



Asset Protection And YOU!

A Primer on Asset Protection And Why You Need It

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An Introduction to Asset Protection

Anyone who has positive net worth or valuables must consider an asset protection plan. In many instances such plans are made up of several integral parts, which include a legal entity such as an offshore company or trust, as well as a banking service such as an offshore bank account. Due to the overwhelming number of frivolous lawsuits as well as divorces plaguing our societies today, it is not an option to allow personal asset protection to go overlooked. Currently there is almost a 25% increase in the number of frivolous lawsuits being filed in the US, and the numbers are expected to increase as the economy takes a long and slow road to recovery. This report will cover the *basic* but often misunderstood conceptions of **offshore** asset protection as well as provide a general but in-depth definition of the workings of an offshore asset protection structure.

The definition of asset protection is *risk management planning that is designed in such a way that a potential lawsuit or seizure of assets by governmental agencies, ex-spouses, or creditors among others is discouraged*. When establishing an asset protection structure the actual risk which is being controlled is the possible loss of wealth in a lawsuit. By controlling this variable, the loss of wealth can be mitigated or prevented. And in cases in which the only other option is to *settle*, the settlement can be for much less, potentially saving the financial well being of the person in question. Asset protection strategies make use of both *onshore* as well as *offshore* entities in many cases, which are used to deter the actions of creditors and government agencies alike.

Asset Protection Planning

Asset protection planning is the activity of creating circumstances which provide a catalyst for devising a credible scenario to satisfy a judge or jury should a person ever be challenged or required to do so. The end result of such strategy is the protection of all or the greater part of one's assets, while providing a good *story* to tell those who may challenge your wealth. Telling a viable story is the foundation of pre-litigation and asset protection planning and has often been referred to as the *script* for a theatrical work of art, which if properly undertaken should always have a **happy** ending.

Much of asset protection planning takes advantage of legal *loopholes* offered by certain areas of the law when the protection plan is structured onshore. When an **offshore** asset protection structure is put into place, the asset protection specific legislation in the relevant *jurisdiction* is used in order to enhance the overall strategy, allowing the individual to be well covered by the plan.

The Key to Asset Protection is Staying One Step Ahead of Your Creditors

Asset protection is a race, and the person who makes it to the finish line first wins. Those who wish to protect their assets must move quickly and not allow their creditors to catch up to them in order to maintain the structure as viable as well as watertight. Debtors are always on the lookout for the newest, as well as most secure, methods in which to protect themselves from the potential seizure of their assets, while creditors are mapping and planning out strategies in which to defeat debtors. If an asset protection strategy is properly planned out, the creditor will have a very difficult time in persuading a judge or jury that the debtor's asset protection strategy is against the law and public policy, and should not be allowed the protection afforded by such strategies.

Types of Asset Protection Strategies

There are *three* basic types or categories of asset protection strategies which are relevant today. The first is the **Efficacy Known** strategy type. These are strategies which are known **not** to work and provide little to no asset protection at all. A simple example is the selling of assets to a family member or a close friend for a small sum such as US\$1.00. In most instances this can easily be determined as an attempt to get one over on creditors as well as courts. In most cases *Efficacy Known* strategies end up in the loss of assets as well as possible criminal charges, as a result of the employment of such "methods."

The second asset protection strategy type is the **Efficacy Challenged**, which includes all types of strategies in which the law has yet to come to a solid conclusion on how such structures will be handled. In most cases legislation is being developed in which to defeat the strategy type and such strategies will likely be short lived. Such laws are often established to defeat onshore and local asset protection strategies as most governments are pressured by creditors and their companies to provide a more open playing field for them to take actions against debtors. A prime example of such a scenario is that of the *Florida Homestead Exemption Acts* which are said to have a very short life span left on them. Currently the US Congress is trying to impose further changes in the Acts which will provide less bankruptcy protection and allow creditors to obtain financial restitution with ease.

The last asset protection type is often referred to as the **Innovative Frontier**. This method of asset protection is the most expensive as well as dynamic and often requires several *separate* layers of protection all rolled up into one. These type of strategies would be very difficult or impossible for the creditor to penetrate and are often referred to as "bullet proof" and "brick wall". These strategies tend to be much more effective than the *Known* and *Challenged* ones, while including certain entities and methods from the aforementioned.

Components of an Asset Protection Strategy

There are several different components which make up an asset protection strategy - ranging from bank accounts to trusts. Depending on the level of protection needed, as well as the jurisdiction of citizenship of the individual(s) in need of the protection, the components may vary. Since asset protection is broken down into two major parts being **onshore** as well as **offshore** asset protection, these components become very unique. Since this report is primarily based on the use of *offshore* asset protection, we will focus on the offshore components of the asset protection strategy.

The offshore company, also known as the *International Business Company* or **IBC** for short, is the basis on which almost all offshore asset protection structures are formed. The offshore company offers the *first* part of setting up an offshore asset protection structure. Forming an IBC is a crucial point of asset protection strategy due to the fact that creditors may have difficulty in asserting jurisdiction over the *foreign* corporate entity. This is especially true when the foreign entity does not hold any assets in the jurisdiction in which the creditor is located.

Due to the *international* presence of the offshore company, creditors will many times revert to litigation in order to settle claims, which is always a more favorable environment for the defendant. Because the onshore jurisdiction has no rights of control over the offshore jurisdiction, it has now made it nearly impossible to make any claims against the funds located offshore.

Often creditors also have serious problems trying to notify the foreign entity in order to begin the process of a lawsuit. Another very interesting, as well as protective, feature that IBCs hold for their users, is that any judgments against the company in another jurisdiction are not recognized by the jurisdiction in which the international business Company was formed. Thus, the company or individual seeking restitution against the foreign corporation may have to retain an attorney in the jurisdiction and litigate the entire matter once again in that offshore jurisdiction. This is a very expensive as well as time-consuming matter which often comes to a dead end.

Another component of the offshore asset protection strategy is the offshore **bank account**. An offshore bank account is much like a regular onshore bank account but with a higher level of security as well as its being out of the reach of governmental agencies and creditors. Offshore bank accounts often provide such services as “no name” debit cards, secured credit cards, online banking, as well as paying higher interest rates on time deposits and other financial initiatives offered by them. Due to the legislation in such jurisdictions as *Belize, St. Vincent, Dominica*, and even *Cyprus*, the information concerning the account is protected by **law**, and if a bank official was to give up that information they could find themselves serving a minimum of eight years in prison. The offshore bank account is a tool in which to place liquid funds under the name of the

offshore entity which has been formed, and to remove such funds from ownership of the beneficial owner, thus keeping them out of the reach of creditors as well as governmental agencies and the like.

Other components of an offshore asset protection strategy are offshore **trusts**, **foundations**, and in some very rare instances **reassurance** companies and **pension** funds. Currently, due to the state of uncertainty in *Panama*, the offshore foundation has become an entity with which people are unsure as to whether or not it will be able to provide protection in the very near future.

Because of this, jurisdictions such as the *Seychelles* are currently passing legislation to put into effect a very *similar* offshore entity. It will be referred to as a foundation but will provide higher levels of asset protection within the structure, while eliminating the bad rap in which Panama currently finds itself. By mixing these other components with the offshore company and offshore bank account one can achieve a full level of asset protection.

Statistics That Prove Why You Need Asset Protection

Many people think they will never be sued and their assets will never be challenged during their lifetime. Due to laziness and putting things off, many people never think about their financial well-being as far as asset protection strategies are concerned. Currently only one in five people in the United States have taken the time to write out a simple **will**. And because of this procrastination many people die each year *intestate* and federal governments rip up large portions of their estates and leave their family members with next to nothing.

One of the most important reasons why an individual or a company would need asset protection is due to the overwhelming *lawsuit* explosion which is currently taking over the United States. The statistics and numbers speak for themselves and everyone, both rich and poor, should fear a potential lawsuit.

Recently an organization called *Judicial Watch* - which is a Capitol Hill nonpartisan, nonprofit foundation - made the following observation: "*The American legal system is dangerously corrupt. It takes from the pockets of hard-working Americans and puts literally billions of dollars into the pockets of greedy lawyers, turning neighbor against neighbor and threatening to derail the rule of law.*" The overall level of the lawsuit explosion cannot be denied, when we take a closer look at the current statistics which have been gathered on the matter:

- ▶ The US tort system is the most expensive in the industrialized world. Currently US tort costs consume 2.2% of the gross domestic product of the United States. This is significantly higher than that of any other developed country in the world.

- ▶ The US legal system costs are growing four times faster than economic growth in the United States.
- ▶ The number of class action lawsuits have increased 50% in the last 10 years in the United States.
- ▶ Over the past five years asbestos claims have doubled and lawsuits are currently threatening virtually every industry in the US.
- ▶ The US currently has over 1 million attorneys, which is the highest per capita in the world. When compared to *China*, which has five times the population of the United States, there are only 110,000 attorneys in the entire country.
- ▶ Currently the United States has 70% of the world's lawyers and it has over 90% of all the world's litigation.
- ▶ There is a one-in-five chance that you could be sued next year, and this chance increases to one in three if you are a business owner or a doctor.

Building Your Offshore Asset Protection Strategy

Asset protection can make all the difference between whether you keep your wealth and preserve your financial stability, or you lose everything which you have worked an entire lifetime for. And there are a few key points to setting up the proper asset protection strategy which will make it a *shield* against any and all potential risks. Those points are as follows:

- ▶ **Create Your Own Untouchable Wealth:** Creating untouchable wealth means you take four important points into consideration and put them into action in *advance*. You must protect yourself *before* trouble emerges, you must use the *right* strategies based on your particular needs, you will need to have a *professional* advisor with the necessary skills at hand, and you must *shelter* your wealth while you are generating your wealth. With these four very simple steps in place you will find that your wealth will be untouchable.
- ▶ **Discourage Lawsuits:** One of the most important objectives of asset protection is to *discourage* any and all lawsuits that people may try to file against you. The best way to discourage lawsuits is to convince the plaintiff they have no possible way to seize your assets. You can also reiterate to them that if they do sue you, there is no way for them to obtain the restitution which they so desperately seek. This does not mean you should warn people in advance, each and every time you conduct business with them, that you have an offshore structure that protects you from any potential lawsuit from them. When

you discourage lawsuits you are also shielding yourself from the heavy cost of defending yourself should the situation go to court. Often many people end up losing their life savings while defending themselves in this way, and when the judgment comes in they are unable to pay the restitution ordered by the court system.

- ▶ **Negotiate Favorable Settlements:** When being sued, if you have a good asset protection plan in place, you have a much stronger advantage as well as negotiating point in which to protect yourself. In many cases one can negotiate a very fast and inexpensive settlement which can be very favorable for the defendant. One must take into consideration that this type of negotiation can only be used when the defendant has absolutely nothing to lose and the opponent is well aware of that fact. The opponents or plaintiffs will understand that the lawsuit will be considered as a way to extort a settlement from the defendant, and the asset protection strategy will block that extortion and level the playing field - and that the defendant can easily overtake the plaintiff and negotiate a very favorable settlement on his behalf. One of the best tactics is to try to settle *early* in order to avoid lengthy and time-consuming court battles.
- ▶ **Reduce Overall Insurance Costs:** A well-structured asset protection strategy can save you money on insurance as related to liabilities. In many cases professionals such as doctors, dentists, chiropractors, accountants and consultants are often the targets of frivolous lawsuits. By placing a large portion of their assets into an asset protection plan, they can reduce the overall need for certain types of insurance or they can decrease the amount of insurance needed, saving them money on premiums.
- ▶ **Improve Financial Planning For The Future:** By putting into place a proper asset protection plan you also save on estate and income taxes, while improving your estate plan and in some cases enhancing the returns on your investments. One of the best features of an asset protection plan is that of forcing the individual to be responsible for saving and tax planning which is often overlooked and can create issues in the future.
- ▶ **Becoming JP:** Often people ask “*What is JP?*” JP refers to **judgment proof** which is the ultimate purpose of asset protection - to safeguard your wealth under the absolute worst-case scenario possible. This means that you need to plan for a complete and utterly devastating lawsuit which could wipe out your entire savings and strip you of all of your assets. Becoming JP does not mean you will get by without having to pay anything, as in most cases out-of-court settlements are reached and pennies are paid on the dollar. Most lawyers with resources pursue any defendant where they feel there is something they can get at. And depending on the amount of money involved, the plaintiff can also drag you through long and drawn out court cases in order to wear you out, or try to find any asset that was left unprotected. Everyone must plan for this in advance.

The 10 Keys to a Great Asset Protection Plan

A good asset protection plan will safeguard your assets from lawyers as well as creditors, but there are big differences between a *good* asset protection plan and a *great* plan. A great strategy will also give you other benefits which are based on your particular needs and circumstances, as it will also help you to place all of your affairs in order. Having everything organized and in order will save you a lot of time and hassle, should you actually be sued. And it keeps a list of everything that you own close at hand.

There are **10 keys** to planning a great asset protection strategy. These keys are relatively simple to follow and if they are put into place you'll be able to save a lot of time and money as well as end up with the best possible asset protection strategy for your particular needs.

1. Protect **everything**: You need to protect absolutely everything that you own not just portions.
2. Start with a **flexible** plan: Your plan is to be flexible so that it may be changed at any time. If it is written in stone it will not protect you.
3. Your plan must be **100% legal**: Your plan must be legal, if you use illegal portions in your asset protection strategy you may find you will have issues in the future.
4. The **simpler** your plan, the better off you are: Complex plans don't always mean that they are better and you're getting more protection. Often very simple plans, which may include a basic offshore entity as well as a trust, provide much higher levels of protection when compared to foundations and companies and trusts all mixed together.
5. Keep your plan **cost effective**: Overspending does not mean you have a high-level of protection.
6. Retain complete **control** of the structure: Don't give total control over to others or at least have proof you control the structure by means of a *Power of Attorney* or other official document.
7. **Enhance** your other financial goals and needs: An asset protection structure can actually assist you in planning for future assets as well as managing and getting more from your current assets.
8. You need to be **comfortable** with your plan: If it does not feel right then rethink it. Asset protection plans are created to protect and provide you with peace of mind and not to cause more worry and strife.

9. Always **limit** your liability: Limit liabilities by conducting business as well as living in a low risk environment.
10. Make **sure** that you are protected: You need to be protected and some plans do not offer what you really need, but are only a smokescreen.

Final Thoughts

Many, if not almost all, people and businesses need asset protection planning in today's unstable economic and legal world. Asset protection planning is a perfectly **legitimate** activity when it is correctly implemented without any intent or premeditation to defraud anyone or any government. It is very important that new strategies be invented which take into consideration the ever-changing financial world, as well as the changes in legal principles and legislation. One must always take into consideration the *moral* and *ethical* issues when developing an offshore asset protection plan.

Many people also become quite irrational where the taxman is involved - and are tempted to follow various schemes which detail how they do not need to pay taxes to anyone. One example of this the “sovereignty” movement in the USA, which uses various legal and constitutional arguments in an attempt to prove that one doesn’t owe income taxes at all, and that such taxes are unconstitutional or even illegal.

Going down that road is fraught with potential problems. And as the government is the final arbiter in such matters (and has the “guns” to back up its decisions), such actions could end up putting you in jail. So unless you actually live in a *tax haven*, where no income taxes are levied, or are **not** a *resident* for tax purposes, you will be liable for income tax of some sort. And a good asset protection planner should make this clear to each and every one of his or her clients.

Attempting to use an asset protection strategy as a way of *illegally* avoiding income tax, or of attempting to thwart the payment of monies morally or legally owed, could result in criminal charges being laid, or being sent to jail on fraud charges. The best advice is, “keep you nose clean and stay within the law”.

So when considering an asset protection plan always think in *advance* and never wait until the last minute - and be *ethical* and just. Pay taxes where required and ethically reduce your overall tax rate, while protecting your assets from those who would wish to cause you financial harm.

What Next?

The publication of this report has been a collaboration between two relevant services that can assist you in your asset protection planning:

- ▶ [APGI, S.A.](#), a reputable offshore services provider of essential asset protection entities such as IBCs, trusts and offshore bank accounts etc.
- ▶ [SovereignLife](#), a private membership club and information service for those who seek to maximize their personal and financial freedom by application of various offshore strategies.

You are invited to contact **APGI, S.A.** directly with regard to your asset protection needs. You will be provided with comprehensive assistance and advice, along with prompt and efficient service in the setting up of such structures.

Get in touch **now** by clicking [HERE](#).

You are also invited to check out what **SovereignLife** has to offer by reading this [overview](#). You can also download a *free* copy of their introductory e-book - **The FreedomShift** - by clicking [HERE](#).

Furthermore, as a **member** of *SovereignLife* you are entitled to substantial **discounts** on selected structures and services provided by *APGI, S.A.* For more information on these discounted packages, and how to obtain them, you should click [HERE](#).