The Asset and Privacy Protection Manifesto:

Protecting yourself from a government that polices for profit

Introduction to a Brave New World

It's a common theme in television shows and movies with a criminal justice theme: Police officers or undercover agents drive expensive automobiles or pose as rich landowners to get closer to the criminal of the week. Where do the pricey accommodations and spiffy clothes come from when most police departments are scraping their budgets just to pay salaries? In the television world—and often in the real world—the funds, cars, and homes come from property seized from criminals.

At first glance, most residents of the United States don't see a problem with these scenarios. If the gains were ill gotten, what's the harm in using them to catch more criminals?

Sure...seems like a fine idea...until you realize that civil asset forfeiture laws in many states let police seize property and keep it, even if someone is later proven innocent of charges. And the ability of the government to take your property doesn't stop with police and alleged crimes; tax agencies, eminent domain, and a wide range of other government entities and policies could threaten your bank accounts and other assets on a regular basis.

You may think you aren't at risk because you're a model citizen. But what if you're a model citizen with a prime piece of property? Federal, state, and local governments are known to seize property, citing a need for the "common good." In fact, a couple in Lakewood, Ohio faced this issue in 2003: the city demanded they sell their home so a development firm could build an expensive condominium complex. Why would the city get involved in a real estate transaction between residents and a private business? Because a bunch of expensive condominiums would likely generate more taxes than a couple of single-resident homes. It happens all over the country on a regular basis – we'll talk about some more examples of eminent domain, asset forfeiture, and seizure in a bit.

What is Policing for Profit?

The risk we're talking about is known as policing for profit. Whether police are seizing property as part of an investigation or local governments are seizing assets for the common good, in each case, the government is taking funds from private citizens and businesses in order to pay for public programs or fund agency budgets. What might have begun with good intentions—the punishment or determent of criminals through asset seizure, for example—has become a lucrative business for many governments.

Yes, Your Assets Are In Danger Today, Even in the United States

Originally, civil asset forfeiture began as a way for law enforcement agencies to deal with organized crime. Today, a small business owner accused of a crime he didn't commit could lose everything to police before he manages to clear his name. Individuals who have followed tax requirements to the letter have lost savings accounts because of data glitches at federal or state tax agencies, and government-backed corporations have knocked on many doors over the past decades, seizing property through forced or pressured sales when government and big business agreed upon a need.

THE GOVERNMENT IS ALREADY TAKING PROPERTY AND ASSETS

It sounds preposterous, perhaps. The government *for* and *by* the people wouldn't behave in a manner we associate with dictatorships or utopian novels, would it? The scary truth is that our government not only *would*, but it has been for years.

In 1990, a New Jersey couple was arrested in the days before Christmas. As part of the case, police seized almost all of the couple's possessions, ranging from their home and cars to Christmas presents for their son. The seizure accounted for $150,000 in assets. What horrendous criminal accusation warranted such fierce action? The couple was charged with taking about $500 worth of UPS packages from a neighbor's porch. The seizures occurred before the couple faced trial, but even if convicted, does a $500 crime warrant losing your entire life?

In 2014, a Durham, NC man was pulled over for allegedly speeding. The man was driving a rental car at the time and had $19,000 in cash in the car—cash that he received from a personal injury settlement and had taken out of the bank that day to buy a new vehicle. When police pulled the man over, he was on the way to a car dealership to use the cash to buy a car. According to reports, police didn't issue the man a ticket and never charged the man with any crime. But they did take his cash. The man, with help from his attorney, filed a complaint and was eventually able to get his money back. It's not the normal resolution in asset seizure cases, said the man's attorney. Many people can't afford to fight the expensive legal battle to get their belongings back, and often, once all legal issues are resolved, the seized assets have already been liquidated and spent.

It might sound like a few isolated cases, but police departments across the country seize millions in assets each year. In Dallas County, Texas alone, 2014 civil forfeiture cases added up to almost $2 million, and that's an average year for the area. From 2009 to 2014, the county reportedly seized $1.8 to $2.3 million each year. The 2014 value was spread over 357 cases, and law enforcement reports that many cases involved cash seized during drug busts.

Providing local law enforcement with seizure power, however, often results in problems for the common citizen. One woman in the Dallas area was stopped by police, who said there was a marijuana smell about her car. They seized over $10,000 from the woman, who was later able to recover her money because there was no evidence of any criminal activity. Not everyone in the area is as lucky; most of the time, any recovery is made through the DAs office, where an attorney often makes a deal to return some assets while keeping part of the seized money or property for the state. Even then, half of the assets are usually not that much when individuals have to pay legal fees. One man was arrested and charged with marijuana possession; police seized $11,000 from him. After a six-month legal battle, the man got his money back, as the funds were from the sale of a car, not drugs. But he had to pay a large legal bill, which means the unfair police action cost him.

In one case, law enforcement didn't just threaten to seize cash: they actually threatened to take away a couple's children. A couple from Houston was traveling to the man's hometown, which was on the Texas/Louisiana state line. They intended to buy a car using cash while in the town, so they were carrying all the cash from their savings account with them. On the way, a police officer pulled them over and searched their car. Upon seeing the cash, he reportedly alleged that the couple was smuggling marijuana and took them—and the cash—into custody. This despite the fact that no marijuana, or evidence of the drug, was present in the car. At the courthouse, the couple was allegedly told by a DA that they were facing serious drug trafficking charges and that they would go to jail and lose their children. *Or,* said the DA, they could leave the money and walk away without charges and with their children. Frightened, the couple complied: what else do you do if a DA is holding your children for ransom?

If civil forfeiture isn't scary enough, there are other ways the government can seize your assets. Eminent domain is one of them: governments can force property owners to sell if the land is "required" for public use. While eminent domain originally covered uses such as roadways and necessary infrastructure, governments today often use the policy to force home and business owners from what governments consider "less desirable" or profitable areas. The land is then used for development of some type—often with the government taking from one private business or individual and selling to another, more politically connected, business or individual.

It might sound like something from a 1980s movie, where a music montage and the gumption of a group of kids ultimately triumphs. But eminent domain is still prominent today, and it takes more than a friendly competition and some slapstick hijinks to fight it. An attorney in North Carolina says that eminent domain is a growing practice in the state, especially with growing infrastructure needs. In one city, 100 property owners are impacted by a bypass to be built through the area, and the attorney says eminent domain is also playing a role in the building of schools and government building.

If there's a need and the property owners are being compensated, how is this a problem, many ask. There's a big difference between deciding to sell your property and getting market value for it and being forced to sell and accept whatever the government offers. And that doesn't even account for the emotional and other value that may be tied to property.

Since we're talking asset seizures, we can't skip a brief mention of the taxman. Local, state, and federal tax agencies all have some authority to garnish, levy, and seize, with the Internal Revenue Service wielding the biggest stick. And we're not even talking about times when individuals do owe taxes and the IRS uses seizure to enforce the tax code. In many cases, individuals lose access to their own assets *even though they don't owe taxes* and have done nothing wrong.

One example of IRS seizure where individuals likely did nothing wrong has to do with an obscure IRS rule regarding cash deposits—one many small business owners are unaware of. When depositing over $10,000 in cash, businesses and banks must complete reporting forms for tax purposes. It's illegal to purposely structure cash deposits to avoid the reporting and tax ramifications. But, what about businesses that have a legitimate reason for making smaller cash deposits and otherwise report all income and pay taxes appropriately? According to a slew of seizures by the IRS, those businesses are guilty until proven innocent—and even then, they might not get all their cash back.

One small business owner made deposits less than $10,000 because his insurance company only covered cash amounts carried outside of the premises up to $10,000. When numerous cash deposits caught the eye of the IRS, the agency seized the businessman's credit union accounts, which totaled a bit over $940,000. They also accused the man of structuring, which is a felony. That's a serious situation for any business owner, but the kicker was that the man owned a gun shop. Since felons can't own guns, his future business depended on him beating the case. He settled for $50,000 – even though he was innocent.

In another case, the IRS seized $67,000 in accounts belonging to a farmer after he made numerous cash deposits under $10,000. The money was earned through farmer's market sales, and a teller at the bank reportedly advised the farm family against making deposits of $10,000 or more. Once the IRS seized his accounts, the farmer was in a dire position. How could he take care of his farm and the 1,000 animals on it? He settled by letting the IRS keep $29,500 of his money, which put him in a continued dire situation for some time.

These are just some of the stories of government action that resulted in loss of property for private citizens or businesses. One of the scariest things about these actions is that most individuals are completely unaware that the government has these powers. In all the IRS cases above, for example, the small business owners were not only following good faith efforts to remain tax compliant, but they had never heard of structuring and the fact that numerous cash deposits under $10,000 could land you in trouble with the IRS.

Why Are Governments Increasingly Seizing Private Assets?

The truth is, governments are broke and desperate. It's true for many local and state governments in the United States, and it's true for national governments across the globe. Having borrowed against all other possible creditors, governments are looking to "borrow" through seizure from their citizens. Except, in most cases, the borrowing doesn't involve a mutual agreement or benefits such as interest payments.

Sometimes, the action is obvious. In 2013, the government of Cyprus skimmed 47.5 percent of any amount over $100,000 in uninsured deposits at the Bank of Cyprus for a bailout. It sounds preposterous, but other countries have taken similar measures. In 2011, the Hungarian government requested that citizens turn over private retirement funds to help pay state debt.. The "request" included a choice: make the funds available or give up access to basic state pension benefits. Of course, even though citizens would no longer have access to the benefits, they'd still be required to pay into the system.

Other European countries have seized retirement accounts to solve immediate budget needs, and Russia seized private pensions in 2013. Many experts caution that the United States could follow a similar road in the near future, and they site some of the ways our government is already seizing assets to pay for debt. In fact, the increased taxes and other fallout from the bank bailout a few years ago is just one example.

You Can Protect Yourself and Your Property

All of the above illustrations have at least two things in common. First, they are all true stories drawn from news media over the last decade or so. Second, they all depict individuals or small businesses pitted against the Goliath of government. Can you really fight the IRS? Based on some of our illustrations, it's tough, but not impossible. Can you get your property back from an unfairly acting police force? Experience shows us that you're more likely to get part of it back, and that's at great expense and time spent on your part.

While the fact that people have fought and won is encouraging, protecting your assets now to keep them from government hands is a more profitable action for *you.* Why let the government keep any of your assets simply because you can't deal with a felony charge or spend years chasing legal documents, as was the case in some of the illustrations above?

Although it's extremely difficult to keep all of your assets 100 percent protected, we've provided a range of tools, tips, and suggestions for living life while keeping your assets out of easily seized formats such as U.S. Bank accounts or real estate.

Keep Assets Out of Domestic Reach

How do you keep the toddler's hands from the cookie jar? You put it on top of the refrigerator. You may be able to keep government hands out your assets by moving cash to foreign soil. Some options include placing cash in foreign bank accounts or investing in foreign real estate or annuities.

Foreign Bank Accounts

In truth, there are multiple reasons to tuck some funds away in foreign accounts. Large banks in the United States seem always on the verge of a new collapse, and the Federal Reserve is no longer the safety net it used to be. In fact, according to reports, if the Fed were any normal bank, it would be forced to declare bankruptcy; it also never carries enough cash on hand to cover FDIC deposits in across the nation. Couple that with a negative national net worth in the trillions, and you can see why keeping all your money in a US-backed bank may seem like a bad idea, even if you weren't worried about the possibility of seizure.

If you are going to place some of your money in a foreign bank account, you do need to choose carefully. Switzerland is the popular choice, probably due to the number of movies featuring Swiss bank accounts, but other nations also offer relatively secure banking choices. Some countries to consider might include The Cayman Islands, Canada, Singapore, Panama, Andorra, Belize and Denmark. Each country offers different benefits and risks; Andorra, for example, denominates all accounts in a basket of currencies for optimal flexibility.

When considering an overseas bank account, some things to look for include:

- **A country that has a relatively low debt.** Why move your money from one pot that could be pilfered and drop it into another?
- **A country that has no history of seizing banks when times are lean.** Once the hand goes into the cookie jar, it's awfully tempting to pilfer it again next time you're hungry.
- **A strong financial sector.** Strong banks can better protect your money, are less likely to fold, and will probably give you a better return.
- **A country with low taxes.** Low taxes are a sign that a government doesn't need to delve too deeply into citizen pockets to fund itself.

It's important to note that putting your money in a foreign bank account doesn't protect you from taxes you legitimately owe under current tax laws. In fact, attempting to hide money in a foreign account to avoid taxes is a good way to get the funds seized; the federal government requires both you and your financial institution to provide the IRS with reports regarding foreign deposits under the Foreign Account Tax Compliance Act of 2010. International banks—even the legendary Swiss banks—can no longer operate with the confidentiality they did in the past, and international banking is quickly becoming as transparent as domestic banking. The FACTA requirements have made it somewhat harder to open a foreign bank account, as some foreign banks don't want to deal with the hassle, but you can find banks that will still accept your deposits.

When opening an foreign bank account, you may be required to present:

- An initial minimum deposit, the amount of which will vary by bank
- Passport
- Certified birth certificate copy
- Another form of identification
- A statement for why you want to open the account

You can open an account in person when visiting some countries, use an international financial advisor or money manager who regularly visits the United States, deal with a bank that has ties to your domestic financial institution, or look for online international banking options. Each option comes with its own risks: a money manager could run off with your funds, for example, and an international bank too closely tied to a domestic bank might be within easy reach for the government. In deciding where to open your international account, conduct thorough research into the history and experience of any person or organization you plan to work with to avoid scams.

Foreign Real Estate

Investing in real estate may sound like a lot of work, especially when the property you're buying is halfway across the world. Purchasing a property outright is only one way to put your assets on foreign soil, however. Other ways to invest in foreign real estate include investing in a development or an international real estate investment trust, or REIT. Since many REITs are publicly traded US investment accounts, you do want to be careful about which one you choose. Look for REITs trading on foreign markets that are open to you but do not offer easy access to the US government. One way to simplify the process is to work with a foreign money manager, just as you would work with a domestic financial advisor for US-based investments.

In 2010, International Living's real estate marketing director encouraged individuals looking for foreign investment opportunities to invest in Latin American real estate developments. The director, Ronan McMahon, pointed out that millions of baby boomers were considering purchasing Latin real estate in anticipation of an international retirement. Not only would the real estate be harder for US governments to seize—and certainly wouldn't fall under eminent domain jurisdictions—but McMahon also makes a case that the investment would grow, as well as protect, your funds.

You *could* buy a condo or home and let it sit, protecting your assets until you need cash, at which point you sell. You could also rent the property, generating a healthy income for the foreign bank account you might open. The problem with the first option is that your property is likely to depreciate if you leave it sitting unmaintained. The issue with the second option is that handling rental properties can be a time consuming and expensive task. You could solve the second problem by hiring a property manager in the city, but why go through that expense for a single property?

That's why McMahon proposes investing in developments. You, along with numerous other investors, buy into a subdivision or condo complex. You get the benefit of an investment outside of your government's hands without the burden of your own individual property.

Although some foreign real estate investments are easier to deal with than others, any process involving real estate is likely to be complicated, which means this is not an asset protection tactic for everyone.

Foreign Annuities

A foreign investment opportunity that is probably easier for most people to establish than either foreign bank accounts or foreign real estate is international annuities. The right annuity even protects your investment from taxation in the United States, though you will be responsible for paying taxes on any annuity payments that you take.

For a foreign annuity to be capable of protecting your assets, the company offering the annuity must:

- Be registered in a foreign jurisdiction that offers secure and confidential investments
- Be in compliance with all the laws of that jurisdiction
- Be associated with a foreign corporation with no US share-holders

All of these requirements ensure your investment is protected and held confidential from the US governments. In some jurisdictions, you may find that companies only disclose information to outside governments in certain criminal investigations. Although that policy could open your investment to risks of seizure or freezing, it still provides more protection than a US-based investment. An annuity company can further protect your assets by transferring funds you provide to an irrevocable insurance trust—we'll talk about the asset-protection benefits of trusts more in a later section.

Unless you are well versed in investments, working with an international investment advisor is the best way to approach foreign annuities of any type.

Gold, Silver, and Other Precious Metals

Precious metals have long been a popular investment, and banking and market woes have only made gold, silver, and other metal more popular in the past decade. While investing in precious metals may provide some asset protection, owning physical gold and other metals may be a safer bet.

As an Investment

Domestic investments, including those in gold funds and EFTs, may be subject to levy or government seizure, though this isn't as common in some of the types of civil forfeiture cases we've discussed. One of the biggest risks to assets held in portfolio investments is from tax agencies, which can and will levy income from those accounts if they believe taxes are owed and no other payment arrangements have been made.

One way to invest in gold, or other metals, and ensure some minor protection from government seizure is to place gold in an IRA. Many states governments don't allow levies against retirement accounts. The IRS, though it doesn't rule out such levies, reports that it will avoid levying the amount in an IRA, though it will levy income drawn on such accounts. If the IRS considers a case extreme, though, it reserves the right to levy all of an IRA account, so the protection is moderate at best.

You can invest in gold funds within your IRA or store gold through a certification program. Depositories are available in the US, but you might find greater protection through an offshore depository. The Perth Mint Certificate Program in Western Australia provides a secure, nondomestic option for investing IRAs into precious metals. While the program is owned by a government, it isn't owed by your government, which puts a buffer up during possible seizure or levy actions. The Australian government also boasts a great credit rating and stable economy, making it a good place to make a foreign investment.

As a Tangible Good

Owning actual precious metal, particularly gold bullion, might be a better way to protect your assets. From 1933 to 1974, gold bullion was illegal for any US citizen to own without a license to do so. That policy began when the dollar was tied to gold and is no longer an issue. Today, you can own gold in any form and amount with no reporting requirements or restrictions. Gold bullion is considered currency in many parts of the world, so you could even spend gold in lieu of dollars if necessary.

It's true that during a civil seizure of your property, police are likely to confiscate gold as they would cash, making it a good idea to keep gold in a safety deposit box or other location separate from your other assets. Luckily, the government doesn't have to know how much gold you own. When buying gold, purchase from confidential companies that promise never to disclose information regarding your gold purchases. Many companies will tell you that transactions of $10,000 or more must be reported, but that is only true if you pay in cash or cash instruments, such as money orders. A single check for more than $10,000 or a wire transfer does not have to be reported. If purchases are not reported, it's less likely any government agency will be able to track down and confiscate your precious metal.

You can also work with local gold dealers for transactions that are even harder to trace. An online or mail-order transaction generates an obvious paper trail. Though local gold dealers are required to keep receipts and other paperwork for business purposes, you don't have to keep the same paperwork on your end or keep it in an obvious place. That way, if you fall afoul of civil forfeiture or other government seizures, your gold may be kept confidential and safe—it's unlikely the government will visit all the local dealers to see if you've made a purchase. Make small purchases in cash—remember, only purchases over $10,000 have to be reported. You might also consider buying gold or gold items, including jewelry, from local pawnbrokers as a way to diversify your real gold holdings. Gold in such forms cannot be used as currency, however.

Estate Planning

At its core, estate planning is the process of structuring how your assets will be treated in the future—that includes your current assets and any assets you are likely to accrue throughout the years. When individuals talk about estate planning, they often talk about things such as wills and who will get great-grandma's antique wedding rings. Estate planning is also an important asset protection step. Some ways estate planning protects your assets include:

- Wills and other legal documents can keep your estate out of probate in many locations; even when probate is required, a proper estate plan keeps states and other governments from seizing large portions of your assets
- Estate vehicles, such as trusts, can protect your assets from excessive taxation
- Wills and trusts ensure your assets are disbursed according to your wishes
- Estate documents can protect your assets for your own use during your lifetime

Trusts

A trust is a legal and financial vehicle that places assets in the control of a third party, known as the trustee, on behalf of a beneficiary or beneficiaries. Often, parents create trusts for their minor children; the trustee controls the funds for the benefit of the minor children should anything happen to the parents. When the children come of age, they generally gain control of the trust themselves.

That's a very basic illustration of how a trust works—there are dozens of trust types and you can create very complex, stable financial structures through trusts. You also don't have to designate someone else as the beneficiary of the trust; you can set up a trust with yourself as the beneficiary to help protect your assets from creditors, forfeiture, and taxation.

Some types of trusts meant to protect your beneficiaries from taxation or creditors include:

- Marital trusts
- Bypass trusts
- Generation-skipping trusts
- Irrevocable life insurance trusts
- Testamentary trusts

While protecting your assets from the government so that your heirs can benefit after you are gone is important—and certainly something to speak to a financial advisor and estate attorney about—we're going to cover a different type of trust in more depth.

Asset Protection Trusts

Unlike the trusts mentioned above, asset protection trusts are not created with the sole goal of passing as much of your wealth on to your beneficiaries as possible. Asset protection trusts are used during your life to house cash value in a way that protects it from creditors. To provide protection, these trusts must meet a number of requirements, such as including a spendthrift clause and being irrevocable. You also have to be careful how the trust is structured if you want to be able to access your money during your life, which is why you should always consult with an experienced estate attorney for trust creation. If asset protection is the main goal of your trust, look for an attorney with experience in both domestic and international trusts and a license for states that allow asset protection trusts.

Domestic Trusts

Domestic Asset Protection Trusts, or DAPTs, are one way to protect your assets while maintaining control of your funds. In a DAPT, you are both the settlor and a discretionary beneficiary, which means you can access the funds but most creditors cannot. DAPTs are not available in all states, but you can set up a trust in a state you aren't a resident in—which is why you need an attorney with jurisdiction in those states.

Alaska was the first state to initiate DAPTs in 1997. Since then, 15 other states have followed suit. Historically, Nevada is the most secure state if you are looking to protect your assets against seizure from creditors, as Nevada doesn't have creditor exceptions. Other states with DAPT laws make exceptions for things such as alimony, child support, and some nonfederal public agencies.

Even Nevada, however, can't completely protect you from federal creditors. Many people mistakenly think that state laws that govern DAPT protect them from federal levies and seizures from the IRS, but a number of cases over the years ended with courts at multiple levels siding with a federal government that wanted to seize assets from a domestic trust.

One suggestion to mitigate federal power over domestic trusts is to build a trust with shifting executory interests. This involves certain interests in the trust being shifted to a new person at a certain time; a change in ownership at the right time can prevent the IRS from levying trust assets. The problem with shifting assets is that the IRS can seize the funds *if* it appears you shifted them to avoid seizure. That means the shifting protocols must be carefully rendered so that shifting occurs at just the right time and cannot be subsequently related to a desire on your part to evade IRS action.

Outside of action by the IRS, states that provide strong asset protection other than Nevada include South Dakota, Ohio, Tennessee, and Alaska. Other than some exceptions related to divorces, none of the four states provides for creditor exceptions. Other states that allow DAPT include exceptions for things such as preexisting torts or state agencies.

The 15 states that allow asset protection trusts as of 2015 are: Nevada, Ohio, South Dakota, Tennessee, Alaska, Wyoming, Delaware, Missouri, New Hampshire, Hawaii, Rhode Island, Utah, Virginia, Mississippi, and Oklahoma.

International Trusts

In many cases, international trusts are hobbled by the same reporting requirements as international bank accounts. That means you can't actually use such vehicles to legally hide money from the US government. However, the IRS woes in our previous illustrations didn't come from someone looking to hide from real tax burdens; they came when the IRS swooped in to seize property without a true tax issue. In these cases, a foreign trust can place your assets far enough out of convenient reach that you have more time to deal with an IRS misunderstanding or misuse of power before your assets are frozen or taken. You might also have time to diversify the assets in a way that allows for greater protection.

A foreign trust certainly protects against seizure from law enforcement. Local police are unlikely to charge you with a small crime and then search for evidence of a possible offshore trust, for example. Diversifying your assets in protected offshore structures also protects you against seizure by the government in times of great domestic economic distress. Just be mindful that the world economy is quite integrated, and a major failure in once place can cascade into failures in other nations. When choosing a home for your international trust, select nations that have long-term financial stability, low taxes, a good credit rating, and a low interdependence on the US financially.

Insurance Policies

Life insurance policies are a good way to protect assets long-term, particularly if you are trying to protect those assets for future beneficiaries. You can use life insurance policies both within and separate from an estate plan. Whole life insurance, which builds cash value over time, provides some protection but is not impenetrable when it comes to the power of the IRS.

Any life insurance policy is less likely than cash or over valuables to be seized in a civil forfeiture by local law enforcement. In most cases, outside of some white-collar fraud charges, local law enforcement is unlikely to dig deeply into this type of personal finance. You can also protect your life insurance investment by providing documents regarding the policy to the beneficiary, a trusted relative, or an estate attorney. They can hold the documents so that a search of your home or business does not turn up information about the asset.

If you have a life insurance policy that does not build cash value, or has no cash value currently attached to it, then no agency is going to be interested in it anyway. The only time that policy will have value is if you passed away, and then the asset associated with the policy legally belongs to your estate or to your beneficiary; in such cases, you can use trusts and other legal vehicles to protect those assets. This means you can create protected assets for your children or other dependents that are unlikely to fall into government hands regardless of what situation you might face in life.

A whole life plan presents a slight challenge, since the IRS can levy against any cash values the policy has built. The IRS can force you to sell the asset and turn over the cash or can take any cash that you pull out of the policy. Some protection for cash values in a whole life plan may be afforded by making the policy part of a trust, though that could also limit your own access to the cash. As with trusts and estate plans, protecting assets via insurance policies requires working closely with estate planning attorneys or financial advisors.

Protection Through Business Structures

Many of the individuals hit with government seizures in our illustrations were small business owners. Structuring a business with asset protection in mind helps small business owners lower their risks of total loss in the event of civil forfeiture or tax seizures.

The first level of protection comes with incorporation, which reduces a business owner's personal risk if the business itself experiences forfeiture or seizure. Business owners can choose between C corporations, S corporations, and limited liability corporations. In all types of corporations, the officers and shareholders don't carry personal liability for corporate debts, including taxes. This limitation doesn't apply in situations where a personal service is rendered—for example, a doctor may incorporate his business office as an LLC, but he might still be held personally responsible when it comes to a medical malpractice suit.

While incorporating provides some level of protection for the individuals involved, the business itself is still at risk. BizFilings suggests carrying business structures a step further for optimal protection. The suggestion is to create two businesses instead of one: one business is the operating entity and one is the holding entity. The operating entity has possession of assets as needed for operation, but does not actually own any of the assets. The holding entity actually owns most of the assets required for operation. Since the two are separate companies, agreements, contracts, loans, and liens come into play between the entities in order for the operating entity to possess and use assets. As the operating entity conducts all actions, it generally bears the brunt of any loss, allowing the holding entity to maintain assets. Obviously, this is an extremely complex relationship and won't 100 percent protect the business from government seizures, but it does provide a buffer.

Business structures are complex legal structures, and each choice has a vast number of ramifications in the legal, tax, and asset protection areas. While you *can* make use of do-it-yourself business structure forms in many states and localities, if you're looking into business structures as an asset protection mechanism, consulting with both an attorney and an accountant is a good idea.

Cash On Hand

Keeping cash out of bank accounts makes it harder for government agencies to find, track, or seize—unless, of course, you are riding around with it in your car, as in some of the illustrations used at the beginning of this report. Cash is confidential, but keeping stacks of it in your home or elsewhere can be risky. Cash can be destroyed in a fire or flood, stolen, or misplaced, for example, so it's not advisable that you rely solely on stashed cash for asset protection.

Using cash as one of several asset protection methods isn't a bad idea if you follow some precautions:

- Never store all your cash in a single location
- Keep the location of your cash to yourself
- Employ fire-safe lockboxes to protect cash from elements no matter where you store it
- Store cash in a variety of bills, as it will be easier to spend them if necessary
- Don't dip into your cash stores for petty reasons, or you might find you have none left when it comes to an emergency

Some people store cash in safety deposit boxes, but that does put the cash right back in the vulnerable heart of the bank. The IRS can levy safety deposit boxes, and numerous states allow safety deposit boxes to be emptied if a defendant loses a case and owes a plaintiff. The boxes are also controlled by banks, which have obligation to the federal and state governments. It is true, however, that in a major financial crisis, the government is more likely to hit bank accounts. Safety deposit box contents would be tedious to seize en masse,, giving you some time to obtain your cash once you saw bank accounts being seized.

Currency Alternatives

If stashing cash in random places sounds too worrisome, you can convert your cash to alternative currencies that are much harder to seize or levy. Two of the easiest options—and currencies you can convert cash to today—are bitcoin and gift cards.

Bitcoin

Created by an anonymous developer in 2009, bitcoin is a virtual currency that isn't linked to any bank and doesn't require your name. Bitcoins can be used internationally without conversion requirements, and an increasing number of online businesses are taking them as payment. Investors are also buying bitcoins, hoping values will increase over time. As of March 2015, one bitcoin equaled around $296 US dollars.

You can acquire bitcoins through an exchange, such as BitStamp, CoinDesk, or BTC-E. Many exchanges are located in other countries and all support secure, somewhat anonymous purchases. You can also accept bitcoin as payment for goods or services, or as gifts from others, through a mobile or computer app such as Coinbase, which operates as sort of a PayPal for bitcoin. Obviously buying and selling bitcoins in this manner isn't 100 percent anonymous, since you have to fund the original purchase of bitcoin in some way and you have to exchange a minimum of an IP address when making transfers.

Some bitcoin wallet services allow you to use different addresses for every transaction to help protect anonymity. Bit Launder goes even further, offering a service that strips your bitcoin of original transaction data and then mixes them with bitcoin from other transactions to prevent tracing. Other services that offer some anonymity for bitcoin holders are Dark Wallet and Bitcoin Fog.

Using bitcoin to purchase items is also not anonymous if you are purchasing tangible goods. You'll need to provide an address for the goods to be shipped to; while there are ways to create somewhat anonymous shipping arrangements, in any real investigation by government or law enforcement, those arrangements are likely to come out.

Perhaps the biggest benefit of bitcoin is protection against civil forfeiture. During a grab of personal property by local law enforcement, bitcoin is unlikely to be on the minds of police. Many local law enforcement agencies don't have the resources, skills, or time to track down bitcoin, so the currency may be a good backup for individuals who have cash assets temporarily held up by authorities.

The same isn't true for the IRS, however. The agency announced in 2014 that bitcoin ownership would be taxed like stock ownership, which means an excessive capital gains taxes. Depending on how long bitcoin owners hold on to the currency, the tax rate could be between 23.8 and 43.4 percent. As of early 2015, there isn't a lot of information about how the IRS might seize bitcoin, but it's not impossible that the agency would do so. The $10,000 cash movement limits that caused so much trouble for some of the people in our prior illustrations is of special concern for those who move a lot of bitcoin, since they often convert the currency back and forth to cash for a variety of reasons and could set off IRS structuring alarms.

When considering bitcoin, avoid IRS problems by:

- Starting small
- Avoiding constant conversions
- Not using bitcoin as a way to hide income

Gift Cards

We don't often think of gift cards in this way, but they are a form of currency. When you purchase a gift card, you effectively convert cash into a new form of payment—a form of payment that isn't tracked. Larger prepaid cards usually require turning over your social security number, but you can purchase universal gift cards, such as a prepaid Visa, at grocery stores without any identification. Make your purchase in cash, and there's nothing to link you to the card.

There are no limits on how many cards you can buy, though most cards that require no identification top out at $250 cash value. Often easier to store than cash, gift cards may also be overlooked during a civil forfeiture action. Because ownership is not documented, you can also give the gift card to a trusted friend for safekeeping if you suspect that civil forfeiture action is looming; in most cases, it is unlikely the law enforcement or other agency can track down the assets.

Gift cards, like cash, also provide additional privacy for your purchases. You do need to read the fine print carefully with any gift card, as they come with expiration dates and some require activation with a fee.

If you want to do more than stash a few thousand dollars on universal gift cards for an emergency, you might consider a foreign debit card. The Sovereign Gold Card lets you load as much as $240,000 per year, and you can keep $10,000 on the card with some amount of anonymity. The card you receive does not have a name on it, and ATM use of the card across the world is anonymous. Sovereign does note that its cards are not 100 percent anonymous, since the bank must verifying identification before providing an account. It's also worth noting that the cards are backed by an issuing bank in either Cyprus or Belize, which may concern some individuals, given Cyprus's sketchy bank history. If the Cyprus association makes you wary, there are other foreign prepaid card options.

Following Politician Investment Leads

If you're more worried about grabby political interests than IRS or civil forfeiture issues, then researching your investments with an eye toward political action is a good idea. It stands to reason that politicians are less likely to attack institutions where they, themselves, have money invested. If the US government experiences a Cyprus- or Hungarian-like event, political leaders may shy away from levying funds on their own accounts. It's not a 100 percent protection, but investing where politicians invest does make it less likely you'll be hit with sudden government action on your accounts.

So, how do you know where politicians are investing? Luckily, they have to tell us. Politicians and other public servants are required to disclose information about their earnings, assets, and investments to the public. For some officials, including federal lawmakers and judges, disclosure requirements even extend to assets and investments owned by spouse and children, so politicians can't "hide" investment activity.

In 2013, some of the most popular investments among federal lawmakers included General Electric, Proctor & Gamble, Microsoft, Wells Fargo, and Apple. It's also worth noting that politicians have a personal, noninvestment stake in some industries due to campaign promises and support. Top industries with ties to federal lawmakers in 2013 included real estate, securities, finance and credit, oil and gas, and computers and Internet.

By understanding where political bread is buttered, you may be able to make investments that are slightly safer from sweeping government actions in the future. Since political climates change, however, you do need to keep up with information regarding which politicians are in power and what their interests are. You can also alter your investments to match those interests.

Pawnable Valuables

We've already shown that cash seems to be a beacon for law enforcement officials and, based on recent financial histories in our own country and other nations, bank accounts aren't always the safe haven we once considered them to be. One way to diversify your asset protection is to invest your cash in pawnable valuables that are less likely to draw government attention.

Pawnshops provide cash for items in two ways: You can pawn the item, which means the shop will loan you money against the item for a certain amount of time—usually no more than 30 to 90 days. The shop keeps the item on hand, but does not offer it for sale. You have the option of returning the borrowed money, plus a fee or interest payment, within the timeline and retaining your property. If the timeline lapses, the pawnshop recovers its money by selling your item.

Most pawnshops also purchase items outright, which is a simple cash transaction in which you receive money and the pawnshop receives ownership of the item. For small transactions, selling outright often comes with little paperwork, which helps you keep your cash anonymous. Larger transactions, particularly for very valuable items such as jewelry, usually require at least some paperwork as the pawnshop has to protect itself from purchasing stolen goods. It's always a good idea to keep records of ownership of any valuables, as the records can make a pawn transaction more efficient.

One reason to keep some of your assets in pawnable goods is so you have an outlet for fast cash should you need it suddenly. If the government seizes your bank account or local law enforcement seizes the cash you were taking to buy a car, you may be stuck in a position where something as simple as buying groceries is a challenge. Pawning a few valuables while you deal with the issue or recover from the loss can make a difference.

Obviously, you have to be careful about where and how you keep your pawnable goods. In a sheriff's levy, something valuable like a boat or ATV—which could bring good money at the local pawnshop—is likely to be seized. The IRS might also force you to sell known valuables, such as registered artwork, to cover taxes they think you owe. Smaller pawnable goods, which you can store separate from your regular household, offer the best protection. You can store jewelry, watches, coins, and other small valuables with trusted friends or in a secure storage unit. Since the government has a fair amount of control over the banks, and the IRS and law enforcement can force you to open a safe deposit box under certain circumstances, you may want to consider keeping the valuables out of such locations.

Strategic Money Transfers

No matter how or where you keep your money, be strategic about how you transfer and carry it. Our illustrations point out that large, random cash transactions can draw the attention of federal and state agencies. Carrying a large amount of cash may draw the attention of police. If you do want to pay cash for an item, instead of driving with all the money in your car or carrying it on your person, consider purchasing a cashier's check or money orders; not only do such options offer some protection if the item is lost or stolen, they may look less suspicious to police.

If you want to transfer money into foreign accounts, don't do it suddenly and all at once. Bank and financial institution employees are trained to see such activity as suspicious, whether or not you are doing anything wrong. They are also trained to report it, often to the IRS. Instead of one large transaction to an offshore bank, make small transactions over time to a trusted domestic broker. Those transactions, as long as they are in line with your reported income, will not look suspicious to anyone. Your broker can then make transfers to offshore or other accounts, moving the money around as you see fit in order to protect your assets.

Strategic Real Estate Investments

In some of our initial illustrations, we discussed how governments at all levels can use eminent domain to take private property. While eminent domain laws add to the risk of investing in real estate, real estate investments can be a lucrative way to protect assets if you pay attention to where and how you buy property.

Often, domestic governments—including cities, towns, and states--will begin procedures to condemn a property in order to take it under eminent domain. This usually happens when a case can be made that the property is unsafe or not useful to the public good. For example, inner city apartment complexes that have been abandoned or are simply very run down could be claimed under eminent domain.

The owner of the property must surrender the property for whatever the government deems fair compensation, and the government might then tear down the structure to make space for public buildings or use. The government might also sell the property—for a profit—to another private business that has promised to make something more "useful" of the space. To avoid becoming the losing property owner in this type of case, don't invest in property that has a risk of being condemned. If you want to invest in a property at a low buy-in so you can make improvements and later sell, then research any possible government interest in the location first. If talk or filings regarding condemning the property exist, eminent domain is a risk.

When purchasing property, be aware of other commercial interests in the land or buildings. Large corporations have been able to work with governments in the past to use eminent domain to force the sale of land to make room for specific development, particularly if that development promises to create jobs or is related to infrastructure. Bridges, roads, railways, and pipelines are some types of infrastructure that have been associated with eminent domain in the past. If another entity with these designs is interested in the property, you could be at risk for losing it in the future if you purchase.

It's also interesting to note that some states have laws protecting certain types of property from eminent domain. In many states, property that is currently being used as a cemetery, factory, or orchard are protected. Before buying property, research state laws regarding such protections or work with a real estate professional who is well versed in the most recent exemptions.

Historic and Conservation Laws

In some cases, you can't avoid purchasing a property that may later become a risk for eminent domain. Research into the current environment surrounding a property only tells you what is going on today—five years from now, things may be very different. If you purchase property with a high eminent domain risk, or you find yourself in a battle over property you already own, you may be able to protect your investment with help from conservation or historic protection laws.

If you can make a case that your property has specific historical significance, you might be able to get it listed as a protected historical site. In most cases, that means that the property cannot be significantly altered except to maintain or restore historical value. Not only does this protect your property from certain seizures, but it is also likely to disengage any other commercial interest in the property. A land developer is not likely to purchase property he can no longer develop, and historical significance usually means infrastructure must be built around the property. One side effect of getting your property listed as a historical site is that you also might be limited with regard to what you can do with the property from an investment standpoint. This tactic, then, is likely more appropriate for home or business owners that want to hang on to the property for current functional or sentimental reasons.

The best place to start discussions about the historical value of your property is often with a local historical society. They will be able to provide you with some information regarding any historical significance, and such societies often work with property owners by providing advice or legal assistance throughout the process of seeking a historical designation.

If your property doesn't have historical value, there might be an environmental reason to keep it from eminent domain or seizure. If an endangered animal or plant makes a home on your property, and you can prove that there are no other locations for it to live, you have a strong case for a conservation listing. Even if there are other places the plant or animal might thrive, if relocating the population represents a serious threat to its viability, a conservation listing may be possible. As with historic listings, working with local agencies, such as conservation groups or zoos, is the best way to begin exploring this option.

Homestead Exemptions

Homestead exemptions are an essential asset protection tool in many states, with Florida and Texas known as the states with the strongest exemptions. Most states limit the amount of value that can be covered by the exemption, but Florida, Texas, Iowa, and Kansas all provide for unlimited exemption values. While homestead exemptions don't provide protection against eminent domain or federal seizure, they do provide some protection against state and local property taxes. Some exemptions also protect the home from creditors in the event a homeowner experiences a financial hardship, such as the loss of a spouse, loss of job, or bankruptcy.

Since a home is often one of the most critical assets owned by an individual, understanding how to keep creditors from taking it is a valuable asset protection skill. Your real estate agent or mortgage broker should be able to explain your state's laws on exemptions, and you can also often find specific details on the website for your state's treasury department.

Take Time to Plan, Research, and Act Now

Whether you want to protect your home from creditors and local property taxes or you are planning for a day when the US government reaches the desperation of Cyprus, now is the time to act.

Don't be lulled into a false sense of security by media reports that the economy is recovering. Don't rely on the fact that some politicians are promising to reduce law enforcement's civil forfeiture reach.

Even with changes in civil forfeiture laws, the government has the power to take your assets in a variety of ways. You don't have to do something wrong to run afoul of federal or other government seizures. You just have to be unlucky or do something that draws attention to your assets. You just have to *have* assets when the government is in growing need.

Some of the tactics covered in this report are complex, and not all of them are available to every person at every time. You might not be in a position to invest in foreign real estate, but you are likely in a position to purchase a $250 gift card. Even if you purchase one a month, you're building a small safety net that could mean the difference between survival and destitution if your assets are seized.

You may not be in a position to invest in foreign annuities or make strategic choices about real estate, but you are in the position to set up a trust. Many people associate trusts with the wealthy, but if you have *any* assets to protect, then you can do so via a trust.

Remember: You don't have to be wealthy to be at risk for asset seizure. The majority of the people in our illustrations were not wealthy. Wealthy people have resources to fight legal battles—governments would rather take from individuals who have no choice but to give in to threats.

The good news is that you don't have to be wealthy to protect yourself, either.

Take a look at the asset protection strategies suggested above and pick something you can do now. Don't wait: Do it today. Then pick another strategy and put it into action next month. Make a goal to get one of the larger strategies under your belt this year.

Within a few years, you'll be in a much more stable position, no matter what the government does.