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## **The Privacy Passport®**

When prospective US clients (whether they are citizens or residents of the USA) ask me about how to “go offshore”, I begin by asking a very basic question to see if the idea is appropriate for them:

***Do you have any income that can be moved “offshore”?***

Just setting up a foreign company will not help if all the business is generated from US business activities. If you are a plumber in Los Angeles, setting up a foreign company will not help you much since I would presume all your income is derived from providing services in and around Los Angeles from resources located in and around Los Angeles. However, if you are a software developer in Los Angeles, and you outsource a great deal of your work to foreign software designers, then going offshore might be a very good idea for you. For such a person, I would suggest setting up a PRIVACY PASSPORT®.

The PRIVACY PASSPORT® is a simple system that allows the user to take advantage of “offshore” tax and asset protection benefits, while getting access to all the benefits of US banking. All without violating various laws concerning foreign trusts, companies, bank accounts, etc.

The PRIVACY PASSPORT® is made up of three parts, an International Privacy Trust, usually established in Belize (Trust), a Belize International Business Company (IBC), and a US Limited Liability Company (US LLC). The Trust owns the Belize IBC, and the IBC owns the US LLC. All contracts and business is done through the IBC which maintains a foreign office, but the banking is done through the US LLC. In this way, the non-US Source Income earned by the IBC is tax free, while the requirements of FATCA and FBAR are avoided because the bank accounts are all located in the USA. (FATCA and FBAR are some very confusing and unpopular regulations that require US citizens and residents to declare their interests in some foreign companies, bank accounts, and other financial institutions.)

How can this work? It works because the US LLC is treated as a “disregarded entity” by the IRS. In this case, the US LLC is the wholly owned subsidiary of the IBC. Everything done by the US LLC will be treated as an extension of the IBC. Simply having a bank account in the US, in the absence of additional US contacts or US Source Income, does not make a foreign company owe US taxes. This remains the case if the US LLC maintains a US bank account on behalf of the IBC. If the US LLC does nothing more than receive income generated by foreign business activities in the name of the IBC, neither the Trust, IBC, or US LLC will owe any taxes, nor will they even have to file any tax returns. This will be the case even if the majority of the sales are to US clients.

The PRIVACY PASSPORT<sup>®</sup> is an ideal way to protect your assets, lower your taxes, and obtain greater financial privacy by taking advantage of both “offshore” and “onshore” legal options.

# ORDER FORM PRIVACY PASSPORT®

CLIENT: \_\_\_\_\_ DATE: \_\_\_\_\_, 20\_\_

ADDRESS: \_\_\_\_\_

BUS. PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

EMAIL: \_\_\_\_\_ OTHER: \_\_\_\_\_

I agree to retain Alexander John Hay, Attorney to provide the following services:

SERVICE	COST OF SET UP	MAINTENANCE COSTS
<p><b><i>International Privacy Trust</i></b> Used to own the Belize IBC in order to provide greater privacy, asset protection, and tax benefits. Includes assistance in structuring of the trust in order to provide maximum benefits, certified trust documents, the first year Annual Trustee fees, and the first year Annual Protector fees.</p>	\$1,500.00	Annual Trustee Fees: \$1000.00 Annual Protector Fees: \$500.00
<p><b><i>Belize IBC</i></b> Used as the primary "corporate entity" for business purposes. Includes all the documentation for the Belize IBC, the first year Annual Registered Agent and Office fees, and the first year Nominee Manager services.</p>	\$2,500.00	Annual Registered Agent: \$1,000.00 Annual Director: \$500.00 Annual Belize Government Fee: \$100.00 (Paid to Belize)
<p><b><i>US LLC with US Bank Account</i></b> The US LLC will be owned by the Belize IBC as a wholly owned subsidiary for banking purposes only. Includes all necessary formation documents, EIN (federal tax number), the first year Annual Registered Agent and Office fees, and the first year Annual Nominee Manager fees. Includes a US small business bank account with online banking, checks, and debit card, etc.</p>	\$5,000.00	Annual Registered Agent: \$500.00 Annual Manager: \$500.00 Annual Delaware Fee: \$300.00 (Paid to the State of Delaware)
<p><b><i>Initial Deposit to US Bank Account (Minimum Deposit \$1,000)</i></b> You can choose to increase this amount and make a larger initial deposit.</p>	\$ _____	
<b>TOTAL</b>	\$ _____	

Preferred Name for the ***International Privacy Trust*** (e.g., ABC Trust):

\_\_\_\_\_

Preferred Name for the ***Belize IBC*** (e.g., ABC Ltd. or Corp., Inc., etc.):

\_\_\_\_\_

Preferred Name for the ***US LLC*** (e.g., ABC LLC):

\_\_\_\_\_

I acknowledge and agree to the above fee arrangement:  \_\_\_\_\_  
CLIENT SIGNATURE

<b><i>Additional Optional Services</i></b>		
<b><i>US Attorney Opinion Letter</i></b> An attorney opinion letter is a document addressed to either the client or an institution where the client is sending the letter verifying that to the best of the attorney's knowledge, the client is in compliance with the relevant law. This letter is often referred to as the "get out of jail free" card, at least in regards to US regulatory agencies. CONTACT US FOR MORE INFORMATION.	<b>\$2,500.00 +</b>	None

### **PAYMENT INSTRUCTIONS**

- Print document and complete data in clear block letters. Then sign.
- Fax to Alexander John Hay, Attorney at: 419-710-4339 (USA Number), or scan and email to ahay@alexander-hay.com.
- Upon receipt of fax we will send you an invoice with payment instructions and more information on formation procedures.
- Upon receipt of final payment we will confirm and complete the package with any additional details required as requested.

#### **MISCELLANEOUS**

1. Work foreseen in this agreement will include only the preparation of the paperwork, telephone calls, and shipping and delivery of documents.
2. This case is being accepted subject to review by supervising consultant. Upon review it may be declined. If declined, any fees accepted will be refunded.
3. The retainer is non-refundable and represents the minimum fee for accepting this case. Failure to keep account up to date may result in withdrawal of representation by consultant.
4. Client shall keep consultant informed of any changes of address and/or phone numbers.

5. Client must respond within a reasonable time to requests for information, documents, etc.

NOTE: This system may not provide immediately asset protection if there are prior creditors and liabilities. It would be best if the system was in place before such liabilities are incurred rather than after. Otherwise, there may be a time period before the transfers are safe from creditors, depending upon state laws and regulations. If you intend to sell certain real property, these systems may be inappropriate.