
Chapter 7 – Robin Hood

Taking my mother to Ireland included landing in London then travelling to see friends near Manchester. On this journey, we passed through England travelling north by train. On the way, we passed close to Nottingham, Sherwood Forest, where the legend of Robin Hood was born. I remember as a child, my mother telling me stories about Robin Hood, explaining how he stole from the rich and gave to the poor.

Robin Hood is a heroic outlaw in English folklore who, according to legend, was a highly skilled archer and swordsman. He is often portrayed as "robbing from the rich and giving to the poor".

Taking from the rich land owners became popular so others continually do this through litigation. Lawyers encourage this practice, however, I rarely see the spoils go to charity as the legend portrays.

Why protect your wealth?

Why bother with protecting your wealth? If you only have \$10,000 net worth, your chance of being sued is small. The reason is that the attorney or solicitor will want to take his service fee out of any litigation against you as payment for their time and effort. If they are not going to be paid for their time and effort, why would they even start? To be honest, a \$10,000 lawsuit is not really worth their time and effort. So if you own \$10,000 or less, the chance of you being sued is small. As a result, the level of asset protection you require is also very small.

When you own \$500,000, \$1,000,000 or more then you will become a litigation target. The modern day Robin Hoods of this world take the money from the rich and give it to themselves (not the poor). They want to get their hands on your money and will not stop until they succeed. Protecting your assets means creating firewalls or barriers between the wealth storage lake, yourself and others.

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My solicitor advised me that it is a waste of time trying to protect assets after an event. In the same way, it is useless attempting to buy house insurance after a fire. Protecting the assets first is priority, otherwise the wealth is available for others to simply take whenever they want.

The feelings

Having experienced court cases, and having little control in the process is frustrating. The feelings that I went through in this process was mainly emotional.

I asked myself:

- Are the firewalls sufficient?
- What is the final cost?
- Have I made the right decision?
- The decision is dependent on a judge? Who will be the judge?
- Are the other assets protected?
- Counter suing?
- Any other risks arising from this case?

There is a feeling of helplessness and frustration over the whole process. Even just the threat of legal action stir emotions making it difficult to use logic. Being prepared means planning before any litigation hits your wealth.

As a friend of mine said, *“It is too late to put the seatbelt on after the accident.”*

The litigation can come from anywhere including family, friends, staff, customers or a person up the street.

I have experienced a builder rip my property roof off, without any notice. The tenant was away and upon returning all work stopped. The builder apologised as they worked on the wrong house, not the one further up the road.

I quickly paid a contractor to repair the damage, however, to my surprise, the builder who did the damage, then sued my company for non-payment of the roof removal work.

This example clearly shows that litigation can come from anywhere and you have to be prepared.

How?

Do what the wealthy already do and teach, you want to control it all, but own nothing in your name. That way when the rich get sued, the attorneys do not receive a payday.



The rich own nothing (in their name), they store their wealth in corporations and trusts. (Robert Kiyosaki)

Again, let's take an example. Unknown to you, your 18 year old son or daughter takes your car for a drive to pick up groceries, unfortunately ending up in a car accident, hitting a victim who was walking on the side of the street. You were not aware that they have been drinking last night, and drove over the alcohol limit. After the accident, they are charged with driving under the influence of alcohol (DUI). As a direct result of this accident, the victim ended up with a permanent disability.

The victim's parents are angry that their only child has a permanent disability and starts searching for ways to receive more compensation than just the amount from the vehicle's insurance. Once the victim's relatives find out that you have money in your own name, they will demand compensation by commencing a civil action against you as the vehicle owner and parent of the driver. The attorney they engage will initially work for free, knowing that they will have a payday once they win their case. The attorney's payday is going to be funded by your personal wealth.

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It is relatively easy to find out if you own properties or shares in your name by doing an online search for your name through government agencies. You cannot hide after the accident, even by transferring your wealth after the accident as the courts now have the power to unwind it.

The case ends up in court with a judge sympathetic to the victim's family, awarding your wealth to the accident victim estate and attorney. Your family house is sold, your investments seized and you end up penniless, almost destitute. Your partner also has been sued and decides that it is too hard so then files for a divorce. The future is forever damaged, and you found out too late that you should have protected your assets.

Unfortunately, this scenario plays out all too often with the hard earned wealth taken by the attorneys and Robin Hoods of this world. The story or situation that causes it often sounds ridiculous, almost unbelievable, but they do happen every day. Having personally witnessed events similar to the one described above, and watched the 'Robin Hoods' lie in court (whilst under oath), and the magistrates believed these lies, left me stunned. I no longer believe in the terms 'natural justice' or a 'fair justice system'. It is instead the ability of the attorney to convince the magistrate or judge, and not by simply telling the truth.

Instead of ending up like the story above, I encourage you to protect your assets from the circling vultures, even if it is your first few dollars.

Protect yourself

Protecting your wealth involves setting up firewalls or barriers to limit the exposure of your assets to any potential law suit. Depending on your wealth, it gets more complex as it grows.

On one training seminar that I attended which was delivered by an ex tax-office auditor, legal tax advisor, CPA and strategist, they



advised that, based on the new litigation laws, a person can now expect to be sued three times in their life. The statistics showed that the highest litigation is in California (U.S.A.) followed by New South Wales (Australia). The wealthy

already know that they must protect what they already have, otherwise the vultures will linger around looking for any weakness.

A Freedom Business owner will have their asset protection in place from the very start. Asset protection means protecting their cash, properties, Intellectual Property (knowledge), Copyrights, Trademarks plus more. Separating the assets into different companies or trusts builds these firewall barriers. Protecting assets is not an accountant skill, instead, it is best provided by an Attorney or Lawyer who is experienced in this field.

Recommended reading to understand the implications and how to protect your assets is *Protecting Your #1 Asset* by Mr Michael A Lechter.

Family Discretionary Trusts are available for asset protection in the United Kingdom, South Africa, Canada, New Zealand and Australia. Other countries provide asset protection in different ways, but each has the capability of protecting wealth

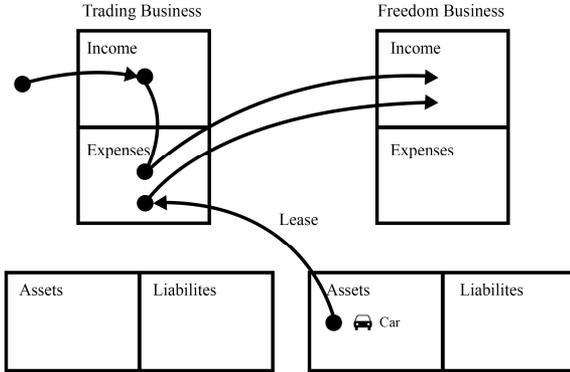
The easy way of protecting yourself

The easy way of protecting yourself against lawsuit is to separate yourself from your property and business.

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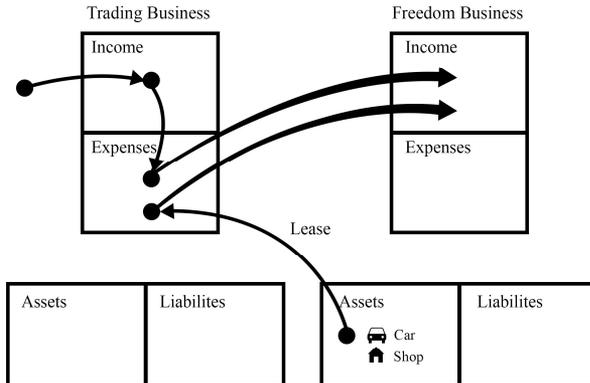
“Simple Business owners own everything in their name. Experienced Freedom Business owners have little in their name, but control it all.”



Separating yourself and your business is a simple matter of creating a separate business, a Freedom Business that holds your assets. In this example below, a trading business with customers and cash flow is on the left with the Freedom Business on the right.

The trading business or Simple Business leases the vehicle from the Freedom Business (on the right). The Freedom Business has all the tax advantages of depreciation and asset protection. The simple business has a legitimate operating and tax deductible expense. In the event the Trading business is sued for any reason, the vehicle (car) and all other assets are protected.

In this example, the trading business is wanting to expand their operations, leasing a larger office. The larger office is purchased by the Freedom Business (on the right) and once again, by using a lease agreement, the office building is protected.



To put it simply, instead of owning all the assets in on business, it is separated into two businesses.

Litigation

To summarise, if you have no money, solicitors will rarely start litigation against you. The reason is that solicitors will do the research first to be sure they will be paid. However, as your wealth grows, so does your litigation risk profile. In my experience, if a solicitor can obtain their yearly wages by attacking your wealth, and there is a chance of success, you become a target and when you're a target, running does not help. Better to make yourself a difficult target from the beginning.

As a result of my experiences in multiple countries, I studied and learned the rules allowing me to understand the laws and rules by working with the best accounting firms and legal partnerships within

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each of these countries and through minimising your target profile by using corporate trustee and trusts.

My lessons in legal matters are;

Solicitors have their area of specialties. Let debt collection lawyer handle debt collection, Asset Protection lawyers handle the compliance documentation, an IP protection lawyer handle IP protection. The reason is that a standard suburban lawyer is not able to handle the full range of law, it requires areas of specialties.

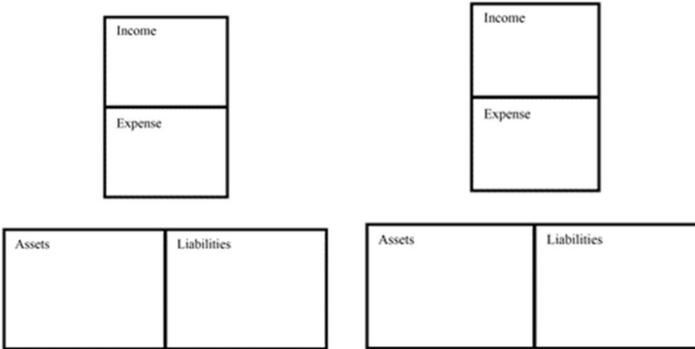
The legal system is in place to ensure the law is applied. In my limited experience, it makes no difference if you are in the right or wrong, and in the end it is not about justice. Instead, it is about who prepares and delivers the best case. In other words, it is how well you play this legal game, by following all the rules. It is like playing a game of chess where multiple strategies are on the board at any point in time. If one strategy is at risk, you protect your position in the game by the next move. After your move, you sit and wait for your opponent. I do not like playing this legal game leaving it to the experts.

An accountant does not know about asset protection, a lawyer does. A Lawyer does not know about tax law, an accountant does. Make sure any education comes from the right source. Many mistakes come when an accountant is trying to give company structure and asset protection advice.

I have learned that the mega rich take care of their money every day. They do not waste it. Donald Trump still personally signs each business cheque. If Donald Trump, as a billionaire, is so careful, there must be a lesson to be learned.

Trading Business

Freedom Business



Australian Rules

I have found over time that the accountants CPA (Certified Practicing Accountant) actually stands for two names, the second being Cannot Protect Assets. An accountant is not skilled in this field, and most business owners do not discuss asset protection until it is too late.

Fact is that a lawyer is the best professional to obtain advice from about asset protection. To work with a lawyer, you will need to understand some basic terminologies and terms in an asset protection world.

Focusing on just the Australian rules will make this process simpler. I have found that trusts work well as a structure to protect assets long term. My expectation of long term is eighty (80) years, ready for grandchildren to inherit.

Often, I am asked to explain trust terms and why they are important. To save time and money, before meeting a solicitor, understand these basic terms and purpose. Your meeting will become easier as you are already educated on the basics.

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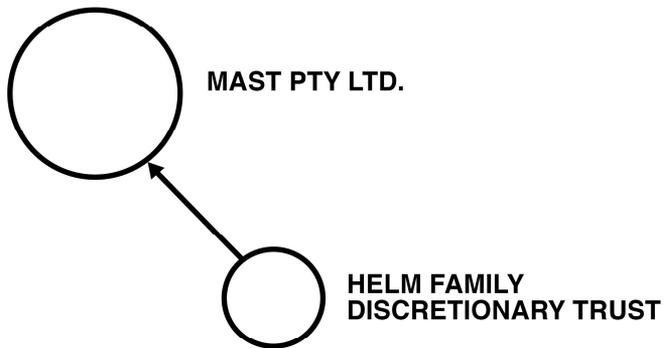
Name	Location	Purpose
Trustee	Company, <ul style="list-style-type: none"> • ACN. • ABN • TFN • Non trading 	Decision maker, responsible entity
Trust	The Trust Deed document <ul style="list-style-type: none"> • ABN • TFN • GST (If necessary) 	Holding assets separate from any individual or entity.
Beneficiary	Trust Deed <ul style="list-style-type: none"> • Primary • Secondary • Tertiary 	People the assets are held in trust for.
Settlor	The person establishing a the Trust <ul style="list-style-type: none"> • Settlor cannot be a beneficiary. • 	Once established, has no further part on the trust.
Appointer	Trust Deed <ul style="list-style-type: none"> • Appointer role is passed on by the Appointers Will 	The ability to change the trustee. Often the primary beneficiary
Bank account	Trust	bank account for trading
Business name	Created by the trustee operated by the trust	Simple trading name to run the business.

The corporate compliance paperwork is more complex than a Simple Business model. Therefore the business owner requires a higher level of education and discipline to manage this structure. Once established and operational the asset protection, control, cash

flow management and tax advantages accelerating the wealth creation.

Creating a structure with a corporate trustee looks like this example.

Corporate Trust and Trustee Business

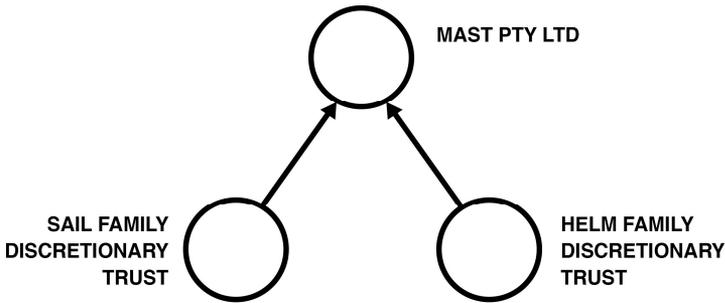


In this example the company called Mast Pty Ltd is the non-trading corporate trustee. Helm Family Discretionary trust becomes the entity with the Freedom Business. Helm Family Discretionary trust holds the assets, including car, house IP or shares in other companies.

Once established, it becomes a simple action to create a second trust with the final structure looking like this. This process uses an advanced business management technique.

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Corporate Trustee and Dual Business Structure



In this example Sail Family Discretionary Trust holds the Trading Business (on the left) and Helm Family Discretionary Trust holds the assets.

As you will see the trusts run separate businesses, produce financial reports and operate as standalone businesses. The corporate trustee, ‘Mast Pty Ltd’ is a non-trading company, without any financial reports or bank account.

By creating a business name “Boats” and assigning that to the trading business (via an internal memo) the full company name of the trading business becomes, “Mast Pty Ltd as trustee for the Sail family discretionary trust, trading as Boats”

Assets are purchased in the Helm Family Discretionary Trust and away from potential litigation.

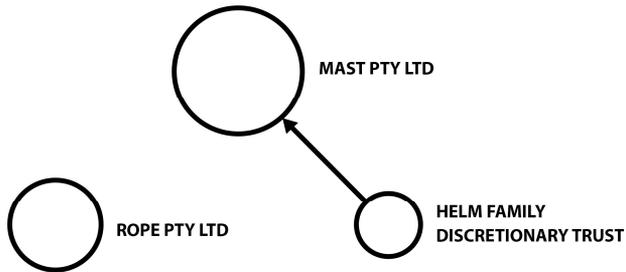
Helm Family Discretionary Trust becomes the wealth storage lake and Sail Family Discretionary Trust becomes a stream with money flowing from the Sail business to Helm.

If unsure how this works get your lawyer and accountant in the same room and ask them to teach you how this works.

A different method of protecting assets is described below where the trading company is called Rope Pty Ltd.

This structure is utilising an existing trading company and the trust as the wealth storage lake.

Corporate trustee and separate trading company

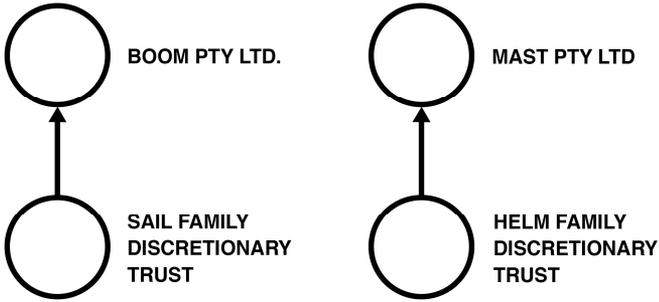


Again the assets are then stored in the Helm business and separate from the trading business.

The next diagram shows two corporate trustees, Boom Pty Ltd and Mast Pty Ltd. Each has its own trust under the trustees. In this example the “Sail Family Discretionary Trust” is the trading business and Helm Family Discretionary Trust is the Freedom Business that is effectively your wealth storage lake.

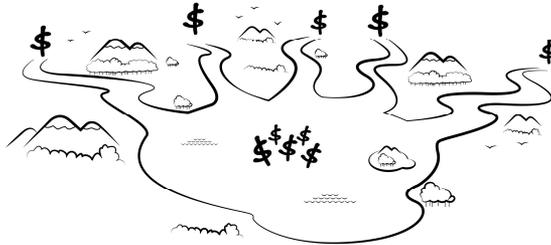
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Two corporate trustee's with two trusts



There are multiple ways of protecting your wealth storage lake finding the right structure for your personal situation is identified with a good lawyer and accountant. Increasing your level of education will give you the power to decide the best long term solution.

Remember that in all the preceding diagrams the Helm Family Discretionary Trust remains your wealth storage lake. It needs to hold assets separate from the trading businesses.



Helm Family Discretionary Trust

If a person wishes to initiate legal action against the trust, they must commence action against the corporate trustee. Even if the trading trust is compromised by legal action, the asset trust remains untouched. The separate trusts are isolating the assets from each other.

The layers of asset protection described above offers a level of asset security not available in most other business structures.

I have found that lawyers are reluctant to pursue action against these structures as the amount of effort is much higher than a sole proprietor, partnership or normal business structure.

Establishing this structure before any potential legal action is vital. Just like in these examples'

- It is too late to put a seatbelt on after the accident.
- Buying house insurance after a fire

Taking action after legal proceedings have commenced is not an option I recommend or suggest. Reason is that, it is viewed as attempting to hide assets, and therefore breaking the law. Australian courts have the power to unwind any illegal activities and hiding assets after the action commences.

Protect against the Robin Hoods.

To summarise, in the event the Trading business is sued, the Freedom business remains untouched. The reason it remains untouched is that it is a separate entity, including a separate business number and tax file number. The courts also treat them as a separate entity. With the correct license agreements and documentation the Freedom Business remains untouched.

If the Intellectual Property (IP), manuals and business assets are firewalled in the Freedom Business you can close the first Trading Business and open a second Trading Business.

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The items that should be considered for license include:

- Trademarked brand names
- Procedures
- Policies and
- Systems
- Furniture
- Buildings / office space
- Vehicles
- IT Equipment, computers
- Machinery
- Assets that the trading business uses daily.

The Freedom Business could purchase commercial office space and leases this office space to the trading business. The office lease payments are an expense to the trading business but the lease payments go to the Freedom Business as income.