

Offshore Asset Protection - Now More Than Ever

by Brian Mahany

In recent years, offshore asset protection has developed a bad name. Some think of President Obama railing against companies setting up subsidiaries in the Cayman Islands allegedly to avoid taxes. Others think of the year long battle fought by the IRS against Swiss bank UBS to force the disclosure of American account holders. Hiding money overseas to evade taxes is getting increasingly difficult. It's also a felony. Setting up foreign accounts and business structures to diversify risk and protect against runaway jury awards is both legal and smart.

The American banking and legal systems are broken. Juries often award multi-million dollar verdicts. In 2009, a Los Angeles County Superior Court delivered one of the largest verdicts ever, a \$4.1 billion dollar award to a person wrongfully fired. A small business owner received a \$2 million dollar judgment against him for threatening a subordinate. No violence, no physical confrontation, just a threat made in the heat of the moment. That businessman lost his life's work, his business, from a few words said over a few seconds.

Litigation risks are real for everyone. the poor person is just as likely to have a serious car accident as the billionaire across town. These risks are much higher, however, for those who have something to lose (the wealthy) and those in high risk occupations such as surgeons.

Insurance is the first step in asset protection but only goes so far. Try calling your State Farm agent and asking for a \$4 billion dollar policy!

How do we keep from losing everything in the event of a catastrophic lawsuit or claim? Asset protection.

Asset protection can be both domestic and offshore or have elements of both. The more there is to protect or the greater the risks, the more it pays to have an offshore component.

It's not just the risk of litigation, however, that has more and more Americans seeking offshore asset protection. Many people now believe our financial system is on the brink of collapse. If our currency fails, all the US dollars in the world might not buy very much. Do I think the US banking system will completely collapse? No, but it could take some major stumbles before things begin to improve.

Even Federal Reserve Chairman Ben Bernanke is worried. Earlier in October Bernanke told an audience in Rhode Island that our financial situation is dire and "unsustainable." Of course, we are not alone in the world. Several European countries are also teetering on the verge of collapse.

Creating offshore asset protection structures and funding offshore accounts in non-US dollars can hedge against law suit claims and diversify risk in case our banking system does collapse.

Unfortunately, most people who seek asset protection do so when its too late. The time to engage in asset protection is now. If our banks do collapse or if you are sued, it may be too late to legally transfer assets.

Asset protection is not a job for amateurs or the do-it-yourself crowd. Laws change frequently, especially when foreign jurisdictions are involved. What worked yesterday might not work tomorrow. Whatever steps you take, make sure to get professional help. For every professional financial planner or asset protection lawyer, there is at least one Internet promoter hawing questionable products. Some of what they sell is simply ineffective, but some products may land you in jail.

Always hire a professional, one who takes the time to understand your situation and listen to your needs.

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Attorney Brian Mahany and MahanyLaw concentrate their practice in helping people keep their hard earned money. We are one of the few law firms that understands offshore asset protection and knows how to listen to your needs.

For a confidential consultation, contact Brian by calling (414) 704-6731, through the MahanyLaw website (<http://www.mahanylaw.com>) or by email at brian@mahanylaw.com.

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