

Estate Planning and Asset Protection

Legal Opinion, Case Law, Tax Code

Understanding the Legal Aspects, Asset Protection, and Tax Code as Related to Trusts is Vital to Estate Planning

Important Notices

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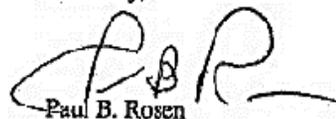
August 15, 2014

To Whom It May Concern:

I am an attorney practicing law for 35 years. I have reviewed the spendthrift trust copyrighted by Master's Trust. Master's copyrighted trust meets all legal requirements as an irrevocable, complex, discretionary, spendthrift trust. If utilized properly, the trust provides substantial protection from most creditors and claims, with minimal statutory exceptions, varying from state to state. Additionally, the copyrighted trust is in full compliance with the Internal Revenue Service, statutes, rules, and regulations; more specifically, but not limited to, Title 26, Subtitle A, Chapter 1, Subchapter 1, Part 1, Sections 59, 67, 543, 553, 927, as well as Subpart A, Section 641, Section 643 subparts (a), (b), (c), (d), and Section 651 and Sections 672-678. The terms and conditions of this copyrighted trust are written to allow deferment of taxation for endowments designated to the corpus of the trust; property held in the trust is not subject to capital gains. Also, in accordance with the stated Internal Revenue Code, extraordinary dividends and stock dividends allocated and paid to the corpus of the trust are not considered income to the trust.

Each of the copyrighted trusts major features, including provisions on irrevocability, spendthrift provisions, non-grantor classifications and discretionary provision, has its origin in Scott's landmark treatise on The Law of Trusts and is now supported by the Restatement Third of Trusts. This trust is a valuable and unique estate planning device. To realize your estate planning goals, the use of this trust should be considered. I believe this trust will serve the best interest of you, your estate, and your beneficiaries when implemented properly and utilized in the right circumstances. In short, I endorse this copyrighted trust as a valuable estate planning device.

Sincerely,



Paul B. Rosen

SPENDTHRIFT TRUST ORGANIZATION

The best time for estate planning and asset protection is **NOW**, *before* you need it. A **Spendthrift Trust Organization** provides the surest and safest road to freedom permitted by law, providing you the ultimate in tax immunity, ironclad asset protection, privacy and estate planning. By transferring assets into a properly structured **Spendthrift Trust Organization**, you can maintain complete control of, and have all of the benefits of ownership without the inherent liabilities. Assets "held in trust" are unaffected by bankruptcy, divorce, lawsuits, liens, levies or death.

A "Trust" is defined by **Black's Law Dictionary** "as right of property, real or personal, held by one party for the benefit of another." The trustee(s) hold the legal and equitable title to the property for the benefit of the beneficiaries. Although the trustees hold the property title, they do not own the property. The trustee(s) is/are designated the management authority for the **Spendthrift Trust Organization**.

The beneficiaries also do not own the property but they have right to all of the benefits, proceeds and profits of it. This is called the "beneficial interest" in the **Spendthrift Trust Organization**. The "beneficial interest" is contractually non-assignable and for that reason a creditor may not legally attach it. The beneficiaries do not have any management control of the property. A **Spendthrift Trust Organization** is "created" and given life, though a "Contract in the form of a manifestation of intention in the Terms and Conditions of the trust of a **Spendthrift Trust Organization** " which is often referred to as the "instrument".

Spendthrift Trust Organization

A contract in the form of a **Spendthrift Trust Organization**, does not owe its existence to any act of the legislature. The authority for its creation is the common law right of the parties to enter into a contract. According to American law, the government **cannot** regulate or impose a tax upon a right. Our "*right to contract*" according to the Constitution of the United States, Article. §10 is *unimpaired*. That means that it is not within the power of the government or even a judge to change one word of a Contract of Trust. Once the property is transferred into a Spendthrift Trust Organization, it is subject to its own indenture, which governs and, protects the property held by it. The government can **ONLY** regulate and tax entities it creates. Also assets conveyed to trusts are not gifts and may not be considered as such because there is no equitable title conveyed to any person or entity; all assets are held in the corpus of the trust for the benefit of the beneficiaries, who even though hold a beneficial interest, hold no title to said asset. Property held by a properly structured contract in the form of a **Spendthrift Trust Organization** is immune from tax liens, levies, and seizures, lawsuits, divorce claims and bankruptcy. The **Spendthrift Trust Organization** is not liable for the debts of the trustees or the beneficiaries and the assets held by the trust cannot be seized to satisfy their debts. Further, the trustees and beneficiaries are not liable for the debts of the Trust Organization. **Hussey v. Arnold 182 U.S. 461, 21 S. Ct. 645**

Rulings and Case Law

In **Weeks v. Sibley** DC 269, 155, **Edwards V. Commissioner**. 41512, 532 10th Cir. (1969) and **Philips v. Blanchard** 37 Mass 510, the courts ruled that a Spendthrift Trust Organization is not illegal even if formed for the express purpose of reducing or deferring taxes **Edison California Stores, Inc. v McColgan**. 30 Cal 26472.183 P2d 16. ruled that persons may adopt any lawful means for the lessening of the burden of income taxes; **The Department of the Treasury, IRS Handbook for Special Agents § 412, Tax Avoidance Distinguished from Evasion** states; *“Avoidance of Taxes is not a criminal offence. Any attempt to reduce, avoid, minimize, or alleviate taxes by legitimate means is permissible”*.

Pursuant to **Narragansett Mut. F. Ins. Co. v. Burnhamun** 51 r1371, 154 a 909, *It is not an evasion of legal responsibility to take what advantage may accrue from the choice of any particular form of organization permitted by law.*

A **Spendthrift Trust** is not considered a taxable "Association" pursuant to tax law. **Black's Law Dictionary** defines Association as follows: "What is designated as a trust or a partnership may be classified as an association [only] if it clearly possesses [all] corporate attributes. Corporate attributes include: [1] centralized management, [2] continuity of existence, [3] free transferability of interest, [4] limited liability.

Legislative Controls Limited

A **Spendthrift Trust Organization** is not an "association" or an "unincorporated association," because it does not possess the same attributes of a corporation, such as continuity of existence and free transferability of [beneficial] interest. Further, unlike a corporation, a **Spendthrift Trust Organization** is not an "artificial entity" nor does it owe its existence to the charter power of the State.

A **Spendthrift Trust Organization** is also not an alter ego or a nominee for any trustee or beneficiary because no one individual holds both legal and equitable title and beneficial interest. With no equitable title and beneficial interest held by no one individual there is no gift therefore no gift tax consideration to any asset conveyed to the Trust.

Another major advantage to operating a **Spendthrift Trust Organization** as a business is that, because it is not a creature of the legislature, it is not subject to the myriad of strangling legislative controls, rules and regulations that are applicable to corporations and other legislative entities. The Supreme Court case **Eliot v. Freeman 220 US 178** ruled that a **Spendthrift Trust Organization** is not subject to legislative control. The Supreme Court holds that the trust relationship comes under the realm of equity based on common law and is not subject to legislative restrictions as are corporations and other organizations created by legislative authority.

Ironclad asset and lease protections

Property held by a properly structured contract in the form of a **Spendthrift Trust Organization** is immune from tax liens, levies, and seizures, lawsuits, divorce claims and bankruptcy. The **Spendthrift Trust Organization** is not liable for the debts of the trustees or the beneficiaries and the assets held by the trust cannot be seized to satisfy their debts. Further, the trustees and beneficiaries are not liable for the debts of the Trust Organization. “Trust property cannot be held under attachment nor sold upon execution for the trustees personal debts” **Hussey v. Arnold 182 U.S. 461,21 S. Ct.645**

The fact that the trustees hold the property does not mean that the trustees own the personal property. Trust property cannot be held under an attachment nor sold upon the execution of trustee's personal debts. Trustees and beneficiaries cannot be held liable for debts incurred by the trust. If in fact, a trust has been created, the certificate holders are not liable on the obligation incurred by the trustees or managing agents appointed by the trustees. **Hussey V. Arnold 70 NE 87: Mayo V. Morin, 24 NE 1083.**

Pursuant to 695.30(a) of the CPC for the State of California and similar Civil Procedure Codes of other states; "property of the judgment debtor that is not assignable or transferable is not subject to the enforcement of a money judgment”.

Trust Income | IRS Tax Code

Internal Revenue TITLE 26, Subtitle A, CHAPTER 1, Subchapter J, PART I, Subpart A, Sec 643 (a)(3),(4),(7) and (b) states: “**(3)** Capital gains and losses. Gains from the sale or exchange of capital assets shall be excluded to the extent that such gains are allocated to corpus and are not (A) paid, credited, or required to be distributed to any beneficiary during the taxable year, or (B) paid, permanently set aside, or to be used for the purposes specified in section 642(c). Losses from the sale or exchange of capital assets shall be excluded, except to the extent such losses are taken into account in determining the amount of gains from the sale or exchange of capital assets which are paid, credited, or required to be distributed to any beneficiary during the taxable year. The exclusion under section 1202 shall not be taken into account. **(4)** Extraordinary dividends and taxable stock dividends For purposes only of subpart B (relating to trusts which distribute current income only), there shall be excluded those items of gross income constituting extraordinary dividends or taxable stock dividends which the fiduciary, acting in good faith, does not pay or credit to any beneficiary by reason of his determination that such dividends are allocable to corpus under the terms of the governing instrument and applicable local law. **(7)** Abusive transactions The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes. If the estate or trust is allowed a deduction under section 642(c), the amount of the modifications specified in paragraphs (5) and (6) shall be reduced to the extent that the amount of income which is paid, permanently set aside, or to be used for the purposes specified in section 642(c) is deemed to consist of items specified in those paragraphs. For this purpose, such amount shall (in the absence of specific provisions in the governing instrument) be deemed to consist of the same proportion of each class of items of income of the estate or trust as the total of each class bears to the total of all classes. **(b)** Income for purposes of this subpart and subparts B, C, and D, the term "income", when not preceded by the words "taxable", "distributable net", "undistributed net", or "gross", means the amount of income of the estate or trust for the taxable year determined under the terms of the governing instrument and applicable local law. Items of gross income constituting extraordinary dividends or taxable stock dividends which the fiduciary, acting in good faith, determines to be allocable to corpus under the terms of the governing instrument and applicable local law shall not be considered income.”