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## Louis David Spagnuolo

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# staying focused

*Anthony Harrington talks to Louis David Spagnuolo*



**W**hen Louis David Spagnuolo reflects on what made him successful, and on how he is able to keep that success rolling, what occurs to him is the degree to which he commits to what he is doing, versus how most of the rest of us go about things. For him, luck is about grabbing the breaks when they come along and adding to the momentum fate and fortune may have provided, through hard work and an intense focus on what you are engaged in. It's about constantly reflecting and analysing, turning whatever you are involved in round and round like a Rubik's cube in your head so that you see as many of the angles as you can. It is also about enriching your experience by developing your own network of contacts – working with your peers to keep those insights coming, both for you and for them. But this doesn't mean sitting around waiting for others to help you. "Life is hard. Just bite the bullet and do it yourself," is one of his key guiding principles.

The son of a first-generation Italian American couple, Spagnuolo's start in life was the very opposite of privileged. It is often said that the old story of the American dream, that anyone can make it in America if they apply themselves, is dead and buried in today's world. Wage growth in the US has been flat for a decade and is still the biggest missing factor in the slow recovery from the 2008 global financial crash. Spagnuolo's achievements, however, spectacularly prove that entrepreneurship is alive and well in the US and that the dream is still there for those who can see and seize those transformative moments when they come along.



What first gave me a shove in a life-changing direction was being the first man to have Dwayne Johnson, aka The Rock, lay his trademark 'Smack Down' on me



**Q:** There wasn't much money around during your childhood and when you went to the University of Miami you found yourself among students from very wealthy families. How did that affect you?

**A:** It was hard to miss the fact that most of the students around me had wealthy parents. They had brand new cars and many of them had more money than they knew what to do with. By way of contrast I was really strapped for cash and was doing two jobs as well as studying, just to survive and to try and get through the whole university experience. I was very young and my first reaction was anger that they could have three, four or five meals a day and I was battling to get one meal. I used to go round the back of the cafeteria and ask if there was something they could give me. The staff was really gracious when I needed food, and I still remember that with gratitude. But it was a difficult time for me to see such disparity of wealth. It made me angry and jealous, to start with. But it ended up really motivating me so much that I told myself I was going to see to it that I was never going to have this hard a time again.

**Q:** So what was your first break?

**A:** Ironically, what first gave me a shove in a life-changing direction was being the first man to have Dwayne Johnson, aka The Rock, lay his trademark 'Smack Down' on me. Dwayne and some of his buddies from the University of Miami football team had come down to this bar where



I was working security. They were kind of loud and we got into an altercation which ended with me getting beat up so bad it made me call time on my career as a security man. I'm six foot four and weighed about 265 lbs, so that was kind of an easy career for me to fall into when I needed cash, but that encounter with The Rock made me see that it wasn't exactly a sustainable way forward. I decided that using your brain is ultimately vastly more powerful than anything else you have. So everything since, in a way, grew out of that experience.

The next day I was going to class, pretty bruised and sore, when Dwayne and three of his friends approached me. I thought, oh oh, here we

go again, and put down the books I was carrying. But Dwayne said, "Hold on, we just want to talk." It was the week before the Bowl Game and it turned out they were worried that I was going to report them to coach Erickson, which would have gotten them thrown off the team. He said, "Hey, what happened happened and that's the end of it." They respected that. After that The Rock and I became friends and I got close to all the guys on the football team. Dwayne lives about 15 minutes from me now and we laugh and joke when we see each other.

What happened next also flowed out of this whole experience. I was approached by three very wealthy students, all from South America. They were real geek-types, introverted, shy. They said they had a project they wanted to talk to me about. I still had a black eye and sundry aches and thought, why are these kids coming to me about a project I know nothing about? It turned out they wanted me to be a front man for an import/export business, shipping mobile phone accessories to Latin America. They'd seen me laughing and joking about the campus and wanted me to front up the sales side. I thought they were nuts but I took a hard look at my situation. There were not a lot of job opportunities in front of me so I went with it.

Then the import/export business really started to take off. The biggest payday I had ever had before this was getting US\$167.00 a week. With the business, the four of us were generating some \$60,000 to \$70,000 a month in take-home pay.

This changed the whole dynamic. I'd never seen so much money and I turned into the proverbial drunken sailor. Money just poured through my fingers and I spent it as fast as it came in. Then I had my first failure – a real, ground-opening-up-beneath-you type event. I was having dinner at a restaurant in South Beach, Miami when I got a call from my colleagues. "You need to come to Venezuela. We have a bad situation here. There's been a coup d'etat," they said.

That wasn't a term I knew at the time. I heard "coo-de-ta" and it made no sense. I said it was a bad line and I'd call them back in the morning. It turned out that the military had taken over the government. Hugo Chavez seized power and overnight issued a proclamation that no one could take money out of the country. We were all wrapped up in our personal lives, going on speedboats and driving fast cars and living the *Miami Vice* lifestyle, and then this came as a real bolt from the blue. We contacted our banker in Venezuela who said he had \$1.8 million in our company bank account there and told us we could withdraw the money, no problem, at \$10,000 a month. We did the math and realised it would take us like 27 years to get the money out.

The resolution turned out to be journeying to Venezuela with the proverbial suitcase full of cash as a bribe to the banker and we each ended up with \$400,000 in cash and no business. That really shook me up mentally and emotionally. We'd had a very successful business, and overnight it vanished through no fault of our own. That's when I realised that you can be perfect in the implementation of your strategy but something out of left field can still derail you. Everything is temporary. Everything in life changes and you need to have a plan B and probably a plan C and D as well. Plus you need to be well diversified to ride the twists of fortune. For me that was an incredible business lesson. The second lesson I drew from that failure was never again to be stupid about money. I still spend, but I spend proportionately, with an eye to the future. I'm always thinking, What if..? And if the worst happened, what kind of recalibration could I make?

**Q:** How did you recover from the Venezuelan disaster?

**A:** I got into real estate by renovating and flipping houses. It was hard work but generated

a good amount of cash. Then I went across to Las Vegas from Miami for a real estate convention. An older guy came up to me and asked who was doing my financing for me on the house sales. I said I wasn't particularly fussed about which finance outfit people used. He said that was a big mistake. "If you do the financing for your buyers you can make an additional \$5,000 to \$6,000 per transaction," he told me.

Then I woke up to the fact that when you sell a house, maybe 30 people look at it but only one buys it. That leaves 29 others who are going to

buy somewhere and who will need financing. So that gives me the opportunity both to find each of them a different house and to make money on the financing. I got my mortgage broker's licence and very soon the financing side began to surpass my real estate business. I was making \$25,000 to \$30,000 a month and enjoying my business.

Then I got a call from a friend who said I should talk to a guy from the Royal Bank of Canada in Boca Raton, Florida. They made me see that they had a much stronger brand than I had, with appeal across the US, and their pitch was

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that they could take my business to a whole new level. I joined them and was doing all right when I got a call from a Californian company. The guy wanted to talk about this new thing called the Internet, which he said was going to be huge, and which could generate sales leads. I was very enthralled. I've always liked technology. We set up a meeting with this guy. They said they would generate 1,000 Internet leads a month for us for \$2 a lead.

Everyone in the room laughed at the idea, saying no one would trust someone in California that they didn't know with all their personal details. I had a different point of view. For \$2 a pop it was worth taking a chance, I argued. We got the leads and gave them to our sales people. It turned out 960 of those 1000 leads were hopeless. People said it was a disaster. Everyone was ready to blame me for giving the time of day to this crazy scheme. So at the end of the month we were doing our reconciliation and I asked: "What happened to the other 40 leads?" "Oh, they were processed as loans and we got 20 deals out of that," I was told. "How much does the bank make per closing?" About \$3,000 for each. So I pointed out that we'd spent \$2,000 and we'd made a profit on that of \$58,000 in a month. How was that a disaster? That flipped the situation around and gave everyone a new perspective.

The Internet company we were dealing with was Lending Tree, which now has a \$640 million market cap, and we were their second customer. What they inadvertently taught me was the power of the web and how to aggregate clients. We reached the point at RBC where we were spending \$180,000 a month on Lending Tree so it made sense for us to build our own website. In fact we ended up going for a series of horizontal, geographically specific sites. The idea was plant, 300 seeds and some will blossom. We got one or two leads a day from each website and the conversion ratio went through the roof. Our dependency on Lending Tree got cut in half and I got the idea that enabled me to get in early on the dot-com boom. What was clear was that if half a million people in California were willing to do business with us in Florida, there had to be other industries that this could be applied to. So I launched a series of Internet businesses and became a serial entrepreneur.

**Q:** When was the first time you flew in a private jet?

**A:** The first time I ever flew charter was with a business friend of mine back in 2005. I was scared to death. I hadn't been on too many planes in my lifetime and when the jet was getting ready to take off I couldn't believe how loud the engines were. I was trying to be really cool since the other guys had all flown many times. The aircraft was a Lockheed JetStar 2, one of the very few private jets with four engines. Once we

My affinity for the Rolex watch brand came from a gentleman I met when I was 12 years old. This man was known to have great wealth, but on all occasions never dressed as if he had dime to his name. I guess in today's world you would call him eccentric but back then he was just considered weird. So one day I start chatting with the man and he explained to me, that in life you can leave your home in your pyjamas, but if you were wearing a Rolex, people would know that they had to take you seriously!



got to cruise altitude things settled down and I started to feel more comfortable. What that trip in the Jetstar did for me though was to spoil me for a lot of the subsequent charter trips I took in modern jets, right up until the recent wave of wide-body, high-ceiling jets. I could stand upright in the JetStar cabin which is more than I was able to on all those other, quieter business jets! It was also one of the most luxurious aircraft of the time, so for me it was my first experience of seeing how rich folk travelled! The luxury of that jet was just amazing.

**Q:** You have a fabulous watch collection. What got you started? What is the fascination with timepieces all about and what is your favourite?

**A:** Swiss timepieces have always been very symbolic for me. Growing up, no one in my family had ever owned a watch, never mind a Swiss timepiece, so I never had any exposure to the purpose as to why one would acquire such an item.

Looking back, this gentleman was wearing a Rolex Presidential, which at the time was the gold standard of timepieces. Since that day I became obsessed with Rolex, to the point where after 18 years collecting I amassed a collection of over 130 pieces.

Through this time, I learned that Rolex had a brilliant marketing strategy, where each year they would always raise the prices 6%-8%, while never changing the style of the individual watches. This taught me that Rolex was more than just a watch and in theory was an alternative investment, so for each accomplishment I achieved in business, I would always memorialise it with a new Rolex watch.

Once I collected virtually every Rolex, the excitement began to wear off and for a lot of years I was no longer interested in timepieces. It wasn't until 2008 that I re-embraced horology, when I was introduced to the Hublot brand. Hublot was so unique and so different from any other Swiss watch at the time, that it captured

my imagination. The brand continued to evolve over the years and from their partnership with Ferrari and getting to know the Hublot chairman, Jean-Claude Biver, I grew to have a passion for the brand, which culminated with my purchase of the Hublot GMT Tourbillon, of which there are only 28 in the world!

After my last liquidity event, I began to explore Audemars Piguet and Patek Philippe and then finally I acquired a few significant pieces from Officine Panerai. Ultimately these are the only four brands I have an interest in and tend to purchase 3-4 of each per year and currently own probably another 100 or so of these.

ing up in the middle of the night and walking to the garage to go touch the rear fender to make sure this was all actually real!

Once I experienced the first one, as usual my obsessive personality kicked in and continued until I had acquired the entire model lineup. At this point it became pretty well known in the Ferrari world that I was crazy for the brand, so I had the fortunate privilege of being invited by Ferrari North America to the Pebble Beach Concours D'Elegance, where I got to meet many of the top executives from Ferrari. In an ironic twist, while at the Ferrari Suite I happened to sit down at a table with a placard that said 'reserved', only to

ents as well as their executive team. While I was there, I quickly noticed I was by far the youngest person in attendance and was asked if I would like to join the CEO, Torsten Muller-Otvos, as his dinner guest that evening. Naturally I accepted and after a few bottles of Opus One, we began to discuss the brand and how we could introduce it to a new younger demographic. What we came up with was basically a pseudo-VIP programme that would cater to professional athletes, entertainers and entrepreneurial high net worth individuals, which just so happened to be the character traits of most of the people I associate with and do business with. Through



**Q:** How did you come to be a brand ambassador for Rolls-Royce, and can you tell us about your relationship with Ferrari?

**A:** Since I was a young boy, owning a Ferrari was always a lifelong dream that I had. Growing up watching the TV dramas *Magnum PI* and *Miami Vice* introduced me to a marque that defined style, beauty and uniqueness – and the fact that it was Italian only added to my passion for the brand. So after 37 years of working 25 hours a day and eight days a week, I finally had my dream come to fruition. To this day I can still remember every second of the experience of seeing the delivery truck dropping off my brand new Ferrari 458 Italia and the emotions that came with it. Throughout the whole experience I think I was numb and really couldn't believe any of it was happening, to the point where I remember wak-

later realise it was set aside for a gentleman by the name of Lapo Elkann. Lapo was the grandson of Gianni Agnelli, the famed Italian industrialist who owned half of Europe. Within seconds, Lapo noticed my passion for Ferrari and as the owner of the brand, he went on to help me personalise many of my vehicles through a programme he developed called Tailor Made. Through Lapo and the many other executives from Ferrari, I went on to meet Piero Ferrari (the son of Enzo Ferrari) and now Fiat Chairman Sergio Marchionne this past October in Beverly Hills California.

A similar situation took place with regards to Rolls-Royce. After purchasing my 3rd Rolls-Royce vehicle, I was invited to the Rolls-Royce Mansion at Pebble Beach and enjoyed a day of lunch and champagne with other recognised cli-

this relationship, we have been able to put on a half dozen world-class events and have sold over two dozen new vehicles to first time Rolls-Royce buyers.

**Q:** Which two business leaders in today's world do you admire most and why?

**A:** First, I would have to put forward Jean-Claude Biver of Hublot watches. Far and away, Jean-Claude is the Steve Jobs of the Swiss timepiece industry and has done more to inspire, innovate and raise the bar for the entire industry than anyone else who has ever walked the planet. In 2004, he basically inherited what was viewed as a dead brand and in less than four years completely turned the company around to become a pioneer in innovation, while exponentially increasing sales. Through meeting him over the years and

I showed her the figures and said, "Would you rather fly private to Dubai or buy a condo in South Beach?" The decision made itself



getting to know him, I learned that it's critical to constantly keep the customer both hungry and frustrated, while providing an exclusive product or service. He taught me to never give too much or allow a customer's demand to be quenched and to always leave him wanting more. Similar to the Ferrari philosophy of always building one less car than demand, I learned that if everyone can have something, then no one will want it. When dealing with the ultra high net worth segment, the perception of scarcity is always crucial in driving your product forward.

Second I would have to say Torsten Muller-Otvos for his achievements with Rolls-Royce. As the youngest CEO to ever head up the company, in five short years Torsten has been able to reposition Rolls-Royce to have record years for sales each and every year under his tenure, which is truly phenomenal for a brand of its calibre. From Torsten, I learned how important it was to have a keen eye for what your customers wanted and to be unafraid to re-calibrate both your philosophy and the positioning of your product or service in order to surpass your client's expectations. Through studying him, I watched how he killed off an all-electric version of the Phantom, which the company was about to launch but wasn't well received by clients, and then conversely how he stretched the boundaries of the company and announced for the first time in its 101-Year History; that it would embark on building a SUV, of which the world has never seen. These decisions took tremendous character and fortitude and even went against the grain of the company's history, but it's my belief that the results will be truly profound. These lessons have taught me that it's critical to evolve and transcend both personally and professionally if you hope to achieve your greatest successes.

**Q:** You are looking to break new ground in the charter market by bringing buyers and sellers together via a web-based platform. What got you started down this road?

**A:** Through my background with the Internet, I learned that it was essential to position any business or company with as many competitive advantages as possible and one obvious source of advantage begins with having the right domain name. Acquiring category-defining domain names was no different than purchasing prime real estate on Park Avenue in Manhattan or Campden Hill Square in London, so when I got the chance, in the early years of the Internet, to purchase PrivateJet.com, I simply could not pass it up.

Knowing that long range private jets sell for as much as \$75 million or more, quickly made me realise that this was an asset that would eventually have extreme value once the Internet became mainstream. Through the years of owning this asset I have both sold and reacquired it multiple times, each time making a substantial profit. Through these experiences, I got to learn all about the private jet charter business as well as the inefficiencies that plagued the industry. From this, I decided to help create an on-demand charter smart phone application as well as a transparent platform, where clients could search and book the aircraft of their choosing for flights all over the world.

Right now we are about to launch Phase II of our industry disruptive application, so I can't get into any of the specific details but I can promise you that once this hits the market, a follow-up interview will most likely be needed!

**Q:** How much private flying do you do these days?

**A:** Unlike many of my peers, who only fly private, I will still look to use scheduled airlines

between major cities if the flight time is over three hours. Under three hours I fly via private jet. I look on this as a matter of being fiscally responsible. You can fly first class for \$4,000 whereas it may cost you \$60,000 to do a four-hour charter flight. My fiancée and I were due to fly to Dubai for holiday, and while she enjoys our charter flights and wanted to fly private, I showed her the figures and said, "Would you rather fly private to Dubai or buy a condo in South Beach?" The decision made itself. For me, \$400,000 is still a lot of money.

**Q:** Which business jet do you like the best?

**A:** I am a passionate enthusiast of Rolls-Royce and for me, Gulfstream is the Rolls-Royce of private aviation. Their attention to detail is fantastic. Bombardier and Dassault have great products but Gulfstream really stands out, for me. A client of mine took delivery here in Florida of the first Gulfstream 650 and I was hugely impressed. The cabin is so quiet and well appointed. It was above any flight experience I had taken on a private jet to that point. For me comfort and headroom is much more important than raw speed. A few years back a friend of mine said I should try the Citation X for short trips because of the speed and the shorter flight time. I thought it would be like a Ferrari, but my experience was that for the small increase in speed you lost so much in terms of cabin space. The whole experience of arriving 10 minutes earlier was not worth it over the Gulfstream's comfort, in my view.

**Q:** How do you feel about owning your own private jet?

**A:** The irony is that I do own a Gulfstream IV but I never fly on it. I bought it in rather battered condition four years ago



from a celebrity owner. It had been for sale for a long time and needed a total makeover, including the external paint job, which was in poor shape. I decided to purchase it and do something really unique with it, by analogy with the houses I used to buy and renovate. But instead of doing the traditional business jet interior I wanted to do a penthouse condo-type interior, all gleaming whites and luxury carpeting and interior work. My idea was to

attract a whole new range of people to charter it, on the basis that it would be something completely different.

It took us about a year to complete the work and to have an ultra-modern, all-white interior. As soon as it was done I put it out to charter and drew a big, fat blank. It turns out that the musicians, rock stars and entertainers I had been expecting to show up as clients found it too pristine for them. They were wor-

ried about messing it up. The corporates, who were my other favourite demographic, didn't want it either as it was too over the top for them in the new age of austerity. So I'd kind of got myself a white elephant on my hands, or that's what it looked like. Sometimes in business you have to retreat and regroup when something doesn't work. You recalibrate and re-engage on a different basis and that can turn failure to success. What happened was, I was contacted by a gentleman based in Singapore. White is a favourite colour in much of Asia and he loved the photographs of the jet. It was going to cost me \$200,000 dollars to send the jet to Singapore so he could see it, but I decided to take a chance. In an ironic twist, it worked out extremely well. He now has it on an exclusive six-month rolling charter basis and flies around 80 hours a month. So without a doubt, that re-calibration really saved me! ■



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