

OFFSHORE

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The Savviest Way to Protect Your Assets

—Robert E. Bauman JD, Editor

This is big.

It has been months in the making, but now I can share what we believe is one of the finest – and most affordable – ways to protect your wealth since the asset-protection trust became popular 50 years ago.

Working with a leading U.S. attorney and a top trust company located on an idyllic cluster of islands half way between Hawaii and New Zealand, we have created one of the most secure and highly affordable offshore trusts in the world.

While thousands of people pay seriously high fees for similar protection, this new trust solution comes at a cost of 50% less than anything comparable. Those who opt for this service will not only be able to take advantage of a new, iron-clad trust structure, but they can also have an offshore bank account titled in the trust's name, as well as receive thorough reporting advice for tax professionals to ensure 100% compliance with U.S. tax laws.

And this trust makes a successful assault very difficult for plaintiffs, claimants, creditors and almost anyone else who wants to get their hands on your hard-earned assets.

If you don't want unwarranted claims or rogue lawsuits threatening your assets, but you *do* want financial privacy – I recommend you consider this special, first *Offshore Confidential* issue of 2014 very carefully. Before I tell you about the Savvy Wealth Protection Trust and all its unique benefits, let me explain a little about why the establishment of an offshore trust has never been more important.

Why You Need an Offshore Trust

The United States is, far and away, the world's most litigious society. At the last count, there were more than 317 million Americans, of whom well over a million are lawyers.

No other nation on earth has so many lawyers. According to the American Bar Association, the number of U.S. lawyers increased by 300% to 1.2 million from the early 1970s to 2013. And most of those lawyers file lawsuits – about 17 million civil cases were filed in state and federal courts over the last three years.

Comparisons with other countries are telling: America now has some 361 lawyers for every 100,000 people, compared with 94 per 100,000 in the U.K., 33 per 100,000 in France and just seven per 100,000 in Japan.

In 2013, the Association of Trial Lawyers of America estimated that the total cost of civil lawsuits to the American economy at no less than \$233 billion annually. That's an individual cost of \$809 for every person in the country.

Consider this: Lawsuits are not filed against the poor or those with few assets; they are filed against those with "deep pockets."

But asset protection is not a necessity only for the wealthy. Working people with a nice home and a couple of cars are also at risk of being sued. Certain professionals – lawyers, doctors, architects and engineers – who are well off, but far from rich, are at a higher risk, simply by the nature of their work. Let's face it, we are targets.

You could be sued as the result of medical bills or a car accident, or so-called social-host liability, which means you could be liable if you have a party, serve alcohol, and a guest causes an accident or injury after leaving. If your business partner or employee gets in an accident, you could also be sued.

And children who inherit money from parents or grandparents can also become targets for lawsuits.

If you don't think that America has gone lawsuit-crazy, consider these few outrageous, though true, examples:

- In 2006, Dana Buckman sued an auto parts store in Rochester, New York, after employees foiled his attempted robbery.
- In 2005, Minnesota resident Christopher Roller sued magicians David Blaine and David Copperfield, demanding 10% of their total income for life. Roller believed the magicians were using godly powers. Since Roller believes that he *is* God his claim is that the magicians are stealing from him.

- In 2011, Elias Diaz, a 400-pound former prison inmate, recently sued New York City's Department of Correction for \$1 million, claiming he suffered "mental anguish," because the city didn't have prison clothes big enough for him.

The chances of these frivolous lawsuits is increasing, not decreasing. Statistics show that each U.S. citizen has a 25% chance of being sued during their lifetime. Moreover, Americans have a 10% chance of being sued in any given year.

There are a number of ways to protect yourself, but none are more effective than an asset-protection trust. As an individual, home and auto insurance will provide you with a legal defense if you are sued as a result of an accident. If a court finds you negligent and awards damages to the other party, your insurance will pay up to the liability limits defined in your policy.

But if you have savings, investments or foreign real estate, or if you are involved in a high-risk business or engaged in a professional practice, you need stronger protection. While many professionals have malpractice insurance coverage, known as "errors and omissions policies," these usually come with a limit of \$1 million "per occurrence." It's worth bearing in mind that a typical cost-of-defense-through-appeal for a malpractice claim can easily range between \$500,000 and \$750,000.

The fact is that lawsuit judgments can wipe out years of hard-earned money and plague you for the rest of your life. Consider also what it might do to your family.

Spreading your risk is always a good idea. Having your wealth in just one country makes it easier for the courts to grab it. Internationalizing your assets makes it much harder for anyone to access your money - and the best way to do this is via a trust.

And you can create an offshore asset-protection trust without ever leaving home.

The Beauty of a Trust

A trust is one of the most flexible, yet efficient, legal mechanisms recognized by law. Compared to the alternatives, it can provide superior asset protection and can assure that your bounty will be distributed exactly as you see fit.

Even though the concept of a trust goes back centuries in legal history, using the offshore trust format as a way to protect assets has gained much popularity in recent decades.

A trust is highly flexible in operation. It can hold title to and invest in real estate, cash, stocks, bonds, negotiable instruments and personal property. Serving as an international investment platform, it can also increase wealth many times over.

At the same time, it can provide care for minor children or the elderly. It can pay medical, educational or other expenses. And it can provide financial support in an emergency, for retirement, during marriage or divorce and even carry out premarital agreements.

The savviest individuals choose to create foreign-asset protection trusts in offshore financial centers such as the Cook Islands, because the added distance and the strict privacy laws of the land protect trust assets from claimants.

Locating the trust in the Cook Islands places your assets virtually beyond the jurisdiction of the U.S. government and American courts.

You should also set up your trust well before any challenge or claim is made on your assets. Once a claim arises it is probably too late.

The Savviest Trust Out There

This month's edition of *Offshore Confidential* focuses on how to get the most trust for your money in the inviolate Cook Islands.

This new trust will protect your money from lawsuits and other claims. While allowing you to achieve your asset-protection goals with an affordable, special, individually drafted offshore asset-protection trust. Registering the trust in the Cook Islands means you have chosen one of the best jurisdictions in the world for modern asset-protection law.

In considering a name for this trust, we have decided to call it **The Savvy Wealth Protection Trust.**

We chose the word, "savvy," because it describes practical understanding, intelligence and common sense. Indeed, this unique trust is crafted for shrewd, experienced people, who are well informed.

The central legal protection of Savvy Wealth Protection Trust, as with all trusts, is the fact that all property that you, as the trust creator, properly donate to your trust ceases to be your property. You don't own it any more. It becomes the property of the trust itself.

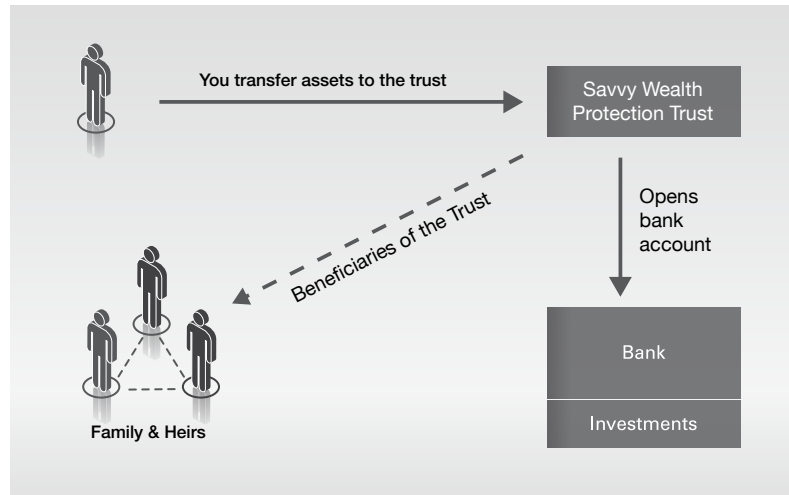
Of course, the trust must be created before claims arise against you. However, once it is in place, a Cook Islands trust is the

safest, low-cost trust in the world.

Although I have written before about the virtues of the Cook Islands as a trust haven, this is the first iron-clad trust vehicle available at such a low cost. With fees for the Savvy Wealth Protection Trust at just over \$10,000, you can protect your assets up to a recommended \$250,000.

Forget about promises to create a reliable trust for a few hundred dollars - that's not possible. Only the Savvy Wealth Protection Trust has made the right connections for you - the lawyers, the legal entities and the realistic costs associated with removing your assets from U.S. government scrutiny, the impact of frivolous law suits and any other attempt to rob you of your hard-earned savings.

How the Trust Works



Tailored to Your Needs

The Savvy Wealth Protection Trust is not an "off the shelf" pre-fabricated trust. One size does not fit all. The trust will reflect your individual asset-protection needs and your personal circumstances.

This trust is recommended specifically for U.S. persons, who have a net worth of \$250,000 or less. Those with a higher net worth or numerous beneficiaries with special requirements, probably will need a more complex trust at a higher cost.

With the Savvy Wealth Protection Trust, the amount of suggested trust assets donated at initial creation can be between \$50,000 and \$250,000.

A breakdown of the costs of the trust is as follows:

- \$10,000 original fee.
- \$1,000 annual maintenance fee.
- Fees to Ora Trust, the registrant and trustee: \$1,000, plus \$300 Cook Islands official registration fee.

Services Included:

Each trust creator, as well as their designated U.S. attorney

and accountant, will receive written instructions from attorney Josh Bennett JD that explain in detail the U.S. Treasury and Internal Revenue Service reporting and tax filing requirements, as well as notices of due dates and required IRS Forms. At the usual rate of \$500 an hour, these added free services are of great value.

Because of U.S. federal and state laws governing estate planning, the U.S. creators of the Savvy Wealth Protection Trust may be required to write and file a last will and testament that recognizes and integrates the trust terms into an individual estate plan. Cost varies depending on its terms, but the cost of a simple will is typically about \$1,500.

The Savvy Wealth Protection Trust comes with an immediately accessible professional maintenance staff to assist and answer questions. Both Josh Bennett and Ora Fiduciary managing director Puai Wichman Esq. can be contacted via U.S. phone telephone numbers and via email. Details are provided in the final section of this issue.

Essentially, those who create the Savvy Wealth Protection Trust get the complete trust structure, a bank account titled in the trust's name and all the reporting advice for their tax professional to ensure 100% compliance. If you add in the value of the bank account and the tax reporting advice, worth up to

Some Trust Background

A trust is a three-way legal device. The person who creates the trust (known variously in the law as the creator, grantor, or settlor) decides what the trust will do in a written trust document. The creator also donates the cash and property to fund it.

A second person, the trustee, takes title and possession of all property to use and manage as directed for the benefit of third parties, or beneficiaries.

Under Cook Islands law, the creator of the trust can also be one of the beneficiaries, receiving indirect benefit from his or her former assets.

One reason that a trust is such a secure asset-protection vehicle is because it has been around for so long. The trust has been used, refined and accepted over many centuries, going back more than a thousand years to ancient Egypt and Rome.

Trusts developed under the English common law as early as the 10th century and were later confirmed by statutes adopted by the British Parliament.

The Savvy Wealth Protection Trust is a common law trust of the type universally recognized in the UK, British Commonwealth nations, Canada, and the U.S. However, it is also accepted in continental Europe and many former European colonies in Latin America and Asia.

\$3,000, the true cost of the Savvy Wealth Protection Trust is only around \$9,000.

Forbes magazine reported in 2010 that a domestic U.S. trust, including attorney's fees, typically costs \$10,000 or more to establish, and a creation of a foreign trust is twice as costly. Annual trust administration and accounting fees typically are \$5,000 for a domestic trust and \$7,000 for an offshore trust - and these costs are rising rapidly.

Why the Cook Islands?

Why did we choose the Cook Islands as the home for the Savvy Wealth Protection Trust?

Our decision was based on the Sovereign Society's years of direct experience with trusts and numerous trust providers in many jurisdictions.

We chose the Cook Islands, because it is the home to a very modern code of offshore financial laws that provide for iron-clad asset protection and easy global banking and investing.

The islands, unlike the U.S., also enjoy very strict financial privacy laws that really do protect your personal business. The distance from the United States provides even greater protection because it discourages potential lawsuits from U.S. parties.

The Cook Islands, although an independent country, exist in association with the government of New Zealand. The 10,444 islanders (according to the 2013 count) enjoy dual New Zealand and Cook Islands citizenship.

The Cook Islands' offshore finance regime was created by a series of legislative enactments starting in 1981. The parliament established a modern code of trusts, international companies, and limited liability partnerships, global banking, insurance and registered trustee companies - all of them covered by one of the world's strictest financial privacy laws.

This package of modern laws grew from the concept that the islands could be fashioned into an offshore financial center - and indeed they have been.

The trust business has been a major boost to the Cook Islands economy. There is a stable government and a sophisticated judiciary based on English common law with 30 years of respected case law.

Cash and investment accounts, along with real estate and

businesses, are typically held in the trusts, but associated trust bank accounts can be located anywhere.

None of the trust-held assets are required to be physically located in the islands and international trust business and meetings can be conducted electronically. However, titling U.S.-located real estate in an offshore trust offers little protection, because the property remains within the jurisdiction of American courts.

The Best in the World

If imitation is a recommendation, the Cook Islands is the world's best. Good drafting has produced a Cook Islands trust law that embodies all the best legal concepts expected in modern trusts. As such, the Cook Islands law has served as the example for many other offshore financial centers, because it is cutting edge.

Because it is so modern and useful in its drafting, the Cook Islands 1989 asset-protection trust law now has been copied and implemented in one form or another in 25 countries and 14 American states.

However, American-established trusts are, of course, administered by American courts, diminishing asset protection. So it's hardly surprising that Americans are the leading clients of the Cook Islands trusts, which are exclusively available to non-Cook Islanders.

A recent study of records by [The New York Times](#) revealed that Cook Island trusts are especially popular with the wealthy in Palm Beach, Florida, New York and Hollywood. The government's official website calls the islands a "prime choice" for "discerning wealthy clients."

As of 2013, there were 2,619 registered trusts, according to the [Cook Islands Financial Supervisory Commission](#). Guaranteeing anonymity as well as legal protections, the value of the trust assets is not disclosed publicly. It is against the law to identify who owns the trusts or to provide any information about them, unless so ordered by a Cook Islands court.

Key Features of Cook Islands Trust Law

Regardless of nationality, the Cook Islands are ideal for those who want laws that provide strong asset protection, along with a sympathetic government and supportive judicial policies.

The Cook Islands government officially guarantees that it will impose no taxes on offshore legal entities that are based there.

U.S. citizens and residents are required to report their worldwide income. Reporting to the U.S. Internal Revenue Service

concerning trusts creation and related trust activities. The Savvy Wealth Protection Trust will help you in this effort, providing statements for reporting in a timely fashion and ensuring 100% compliance with U.S. tax law.

All trusts registered in the Cook Islands must use one of the six registered trust companies that operate there. The officers and employees of a registered trust company are required by law to take reasonable precautions to ensure an "International Trust" (as local law calls it) is not used to shelter assets derived from serious crimes, such as drug smuggling and money laundering.

The key features of the Cook Islands trust regime include:

- No foreign court judgments can be enforced automatically in the Cook Islands courts. All foreign judgments must be re-tried and proven again in a Cook Islands court.
- Majority decisions by co-trustees are permitted, rather than a requirement for unanimous decisions.
- The law allows "portability" - the right to transfer a trust to another country and register it there within a matter of hours, should the need arise.
- Duress clauses are permitted - a legal attack against the trust requires the trustee to shut down the trust operation and guard against any foreign court orders.
- Trust terms can be set aside only in very limited circumstances.
- The common law "rule against perpetuities" that limits trust duration does not apply - your trust can be perpetual and thus can operate for multiple generations.

Since 1989, when trust law was enacted, there has been only one reported case that challenged a Cook Islands trust - and the Cook Islands high court upheld the trust.

Compare the maximum protection provided by the Cook Islands trust law with U.S. domestic trust law when it comes to enforcing judgments. In the United States, the Constitution's "Full Faith and Credit Clause" requires U.S. state courts to enforce the judgments across states almost automatically.

Cook Islands trust laws are also extremely liberal when it comes to trust operation. It provides you with the power to amend the trust, to revoke it and even to fire the trustee and trust protector and appoint new ones.

At the same time, Cook Islands' trust law and court rulings make it difficult for creditors or any claimants to successfully attack a Cook Islands trust. Many, including the U.S. Justice Department, have discovered this.

All Cook Islands "International Trusts" must have non-resident beneficiaries and a resident licensed trustee, a custodial role served by any of the licensed trust companies. In the case of the Savvy Wealth Protection Trust, Ora Trust will fulfill this role. Licensed and regulated trust companies set up the trust and act as your representative in all matters.

Only a Cook Islands trustee can only serve as a trustee and a trust custodian, but executive management of trust-own businesses can be exercised overseas. In other words, the trust is located in the Cook Islands with all the protection that affords, but can be in New York, Paris or Miami.

Timing Is Everything

The important general rule is that asset-protection planning should be done before there's a cloud on the horizon. That simply means the best asset-protection plans, implemented for lawful reasons, are those you establish well before any claims against you might develop.

When a claimant tries to attack your trust, the timing of their legal action is extremely important. The usual argument supporting such claims is that the trust creator transferred his assets to the trust simply to avoid paying the claim - that is, the transfer amounted to what the law calls "a fraudulent conveyance." Therefore, the attacker argues that the trust should be declared invalid.

The Cook Islands trust law helps fight such claims, because it provides a very short statute of limitations on the time allowed for someone to file a fraudulent-transfer claim. Most American states have a four-year statute of limitations for fraudulent conveyance claims, but the general Cook Islands statute is only two years. And, in certain circumstances, the statute of limitations may be as short as one year.

If you can prove that you funded your trust while financially solvent, the trust cannot be challenged in court. In this situation, there is no time period for a creditor to challenge the transfer.

Strong financial privacy laws protect every Cook Islands trust. Any claimant attacking a trust must prove "beyond a reasonable doubt" that the trust was intentionally established to avoid the trust creator paying his debts - making it almost impossible for a creditor to prove a fraudulent transfer.

According to our associate, Puai Wichman of Ora Trust, when the government receives a request for tax information from a foreign government, the response is not automatic. Approval for release of requested tax information, or any other information concerning foreign holdings, must be approved by a Cook Islands court applying this tough standard of proof.

If you're not doing anything illegal with your offshore asset protection efforts in the Cook Islands, you are guaranteed near absolute financial privacy.

In these turbulent and litigious times, the Savvy Wealth Protection Trust and its resources are a necessity. There is no affordable, personalized offshore asset-protection trust like it anywhere else in the world.

Your Resource Guide

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The Savvy Wealth Protection Trust is registered and administered by Ora Fiduciary Ltd., one of the six officially licensed trust companies in the Cook Islands. Ora Trust will act as trustee.

Puai Wichman, Esq. a respected member of the New Zealand and Cook Islands' bars has spoken at Sovereign Society events in the United States and has assisted many of our members.

Puai T. Wichman Esq., Managing Director

Ora Fiduciary (Cook Islands) Limited

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P.O. Box 92, Avarua, Rarotonga, Cook Islands
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USA direct Tel: (734) 402 7047
Web: <http://oratrust.com/>
Email: puai@oratrust.com

The trust bank account will be held by **Capital Security Bank Ltd (CSB)**, the only full-service private bank operating exclusively in the Cook Islands. Account applicants must meet due diligence requirements, but need not visit the bank personally. CSB also has online banking and offers accounts in numerous currencies.

Capital Security Bank

P.O. Box 906, Centrepont
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Tel.: 682 22505
Web: <https://www.capitalsecuritybank.com/en/>
Email: info@csb.co.ck

Working with Josh Bennett, CSB has developed three optional investment funds for Savvy Wealth Protection Trust beneficiaries, based on rates of risk with commensurate management fees. Funds are administered by CSB as a custodian bank together with **Kaiser Partner Financial Advisors**, based in Switzerland. The group is SEC registered.

Kaiser Partner Financial Advisors

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We have performed due diligence on all the professionals associated with the Savvy Wealth Protection Trust.

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