

Asset Protection

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Everyone should be afraid of being sued with so many lawsuits being filed now days around the world.

You might think that you may never be sued.

How wrong you are!

Let's first take a look at how easy it is to be sued now days. One of the first dangers is being indirectly involved with a lawsuit.

THE DANGERS OF JOINT & SEVERAL LIABILITY

This is a legal concept whereby an individual could be sued as a second or third defendant without having been directly involved with the original injury to the plaintiff.

Here are some examples of how you can be sued for Joint and Several Liability:

1. Your business partner commits theft, fraud, or a personal injury in the course of conducting business.
2. Your spouse is accused of theft, fraud, or a personal injury and the plaintiff sues the entire marital community (including you).
3. You render assistance to someone who was injured by another person and the plaintiff sues you along with the person who actually committed the injury.
4. A friend or relative borrows your car and gets into an accident. As the car's owner you get sued along with the driver.
5. Your company gets sued for sex discrimination committed by one of your employees and you get named as a defendant because it's your company.
6. Your real estate investment partnership, joint venture, or company gets sued by the federal or a state government because toxic waste is discovered on the property.
7. The IRS, or Revenue agency sues your partnership, joint venture, or company for tax evasion.

There are many more examples I could provide. The main thing is that you can be sued and become jointly and severally liable for an injury to someone without having been personally negligent. All that is necessary is that you were connected in some way. If you are dragged into a lawsuit and the other defendants are without assets or insurance, you may end up being held liable for the full amount of the judgment!

WHAT ABOUT INSURANCE?

Many lawyers recommend you purchase at least \$1 Million insurance for each of your businesses, homes, land, cars, motorcycles, and boats you own.

This will cost you \$ thousands in premiums every year depending on how large a deductible (which you'll pay to the plaintiff) you are willing to afford.

But, is that really enough?

\$ MILLIONS CAN BE AT STAKE

Let's take a look at how large some of these lawsuit judgments can be.

There is a book entitled, The Professional Asset Protection Manual by Florida attorney Mark Warda (Galt Press) which lists some of the recent outrageous jury awards in the United States.

For example:

\$84.5 million for children drowned and brain damaged in a swimming pool.

\$49 million for a stillborn baby.

\$41 million for a misdiagnosis of abdominal pain.

\$5.87 million for sponsoring a party where a guest later caused an auto accident.

\$986,000 to a woman who lost her "psychic powers" after a CAT scan.

\$300,000 for slapping a daughter twice on the face.

\$75,000 for spraying perfume on a person without permission.

\$60,000 for cursing, which caused "emotional distress".

Here are some other recent examples:

\$12.7 million for a mistake in medication administered by a nurse.

\$12 million to a doctor for failing to take a blood test for a rare disorder.

\$7 million to a laborer who lost a limb at work on a construction job.

\$160,000 to an employee who was "goosed" by fellow employees.

Don't forget the widely publicized \$2.7 million award to Stella Liebeck (for her injuries from spilling some hot McDonald's coffee between her legs while driving).

In addition to the court award, you must pay \$ Thousands to your defense attorney!

Don't forget the many hours you will spend meeting with your attorney, answering written questions (interrogatories) from the plaintiff's attorney, attending depositions where the plaintiff's attorney will grill you, attending court hearings (motions), and the trial itself.

Add all of the time and expense to the psychological and physical stress you will endure.

Just because I am using examples from the United States, citizens of Canada, Europe, Russia, Central & South America, and even communist China are being sued for similar injuries.

HOW CAN YOU PROTECT YOURSELF?

The best solution is to strip yourself of all assets and become what is known as "judgment proof" amongst the personal injury trial lawyers.

Most lawyers charge their clients no direct fee for filing a personal injury lawsuit. This is known as a "contingent" fee. It means that the lawyer will collect no fee unless he wins the lawsuit and can collect the court awarded judgment amount.

Before a lawsuit is filed, a careful lawyer will research the defendant's ability to pay a court judgment. If the defendant is "judgment proof" meaning he has no insurance, no ownership of assets that can be seized to pay off a court judgment; the lawyer will not want to sue that defendant. That's because the lawyer will spend all of his time and money pursuing a lawsuit with no hope of ever getting paid.

So, how can you make yourself Judgment Proof?

OFFSHORE CORPORATIONS, TRUSTS & PRIVATE INTEREST FOUNDATIONS

Owning a corporation set up in your own country may provide a little protection. However, a domestic corporation can be sued as well. In addition, your shares in a corporation are assets in which a judgment creditor can seize.

OFFSHORE CORPORATION: A better solution is to set up a corporation outside of your country (offshore). An Offshore Corporation can own real estate and vehicles in your country. For even better protection, set up different Offshore Corporations so each owns one of your major assets. For instance, one corporation owns your cars, another owns one piece of real estate, and another owns different real estate. As the old saying goes: "Don't put all of your eggs in one basket."

Therefore, use Offshore Corporations to purchase your homes, office buildings, apartments, condos, raw land, and vehicles. The corporations then rent them back to you. Now you are no longer the owner of these assets. They are owned by Offshore Corporations. You are merely a tenant.

Remember this, it is important that you sign a written lease agreement (preferably in front of a Notary Public) for these properties and duly Record them with the correct state or government agency requiring you to do so. For instance, a notarized Lease Agreement properly describing the real property must be filed with the appropriate county, state, or provincial government office.

Now you have written proof that you are not the owner of the real properties and vehicles which you are using.

Also, remember to always pay your rent. If you have a written rental agreement which you violate by refusing to pay rent, it can be declared a sham by the courts. All of the rent you pay will be deposited into your Offshore Corporation's foreign bank account.

As for cash, deposit as much money into the Offshore Corporation's foreign bank account as you can. These cash assets will also be protected from any court judgment against you.

ONE WEAKNESS: While an Offshore Corporation can legally own and rent your assets back to you, there is still one weakness when it comes to Asset Protection. The corporation's shares may be in your name, or if they are in a form called "Bearer's Shares", they are still in your control. The IRS and most countries' Revenue agencies require you to disclose any ownership in foreign corporations and bank accounts. In addition, a court could order such disclosures in a lawsuit.

You can avoid this weakness by having all of the Offshore Corporation's shares held by either an Offshore Trust or a Private Interest Foundation. Then you can truthfully tell the IRS, Revenue and courts that you do not have ownership in any foreign corporations or bank accounts.

IMPORTANT: Before you set up Offshore Corporations and transfer assets to them, here is one more important fact. You must transfer your assets before you get into legal trouble or become exposed to a lawsuit.

FRAUDULENT CONVEYANCE: This is a legal term for someone who tries to hide assets from creditors knowing that a lawsuit has or will be filed against him. It is an attempt to illegally hide assets. Such assets will not be protected from a court judgment.

If assets are transferred before any act which arises into a lawsuit occurs, those assets will be protected. In other words, create your Offshore Corporations now and transfer ownership of your assets to them before you get into trouble.

CONCLUSION

Asset Protection is necessary in today's lawsuit crazy world.

While the steps we have summarized for you above may seem difficult and complex, they really are not. That's because using experts who know how to set up Offshore Corporations, Trusts and/or Private Interest Foundations will make this easy for you.

Protect Your Ass(ets) and feel better for the future!

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