

**CONTRACT TRUST CALL  
NOVEMBER 3, 2018**

**RECORD**

**DISCLAIMER** We are not accountants, tax professionals, lawyers or currency dealers. We are not engaged in rendering legal, tax, accounting or other professional advice. Should you require those services, you should retain competent advice from a professional in that field.

**WELCOME**

Hello Everyone. Today is Saturday, November 3, 2018. Welcome to our Contract Trust Conference Call. During this call we will talk about Trusts in general and the Contract Trust in particular and why we feel the Contract Trust is the best way to protect and preserve your assets. My friend Judy will be assisting me in the call today. After my presentation, we will turn the mike over to my associate Jim Knox, who will talk about using the Trust to your best advantage.

Good day, Judy, are you ready to get started?

1. Hi Carol, I have some foreign currency that I hope will revalue soon. How do I best protect it? Corporation, Foundation, LLC or Trust?
  - a. There are advantages and disadvantages of those entities. At some point, you might find some of them very useful, but probably more than you need initially.
  - b. Corporations, Foundations, LLCs are all state chartered entities. As such, they must be registered with the state, (public record), pay an annual fee, have a registered agent, and in some cases send a copy of the charter or operating agreement to the state.
  - c. Record keeping can be onerous.
  - d. The assistance of a lawyer may be needed.
  
2. So a Corporation, Foundation, or LLC sounds as if it might be more than I need right now. What about a Statutory Trust?
  - a. Some Statutory Trusts may have the same requirements as above.
    - i. A statutory trust is a “privilege” granted by statute and is

regulated by the laws of the state in which it was created. The Business Trust that we prepare is actually a contract in trust format. The “right” to contract is guaranteed by Article 1, Section 10 of the US Constitution, a common law contract itself. When researching the two, you won’t even find the Business Trust in the “T” section of the Law Library, but in the “B” section.

- ii. Most Statutory Trusts do not allow you to be Trustee of your own revocable Trust. That puts some else between you and your money.
  - iii. Some people try to get around that by becoming Trustees of each others Trusts, signing blank checks for each other etc. While that may sound like an OK idea, people do change. That may create a very uncomfortable strain on one’s relationship.
  - iv. The bottom line is quite basic. It is a matter of rights vs. privilege. Why should we restrict the operation of our private business to the territory granted by legislative privilege when it is not really necessary?
3. What is the difference between an Irrevocable & Revocable Trust?
- a. A revocable trust can be changed or terminated at any time. Because of this, the IRS may invoke the “claw-back” provision, putting your assets back into your estate, where they can be added to your personal estate. Very important consideration at tax time.
  - b. While tax reform on the federal level is on the table right now, estates over \$5,490,000, could be facing a 40% "hair cut" in 2018. While most of us would not be affected by these numbers right now, we may possibly be worth considerably more than that post RV.
  - c. Irrevocable means the terms of the Trust cannot be changed. No one can force you to revoke the Trust to pay someone else. It effectively gives you an “empty pockets” persona. The most significant distinctions between revocable and irrevocable trusts are the estate tax considerations. Property that you place in an irrevocable trust is no longer considered part of your estate, meaning that the property typically isn’t included in your estate’s value when it comes to determining if you owe death taxes and, if so, how much. It also avoids probate issues.

4. Why should I establish a Trust rather than continue owning currency in my own name & Social Security number?
  - a. Ownership has its downside. Suppose after you exchange your currency, you are so excited you have a heart attack and die. All that money then becomes probate fodder and open to estate and inheritance taxes. It will be a long time before your family sees that money. Another scenario, you are in an automobile accident and some hungry attorneys see you as the meal ticket.
  
5. Which do you provide?
  - a. We utilize the Common Law (not statutory) Irrevocable Non-Grantor (not a gift) Contract Business Trust. We have chosen to omit the word "Business" from the name as it causes some confusion, especially with the banking community.
  
6. So, regardless of what you call it, it's still a Common Law Business Trust, right? Somebody told me that her attorney says Common Law Business Trusts have not been legal since the days of Benjamin Franklin. What do you say about that?
  - a. Although the Business Trust has roots going to old England, the business trust made its US debut in Massachusetts in 1827. As a result, a US Business Trust today is often called a "Massachusetts trust" in legal circles. The US Supreme Court defined the Massachusetts trust as a form of business organization, common in Massachusetts, consisting essentially of an arrangement whereby property is conveyed to trustees in accordance with terms of the trust.
  - b. The basis for the terminology "Common-law Trust" is that they are created under the common law of contracts and do not depend upon any statute for its existence. See the United States Constitution, Article 1 Sec. 10, Clause 1.
  - c. The Business Trust is recognized by the Internal Revenue Service and by the courts as a U. B. O. (Unincorporated Business Organization).
  - d. The Business Trust is a form of business organization which is similar to a corporation, in which investors (Exchangers) receive transferable certificates of beneficial interest. The Trustees are appointed to administer it for the advantage of its Certificate Holders. They administer the trust based on the terms set forth in the

declaration of trust. The Certificate Holders receive certificates of beneficial interest as evidence of their interest in the trust, which is freely transferable.

- e. Business trusts are legal in all 50 states and common law countries.
7. Why aren't banks, attorneys & CPAs more familiar with Business Trusts?
    - a. Business Trusts are common law. Common Law is rarely taught in our colleges and universities anymore.
    - b. Some attorneys are aware of the Massachusetts Business Trust, but once in place, they make no money from them. It's been said that the file cabinet full of Revocable Living Trusts are the attorneys retirement!
  8. Who is the Trustee of the Contract Business Trust?
    - a. The beauty of this Trust is that you, the original Investor/Exchanger are eligible to become the first Trustee. You can then appoint your spouse as second Trustee. You retain full management, control and benefit of the assets of the Trust. Simply stated, there is no one between you and your money!
  9. Is there not a conflict of interest in being your own Trustee?
    - a. Once you exchange your assets, you no longer own them. By the terms of the Trust, you are eligible to become Trustee. We feel that if you were able to put those assets together, you are the most logical choice to continue to manage them. Thus there is no one between you and the money.
  10. How many Trustees do I need?
    - a. The Trust can operate with only one Trustee, however in the case of a couple, we recommend both spouses be Trustees.
  11. Can one trustee act independently from the other?
    - a. NO! The Trustees must unanimously agree on everything. We do provide an Executive Trustee Minute that allows one Trustee to act for and on behalf of the other one.
  12. What happens to the trust when I/we die?

- a. You died, but the Trust did not. In the event of a trustee's death or incapacity, the successor trustee assumes his/her duties immediately. There is no waiting, no filing or court approval necessary.
13. My kids are minors, can I name them as Successor Trustees?
- a. Yes, but you must also name an Interim Successor Trustee to manage the Trust until your children reach an age that you specify. Don't assume you kids will be mature enough at 18 to manage the Trust. You can also name your kids as Advisory Trustees, giving them valuable experience in learning about the Trust and how it operates. They MUST be made aware that the Trust is personal to your family and it NOT to be discussed with outsiders.
14. Can I specify that all Successor Trustees be my bloodline descendants?
- a. Yes, we can add that demand and say bloodline must be proved by a DNA test.
15. Is this Trust a Spendthrift Trust?
- a. Not specifically, but we can add that distinction if you request it.

### **Break for Q & A**

16. Is the Contract Trust difficult to operate?
- a. No, it is not difficult. 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.
  - b. You will need to write Minutes to document the Trust's activities. All Trustees must sign the Minutes. If the Trust transacted no business in any calendar year, you should write an End of Year Minute, documenting that.
  - c. The Contract Trust package comes with complete operating instructions. Our members only website has a vast offering of minutes and resolutions for your use.
17. Can I use my home address for the Contract Trust?
- a. Technically, yes, wisely, no. If you live in a state that imposes a state

income tax, you may wish to domicile your Trust in one of the 7 states that does not levy such a tax.

- b. The legal use of a rental mailbox, either in your home state or a no tax state gives you added privacy and anonymity.

18. Will I have to go to the domicile state to exchange or do my banking?

- a. No, as Trustee, you will exchange and manage the Trusts's business from wherever you choose.

Now, I'd like to turn the program over to Jim for some practical information regarding your exchange.

Jim, give contact information.

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Thank you Jim & Judy.

It appears we are at the doorstep, for real this time, so we encourage you to be ready. We're still only charging \$1,495 to establish a Contract Trust & accept all 4 major credit & debit cards. We also pay a 20% Referral Fee. Family discount & additional Contract Trusts are now only \$1,195. We also offer the Triple Play Package which includes a Pour Over Will, Durable Power of Attorney and Healthcare Directive. Allow about a week to complete. That time will be considerably longer post RV, so we suggest 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 pdf disc or USB Drive to support its existence as well as access to our members only website.

Thank you for your time and attention, for more Contract Trust information, please contact me.

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