the 2003, 124' Delta CONTINENTAL DRIFTER II (\$9,750,000) will be displayed at the Fort Lauderdale International Boat Show, Las Olas C-dock T-head.

New Listings include the 56' Sunseeker Predator 2003 ROYAL INDULGENCE, kept in fresh water till 2011, \$497,000; and a 52' Hatteras SF 1989, very clean, \$179,000.

◆ **LAZZARA INTERNATIONAL YACHT SALES** announces the following activity:

NEW CENTRAL LISTINGS: SERENITY, 116' 2008 Lazzara Motor Yacht listed at \$8,495,000 CA Rich Lazzara; JODY LEE, 80' 2004 Lazzara Open Bridge Grand Salon listed at \$2,350,000 CA Peter Spurgeon; PASSION, 80' 2005 Lazzara Open Bridge Grand Salon listed at \$2,495,000 CA Rich Lazzara; TAIL DANCE, 57' 2004 Ocean Yachts Super Sport listed at \$625,000 CA Peter Lenton; GOT WOOD, 58' 2009 Azimut listed at \$1,249,000 CA Rich Lazzara.

SALES: BREEZE, 76' Lazzara 2011, selling broker Michael Stevenson; TROUTOPIA, 80' 2006 Lazzara – listing brokers Peter Lenton and Rich Lazzara would like to thank the corresponding brokers on the sale.

In other news, Lazzara welcomes Wider Yachts USA, which is occupying an office on the second floor in the Lazzara Showcase. At the 2013 FLIBS, the Lazzara Showcase will be located at the Bahia Mar on Face Dock #5. Lazzara will debut its new LMY64 and LSX92, as well as displaying several pre-owned yachts ranging from 75'-116'. Wider will display a new Wider 42 Super Yacht Tender, and will present its new Super Yacht Division with a full range of yachts from 100'-165'. Contact Darren Datson, Wider vice president, at 954.347.6771.



◆ **YACHTZOO NEW CENTRAL AGENCY:** The 144' Trinity Sportfish, MARLENA, is a welcome addition to the YACHTZOO sales fleet. This five-stateroom custom sportfisherman was originally launched in 1998 and refit in 2012. MARLENA will be featured at the Fort Lauderdale Boat Show. Her asking price has been set at \$12,950,000. Contact: Neil Emmott at neil@yacht-zoo.com. YACHTZOO is pleased to report the sale of the 100' 1999 Azimut Motor Yacht, MELIMAR. This four-stateroom Azimut Jumbo was sold to an Australian buyer.

◆ **BRADFORD MARINE YACHT**

SALES reports the following recent activity:

NEW CENTRAL LISTINGS: SURINA, 147' 2000/2012 Trident Marine, Joint CA Whit Kirtland CPYB; *KALEEN, 110' 1983 Broward, CA Whit Kirtland CPYB; *AJAO, 80' 1989 Baglietto, Joint CA Whit Kirtland CPYB; NO BUOYS, 77' 2005 Dyna, Joint CA Doug Smith CPYB; LADY ELYSE, 72' 1986/87 Hatteras, Parker Bogue.

INNISFAIL, 90' 1939 Mathis Trumpy, CA Tucker Fallon CPYB, has just

has been selected to be the exclusive representative for Danish Yachts' sales and service in North and South America. Paul Madden and Parker Bogue, Bradford Marine Yacht Sales' brokers, will handle new yacht sales.

Bradford Marine has increased its management and marketing team by the appointment of two key members. New General Manager, Michele Allen, brings 30 years of operations, marketing and growth management experience while new Marketing Manager, Jennifer Seitz, has over

◆ **GILMAN YACHTS** reports the following activity:

SALES: PRINCESS JULES, 88' Ferretti 2005; MAGIC TIME, 103' Christensen 1988; QUEST, 64' Alaskan M/Y 2006; PRIME TIME, 62' Neptunus Sedan FBMV 2006; LIQUID WISDOM, 56' Carver 2005/6.

NEW LISTINGS: 63' Sunseeker Manhattan 2011, Asking \$2,085,000. Contact Jeff Stanley, C 954.249.0360; BEECHWOOD DAYS, 78' Hargrave Flybridge M/Y 2006/7 Asking \$2,250,000 Wayne Cannava 954.646.5099.

PRICE REDUCTIONS: SOUTHERN BELLE, 65' Outer Reef 2007. Asking \$1,595,000; XS, 54' Sea Ray Sundancer 2010/11. Asking \$799,000; MAMBO, 39' SeeVee 2010. Asking \$319,000; JULIES JOY, 47' Neptunus 1991. Asking \$150,000. See Gilman Yachts at FLIBS HOF Slips 47A-53A.

◆ **ANCHOR YACHT SALES**

INTERNATIONAL'S Ed Chapdelaine in the Fort Lauderdale office announces the sale of the 2012 Hampton 680 Endurance MY GEORGIA (asking price \$2,400,000, in cooperation with Ocean Alexander Yachts, the listing brokers.

◆ **MARES INTERNATIONAL** President Lenny Noble is pleased to announce that the all-new 45' Mares Catamaran will be the first of the new Mares fleet to arrive Fort Lauderdale the first week of October. This is the first Mares Catamaran to be built in a new yard capable of building yachts over 100 feet. Mares International, aiming towards a world market appeal, has restructured and re-tooled its line with newly styled fuel-efficient pleasure cats ranging from 38 to 100 feet. Contact Lenny Noble at 954.523.2287

◆ **ATLAS MARINE SYSTEMS**

announces that ITS main switchboard, emergency switchboard, shore power converter and clean power converter are in service aboard the new Cosmo Explorer 1 Motor Yacht. The 50M



◆ **IYC** is pleased to announce the following: Mark Elliott has signed two new Central Listings: The 150' (45.72m) 1998/2004 Trinity ENCORE (shown above); Asking Price: \$11,900,000, and the 157' (47.85m) 1982/2005/2013 Picchiotti PIANO BAR; asking price: \$5,900,000. Contact Mark Elliott, 305.764.1167, Mark@iyc.com.

Ron Morgenstein has signed the 99' (30.2m) 2005 Hargrave MY, DA BUBBA, as a new central listing. Sales Price: \$3,595,000. Contact Ron Morgenstein, 954.309.9740, ron@iyc.com.

John F. Dane has acted for the buyer in the sale of MARLENA, the 95' (28.96m) Jim Smith Tournament Sportfish. Steve Moynihan of HMY Yacht Sales acted for the seller.

Mark Elliott's listing, FIRST DRAW, 120' (36.58m) Christensen MY, 1995/2012, has been sold. Asking Price: \$7,490,000.

vessel meets ABS ice class, and was constructed at MegaTechnica Ltd. Shipyard in Perama, Greece. Atlas also provided the electrical design engineering.

◆ **YACHTCLOSER** is delighted to announce that United Yachts Sales LLC has selected its web-based contract management system to make the process of buying and selling a yacht faster, easier and more efficient for its brokers and their clients. The largest independent yacht brokerage firm in America, with more than 120 yacht brokers located in 16 U.S. states and Canada, United Yacht Sales closes over 500 transactions annually valued at approximately \$80-plus million.

◆ **YACHT BROKER INSTITUTE (YBI)** is pleased to announce that eight FYBA yacht brokerage firms

are utilizing the Online Course "Fundamental & Essentials of Yacht Brokerage" to train Sales Associates. Four firms have Sales Associates who have successfully completed the course and earned their "Certificate of Achievement" and four other FYBA firms have students enrolled in the course. For more information, go to www.yachtbrokerinstitute.com or email rae@yachtbrokerinstitute.com or kevin@yachtbrokerinstitute.com.

◆ **GALATI YACHT SALES**

continues to focus on education and professionalism in the Yacht Brokerage industry. GYS enrolls all new Sales Associates in YBI's online course "Fundamentals and Essentials of Yacht Brokerage," and now has 13 graduates, including five who are Galati Gen3 (3rd generation).

FYBA MEMBER NEWS

◆ **EDWARDS YACHT SALES** has recently purchased and moved to a larger office building, tripling its corporate office space. This move has allowed EYS to continue its expansion by hiring eight new brokers, bringing it to a total of 25 full-time brokers in Florida. Edwards Yacht Sales' new address and phone numbers are: 510 Brookside Drive, Clearwater, FL 33764; phone: 727.449.8222; Fax: 727.461.9379.



◆ **HORIZON YACHT USA** announces that at the 2013 Fort Lauderdale International Boat Show, it will debut ANDREA VI, Hull #1 of the highly anticipated Horizon RP110 raised pilothouse superyacht. Horizon also will showcase the E88 motoryacht, E56 motoryacht, EP69 expedition yacht and PC60 power cat SEA BOSS. Visit the display on F dock, Slips 600-604. Horizon also is pleased to announce the sale of another PC60 to a U.S. client. Contact Elise Moffitt at 561.721.4850 or elise@horizonyachtusa.com.

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IN MEMORIAM

Clay E. Shaw, Jr.

Former Congressman Clay E. Shaw, Jr. passed away on September 10 at the age of 74, after a lengthy battle with lung cancer.

A native of Miami, Clay Shaw was elected Mayor of Fort Lauderdale in 1975. He won his first Congressional seat in 1980, and went on to serve 10 terms as a Republican U.S. Representative for South Florida. Among his many other accomplishments, he was a longtime member of the Ways and Means Committee, and an author of the Welfare Reform Act of 1996.

Clay Shaw was a longtime friend of FYBA and of the marine industry in general. While in Congress, he helped to repeal the 1991 10 percent excise tax on pleasure boats, known as the "luxury tax", which severely impacted the industry. He was responsible for the "boat show bond" that allows non duty-paid foreign boats to be offered at domestic boat shows.



The award-winning 17th Street Causeway bridge in Fort Lauderdale (above) is named for Clay Shaw. He was instrumental in securing Federal funding to build the bridge, which opened in 2002. Today, the E. Clay Shaw, Jr. Bridge, which has seen countless yachts and superyachts pass beneath its span, is a fitting tribute to this visionary statesman. He will be greatly missed.

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Using Yachts as Collateral in Marine Lending

This article is a collaborative by Robert N. Allen, Jr. and Christopher Anderson, attorneys, and Arletys Rodriguez, a summer law clerk, with the Robert Allen Law firm, and Allen Von Spiegelfeld, an attorney with the Banker Lopez Gassler firm.

Yachts have been used as collateral for loans for a long time. Still, many lenders are reluctant to lend against yachts because of the special risks they present; risks that other collateral – such as real estate for example – don't have.

Specifically, not all liens against yachts are "of record" and yachts, unlike real estate, are mobile. Still, the risks of lending against yachts are lessened if the loan is carefully considered and well monitored. This column outlines the process by which those risks can be managed and the collateral accessed in the event of default.

First, a yacht loan should be secured by a mortgage and its priority assured. Mortgages must be "documented" (registered) in the "flag state" of the yacht. To assure a mortgage's priority the yacht's abstract of title – like real estate title abstracts – must be examined by a maritime lawyer to determine if documented liens exist and provide guidance in how they should be dealt with. The lawyer can also help determine if "hidden liens" exist and how to deal with them.

Though mortgages must be documented, hidden liens need not be. Hidden liens include those for wages, personal injury ("tort") claims and necessities (fuel, dockage, repairs, etc.). A lender should require the owner to post a notice on the logbook, the bridge, etc., that liens cannot be created against the vessel for necessities.

Second, loan documents must provide for non-judicial repossession. Not all jurisdictions allow for repossession without court order. A lender should get legal advice about whether to proceed with non-judicial repossession or judicial foreclosure and what jurisdiction is most favorable for either.

While generally less-expensive than foreclosure, repossession does not extinguish valid maritime liens. So it's essential in a repossession that potential liens be properly managed. Sometimes a repossessed yacht is put through foreclosure to extinguish prior liens and make the vessel more marketable.

Third, initiating a foreclosure requires a claim for vessel "arrest" be brought in the court with jurisdiction. Generally a court will issue a warrant to arrest a yacht, which will keep it from being moved without court approval. Once the arrest warrant issues there are additional requirements which differ in each jurisdiction, but once complied with,

and a "custodian" is appointed by the court to take possession of the yacht, in the U.S. a marshal will arrest it.

The marshal will require an advance to cover costs. It is not a cost-prohibitive amount. The owner can have the yacht released from arrest by posting a bond. The amount will vary depending on the amounts claimed in the complaint and the value of the yacht.

If the cost of keeping the yacht arrested is too high, if the yacht is deteriorating, or if there is an unreasonable delay in securing its release, a petition can be filed to have the yacht sold while the foreclosure proceedings are pending. The yacht can then be sold at auction before the court issues judgment on the case. The debtor and bank may both bid for the yacht. And once the lender has acquired title it can sell the yacht by private sale or auction or it can hold it for future sale. The costs of the arrest are given the highest priority and are the first money recovered after any judicial sale.

Fourth, proper insurance and maintenance are imperative. A good liability ("P&I") and hull insurance policy (naming the lender as additional insured and loss payee) will protect the yacht against tort liens. Hull insurance should be for a minimum of 100 percent of the greater of the value of the yacht or the loan. As yachts deteriorate quickly if not maintained, regular inspections by the lender are recommended.

Fifth, a pledge of the yacht owner's bank accounts and a personal guaranty are also recommended. The yacht's maintenance – which can be substantial – is properly paid for through an account in the name of the company owning the yacht. The lending bank should monitor activity on the account to assure proper maintenance and that crew wages and other recurrent expenses are being paid. The beneficial owner(s) should be required to sign a personal guaranty and sometimes even a pledge of other liquid assets.

In conclusion, with appropriate loan to value ratios, regular inspections, proper maintenance, insurance, regular reporting and legal advice, the risks of collateralizing a loan with a yacht are manageable.



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Colombia - Opening its Doors to the World of Nautical Tourism



The Republic of Colombia represents the fourth largest economy in Latin America and has the third largest population with nearly 46 million inhabitants. It is also the only country in South America with two seacoasts (Pacific and Caribbean). Aided by major security improvements, steady economic growth, and moderate inflation, Colombia has become a free market economy with major commercial and investment ties to the U.S.

Together with the National Marine Manufacturers Association (NMMA) and the U.S. Superyacht Association (USSA), FYBA embarked on a collaborative site visit to Colombia during the last week of July 2013 to learn about this growing market and to explore potential business opportunities for our members, as well as a new destination for charter.

Our visit was hosted by ProExport, Colombia's public-private tourism and export organization, and guided by the government's comprehensive feasibility study on nautical tourism. The trip gave us a chance to learn about everything Colombia is doing to build a solid foundation for its growing nautical tourism industry. Reportedly, more than 200,000 people in Colombia earn more than \$1 million annually. Yet, as of 2011, only 7,350 boats were registered



Top: The world-class, full-service Marina Santa Marta. Above: Historic Cartagena.

in the country, including transport boats, despite what is considered to be a very boating-oriented culture.

ISLA DE SAN ANDRES

Our trip began with a quick 24-hour visit to San Andres, the largest island of an archipelago located in the Caribbean Sea, 480 miles northwest of the Colombian mainland and just 80 miles off the east coast of Nicaragua.

This island is a major site for scuba divers as the sea is dotted with various shipwrecks and coral reefs. San Andres Island also enjoys a tax-free status, making it a shopping mecca. Currently, there are only a handful of very small,

private marinas on the island and none that are of world-class caliber. Due to the tremendous potential of this island and its neighbor, Providencia Island, both destinations are designated as priority projects for marina development by Colombia's Ministry of Trade, Industry, & Tourism.

SANTA MARTA

Our next stop was Santa Marta on mainland Colombia, just 120 nautical miles from Cartagena and 320 from the Atlantic side of the Panama Canal. Santa Marta's prime location on the fringes of the pristine Tayrona National

Park, between the Sierra Nevada mountain range and the Caribbean, makes it a very attractive boating destination. Thanks to the proximity of snowcapped mountains to the sea, it has a moderate climate with low humidity.

While here, we toured Marina Santa Marta, a world-class, full-service marina complete with a heliport that opened just one year ago. It is an IGY marina, located in the heart of the city's waterfront district near the historic city center. Currently, the marina offers 256 slips (four slips of 150'). The owners are eager to put their marina on the map as a viable destination for vessels cruising the Caribbean. It is also an ideal location for yachts seeking hurricane-free waters. And, the daily slip rates here are only \$0.50 per lineal foot!!

This marina will get a boost this January when the 45 boats in the King's Regatta arrive from the Canary Islands.

MARINA PUERTO VELERO

Next stop ... a tour of Marina Puerto Velero. This marina is located a short distance from Barranquilla, Colombia's fourth largest city, which is a major industrial center with a population of nearly two million. This unique mixed-use facility is being developed by a Spanish investor from Barcelona, who secured the rights to the property via a 20-year concession from the Colombian government, which actively encourages foreign direct investment (FDI).

The marina is built on a 32-hectare plot of land and 32 hectares of water. Featuring floating docks, it will feature 540 slips for boats and yachts between 18' and 120'. Phase 1 is already built. Phase 2 is scheduled for completion in January of 2014. Marina Puerto Velero is located in a national park on a bay that is naturally protected from the sea. Daily transient dockage is \$1.00 per lineal foot or \$.50 per foot with a monthly contract.



Top: Dramatic tropical scenery awaits cruisers in Colombia. Above: Our tour group on the dock at Marina Santa Marta. Left: The swimming pool at a Rosario Islands resort.

CARTAGENA

Cartagena is rich in history; a beautiful and well-preserved city filled with Spanish architecture! With its diverse culture and culinary menu, it ranks as Colombia's No. 1 tourist destination.

During our one-day visit, we toured several marinas by boat. Each appeared clean and professionally managed with varying access to water and fuel, boat yard facilities, chandlery and boat ramps. In total, there appear to be only six marina facilities in Cartagena, with a combined 1,500-slip capacity for the entire city. The shortage of available slips is very evident, as each marina we toured was full to capacity. Many of them offer designated anchorage fields as an alternative.

Due to growing demand in Cartagena, there are plans to expand nearly every marina location we visited. Some want to expand their dry boat storage facilities and others, their floating docks.

SUMMARY

Every stop we made on this trip highlighted the growing opportunities in this quickly emerging market, including

continued on page 24

West Coast Yacht Sales Summit Draws Large Crowd for a Range of Important Updates

A wide range of timely and informative topics were featured during the Florida Yacht Brokers Association's (FYBA) West Coast Yacht Sales Summit 2013, which was held Aug. 13 at the Hyatt Regency Sarasota in Sarasota, Fla. Sponsored by Yachtworld.com, Total Dollar Insurance and Robert Allen Law, the day-long event drew 103 attendees.

Following an "Introduction and Welcome" by Ann Vernon, FYBA executive director, attendees received updates on the state of the industry, as well as information on a number of important topics of interest to yacht brokers. Presentations and their sponsors for the event were:

- **State of the Industry Trends, Statistics, Future Direction** by Kerry Keller, Yachtworld
- **Managing Your Online Reputation** by Lauren de Vlaming, senior engagement manager, Dominion Marine Media
- **Panel Discussion: Chartering a Yacht** with panelists charter broker, Crom Littlejohn, Merle Wood & Associates; Capt. Herb Magney of M/Y AT LAST, and charter manager, LJ Houghting, Churchill Yacht Partners
- **Legal Presentation:** From listing to closing: How an attorney can help facilitate a deal by Bob Allen, Robert Allen Law
- **Panel Discussion:** Fractional Ownership Programs (How they affect you as broker) with moderator Bob Denison, Denison Yacht Sales, and panelists Chris Anderson, Robert Allen Law; Phil Burroughs, Sanlorenzo and Arthur Buhr, Total Dollar Insurance
- **Sales Presentation "Find 'em, Get 'em, Keep 'em"** by Brian Butler, The Allied Group

Following closing remarks, a cocktail reception was held, sponsored by C1 Bank. FYBA wishes to thank our sponsors and all of those who attended.

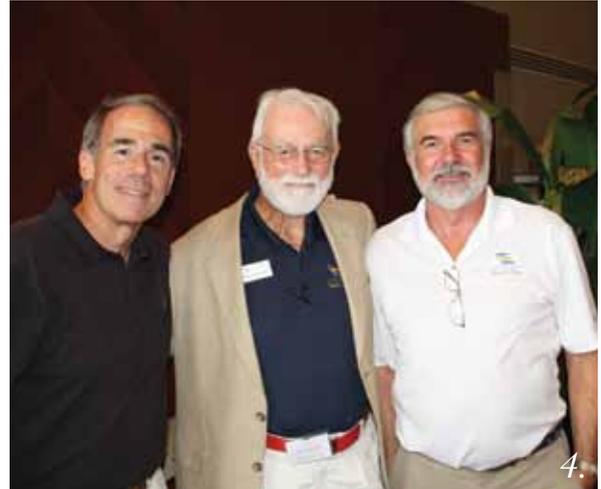




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5.

1. Kerry Keller of Yachtworld presents at the summit
2. Events sponsors Bob Allen of Robert Allen Law, Brooke Fowler of Yachtworld and Arthur Buhr & John Posey of Total Dollar Insurance
3. Ivan Wolf, Arthur Bollman & Jim Booth
4. Steve Stevens, Skip Mansfield & John Daigle
5. Joey Gottfried, Dean Roussinos & Beryl Lipoff

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Sales Figures Bode Well for Brokerage Market

The rebound in U.S. brokerage sales continued in August, the latest month for which figures were available, according to Yachtworld.com. U.S. brokerage sales rose by 9 percent from August 2012 and exceeded 3,000 units for the fifth consecutive month.

Sales of boats between 56 and 79 feet rose substantially with unit sales increasing by 26 percent to 68 units from 54, according to the report. Superyacht sales rose to 16 units from 10 for a total value of \$59.9 million; a strong 139 percent increase.

The figures were compiled from YachtWorld member brokerages reporting in its proprietary SoldBoats.com database. They show that 3,066 boats were sold in August 2013 — 256 more than in August 2012. Total sales reached \$312.5 million for an increase of \$65.9 million from the year-earlier period.

Sales of powerboats rose by 9 percent to 2,510 units, while sailboat sales were up by 11 percent to 556 units. In dollar terms, powerboat sales rose 31 percent to \$272.6 million, while sailboat sales increased by 4 percent to \$39.9 million.

Through the eight-month period of 2013 ending August 31, Yachtworld.com reported that U.S. brokerage unit sales reached 23,488 units, a 4 percent increase. Dollar sales totaled \$2.82 billion, up 25 percent from the same period in 2012.

WORLD ULTRA WEALTH REPORT

Another positive indicator for the yacht brokerage market came from UBS and Wealth-X in their 2013 World Ultra Wealth Report, which examines the population of Ultra High Net Worth (UHNW) individuals with a total net worth of at least \$30 million, after accounting for stock holdings, residential property and 'passion' investments, such as yachts, planes, art and real estate.

Highlights from the report show that:

- The world's UHNW population has reached an all-time high of 199,235 people holding a combined wealth of \$27.8 trillion dollars.
- Most of the growth came in North America and Europe where the net gain in UHNW individuals rose by nearly 10,000 with a total wealth increase of \$1.5 trillion.

continued on page 24

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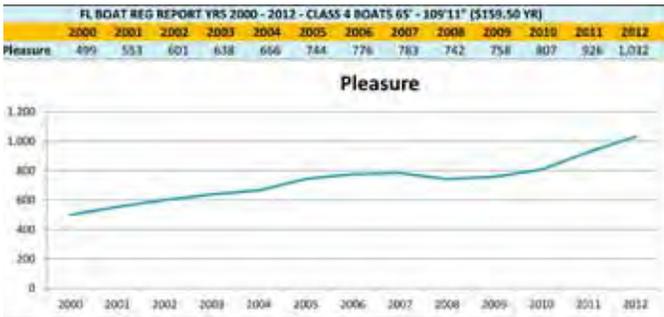
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◆ **YACHTZOO** announces a new addition to its charter fleet: M/Y SERENITY ATLANTIC, the 88' Leopard 2004. Accommodating seven guests, she is available in the Western Med at a rate of €38,000/week + expenses. For more information, please email usacharterfleet@yacht-zoo.com.

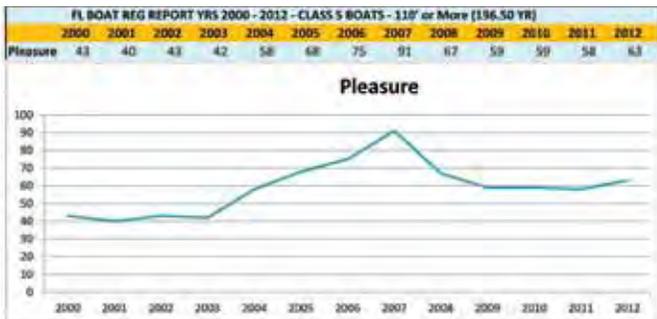
◆ **OCEAN INDEPENDENCE** is pleased to welcome the beautiful addition of 99' S/Y SUSANNE AF STOCKHOLM to its charter fleet. She has a modern, minimalist-style design, with natural American black walnut woodwork throughout the interior and exceptional headroom. She offers four comparable staterooms for up to eight guests. Available in the Caribbean this winter, she will make her debut at the Antigua Charter Show. Her weekly rate is of €33,000-€36,000 + expenses. www.oceanindependence.com.

Sales Revenues Rise in the Wake of Sales Tax Cap
continued from page 8

**Florida Boat Registration Report from 2000-2012
Class 4 Boats from 65' to 100'11"**



Class 5 Boats from 110' or More



**Colombia - Opening its Doors
to the World of Nautical Tourism**
continued from page 17

marina design and development, charters, boat and yacht sales (fishing, cruising, center-consoles, sailing, tow boats), supporting equipment (electronics, tackle, water toys, etc.) and services.

As a group, we all felt the overwhelming optimism and were quite impressed with the entrepreneurship and pride that was evident throughout the entire trip. We have few doubts that the Colombian government's priority to develop the nautical sector will proceed. Preferential currency exchange rates for U.S. builders and manufacturers, along with a Free Trade Agreement, will also help!

The Cartagena Boat Show will take place March 22 – 24, 2014.

As it is difficult to put all the details of this trip in this report, please feel free to contact Ann Vernon at ann@fyba.com for more information.

Sales Figures Bode Well for Brokerage Market
continued from page 21

- Wealth-X identified 2,170 billionaires worldwide holding a total net worth of \$6.5 trillion dollars; equal to 23 percent of the globe's total UHNW wealth.
- Men still account for the lion's share of the global UHNW individual population making up 88 percent of the total. "Self-made" individuals, or those who did not inherit wealth, accounted for 65 percent of the world's wealthiest individuals.
- Asia is expected to generate more UHNW individuals and wealth over the next five years than both North America and Europe.

Combined, these reports create a positive outlook for the upcoming 2013 Fort Lauderdale International Boat Show.

Caught in the Middle

A Dutch yacht broker twice brokered the purchase of yachts located in France. He represented a purchaser residing in the Netherlands, while the vendor of the yachts lived in France. Two years after the sale, a value added tax (VAT) dispute broke out with Staatssecretaris van Financiën, the Dutch tax administration. After auditing the broker's records, Staatssecretaris assessed the broker the tax they said he should have collected on his commissions.

The case sailed through the Regional Court of Appeal in The Hague, then the Supreme Court of the Netherlands, and then to the European Court of Justice (the ECJ). The ECJ ruled that because the yachts were based in France when sold, where they were taxable in principle, the broker's services too were provided in France. He was therefore right in not declaring the VAT in the Netherlands.

That was in 2004. If the same case arose today the broker's situation would surely be different. New rules ensure that VAT on services goes to the country of consumption. Additional 'implementing measures' also ensure more uniform application of VAT in EU Member States. As a result, rules that enabled the broker to walk free in the Netherlands where the tax was rightly not due, and in France where the tax was due but not actually pursued, may be harder to achieve.

Today, Article 46 of the VAT Directive says that services provided by an intermediary are taxed at the location where the transaction occurs. So in the case of private owner of a yacht located in France who wishes to sell or charter, French VAT will be due on the commission fee – no matter the broker's location – because the 'place of supply' is France. For a business customer the tax can be 'reverse-charged', thereby absolving the broker of responsibility. However that mechanism only works if the broker is registered for VAT in an EU country.

This means that both customers and their intermediaries conducting yacht charter and sale transactions in Europe face trickier choices concerning VAT registration than ever before.

VAT is being enforced on yacht charters and sales in Spain, France, Italy, Malta, Croatia and Greece. Charters are

taxed to the country where the yacht is actually delivered to the client. For yacht sales, the place of taxation is where the yacht is located when sold. For every EU charter and sale transaction, the broker is liable for the tax along with the customer.

Is the link between the broker and the customer in tax matters really that obvious? How does the European taxman find out about the broker's involvement? And, what hold could they have on a foreign broker not established in the EU?

These are important questions that should be answered in context since some broker transactions may indeed not

attract VAT if they are well handled.

Many more EU transactions though create liabilities than is often realized.

In addition, recent rule changes have elevated the importance of a contract. Apart from naming the parties, the contract is crucial for all stakeholders because it serves as a presumption in any tax assessment; although where the contract becomes manipulative it may be rebutted by law in order to establish the true location of a sold yacht, or the actual start and duration of a yacht charter.

This new reality in Europe does compel the yacht owner to register for VAT in an EU country in order to charter. A lot more follows from such registration – charter contracts, invoices, itineraries, beneficial ownership and user details and, yes, broker's details. Place that in the context of keener, more uniform application of the rules and the beefed-up "mutual assistance" systems across the EU, and the broker's imprint on yachting transactions becomes obvious.

If the broker does not register and account for VAT on his commissions, he could eventually experience more of Europe's gruffness.

Today, Article 46 of the VAT Directive says that services provided by an intermediary are taxed at the location where the transaction occurs.

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Potential Storm Ahead for Yachts Attending FLIBS

By Thomas Gresh, Celedinas Insurance Group

In recent years, hurricane threats have become a more frequent concern for everyone involved in the Fort Lauderdale International Boat Show (FLIBS), including yacht owners. We have been lucky to avoid a show cancellation and the catastrophic damage that a storm would cause.

While we would all feel the financial impact to our rebounding industry that a show cancellation would bring, imagine the actual physical damage that a storm would cause. The setup of a boat show, with 1,000 or so vessels moored in close proximity with limited options for preparing and safeguarding in the event of a storm, is quite possibly a yacht owner's and insurance company's worst nightmare.

For all sizes of yachts, most insurance companies require a signed comprehensive hurricane plan to be submitted and approved before the yacht insurance can be bound and issued. This is especially true for vessels in catastrophe prone areas, such as Florida.

A hurricane plan usually includes several safe-guarding measures, including the option to move the vessel out of harm's way or have the vessel hauled out of the water. Insurance companies rely on the information submitted on an application and supporting documents, such as a hurricane plan being accurate. The documents form the basis of the insurance contract. Insurance policies also include contractual language similar to the following:

"This insurance contract is void if any information provided to us by you or on your behalf (including the information in any submission and any supporting documents and survey reports) is incomplete or inaccurate either at the time of applying for the Policy or during the Policy Period"

When attending a boat show, the options stated in a yacht's hurricane plan most likely will not be available or accessible leaving the yacht out of compliance with the documented hurricane plan that has been submitted and approved by the insurance company. This could potentially void the insurance contract and any responsibility of the company to respond to damages caused by a named storm.

To ensure that this risk is managed appropriately, advance action should be taken to inform the insurance company or yacht insurance agent that the yacht will be attending the named boat show and provide specific dates of the yacht's involvement. Yacht insurance companies will accommodate the request. Proper notification that has been made and documented will eliminate a possible claim declination or dispute.

◆ **HMY YACHTS** is proud to announce the hiring of Mike Scalisi, previously with MarineMax, at our Dania Beach office. His captain and sales background in large motor yachts combined with his passion and success in the sportfish market is a perfect match for the HMY product line. We look forward to a long, prosperous relationship. Contact Mike by phone or email at (C) 954.650.3706 or mscalisi@hmy.com.

◆ **NEPTUNE GROUP YACHTING** has moved our headquarters in order to provide clients with our excellent customer service in larger, more convenient surroundings. Our new address is: 1003 SE 17th Street, Suite 200, Fort Lauderdale, FL 33316. The phone number remains: 954.524.7978. We are on the second floor, above Smallwood's. Please stop by to visit us in our new SE 17th Street home!



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Around 100 people attended the last Open House of the year in Fort Lauderdale. The event featured 31 boats on display ranging from 161' to 35'. Thank you to our event sponsors Yacht Controller, Scott Financial Services and Boatquest.com and also to Mayra's Personal Touch Catering for providing the drinks and hors d'oeuvres.

YACHTS IN ATTENDANCE

ANJILIS	WHISKEY HOTEL	BEL ESPRIT
HORIZONS II	MONEY PENNY	HATTERAS 60
CARCHARIAS	LIFE OF REILLEY	GOT WOOD
PARADIGM	VICTORIANO	PAULA BELLA
PREMIUM	FUN	STILL BODACIOUS
SEA VENTURE	BEAUCASTEL	PRIVATE DANCER
DA BUBBA	SPECIAL K2	ANOTHER CHANCE
OBRIGADO	LADY GRACE	SEA YA LATER
GOLDEN OSPREY	ATTITUDE	ON THE ROCKS
CARPE DIEM	SEA DANCER	
SATU	SUHAILI	

L to R: Sponsors from Yacht Controller & Raffle Prize Winners: sponsors Derek Tamargo & Alex Harrison, winners Kyle Leeper, Serge Genereux, David Gennett, Mark Osterhaven & Gigi Garcia, & sponsor Anthony Valiente.

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1.



2.

Over 50 FYBA members gathered Aug. 22 at Mancini's in Fort Lauderdale for an end of the summer mixer. Guests enjoyed a complimentary beverage and hors d'oeuvres while networking with each other. Thank you to Mancini's for hosting us and to everyone who attended!

1. Nancy Poppe, Gretchen Jenkins, Jo-Aynne Von Born & Christel Lincoln
2. Amy Wachmann, Philip Bell, Keara Bell & Jeff Shaffer
3. Sara Nichols, Carmen Foy, Forest Johnson & Marieke Van Peer



3.



TOP 10 REASONS

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1. New Florida law caps sales-use tax on boats at \$18,000
2. Greatest selection of new/used boats in history
3. Unprecedented pricing: most boat for your dollar
4. Lowest financing rates in history
5. Finest marine facilities in the world
6. Highest skilled marine trades people in the world
7. Florida boasts 11,000 miles of rivers; 1,200 miles of coastline
8. Boating is a great lifestyle to share with family and friends
9. Wonderful weather year-round for a boating vacation
10. Only 48 miles to the Bahamas, gateway to 7,000 Caribbean islands



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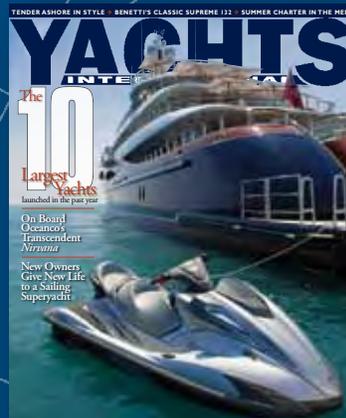
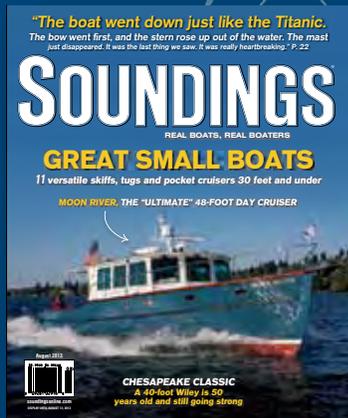
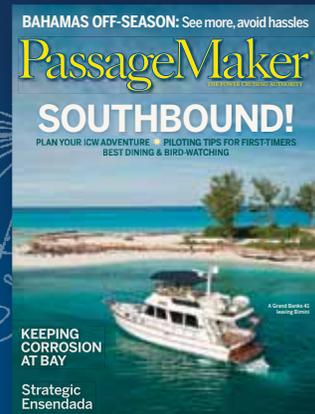
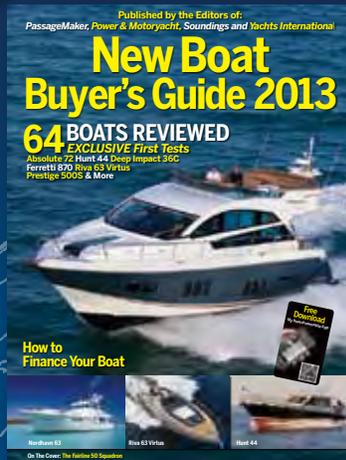
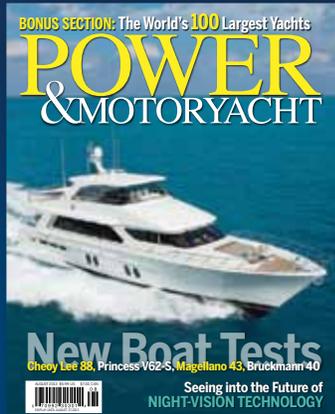
Act fast before you miss the boat!



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For more information contact your Licensed Florida Yacht Broker or THE FLORIDA YACHT BROKERS ASSOCIATION at www.FYBA.org or call 954.522.9270

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