

# How Anyone Can Find Out What You Own

**A**LL OF YOUR SECRETS are for sale on the Internet. At least all of your important secrets—such as where you keep your money, how much you have, and what you own. That is the type of information that most people like to keep to themselves. It's called financial privacy, and it's supposed to be nobody else's business—strictly between you and Uncle Sam. But now, anyone can get a complete list of all of your bank and brokerage accounts, how much is in them, and where they are located. Property which you own anywhere in the country can be found with a simple computer keystroke.

Lawyers use these search techniques to find out if you have enough money to make it worthwhile to sue you. Lawyers hate to sue someone, win a judgment, and then discover there's not enough money to pay the award. They like to *first* make sure that you have resources before they spend their time chasing you around. This is

### AN EXAMPLE OF A LIMITED PARTNERSHIP

Able and Baker form a limited partnership with Able as the general partner and Baker as the limited partner. Baker contributes \$100,000. Able will run the day-to-day affairs of the business, and Baker will provide all of the initial capital. If Able enters into a contract that causes the partnership to incur a liability of \$500,000, Baker will lose his \$100,000 contribution, but he has no obligation to contribute any additional funds. Able, as the general partner, has personal liability for the entire amount. He has no right to demand that Baker make any further contributions.

money to a venture, but not having management powers, will not have any personal liability for the debts of the business.

In exchange for this protection against personal liability, a limited partner may not actively participate in management. However, it is permissible for a limited partner to have a vote on certain matters, just as a shareholder has a right to vote on some corporate matters. A typical limited partnership agreement may provide that a majority vote of the limited partners is necessary for the sale of assets or to remove a general partner. The partnership agreement determines whether the limited partners can vote on these matters.

If a limited partner assumes an active role in management, that partner may lose his limited liability protection and may be treated as a general partner. For instance, if a limited partner negotiates a contract with a third party on behalf of the partnership, the limited partner may have liability as a general partner. For this reason, a limited partner's activities must be carefully circumscribed.

### ***How to Use Plan—#2***

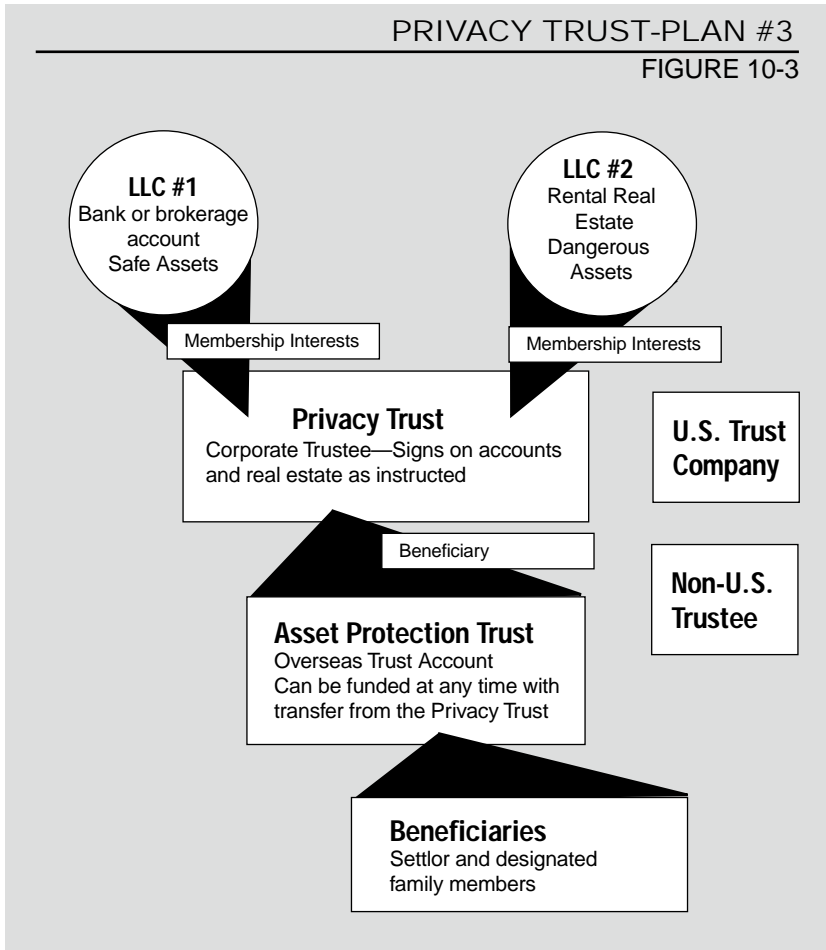
Here's an illustration of a typical plan. Our client, Henry, is married with three small children. He owns a dry cleaning business and a four-unit apartment building. These assets represent his lifetime savings. Henry and his wife want a plan to achieve three major goals:

1. **Privacy**—An important goal is anonymous ownership of the business and the real estate. During the previous ten years, Henry has been named in six frivolous lawsuits from customers, employees, and tenants. Although he won in court each time, the legal fees and the worry associated with the litigation have taken a financial and emotional toll.
2. **Protecting Family Savings**—The business and the real estate are both Dangerous Assets. A liability produced by either could wipe out all of the equity in the other. Henry wants a plan to ensure that if something goes wrong with the business or the property, he will not lose all of his savings.
3. **Estate Planning**—Avoiding probate, minimizing taxes, and providing for the care and support of his minor children are the remaining objectives of Henry's overall plan.

Each of Henry's concerns can be addressed within the convenient strategy of the Privacy Trust—Plan #2.

Let's see how this plan, depicted in figure 9-2, accomplishes Henry's goals.

We transferred the dry cleaning business into a Limited Liability Company (LLC #1) and gave the trust 100 percent of the interests in the LLC. Henry's name no longer appears as the owner. Licenses and permits are in the name of the company, and the



1. We follow our asset protection principles by legally separating Dangerous and Safe Assets. Bank and brokerage accounts are insulated from liability associated with the real estate. Property is maintained domestically—nothing is moved offshore—protected by the LLCs. An LLC provides the same asset protection advantages as the FLP—but with greater privacy benefits. Since the FLP requires the signature of a general partner for legal action, privacy for the general partner involves more planning.