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Asset Protection

Illustration of Cook Islands Trust with Nevis LLC

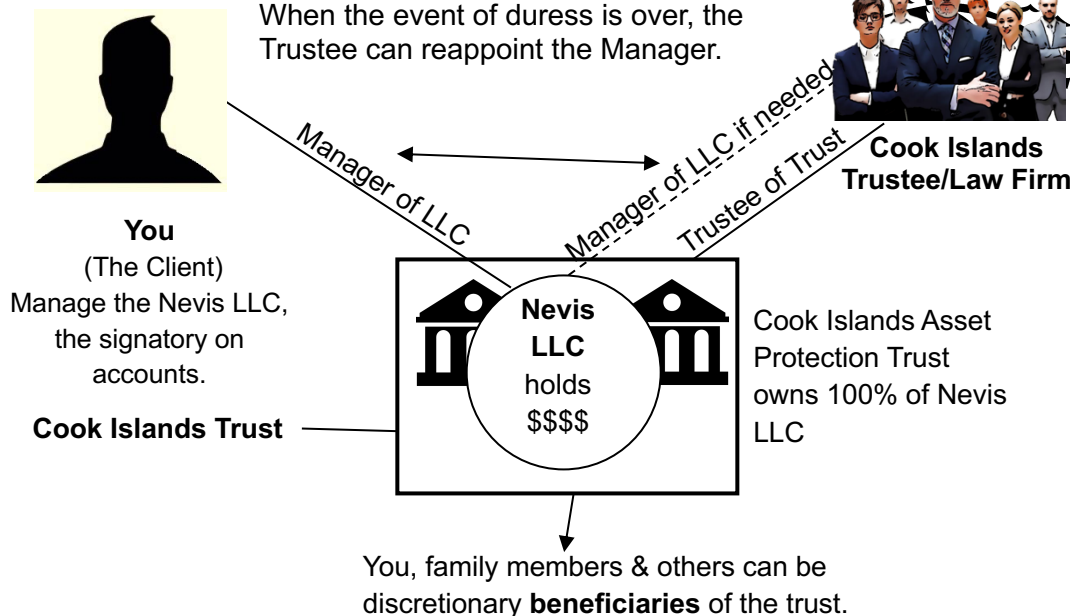


Asset Protection

Illustration of Cook Islands Trust with Nevis LLC

1. Client sets up a properly structured Cook Islands asset protection trust.
2. So client can control day to day activities, client establishes a Nevis Limited Liability Company owned 100% by trust. LLC holds accounts. Client manages LLC.
(String of control = Manager of LLC.)

When there is an event of legal duress against the Manager of the LLC, the Trustee is duty bound (under the terms of trust) to protect trust assets and remove the Manager for the period that the event of duress exists. When the event of duress is over, the Trustee can reappoint the Manager.



The reasons for this structure:

So client can control day-to-day activities, client is initial Manager of the Nevis LLC.

When the Manager is subject to legal duress, the Trustee must remove the Manager for the period of the legal duress and take up active management of the LLC. When the Trustee is the Manager, the Trustee can accept advice from the independent legal advisers of the client (the grantor of the Trust).

Outside courts do not have jurisdiction over Cook Island trustee, therefore do not have the authority to enforce seizure of trust assets.

Client can win the fraudulent transfer argument because no assets are being transferred. Only the change of LLC manager occurs which does not involve asset transfer.

If assets are transferred after legal issues arise, the statute of limitations on fraudulent transfer is 1-2 years and must be proven in Cook Island courts beyond a reasonable doubt. (This is a very high legal hurdle, especially when international investing and diversification reasons can be given.)

All that is submitted here is done with the understanding that the author is not engaged in rendering legal, accounting, or other professional services and is not intended cover every detail of the subject matter. If legal advice or other expert advice is required, the services of a practicing professional person should be sought.

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