

PROTECTING YOU AND YOURS

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JUST THE FAMILY

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“At our Firm,
Your Estate Plan
is Not Business,
it’s Personal...”



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*The journey of a thousand
miles begins with one step.*

– Lao Tzu

Every so often, I enjoy sharing with you some of the adventures I get to create with my family. This month, I would like to do just that. Earlier last month, we were lucky to get to spend some time in Hawaii in a gorgeous property, boasting an air-filled elevator, the first of its kind! I would have been more than happy to acknowledge the kind soul that granted us access to his home, but I believe the client would prefer to stay anonymous. Anyhow, you know who you are! 😊

Traveling with kids is an interesting thing, especially at my kids' ages. See, the 'adult' part of me wants them to see the historical parts of the places in which we travel, explore the museums, try different foods and meet the locals. That is one aspect.

The other side of the coin looks like this – “I want to stay home,” “Let’s go home and play Legos!,” “If I don’t get chicken nuggets, I won’t eat,” and of course, the ever so classic “Are we there yet?”

As you can tell, the two don’t really go together. So as an adult not trying to lose my mind outside of work, the battle is often won by the most persistent... the kids! So be it, I’ll just roll with it. And there you have it, those were our few vacation days.

Here is the interesting part: About 80% of the time we were there, it rained non-stop. However, it didn’t stop us from enjoying the island and the beautiful home. Since it was spacious, everyone got to play games together, bet on card games, and retreat to our respective rooms when peace and quiet was necessary. Basically, it was a nice break!

One thing that stood out was not the ‘high end’ cuisine, but rather the incredible quality of their produce. The vegetables, fruits and local products were of such high caliber, you could taste it in every dish. That was definitely not something I knew about Hawaii. Needless to say, the people were incredible warm and welcoming. Residing on a small island, you get a quick sense that many people know one another. There is definitely a warm feeling about that.

We did manage to squeeze in some cultural outings with the kids. And though there was some complaining along the way, it seems everyone enjoyed it by the day’s end. As I’ve often reflected, the destination is often secondary to the workups, planning, and sheer excitement of preparing for

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SPECIAL ANNOUNCEMENT

Risk. This word alone conjures up many different emotions for people. To some, it triggers sensations of fun and excitement. To others, a sense of refuge is immediately looked upon to steer away from that potential exposure. For those of you that fall in the latter category, you will be excited to read about this month’s book review – Richard Branson – Losing My Virginity. No play on words there 😊. Looking at your life as a whole, risk is part of growth, and with the right mindset, who knows what the potential can be?

This month is also the time to pay our respect for our veterans – Memorial Day. Americans are known to be brash, daring, some would say loud; but no one can deny that, as a nation, we remain grateful for those that have sacrificed their lives on behalf of this country. And for that, we take our hats off.

The fact that many will happen to throw a little barbecue or party to celebrate the unofficial arrival of summer is also cause for smiles.

Shadi, the ever so charismatic partner, will share with you a little bit of her adventure with her family. You may enjoy hearing about the little vacation she took.

Also, in this issue, without getting technical, we will discuss “Asset Protection: How to Do It Right” for guidance, helping us understand why we must protect wealth and assets with proper advice. For legal help, we’re here at the Asset Protection Center. Call us at 714-966-2646 today!



FORUM BENEFITS AND ITS SHORTCOMINGS

Ever heard these so-called experts claim the benefits of NV, AL, or WY as great asset protection states? That in the event of a legal dispute, such jurisdictions are the best asset protection forums. There is a lot of truth to that. However, if an analogy could be made, it would be the equivalent of saying “Roger Federer is a great athlete.” Most people who read that statement would agree whole-heartedly. Heck, I agree with that statement! However, if the question was “Roger Federer could beat Kobe Bryant in basketball,” then it is not a far stretch to say most people would disagree.

What gives you ask? Perspective.

Without going into the minutiae of what forum is best, let us cover what some of the benefits of these jurisdictions may be. A Charging Order, in ‘simple’ terms, is a court order provided to a judgment creditor, enabling the party to collect on the stocks/funds allocated from a company which should have been recovered, with interest and cost. Sounds great if you’re a creditor, right? However, what about the fact that, if drafted properly, the debtor can elect not to receive a distribution. Then what happens? In reality, it becomes a long, drawn out waiting game on both ends, the creditor and the debtor. Eventually, a settlement is often reached, because a judgement creditor may be faced with phantom income on a judgment which was never collected, yet must be recorded on his or her schedule K-1. Not a very good ruling in favor of a creditor.

Sounds great for these asset protection states... so far.

Statute of Limitation – a period of limitation for the bringing of certain kinds of legal actions. Sounds simple enough. Again, in the estate planning world, here is what this resembles: I deposit \$400,000 into my Nevada Trust and LLC, which holds a two-year statute of limitations. In theory, once that timeline has elapsed, those funds are as good as gold. Meaning, short of some type of criminal act, those funds are as protected as the U.S. system will allow it to be.

Again, another point for these asset protection states.

However, these legal forums are indeed incredible, but for one caveat – you must be a resident of that state. What happens if you are a CA resident? Will those legal arguments stand the forum dispute, meaning shouldn’t CA law apply if the injured party resides in CA, and the defendant is also a CA resident?

The truth may shock you, but the answer is... It depends. Come on now, you didn’t expect an attorney to give you too easy of an answer now, did ya? 😊

Truth be told, forum jurisdiction should only be one piece of the arsenal in an overall Fully Integrated Estate Plan. Yes, it is a layer of protection. However, you do want to be armed with the possibility of additional defenses should that legal argument not stand.

Just be wary – whenever an attorney forewarns you about the incredible benefits of a jurisdiction, make sure it is not its sole line of defense. So yes, Roger Federer is a great athlete. Yes – NV, AL, and WY are great asset protection states. However, perspective tells a much better story. Make sure you are armed for the right context!

Richard Branson:
Losing My Virginity

As entrepreneurs, we often romanticize about the stand-out businessman who bet the farm in order to make it big. As one betting friend would often say to me “Bet mo, win mo!” Furthermore, Author Richard Branson, or more accurately Lord Branson, is regularly associated with the image of the daredevil who puts his life at risk. Be that as it may, how Mr. Branson handles himself in his personal life is quite different than the real story behind how he runs his businesses.

People associate Mr. Branson with Virgin Atlantic, and rightfully so. What most people don't know is, when he decided to venture in the airline industry, he went directly to the party that would end up being his direct competitor - British Airlines. What made his move so brilliant, is that he leased several planes with a conditional clause allowing him to return the planes should his venture not work out.

The rest is history.

This book discusses the many fears associated with being a startup business owner and the hitches experienced before ever starting to sail smoothly. This book tells of his countless adventures from his humble beginnings to his massive success in airline, music, soda, retail, and many other industries. Branson and his friends decided to call their startup “Virgin” because they were all new to this entrepreneurship undertaking. From there, they decided to create their own non-bureaucratic business, no hierarchy or central office. Step by step. Little did they know, they would end up creating one of the biggest conglomerates in the world.

Losing My Virginity is about Branson's hardships as a startup company. Experts who frowned at his ideas, kept telling him to stop. But he was a man determined to succeed no matter how hard it was at times. While his competition continued to do business as usual, Branson innovated his ways and started doing ventures in unconventional ways.

This book is about Branson's undertakings, his firsts and major life events, his decisions to take over shifting business trends, and his remarkable and near death experiences. All these stories are filled with Branson's friends, family, and business partners who became family as well.

This book is about historic events, war, natural disasters, business politics, and everything in between. In short, this book is about survival, taking risks when everyone is afraid to, keeping friends, and pursuing passion. For those who want to get inspired and passionate about their life, read this book.

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the trips. When you're a parent, you very soon realize that your happiness is often reflected by the size of the smiles on your kids' faces.

Not a bad place to be if I'm being honest...

So there you have it! See, it's not always all about work and goals. The bliss of staying put and enjoying every member of your family,

ASSET PROTECTION 101

Appropriately dubbed the Asset Protection Center, we aim to educate our clients, prospects, or even just curious people about the fundamentals of the law and finances. Clients sometimes come in with some incredibly elaborate ideas about how to go about protecting their assets. Often times, their ideas do make common sense, but leave out an important component – the law.

Today, let us explore the first step when contemplating any type of protection. Begin with separating yourself from your business. What you do for a living – accountant, plumber, architect, etc... is a distant second in terms of the importance of getting properly incorporated. In the U.S., when you start a business, you must get incorporated. Yes, there are nuances in the type of incorporation you should do, i.e., P.C. for physicians, LLC for the majority of businesses, Corporations for an outfit that holds a great number of employees, etc...

But again, before getting ahead of ourselves, get properly incorporated. See, the courts, the government and our system want to encourage entrepreneurship. They want to promote the next Thomas Edison by making it easy to create your own company, get yourself tax deductions for business expenses, and various accompanying benefits that come with conducting a business.

Many have a hard time grasping that Joe the “individual,” and Joe the “business owner,” for all intended legal purposes, are two separate entities. What this means is that the mistakes you make in one world, does not necessarily need to affect the other. Should you (let us hope not!) run your own company into bankruptcy, it does not mean that your personal finances have to be dragged into the bankruptcy chapter to make creditors whole.

As a matter of fact, the courts want you to be able to pick yourself up expeditiously and get back on your own two feet as quickly as possible. Remember, this nation was founded on capitalistic principles. And though it may not be a popular ideology these days, it remains the governing principle that lets us run our day-to-day business.

Believe us, we know the hardship that comes with owning your own business. Who ever thought payroll, rent, computers, and insurance could cost so much? Heck, a client once told me “I'd rather be broke and stay home, than be broke and work,” but we digress... The point is, protect your personal and family assets from your business by starting with this simple step.

We at the Asset Protection Center can provide you with sound advice and guidance on what you need to do to protect your wealth and keep it safe from creditors. Asset protection isn't a simple matter, but it can be done with the right advice and planning. Seek help from your Asset Protection Center by calling 714-966-2646 for a free consultation today!

however crazy each member can be, is still a nice life in my book. So to you and the health of your family, I wish you safe travels!

On a different note, I want to share a deep and sincere thank you to all our veterans out there that happen to be our clients. In case you don't hear it often enough, we thank you for your services!

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Memorial Day

Memorial Day marks the unofficial start of the summer season and the long weekends. This is one of the most significant historic days in the United States. It is an American holiday observed on the first Monday of May.

Every year, we celebrate the Decoration Day (the former name of the holiday), to honor the men and women who died while serving for our nation. Towns and cities host an annual parade, the largest being in Washington D.C., New York and Chicago, incorporating veteran organizations and military personnel. All of us get busy with life, it is inevitable. However, holidays of this nature remind us to take a moment and simply be grateful.

We observe this significant holiday by going to memorials and cemeteries. Many also throw parties and take weekend vacations because Memorial Day is a three day weekend 🙄.

Memorial Day reminds each of us that freedom has a price, so we must value it by taking some time to reflect on the sacrifices others have made to defend our country.