

A Beginners Guide to the Safe, Legal Uses of Nevada Incorporations for Lawsuit Protection and Financial Privacy.

NEVADA ANONYMITY - Why Nevada Incorporations Are Different:

Nevada is different from other US states because its incorporation statutes allow for the anonymous ownership of businesses incorporated there, although such anonymity is neither necessary, or mandatory.

Under certain circumstances, and providing certain criteria are met, all actual corporate shareholders can remain completely anonymous to both private parties, and to government entities.

This short article [8 pages] is an introductory guide for beginners so that they will be able to easily meet the circumstances and criteria necessary to make Nevada Incorporations an effective personal freedom tool.

The anonymity feature of Nevada corporations is achieved through the use of four primary legal provisions enacted by the Nevada state legislature:

[1] A nominee officer provision in Nevada state law which states that a single, none-shareholder may be elected to run all regular corporate functions of President, Secretary and Treasurer, so all actual shareholders can remain nameless, if needed.

[2] State Provisions, which allow for either:

[a] no shares to be issued,

[b] shares to be issued but the list of shareholders to be kept outside the US, away from prying eyes.

[c] the issuance of nameless "Bearer" shares, allowing for rapid transfer of ownership, as whomever has physical possession of the corporate bearer shares is legally the owner [or an owner] of the corporation.

These four provisions [numbers 1, 2a, 2b, and 2c] make Nevada corporations unique and very flexible as tools for the protection of business and personal property [funnily enough, the very thing they were designed to do!], but also vulnerable to intentional, as well as unintentional, abuse.

AVOID PRISON!

So this short guide is also an introduction to the safe ways to use Nevada incorporations so that you do not end up in prison!

ACTIVE OR PASSIVE INCORPORATION?

A part of my own consulting business involves setting clients up with Nevada corporations. Some require an active corporation, others a passive form, and some, both.

ACTIVE CORPORATIONS

An active corporation earns profits and income, and is subject to U.S. income taxes [albeit at a lower rate than that for US individuals], as defined by the title 26 of the US Code, [i.e. the Internal Revenue Code].

In order to lower its own taxes, surplus corporate income is normally paid out to shareholders in the form of dividends, who must then report the receipt of such income on their own individual tax returns.

As such, the dividend payments by the corporation are recorded as being paid out to the Social Security numbers of all listed shareholders. The government therefore has confidential records [supposedly!] of actual corporate ownership of all income earning US corporations, public or private.

TAX REDUCTIONS

Active Nevada corporations can be a very effective tool for reducing the taxes of individuals [e.g. business owners with a home state corporation, independent contractors etc.], and active corporations in general can also be very handy for the overall reduction in business expenses, transportation costs, health care costs, child education costs, as well as long-term retirement savings costs, to name just a few areas - as any competent CPA or tax attorney is aware.

PASSIVE CORPORATIONS- NO INCOME EARNED

A passive corporation is very different. It earns no income, and may or may not have shareholders, or even a bank account.

Generally speaking, if there are shareholders, they are anonymous, legally shielded from public disclosure via a single, elected, "nominee officer" who manages all corporate functions confidentially per order of his anonymous boss[es].

USES OF ACTIVE, INCOME-EARNING NEVADA CORPORATIONS

As previously mentioned, an active Nevada corporation, with named shareholders, can be used to legally reduce all business and personal taxes, [even for the self-employed], using the various allowed deductions listed in the US Internal Revenue Code.

Generally speaking, active corporations have bank accounts, must pay income taxes due, and may be required to make dividend payments to their shareholders.

WHAT YOU CANNOT DO WITH AN ACTIVE, INCOME-EARNING NEVADA CORPORATION

1] Because Nevada has much lower state and local taxes than many states, [e.g. no personal or corporate income taxes], the temptation often is to close down a corporation or business in the home state and simply do business out of Nevada. **DO NOT DO THIS IF YOU HAVE AN OFFICE IN YOUR HOME STATE, AND ARE PAYING SALERIED EMPLOYEES IN THAT HOME STATE.**

2] Because all shareholders are on record, you cannot avoid income or other taxes**; and using bearer shares for such a corporation [see feature [2][c], above] would only mean that any new recipient of those shares would technically be liable for income and possibly transfer taxes - so **AVOID BEARER SHARES WITH ACTIVE, INCOME-EARNING NEVADA CORPORATIONS!**

** You can "only" significantly reduce them – see my report: "Nevada Incorporation Secrets" – free details on this report available by email: nev@onebornfree.com, or talk with a CPA.

3] You cannot safely shield personal and business property from lawsuits using an active Nevada [or any other US state], corporation with named shareholders – [basically because of the prevailing “legal climate”.]

THE TWO PRIMARY USES FOR PASSIVE, NONE-INCOME EARNING NEVADA CORPORATIONS.

As previously mentioned, a passive Nevada corporation earns no income, may or may not have shareholders and a bank account, and generally speaking, if there are shareholders, they are anonymous, legally shielded from public disclosure via someone called a "nominee officer".

[1] TO HIDE REAL PROPERTY

Passive corporations can be used to hold real property [houses, cars, boats, business equipment etc.] in order to prevent loss of such property via private lawsuit, divorce settlements, and even to prevent IRS liens on property.

[2] FOR ANONYMOUS INTERNATIONAL CASH TRANSFERS

They can also be used as an anonymizing conduit for the transfer of precious funds offshore to safer, lower tax business and investment locations.

PRIMARY USE: Lawsuit and Divorce Settlement Protection.

The primary use for an anonymously owned passive Nevada corporation with a nominee officer is as a way of avoiding lawsuits and the subsequent loss of business and /or personal property.

IDEALLY, [i.e. if not too expensive!] a passive Nevada corporation used for property protection should have no bank account [not even a none-interest earning one], simply because it is one less detail to have to worry about, however, in reality, many clients safely combine a passive inc. that holds real property with a none-interest earning bank account for the same inc.

Any business or personal property [real estate, machinery, business offices, boats, cars, planes etc.] is simply transferred, PRE- LAWSUIT, to a passive Nevada corporate ownership, using a simple legal form [either a "quit claim deed" or a "deed of trust", depending on the state where property ownership was originally recorded].

All transferred property is then legally owned by a Nevada corporation with either no shareholders, or [legally] anonymous shareholders [see first page of this article, provisions 2[a][b] and [c]] who cannot be exposed by collection attorneys, private investigators, state or federal judges, [providing the elected nominee officer has been diligent in his duties to the shareholder[s], which is where my services come in!]

TRANSFERRED BUSINESS EQUIPMENT

In the case of business equipment [cars, boats, machinery, planes etc.], any such property is simply loaned back to the original home state business at no charge [thus avoiding the unwanted earning of income by the anonymous, passive Nevada corporation].

Legally any such loaned property is still the property of an anonymously owned Nevada corporation, and cannot be awarded in a lawsuit/ divorce settlement involving the home-state business.

THE SECONDARY USE: ANONYMOUS U.S BANKING.

Because Nevada corporate statutes allow for a single, none-shareholder to run a corporation for shareholders [the nominee officer], when the corporate bank account is set up, the elected nominee officer simply substitutes his /her own Social Security number for that of the primary shareholder[s], ensuring that true corporate ownership is kept off of the banks and governments records.

As long as the bank account earns no interest, there is no need for dividend payments etc. to be made from the corporate bank account to individual shareholders, thereby preventing disclosure of their identities via exposed Social Security numbers.

HOW TO SAFELY USE YOUR ANONYMOUS NEVADA BANK ACCOUNT - AS AN ANONYMIZING MONEY CONDUIT.

IDEALLY.....

Ideally, such a passive corporation should be used solely for this purpose [as a money conduit], and any property that needs to be protected from frivolous lawsuits etc. should therefore ideally be held in separate [perhaps multiple] passive Nevada incs. without bank accounts, although as I stated previously, many clients have quite safely combined the two functions [hiding property and anonymous bank transfers], because they could not afford more than one Nevada inc. with nominee officer.

WHY YOU NEED TO KEEP IMPORTANT SAVINGS OUTSIDE OF THE U.S AND TERRITORIES - THE TRUTH ABOUT THE FEDERAL AGENCIES, JUDGES, AND U.S.BANKS

First of All, an Important Difference Between the Powers of the IRS and Those of the DEA, FBI etc.:

If the IRS is after your assets for taxes supposedly "owed", first of all it will have already made you aware of this fact, via notices it is required to send out. Almost invariably, you can "see it coming".

Second of all, after these notices have been sent out [and presumably ignored] , or perhaps after a tax-court case against yourself won by its representatives, it can only research its own and other public records to trace ownership of property you live in or drive, and bank accounts you appear to own that it would like to confiscate - it still has nowhere near the confiscatory powers of the DEA etc., who will just grab property [including anonymous corporate bank accounts], pre-trial, without any proof of ownership whatsoever, under R.I.C.O. or P.A.T.R.I.O.T. Act asset forfeiture "rules" [i.e. under any excuse they can dream up.]

This unbridled confiscatory power of the DEA and other agencies is why I say it is ultimately unsafe to keep money you cannot afford to lose in the US- NOT because of the IRS's actions, bad as these may seem .

Believe it or not, the IRS is "the thin end of the wedge", or the "tip of the iceberg", in the area of unjustified, illegal property seizures.

If the IRS finds that the property that you appear to live in/own, and the car you drive, is actually owned by a none-income earning Nevada inc whose shareholders remain untraceable, and who the legally appointed nominee officer does not even know the identity of, [assuming there are any shares issued- as its not necessary to issue shares in Nevada!], then even the IRS will not proceed with a tax lien on such property,

because you don't legally own it as far as the IRS can see - an inc. with completely untraceable ownership does.

EASIER TARGETS

It will instead choose to go after an easier target [remember, all government agencies ultimately have limited resources, and still must try to steal where the pickings are easiest and cost less in both personnel and resources to obtain].

NEVADA INC.S STOP I.R.S. LIENS

In other words, a properly set up and run passive Nevada inc., with or without a bank account [and with a nominee officer], will stop IRS liens on any property the Inc. holds for you, [for free , instant reply information on how this works, e-mail: lien1@onebornfree.com] , but can never stop unannounced , seemingly spur of the moment, illegal pre-trial seizures of property and/or bank accounts by other federal agencies like the DEA etc., [nothing can /will, except perhaps a presidential or senatorial decree, as a political favor in certain instances].

The sad truth is, if they want you badly enough, these agencies [DEA, FBI etc.] under their standard operating procedure, will simply confiscate anything they fancy, at any time, regardless of actual ownership, or lack of proof of ownership, and regardless of any proof of innocence of the victim, pre-trial,[when you are still supposedly innocent!], and then dare people to come forward and disprove ownership [because they get to keep and sell what is not claimed, so it pays them to do so – the beast must be fed, after all!]

ECONOMICALLY DEPENDENT ON ILLEGAL SEIZURES?

In a lot of ways, they are actually dependent on such seizures to survive financially, [confiscated property is auctioned off] as no government agency can ever be run profitably, in the normal sense of the word, or even break even.

[The only thing I would add is that even though all of the above is sadly true, anonymous ownership via a Nevada inc might possibly help get DEA [or similar] seized property back, if a good lawyer is found who can somehow prove that an "innocent" Nevada inc owns the seized property and not the accused individual, but I make no promises in this regard.]

YOU MUST MOVE IMPORTANT SAVINGS OFFSHORE!

All of this means that ultimately, business and personal bank accounts are not safe within the US, because even if you know, or have had innocent dealings with someone who is under investigation [although still supposedly innocent] and you are not a prime suspect, your bank account will most probably be seized ahead of trial as part of the "investigation", or "fishing expedition", depending on your point of view, and at this point it is pretty much over, "game set and match", to the DEA or whomever.

Even with an anonymous, passive Nevada corporate bank account it is not impossible for this to happen, although less likely. [Also, for another partial "onshore" solution to this problem, please see "The Submarine Strategy", outlined below]. Therefore, it makes sense to keep as little as possible in

any US bank or brokerage account, even a none-interest earning, anonymous Nevada bank account! Instead, the primary use of such an anonymous account should be for the discrete transfer of important funds and investments TO SAFER FINANCIAL HAVENS OUTSIDE THE U.S., where the U.S government cannot just seize them whenever it feels like it, maintaining no more than the bank required minimum in the Nevada bank at all times.

N.B. Obviously, this means that you need to have somewhere safe to send the money to! [for your instant, free introduction on this subject, send an email to: bah1@onebornfree.com]

N.B. it is not illegal for a U.S citizen to keep savings /investments in an offshore bank or brokerage account - all taxes, if owed, should be paid!

THE OBJECT OF THE EXERCISE

Please understand, the main objective of moving the bulk of your savings offshore is not to escape taxes, [although that is often possible, and legal], but to escape/avoid immediate confiscation by rampaging, lawless, U.S. federal judges and government agencies such as the DEA, FBI etc. !

NEVADA IS IDEAL FOR LARGE MONEY TRANSFERS

Because of gambling industry, Nevada is ideal for such anonymous offshore transfers because, besides the anonymous bank account factor, it has a very large, established gambling /gaming industry, which means that Nevada banks are, on a daily basis, transferring large amounts of cash in and out of the US, making it far easier for your own transactions to escape close scrutiny and to "fly under the radar".

THE "SUBMARINE STRATEGY": A PARTIAL, ONSHORE SOLUTION TO LAWLESS FEDERAL AGENCIES:

[excerpted from my ebook consultant training course /manual: "Nevada Incorporation Secrets", for instant reply details please send a blank email to: nev@onebornfree.com]:

" Because Nevada corporations with single nominee officers are relatively inexpensive to set up, [around \$3000 initially, plus \$1000 per year for maintenance], for some of us they are ideal for implementing a simple risk- deferral plan sometimes known as the "Submarine Strategy".

Using a "Submarine Strategy", small amounts of individual real property [houses, cars, boats etc.- and for maximum safety, one property per corporation], can be held within multiple - possibly even hundreds - of separate, passive Nevada "C" corporations. Likewise, many separate corporate bank accounts might contain only small amounts of cash [ideally, each under the F.D.I.C.'s \$100,000 insurance limit, so that each deposit is fully F.D.I.C. insured.

If one corporate "submarine" is somehow discovered, [i.e. it "surfaces"], and its contents lost to a lawsuit, the others still remain fully "submerged" and undetected.

"Larry the Liquidator"

*To paraphrase Danny de Vito's character "Larry the Liquidator" in the movie "Other Peoples Money":
"whoever has the most "submarines" left when he dies, wins."*

"Submarines" and "anti- Nevada" argument [1] - A Defense Against Unwarranted Government Bank Account Seizures

Although not 100% foolproof, [what is?]- for some of us still uncomfortable with holding most cash and investments outside of the US banking system [which is what I ideally recommend], the "submarine" strategy may offer an alternative solution to the previously mentioned and increasingly common problem of rampaging U.S. federal agencies like our old friends the F.B.I., D.E.A. etc., who are often inclined to pre-emptively seize the bank accounts of suspects pre-trial, under the increasingly popular legal doctrine of "guilty until proven innocent."

"Due process" and the "Bill of Rights"?- "yeah, right!" [Cynic that I am, I have recently taken to referring to this document as "The Bill of "Yeah, Rights" " in fact.]

At worst, as your cash is distributed throughout tens, or possibly hundreds of completely unrelated corporations that individually cannot be tied to you- if one or two do "go down" as the result of such a seizure, it would result in much smaller manageable losses, as opposed to a possible catastrophic loss of everything because it was mostly held in just one account.

This can mean the difference between maybe losing almost everything, and having adequate funds with which to finance a sufficiently strong defense against the government's accusations, and possibly keeping, or getting back all or most of what was originally seized.

As I have repeatedly stressed, with all liquid investments or cash, you will in any case be far better off offshore in a safe jurisdiction, but if you cannot bring yourself to take that step, the "submarine" diversification strategy may help your peace of mind a little - unless of course, you currently believe that you are immune to such catastrophic events, for whatever reason.

However, no differently than for anyone else without attempted Nevada corporate protection strategies, this still does not ultimately prevent a U.S. federal agency from nabbing a corporately owned and "protected" car, boat or house within the U.S. either, [usually under R.I.C.O. or P.A.T.R.I.O.T act provisions] however it is possible that if this real property is in the name of a Nevada corporation which cannot in any way be subsequently linked to your name, that a good attorney might be able to get that property out of the governments hands at some point, but I make no promises in this regard." [end of book excerpt].

AFTERWORD - BENDING THE RULES? - FOR ADVANCED USERS ONLY :

Once the basic "active" "passive" distinctions have been properly understood, and corporations are set up using those distinctions, it may then be time to legally bend / break my rules, if and when necessary. Although in general it is advisable for a beginner to follow the active/passive guidelines outlined above, you need to know that a Nevada corporation is an extremely flexible legal entity and that it is possible for the knowledgeable person to say, have an anonymous, "passive" corporation that does in fact initially earn income, but this income is then offset/deferred by expenses etc., making it, [I suppose] an anonymously owned ACTIVE corporation [!?!], BUT THIS TYPE OF THING CAN USUALLY ONLY BE ACCOMPLISHED BY UTILIZING A TAX PROFESSIONAL [CPA or tax attorney], WHO IS KNOWLEDGEABLE ABOUT SAFE, LEGAL WAYS TO DEFER ALL CORPORATE INCOME!

By the same token, it is also sometimes possible to anonymously own an income earning corporate bank or brokerage account, PROVIDED THE CORPORATION PAYS ALL TAXES DUE ON ITS INVESTMENT PROFITS AND INTEREST EARNED [IF ANY], AND PROVIDED NO DIVIDENDS ETC. HAVE TO BE PAID OUT TO SHAREHOLDERS!

To do this successfully and still enjoy access to the profits earned by the investments and/or bank account of such a corporation, without being subject to reporting requirements and the subsequent loss of privacy, is a subject that will not be addressed here - it is far more important that initially, you understand the broad division between active and passive Nevada incs. , and their different uses.

For more information on this [i.e. rule bending], you will either have to consult with a CPA or tax attorney familiar with U.S. corporate accounting principles, buy my e-book: "Nevada Incorporation Secrets" [- for instant details email: nev@onebornfree.com], or buy "The Ultimate Asset Protection and Financial Safety System" [for instant details email: uap@onebornfree.com], depending on which appears more cost effective in your own estimation.

Questions, comments? Email : finsafserv@onebornfree.com

Website: www.onebornfree.com

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