

CONTRACT TRUST CONFERENCE CALL SEPTEMBER 8, 2018

RECORD ON

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INTRO JUDY

INTRO JIM

Hi Everyone, thanks for joining us today. We are going to discuss the Contract Trust and why we think it is the best option for you for protecting your assets in this hopefully soon to occur RV. Although news has been rather quiet this week, it does appear that we are very close, so it is time to make sure you are ready for this event. If you do not yet have a Trust, this is the time to get it done.

1. What exactly is a Trust?
 - a. The concept of a private Trust was established in England in the 13th century and many aspects of trust activities have been codified into law in England, the US and other countries.
 - b. The Trust that we use is a common law irrevocable contract trust. It is valid and legal in all 50 states, as well as most common law countries.
 - c. Its widespread use in Massachusetts in the early 1800's led to the name Massachusetts Business Trust.
 - d. The Trust that we use is based upon the Massachusetts Business Trust. As most of you are aware, we decided to drop word Business from the name, as it caused a great deal of confusion, especially with the banks.
2. Carol, can you explain those terms?
 - a. Many of us are familiar with the revocable living trust as a means of protecting our estates. While those statutory entities are great at avoiding probate, because there is no probate, the publicity usually associated with probate is diminished. In these aspects, the Living Trust is a little better than a will. Living Trusts, like wills, are subject to federal and state inheritance taxes. Revocable Living Trusts provide absolutely no protection to the assets that have been placed in them.
 - b. The **Common Law Trust is in reality a contract**, where the equitable and legal titles remain united, and under this format a **private trust organization** can be created. This trust organization has substantially more benefits than a Living Trust, including the ability to keep creditors away from the trust's assets. The

Common Law Trust provides for complete, fee simple transfer of property (both titles, equitable and legal) into the trust organization. Now you no longer own the property nor do you have title to it in your name. Because you no longer own property, or you purchased it in the name of the trust, no one can take it from you as you do not own it.

- c. The real advantage of the Common Law Trust is that the property, placed in trust by the Investor(s) (called Grantor(s) in statutory Trust Law), will not ever be probated, subject to Estate taxes and/or Gift taxes or subject to liabilities created by the original owner, after transfer to the Trust Organization. Because the Common Law Trust is IRREVOCABLE, it effectively shields the trust's assets from personal creditors.
3. Who owns the Trust?
 - a. The Common Law Contract Trust is an entity unto itself and thus “owns” itself. You, as Trustee, are the Manager.
 4. I’ve heard that the banks will set up a skeleton trust for us. So, can I just wait and get a skeleton trust from the bank?
 - a. I’ve heard that as well. The biggest issue I have with that is that the bank becomes your partner, with Trustee authority. Do you really want that?
 5. How do I get my currency into the Trust to start with?
 - a. You and a Creator exchange the title to your currency for \$21 and Trust Certificates that evidence the Exchange.
 - b. While that has been a sufficient paper trail for centuries, it appears that it may not be enough for the RV. I emailed a Letter of Transfer and Conveyance of Property, to you with the invitation to this call. While I’m not sure it is necessary, I do feel its better to be safe than sorry.
 6. I know that Trusts have Trustees that manage the property. Who is the Trustee in the Trusts that you create?
 - a. The Trust Agreement allows for the Creator to choose **anyone** to be First Trustee, even you. You now manage and control those same assets that you once owned.
 - b. The Creator is a disinterested third party who assists you in creating the Contract Trust by exchanging your assets into the Contract Trust. The Creator can be anyone you choose. He or she has only two tasks, to initiate the exchange and appoint a First Trustee. After that, the Creator shall have absolutely no further duty or obligation to the Trust Organization, nor will it and its appointed Trustees have any obligation or duty to the Creator. The First Trustee shall then independently appoint a second Trustee, and they in turn may appoint a third

Trustee and so forth.

- c. I have been asked the question about the Investor/Exchanger and the Trustee being the same person and the possibility of the problems created by that relationship. There are numerous court decisions on the issue of the Investor/Exchanger (Certificate Holder) being the same person. The following is a Supreme Court decision that addresses the issue directly:
 - i. "The legal title, possession and control of property may, by declaration of trust, be passed irrevocably from the grantor [investor] to himself as trustee with the same effect as if the trustee receiving the conveyance had been another person." Becker, Collector of Internal Revenue vs St. Louis Union Trust Co., et al., Executors, 296 VS 48 (193,)).
7. Is it necessary to have more than one Trustee?
- a. No. If you are single, you can be the only Trustee. Typically, couples are both Trustees. However, the Trust is created without regard to community property status. Let's say you were gifted some currency and your husband thinks it's a scam. (We've all heard that one, right?) You can create your own Trust, with yourself as the only Trustee. He has absolutely NO interest in Trust or access to the funds in it. If you care to add him at a later date, you may do so. The same holds true if one spouse is mentally unable to manage the Trust.
8. How do I take care of my kids and future generations?
- a. The Contract Trust is created in contemplation of life, not death. So when you and your spouse pass away, the Contract Trust does not die with you. Instead of beneficiaries, we have Successor Trustees, person(s) named by you to take over the management of the Contract Trust when you die.
 - b. You can name your children as Successor Trustees.
 - c. You can add a "bloodline" clause, to ensure that your family's generational wealth does not fall into other's hands.
 - d. You can also add a "spendthrift" clause so no one can hypothecate or pledge his or her possible share of Trust income.
 - e. You can designate one or more Successor Trustees, specifying that they both become Trustees at the same time, or one goes before the other. You can change this designation at any time for any reason.
9. I wish to give my brother money after the RV. Giving him currency beforehand just won't work. What do you suggest?

- a. I think a lot of us have that same question. We may not have told our friends and families about the currency but we do desire to take care of them and their families. My suggestion is to create a Trust for them, post RV. Your Mother Lode Trust can fund it with whatever amount you choose. This is not considered a gift and does not create a taxable event.
 - b. This is also good resolve for taking care of your adult children while you are still alive. In either case, you should be Co-Trustee, with them, and resign when you feel they have the ability to competently manage the assets of the Trust without your assistance and watchful eyes.
10. How do I get money out of the Business Trust?
- a. There are several ways to get money from the Business Trust. You can (and should) take a salary, you as Trustee can declare a distribution to the Certificate Holders. Both of these methods are taxable events.
 - b. The Trust can pay for some expenses for you, like medical reimbursements, business investments, etc. For instance you can visit a foreign destination, pick up brochures, business cards etc., and have the Trust pay for it.
 - c. The Trustees also have the authority to lend money occasionally, with or without interest or security, except that no loan may be made to any Trustee (individually) or to any current Certificate Holder without fair security.
 - d. The Trustees can also lend money to others or to themselves, with fair security, like a Promissory Note. Amounts, payments, interest rates can be anything reasonable, including "jumbo loans" and 10 or 20 year balloon notes, for example
 - e. The Trustees can choose to create and fund additional Trusts at any time, for any lawful purpose. This is NOT a taxable event. I feel this is the best way to purchase property etc.
 - f. The above methods of paying for services, reimbursing expenses and making distributions and loans all fall within the guidelines of Internal Revenue Service Codes.
11. What about taxes?
- a. Typically, the Contract Trust files a Form 1041 on the money that it has earned, minus expenses.
 - b. We have heard that the RV will not be a taxable event on the Federal level. Recently, I've heard it won't be taxed on any level.

- c. We have always suggested domiciling your Trust in a State that does not levy a state income tax. If you have done that, and there is no tax upon the RV, then you can cancel that mailbox and domicile in your home state. Just make sure to note the change of domicile in your Minutes.
12. Should I have an address other than my home for the trust?
- a. Although it is not imperative, it is a good way to protect your privacy and anonymity.
 - b. Use of an outside address supports your Trust for added security and tax benefits.
 - c. Whether your Trust is domiciled in Wyoming or in the city and state in which you live, to convince the ‘powers that be’ that you are in fact operating as a trust and you as a Trustee, you need to receive ALL mail and email in the trust name and mailing address ONLY.
 - d. I suggest you send the Trust a piece of registered mail to further verify the address of the Trust. (Put a letter in the envelope explaining the reason you sent the certified mail and leave it sealed. If challenged, hand the unopened letter to the judge to open it.)
 - e. Why? A court of law (that is an oxymoron) could claim that you are operating in fraud and that you are personally liable for the actions of the Trust and have no protection personally from a lawsuit, claim from an annoyed relative or ex-relative (IE ex-spouse) and the evidence is that you are operating personally and not as an entity. The main factor that they could use is: you are not acting as though you are working FOR the entity, you ARE the entity. Commingling of funds, assets, mailing address, email accounts, utilities, etc. You need to be operating at ‘arm’s length’, but still have operational control.
13. My Trust is currently domiciled in a different state. Do I have to go to that state to exchange and open bank accounts?
- a. No, you do not. As Trustee, you can exchange and open bank accounts wherever it is convenient to you. Corporations and LLCs have used these methods for years.
 - b. You can open as many Trust accounts as you like, using the same Trust and EIN.
 - c. It is important to remember that all bank statements and other bank mail be delivered to the domicile address.
14. What do you mean by commingling of funds?
- a. When you commingle your funds, you are treating your business funds as your personal money. Some of the most common ways to commingle are:

- i. Transferring money between business and personal accounts without documentation.
 - ii. Writing business checks for personal reasons/expenses, and vice versa.
 - iii. Having only one bank account for personal and business needs.
 - iv. Depositing business checks into your personal bank account.
 - v. Withdrawing money from your business account to pay personal expenses without documentation.
 - b. Creditors can reach your personal assets if you commingle, and there in lies the problem with commingling.
 - c. Commingling can also cause serious tax issues.
 - d. Commingling is a serious no-no.
15. Good to know, but it sounds like operating a Trust may be difficult.
- a. The Trust package comes with complete operating instructions and access to our members only website.
 - b. A very important operational requirement of the Contract Trust is that you need to keep minutes. For example, if the Contract Trust is to make a major investment, such as a piece of property, then the Trustee(s) must have a meeting and record the minutes.
 - c. There are, however, a few important considerations. For instance, when signing ANYTHING relating to the Business Trust, you must sign it as “John Doe, Trustee, and not as otherwise.” That statement limits personal exposure.
16. Do I need more than one Trust?
- a. We consider your first Trust to be your “Mother Lode”. This is the minimum you need at RV time.
 - b. We anticipate that you will want to set up more Trusts post RV. We suggest Real Estate Trusts, Vehicle Trusts, Personal Property Trusts and Charitable Trusts. They are all stand alone entities which can be funded by the Mother Lode Trust. If they require a bank account, they will need a new EIN.
17. What other services do you offer?
- a. Aside from multiple Trusts, we also offer the Triple Play, which consists of a Pour

Over Will, that states that anything you own in your own name at the time of your death, “pours over” into the Trust you designate.

- b. The Triple Play also includes a Durable Power of Attorney, so your designated agent has the legal authority to handle your financial decisions if you are unable or unavailable to do so personally.
 - c. It also includes an advance healthcare directive, also known as living will, or power of attorney for healthcare. It is a legal document in which a you specify what actions should be taken for your if you are no longer able to make decisions for yourself because of illness or incapacity.
18. How long are you planning on working post RV?
- a. Like most people, I want to retire, but my staff and I will be available for at least 6 months post RV.
 - b. I am moving to Oklahoma next weekend, so I’ll be out of pocket for a few days. My phone number and email address will remain the same. My staff will still be available to work with you regarding your Trust needs.

We talked about raising prices on our last call, but I have decided to postpone that until post RV. We're still only charging \$1,495 to establish a Contract Trust & accept all 4 major credit & debit cards. We also pay a \$300 Referral Fee. Family discount & secondary Trusts are only \$1,195. Allow about a week to complete. That time will be considerably longer post RV, so we encourage you to act quickly. The Contract Trust comes with easy to follow instructions & over 250 pages of outstanding Contract Trust legal back-up on a USB Drive to support its existence.

I hope that this call has been helpful and provided the basis for you to understand the advantages and attributes of the Common Law Contract Trust. Should you have any questions, please feel free to contact us and we will be more than happy to try to answer them. If you ask a question we can't answer immediately, we will get the answer for you.

Thank you for your attendance and attention. Thank you Judy and Jim for your assistance today. Once again, my name is Carol Werelius, my phone number is 425-820-8090. I am available between 9 and 5 Pacific time. My email address is info@indicatorinformation.com. Go RV and have a great week.