



CONTROLLING THE IDIOT IN THE DEAL

By Donald W. Hudspeth Esq.

When I was a young man starting in business I read the book ["Winning Through Intimidation"](#) by Robert J. Ringer. The book, though denounced by some at the time, was not really about intimidating people, but of not being intimidated *by* people, for example, doctors, lawyers and high powered professionals.

The part of the book most interesting to me was its description of three kinds of persons that you may meet in a business transaction (or any dealings really).

The first type, described by Mr. Springer as a "Number 1 #", is the guy or gal who says, in effect, "I am in this deal for the money – the more for me, the merrier – that's how I roll." While often criticized or condemned for being "self-interested" or "greedy," the #1's are actually the most honest and forthright because their cards are on the table.



The second type, the “Number 2” says “I’m not after X,” but really is after X, so may be untrustworthy and cut you out of, or gyp you, in the deal if he or she can. This is the proverbial “snake,” treacherous and slippery when wet. [Captain Jack Sparrow](#) (Johnny Depp) in the movie, “Pirates of the Caribbean” said that [“you can trust the dishonest man to be dishonest.”](#) So, in a way the treacherous man is less formidable than you might expect because he is more predictable. You know he is going to try to cheat you so you build triggers and fail safe mechanisms into the deal. The secret is spotting his type early on.

The third type, the “Number 3,” appears to mean it when he or she originally says “I’m not interested in X,” or “It’s not about the money for me,” but, eventually due to (i) incompetence, or (ii) weakness of character, makes a last minute grab and screws up the deal.

The problem with working with types #2 or #3 is that you can become the victim. As the reputed Mafia saying goes: “If you don’t know who the patsy in the deal is, it’s you.” So, when I am doing a deal or engaging in an important transaction I attempt to identify the kind of person I am dealing with as #1, #2 or #3.

Perhaps, counter-intuitively to you, I fear #3's the most. Let me give you an example of how #3's can get in the way or just screw up the deal for everyone. A firm recently negotiated a lease for prime penthouse-suite type [office space](#). Although landlord and tenant brokers were involved, the space never hit the market; the tenant was taking over the space "AS IS," from the existing tenant.

The existing tenant was a nationally famous and well respected attorney (who unfortunately does not practice business law). So, after the new tenant and the landlord – who is heavily influenced or under the control of the building lender – entered into a letter of intent, the existing tenant said he wanted to take the [rolling file shelving](#) (because he paid for and installed it) even though the shelves are on tracks and are probably a fixture. Next, the tenant said that he wanted the front reception desk (built in) and a "[Star Trek](#)" type secretarial desk (also built in with no carpet underneath) and the old tenant also wanted to take a built in [dishwasher](#). All three were there when the tenant moved in.

Obviously, when the new tenant signed the letter of intent to take the space "AS IS" it was not agreeing to replace \$10,000 worth of rolling shelving (present value maybe \$500 because of obsolete technology) or to refurbish the area left by their removal, nor was it contracting to lay carpet – which would never match or to buy a built in dishwasher.

The landlord, with the lender's approval, has agreed to cover the shelving; that is, to buy the shelving or provide a finished room where the shelving was, but the landlord – to our knowledge - does not even know the about the issues on the front desk, "[Star Trek](#)" desk, or the dishwasher.

This all leads to my point about “controlling the idiot.” If you do not control the idiot, you become the idiot. The idiot can make fools of us all. What may happen here is that the tenant does its thing and removes the built in items. The new tenant could then declare breach or ask the landlord to cover the cost to fix. The landlord has shown good faith, so let’s assume the landlord will want to do the latter. However, the landlord is subject to the lender, which has been very tight-fisted in the transaction, so far. That could put a million dollar lease deal at risk: lost lease, lost commission, bad will, etc. All this....because no one is controlling the idiot.

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