CONTRACT TRUST CALL
JULY 13, 2019

RECORD

DISCLAIMER Hello Everyone. Today is Saturday, July 13, 2019. Welcome to our Contract Trust Conference Call. 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 Here we are, yet another month gone by. For those us that are ready, good for us. For those who aren't, this is another opportunity to take a big step in preparation for your exchange. Some time ago, I read an article on the internet titled (I think) "Why take a non taxable event and turn it into a taxable one?" The author made it a point to say that although wealthy people use trusts and other entities to protect their assets, they did it AFTER they became wealthy, not before. He went on to suggest that none of us need these entities yet. Since he wrote that article, well over year ago, we have learned that the banks and redemption centers insist upon a Trust if we expect to receive more than one million dollars when exchanging our currency/Zim. That brings us back to being prepared. Any good plan requires a good foundation. We believe that our Common Law Contract Trust gives you the best possible foundation for the exciting new aspects in your future.

Helping me out today are my good friend Judy, and my partner, Jim Knox.

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

1. Carol, what is it about your Trust that allows you to say it provides the best possible foundation for the exciting new aspects in our future?

a. No doubt, you've all heard about all kinds of different trusts. Most other trusts are statutory in nature, meaning they get their power and strength from locally (usually state) enacted laws. They are often recorded in that state or county, thus no privacy. They are sometimes required to pay a state recording fee every year.

b. This is also true or most corp's, LLC's.

c. As far so-called Skeleton or Temporary Trusts, they are revocable and unfortunately, the bank becomes you partner.

d. The Contract Trust that we employ is a creature of common law. It gets its power and benefit from the US Constitution. Most states require recordation <u>only</u> if the Trust is actively involved in commerce. This guarantees your privacy and you don't have annual recording fees.

2. What are the advantages of the Contract Trust?

a. At the creation of the Contract Trust, you irrevocably exchange your assets, in this case your currency, into the Contract Trust. You no longer own them, but as Trustee, you have complete autonomy in managing them. You don't own the assets, so no one can take them from you.

b. The Contract Trust owns and controls its assets through its Trustees, who keep controlling minutes of their actions.

c. As Trustee, you are in total control of the Trust and its assets. There is NO ONE between you and your money.

d. A person can transfer all of his or her property, real or personal, to a Contract Trust. Such property is thereby protected from personal liabilities, probate and death taxes.

e. Use of the Contract Trust gives you an "empty pockets" persona. You no longer own the assets, no one can take them from you. You can be sued, but you don't have any assets in your name. You are not responsible for the liabilities of the Trust, nor is the Trust responsible for your liabilities. You own nothing but control everything.

f. The Contract Trusts that we prepare are irrevocable.

3. How does that differ from statutory grantor living trusts?

a. The biggest difference between a Common Law Contract Trust and grantor living trusts is that grantor trusts are governed by statute. That means our legislators have passed laws that govern the operation and taxation of grantor trusts. This also means the courts have unlimited jurisdiction over grantor living trusts and whether or not they can be attached for payment of judgments or liens. Remember, with a living trust, the assets are still considered the individual's and even if held by the trust, these assets can be attached. It also means they may be considered as the individual's at death, exposing them to probate and inheritance taxes. It is more difficult if the grantor living trust is irrevocable, but those assets can still be attached or seized to pay judgments. Historically, the courts have become more liberal with respect to judgment awards and have continued to erode our rights to our own property. The biggest difference is that most revocable grantor trusts offer little to no asset protection.

4. So, if grantor trusts are created and governed by statute, where do Common Law Contract Trusts get their authority?

a. As I mentioned earlier, the Common Law Contract Trust gets its power and authority from Article I, Section 10 of the US Constitution, which says that no state can impair the obligation of a contract.

b. Case law on Common Law Trusts goes back hundreds of years. The first major decision was Smith vs Anderson, Chancery Division 247 in 1880. That decision upheld the validity of Common Law Trusts. This decision stands today and has not been modified by the courts. This means that so long as the Constitution guarantees our right to contract, the Common Law Contract Trust will remain valid.

c. The Trust that we use was validated by the US Supreme Court in a landmark 1983 decision as a valid, legal entity.

d. We have successfully protected the assets of thousands of Americans, long before anyone heard of Dinars.

e. We are able to open bank accounts in the name and EIN of the Trust.

5. How is the Contract Trust created?

a. The Contract Trust is formed by the writing of the Trust Indenture. The Indenture specifies all of the main parameters of the Contract Trust. In that document the Trustees are named, the powers of the Trustees are specified, the Trust Certificates are issued and generally all items are addressed that are reasonably necessary to start a business. Upon the completion of the writing of the Trust Indenture, it is signed by the Creator and Investor/Exchangers in front of a Notary and the Contract Trust becomes a legal operating entity.

b. There are two parties that participate in the formation of the Contract Trust, that being the Creator and the Investor/Exchanger. Upon creation of the Contract Trust the Creator exchanges the assets, in this case, the currency of the Investor/Exchanger and issues the Trust Certificates. The Trust Certificates have no value and since the assets are transferred to the Contract Trust by an exchange there is no tax consequence.

c. The Creator then appoints the First Trustee. He or she has the fiduciary responsibility to appoint the person most likely to operate the Trust in a proper manner and see to best use and management of the assets. He or she can appoint anyone of his or her choosing. We feel that when the Creator considers who put the assets together and who has decided to put those assets into Trust, the Creator will realize thet the original Investor/Exchanger is the most likely candidate to continue to responsibly manage the Trust as First Trustee. After these tasks are complete the Creator has no further duties or rights to the Contract Trust. This part is all complete when we send your personalized Contract Trust.

d. 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,)).

e. Some have expressed concern that Common Law Contract Trusts are irrevocable. Under normal circumstances that may cause problems, but Common Law Contract Trusts, as you know, are also called Unincorporated Business Organizations. Contract Trusts can be dissolved (similar to a corporation) and the assets distributed accordingly.

6. So that means the Contract Trust now owns those assets, and I get Certificates in Exchange. How does that work?

a. It's actually a pretty good deal. First of all, the Trust Certificates have no value and therefore, there is no inheritance tax at the time of death of the Certificate Holder. The Certificate grants the holder his or her share pro-rata share of a distribution should the Trustee decide to make one. The Trust Indenture (Trust Document) we use has another built-in safeguard to further protect against Federal Estate Tax. The indenture contains the specific provision embodied in the text that renders the Trust Certificates Null and Void at the Certificate Holder's death.

b. Another important aspect of the Contract Trust is the lack of liability created for the Trustees. Corporations, partnerships, and sole proprietorships (individuals) are all governed by statute. The officers, general partners, managing partners, and individuals can all be held liable for their acts and those of their employees and agents under certain circumstances.

c. Another protection for the Trustee acting on behalf of the Trust is the statement of non-liability of the Trust embodied within the Contract Trust itself: "The Trustees, officers and agents are mere employees and are not personally liable when dealing with the Trust Organization's property or business matters."

7. **Who are the beneficiaries?**

a. Actually, there are no beneficiaries. 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.

8. Break for Q & A

9. How do I get money out of the Contract Trust when I need it?

a. The Trustees are given broad powers to make distributions in several ways:

i. The first way is to pay yourself a modest salary as Trustee. This should be enough to cover your everyday needs, groceries, utilities, gasoline, medical bills, etc.

ii. The second way is to declare and pay a "Distribution" to the

Trust Certificate Holders of the Contract Trust. In either case, this money is taxable income to you. You probably want to take some money this way and pay a minimal amount of tax.

iii. The Trustees can be reimbursed for legitimate business expenses incurred by the Trustees. What about vacations and golf and tennis club memberships? As a Trustee you are charged with managing and growing your Trust. That means you probably want to investigate business opportunities and relationships, does it not? Most of those expenses are tax deductible to the Contract Trust.

b. You could also borrow from the Trust. A big question for many is "How do I pay off my house?" or "How do I purchase new property?" There are a couple of ways to do this. You could borrow the money from the Trust, essentially a new mortgage or refi, that you control. In this scenario, you still end up owning the property in your own name. This is NOT a good idea if you are trying to keep a low profile. A better option is to obtain a mortgage from the Trust, secured with a promissory note, and put the house into a Real Estate Trust. This would be optimal for larger expenses and is not a taxable event! You could use this same method to purchase new vehicles, etc.

c. Creating secondary Contract Trusts is another way to purchase big ticket items without creating a loan or a taxable event. The Trustees can choose to create and fund additional Trusts at any time, for any lawful purpose. This is NOT a taxable event, and an ideal way to purchase property etc.

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.

e. Regardless of which method or combination of methods you choose, be sure to write minutes to support your actions. You must be diligent in keeping the Contract Trust legal and in compliance with Federal, State, County and City codes.

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.

10. I think we've all heard that our exchange will not be taxed at the Federal level. If it is not taxed, and I put all of the money in the Trust, I will be taxed when I take it out, right? How do I get money out up front without paying taxes on it?

a. Again, I am not a CPA or tax professional. This is just my opinion on how we may be able to take advantage of this one-time tax break. I think most of us have issues that we need to address post RV. Whether it be outstanding debt, a new car, helping out friends, we don't want to pay taxes if we don't have to. So, at the exchange, how about this scenario? "Mr. Banker, I now have x million dollars. I would like you to put $100K into my personal account. Here is my account number and wiring instructions. I would like to take $7500 cash with me when I leave today, as well as a funded debit card attached to my personal account. I will need these wires to be sent and here is a list of cashiers checks that I need. I will need a pass through account for X $. I would like to put the balance into an account at your bank for ABC Trust to begin a long term, mutually beneficial relationship. Here is my paperwork (Abstract and EIN should be all that you need.)". This is obviously pretty simplified, but you get the idea.

11. Do you know if the RV will be considered a taxable event?

a. Currently, we think there will not be any federal taxes imposed on revalued currency or somehow it will be taken care of at the exchange institution. However, if this is not the case, will we need to set up a Secondary Trust account to pay the taxes. If it is taxed, you're covered, if not, you have a sizable bonus.

b. We have heard of a 2% Treasury Fee, but that will more likely, come "off the top" and not even be visible to us. There may also be a bank fee. An amount up to .05% can still be sizable if you are exchanging

Zim. You can ask for that fee to be waived. We have a sample waiver form on the website.

c. I have heard the because the Zim may be classified as a bond, it **may** be taxable.

d. If you live in state that imposes state income, we recommend you domicile your Contract Trust in a state that does not. We suggest Wyoming or Washington.

12. If there are taxes levied, will future cash disbursements to trustees be tax free?

a. Disbursements, other than reimbursements, to the Trustees are always taxable to the Trustee. The amount paid to the Trustee is a deduction to the Trust, so its not double taxation.

13. We have heard that we should have a separate account for the dinar, apart from other currencies. Does that mean another Trust?

a. The important word here is “account”. One Contract Trust can own several bank accounts, so the answer would be no. However, you can have additional Trusts if you feel you want to set it up that way.

b. The Trust can have as many bank accounts in as many banks and locations as you feel appropriate. Personally, my husband and I will have our Mother Lode Trust accounts at several different banks.

14. Will you be available to answer my questions or prepare additional Trusts?

a. Like many of you, Jim and I plan to retire after the RV. We will stay in business for about 6 months post RV. We do have staff that will continue to produce Trusts, if necessary. Our website will archive all of these calls, as well as questions and answers as they arise.

15. Do I have to contact you to write minutes or update my Trust?

a. Several years ago, when my husband Jay and I started in the Trust business, Jay said, “We can’t just give people the keys to this F16 jet without giving them an owners manual”, so we created several booklets about the Trust, including “How to Operate”. Your Trust package includes membership to www.indicatorinformation.com which has all those booklets, including sample minutes for your use, as well as a host of legal back up, including Am Jur 2nd, on Business Trusts. The website is “members only” for your authorized use only. Please email me for an invite code to join.

b. We give you very specific directions on operating your Trust, as well as instruction on writing minutes that document your actions. This saves you time and money.

c. Should you decide you need us to make changes to your Trust, we charge $50 per Minute page.

16. How long does it take to set up a Contract Trust and how much does it cost?

a. Typical turnaround time has been less than a week, until recently. With all the anticipation of the RV happening soon, we have been very busy. Jim currently is hiring and training new trust preparers.

b. The pre RV cost is $1495 for the first Trust, additional Trusts are $1195. Those prices will go up post RV.

c. This is a one time charge and since it is not registered with the state, there are no annual fees to the state like there are with corps and LLCs.

d. We also offer a $300 referral fee for new clients.

17. Do you offer any other estate planning services?

a. We have the Triple Play, which includes a Pour Over Will, Power of Attorney and Health care directive. The Triple Play is $275 for a single and $350 for a couple.

b. While we don't sell insurance, you might consider talking with your agent about beefing up your policies, adding umbrella insurance, annuities, nursing home insurance, medicare supplemental and end of life policies.

Now that we have gotten through the business part of this presentation, I'd like to turn it over to my partner, Jim Knox. Jim, what's on your mind today?

Jim close.

That's about it for today. Thank you Judy and Jim for your assistance. Thanks to all of you for your attention and participation. We'll be back in couple of weeks. Enjoy your weekend and may it be a blessed one for all of us.

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