

# **BULLET PROOF BANKING, CRYPTO-CURRENCY AND POST WINDFALL PLANNING**

**SECURING YOUR MONEY AND PRIVACY AGAINST HACKERS AND SURVEILLANCE**

*John Jay Singleton*

Published by Singleton Press  
[singletonpress@protonmail.com](mailto:singletonpress@protonmail.com)  
Skype ID johnjaysingleton  
[www.aceofcoins.com](http://www.aceofcoins.com)

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# HOW TO PREVENT A BANK LEVY

If you can prevent any creditor from levying against your bank account, you should. I don't care if you think you owe, you should always retain control of when or if you ever decide to pay any creditor, not have it taken from you like some child being punished. The following explains how to do it.

There are of course many variations to this and no doubt you will figure them out for yourself once you see how easily this works. But here are the basics. You want to receive money in the name of a third party, that you control. The ideal structure for this, that will not change your tax situation, is the limited liability company, in any of the fifty states.

How is this accomplished when your employer has to pay you in your legal name? How is this accomplished when the payment can only be made in your legal name? The simplest way is to find a nominee (someone who can act in your behalf using his own name with no power of attorney) who can be the signer for you on a company bank account. You can be the signer, but it's much more certain if you have a nominee do it for you. The nominee should be someone who is of legal age but young enough not to be involved in any collection problems of his or her own. It can also be someone who is old enough that he won't care what you use his name for, and trusts you, and also does not have any collection situations pending.

Once the account is opened, the nominee will give you total control over all of the account management functions, even though he or she can walk into the bank with photo identification and close the account, you will not be keeping much cash at all as the account is only for clearing funds. And I'm assuming this is someone with whom you have mutual trust.

The first step is to have the nominee register an LLC with the secretary of state in the state where the bank account will be opened, preferably where the nominee resides (is a resident). Use a company name that sounds like a company, not the individual's name for whom it will be used. At the time the LLC is registered, the nominee should name himself as the organizer, sole owner/member and the registered agent, using his home address (or a mail box) as the address for the registered agent function.

The nominee should then apply for an EIN from the IRS's official website at this URL:

<https://sa.www4.irs.gov/modiein/individual/legal-structure.jsp> The nominee can use his SSN and name as the applicant and it will not create any liability or tax consequence. In fact, you can use the EIN and name of any other company as the applicant.

Once you have it, the system will generate a PDF formatted letter that you can print on paper for banking purposes and save in a folder on your computer for later reference. I recommend making the filename the actual EIN for quick reference.

Use that letter along with the other documents such as the "mock" articles of association, two forms of identification for the signer and the minimum opening deposit amount when you go to the bank to open the account. You can have two signers, it's your choice. Only one is needed and the LLC will be registered first as a single member LLC, but its operating agreement will create a multiple member LLC. Sometimes it's best to ask the

bank what it wants in order to open an LLC account, sometimes it wants a certificate of good standing for the corporation or a record that it's been published in a local business journal for two consecutive periods. Most banks just take your word for it and search for the corporate registration online while you're sitting there to confirm it's actually registered and the names of the principals.

The reason for organizing the LLC as a single member in the beginning is that the bank personnel will not ask for the names and identifying information of the other interested parties, it's really for privacy. The purpose of the "mock" operating agreement, or articles of association is to satisfy the bank's request for it without disclosing the names of the real principals.

There are certainly variations on this process and in many cases it will need to be modified to meet the needs for each individual using it. There is also a method of receiving your money through a Bitcoin service and storing it in dollars using a vault service instead of a bank. Those are additional details for which I don't yet have a standard procedure, but we can discuss anytime.

Along with, or soon after the company is registered (but before the bank account is opened), the nominee should include a fictitious name registration. In some states, this is known as a "dba or doing business as" designation or "assumed name". The applicant is the LLC, using its name, and the fictitious name should be the exact legal name of the individual for whom the nominee is acting. For example, if "Bill M. Smith" needs to clear checks via a bank account and avoid a levy, the company might be called XYZ Company, LLC and it is doing business as "BILL M. SMITH". This is different than the human being known as Bill M. Smith, but will enable checks and even direct deposits to be made to BILL M. SMITH, in the company account and no one will care one bit.

Once you have your LLC registration and fictitious name registration, have the nominee go to the bank and open an LLC bank account, with the nominee as the signer, so that the bank account title shows "XYX COMPANY, LLC DBA BILL M. SMITH" for example. Because the nominee is not the interest party, it's not his money, he will need to give you all of the documents and access to the account and a signature stamp with hand-written authorization in red or blue ink, stating the following:

*"I [signer], hereby authorize the use of my signature, on this date, \_\_\_\_\_, for the limited purpose of operating and managing the corporate banking account for which I am a signer, and for no other purpose, and only for purposes that are not prohibited by law. This authorization shall expire within one year following the date of this statement unless otherwise extended by me in writing."*

Any checks made payable to Bill M. Smith can then be cleared (deposited) into this company account and then the funds can be transferred however Bill Smith prefers. The same works for direct deposits, just notify the payroll function of the company remitting paychecks that the payee has a new bank account and give the individual's same name "Bill M. Smith", for example, and then the bank name, account information and routing number, and new authorization or whatever else is required, and it will be business as usual. The same can be done with a merchant account.

Do not file a tax return for this LLC because it's being used as a "tax flow-through" structure, just clear the funds and move them without leaving lots of cash in the LLC bank account.

The only levy that this does not stop is garnishments at the source, before the check is disbursed to the payee. That takes a different strategy which is too lengthy for me to explain here, but it is possible to prevent nearly every wage garnishment with a strategy that takes about ninety days to organize.



Once this is established, it's possible to further utilize this LLC and bank account to eliminate wage garnishments or at least dramatically reduce them. In most cases, wage garnishments from W-4/W-2 type income can be eliminated completely. If you have 1099 income, it is certain that we can eliminate any attachments to that as well.

### **Special Purpose Trust**

We have an additional structure that used for simply clearing funds in the bank so that the funds are not received in your legal name. It's a special purpose trust that allows you to clear funds (cash checks for example) in your name, but because of the structure of the account and the signature rights, the funds will be cleared in the name of the trust and any claims against your personal bank account will not attach to this special purpose trust account.

This process I just explained will prevent bank levies from literally anyone in the world, unless the levy is against the LLC or settlement trust itself.

# HOW TO AVOID A LAWSUIT



This program will show you how to legally avoid being sued, and avoid having your wages garnished and your bank account levied. I've also included a bonus section explaining how to remove tax liens and bankruptcies from your personal credit file.

I call it "disappearing on paper. This step involves a little time and preparation. The earlier you complete this, the better your chances will be of avoiding a lawsuit. The standard method of determining which law firm or attorney will be chosen to file suit against you is based upon your mailing address. It is assumed by the collections department and the law firm that your mailing address is your place of residence. Since the bank must file suit in the county in which you reside, it must then locate a law firm that is local to this mailing address.

If the collection department sees that you reside in Phoenix for example, it will assign the collection to a law firm located in Phoenix. Remember that you originally confirmed that they had the correct address for you when your account was opened. This is information that you provide, and when you move to a different address, you can easily complete a change of address form and include that with your monthly payment. What if you submitted a change of address form with an address several states away from where you truly reside and arranged to have your mail forwarded to you every two weeks? Would any creditor know the difference?

Provided that you would ultimately receive all mail, or that you pay your bills online so that this would not be a factor, probably no one would notice. In fact, if your account did go to collections, upon deciding to file suit, that department would attempt to locate a local law firm near your mailing address which is several states away from where you truly reside. What do you think your chances of being sued would be at that point? There is a chance that the bank would have archived a history of previous mailing addresses, and be able to try the next most recent address, or may retrieve a copy of your credit file and see if they can find your previous address that way. This can be countered by simply disputing your true residential address on your credit file and claiming it is incorrect. You can show copies of monthly statements to prove this. You can also make the change of address twice so that assuming the creditor retains only one previous address for you, it will be replaced when the second change of address is entered into your customer record.

What if you sent the bank a change of address notice with an address in an area of the United States that had a population less than 4,000 people in one county? Your chances of being sued by a local law firm would be dramatically reduced.

You are probably thinking that "ducking and hiding" is the solution to your debt problems. This is absolutely not true, the method explained here has been used by many wise and learned estate planning attorneys. It is the same strategy used by famous people who want to avoid the press and public scrutiny.

Your mailbox address should of course be in a different state. You can complete the change of address notification for each credit card account to which you wish to apply these strategies. The mail they send you can then be automatically forwarded to your local address for response.

Some of you will ask "What happens if I do this and they sue me anyway?" You cannot be sued until service process is perfected, and in nearly every jurisdiction (county and state),

that requires personal service by a licensed process server. Rarely are creditor lawsuits of this type permitted to be served via certified mail or even first class mail. Assuming the worst case, that process can be made by mail, and that the plaintiff's attorney has obtained permission from the court to do that, you will always file in every example, a motion to dismiss for improper service of process.

**The argument you make is the only one you must make and not submit with any other arguments, that the complaint must be dismissed because service of process was not perfected.**

You will explain that you are not a resident of that state and you can include an affidavit so stating, but do not disclose your current residential address for obvious reasons. You can use your mailing address as the return address and you can either arrange to have it mailed from the mailbox service (re-mailed by placing the motion and copies sealed in envelopes with the correct postage and then inserting those in a larger envelope with instructions to the mailbox service) or just mail it from your local address. Be sure to arrange this with your mailbox service to be sure they are willing to do it. They might charge a small fee also.

Do not schedule a hearing on this motion. In some cases the plaintiff will proceed to request default judgment or summary judgment, and again, respond by filing a second copy of the motion to dismiss for improper service of process.

If the court awards judgment anyway, you can then file a motion to vacate that judgment and argue that the court never obtained jurisdiction over you since you were never properly served with the summons and complaint. The details are provided by your attorney.

**What happens if the creditor calls me to determine if I am still answering the telephone at the same phone number that matches the address they had on file for me?**

There are several ways of preparing for this, but the most important fact to accept is that you will need to change your telephone number. Changing your phone is not to avoid harassing phone calls, but to make it appear conclusively that you have moved to the new address as indicated on your change of address form.

The new voice over Internet (VOIP – Voice Over Internet Protocol) technology services will allow you to utilize the Internet to make phone calls and also allow you to choose a telephone number prefix and area code from nearly any location in the country. In other words, you can change your home telephone number for free by telling the phone company that you have been receiving some threatening calls lately and many times they will change the number for no charge. The number will show an area code and prefix for your service area, very similar to your previous number. That will work perfectly; however, if you want to take this to the next level and make it appear as if your area code and prefix match the location for the address you have chosen, you can use any of the VOIP technologies. To find one, just do a keyword search on the Internet. This is recommended over a traditional phone number change just because it is a number you can use no matter where you live or how many more times you move or change your address, and the Internet connection services are generally less expensive than the regular phone service.

**There are also voice mail services which can provide you with the area code you want and allow you to record a message for all debt collectors directing them to limit their communication with you to writing.**

To obtain the greatest benefits from this strategy, you will want to establish dual residency. You cannot have a driver license in two jurisdictions (states), so dual residency

would need to be established using other means. You are already a residence in the state where you currently reside and own a home, have any type of license, mortgage, lease, vehicle, vessel or aircraft registration, state issued identification, children registered in public schools, utility bill, tax bill, enrolled in a public school and/or registered to vote. Any one or more of these establish residency, including membership in a state sponsored organization. It is perfectly legal to establish dual residency and many people do this as a matter of course for college tuition purposes, privacy and other legal objectives.

You can obtain a major benefit by establishing residency in another state and greatly reducing the risk of being sued (service of process); however, you can further reduce the possibility of wage garnishment by changing your residency to a state where wage garnishment is not legal. Did you know that there are four states in which the law prohibits wage garnishment? They are Pennsylvania, North Carolina, South Carolina and Texas.

# **HOW TO STOP AN IRS LEVY PROCESS AND PREVENT OR END AN AUDIT**

This is the service you hear on the radio and on television or maybe online now, where attorneys promise to stop your levy with the IRS and you end up paying thousands of dollars for the service, even though there is a good chance the people providing the service will probably deliver. However, you can stop an IRS levy within 30 days of receiving a notice of levy, all by yourself, using the same strategy. Go online and search for Form 12153 in PDF format "Request for Collection Due Process Hearing" and follow the instructions. It works best if you file tax returns or have prepared returns to file and that you do this within the thirty days. The levy will stop if you file this within the thirty days, but if it's filed after the 30 days, stopping the levy is at the discretion of the IRS agent assigned to collect.

This is how I've done it for many clients, and I didn't charge thousands of dollars either. To begin, type the following information in this form (12153), the type of tax and form is "UNK/1040" for tax period [year(s) appearing on notice of levy, only]. Be sure you enter your name and address exactly as it appears on the notice of levy and lien forms and only identify the years that are listed on the notice of levy (you should know that there is no such tax as a "1040 tax").

On the line that asks the reason for your request, choose one of these generic statements or write something similar.

*I am disputing the amount stated in the "Notice of Levy" for the reason that it does not match the assessed amount and the collection is creating a hardship for me.*

Or,

*The collection of the amount owed is not in jeopardy and the "Notice of Lien" should be released so that I can liquidate assets or make payment arrangements.*

Or,

*I have been trying to make arrangements but my requests have been ignored and this collection has created a financial hardship for me and I'm not able to build my business and make more money to pay off this debt.*

Or, your reason will be something similar to this, do not make a protesting statement such as my income is not taxable, etc. That is not relevant at this point.

Print and keep a paper copy for your records, and send the original as instructed, to the address for the IRS as it appears on the levy/lien notices.

When you sign your name, first write on the line "By:" and then your signature.

When the agent calls, ask his/her name & badge number (write it down) be sure to explain you want a Collection Due Process Hearing or an Equivalent Collection Due Process Hearing for the reasons stated on the form and tell them when you are available. The further out you can schedule this, the better for you provided they stop the levy. The longer this takes the better for you because the collection will be suspended during that time. These can be expected to take as much as 12 – 20 months before being reinstated under better terms. You only want to discuss scheduling on the phone, do not discuss the liability or taxes or anything except scheduling of the hearing.

The agent will ask you to complete Form 656 "Offer-in-Compromise" with addendum Forms 433-A and 433-B before the meeting. You can do that now as these forms are online as well. These are just balance sheets showing that the collection is creating a hardship and your Form 656 is based on "doubt as to collectibility".

It will actually help your request when you have more taxes owed and more debts that you cannot pay, showing that you are insolvent. However, remember that the determination will be based upon your demographics as they pertain to where you live. For example, it's better to owe \$175,000 to the IRS than \$50,000 in this situation. And it's better if you don't have the ability to pay now or in the foreseeable future. But the IRS will make its determination based upon the average income for people in your area. For example, if you're living in Detroit, a decimated town with no job or income prospects, the IRS will more than likely determine you are uncollectible. But if you are clearly uncollectible, same numbers, but live in a place such as the Hamptons, you may not have any chance of being classified as uncollectible just because the people that live in that area are high net worth people with high incomes way above the national average. I know it's not fair but this is how they do it, so you should understand.

The IRS might also return the money levied to you in about 3 – 5 weeks, sometimes they don't, but usually they do.

If you believe the agent is just out of control, or that your request for a hearing is being ignored, provided that you haven't already had one, then you can file Form 911 and ask for the regional tax payer advocate's office to intervene and claim that you are not being treated fairly. You can obtain that form online by searching for "IRS Form 911" and it's also in PDF format.

Additionally, if you hire an attorney and have him pay an accountant to prepare your tax returns under the retainer agreement, remember, under the retainer agreement, this will protect you later. It is more expensive, but if you have not filed for a few years, such as more than 3, there is a presumption of fraud (26 USC 6502) and you will want the protections of the attorney-client privilege. What that means is that once you file after not having filed for many years, the IRS will always audit you. The audit will be terminated in the first minute when you attend and explain that the only information you can provide is what was filed in the returns ("within the four corners" as they say) because the rest of the information is subject to the attorney-client privilege and protected by the work-product rule. A reasonable amount to pay an attorney for this is \$900 – \$1,500 and that is a lot of money, but it might help protect you later. Don't just pay someone to prepare returns, pay the attorney and then have him pay the return preparer out of the retainer and make sure that is part of the retainer agreement. You have to read this to verify for yourself.

One last note, an IRS audit summons is governed by the Federal Rules of Civil Procedure, specifically, Rule 27. You should read this. If you have a problem with the IRS, such as continuous audit summonses or harassing phone calls after you have complied, you can file a motion for protective order in the U.S. District Court or you can just send a copy to the agent so that if he wants to push this into the district court, he will see that you are prepared.



Aren't you just really tired of being under surveillance and using tools of convenience and believing that you have no choice but to give up your privacy so that the government, deep state and other businesses can profit from it and use it for other nefarious purposes?

### Anonymous Web Browsing

You probably won't want to hear this, but if you are serious about privacy, you should welcome the change. If you are not already using an Android, get yourself an Android phone now. This hardware works best with the encryption software I'm about to introduce to you.

Orfox is built from the same source code as Tor Browser (which is built upon Firefox), but with a few minor modifications to the privacy enhancing features to make them compatible with Firefox for Android and the Android operating system. Orfox requires the Orbot application for Android to connect to the Tor network, so you'll want to install Orbot first, and then Orfox. You can find the free downloads with the [www.qwant.com](http://www.qwant.com) or [www.duckduckgo.com](http://www.duckduckgo.com) search engines, and avoid the CIA's "google" surveillance.

TOR is an acronym for "The Onion Router", a metaphor describing how your Internet connection is routed through many layers or servers to hide its I.P. (Internet Protocol) address. This is much like hiding your phone number by entering \*67 before you call someone.

The TOR software protects you by bouncing your communications around a distributed network of relays run by volunteers all around the world: it prevents somebody watching your Internet connection from learning what sites you visit, it prevents the sites you visit from learning your physical location, and it lets you access sites which are blocked.

### Phone Calls

This covers web browsing, but you will probably want to make anonymous, encrypted phone calls as well.

You will want to use open source software because it is always being developed by the smartest people on the planet and they do it because they have a passion for it, and not because it's just a paycheck such as a corporate employee. Linphone is name of the open source application. It is subject to peer review by anyone, at anytime. Ghost Call is the service that provides this at no cost to its users, that's right, the best privacy software is free! Ghost Call does the call setup and manages your presence; of course TOR exits support Transport Layer Security (TLS) and Session Initiation Protocol (SIP), so use TOR if you don't want your public I.P. address exposed to Ghost Call. In other words, download Orbot and Orfox first and use that software to visit the Ghost Call website at <https://ghostcall.io/> You will get your very own "Ghost Call" phone number as well.

Your calls are only encrypted with other Ghost Call users and you have the choice on each call to authenticate (verify that your call is secured against any unknown third party). Now that you have "ghosted" your smart phone, why not do the same to your desktop?

### Desktop

Earlier in 2017, Microsoft's top lawyer challenged the NSA over its virus known as "WannaCry", saying that problem was the agency's creation because it built and stockpiled such malware for its own use. Now WikiLeaks has revealed more government-created malware and this one is a nasty piece of work.

Codenamed "Athena," the spyware targets all version of Windows from Windows XP to Windows 10, and was released in August 2015. It was created in part by a private New Hampshire-based cyber security firm called Siege Technologies.

According to WikiLeaks, Athena allows whoever controls it to completely take over a computer, steal data and send it to CIA servers, delete data and upload even more malicious software.

"Once installed, the malware provides a beaconing capability (including configuration and task handling), the memory loading/unloading of malicious payloads for specific tasks and the delivery and retrieval of files to/from a specified directory on the target system. It allows the operator to configure settings during runtime (while the implant is on target) to customize it to an operation," WikiLeaks said.

After reading this, I realized that Windows had zero encryption and in fact, was a surveillance tool in itself. This is when I decided to escape from Windows and Microsoft altogether. I had already stopped using the Microsoft Office Suite and replaced it with Open Office, and now with the latest version, LibreOffice. I knew someday I would escape Windows, but I had been procrastinating until I read this news.

After some careful research of many really good options, I decided that the best option was Ubuntu, an end-user friendly version of Linux. I also decided I would add some speed into the mix and replace my hard drive with a solid state drive (SSD). Installing a different hard drive is optional, but if you replace your hard drive with a solid state drive (SSD), you will gain about 30% more speed in accessing files and programs from the hard drive.

While it is an option at the time you choose your password during installation, using Ubuntu means there is no need to encrypt the home folder. You already have FullDiskEncryption (FDE), encrypting the home folder will just needlessly slow down your computer. You will notice a substantial decline in performance by using this feature, especially if you have an older processor without an AES-NI (pre-Sandy Bridge).

Ubuntu, as of September 2017, uses AES-256 (when XTS mode is in use, the key size might be 512-bit, and later split into two 256-bit keys). But depending on your kernel build, sector sizes, encrypted volume size, advanced modes of operation supported by Ubuntu (ESSIV, XTS, and LRW) can vary, and with it the actual security of such full-disk encryption.

You can trust the FDE will protect your computer, provided you have a good password and follow a protocol to change and protect it on a regular basis. If not, then why bother with FDE? Just encrypt the home folder or don't encrypt at all. The encryption done by Ubuntu (aes-xts-plain64) is ridiculously secure; it can withstand all threats up to the level of state agencies, as long as the password is strong. There is no benefit to separately encrypting the home folder for security. If your FDE password is somehow compromised (unlikely), then the same could be done to your home folder. If someone is torturing you to get your FDE password, believe that he will also torture you again to get your home folder.

Ubuntu is installed with Firefox but I would suggest using the Brave add-on or Slimjet for additional browsing security. I also switched from using Skype to qTox and from Youtube and Facebook to [www.gab.ai](http://www.gab.ai), minds.com, steemit.com and bitube.com for blogging and social networking.

The only other recommendation I could make to you is to subscribe to a virtual private network (VPN). It's not really essential, but it is inexpensive (about \$5 a month) and does add just another layer of security and privacy.





# **BLOCKCHAIN TAX IMMUNITY TRUST**

Why do you believe that because the IRS changed its “1031 exchange” definition from “property” to “real property”, that it somehow imposes a new tax on crypto-graphic currency? There is no tax on crypto-graphic currency, assets, coins or tokens. However, the centralized exchanges have now been forced to help create the illusion that you owe taxes by producing income reports, such as the “1099”. Your accountant will dutifully include these reports in your tax return, and that is when the “income” becomes taxable, but only because you said under penalties of perjury that the income was taxable. What is being taxed is your gain in the dollar and the presumption is that the 1099 shows you had taxable gains. Even though the burden of proof is now in the IRS, you are reporting under penalties of perjury. Maybe you figured out how to report a loss because maybe you had a net loss from “cryptos”. Wouldn’t you rather avoid the issue altogether, get your money when you want it, and then deal with any tax issues on terms that you normally do, so any gains have nothing to do with cryptos? How about deferring any taxes, even if you do have a taxable gain, into the future for as long as you want?

The exchange is already acting as a trustee by virtue of it holding your private keys. Let me show you what I’ve been doing for 25 years and how we can use this trust association

to maintain the correct accounting and avoid any tax situation. I created a special purpose trust in order to solve and prevent any tax problem for those who are still using the centralized crypto-currency exchanges, such as Coinbase. There is no reason to incur any tax liability when using these exchanges; however, it appears that most people don't understand how to set up their accounts and simply do the same thing they are used to doing with banking. The purpose of this trust is to provide a traditional solution to what might be a new tax situation.

Each blockchain based coin, token or asset can operate in a trust relationship because the nature of the blockchain is an association of computing devices networked together and managed by people. Changes to the manner in which the blockchain operates cannot be changed by a single beneficiary and there must be a consensus with network managers for any changes to take place. The blockchain is already performing the same functions as a trustee because it is a distributed ledger, giving access to the ledger in a real-time basis. This is the perfect organization to function as a trustee; likewise, no law requires anyone using these coins or tokens to do so in his individual capacity. First, control over the asset is already given up because of the system architecture of the blockchain. Second, ownership is already maintained by virtue of the exchange owning your private keys. The public and private keys operate like trust certificates.

You can do your own research, but I just wanted to make this point. Some of you incorrectly believe that "gains" between cryptos are taxable. Let's use the example of moving "your" Bitcoin from Coinbase to another centralized exchange such as Kraken. And let's say you funded your Coinbase account with \$1,000 of after-tax currency (USD). Assuming your principal doubled in value for example, you send \$2,000 worth of Bitcoin to your Kraken exchange account to buy Litecoin (or even more Bitcoin for that matter). Now, let's act as if there is a taxable gain here and we arrive at the end of the tax period with this gain. The owner of the private key is the *de facto* trustee, being that you are the grantor who funded the account, and it is the trustee in this situation which has realized the gain. If it is in fact taxable, then the trustee must report to the IRS and remit the proper tax payment. Remember, this is before going back into fiat dollars. This is a very easy test to demonstrate why exchanges between crypto-graphic currencies, tokens or other assets is not taxable. Let's say you, the grantor in this example, then move your \$2,000 worth of Bitcoin back into your dollar account at the bank. There is a presumption of an income tax liability. If the correct accounting were reported, you would have a tax on your gain of \$1,000; likewise, if your \$1,000 was reduced by 50% because the dollar price of Bitcoin fell, you would be able to claim a loss and maybe even qualify for a deduction, in dollars. Why? Because you received a disbursement from the trust, which is taxable. This is nothing new, like I've explained before, the tax has always been there since we began taxing profits and gains, there is no new law needed to collect taxes from crypto-currencies. The tax falls on gains earned from buying low in dollars and selling high in dollars.

Let's talk details. The trust relationship I set up here is irrevocable. It is a trust relationship that is not incorporated and does not derive its existence or function from any statute or legislative enactment. It is simply a business trust organization that is managed for the benefit of one or more beneficiaries and for the purpose of earning profit and gain. By definition, this is a structure that is not merely exempt from taxation, it is immune.

The trust is formed inside of the operating agreement written for a limited liability company (LLC). The LLC is the beneficiary and its members act as the trustor or creator of the trust when they contribute or exchange their fiat currency for a blockchain based asset.



The trust is introduced into the operating agreement as a clause that defines a specific class of property to be managed by the LLC and the manner in which it will be managed. The operating agreement must be amended to include the specific terms and include the Blockchain Tax Immunity Trust into the agreement. This has the same force and effect as enacting a law. The trust provision in the LLC becomes the law of the business and creates two layers of protection, one given by the trust relationship and another given by the manner in which a properly written operating agreement provides protection against charging orders (writs of attachment), tax deferment and pass through attributes for property rights.

The trust does not require any tax identification number (EIN, etc.) and does not require any bank account. You continue using your same exchange accounts and with this structure, you open a new bank account for the LLC to act as beneficiary for the trust. You then fund this account to purchase crypto-graphic coins, tokens and other assets, but maintain those assets as a managing member for the beneficiary. You can even move your crypto-graphic holdings from your personal wallet to the beneficiary's wallet. Any tax reports, such as a 1099, are then made in the name of the beneficiary with its tax number. Because the beneficiary is a tax deferred structure, neither the IRS nor any state look to it for the payment of a tax. And because the intent of the trust is to make a profit from this activity, the trustee is not subject to any tax either. Can you imagine the IRS trying to audit the blockchain? It's already audited, every moment, in real time. Can you imagine the IRS expecting the blockchain to file a tax return? It's not subject to any taxes, at the very least, because it is the trustee for an irrevocable business trust organized for the benefit of beneficiaries for the purpose of earning profits and gains. By definition, it's not taxable. The only situation in which a managing member would cause a taxable event, would be if he reached a consensus with the other managing members under the operating agreement, to disburse fiat currency from the beneficiary to himself, in his personal, individual capacity. Of course this is entirely unnecessary and can easily be avoided.

If you already have an LLC that you can or are using with an exchange, I will need to see a copy so that I can make the appropriate amendments. If you don't have an LLC and want to easily avoid a taxing situation with an exchange, I can register an LLC for you in the appropriate jurisdiction. If you're in California, I prefer to avoid that state if at all possible. Once we have your new LLC in place, I will provide you the documents you need in order to open its bank account so we can then include the property classification and trust clause, and then I will be able to provide you with a completed Blockchain Tax Immunity Trust.

To order your Blockchain Tax Immunity Trust, send an image of your check payment, or check information including the name of the account holder, check number, amount of \$275, bank account and routing numbers from the bottom of the check, to my secure email account [singletonpress@protonmail.com](mailto:singletonpress@protonmail.com) or via Skype to my ID "johnjaysingleton". The payee is "Georgia Capital, LLC". Be sure to obtain confirmation from me before sending via Skype so that we know you have the correct one. If you also need a limited liability company because you are not already using one, include an additional \$497 plus state fees with the amount in your check. If you don't know your state fees, just ask via email or Skype.

## HOW TO GHOST YOUR SMART PHONE & DESKTOP

Aren't you just really tired of being under surveillance and using tools of convenience and believing that you have no choice but to give up your privacy so that the government, deep state and other businesses can profit from it and use it for other nefarious purposes?

### Anonymous Web Browsing

You probably won't want to hear this, but if you are serious about privacy, you should welcome the change. If you are not already using an Android, get yourself an Android phone now. This hardware works best with the encryption software I'm about to introduce to you.

Orfox is built from the same source code as Tor Browser (which is built upon Firefox), but with a few minor modifications to the privacy enhancing features to make them compatible with Firefox for Android and the Android operating system. Orfox requires the Orbot application for Android to connect to the Tor network, so you'll want to install Orbot first, and then Orfox. You can find the free downloads with the [www.qwant.com](http://www.qwant.com) or [www.duckduckgo.com](http://www.duckduckgo.com) search engines, and avoid the CIA's "google" surveillance.

TOR is an acronym for "The Onion Router", a metaphor describing how your Internet connection is routed through many layers or servers to hide its I.P. (Internet Protocol) address. This is much like hiding your phone number by entering \*67 before you call someone.

The TOR software protects you by bouncing your communications around a distributed network of relays run by volunteers all around the world: it prevents somebody watching your Internet connection from learning what sites you visit, it prevents the sites you visit from learning your physical location, and it lets you access sites which are blocked.

### Phone Calls

This covers web browsing, but you will probably want to make anonymous, encrypted phone calls as well.

You will want to use open source software because it is always being developed by the smartest people on the planet and they do it because they have a passion for it, and not because it's just a paycheck such as a corporate employee. Linphone is name of the open source application. It is subject to peer review by anyone, at anytime. Ghost Call is the service that provides this at no cost to its users, that's right, the best privacy software is free! Ghost Call does the call setup and manages your presence; of course TOR exits support Transport Layer Security (TLS) and Session Initiation Protocol (SIP), so use TOR if you don't want your public I.P. address exposed to Ghost Call. In other words, download Orbot and Orfox first and use that software to visit the Ghost Call website at <https://ghostcall.io/> You will get your very own "Ghost Call" phone number as well.

Your calls are only encrypted with other Ghost Call users and you have the choice on each call to authenticate (verify that your call is secured against any unknown third party). Now that you have "ghosted" your smart phone, why not do the same to your desktop?

### Desktop

Earlier in 2017, Microsoft's top lawyer challenged the NSA over its virus known as "WannaCry", saying that problem was the agency's creation because it built and stockpiled such malware for its own use. Now WikiLeaks has revealed more government-created malware and this one is a nasty piece of work.

Codenamed "Athena," the spyware targets all version of Windows from Windows XP to Windows 10, and was released in August 2015. It was created in part by a private New Hampshire-based cyber security firm called Siege Technologies.

According to WikiLeaks, Athena allows whoever controls it to completely take over a computer, steal data and send it to CIA servers, delete data and upload even more malicious software.

"Once installed, the malware provides a beaconing capability (including configuration and task handling), the memory loading/unloading of malicious payloads for specific tasks and the delivery and retrieval of files to/from a specified directory on the target system. It allows the operator to configure settings during runtime (while the implant is on target) to customize it to an operation," WikiLeaks said.

After reading this, I realized that Windows had zero encryption and in fact, was a surveillance tool in itself. This is when I decided to escape from Windows and Microsoft altogether. I had already stopped using the Microsoft Office Suite and replaced it with Open Office, and now with the latest version, LibreOffice. I knew someday I would escape Windows, but I had been procrastinating until I read this news.

After some careful research of many really good options, I decided that the best option was Ubuntu, an end-user friendly version of Linux. I also decided I would add some speed into the mix and replace my hard drive with a solid state drive (SSD). Installing a different hard drive is optional, but if you replace your hard drive with a solid state drive (SSD), you will gain about 30% more speed in accessing files and programs from the hard drive.

While it is an option at the time you choose your password during installation, using Ubuntu means there is no need to encrypt the home folder. You already have FullDiskEncryption (FDE), encrypting the home folder will just needlessly slow down your computer. You will notice a substantial decline in performance by using this feature, especially if you have an older processor without an AES-NI (pre-Sandy Bridge).

Ubuntu, as of September 2017, uses AES-256 (when XTS mode is in use, the key size might be 512-bit, and later split into two 256-bit keys). But depending on your kernel build, sector sizes, encrypted volume size, advanced modes of operation supported by Ubuntu (ESSIV, XTS, and LRW) can vary, and with it the actual security of such full-disk encryption.

You can trust the FDE will protect your computer, provided you have a good password and follow a protocol to change and protect it on a regular basis. If not, then why bother with FDE? Just encrypt the home folder or don't encrypt at all. The encryption done by Ubuntu (aes-xts-plain64) is ridiculously secure; it can withstand all threats up to the level of state agencies, as long as the password is strong. There is no benefit to separately encrypting the home folder for security. If your FDE password is somehow compromised (unlikely), then the same could be done to your home folder. If someone is torturing you to get your FDE password, believe that he will also torture you again to get your home folder.

Ubuntu is installed with Firefox but I would suggest using the Brave add-on or Slimjet for additional browsing security. I also switched from using Skype to qTox and from Youtube and Facebook to [www.gab.ai](http://www.gab.ai), minds.com, steemit.com and bitube.com for blogging and social networking.

The only other recommendation I could make to you is to subscribe to a virtual private network (VPN). It's not really essential, but it is inexpensive (about \$5 a month) and does add just another layer of security and privacy.



# HOW TO PREVENT A WAGE GARNISHMENT



It is very simple to block a wage levy using the same legal process as any creditor or debt collector would use to impose a wage levy against you. Yes, it's the same process. It works in the fifty states because of the Consumer Credit Protection Act (CCPA). But let's first get an understanding of how this make very good sense in terms of your money and your cash flow and your reduction of risk to creditors (i.e. being sued and levied).

Imagine what is must have been like when someone first proposed that cutting your skin to allow blood to drain was a cure to sickness. This was known as bloodletting and was practiced as late as the eighteenth century. Imagine the reaction of people when a procedure known as surgery was first proposed. It must have been horrifying, since at that time most people did not even understand basic anatomy.

Now imagine the reaction of the first clients of attorneys offering asset protection when they were advised that in order to protect their home, business or other wealth; that they would need to transfer its ownership into a corporation or a trust. Of course this is now commonly understood by many people seeking to protect things they own and have worked hard to acquire. Did you know that virtually anything that can be sold or assigned can be protected by traditional, standard asset protection and estate planning strategies? The only exception to this has been employment income or income from self-employment sources.

The purpose of this text is to help you get better use of your cash, or the time value of money and part of that means limiting or eliminating your risk to debt and debt collectors.

### **What is the Time Value of Money?**

The most important fact to remember about debt is that the longer the borrower has the use of the money borrowed, the more valuable it is to him and the less valuable it is to the lender. As I explained before, this is the primary reason why the news helps the banks blame the Comptroller regarding the drastic increase in monthly payments for consumer credit accounts. The increase helps the banks offset the lost value due to inflation, which by the way, they create.

If you are not mathematically inclined, just follow the key points of the following explanation. It demonstrates the time value of money in terms of interest which can be earned over time. Keep in mind that "interest" can originate from many sources such as a return on an investment you made or a stated interest rate from a loan you made or which a bank might pay you for using your money in a timed deposit.

The term “present value” means how much you have now, and the “future value” is how much what you have now grows to when compounded at a given rate. The following illustration is an example of a \$100 that pays you 10% interest annually for two years.

The Present Value = \$100

Future Value = \$121

$FV = PV (1 + i)^N$

**$121 = 10(1 + .10)^2$**

FV = \$121      PV = \$10

i = 10%      N = 2

Here is another example. What is the future value of \$34 in 5 years if the interest rate is 5%?

**$FV = PV (1 + i)^N$**

**$FV = \$34 (1 + .05)^5$**

**$FV = \$34 (1.2762815)$**

**$FV = \$43.39$**

You can go backwards too. I will give you \$1000 in 5 years. How much money should you give me now to make it fair to me? You think a good interest rate would be 6% (You just made that number up).

**$FV = PV (1 + i)^N$**

**$\$1000 = PV (1 + .06)^5$**

**$\$1000 = PV (1.338)$**

**$\$1000 / 1.338 = PV$**

**$\$747.38 = PV$**

You give me \$747.38 today and in five years I'll give you \$1000. Is this a good deal? You will get 6% interest on your money. It's a good deal unless you can deposit that same amount in another deal and earn more interest.

Reference

McCracken, M. E. (2005). The time value of money. Retrieved February 1<sup>st</sup> 2006 from <http://teachmefinance.com/timevalueofmoney.html>

Suppose your brother or sister owed you \$500. Would you rather have this money repaid to you right away, in one payment, or spread out over a year in four installment payments? Would it make a difference either way?

According to a concept that economists call the time value of money, you would probably be better off getting your money right away, in one payment. You could invest this money and earn interest on it or you could use this money to pay off all or part of a loan. There are a million things you could do with this money. The time value of money refers to the fact that a dollar in hand today is worth more than a dollar promised at some future time.

But how can that be? A dollar is a dollar, isn't it? Yes, but a dollar in hand today can be invested in an interest-bearing account that would grow in value over time. It could also be invested as a down payment on an asset which can pay you every month. This explains in part why the value of money is related to time.

## Opportunity Cost

The time value of money is related to another concept called opportunity cost. The cost of any decision includes the cost of the best forgone opportunity. If you pay \$10.00 for a movie ticket, your cost of attending the movie is not just the ticket price, but also the time and cost of what else you might have enjoyed doing instead of the movie. Applying this concept to the \$500 owed to you, you see that getting the money in installments will saddle you with opportunity cost. By taking the money over time, you lose the interest on your investment or any other use for the initial \$500, such as spending it on something you would have enjoyed more.

**The trade-off between money now and money later depends on, among other things, the rate of interest you can earn by investing.**

Process:

First, consider future value. Future value (FV) refers to the amount of money to which an investment will grow over a finite period of time at a given interest rate. Put another way, future value is the cash value of an investment at a particular time in the future. Start by considering the simplest case, a single period investment.

Investing For a Single Period:

Suppose you invest \$100 in a savings account that pays 10 percent interest per year. How much will you have in one year? You will have \$110. This \$110 is equal to your original principal of \$100 plus \$10 in interest. We say that \$110 is the future value of \$100 invested for one year at 10 percent, meaning that \$100 today is worth \$110 in one year, given that the interest rate is 10 percent.

In general, if you invest for one period at an interest rate  $r$ , your investment will grow to  $(1 + r)$  per dollar invested. In our example,  $r$  is 10 percent, so your investment grows to  $1 + .10 = 1.10$  dollars per dollar invested. You invested \$100 in this case, so you ended up with  $\$100 \times 1.10 = \$110$ .

Investing For More Than One Period:

Consider your \$100 investment that has now grown to \$110. If you keep that money in the bank, what will you have after two years, assuming the interest rate remains the same? You will earn  $\$110 \times .10 = \$11$  in interest after the second year, making a total of  $\$100 + \$11 = \$121$ . This \$121 is the future value of \$100 in two years at 10 percent. Another way of looking at it is that one year from now; you are effectively investing \$110 at 10 percent for a year. This is a single period problem, so you will end up with \$1.10 for every dollar invested, or  $\$110 \times 1.1 = \$121$  total.

This \$121 has four parts.

The first part is the first \$100 original principal.

The second part is the \$10 in interest you earned in the first year.

The third part, is the other \$10 you earn in the second year, for a total of \$120.

The fourth part is \$1 which is interest you earned in the second year on the interest paid in the first year:  $(\$10 \times .10 = \$1)$ .

The process of leaving the initial investment plus any accumulated interest in a bank for more than one period is reinvesting the interest. This process is called compounding.

Compounding the interest means earning interest on interest so we call the result compound interest. With simple interest, the interest is not reinvested, so interest is earned each period is on the original principal only.

How do you benefit if your total monthly payment on all of your credit cards is \$600 on a collective balance of \$55,000? You are spending the \$600 now, losing the time value of that money, and conveying that benefit to the creditor. What could you do with that \$600 and what could you do with twelve of those payments (\$7,200) in one year? What could you do with the next 18 months of those payments? What if you had \$25,000 in cash to use in a settlement on the entire balance? What could you do with that money if instead of paying creditors, you invested it and used the return for something that would improve your financial position?

This is not to advocate something which would be considered illegal by any measurement. In fact, this is a standard practice in business today. If it was your original intent to pay what your creditors wanted, wouldn't you be better able to do this if you were first in a better financial position? Of course! Why would anyone want to try and pay creditors from a position that depletes his savings, compels borrowing from family and friends or places them further into debt, especially against their home? It makes no sense. Creditors will never tell you this, but if you have the ability to place yourself into a better financial position and then make payment arrangements with creditors, you will not only serve yourself and your family first, you will be better able to return the money you borrowed and do it in a way that is mutually beneficial to both of you. After gaining an understanding of these strategies you will realize that you have the final say about whether or not you will pay anything. This is a very powerful tool and once you have it in place, you will be free to make this decision for yourself.

## **Step-by-step of How to Prevent Wage Garnishments**

A wage garnishment is an order from a court requiring an employer to pay a certain percentage of an employee's (judgment debtor) income to the judgment creditor. The Consumer Credit Protection Act substantially limits the amount that can be garnished based on the employee's ability to pay, or income level. The less you make, the less they can take.

You can remove any creditor's ability to garnish your paycheck by occupying that first judgment lien position. This strategy will prevent the next judgment lien creditor from garnishing your wages. I'll have to repeat this, you can block wage garnishments by creating a judgment lien and wage garnishment before any other judgment lien creditor. The Consumer Credit Protection Act then requires the second judgment lien creditor to wait until the first writ of garnishment expires. And because you would control this garnishment, and never have to serve it on your employer, the pending writ would block everyone else except the IRS, state tax, DOE or child support/alimony. I'll explain more of the detail shortly.

The easiest way to do this is in small claims court. You will need a friend who doesn't care what you are doing and trusts you. He will be used to obtain a judgment against you, while you control the judgment lien, it is only his name that is being used to create the record.

Get a copy of your local small claims court's forms to file a small claims lawsuit and make the claim for under the limit for small claims. For example, if your court only allows \$5,000 claims and under, make yours for about \$4,400 or \$4,415. Make the claim, not for "breach of contract", but "open account" or "stated account". Stated account is the easiest to make, and even though you won't have to prove anything, it requires the least amount of documentation. The way you avoid having to prove anything is by simply filing the case in your court and getting a case number. A couple of weeks later, you (the defendant) should file a written answer admitting the allegations in the complaint. The small claims forms usually have a form for this as well. However, do not ask for default judgment by failing to answer. It's better if you file a written answer admitting the claim in the complaint. This way you avoid having to get a process server to serve it on yourself. A couple of weeks after that, have your friend file a motion for summary judgment. On the motion, you simply have to say that "...there are no genuine issues of material fact in dispute and that the plaintiff is entitled to judgment as a matter of law."

You don't need a memorandum of law, and in most courts, you will not need any supporting affidavit from your friendly plaintiff. However, it's better if your friendly plaintiff includes an affidavit stating that the defendant (you) admits owing the amount claimed, or some version of that within the affidavit. Sometimes you will need a hearing, and sometimes not, either way, your friend should not, but your friend should be willing to attend the hearing, where you do not attend, and get the judgment. He will get the judgment simply because you, the defendant, failed to appear or respond or object. If the judge asks any questions about the case, just restate what's in the affidavit. When you ask for summary judgment, you don't

have to prove anything. If you ask for default judgment, a prove up hearing with evidence is required (even though the courts rarely follow this rule for attorneys and bankers).

The next step is to complete the forms necessary to ask the clerk of court for a writ of garnishment. These are usually not reviewed by any judge, so the clerk will just check to see that everything is completed and then issue a writ of garnishment. Sometimes it requires a judge's intervention, but I'm speaking generally, you will just have to follow your county court's rules and procedures. Once you obtain the writ, you will not need to serve it on your employer because the fact that the writ is issued, will block anyone else asking for the writ and this will protect your wages from "unfriendly" creditors who want to garnish your wages. There are exceptions as explained after this section.

Be sure to track the time line in case the writ expires so that you can renew it as you need to. You will not need the writ until it looks like another creditor is pushing a case forward. So you can hold the judgment lien in place and only get the writ when necessary to block other creditors. Just be sure to track expiration dates. Sometimes there are expiration dates for serving it on the employer, even though you won't need to do that, and sometimes there are expiration dates for how long the writ can be used to collect, such as in New Jersey. If you want to actually collect the money from your wages, you will need to set up an LLC and a bank account using the friendly plaintiff's name so that the money can be deposited in his name, but actually into your LLC account. You would register an LLC in your state such as "XYZ Company, LLC" and then add a "doing business as" or "DBA" or fictitious name using the name of the plaintiff. Anyone can be the signer on the LLC bank account, you decide. There will be no tax consequences as this is after-tax money and the LLC is a tax flow-through, so don't report anything for the LLC.

This is an overview of the process:

- Have a friend become the plaintiff in a small claim action naming you as the defendant. He or she should have a different last name than you.
- Get the small claims packet of forms from your local county court.
- Make the claim for just under the limit, usually this is around \$3,000, sometimes \$15,000.
- The cause of action should be "stated account" or "open account" or a version of this, as these require the least amount of records and proof.
- You might have to include a demand letter to the defendant, demanding the amount be paid by a certain date. Then file the case after that date and include a copy of this letter to support your claim.
- Once you get a case number, the defendant should answer, admitting the allegations generally.
- The plaintiff should then file a motion for summary judgment, stating that there are no genuine issues of material fact in dispute and that the plaintiff is entitled to judgment as a matter of law.
- Schedule a hearing in which only the plaintiff appears.
- The plaintiff will obtain a judgment simply because the defendant did not appear.
- Once you have the judgment, record it in the county recorder's office and then get the wage garnishment forms from the clerk of court.

- File an application for writ of garnishment whenever you believe you are at risk of another unfriendly creditor trying to collect against your wages, or just get the writ and keep it pending on a regular basis.
- You don't need to serve your employer with the writ because once the clerk issues the writ, it will block anyone else attempting to obtain a writ of garnishment as long as your first writ has not expired. So you will have to be a little diligent to be sure it's always in place when necessary.
- There may be some adjustments you need to make during the process, so be patient and just consistently file what's necessary to get the end result.
- You can also have your friend, the friendly plaintiff, sign a release of judgment in advance, and just keep it in a safe place, so that the defendant can file it at any time it he wants to get out from under the judgment or garnishment. This way you won't have to contact the plaintiff frequently.

This process can be used to protect equity in real estate, but I recommend other measures. It is suggested to be use only for preventing a wage garnishment. If you're asking whether or not this is legal, I will ask you this question, is it legal to borrow money from your friend? And is it legal for your friend, as security, to obtain a judgment lien in advance before you pay him back? If you answered yes to both of these questions, then your question is answered.



## More Detail about how the Statute Works

A wage garnishment is any legal or equitable procedure through which some portion of a person's earnings is required to be withheld by an employer for the payment of a debt. Most garnishments are made by court order. Other types of legal or equitable procedures include IRS or state tax collection agency levies for unpaid taxes and federal agency administrative garnishments for non-tax debts owed the federal government. Wage garnishments do not include voluntary wage assignments - that is, situations in which employees voluntarily agree that their employers may turn over some specified amount of their earnings to a creditor or creditors.

Which Federal law regulates wage garnishment?

Title III of the Consumer Credit Protection Act limits the amount of an employee's earnings that may be garnished and protects an employee from being fired if pay is garnished for only one debt. Title III is administered by the Wage and Hour Division of the Department of Labor's Employment Standards Administration. The Wage and Hour Division has no other authority with regard to garnishments. Questions over issues other than the amount being garnished or termination should be referred to the court or agency initiating the withholding action. For example, questions regarding the priority given to certain garnishments over others are not matters covered by Title III and may be referred to the court or agency initiating the garnishment action.

To whom does the law apply?

The law protects everyone receiving personal earnings, i.e., wages, salaries, commissions, bonuses, or other income - including earnings from a pension or retirement program. Tips are generally not considered earnings for the purposes of the wage garnishment law. The law applies in all 50 states, the District of Columbia, and all U.S. territories and possessions.

**What is the protection against discharge when wages are garnished?**

***The CCPA prohibits an employer from firing an employee whose earnings are subject to garnishment*** for any one debt, regardless of the number of levies made or proceedings brought to collect that debt, because of the single garnishment. The Act does not prohibit discharge because an employee's earnings are separately garnished for two or more debts.

**What are the restrictions on wage garnishment?**

The amount of pay subject to garnishment is based on an employee's "disposable earnings," which is the amount left after legally required deductions are made. Examples of such deductions include federal, state, and local taxes, the employee's share of State Unemployment Insurance and Social Security. It also includes withholdings for employee retirement systems required by law. Deductions not required by law - such as those for voluntary wage assignments, union dues, health and life insurance, contributions to charitable causes, purchases of savings bonds, retirement plan contributions (except those required by law) and payments to employers for payroll advances or purchases of merchandise - usually may not be subtracted from gross earnings when calculating disposable earnings under the CCPA.

The law sets the maximum amount that may be garnished in any workweek or pay period, regardless of the number of garnishment orders received by the employer. For ordinary garnishments (i.e., those not for support, bankruptcy, or any state or federal tax), the weekly amount may not exceed the lesser of two figures: 25 percent of the employee's disposable earnings, or the amount by which an employee's disposable earnings are greater than 30 times the federal minimum wage (currently \$5.15 an hour). For illustration, if the pay period is weekly and disposable earnings are \$154.50 ( $\$5.15 \times 30$ ) or less, there can be no garnishment. If disposable earnings are more than \$154.50 but less than \$206.00 ( $\$5.15 \times 40$ ), the amount above \$154.50 can be garnished. A maximum of 25 percent can be garnished, if disposable income earnings are \$206.00 or more. When pay periods cover more than one week, multiples of the weekly restrictions must be used to calculate the maximum amounts that may be garnished. The table and examples at the end of this fact sheet illustrate these amounts.

What about child support and alimony?

Specific restrictions apply to court orders for child support or alimony. The garnishment law allows up to 50 percent of a worker's disposable earnings to be garnished for these purposes if the worker is supporting another spouse or child, or up to 60 percent if the worker is not. An additional 5 percent may be garnished for support payments more than 12 weeks in arrears.

Are there any exceptions to the law?

The wage garnishment law specifies that the garnishment restrictions do not apply to certain bankruptcy court orders, or to debts due for federal or state taxes. If a state wage garnishment law differs from the CCPA, the law resulting in the smaller garnishment must be observed. You may be able to claim one or more exemptions and avoid paying the judgment or at least a portion of it. Bank account funds that are from: Veterans Benefits, Child Support Payments, U.S. Government Pension, Unemployment Compensation, Supplemental Security Income (SSI), Temporary Assistance for Needy Families, Certain funds in a joint or community account and Other public assistance or Income allowed by state law, are exempt under the law.

In order to protect your right to claim these exemptions you must, within 28 days from the date on the Writ of Garnishment, deliver to the court clerk and mail a copy to the plaintiff, the completed Exemption Claim Form. The problem with claiming an exemption is that you allow second and third judgment creditors to hold a garnishment position in addition to the first creditor.

### ***What about non-tax debts owed Federal Agencies?***

The Debt Collection Improvement Act authorizes federal agencies or collection agencies under contract with them to garnish up to 15% of disposable earnings to repay defaulted debts owed the U.S. Government. The Higher Education Act authorizes the Department of Education's guaranty agencies to garnish up to 10% of disposable earnings to repay defaulted federal student loans. Such withholding is also subject to the provisions of the federal wage garnishment law, but not state garnishment laws. Unless the total of all garnishments exceeds 25% of disposable earnings, questions regarding such garnishments should be referred to the agency initiating the withholding action.

**Why don't attorneys advise their clients about the Consumer Credit Protection Act? Because you don't need an attorney to get the financial protections of this law, just be aware of the law and act accordingly, you don't need an attorney if your plan is to pay a very reduced amount without any tax consequences.**

A writ of garnishment is one method a creditor might use to recover unpaid debt.

Federal law exempts from garnishment 75% of disposable earnings per week, or an amount up to thirty times the federal minimum hourly wage (currently \$5.15), whichever is greater. Some states still have wage garnishment laws in place; however, when the federal law provides a larger exemption than the state law, the federal law supersedes the state law.

The following is a description of the limits imposed against the process of wage garnishments from judgment creditors such as banks, debt collectors and private parties. ***The summary of it is that a person will pay far less money if he never offers a settlement, joins a consolidation program or files bankruptcy*** (if it's available at all); ***but instead, simply defends against the collection process using myfreedomnow.us® strategies.*** The same is true for the [www.myfreedomnow.us](http://www.myfreedomnow.us)® for people who are current or have no collection problems at the time they begin the program.

Attorneys have certain obligations to their clients, the ethical and legal obligation to explain the facts in this memorandum. ***Recommending to a client that filing bankruptcy will best serve his interests is irresponsible and possibly negligent.*** The numbers speak for themselves. The same is true for recommending a settlement, when a client is certain to pay far less money simply by defending the collection, forcing the plaintiff to meet the burden of proof and subjecting himself to the possibility of a wage garnishment.

You should work with attorneys who understand these facts as they relate to the CCPA. If any attorneys in our database regularly refer our subscribers to consolidation, settlement or bankruptcy, we will discontinue doing business with them. We will also provide this article for their review and the review of their clients (our subscribers).

These garnishment restrictions are imposed under the Consumer Credit Protection Act.

***The law sets the maximum amount that may be garnished in any workweek or pay period, regardless of the number of garnishment orders received by the employer.***

**MAXIMUM GARNISHMENT OF DISPOSABLE (after tax withholding)  
EARNINGS UNDER NORMAL CIRCUMSTANCES  
FOR THE \$5.15 MINIMUM WAGE**

Weekly	Biweekly	Semimonthly	Monthly
\$154.50 or less: NONE	\$309.00 or less: NONE	\$334.75 or less: NONE	\$669.50 or less: NONE
More than	More than	More than \$334.75	More than

\$154.50 but less than \$206.00: Amount ABOVE \$154.50	\$309.00 but less than \$412.00: Amount ABOVE \$309.00	but less than \$446.33: Amount ABOVE \$334.75	\$669.50 but less than \$892.67: Amount ABOVE \$669.50
\$206.00 or more: MAXIMUM 25%	\$412.00 or more: MAXIMUM 25%	\$446.33 or more: MAXIMUM 25%	\$892.67 or more: MAXIMUM 25%

These restrictions do not apply to garnishments for child and/or spousal support, bankruptcy, or actions to recover state or federal taxes. This information was obtained from the United States Department of Labor.

***Every single method of resolving collection problems, including bankruptcy, settlement, and consolidation relies on avoiding lawsuits and avoiding debating the merits of the disputed credit account.*** Likewise, each of these methods are subject to being severely disadvantaged when there is no incentive for creditors to negotiate or when the debtor has property that can be liquidated and taken under court order or when laws change to bring about these situations.

***Www.myfreedomnow.us® relies exclusively on the anticipation of a lawsuit as the most effective and positive means of reducing your debt problems to nearly none at all and permanently.***

It does not rely on the whims of a trustee in bankruptcy, unfair legislation written by the banking industry or the negotiating abilities of a settlement agent or the incompetence of a consolidation service. This program relies on the unchanging and unalterable process of debating each collection case on its merits, testing the evidence and forcing the creditor and collector to meet the burden of proof.

Each citizen has the right to use the court system to his advantage but it was not until this program was created that anyone really had equal access to the courts as the creditors and debt collectors. Before www.myfreedomnow.us®, the costs for access to the courts were prohibitive, costing more than the debts themselves. This program creates a new market for attorneys who want to defend consumers against credit collections while also providing their clients with very affordable and competent representation in the course of leveraging the strategies of myfreedomnow.us® to the client's best interests.

Imagine a person with \$40,000 (5 credit accounts) in credit card or unsecured debt. His payments might have doubled in recent months and his interest rate is much higher, maybe 20% - 30%. No matter what his payments are, or that is, what the creditor wants every month, there is no law imposing any penalty on him if he simply stops making those payments. If he does nothing, and the worst of the worst case scenarios happens, all five creditors sue him and get a judgment within 18 months of the first nonpayment. This time period is normal, but the chance that they all would sue him at once is highly unlikely, either way...

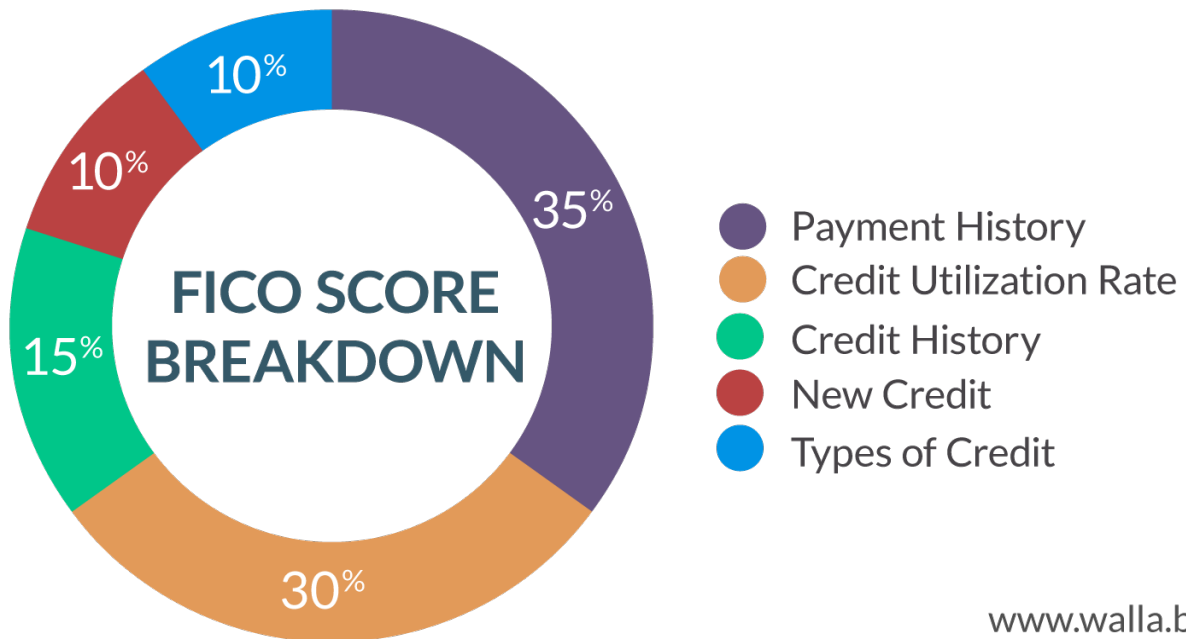
The state statutes impose a legal interest rate attached to judgments of this sort (usually where the contracted interest rate exceeds the state's legal rate) and that rate is not subject to the "unlimited" rate allowed in the credit agreements these days. I can give you a table, but it typically ranges from 5% to 12% depending on the state of residence.

If the person did nothing, and these judgments were obtained and the first judgment creditor obtained a writ of garnishment, and he did not object to the amount, so that first creditor would get the maximum of 25% after the CCPA exempt amount (Table of Limits) and after tax withhold this would preclude all four other creditors from taking any part of his paycheck.

So the monthly payments he was making 18 months ago, about \$600 to \$800, at an interest rate of about 25%, could now be \$200 through the wage garnishment, at a rate of 12% or under. That's the refinance, and now he is paying only one creditor at vastly lower rates and lower monthly amounts. He is paying based on his ability to pay, and not based on how much the world says he owes, thanks to the CCPA.

***We should understand that to have the use of another's money for a longer period of time at a lower rate is worth much more to the borrower, in this case our customer, than the creditor.***

# HOW TO REMOVE AN IRS LIEN AND BANKRUPTCY FROM YOUR CREDIT HISTORY



[www.walla.by](http://www.walla.by)

Most items on your credit file are reported by the creditor or debt collector who is making the claim. But not everything appearing on your credit file is reported the same way. A notice of tax lien, for example, is first recorded in your county recorder's office (the state court records system). The county does not report these items to anyone's credit file, so if you don't make this assumption, or if you ask the clerk of court or the county recorder what it is reporting to individual credit reports, you will discover that it's not the county.

Lexis Nexis is a third party credit reporting agency that collects public records data and reports some of it to personal credit files. It's legal name is LexisNexis Risk & Analytics Group Inc. and I guess it must be profitable or fit its business model to collect this data and report it to your file. Maybe it's selling some type of risk management service, but do we really care about that? No. The only thing that matters here is that this reporting "agency" made a report to your credit file **without a permissible purpose**. This means that because you didn't consent to this company making reports to your credit file and it never gave you credit, the credit item can be removed under the provisions and penalties of the Fair Credit Reporting Act. The fine for refusing to remove the item is \$1,000, plus actual damages.

You may also be able to express additional causes of action for the unauthorized sale or publication of consumer reports that pertain to yourself. It's worth noting, most of us don't care, we just want the item removed and every once in a while, some of us can get a check for \$1,000. If you can show actual damages and plead them in a lawsuit properly, you may expect a larger settlement offer, probably never going to trial. The scope of this section is limited only to removing unwanted items from your credit file. The IRS Notice of Lien is a great example, but you should be able to remove anything reported by LexisNexis under the same conditions (you didn't consent to the report). These may include bankruptcies and student loan claims (those guaranteed by the Department of Education).

While you can remove the item from your credit file, it may still be published in the original system of records, such as the county recorder's office or with the Secretary of State.

The key to this process is understanding how to "plead" a case under the Fair Credit Reporting Act. You first have to request a verification of the item and demand disclosure of where LexisNexis obtained your consent to report this item. If you don't get the response, or if the item is not removed, you will need to send another letter and ask for a "re-verification". If you don't take this second step, no court will hear your case if you have to sue.

Example (first request):

Your name  
address  
City State ZIP

LexisNexis  
Consumer Center  
P.O. Box 105108  
Atlanta, GA 30348

[Date]

RE Dispute for credit item

My name is \_\_\_\_\_ and I've included proof of my name using a photocopy of a government issued identification, some information may have been redacted. You can call me to verify at \_\_\_\_\_.

LexisNexis reported the following item to my credit file without a permissible purpose:

---

If you disagree, please provide evidence of my consent or permission to allow you to report this item and please express and disclose your interests in this matter. Please respond within the time limits set forth under the Fair Credit Reporting Act. Please be advised that if you are in violation of this statute and fail to correct the matter, I intend to sue you for penalties and actual damages as set forth under this statute.

Sincerely,

[name]



Example (second requesting re-verification):

Your name  
address  
City State ZIP

LexisNexis  
Consumer Center  
P.O. Box 105108  
Atlanta, GA 30348

[Date]

RE    Dispute for credit item

My name is \_\_\_\_\_ and I've included proof of my name using a photocopy of a government issued identification, some information may have been redacted. You can call me to verify at \_\_\_\_\_. I previously requested verification and disputed the following item for your lack of permissible purpose in reporting it. Your response was evasive and non-responsive and I am requesting a re-verification and that you answer my questions. If you fail to answer my questions, your response will be legally insufficient and I intend to sue you for the violations and damages.

Again, LexisNexis reported the following item to my credit file without a permissible purpose:

---

If you disagree, please provide evidence of my consent or permission to allow you to report this item and please express and disclose your interests in this matter. Please respond within the time limits set forth under the Fair Credit Reporting Act. Please be advised that if you are in violation of this statute and fail to correct the matter, I intend to sue you for penalties and actual damages as set forth under this statute.

Sincerely,

[name]

## Going to Court

The “pleading” is the list of allegations that you have to include in your lawsuit in order for the court to accept jurisdiction to hear the complaint. If the attorney for the defendant, LexisNexis in this case, believes that he can argue that your allegations were not legally sufficient, he might file a motion to dismiss. He may file it anyway, but generally, he will file it if he thinks the judge will agree. Remember that exhibits are part of the pleading, so remember that you will need copies of the two letters you sent requesting verification and re-verification.

You may want to review this for a better technical understanding: <http://www.gcjustice.com/artfcra.pdf> and <http://www.uclalawreview.org/fighting-unfair-credit-reports-a-proposal-to-give-consumers-more-power-to-enforce-the-fair-credit-reporting-act-2/> along with the Federal Rules of Civil Procedure. Because the federal court system is public record, you may want to visit your local clerk of court in the United States District Court in your town and get a copy of an FCRA complaint. It would name LexisNexis, Or, any of the other credit reporting agencies, such as Equifax. You just want to see what the plaintiff alleged in the original complaint. It will be especially helpful if you find an example pleading where the defendant filed an answer, or ultimately had to pay under a settlement agreement or lost the case with a judgment. A settlement agreement would not be part of the record, but the court's order memorializing it would.

Your pleading will need to include the beginning section that states the name of the plaintiff who is suing the name of the defendant.

It should then cite the statute 15 USC §1681 and possibly the exact paragraph that was violated (most likely 1681s-29b)) as the jurisdictional basis along with 28 USC §1331. You can read these sections for yourself online.

You should also allege your residential address and the business address of the defendant for purposes of establishing venue.

The pleading requirements include a “plain statement of the case” and it would look something like this: “The defendant reported the alleged item to the plaintiff's credit file without a permissible purpose.”

And then you have the sections that includes all of the necessary allegations. Here is an example of what it might look like:

Remember that you have a much greater chance of succeeding than most people because most people sue for inaccuracies, where there are many gray areas. What you want to do is sue for the reason that the defendant did not have permission, no permissible purpose. Without evidence of your overt consent to reporting the item, it must be removed and fines and damages imposed.

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

WILLIAM T. SMITH,  
PLAINTIFF,

v.

CASE NO. \_\_\_\_\_

LEXISNEXIS,  
DEFENDANT.

\_\_\_\_\_/

COMPLAINT FOR VIOLATIONS OF THE FAIR CREDIT REPORTING ACT

Plaintiff William T. Smith alleges as follows:

The Parties

1. At all times herein after mentioned, plaintiff is and was a resident of Anytown, Georgia.

2. Defendant, XYZ Incorporated, is a corporation incorporated under the laws of New York and having a main office at 1234 East Any Street, New York NY 10012.

3. Defendant, XYZ Incorporated, is registered with the Georgia Secretary of State as a Foreign Corporation doing business in Georgia and has designated a registered agent: ABC Registered Agent, 1234 Any St, Atlanta, GA 30361.

Jurisdiction

4. The Court has jurisdiction over this action pursuant to 15 U.S.C. § 1681 et seq., the "Fair Credit Reporting Act (FCRA) and 15 U.S.C. §§ 1692-1692p, the "Fair Debt Collection Practices Act."

Defendant's Statutory Violations

5. The Defendant is reporting derogatory information about Plaintiff to one or more consumer reporting agencies (credit bureaus) as defined by 15 U.S.C. § 1681a.

6. Plaintiff has disputed the accuracy of the derogatory information reported by the Defendant to the Consumer Reporting Agency Experian on four separate occasions via certified mail. See attachments.

7. Defendant has not responded to Plaintiff's four letters of dispute by providing evidence of the alleged debt to Plaintiff nor to the Consumer Reporting Agency Experian.

8. Defendant has not provided notice of this disputed matter to the credit bureaus and is therefore in violation of 15 U.S.C. § 1681s-2 which requires this notice.

9. Defendant has failed to comply with 15 U.S.C. § 1692g in that it has not within 5 days of Plaintiff's initial communication (nor at any other time) sent Plaintiff written documentation of the amount of the debt, the name of the original creditor nor other information required by the Fair Credit Reporting Act.

10. Defendant has failed to complete an investigation of Plaintiff's written dispute and provide the results of an investigation to Plaintiff within the 30 day period as required by 15 U.S.C. § 1681s-2.

11. Defendant has not notified Plaintiff of any determination that Plaintiff's dispute is frivolous within the 5 days required by 15 U.S.C. § 1681s-2, nor at any other time.

Prayer for Relief

12. WHEREFORE,

Plaintiff seeks a reasonable and fair judgment against defendant for willful noncompliance of the Fair Credit Reporting Act and seeks his statutory remedies as defined by 15 U.S.C. § 1681n and demands:

\$1,000 in statutory penalties, and,

\$25,000 in actual damages

Permanent injunction against the Defendant from reporting derogatory information about Plaintiff to Consumer Reporting Agencies (credit bureaus)

Permanent injunction against Defendant for selling or disclosing the plaintiff's credit information to any other party,

Any further relief which the court may deem appropriate.

DATED this \_\_\_\_ day of \_\_\_\_\_, [YEAR]

---

William T. Smith, Plaintiff

You will also need a civil cover sheet (Form JS 44) and a Summons form (Form AO440). You may also want to ask for a waiver of the filing fee using the Affidavit of Indigency (Form

Here is where you can get them:

<http://www.uscourts.gov/forms/pro-se-forms/complaint-civil-case>

<http://www.uscourts.gov/forms/civil-forms/civil-cover-sheet>

<http://www.uscourts.gov/forms/notice-lawsuit-summons-subpoena/summons-civil-action>

[http://www.uscourts.gov/sites/default/files/ao239\\_1.pdf](http://www.uscourts.gov/sites/default/files/ao239_1.pdf)

[http://www.uscourts.gov/sites/default/files/ao240\\_0.pdf](http://www.uscourts.gov/sites/default/files/ao240_0.pdf)

and you can also request that instead of having to serve a summons, that the defendant waive service of process and file a waiver form. Sometimes the defendant will do this and file a response without forcing you to serve the summons and complaint with a process server (U.S. Marshals). Here are the forms:

<http://www.uscourts.gov/sites/default/files/ao398.pdf>

This is the actual waiver form that the defendant completes if he's going to waive service.

<http://www.uscourts.gov/sites/default/files/ao399.pdf>

In conclusion, you will want to make a demand for what you want, the statutory penalty of \$1,000 with actual damages. Those damages have to be alleged specifically and may have to be proven during the course of the proceeding.

You will also need to pay close attention to Rule 26(a) and the Case Management Report time limitations. The court will allow you to amend your pleading once in response to a motion to dismiss, so if the defendant pointed out something that you failed to do, or did incorrectly, you can actually correct it and file the corrected pleading with a "request for leave (permission) to amend". One amendment should be enough, and if you need more, you probably need some further assistance.

You will need to prepare a case management statement and usually the defendant will do that for you, and then you simply have to work out an agreement as to what is on that form and then file it with the court. This requires a meeting with the defendant's attorney and the court's require this in person unless you get the court to approve a meeting via email or telephone with a stipulation between the both of you.

## HOW TO SETTLE WITH THE IRS, POSTHUMOUSLY

This strategy is written for people who cannot escape an IRS levy or a lien, such as those with "W-2" wage income, or levied pension funds like social security, or for those who have encumbered real estate or other properties.

I believe any life insurance company can create a policy that will accomplish this objective. I did check with JRC Insurance Group and verified that it is common practice, although not well known, that it is possible to settle with the IRS using a life insurance policy. The benefit here is to stop regular levies and liens and allow you to move on with your life and be productive. Where before the IRS was preventing you from saving money, investing or accumulating assets or getting loans, this type of deal should alleviate these problems.

First, you must have the conditions for the IRS to accept an offer in compromise based upon doubt as to collectibility. This means that all tax returns must be filed. The more money you owe, the easier it is to make this deal, so only take standard deductions.

Make your offer using Form 656, and the supporting income and balance sheet statements with Forms 433A and 433B.

Forms 656, with Forms 433A and B: <https://www.irs.gov/pub/irs-pdf/f656b.pdf>

Next, offer to pay, but via an irrevocable trust and life insurance policy that will pay the agreed upon amount when you pass away. You would be the insured, and the irrevocable trust would be the owner and beneficiary, or you could simply name the IRS as beneficiary of the trust, and the trust as beneficiary of the life insurance policy. The IRS cannot be named as the beneficiary of the life insurance policy. You'll have to check with an attorney who has specific expertise in estate planning and can write an irrevocable trust such that its sole purpose is to settle the specific IRS claim upon your passing. This would assure the IRS of being paid and allow it to release all current liens and levies against you.

Like most trusts, is simply a holding device. It owns your life insurance policy for you, removing it from your estate. As its name suggests, the Irrevocable Life Insurance Trust is irrevocable. That means once you've created it and placed an insurance policy inside it, you can't take the policy back in your own name.

But you can closely control many other aspects of the ILIT. You can dictate who your initial beneficiaries will be and define the terms under which they will receive benefits. You can choose the Trustee (or Trustees) who will manage your ILIT.

An ILIT provides you, your loved ones, and your estate with considerable advantages. But these benefits can only be achieved if the ILIT is designed properly and specific guidelines are followed carefully.

What estate planning problems can life insurance create?

Everything owned in our name at death is able to be included in our estate by the government for estate tax purposes. That includes the death benefit proceeds of our life insurance policies. When you consider that policies often provide death benefits in the hundreds of thousands of dollars, it's easy to see how a life insurance policy may have a significant impact on our estate tax liability. There's another estate planning problem that life insurance may create.

An essential part of wise estate planning is deciding not only who our heirs will be, but also how, when, and why they will receive our legacy. Remember, though, that life insurance provides an immediate and often considerable payout of cash to your beneficiaries. And that can create many problems. Even adults with experience managing their finances may find that the sudden windfall of money from your life insurance policy is overwhelming.

How can the ILIT help solve these problems?

The ILIT is an effective tool for addressing many estate planning problems. Here are some of the benefits an ILIT can help you achieve:

It will reduce the size of your estate, and thus your estate tax liability.

I may reduce the amount of insurance coverage you need, since your estate tax bill will be lower.

It will help you protect the cash value of your life insurance policy from creditors.

It will allow you to control, when, how, and why your beneficiaries receive the proceeds of your policy.

It will help you protect the benefits of a beneficiary who is on government aid.

What other estate planning issues should we be aware of?

If your beneficiary is a recipient of benefits under a government program, such as Medicaid, for example, then the proceeds from your life insurance policy could make your beneficiary ineligible for further benefits. Without careful planning, your beneficiary will have to use up the policy's proceeds on basic needs, and will only be eligible for government benefits once all the money from your life insurance has been spent. This issue isn't just a concern for elderly beneficiaries. Any beneficiary now on Medicaid, or a similar government aid program, is also at risk.

For these beneficiaries, you'll want to control ownership of the life insurance policy's proceeds and manage how they are spent. For example, you won't want your beneficiary to own them outright. In addition, the proceeds shouldn't be used to buy food, shelter, or clothing for your beneficiary. But they can be spent on your beneficiary's education, entertainment, vacations, a home health aide, or other medical treatment or expenses that Medicaid---or some other government program---doesn't cover.

If we own a cash-value life insurance policy in our names, can creditors seize it?

Possibly. In some states, creditors can seize all the cash value of a life insurance policy you own in your own name to settle a claim they may have against you. In other states, however, part or all of your cash value may be protected.

What's required to set up an ILIT?

The process will begin when you sit down with an attorney to design your ILIT. You will

- a) Name your beneficiaries;
- b) Name your Trustees; and
- c) Lay out the circumstances you'll want your beneficiaries to receive money from the ILIT.

What conditions can we establish for policy distributions after our deaths?

It's really up to you. You can, for instance, have the policy's proceeds paid out immediately to one or all of your beneficiaries. Or you can specify that your beneficiaries

receive monthly or annual distributions. You may even dictate that beneficiaries receive money when they attain certain milestones. For example, you can provide for a large distribution when a beneficiary graduates from college, buys a first home, marries, or has a child. You can also build in flexibility, so that your Trustee has the discretion to provide distributions when your beneficiary needs it for a special purpose, such as starting a new business, or even a once-in-a-lifetime investment opportunity.

If your beneficiary is on government aid, your Trustee can carefully control how distributions from your policy are used in such a way as not to interfere with your beneficiary's eligibility to receive government benefits. The point to remember is this: You have the opportunity to carefully control how, when, and why your beneficiaries receive the proceeds of your life insurance policy. That gives you the power to ensure that your policy is used in the best possible way on behalf of your loved ones.

Who are typically named as beneficiaries?

The choice is completely up to you, although most people name their children, grandchildren or other close family members.

Who should serve as our Trustee?

With many types of trusts, it's perfectly fine for you or your spouse---or both of you---to serve as your own Trustees. But that's not the case with the ILIT. If you or your spouse are an insured of a life insurance policy that is owned by an ILIT, and you also serve as the Trustee of the ILIT, then the IRS may decide that the policy hasn't left your estate after all. Instead, the IRS may count it as part of your estate, which can impact your estate tax liability.

What does the Trustee do?

The Trustee manages the ILIT for you on your behalf. Your Trustee will follow your directions, as you've initially set forth in the ILIT's documents. While you and your spouse live, your Trustee will take the money you transfer to the ILIT each year and use it to pay your insurance premiums. Your Trustee may also oversee such administrative duties as the annual notification to your beneficiaries (called a "Crummey Letter"), and the filing of the ILIT's tax return, if necessary. Once you've passed away, your Trustee will oversee distribution of the policy's proceeds, according to the directions you've provided.

So we select life insurance policy after setting up our ILIT?

Yes, once you've drafted your ILIT, named your beneficiaries and your Trustee (or Trustees), the next step is to acquire a life insurance policy. You'll go about this process just as you would normally, except that the owner and beneficiary of your policy will be your ILIT. Also, you won't pay the insurance premiums directly. Instead, your Trustee will handle the actual transaction of paying your premiums to the insurance company.

What kind of policy should we use for our ILIT?

You can use an individual life policy---that is, one that insures the life of just one individual. Or, if you and your spouse are both living, you can use a second-to-die (also known as a "survivorship") policy. This kind of policy pays out a death benefit only after both spouses have passed away. Just remember, however, that if you and your spouse are both covered by an insurance policy owned by your ILIT, neither of you can serve as Trustees.

Can we use an existing policy?

Yes. Just remember that if you die within three years of making the transfer, the IRS will include the policy in your estate for estate tax purposes. Also, there are gift-tax



considerations if an existing policy is used for an ILIT. Despite these issues, however, you may still find that transferring an existing policy from your estate into an ILIT is well worth it.

How do we make the premium payments each year?

Each year you will transfer enough cash to your ILIT to pay your annual insurance premium. Once you've made the cash transfer, your Trustee will send your payment on to your insurance carrier in time to keep your policy in force. As long as your premium payment follows the "gifting" guidelines, as described below, there will be no gift taxes incurred by either you or your beneficiaries.

What are the rules for "gifting"?

The ILIT works so well because it takes advantage of the tax break allowed for gifts called the annual "gift tax exclusion." As of 2017, each year, you may give away up to \$14,000 to an individual completely gift-tax free. You can give \$14,000 gifts, as adjusted for inflation to as many people as you like. A married couple can give an individual a combined \$28,000 annually, gift-tax free. There is no limit to the total number of gifts the couple may make. You may, of course, give someone more than \$14,000 a year. The excess can be applied toward your lifetime estate tax exemption of \$5.49 million (the 2017 limit). Remember to always make sure you are following the most current law for your tax year.

What other requirements are necessary to keep the ILIT in force?

Once your ILIT has been set up and your life insurance policy acquired, there's generally very little that needs to be done in the future. Each year (or as long as premiums are due), you'll transfer cash to the ILIT, the Trustee (or your attorney or CPA) will notify your beneficiaries of that fact the Crummey Letter, and then the Trustees will wait the proscribed time to see if the beneficiaries of your ILIT withdraw the money. When they don't, your Trustee will send the premium payment on to your life insurance company. In addition, your ILIT will need a separate tax ID number, and a separate bank account may be necessary. In some cases, you may need to file a gift tax return. Finally, if your ILIT has earned income during the year, it may require a tax return.

Will my life insurance policy be subject to probate?

No, as long as you're beneficiary is not your estate. Once your survivor (or professional advisor) has provided your insurance company with proof of your death, the policy's proceeds are paid out directly to your beneficiaries. This payout generally occurs quickly, privately and usually with no legal expenses involved. Furthermore, the death benefit of your policy passes income tax free to your beneficiaries. Remember, however, that your policy is not completely tax-free. The proceeds from your policy are included in your estate for estate tax purposes.

What if we decide we don't want to keep the ILIT in force any longer?

There's nothing requiring you to continue making insurance payments. Depending on the kind of policy you have, your policy may lapse as soon as you miss your annual premium payment. Or, if your policy has cash value, these funds may be used to pay premiums until all the accumulated cash is exhausted. The one thing you cannot do, however, is transfer a policy owned by an ILIT into your own names. So, if you think that you may need to do so someday, or if you will want to access the policy's cash value for your own purposes, you probably should reconsider the ILIT as a suitable strategy for you.

Your only obligation at that point would be to stay in good standing with the IRS and make the insurance premiums and keep the policy in good standing, but it should dramatically decrease the amount of money you are paying each month over the matter.

If the agent accepts the offer, get that in writing and give yourself at least 30 days to set it up, maybe 90. Shop around and get your policy for the specific amount that the IRS agreed to accept. Then talk with an estate planning attorney about writing an irrevocable trust for this purpose alone. Don't mix this process with any other debts or transactions and keep it isolated from other tax periods.

If you have a concurrent state tax obligations, you may need to make a similar arrangement with the state; however, each state now bases the amount you owe it on the federal income tax amount. It is possible that making this deal with the IRS first, may alleviate your state collection problems as a matter of course. If not, then follow the same process with the state directly.

## LIVING WELL WITHOUT A SOCIAL SECURITY NUMBER

Over the last 25 years I've been providing clients, friends, partners and subscribers with little pieces of the whole picture on how to live well without using any social security number. Now I realize that some of you are committed by having disclosed or associated a social security number with, at least, a driver license or professional license. The same is true of myself; however, I'm going to show you how to live well without associating a social security number that was assigned to your legal name. This will especially apply to my anticipated following of the "GenZ" or "iGen" demographic, people born between 2000 and possibly 2025. I know this time period may change somewhat, won't matter. Let's understand a few things about this social security number scheme. It's a Nazi system of numbering people, it was described in the Bible, and so what. It was dredged up into our legal system by Eleanor Roosevelt, FDR's wife, during his term as president. If you read your history well enough, you'll discover that FDR was responsible for "The New Deal". It was a collection of congressional acts, executive orders and federal regulations that re-organized the bankruptcy of the United States under Title 5 USC §552(a), otherwise known by two names, The Government Reorganization Plan or by the Administrative Procedures Act. I'll leave the why and how for a later time, let's focus on this numbering scheme.

First, no law requires anyone to obtain or use a social security number as a condition of living, working or even voting in any of the fifty states or the United States. If I can believe my congressman's written word, I have a list of many letters from congressman over the last thirty years who have so stated.

Secondly, even if you have one, you are not required to disclose it, even on a tax return. This is very clear in 26 CFR Part 301.6109-1(c) "Identifying Numbers". It states that only someone paying you must ask for the number. How many times have you been asked for a social security number when you are paying the one requesting? Federal regulations apply to federal agencies, not people, but this regulation only requires an officer, employee or elected official of the federal agency to request the number. It does not require anyone to actually disclose a social security number, even you are asking for federal benefits (Privacy Act of 1974). If the employee is going to pay you and you refuse to give the number, the regulation requires the employee to lie to you and tell you that disclosure is required. If you still refuse, the employee is then required to submit an affidavit so stating along with whatever forms on which your social security number was going to be reported.

Third, the social security number applies to officers, employees and elected officials of the United States; however, some of the states' legislatures passed laws requiring the disclosure of the number for state privileges such as getting a driver license. I'm not sure if the Supreme Court would have upheld this or if anyone has ever challenged it, but it is not embedded into our society. Its use has become so pervasive that to stop using it literally requires a series of lifestyle changes, the degree of which depends on how much you want to rid yourself and your life of this fraudulent scheme. Let me tell you a bit more, just to get the blood pressure up if it's not already. The fact that you are using this government number and associating with what you do throughout your life, allows a handful of elite individuals and organizations to move billions of dollars in the form of securities through your social security account everyday, and enables bond holders to name you as the guarantor and collateral on debts and security they create for their own profit. Yes, you are a slave if you are associating this tax number with what you do throughout your lifetime and if you got your children a social security number and claim them as a deduction on your tax return, you've done the same to them before they were even of legal age. It's a form of human trafficking.

The number itself is 9 digits; therefore, there are 10 combinations per digit, for a total of 10 to the 9<sup>th</sup> exponent of combinations, or 1,000,000,000 (a billion) combinations. The program began in 1933 or 1934 and apparently, no number is permitted to be issued more than once. We now have one-third of a billion people living in the United States and easily that many social security numbers being used by everyone, except a few people like myself. Go back 40 years and that's another one-third of a billion numbers being used. Then consider how many 9 digit tax numbers have been assigned to illegal aliens, trusts, corporations, estates, etc. We are well beyond over a billion numbers in use, not to mention that blocks of them cannot be used as they are reserved for government purposes.

The way the IRS and Social Security Administration avoid confusing files as they are indexed by social security or EIN or TINs, is to use the first four letters of a taxpayer's last name and concatenate them onto the end of his SSN. For example, William B. Smith's SSN is 666-00-1234, so his individual master file at the IRS would be 666-00-1234SMIT, a total number of combinations equal to 10 to the 9<sup>th</sup> power times 26 to the 4<sup>th</sup> power, problem solved.

I believe the best way to explain how to live well without a social security number is to give you actual case examples of how I've done it and how I've helped others do it. In my case, it's plenary, including every aspect of my life. Like I said, it is a lifestyle change, and I can't expect everyone to simply adopt all of it overnight, so I only focus on one immediate situation.

### **At Birth**

The first example is how to bring your children into this world, with a traditional birth at a hospital, without a birth certificate and without any social security number. I did this five times for my family. I even brought my wife here from Europe, legally of course, and she was never forced to get a social security number. Here's how you do it. We all know it's an exciting time, having a child. We get over nine months to prepare and in that time we get to decide on a name. Remember that a name is what you call yourself, not necessary a series of letters on a birth certificate or government document. The last time I checked, we still have the right to freedom of expression, even without the Constitution. In any case, after that wonderful moment when you've given birth to your new baby, and all of the nurses and doctors congratulate you, a short time after, you will receive an uninvited visitor from the Department of Health. Let's call her the tax collector.

The tax collector can only collect taxes on the new child with the help of an informant. Who is the informant? It's your mother. But you don't have to be an informant because your child is not a new taxpayer, and he is not collateral for the national debt, nor is he an article of commerce. But I prefer to be kind and courteous. So when the tax collector comes into the room, uninvited, with that fake smile and a clipboard, and asks the informant to inform by telling the name of the new baby, you simply respond by saying something like this, "You know, we just cannot agree on any name at this point, not sure when we will." and just leave it at that, until that awkward feeling comes and then continue to hold, and watch the tax collector simply leave. Now the tax collector may try to get you to come up with a name right then, like I said, leave it at that, change the subject, ask her to leave because you're tired, etc. And say it with a smile.

The trick here is to never use the baby's name at any time during your stay. I would say it's best not to use your legal name when you check into the hospital in the first place, but that would be very difficult for many people, especially with insurance, etc., and it's not necessary. The tax collector will either not prepare any birth certificate, or will prepare one with the first name being "Baby" and if it's a girl, middle initial will be "G." and a boy "B.", and then use the mother's last name as the last name on the birth certificate. That's okay, remember, it's not yours or your baby's, unless you claim it someday and use it for something. The reason we claim ours is to get passports but I have discovered that this was not necessary. We are just talking about the social security number though. Because you did not give a name, inform, the tax collector will not file an SS-4 in your child's behalf. This is illegal, or it should be, but the trend over the last 20 years is for the tax collector who prepares the birth certificate to also submit an SSN application.

Whenever you're asked for a social security number for your child, or given a form, use 000-00-0000 in place of any number. Do not use all nines or

anything but these zeroes. If anyone asks, explain that he or she has no number and no law requires you to get a number for your child. You can also cite the regulation from earlier in this article, I've never had any problem with this and it usually makes for an interesting conversation.

### **Mobile Phone**

Next I'm going to show you how you can get a credit file without a social security number, but keep in mind that you may want to do as many things as you can even without a credit file. On the mobile phone, apply for a two year contract with no credit file and no social security number. Use all zeroes on the application. There is a chance you will get the contract, or maybe you'll have to make a large deposit, like 25% in order to establish a file with the carrier, but once you do, it's good for as long as you pay the bill timely. If this is a problem, don't get a two-year contract, use a month-to-month service and buy the phone, there are many options. Many people believe they can't do this before they have even tried. Try getting a mobile phone contract or the service you want using the zeroes on your application, see if that works or if you need a larger deposit or to pay for the phone, the deal can be made, and don't get frustrated in the process, it can be done. I've done it many different ways and many people I have helped always get what they want.

### **Renting a House**

Renting a house is probably easier than renting an apartment and over the next few years it will become easier to find all kinds of rental deals and owner financing and lease options, without using a social security number, but more importantly, without using a credit score. Some markets are more difficult than others, but for the most part, you will be able to find a house you like and sign a lease agreement without a social security number. The difficult ones are usually property managers or corporate owners, they have strict policies that the employees will not be willing to dodge in order to get you into the lease. This becomes a numbers game, instead of looking at four deals and choosing one like most slaves with good credit, you might need to look at 20 deals before you choose one.

You want to talk with the owner, show him your bank statements or whatever will make him satisfied that you can pay and will pay the rent on time. Come with written references from previous landlords or employers or neighbors. Offer to pay two or three months' rent at signing, plus deposit. We did this in a hot market, but my wife showed up the minute the first showing began and spoke with the owner. After a very nice conversation about nothing really important, the owner told my wife that she seemed like a nice person and that she wanted to offer her the lease, and that was with about four other prospects standing next to her. We discussed it over the phone for a few

minutes and then accepted, and when it came to time to sign, the owner didn't even care if I signed the lease. That was over a year ago and we're still here on month-to-month terms. This is one example of fifty or sixty we've done over the years.

### **Buying A House**

Would you believe that renting an apartment without a social security number or a credit check is more difficult than buying a house the same way?

You're not going to get a traditional bank loan and I don't recommend that as the best form of financing. Instead, you'll want to seek financing from the seller using an owner financing deal or more specifically, a lease with an option to buy contract. I've done this many times and worked with people in many situations to do this. It does help to determine what the seller needs (not wants) before you make your offer. Maybe he just really needs \$10,000 now and can live with that and give you short term financing. In the next few years, you will find this deal to be trending, but many investors have used it as a staple over the last thirty years, at least from what I've seen.

Agents and attorneys are usually the type of people that don't know how to market themselves and rely on their professional status alone, as a substitution for competence, in other words, they usually screw up deals. Get around them, get them out of the way, or just minimize their involvement. You want to talk with the seller, find out what he needs. Maybe you will need to make a larger down payment, or ask for a short term owner financing deal, or include an options contract. Maybe you can find someone to match your funds with the down payment and then buy him out later. And you don't do this because you have bad credit or no credit, or don't want to use a social security number; you want to do this because it's the way we are supposed to make deals, without interference from our government or other creditors or the corporate system. Set up the deal so that everyone's interests are protected and you will get it. Yes, it will be more difficult in a popular market, where listings are short term, but the trend is a deflating market, so your time is coming.

Another really good reason to avoid putting your name on the title to real estate, and use an options contract for this purpose, is so you don't "go down with the ship" when the market tanks. You can exercise your option for the fair market value when the seller is screaming for you to heal his pain as he watches the market dive down each week.

### **Credit**

How do you get credit without a social security number? I decided to explain this to you now, it will become very useful, but I'm going to caution you not to replace your addiction to personal credit with this new understanding.

The social security number has a certain format and the manner in which the numbers were generated including groups being assigned by state, and then in sequence. The algorithm was developed by the Navy, but it's not important that you understand the details here. Basically, because no law requires anyone to have a social security number, and establishing credit does not require a social security number, you simply need a nine digit number to be associated with your name and address and manage it in a way so that it will not be merged with your previous file that has a social security number, or anyone else's for that matter. Sometimes this happens, so you just have to know how to correct it and manage that file just like you manage any other financial matter. You can do this because it's legal and because you are not cheating or defrauding anyone. Keep in mind however that if you use this technique to cheat someone, or commit a crime, using this type of number for your credit may be considered an element of the crime.

You would not be using someone else's number intentionally, as everyone's number is already being used by someone or something else, at least once. So again, just be sure that the person who was issued the number you are using for your credit cannot have his credit file merged with yours, and this is easily fixed if it ever happens. It can simply be disputed for accuracy. You will never need to show a social security card to do this, and if anyone asks, you can show other records proving that your name is what you say it is and by implication, this is your correct credit file number.

### **Credit Cards**

The most common way I've done this over the years is to simply create a new credit file without the assigned social security number, build the credit and then use it just like you did the first time. It's then very easy to get unsecured credit cards, just like you did when you first started getting offers in the mail.

### **Bank Account**

Once you have a credit file without a social security number, and have verified that the number has not been reported to the death index, you will be able to open a bank account with yourself as a signer. You just won't be able to show a social security card with your name and that number, and don't try to make a fake one. If this is a deal breaker for the bank, find another bank.

A more sophisticated, and slightly more costly, way of getting access to a bank account is to have an attorney on annual retainer where he signs for you as trustee for a trust he's written for your banking purposes. Explain to the attorney you don't use an SSN and are frequently out of the country and you need "someone you can trust" to sign on the account. Some attorneys will not be willing to do this, but some of them provide this as part of their service, you'll have to shop around. And, no, you cannot trust any attorney; however, they are



bonded and you can require additional bonding and avoid giving them access to much money at any one time and you should be fine.

### **Buying A Car**

Most of the situations I've solved were for people who needed a car for practical reasons, driving to work, grocery shopping and school. In nearly every case I've recommended simply saving the cash and paying yourself regular payments until you have more than half of what you need for a car. Buy a reliable used car from a local dealership. See if you can pay for it with the cash you've saved and then a short term loan, say 24 months, and drive today. There are many variations of this, but we are heading into a time when there is an enormous glut, especially in the used car market, and many dealers will take this deal. Don't be desperate, there is a deal somewhere, if you are not comfortable with one, just walk away. But you can buy a car without a social security number and without credit. My mother did something like this once time, she bought a Toyota Camry, and her credit was the worst, but because she made the payments on time, the dealer sold her one or two more of the newer models over the years.

### **Utilities**

I like to open utility accounts in several different ways. I've had to figure this out over the years in order to solve specific problems, such as people needing to hide for fear of their lives, or who were the target of an unfair collection that precluded them from getting a utility account like most people.

If you are not going to give your credit file information, the utility company will try to coerce you into disclosing it, but ultimately, you will simply have to make a larger deposit. That's the simple example. But let's take this a step further, what if you wanted a utility account in a fictitious name? It's about the same, larger deposit, and either avoid producing a copy of your government identification, or use an acceptable form of identification that you can create and will not be considered a "phony ID", such as a "W-2 statement" or an International Driving Permit" (IDP). You'll have to ask me about this because it's not common to find a service that will provide those without a driver license from some government. Another legal way to make it appear as if your name is something other than what appears on your driver license, birth certificate or old credit file, is to set up a corporate (I prefer an LLC) bank account with a "dba" in that fictitious name, and then get a debt card with only that fictitious name on it, as the business name. For example, XYZ Company, LLC dba "Bill Smith", and Bill Smith shows on your debit card for the account.

### **Car Insurance**

The insurance company will act like a bank, so if you can open a bank account with no SSN, you can get car insurance in the same way; however, I

like to take it a step further. It's not for everyone though, as I've said before, you can have your privacy, if you have the stomach for it. I prefer to carry my own car insurance. I set up a company and created a balance sheet for it along with an annual insurance card that I print each year. This is known as "self insurance" and in Florida it has a code "11111", so that appears on my card and both my wife and I are covered under it. Assuming that statutes apply to people for a moment (don't want to get too far off topic), the law does not require you to have insurance and pay an insurance company regular premiums and then be liable for whatever someone can sue you for; not at all, the law only requires that you carry with you, "proof of financial responsibility". And while you really should have the ability to pay if you are responsible for damage and injury, no police officer on the scene is going to audit your balance sheet. He's just going to accept your insurance card at face value and do his job.

But this is very basic, only comes into play if one of us is found to have injured someone and has to pay. We have enough liquidity on the balance sheet that we could pay, but we would never pay \$1,000,000 for example. We only have enough to pay up to the statutory requirement, \$40,000. And if we did that, we'd have to replenish the balance sheet to be considered having "financial responsibility" once again. Additionally, if someone scratches your car, steals it and it's never recovered, or you total it yourself, your company is liable, cash out of pocket. I've done this for twenty years without any problem, and I'm a careful driver and so is my wife. I'm betting that if I'm in a wreck, it's going to be the other guy's fault and his insurance will pay. You still have one more serious concern however.

What happens if you get into a crash, it's clearly the other guy's fault and either he doesn't have insurance or his policy won't cover your injuries and you are out of work and in the hospital for months? Getting an auto policy for this reason alone would defeat the purpose and what I call the benefits of being self-insured. You will want to research this for yourself as you might be able to get a homeowners policy or some other type of risk management to offset such a risk. You might also be able to get the type of automobile policy that someone who doesn't own a car could get, someone who is in town only intermittently and rents a car. It's one of the areas I haven't explored very much, but worth the time because this is a serious matter, we're not trying to trick the system, but only wanting to avoid being exploited by the social security number and banking system.

### **Doctor Visits**

Whenever you visit the doctor, chiropractor, dentist, acupuncturist, hospital and these types of health care professionals, you are not only asked for a social security number, but proof of your identity using a "government photo ID". This is just plain and simple surveillance, but the doctor does need to know your age,

within a certain number of weeks at least. Remember that for most of you reading this, you will have used a social security number to get a driver license and you will use that for identification. If you are using a driver license for anything other than a traffic stop, you need an IDP or passport or something without any connection to your DMV, via your DL number. I'm saying it this way because it's your DL number and/or the magnetic stripe on the back of the card that gives merchants access to your entire DMV file, trust me, you don't want to know what's there or you'll really be angry (think Nazi surveillance state).

In any case, if you're not yet using a passport, either a United States passport or one from another country, or an IDP, and the service insists on you providing a government issued photo ID, use a color photocopy of your DL. Make this copy before you go to the doctor or have a few copies handy in your car or a paper file in your home. Make a color copy, then use a black marker to redact the DL number and your date of birth. Then make a color photocopy of this redacted version and be sure this information is not visible. Use that as your ID.

If the office gives you a difficult time, use this explanation. *I've been a victim of identify theft in the past and my attorney told me never to use my driver license for ID except at a traffic stop. He said if anyone insists on seeing my original DL, that I should ask for his data retention policy and a written explanation of what liabilities and insurance coverage the requesting party has for securing my records. Once I get this information, he said I should call him and come to his office to show him how my information is going to be protected by the service that's requesting it.*

You are actually saying, *my attorney wants to know how you are going to indemnify my client against any misuse or unauthorized access to his information.* Sometimes these people get smart and ask to speak to your attorney directly. Explain this, *he said if you are asked to speak to me directly, explain that our retainer agreement doesn't cover this type of involvement and that his hourly rate is \$350 to answer questions and please make an appointment.*

You should never have a problem. Sometimes I don't even do these things. If someone asks for proof of my identity, I just explain that I am who I say I am, do you suspect I'm lying? I also pay for visits with cash, sometimes a credit card, but it should be no problem to use your insurance carrier as well, same scenario.

Remember, I said to redact your date of birth? But the doctor needs to know your age in order to give you medical advice or treat you in many cases. He doesn't need to know your actual date of birth. So change your date of birth by a few weeks or months, and remember what date you did you with that

physician's office. In some cases, your social security number can be obtained simply with your full legal name and date of birth and some companies will get that information. Yeah, it's probably illegal, but this system is so broken that even illegal things like surveillance of private citizens by anyone, government, companies, etc. has become an acceptable practice.

This is another reason I use an alias with these services, and I either get around showing ID, or I use an IDP, a debit card or other means to establish that the name I'm using is my name. Most of the time, when asked for a DL or ID, I explain that I didn't bring it, or it's in the car. Sometimes, whoever is asking for it, will ask me to go get it. Sometimes I say I don't have it at all, even if it's obvious that I drove, then explain I'll be sure to bring it next time. Sometimes the office forgets to ask me again, and sometimes we have the same conversation, and then sometimes, I don't need to continue visiting that office because I'm usually in good health. I didn't give you all the answers here, just plenty of means and references to think through these situations.

## **Passport**

If you already used an SSN to get a United States passport, you're stuck with it, just like with the DMV records and the DL; however, if you have not, now is the time to get a U.S. Passport with no SSN. Just use 000-00-0000 on the application. Yes, there is a notice that you could be subject to a fine for not disclosing one. Keep this in mind, no one using an SSN actually "owns" or "has" an SSN. It's a government number, that's why it cannot be revoked or surrendered, it's not yours, it's the government's. Also, the use of the number was never assigned to you, a human being. It was assigned to a security, or evidence of a security, known as a birth certificate and the common label on that certificate which looks just like your name, but it's in all capital letters. This is not your name, anymore than someone who shares your name is not using your name, it's his or hers because it's being used to identify he or she but not you.

In any case, a new federal law was passed in the last days of Obama's term that required employees of a federal agency known as the Surface Transportation Board to disclose a social security number with a passport application if the IRS had served notice on the agency of the employee's tax liability that was in excess of \$50,000. The Department of State is now trying to use this law to preclude anyone from renewing or getting a U.S. Passport who does not disclose a social security number. Assuming there is a legal mandate, which there is not, as I'll explain, it only applies to employees of the Surface Transportation Board if their agency has received a notice of the assessment of an unpaid tax liability from the IRS in excess of \$50,000.

I'm going to save you the legal research, just understand this. I have found no implementing regulation for this law, meaning even though there might

be a statute for this, there is no agency regulation that makes it binding for the employees. And remember, it's only for agency employees where their employer has been served notice of an assessed and unpaid federal income tax liability exceeding \$50,000. Assuming it even applies to them, it certainly does not apply to people who are not employees of this agency. Additionally, this is a due process and right to travel issue. The government cannot restrain or impede your right to travel because "you don't have" a tax number, or because you didn't pay a certain tax. In fact, you can travel internationally without a passport, to and from the United States, but that is another subject. If you renew your passport via mail and are denied because of this issue, applying in person should resolve it, just explain that you don't have a social security number and are not required to go get one. One that thing that is very important, DO NOT sign any additional documents, such as an affidavit stating that you don't have a social security number. The passport application is already made under penalties of perjury and you are not required to sign additional affidavits, especially those you didn't write in your own words, restating the same things you stated on your original application. If you sign such a document, after having already submitted a correct and complete passport application, the agency will impose whatever *ad hoc* rules it wants and you will have no legal defense or protections. Again, I'll spare you the legal memorandum.

**It's important to remember that if you truly want to do things without a social security number, remember these basic principles, and that with some organizations or individuals, it's enough to disclose your legal name and actual date of birth, and this can be used to obtain your SSN. Of course it's not legal, but again, you're dealing with people that usually thing anything the government does is okay and why should you care if you're not doing anything illegal.**

# THE *Signature* LICENSE,

## **RESTRICTIVE ENDORSEMENT AND CONTROLLING YOUR DATA**

If people used these practices when signing mortgages at the beginning of the century (from 2000), it is likely that we would not have had a mortgage crisis because the banking system would not have been able to counterfeit and forge notes and mortgages in the process of taking homes.

What is a signature? My mentor used to say that it's "...the nature of your sign". There seems to be no reference anywhere, in law or publications, that explains what a signature is and how it should be used and what power and rights it conveys.

If you ask most attorneys what a signature is, you will hear some nonsense about how it's your name written in cursive and can be written in many styles. Attorneys cannot be expected to have any intelligent opinion on this subject, even though it's probably the most important subject in law. Lack of this understanding is the reason that most people are exploited. Ask anyone who has a mortgage, what he agreed to under the terms of the note and mortgage, and he will not have the words to articulate the agreement, even though it's one of the most significant contracts he can ever make.

Make no mistake, your signature is money and if you disrespect it, the misuse or negligent use of your signature will hurt you financially and in many other ways. Nearly everyone in our modern society is trained like a monkey to sign whatever form he is given, without question, and without restriction. Most people don't even know that you can impose restrictions on the use of your signature with legal terms in what is known as an "endorsement".

Did you know that your signature is your private property? It is an expression of your will or yourself. Think about this, when a creditor imposes a lien or levy on someone's property, it may take money out of the bank, levy wages or auction collateral, but no creditor ever takes your signature. Your signature is the source of wealth, at the very least it helps you acquire property rights and those rights can be taken by a court in most cases, but not your signature. It's just like a thought, no one can take your thoughts, or your attitude, and likewise, no one can take your signature. This property needs to be acknowledged and respected.

Your signature is the "nature" of your "sign", it is your individual expression and we use signatures today to express our consent to certain agreements. Most of these agreements are known as "adhesion" contracts, that is, terms to which you either agree without exception or don't agree at all. I'm not challenging these types of contracts, that is for another article, but I want to draw your attention to the fact that you can impose terms upon the use of your signature and still accept the terms of an adhesion contract.

If you sign something without qualifying the use of your signature, you are giving the counter-party a "blank check" to use your signature for any purpose at all. Here is an example, you apply for credit using your signature and other information, you agree to a credit inquiry of your credit file. But what you also agree to, either in writing on the application or by just giving a "blank check", is that your signature, and thereby your consent, is also used to report unpaid bills to your credit file and for use in a debt collection and in assigning your account to collections to third parties which you never expressly agreed to, among other things. I'm not saying that every credit application is going to turn into a debt collection, but if the organization states that it wants to make a credit inquiry of your credit, that should be the limited purpose for which you affix your signature and all other purposes should be excluded.

What if you sign a promissory note or credit agreement and then the bank or lender uses the signed instrument to make money beyond the terms of the agreement and its relationship with you? This is done everyday and you would be shocked to know how often your signature is used to make money without any compensation to you.

Let me give you a short example of how your signature is used to generate money for your direct benefit, and this doesn't include all of the money that your signature is used to create where you receive no benefits at all.

The following data pertains to an average individual's use of his SSN/DOB, Signature and Annual Income Statement when obtaining loans for consumer debts and generating income throughout his lifetime. It does not pertain to other value created by other aspects of the individual's likeness. The premise here is that one's identifying information (financial, tax, banking, credit) is an aspect of one's likeness. Add in the missing annual income and your age and calculate this for yourself.

**Average American Annual Income** = \$52,000

Average Income of Individual (last three years) = \$ \_\_\_\_\_

Current Age = \_\_\_\_\_

Average American Age of Retirement = 65 years

This factor, average income from last three years, should be supplemented by the amount of annual revenue generated for the organization in which the income earner is employed, if he is employed. It would be calculated by an estimate of the amount of money his employment generates for the company. This factor is not included within this analysis, and this analysis should be done with the individual's specific data in place of these estimates.

How much debt does an American create:

**Student Loans** = \$27,000 for a four year degree  
\$44,000 for a masters,  
\$56,000 PhD.  
\$113,000 Medical (MD)

**Credit Cards/unsecured debt** = \$120,000

**Mortgages** = \$230,000 is the average mortgage, but people generally obtain several mortgages throughout their lifetimes. An average person could create \$1,000,000 in mortgages in his lifetime.

**Automobile Loans** = \$30,000 on average, with the average person creating car loans for a least 7 cars in his lifetime, or \$210,000 in car loans in his lifetime.

### **Small Business**

Small Business Trends published a 2007 table showing that the average small business (S-Corp.) across all industries, generated just over \$1,500,000 in gross sales. While the net income of the owner was about 7% of gross sales, the key number here is gross sales generated by a small business meaning that the owner is not a corporation in the sense of a C-Corporation, but a sole proprietorship or S-Corp., usually with one owner. This means that the owner was required to use this name, signature, DOB, SSN, and personal income statement for nearly every aspect of the business, from ordering supplies to guaranteeing contracts and credit terms.



For each individual, it is entirely possible that his identifying information can be used to generate approximately \$1,500,000 in revenue per year. This amount should be multiplied by the number of years which one could reasonably be involved in such a business until retirement, from his current age.

### **Life Insurance**

Whether or not an individual has life insurance, his identity can be used to obtain a life insurance policy. It could be reasonably, anywhere between \$25,000 to \$1,000,000 of coverage. I'm going to use the amount of \$250,000 to be conservative and factor it into the total estimate.

Total Identity Valuation (understated):

	65 – Age x \$52,000
+	Student Loans \$25,000
+	Credit Card with Unsecured Debt \$120,000
+	Mortgages \$890,000
+	Automobile Loans \$210,000
+	Life Insurance \$250,000
+	65 – Age x \$1,500,000

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Assumption that individual is 50 years of age

15 x \$52,000

\$25,000

\$120,000

\$890,000

\$210,000

\$250,000

15 x \$1,500,000

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\$24,775.000

Factor in the use of this specific individual data by debt collector for tax deduction (face value of mortgage), face value of bank owned life insurance, securitization, collateral

Okay, your signature may be worth at least \$25,000,000 in your lifetime and this is just a rough estimate and does not include all of the money for which your signature is securitized and monetized by banks and corporations and banking facilities.

Why have you been so careless with your signature? Why has no one ever explained the importance of this to you? The answer is quite simple, you have been exploited all of your life, in these ways but in far more ways you can possibly imagine, by the banking system and by your government. You need to take control of your money (signature) and I've prepared the "Signature License" to help you do just that.

When you sign your name, you simply write above or to the left of your signature, "with terms, No. \_\_\_\_\_" and insert the number of your signature as per the algorithm and then include the signature license with your signature, either as a PDF online or on paper, or sent via first class mail to the counterparty.

I think you want to use this signature license when you provide your signature where the counterparty is a financial institution or corporation that deals in financial instruments; for example, a car dealership today is not selling cars as much as it is acting as a “broker-dealer” in creating consumer debt with notes and collateral. Today, a car dealership is more of a banking facility than a car dealer in the traditional sense.

The same is true for providers of life insurance. Insurance is just another aspect of banking and you use the signature license in these situations as well. You should use it when you apply for credit where your credit file will be reviewed with your date of birth and social security number. When your name, signature, date of birth and social security number are being used in a credit application, the account is being evaluated for underwriting with an insurance company and the paper you are signing, the note for example, will have a credit rating based upon your signature and credit. The reason for this is because the bank or insurance company or corporation is going to make money on the debt instrument you are signing (note, lease, credit application, etc.). Again, more reason to impose terms under a license agreement for the use of your signature.

If you sell your old car on Craigslist, chances are that someone in your neighborhood who is looking for a car will come to buy it. You will execute a sales contract (or you should) and then sell him the car if he wants it. This in itself does not involve banking and your signature on that contract will not be used for anything but that one transaction as described in the bill of sale. There is no need for a signature license, but of course you can use it in this example as well. However, it is likely that the Department of Motor Vehicles is using a signature on the certificate of title and registration application to create its own revenue in addition to the fees you are paying. What about your driver license?

A driver license, much like your birth certificate, is used to create all kinds of money and huge amounts at that, from which the signatory receives no money or compensation. It is safe to say that you should add a signature license to your DMV file as it pertains to your driver license. The same would be true for the state and federal income tax forms. There is a specific date and time when each of these records are created and permanently recorded and it can be used to create the signature serial number that is explained in the license.

I have included an example of a signature license here, I called it the:

## **Bullet Proof Endorsement**

This is a license agreement and a qualified or restricted endorsement for the use of my signature, between myself \_\_\_\_\_, the Licensor, and the counterparty Licensee, \_\_\_\_\_, notwithstanding any other terms between the parties herein.

### **I – Description of Use**

My signature is given for the specific purpose or transaction as it pertains to the document or instrument described herein:

- |  |  |
|--|--|
| <input type="checkbox"/> Payment Authorization | <input type="checkbox"/> Contract for the Purchase and Delivery of Goods |
| <input type="checkbox"/> Credit Inquiry        | <input type="checkbox"/> Membership / Subscription                       |
| <input type="checkbox"/> Promissory Note       | <input type="checkbox"/> Banking   |
| <input type="checkbox"/> Consumer Credit       | <input type="checkbox"/> Professional Services                           |

☐ Other or Specific Details: \_\_\_\_\_

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and for no other purpose other than that described herein. A true and correct copy of the document or instrument to which my signature is affixed is also affixed to this license agreement by the endorsement on the transaction or instrument using “with terms” and the number of my signature thereon.

## **II – Definitions**

The terms “My” and “myself” mean the Licensor.

My signature is the “nature of my sign” and it is my private property and not subject to any claims, liens or encumbrances.

My signature is an expression of myself and protected by law.

My signature is what I proclaim it to be and nothing more. It is not limited to a series of letters or any particular font, but may be expressed simply by the expression of my consent or will in an electronic form or verification process, such as an email confirmation to subscribe to a newsletter.

I am the freeholder of my signature and all rights attached, expressed, assigned or recognized with my signature.

My signature is non-negotiable and given without recourse, and without prejudice to any of my right, notwithstanding any other provisions expressed in this license.

The term “credit” means the credit history of the Licensor as such records may be maintained by a government or credit reporting agency such as, but not limited to, Equifax, Experian, TransUnion or LexisNexis or other credit reporting agency, that is subject to the provisions of the Fair Credit Reporting Act.

A “backup” is a duplicate made for security purposes and for the anticipation that original data may be lost or damaged and therefore, the backup can be used to replace the original.

The term *per diem* mean per day.

## **III – Rights to Copy**

My signature shall not be copied duplicated or replicated on or in any medium including paper, electronic or digital, except that the counterparty may store my signature in its own database, whether paper or electronic, and for the uses limited by this agreement, and for no other uses. The counterparty may also create “backup” copies for security purposes but shall not store such copies in violation of the Non-Disclosure provisions of this license.

## **IV – Binding Provisions**

No verbal expressions representations of any kind are binding upon the parties and only the terms herein are binding. This agreement shall be controlling in any disputes between the parties as to the terms of use for signature herein.

## **V – Confidentiality & Non-Disclosure**

My signature, and the instrument terms or documentary terms to which it is affixed, as described herein, shall not be published or disclosed to any party or third party which is not named in this license.

## **VI – Trademark**

My signature is my unregistered service mark or trademark and is protected by the law of trademarks.

## **VII – Intellectual Property**

My signature is my intellectual property and I have the superior claim against all others and no one has any superior claim against my intellectual property or signature than myself.

## **VIII – Access to Credit History**

My signature may be used for a single credit inquiry by the Licensee and shall not be used for any other purpose, including by not limited to debt collections, asset searches, or credit reporting or reporting any information to my credit file.

## **IX – Indemnification**

Licensee shall indemnify the Licensor against any and all security breaches, losses or damages resulting from the use of his (or her) signature.

## **X – Choice of Law & Dispute Resolution**

The choice of law for any and all disputes arising from these terms shall be within \_\_\_\_\_ and any and all disputes arising from this agreement shall be resolved by applying to the court in this jurisdiction under an appropriate cause of action.

## **XI – Liquidated Damages**

The counter party shall pay liquidated damages to the Licensor in the amount of 480 grains of gold (Au) or its equivalent in Bitcoin, within thirty days of such violation. If counterparty shall fail to pay liquidated damages within the time limit herein, it shall be deemed to be in default of the license terms herein and damages shall continue to accrue each day at a rate of 480 grains of gold (Au) *per diem* until the default is cured.

Additionally, any commercial use of my signature that is not specifically authorized by this license which is appended to the transaction, document or instrument described herein, and that produces any gain or financial benefits for the counterparty Licensee, shall immediately be reported to and paid to the Licensor, in full. Failure to pay these amounts to the Licensor shall constitute default under the terms of this agreement. Licensor shall pay additional damages to the Licensor in the amount of money or financial gains realized by the Licensee

Licensor shall give written notice of the default, for each and every single default, to the Licensee within thirty (30) days of discovering such default, and provide the Licensor an opportunity to cure the default with specific instruction on how to do so. If the Licensee fails to cure the default(s), such failure shall constitute a security agreement and notice of the agreement shall be given and published in the official records of the jurisdiction in which this agreement is executed and in which both parties reside. This security agreement shall constitute a statutory lien.

## **XII – Term Limit**

My signature is expressed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at the time of \_\_\_\_:\_\_\_\_\_

My signature is revoked and expires on the date of \_\_\_\_\_, at the time of \_\_\_\_:\_\_\_\_\_,

Or, expires upon the occurrence of a specific event described as

\_\_\_\_\_,  
whichever occurs first.

Dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

### **XIII – Signature**

My signature is numbered and sealed with an embossing stamp. The number of my signature is formatted in the following manner, year,month,day,hour,minute, for example, a signature expressed at 6:30 PM on Friday, January 22<sup>nd</sup> 2016, will appear as 201601221830 with no delimiters, and is expressed with the transaction or instrument described in Section I.

## DATA RETENTION LICENSE

Nearly all “privacy policies”, at least that I have seen anyway, are telling you that using software, or a service or product subjects you to consent to the company's “privacy policy”, and then in the policy, it explains what privacy you do not have. We don't have to accept this and we don't have to agree to binding arbitration clauses with foreign corporations just so we can use a computer. What we can do is notice these companies as to how our identifying information is going to be used, whether they like it or not.

I created what I call a “data retention license” that describes how my likeness and identifying information will be used by any counterparty. I then uploaded it to a free website and created a Quick Reference (QR) code that I can insert next to my signature or in one page notices to counterparties using my information. Here is an example to include with your notice:

### NOTICE OF LICENSE TERMS FOR USE OF LIKENESS

Please be advised that you agree to the following license terms for the use of my identifying information (likeness), please scan this link and visit this website to review the specific terms of the license.



<http://tinyurl.com/zrfebhd>

If you scan this code or visit the URL, you will see the following data retention policy or that with some revisions and I modify it once in a while.

## DATA RETENTION LICENSE

Please be advised that upon receiving notification of the QR code for the following content and license terms, you are subject to the terms and conditions set forth herein.

In requiring or requesting the disclosure of my identifying information and capturing or retaining my information in any way, or in any type of database, including but not limited paper or electronic media, you the recipient(s) of this notice, jointly and severally, and your agents, subsidiaries, assignees, attorneys, successors, receivers, transferees, appointees, share holders, investors or buyers, the licensee, agree to the following terms, notwithstanding any provision of law, policy or agreement:

**NOTICE IS HEREBY GIVEN** to any and all recipients of my data, that each is subject to the terms herein and has been duly noticed.

### Definitions

These definitions are not limiting or strictly exclusive of other or additional meanings that are commonly accepted by most people.

Please take notice that the first ten amendments to the United States Constitution have not been repealed, and have been reproduced by each state legislature in its own constitution, specifically as to the Fourth Amendment, to wit: "...the right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized."

The United States Supreme Court holds that I have no reasonable expectation of privacy when out in public, or outside of my private residence; however, this is not a waiver of my rights and I retain my rights and private property rights, and these rights are more fully described herein.

The terms "me" or "my" or "I" – mean the licensor, the individual who served upon you, the license agreement notice via the QR code or website that you are now reading. I will identify these terms by the date upon which notice was served upon you (date indicated with QR code) and my name or other identifying information which is the subject of this license agreement.

I am an individual with a conscience and the power to reason and I have rights that existed before any law, statute, social, political or legal construct. I have rights that are absolute, natural and unalienable. I am incomparable to you (as defined herein) or any fiction or construct and superior to the same.

The terms "my identifying information" or "my data" mean my private property and include, but are not limited to, my personal, private, banking, credit, financial and identifying information such as my legal name, nick-names and aliases, date of birth, uses of a social security number, uses of a credit file number, bank account numbers, birth certificate and records, credit file number, bank account information, records on file with any department of motor vehicles (DMV), driver license, pilot license, captain's license, professional license, permits, registrations for any vehicles, vessels or aircraft, utility accounts, medical records, my human tissue or fluids, website content, browsing history, email and telephone communications, information disclosed on packaging for physical mail, such as letters, envelopes, post cards and packages sent via the United States Mail or any private carrier including but not limited to the time and date of the post mark and physical description and dimensions of the same, photographic, telephonic, video graphic or audio graphic images or records of myself and my likeness, including but not limited to any and all bio-metric information or patterns such as finger prints, DNA (deoxyribonucleic acid) records, retinal pattern, voice or utterances, physical characteristics (such as gender, hair color and style, eye color, height and weight), mannerisms, habits, behaviors, dance, gait, facial expressions, body language, dates and times of my activities, location data, meta data or information about the

information described herein, my signature, handwriting, and descriptive marks appearing anywhere on my body, or that may be expressed by me in any way.

The term “incident” – means a single violation or material breach of the terms of this agreement.

The terms “you” or “your” – mean, but are not limited to, the licensee, and the individual, entity, organization, business, government (state or federal), government agency or contractor (state or federal), county, state, city or municipal corporation, corporation, limited liability company, trust, sole proprietorship, or the party requesting, holding or benefiting from the use of my personal or private identifying, financial, credit or banking information, including but not limited to all information connected to my driver license, identification cards or devices, and medical records. These terms include, but are not limited to, to the principals, owners, agents, predecessors, assignees and transferees of the foregoing. You are recognized in this agreement as an individual without a conscience or the ability to reason and think rationally, and therefore, no inherent rights of any kind unless specifically given by statute or an act of the legislative function of the government that granted your existence. You are subservient to the will and power of people, such as myself.

The term “point-of-sale” means the period of time when payment is made for services or products, or the moment when my identifying information is requested or obtained, by any means.

### **Terms**

You agree that upon the moment of disclosure of my identifying information to you, or the moment you obtain my identifying information, whether with or without my consent, that you are in sole custody and control of my identifying information and that these terms apply. This agreement is perpetual and shall continue in perpetuity. If this agreement conflicts with any of your policies, the terms within this agreement shall be controlling and notwithstanding any of your policies or previous agreements, terms or conditions.

### **Indemnification**

You agree to indemnify me and hold me harmless of any losses incurred by anyone related to the disclosures requested of me, and you agree to compensate me and any other parties, for the full amount of losses, for each incident. You agree to protect my rights at your own expense, as it pertains to fulfilling the terms and conditions of this agreement.

You guarantee, without exception or condition, the security and privacy of my identifying information, or data, specifically,

- You will not share my data with any third party without my prior written consent. Failure to comply shall constitute a violation of the terms herein.
- Sharing my identifying information with, or for the benefit or use of, any insurance company, servicer or underwriting purpose, is strictly prohibited under these terms and constitutes a violation of this agreement, subject to the penalties specified herein, with damages including, but not limited to the following example: If your transmission of my identifying information to an insurance carrier and/or its underwriter results in the denial or cancellation of insurance coverage that I would have otherwise been provided, you shall assume all the risks and liabilities that such coverage would have provided me, and for as time as the coverage was intended by me.
- You will use my data only for the purpose stated at the point-of-sale. Failure to do so shall constitute a material breach or violation of the terms herein.
- You agree not to reproduce or duplicate my identifying information in any manner unless this is disclosed to me before the information is reproduced or duplicated and you first obtain my written consent to the reproduction or duplication. Failure to comply shall constitute a material breach or violation of the terms herein.
- You will return all records of my identifying information immediately after use or satisfying the purposes for which it was requested. Any of these records or information that are not returned shall be destroyed and a



**certificate of destruction** shall be provided to me at my mailing address below, specifically describing a) the date and time on which the records and information were destroyed and b) the purpose for which each was used and c) the manner in which they were destroyed and d) the name of the individual employee or agent charged with the custody and destruction of these records, with his or her signature, with the statement that "the foregoing is true and correct and I so state under penalty of perjury under the laws of the United States of America". This certificate must be delivered to me via certified mail within thirty (30) days of the destruction. Failure to do so shall constitute a material breach or violation of the terms herein. Failure to do so shall constitute a violation of these terms and you shall be subject to the penalties and damages resulting therefrom.

and,

- Disclosure of my identifying information in exchange for any benefit or compensation shall only be made with my express written consent and all benefits and compensation shall be disclosed to me at the time you seek my consent and the benefits or compensation are subject to a sharing arrangement in which you pay me some or all of the benefits or compensation obtained in exchange for my identifying information. Disclosure of these terms shall be made to the other party to whom disclosure is intended to be made and that party shall become subject to each and every term and provision of this agreement.

Furthermore,

Any of my identifying information, that is within your custody or control, and is accessed or obtained or disclosed to third parties because of a breach in your computer or network security or any unauthorized access of my identifying information is obtained through any breach of your security, shall constitute a material breach or violation of the terms herein.

If you obtain video graphic, audio graphic, telephonic or photographic/still images of me, or cause such images to be obtained, using either your equipment or facilities or those of another, you agree that these images are my private property and you shall assume to become and remain the trustee of these images, and your custody and control of these images shall be governed by the terms and conditions of this agreement. I reserve the right to require that you undertake, or refrain from undertaking, certain actions regarding your custody and control of my identifying information, from time to time. I may send you a written notice with instructions pertaining to what I want you to do with my identifying information. I may send you a lease or license agreement with payment and amended use terms to which you must comply. Failure to comply with such notices and requests shall constitute one or more material breaches or violations of this agreement and you shall be subject to its penalties and damages resulting therefrom.

If you represent or express to me, in any medium, or by any means, that the collection of my identifying information is for my security, or for any security purposes, or for my protection, or training purposes, you shall simultaneously provide me with a copy of your training policy and/or a written list describing what risks you are protecting me from and for what risks you are providing my security, or security in general. Failure to make these disclosures shall constitute a material breach or violation of this agreement, for misrepresentation but not limited thereto, and you shall be subject to the penalties and damages set forth herein.

If you make or express to me information or facts that are false, or for which you have a duty to know the truth or falseness of, this shall constitute a material breach or violation of this agreement.

You shall not interact with me as if I am a suspect in a crime. If you suspect that I am involved in a crime, it is your duty to report such a crime, and it will constitute a material breach or violation of these terms and conditions if you consider me to be a suspect in a crime and fail to advise me of the same and inform the proper authorities immediately upon making this determination. You should not exercise any powers that are reserved and exclusive to the police power of the jurisdiction in which we are interacting with each other, without full disclosure of the same and without immediately informing the appropriate authorities. Failure to comply with this provision shall constitute a material breach or violation of this agreement.

## **Severability**

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

This agreement does not constitute a waiver of any rights I had prior to the date of this agreement and is made without prejudice to any of my rights.

## **Acts or Occurrences of Nature**

If any event occurs that results in any kind of breach of this agreement by you, but is the result of an act or occurrence of nature, your failure to fulfill these terms may be exempted or excused from these provisions, provided that you have exercised or undertaken reasonable actions and precautions to prevent such failures. Additionally, you will undertake actions to cure such failures as soon as practicable following any such event or act of nature.

## **Penalties and Liquidated Damages for Violations**

For purposes of this agreement, the approximate value of my identifying information, in whole or in part, is not less than nine hundred ounces of gold (Au), *per annum*, and depending upon how it is used and what benefits are derived from its use by anyone, it may be worth substantially more. This amount may be calculated on a *pro rata* or *per diem* basis, using 365.25 days in one year.

You agree to pay me one ounce of gold (Au) or its equivalent exchange rate in Bitcoin (XBT) per violation of this agreement plus damages, plus the *per diem* rate.

You agree to pay me damages, in addition to all other damages, in the amount of one ounce of gold (Au) or its equivalent exchange rate in Bitcoin (XBT) *per diem* for each day you hold my identifying information in violation of this agreement. This provision includes but is not limited to third parties who hold my identifying information after it's conveyed or disclosed by you in violation of these terms, for as long as the third party holds my identifying information.

Failure to fulfill any or all of your guarantees shall constitute a material breach of this agreement and subject you to the penalties described herein.

You also agree to, immediately and without delay, remit to myself all profits, benefits and gains realized and obtained from the use of my identifying information, to me, as part of the liquidated damages, and measured by the value claimed herein.

## **Choice of Law**

Any disputes or claims arising out of this agreement shall be heard exclusively in the United States District Court located nearest to the location where the incident, acts or conduct giving rise to the claim or dispute occurred.

## **Notice Requirements**

Any notices required or made under the provisions of this agreement shall be by first class mail unless otherwise specified in this agreement. Notices shall precede actions or conditions that are amended, required or requested by a minimum of seventy two (72) hours.

## **Notice, Notice of Lien**

Be advised that I have and do possess the exclusive rights, without lien or encumbrance, to my private property, partially identified herein as “my identifying information”, but not limited thereto, and that there are no other valid claims against my private property anywhere. I have and do retain all rights to copy, use, duplicate and reproduce my identifying information, exclusive of any other individual anywhere.

This agreement constitutes a security agreement and superior lien, and notice of the same, upon and against all property and rights to property identified herein. This agreement also identifies my superior claim upon and against all profits and benefits you have obtained, now or will obtain, from the use of my identifying information.

Be further advised that I may publish and record a “notice of lien” using the UCC-1 Financing Statement Form in the appropriate system of records, but failure to record this notice of lien does not amend or alter the lien rights or license herein.

### **Fees and Costs**

Each party to this agreement shall be responsible for its own, or his own, fees and costs incurred from making any claims under the provisions of this agreement, including attorney fees, taxes and court costs.

### **Exclusion or “Opt-Out”**

You may refuse to agree to these terms by sending a written notice requesting to be excluded from these terms and guaranteeing that none of your employees or agents will accept or continue to use my identifying information in any way, as required herein. This notice must be sent via certified mail to the individual's postal mailing address who was responsible for noticing you of these terms within thirty (30) days from the date of this agreement.

If any of your employees or agents request and accept my identifying information following the date of this agreement, or following the date of your “opt-out” notice, you will have waived your “opt-out” exclusion and then be subject to the terms and conditions herein, *ab initio*.

My failure to “opt-out” of any provision of your “privacy policy” or similar policies does not constitute any waiver of my rights to opt-out at any time and to the extent that any such provisions conflict with the provisions of this agreement, this agreement shall control.

Your failure to “opt-out” of this agreement constitutes your express waiver of any and all legal immunities, including but not limited to absolute or qualified immunities because of your status as a government, agency of a government, or office of a government, or by your employment or the exercise of the functions of an elected or appointed public office, or trade or business, within any state of the United States, or within the United States or within any other jurisdiction on Earth.

### **CERTIFICATE OF SERVICE VIA UNITED STATES MAIL**

I do hereby certify that a true and correct copy of the foregoing “Data Retention License Agreement” was duly served upon you, the licensee, on the date appearing within the notice or QR code.

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Once you have placed a party on notice of these terms, it becomes a security agreement. If you don't know what a security agreement is, please research this term. What you will want to do next is the same thing the bank does when you borrow money for a house

or car or your business, it places a lien in the state or county records office and a notice of lien with that on UCC Form 1 "Financing Statement", a copy is here: <https://www.sos.state.tx.us/ucc/forms/UCC1.pdf>

Please a lien against your private property every time a party begins using it, even if it's a bank placing a lien on collateral, you place this lien against the use of your name and identifying information (private property). This lien should also be placed against the United States, your state and your county and anyone else who has been and will use your name and identifying information, even your bank, employer, credit bureau, etc.

## **SIGNATURE SECURITY**

Here are several habits, using old school methods, that will end and prevent banks and the government from stealing your signature, its value, and committing forgery and counterfeiting. The section that follows will discuss new technology for utilizing your signature and protecting it from becoming a "blank check" for bankers, businesses and the government.

This article is written specifically in response to the billions of dollars of counterfeit and forged promissory notes that have recently flooded the United States and have been used to steal American homes and wreck our economy. The problem is now solved (at least going forward). However, we need to adopt the following practices whenever entering into any promissory note arrangement, especially when it is going to be secured by a trust deed or mortgage lien against our homes

### **FIRST – PANTOGRAPHIC SECURITY PAPER**

When you first obtain your closing documents, the first task should be to locate the promissory note and print it from the file or copy it onto the following type of paper:

This is pantographic security paper. It can be purchased in 8 ½ x 11" or 8 ½ x 14" dimensions, in 25 Lb. or 60 Lb. Bond Void Blue, Pantograph on one side, 1-up on 8.5" x 14" sheet. You can usually buy 250 sheets/pack and it usually has ten or twelve security features. It is also compatible with copiers, laser, inkjet and offset presses.



I will recommend one brand, but there are many more that you can find yourself. Kan't Kopy® K2 is one-sided security paper that has 10 security features with counterfeit resistant printing to secure originals. The security features include:

- Pantograph (hidden message) - When an unauthorized person tries to copy or scan the original, a "Void" hidden message appears.
- Color Match - The original color of Kan't Kopy® paper can not be reproduced with any type of copy process.
- Kan't Kopy® Artificial Watermark - An artificial watermark is manufactured onto the paper.
- Anti-Copy Coin Rub - Watermark on the back turns black when rubbed with a coin.
- Erasure Protection - Guards against erasing/modifying and scanning.
- Acid Free - Preserves documents for a longer period of time.
- Toner Grip - Enables ink from your printer to stick to the paper without it flaking or smudging.
- UV Paper Dull - Ultraviolet light will not brighten the paper.
- UV Paper Glow - Paper has embedded security fibers only visible under ultraviolet light.
- Chemically Reactive - Spots will appear if chemicals are used in an attempt to alter a Kan't Kopy® document.

You can find more information and similar products at <https://www.blanksusa.com> and search the Internet for "pantograph security paper".

In security printing, void pantograph refers to a method of making copy-evident and tamper-resistant patterns in the background of a document. Normally these are invisible to the eye, but become obvious when the document is photocopied. Typically they spell out "void", "copy", "invalid" or some other indicator message.

Void pantographs work by exploiting the limitations and features of copying equipment. A scanner or photocopier will act as a low-pass filter on the original image, blurring edges slightly. It will also not be perfectly aligned with the directions of the document, causing aliasing. Features smaller than the resolution will also not be reproduced. In addition, human vision is sensitive to luminance contrast ratio. This means that if a grey region consists of a grid of very small dark dots the filtering will produce a lighter grey, while a region of larger dots will be affected differently ("big-dot-little-dot"). This makes it possible to see a pattern that previously was invisible. Numerous variations exist, including printing the marks using a raster of lines in one direction on a background of lines in another direction, or using fine line patterns that alias into a visible moire pattern when copied.

## SECOND – EMBOSSED SIGNATURE SEAL

When you affix your signature, use blue or red indelible ink and then emboss your signature with an embossing stamp such as the one illustrated here. Be sure to emboss over part of your signature with the image you have created for your embosser seal.



I found this example at [www.thestampmaker.com](http://www.thestampmaker.com). It's a desktop embosser you can customize with your own symbol or art and this gives a crisp, clear seal impression. You can send your artwork or image in one of the following file formats: tif, .pdf or .eps.

This is an example of what the embosser does to paper and the reason why it cannot be counterfeited or forged:

It costs only about \$50 or \$60 and ships in one business day. Use this seal to affix your custom artwork or symbol over your original signature on the pantagraph paper. If the bank ever tries to foreclose, it will be obvious that unless it has this original document, identified by your security paper and embossed and sealed signature, the bank can never foreclose.

No one can tell you what your signature must look like or how to make your signature, this freedom is what makes your signature legal and binding and worth money. You will be able to use these two practices in every note you ever sign. These two steps will eliminate the bank fraud, forgery and counterfeiting forever, we just have to pass this information around to everyone and encourage everyone to order his own security paper and embosser seal and use it at every chance.



If you can see what I see, we can use these two simple methods to end the note fraud and we don't even need to write more laws or file lawsuits. Remember that your signature is your private property and it is worth lots of money. You have the right to decide how and when it's used. This is your responsibility. If we act responsibly using the information in this article, we can eliminate many of the consumer debt and corrupt banking and courtroom practices that we have witnessed in recent years.

## THIRD – NEW TECHNOLOGY – BLOCKCHAIN

A blockchain is a type of distributed ledger, comprised of unchangeable, digitally recorded data in packages called blocks.

These digitally recorded "blocks" of data is stored in a linear chain. Each block in the chain contains data (e.g. bitcoin transaction), is cryptographically hashed. The blocks of hashed data draw upon the previous-block (which came before it) in the chain, ensuring all data in the overall "blockchain" has not been tampered with and remains unchanged.

A distributed ledger that is a consensus of replicated, shared, and synchronized digital data geographically spread across multiple sites, countries, and/or institutions.

Blockchain applications can allow multiple parties to jointly sign documents, legally binding and replacing the need to having them notarized in such a way that no one can repudiate it's date, content or signatures.

Documents are encrypted, uploaded and their required signers selected, granting them immediate file access. Participants authenticate themselves, download, decrypt, review and digitally sign the documentation. Finally, when fully signed, documents are notarized.

It's useful on contracts, company workflows or any paperwork between parties; but it can also be used by oneself to record immutable proofs, like digital works attribution or integrity checks.

I like to think of your "signature" as "the nature of your sign". It is literally an expression of one's will. It demonstrates consent, which leads me to the question for you, "When do you ever give unconditional consent to anything?" You don't, not even in marriage. So why do we affix our signatures to terms and conditions without any terms of our own? Why do we give "blank checks" to the corporations, governments and banks? It's because no one ever asked these questions or suggested that there was something to question about how we sign agreements or express our consent.

Your consent should have terms. You can endorse a check, such as "without recourse". This means that when you endorse a check with this endorsement, it then requires your bank to collect against the issuing bank if the check is no good. Today, the banks won't accept this endorsement. The banks want you to do all the work, even though the bank is making money from your account and you are paying fees.

Do you know who is using your signature once you sign documents with your doctor, or retail business, or government agency? If I told you just a fraction of what is being done with your signature, you would be fighting angry and rightly so. Banks and debt collectors pass around your documents like their playing poker at a casino, with no restrictions and no protections for your privacy or future and new obligations that are routinely created for you, just because one day in the past you expressed your unconditional consent by affixing your signature to a document with terms that a long list of attorneys probably developed over many years and in which you are expected to sign with only a moment's cursory review. It's time to act like a responsible adult and begin imposing terms on the use of your signature, restrict the parties who can hold or have access to the terms you sign, impose an expiration date for your signature, impose privacy terms and information management conditions with penalties for any violations. Here is an example of what I call a "Data Retention Policy" that can be ascribed to your signature as an endorsement, you simply include the phrase "with terms" above or before your signature.



<http://tinyurl.com/zrfebhd>

This is just one example, but I wanted to walk you into this idea because the best way to use it will be when we are using the blockchain to express our agreements that are

attached to our signatures on the blockchain, at an address on the Internet, with as much or little privacy as you want.

Imagine a signature with two or multi-factor authentication (I don't recommend three-factor authentication because it requires biometric data and that will become available to "the surveillance system" and it's not necessary). It's kind of like having two or three signers on a business bank account so that no one signature can authorize the release of funds. Remember, this article is about how your signature is money, you should act like it.

Each time you express your consent with your signature, whether or not you sign your name with the letters in your legal name, or your signature is a phrase or a symbol or a blockchain address, it should be guarded with security and given with conditions and it should have a value placed on it, you should place a value on each signature of yours that you use.



## **FOURTH – CONSENT**

Many times, companies force upon us terms of service that include provisions that only protect the interests of the company. That is not a problem in itself, you want companies to protect themselves against liability, this is what facilitates them in providing products and services that we want; however, in recent years, these provisions have become so unreasonable that they are harmful to people or their customers.

One of the best examples is the “binding arbitration” clause, where you waive your rights to resolve any disputes in the court system that you pay taxes to use when you have disputes that need a resolution.

Another example includes the so-called “privacy statement”, in which nearly every one that I’ve ever read tells us what privacy we do not have and how the company can violate our privacy without penalty.

Even though these are “adhesion contracts”, meaning, “take it or leave it terms”, unreasonable or unconscionable terms are void unless you fail to object or express your option to exclude them. In other words, whether or not the contract gives you an option to “opt out” of a provision, you can opt out of a provision that is not reasonable or unfairly prejudices your interests by serving notice upon the company at an appropriate, physical mailing address, such as its registered agent, general counsel, or dispute resolution address, or all of these simultaneously.

Your “opt out” notice will simply include the date it was sent, and express your objection and intention to exclude the particular provision or clause from the agreement. You are not asking permission, you are simply placing the company on notice as to what terms you are excluding, and you don’t have to explain yourself, sometimes I do, but it’s not necessary. Be careful about creating conditions where you make a substantial change to the company’s risk, such as interfere with its obligations, you only want to be specific to what reasonably can be changed to protect your interests. Here is one example, while I usually want to opt out of an arbitration agreement, sometimes I will only change it to agreeing to “non-binding mediation” which is consistent with the intent of the agreement, but still gives me access to my court system if we don’t reach a favorable resolution of the dispute (hopefully we never have a dispute).

When you express your consent, be very careful about the terms to which you are consenting and realize that you do not always have to “take it or leave it”. These are corporations, “persons” without a conscience, we are people, we have a conscience, we have natural rights, corporations are permitted to exist by people, they are subservient to people, act like it. This is no different than parents acting like parents with their children, or the boss being the boss on the job, or the people who created government in the first place, who then provide indemnification for the business (corporation) to function in our society by providing products and services to the people who created its rights in the first place.

## The Dated and Sealed Signature Stamp

On final measure you can take immediately is to date and seal your signature, whether or not you are signing a piece of paper or using an electronic signature online, you can have the same security.

For paper or electronic documents, you can affix your own symbol stamp using a Kanji or Chinese letter stamp. These can be custom made where you choose what symbols you want represented for your signature (the nature of your sign).

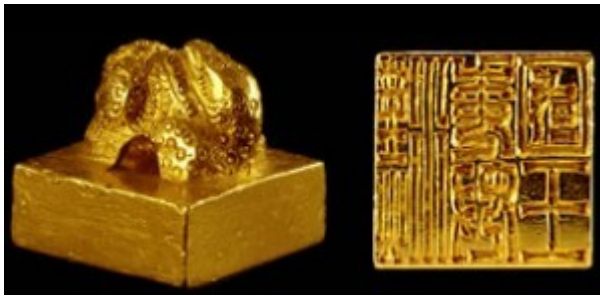
The script was invented by the Chinese and adopted by the Japanese around the middle of the 6th century AD.

Kanji are ideographs meaning that the whole character conveys a meaning rather than just a sound(as in the case of hiragana and katakana letters). Kanji were originally drawn as pictures from nature but gradually transformed to more generalized representations. By the end of year nine Japanese students will have learned 1945 kanji as prescribed by the Japanese Ministry of Education (the Jouyou Kanji). There are many many more less commonly used kanji totaling over 5000. Kanji originally came from China about 3000 to 4000 years ago. The ancient Chinese drew pictures of various things around them. These pictures have gradually simplified and have taken on a square shape to make them easier to write. After many years, numerous Kanji were made by people. Chinese Kanji came to Japan about 2000 years ago. Until then, there were no letters in the alphabet.

This website appears to be among the best for getting your Hanji online, <http://www.kanji-hanko.com/> Here is an image of what one may look like:



If you happen to be traveling to Japan and need to sign legal documents, your usual signature is no longer acceptable in Japan. You are required to have your own seal stamp called Inkan/Hanko(印鑑/判子). What is Inkan/Hanko? Hanko/Inkan was brought from China in 4th century. After the introduction of seal, Japanese seal culture has began until today. One of the famous Inkan is “King of Na gold seal”.



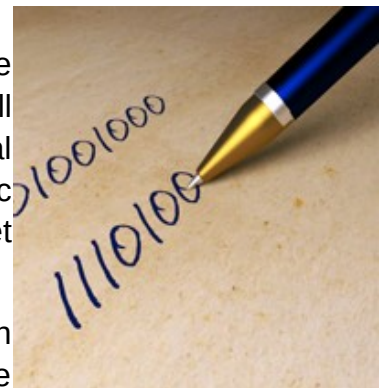
Where to get Inkan/Hanko? You may see signs says “印鑑/判子” in the cities and if you search on google, many sites come up. However, there are varieties of seal materials (an elephant tusk is the most popular), Kanji fonts, stroke styles of Kanji, price ranges, and types of seal (such for bank account, company, your identification, etc...).

For Mitomein(the casual acceptance), you can get it at these stamp shop or online([http://www.moriinbo.com/catalog/kana\\_g.html](http://www.moriinbo.com/catalog/kana_g.html)) for few bucks, but these can not be used for formal documents to prevent the copy.

There are many vending machines where you can buy your Inkan/Hanko in Japan, if you happen to be traveling there or intending to live there for any length of time and need to sign legal documents. You can look for vending machines in stores called “Don Quixote”, the largest retailer in Japan, in which you will find the name “SELF-HANKO BOX” where you can create your own and purchase it in minutes.

### **What if I want to sign something digitally?**

In today's digital age more and more business transactions are taking place online. It seems that now more than ever, almost all documents are sent and received via the Internet and physical paper is being used less and less. Say you want to hire a graphic designer working overseas to create your website. How will you get this person to sign a contract when hiring him or her?



Instead of sending your new employee paperwork through the post office, why not look into a way to get the signature on the contract digitally? Creating a scanned digital signature for signing online and computer-based documents is now easier than ever. It is a fairly simple process. You will need a piece of paper, your favorite pen and a scanner.

1. The first thing to do is to simply write your signature on a piece of paper.
2. Scan it with your scanner.
3. Save the resulting image as one of the more commonly used graphic file formats, like GIF, PNG or JPG.

PDF Converter.com ♥

You can now use this signature and place it into any text document. For example, if you are sent a contract in Microsoft Word that needs signing, you can easily just insert your newly-created digital signature. It's a lot easier than printing the contract out, signing it, scanning the contract, and then sending it.

In MS Word 2010 all you have to do is click on the "Insert" tab and then "Picture." Now browse your computer to find where you have saved your scanned signature, select the image, and then click insert.

It's that simple. You can take your scanned digital signature, resize it and place it exactly where you need it to be on the document. Once you're satisfied, save the contract with these changes made and send it back via email.

Another way to get a great digital signature to use is through [My Live Signature](#), which is a handy and free online tool.



Through this website, you can get a digital signature in three different ways.

One way is to use the site's signature creation wizard in order to make an "imitation digital signature" of your own. All you have to do is enter your name and then pick from a list of different styles of handwriting, specifying size, slope and color in order to create a personal digital signature for yourself.

If you are steady with the mouse, you can also try drawing your signature on the screen and then have it saved as a digital signature.

But for the most authentic results, you can use your real scanned signature. Send the scanned image to My Live Signature's team of designers, who will quickly spruce it up for you and send it back. This is great option for those who are not very happy with the scanned image their scanner produced, but don't really know how to improve their scanned electronic signature.

As you can see, making your personal digital signature and using it to sign documents on your computer couldn't be any easier. With access to a scanner, you can create your digital signature once and never have to sign your name manually again.

## Anti-Forgery, Personal Code Ink by Montblanc



SINGAPORE, 22 April 2010 – Montblanc, one of the leading brands in the world of luxury has launched an exclusive set of writing instruments which allows customers to own a Personal Code Ink.

A new innovation for writing instruments, Montblanc is proud to be the first brand to offer a writing set that combines high-end writing culture with absolute individuality.

Personal Code Ink contains an invisible, inimitable botanical code comparable to the human DNA code. It cannot be copied, viewed under a microscope or re-engineered and is therefore truly unique. Verification of the Personal Code Ink on signed documents, memorabilia and other goods is only possible by Montblanc in a laboratory test where a forensic method reliably proves if the Personal Code Ink has been used for the writing or not.

To ensure that absolutely nobody can forge your signature, Mont Blanc has unveiled a Personal Code Ink that features a botanical ingredient that prevents falsification of signatures. The unique ink was launched recently in Dubai and is said to be comprised of components containing an invisible, inimitable botanical code which is similar to the human DNA code. Said to be “matchless” and as individual as one’s fingerprint, Mont Blanc executive vice president for product strategies and development, Jean Marc Pontrue says “Only one person will own this ink – you”. The Personal Code Ink Edition is presented in a precious wooden box with personalised gold-plate. Exclusively designed for the Personal Code Ink Edition, the Meisterstück LeGrand Signature Pen is a felt-tip pen in classic Montblanc Meisterstück design. With gold-plated fittings, it is tailor-made to permanently apply a signature onto almost every surface. The black precious resin pen features a gold-plated clip, gold-plated rings embossed with the Montblanc brand name and emblem inlaid in the pen’s cap.

The Meisterstück Solitaire Barley LeGrand Rollerball Platinum-Plated is also exclusively available within the Personal Code Ink Edition. With gold-plated fittings, the cap and barrel are platinum plated with a Barley guilloche pattern. The clip is set with a brilliant-cut diamond and the cap features the Montblanc emblem in mother-of-pearl.

I seldom believe that the legal system provides a remedy for anything, let alone the mis-use of your signature of identifying information; however, recent Florida legislation is very encouraging.

### Data Breaches: Statutory and Civil Liability, and How to Prevent and Defend A Claim

In today’s world, no one is immune from the risk of a data breach. Hardly a week will go by when the news does not report on a company or government entity suffering a catastrophic loss of private and privileged confidential personal data. These losses are not just happening to the unsophisticated, but to major companies and organizations. In June of this year the Federal Government’s Office of Personnel Management suffered a data breach that exposed the personal data of at least 4 million current and former federal employees.<sup>2</sup> The loss of information from Sony Pictures, Target, and many others highlights that no organization is immune.<sup>3</sup> A study by the Ponemon Institute out of Michigan found that the average cost of a corporate data breach last year was \$3.5 million.<sup>4</sup> The U.S. Department of Defense noted that “[e]very year, an amount of intellectual property larger than that contained in the Library

of Congress is stolen from networks maintained by U.S. businesses, universities, and government departments and agencies.”<sup>5</sup> For anyone doing business today, an understanding of the basis for potential liability—both statutory and civil—for such losses of information is essential, not only to limit liability or to keep your organization out of the news, but to protect and professionally service your clients and business partners.

## COMMON CAUSES OF DATA BREACH

Numerous studies and extensive research by insurers and computer securities experts have pinpointed the eight most common causes for a data breach. While not exhaustive, these “eight sins” of computer security provide an excellent understanding of the mechanics of a data breach failure:<sup>6</sup>

### 1. Weak/Stolen Credentials (Passwords)

Weak or lost passwords are the key that unlocks the door to a computer system for malevolent outsiders. Studies show 4 out of 5 breaches systems are caused by this, which makes sense, as even the most sophisticated system remains vulnerable if the bad guys are given the keys.

Solution: Use Complex passwords. Never share passwords. Update and change Passwords on a regular basis. Constantly remind users to protect passwords and system protocols.

### 2. Back Door Failures

These failures occur when a weakness in a program or protocol exist, opening the door to outside world. Such failures are constantly being probed and tested by hackers for vulnerabilities, and they often allow them to bypass passwords and security protocols.

Solution: Maintain updates and patches on all software and hardware.

### 3. Malware

Although not strictly a “virus”, malware is, by definition, malicious software that is loaded without knowledge of its true impact or intent. It is often hidden in a program a user thought was beneficial. Hidden behind such “useful” programs, the malware opens up access points to exploit a system.

Solution: Strictly prohibit employee downloads of non system programs. Do not open emails where their origin is unknown. Never install programs sent by email or email link. Maintain a rigorous anti-malware scanning system regiment that is updated often.

### 4. Social Media/Scams/Phishing

Either through social media or emails, hackers will try to gain access to closed systems through elaborate ruses or promised monetary gain. Through such means an employee will be convinced to provide an access point to the outsiders or to provide security keys or passwords.

Solution: Constantly remind users to never share passwords or protocols to outsiders.

### 5. Numerous Permissions

Large numbers of full permissions in use are a boon to hackers, as each one represents the keys to the kingdom. With a great number of full access permissions in use, a business is more likely to lose track of who has the permissions, and fail to close accounts of ex-employees.

Solution: Where possible, provide limited permissions to users. Where full permissions are required, strict control and monitoring is required.

## 6. Insider Threats

This comes in two varieties: The “careless” and the “rogue”. The careless employee will provide his password or system protocols to outsiders, not for a malevolent purpose, but out of ignorance of the repercussions. The rogue will seek to exploit his or her knowledge of the system with the intent of causing harm.

Solution: Maintain employees’ awareness levels on the importance of system security, including password protection to ward against the careless employee. To deal with the rogue employee, monitor system use. When uncharacteristic use is detected, investigate. Do not delay to deny system access when any indication of a problem arises. Shut down access to terminated employees promptly.

## 7. Physical Vulnerability

An open desktop is a portal to your system. A system left on after hours in an unsecured location makes it easy for someone to gain access and download data.

Solution: Maintain and control the physical building and access. Secure or log off systems that are not in a secure location.

## 8. Improper Configuration

A system is only as good as its protocols, hardware and programs. Outdated or subpar designs of hardware and programs are chum in the water to the hungry cyber shark.

Solution: Professional design and management of hardware systems is a must. This is not an area where the “jack of all trades” businessman or woman should tread. The money spent on professionals will provide dividends for you, your business, customers and business associates and provide confidence in you and your organization.

## STATUTORY AND CIVIL LIABILITY

The recent increase in the number of cyber-attacks has been matched with an increase in liability to companies and individuals for related data loss. Two types of legal liabilities generally arise from data breaches: statutory and civil. While both will impose liability on the unprepared, the manner of liability and how corporate counsel can protect their companies differ widely.

## STATUTORY LIABILITY

Statutory liability for a data breach comes in two forms: federal law and state law. The federal Gramm-Leach-Bliley Act requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data.<sup>7</sup> The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) contains specific privacy and security rules which mandate ‘encryption and protection of patients’ electronic protected health information (ePHI) held on networks. Repercussions for HIPAA violations related to data breaches can be severe. Recently two health care organizations agreed to settle charges that they potentially violated these safeguards and agreed to monetary settlements of a combined \$4,800,000—the largest HIPAA settlement to date.<sup>8</sup> Additionally, the regulatory duties and liability companies are now exposed to come in many additional forms, depending on the specific nature of the business. A data breach may require disclosure to various federal agencies including, but not limited to: the Securities Exchange Commission (SEC)<sup>9</sup>, Federal Trade Commission (FTC)<sup>10</sup> or the U.S. Department of Justice.<sup>11</sup>



In addition to the federal mandates, 46 states, as well as the District of Columbia, Guam, Puerto Rico and the Virgin Islands, have enacted legislation requiring private or government entities to notify individuals of security breaches of information involving personally identifiable information.<sup>12</sup>

Florida's law is a good example of the type of state law imposing liability and penalties for a data breach as it is one of the strictest in the nation. In Florida, where the home office of Becker & Poliakoff, P.A. is located, a new statute defining what is "protected data" and imposing penalties for failure to take action after a data breach came into effect in July of 2014. The law, signed by Governor Rick Scott on June 20, 2014, is called the Florida Information Protection Act of 2014 or "FIPA." The law is one of the strictest enacted in the United States. FIPA repealed Florida's prior data breach notification statute, FL. Stat. § 817.5681, and replaced it with § 501.171, and made modifications to Florida law to reach businesses, government and other entities outside the state.

FIPA provides, like the prior statute, that "personal information" includes first name or first initial with the last name; social security number; driver's license number or other government-issued ID number; financial account number; or credit or debit card number with security codes. FIPA added that "personal information" will now also include any information about an individual's medical history, mental or physical condition, or medical treatment/diagnosis; or health insurance policy number or subscriber identification number, and any "unique identifier" used by a health insurer. FIPA further enlarges the definition of "personal information" to include any information that would allow access to an online account. Of importance is that this enlarged definition would include log-in information for social media platforms such as Facebook or Twitter. This appears to be the broadest definition of "personal information" in the United States. The exception to "personal information" covered by FIPA is information already made public or information that is encrypted.

FIPA covers all commercial or governmental entities that acquire, maintain, store or use personal information of individuals in the state. Importantly, FIPA did away with the language limiting Florida's protection of a breach of personal information to those who "conduct business" in the state alone. Thus, companies in other jurisdictions, including internationally, should assume this statute will apply if a breach of security occurs which affects any Florida resident.

Under FIPA, the time period to report a breach of personal information has been reduced from prior Florida law to 30 days from the time the breach is discovered. However, the statute authorizes the Department of Legal Affairs to grant up to 15 additional days to provide notice for good cause if the request for extension of time is provided in writing to the department within 30 days of the breach.

If 500 or more persons are affected by the breach, FIPA requires that notice also be provided to the Florida Department of Legal Affairs. If the breach affects 1,000 or more persons, additional notice must be given to all nationwide consumer credit reporting agencies.

No such notice is required to affected individuals if, upon conducting an investigation and consultation with law enforcement, it is reasonably determined that no affected individual "has or is likely to suffer identity theft or any other financial harm." However even "where no harm" has been determined, the covered entity must still provide a written notice to the Florida Legal Affairs Department within 30 days of the determination that "no harm" occurred. In all cases of a data breach any law enforcement agency may order a delay in providing notice if the law enforcement agency makes a determination that such notification would interfere with a



criminal investigation. Thus FIPA mandates prompt coordination with law enforcement after a breach.

Third-parties that maintain “personal information” for a covered entity that suffer a data breach have 10 days under FIPA to report the breach to affected covered entities. Following receipt of this notice, a covered entity becomes responsible under FIPA for providing any necessary notice within the 30-day notice period as required by the statute.

Although FIPA specifically mandates that it does not create a private cause of action, the statute authorizes the Florida Department of Legal Affairs to bring an enforcement action against covered entities. Failure to provide adequate notice under FIPA is a violation of the Florida Deceptive and Unfair Trade Practices Act and is subject to following civil penalties:

- \$1,000 per day for the first 30 days
- \$50,000 thereafter for each 30-day period or portion thereof for up to 180 days
- \$500,000 as the maximum amount of total penalties for violations continuing more than 180 days

Accordingly, faced not only with federal law, which will vary depending on the type of information your business is dealing with, but state law that will vary widely depending on the locality of your business, the first step for any corporate counsel for a business entity operating with information of customers, consumers, clients, patients or the public of any kind should be to seek advice from outside counsel within their state as to the requirements and liability required by the federal government for the type of business it is engaged in, and the statutory requirements mandated by the state it operates in.

However, state and federal statutes are not the only foundation of liability for a computer breach. Aside from liability imposed by statute or code, civil actions based upon contract and tort claims are common against companies that have suffered data breaches.

## CIVIL LIABILITY

Typically plaintiffs bring contract-based actions when data breach occurs based upon a contractual promise to protect personal information. Where no specific terms in the contract regarding protection of personal information exist, savvy plaintiffs will point to promises made to protect personal information and attempt to incorporate such promises into the terms of the contract. Moreover, plaintiffs are increasingly claiming that an “implied contract” exists to safeguard data if such data is collected from customers or clients.<sup>13</sup> The theory of “third party beneficiaries” is also used to widen the net of potential parties in data breach suits. In such claims, those without a direct contractual relationship with an entity that suffered a data breach will seek to enforce the terms of a company’s contract with someone else to safeguard information. The hurdle for such claims is that the plaintiff must establish that the contracting parties intended to actually benefit the plaintiffs.

Damages in breach of contract claims for data loss cases are often problematic for plaintiffs to prove, but courts are becoming increasingly open to allowing such suits for remote or unknown damages. The reason for this difficulty is that many plaintiffs in data breach cases have not experienced any actual misuse/fraud from the breach. Accordingly, for those Plaintiffs where the pilfered information has not actually been used, the argument is that they are at an increased risk of future harm. (i.e. that their information will be used in the future against their business interests or to commit future fraud and theft). Where data or trade

secret information is lost, the hurdle is lower for a plaintiff who can show his intellectual property is being used in the marketplace.

Tort-based theories of liability in data breach cases usually center around negligence and/or negligent misrepresentation claims. Under such claims plaintiffs generally allege that the breached defendant had a duty to exercise reasonable care in protecting the plaintiffs' personal information, but breached that duty by failing to establish adequate protocols or by failing to provide timely notification of the breach. In such claims the plaintiff must demonstrate: a) the existence of a duty to exercise due care; b) breach of that duty; c) causation; and d) damages.

As set forth in more detail below, plaintiffs will face the same requirements to show recognizable injury and causation, but must also show that the defendant owed them a duty of care. When negligent and/or intentional misrepresentation is included in a claim the plaintiff must prove: a) that a material misrepresentation existed; b) it was made with negligence (without reasonable grounds that it was true); c) that the plaintiff relied on the statement(s) and; d) that as a result plaintiff suffered injury.

For tort claims, a usual defense that is raised relates to the economic loss doctrine, which seeks to prevent a purchaser of a product or service from recovering in tort for economic losses where no additional damage to person or property exists. The economic loss doctrine requires such plaintiffs generally to maintain the action on a contract theory alone. Although often effective, each state's laws on economic loss doctrine vary, and many states have seen an erosion by the court's of the economic loss doctrine's application.

## WHAT TO DO BEFORE AND AFTER A BREACH

### A. Insurance-Before

Faced with the daunting numbers of data breach incidents and increased liability under federal and state law, as well as through civil lawsuit exposure, the insurance industry has responded with numerous products to insure against the increased risk. It was recently reported that one in three companies now has insurance designed to protect against data breaches. Marsh LLC, a New York insurance brokerage firm, recently noted that cyber insurance policies sold to retailers, hospitals, banks, and businesses rose 20 percent over the last year.<sup>14</sup> Such insurance is designed to fill the holes in coverage that may exist in traditional commercial policies. Initially, such policies were designed to protect against data loss and exposure of personally identifiable information, but have grown to include loss of trade secret material and other confidential data.

Last year, Target Chief Financial Officer John Mulligan disclosed that the high-profile 2013 data breach of the retail giant cost Target \$61 million in out-of-pocket expenses during the fourth quarter, of which \$44 million was covered by insurance. Thus, although costly, insurance was able to alleviate the devastating costs of the cyber breach to the company's bottom line.

Both first-party and third-party coverage is generally available in the marketplace. First-party coverage relates to costs resulting from the insured's actions as a result of the breach (i.e. costs for hiring professionals to assist in the investigation and response; attorney fees to advise on notification and other legal requirements; crisis management firms; computer forensics firms, etc.). Third-party coverage is designed to indemnify liability to third parties allegedly resulting from a covered claim. Such cyber-risk policies are generally available only on a claims-made basis. In a claims-made policy, coverage is triggered when a claim is made against the policyholder during the policy period. This is important as it often takes significant

time to realize a cyber breach has taken place. Thus, a new policy may well apply to a new claim that is based on a breach which occurred before the policy inception. An analysis of your business operations and potential liabilities should be the first order of business with your attorneys and insurance agent to secure the appropriate insurance coverage.

#### B. Notice-After

After a breach has been detected, the first thing that must be done is provide notice. This notice should be given to the following entities, depending on applicable state and federal law: 1) state and federal regulators or agencies responsible for monitoring applicable cyber material and breaches; 2) the customers and consumers whose information is subject to the breach; and lastly 3.) your insurers. After a data breach, especially one involving the disclosure of “personal information,” notice to regulators, law enforcement and affected individuals is often required by statute or rulemaking as discussed above. Business entities responding to a network/privacy breach must additionally act in compliance with contractual notice obligations. This notice may be mandated to be given to the clients or customers of the corporation in specific times and manner based upon an agreement or contract the corporation suffering the breach has with its clients or customers. Moreover, the policies of insurance the corporation has covering such breaches likely has specific notice requirements. Every cyber risk policy contains a section describing the insured’s duties in the event of a claim or loss, and when and how notice of a loss must be provided to the insurer is set forth in the policy. As network and privacy liability policies often include provisions of both first-party and third-party insurance, the insured’s duty to give notice may depend on the type of exposure at issue. When the breach arises, you should immediately seek a quick consultation with your outside counsel who is familiar with your policies, to meet the requirements of notification set forth in the policy.

#### C. Defenses

It is an old saying, but a true saying: The best defense is a strong offense. In the data breach liability world, this means that having a robust plan and procedures in place to prevent a data breach will be central to showing that your company met the standard of care in doing everything it could to protect the data in its possession. Similarly, compliance with state and federal notice requirements, as set forth above, will alleviate the specter of state or federal liability on top of civil liability.

One of the major threats in a cyber breach case is a class action claim. The proliferation of cyber security data breaches has mirrored an increase in class action data breach litigation. Most class actions filed after a data breach occurs seek injuries for increased risk of “identity theft”, fraudulent financial charges on credit cards, and costs incurred from having to enroll in third-party credit-monitoring services. However, not every data breach results in an injury. Accordingly, the major defense to any data breach claim is that the claimant does not have standing as no impact or real injury has occurred. Case law supports that this can be a significant hurdle to plaintiffs’ claims against you and your company, and an invaluable defense.

Standing derives from Article III of the U.S. Constitution, which limits the powers of the federal judiciary to the resolution of “cases” and “controversies.” U.S. Const. Art. III, §2. A plaintiff must plead and ultimately prove that he or she has suffered sufficient injury to satisfy the “case or controversy” requirement. A plaintiff must allege at the pleading stage: (1) an injury-in-fact that is concrete and particularized, as well as actual or imminent; (2) that the injury is fairly traceable to the challenged action of the defendant; and (3) that the injury can be remedied by a favorable ruling. If the plaintiff cannot satisfy this, the claim must be

dismissed.15

Although businesses operating in today's world face increased threats and liabilities related to a data breach, those businesses which partner with a strong and knowledgeable law firm that is well versed in cyber law and data breach claims are ready for today's challenges and opportunities. Your outside counsel should work not only with your business on risk management and claim avoidance, but also with your computer technology professionals and personnel to successfully navigate the dangerous waters of today's business environment where a data breach is a constant and continual threat.

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3 The New York Times, Feb. 5, 2015 "9 Recent Cyber Attacks Against Big Businesses" by Kevin Granville. [http://www.nytimes.com/interactive/2015/02/05/technology/recent-cyberattacks.html?\\_r=0](http://www.nytimes.com/interactive/2015/02/05/technology/recent-cyberattacks.html?_r=0)

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7 15 U.S. Code § 6801

8 HHS press release, May 7, 2014. "Data breach results in \$4.8 million HIPAA settlements." <http://www.hhs.gov/news/press/2014pres/05/20140507b.html>

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10 Federal Trade Commission 2014 Privacy and Data Security Update. January 2014-December 2014. [https://www.ftc.gov/system/files/documents/reports/privacy-data-security-update-2014/privacydatasecurityupdate\\_2014.pdf](https://www.ftc.gov/system/files/documents/reports/privacy-data-security-update-2014/privacydatasecurityupdate_2014.pdf)

11 Best Practices for Victim Response and Reporting of Cyber Incidents Version 1.0 (April 2015)<http://www.justice.gov/sites/default/files/criminal-ccips/legacy/2015/04/30/04272015reporting-cyber-incidents-final.pdf>

12 National Conference of State Legislatures Report June 11, 2015. "Security Breach Notification Laws." <http://www.ncsl.org/research/telecommunications-and-information-technology/security-breach-notification-laws.aspx>

13 In re Hannaford Bros., 613 F.Supp.2d 108 (D. Me. 2009), where the court held:

The district court correctly concluded that a jury could reasonably find an implied contract between Hannaford and its customers that Hannaford would not use the credit card data for other people's purchases, would not sell the data to others, and would take reasonable measures to protect the information. In re Hannaford, 613 F.Supp.2d at 119. When a customer uses a credit card in a commercial transaction, she intends to provide that data to the merchant only. Ordinarily, a customer does not expect—and certainly does not intend—the merchant to allow unauthorized third-parties to access that data. A jury could reasonably

conclude, therefore, that an implicit agreement to safeguard the data is necessary to effectuate the contract. In re Hannaford Bros., 613 F. Supp.2d at 119

14 The Boston Globe. "More firms buying insurance for data breaches Companies seek added protection" By Deirdre Fernandes FEBRUARY 17, 2014 <https://www.bostonglobe.com/business/2014/02/17/more-companies-buying-insurance-against-hackers-and-privacy-breaches/9qYrvlhskcoPEs5b4ch3PP/story.html>

15 See, Clapper v. Amnesty Int'l USA, 133 S. Ct. 1138, 1143 (2013).; Vides v. Advocate Health & Hosps. Corp., No. 13-CH-2701 (Ill. 19th Judicial Cir. May 27, 2014).

# DEBT FREE COLLEGE DEGREE



This program will show you how to pay for college without getting into debt, and especially long term personal debt. It will also show you how to replace your pension fund if it's not sufficient for your lifestyle or if you just want more money every month.

Traditional habits and beliefs are difficult to change, but we can adopt new habits and it becomes easier when there is a necessity for making changes in how we do things or what we have understood or believed for a long time.

Government loans (student loans that are guaranteed by the Department of Education) are probably the most sinister plan developed in modern society. It's like playing with fire, and without getting into all the details I've witnessed over the last twenty years, just believe me when I tell you that I'd much rather owe the IRS \$1,000,000 than owe the DOE \$20,000.

The next options for tuition funding can be undertaken either before, during or after you attend college. The trick is being able to pay for tuition now if you do these things later.

The third option comes in three parts. Any of them can be done simultaneously while you're getting other funding and attending college. But I think you will find that these really may be life-changing to a point where any one of them can turn into a multi-million dollar project that creates cash flow for many years to come. Part I is my own idea which I have never formally shared with anyone, but if you want to give it a chance, my interest may include investing in it at a later time.

The fourth option explains how to use an asset to pay for the liability. This can work much like the third option, and it may be life changing as well.

**Before considering these, you will want your child to be considered “self-supporting” so that the university and lenders do not expect money to come from the parents as co-signers. This will facilitate him in qualifying for many more grants and loans than if you co-sign for him. Don't continue to claim him as a dependent on your tax return.**

Either way, if you seriously consider this list of options and follow through, you may soon discover that college tuition is not really a challenge. Maybe the first 18 months will be difficult, or maybe the first 6, I'm not sure, but if you follow through, I think you will be very happy with the results and they may be life-changing.

### **1. Peer-to-Peer Lending**

Investors are looking for opportunities to lend cash for tuition. Companies such as CommonBond and SoFi connect offer lending options, such as fixed rates and repayment deferment, similar to those provided by private banking institutions and the federal government. These may be a way to avoid government loan programs, which in my opinion can be very detrimental when it comes time to pay.

CommonBond is a marketplace lender that lowers the cost of student loans for borrowers and provides financial returns to investors. The company refinances graduate and undergraduate student loans for graduates of over 2,000 universities, saving the average borrower over \$14,000 over the life of the loan. CommonBond also provides in-school loans to current MBA students at 20 programs in the United States. The company, which launched nationally in September 2013, is on track to fund or refinance more than \$500 million in student loans by the end of 2015. See also <http://www.lendingmemo.com/p2p-lending-sites/>



## **2. Crowdfunding**

Crowdfunding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals—primarily online via social media and crowdfunding platforms—and leverages their networks for greater reach and exposure.

Crowdfunding is essentially the opposite of the mainstream approach to business finance. Traditionally, if you want to raise capital to start a business or launch a new product, you would need to pack up your business plan, market research, and prototypes, and then shop your idea around to a limited pool of wealthy individuals or institutions. These funding sources included banks, angel investors, and venture capital firms, really limiting your options to a few key players. You can think of this fundraising approach as a funnel, with you and your pitch at the wide end and your audience of investors at the closed end. Fail to point that funnel at the right investor or firm at the right time, and that's your time and money lost.

Crowdfunding platforms, on the other hand, turns that funnel on-end. By giving you, the entrepreneur, a single platform to build, showcase, and share your pitch resources, this approach dramatically streamlines the traditional model. Traditionally, you'd spend months sifting through your personal network, vetting potential investors, and spending your own time and money to get in front of them. With crowdfunding, it's much easier for you to get your opportunity in front of more interested parties and give them more ways to help grow your business, from investing thousands in exchange for equity to contributing \$20 in exchange for a first-run product or other reward.

There are many platforms to choose from and [www.gofundme.com](http://www.gofundme.com) is just one example. You can create an online fund raising page, and share it on your social media channels to connect with people who might be willing to contribute money for your college tuition or related expenses.

You may also want to review this list, which includes gofundme:

<http://www.crowdcruix.com/crowdfunding-sites-for-college-and-education-costs/>

## **3. Creating Cash Flow – Part I**

Here is a business idea that can be developed literally, or modified depending on how you see it may be made to work better. There is a growing interest and need for the use of aerial drones, both for professional applications such as site inspection and supervision in construction work, and purely recreation. I think you will discover a specific niche market as you go, and this is the key to being successful, don't try to provide this service to everyone on the planet, focus only on the very qualified niche of customers who want and need your service.

What is the service? You provide access to aerial drones in various places around the country and around the world. You have all kinds of drones, even though you don't even own one drone. Nearly every drone being used today is idle for most of the day and most of the night, and this downtime can be turned into cash if you were to market the use of these drones to people who want to use them.

The people who own the drones don't think like this, they like using their drone or drones (some have more than one). What you can do is create a website that solicits these drone owners to make their drones available at certain times. This information is updated on your website by the owner.

Users log into the website and select the location where the drone is wanted and that request is matched with an available drone for that time and place. The user can then commandeer the drone on a price per time basis.

You will need an application, there are probably many available, that allows the user to control the drone from a smart phone or other means so that the user can control the drone wherever it is.

Maybe a construction company needs to conduct a survey over a site. There are special purpose drones for this, but if you have access to drones in that area, you can provide access to the construction company.

Suppose a couple wants to visit Frankfurt Germany and instead of researching the town only online, they can use a local drone to fly over areas of interest and get more information. The uses are limited only by your imagination.

I would suggest start locally and expand over time. I think much of the interest at first will be from people who don't have a drone but want the experience of using one. You may be able to avoid rules and restrictions, such as with the FAA or FCC simply because you don't own any drones, and many of them may be in a foreign jurisdiction from where you reside. This will require a bit more research but I think it will be a favorable situation as far as this is concerned.

You need a website to manage the drone account and customer (user) accounts along with a payment system, such as credit cards (merchant processor) and I would strongly recommend you accept Bitcoin and well.

This is just one idea, it might work. There are many others that are well suited for college students. Either way, this can and should be part of the learning experience, how to create a cash flow and pay for something you want.

## **Creating Cash Flow – Part II**

There is another way to create cash flow using services that are already established and provide access to the equipment and marketing you would need to make some money. People like to buy gimmicks such as figurines, toys and even useful things like coffee mugs, tools and parts for things like baby toys, shoes and smart phone cases. One service sells thousands of items like this, by the name of Etsy, at [www.etsy.com](http://www.etsy.com). It's a drop shipping service, you create your account and a sales page, and then promote items you want to sell. You can sell items from Etsy or your own.

There is another service that provides finished products printed by 3D printers and again, drop ships to your customer. You can create your own product, modify an existing product or just sell and drop ship what is already listed. I researched Shapeways to determine which items were the most popular and found that a stupid little figure themed "The Little Sad Keanu" was sold more than any other item. It's just a little figurine of Keanu Reeves sitting with his legs hanging off the edge of something with his elbow in his lap and chin in his hand. This is an example of what people like to buy. It doesn't have to be the most popular, but do your research to determine what might sell the best, even focusing only on your neighborhood or local special interest groups.

If you can create or find a gimmick like this, and sell it via your Etsy account, you can create a nice little cash flow for yourself. Maybe it's a little work up front, but later it may not take much effort to reap the rewards.

## **Creating Cash Flow – Part III**

This is what I call “Freelance Stints”. If you have certain skills, there are ways to market them online. One example of people doing this is via [www.fiverr.com](http://www.fiverr.com). The people listed in this website live all over the world and provide services such as create a single web page for “one gig” which is worth \$5. The idea here is not to make \$5, but to promote your services, because many times when I've used this service, I usually hire someone for 4 or 5 “gigs” and a list of jobs if the work is good. This is a way to get larger projects as well.

Other services include websites such as the ones listed here: <http://beebom.com/best-freelancing-websites/>. I think it's just a matter of you doing enough research and imagining the possibilities. Shop these websites as if you were looking for a service and you will most likely discover a service that you can provide, maybe even in a competitive way.

Whether you're looking for another way to pay the bills, seeking more professional development opportunities or just love the freedom that freelancing offers, there's no question that millions of people have discovered the benefits of professional freelancing. As trends like the digital nomad lifestyle grow in popularity, the number of freelance resources out there has increased as well.

There are plenty of guides for striking out on your own, but as a freelancer, getting higher-paying gigs isn't just a matter of signing up on popular platforms. You'll have to branch out, establish a great portfolio of past work and maybe even prove yourself through tests that showcase your skills. Here's a list of the 15 best sites to find work as a freelancer.

#### 1. Upwork

With over 1.5 million clients, Upwork (previously oDesk) offers something for every type of freelancer. It accommodates both short- and long-term projects, hourly or per-project work and expert-level and entry-level engagements. Regardless of where you are in your career, Upwork is likely to have something for you.

#### 2. Toptal

With a distinctly different approach than the other services on this list, Toptal is for seasoned, talented freelancers. Passing Toptal's screening process gives you unparalleled access to meaningful projects with great clients (JPMorgan, Zendesk, Airbnb, etc.) and fair compensation (no low-bid contests). You'll also be able to join the Toptal community for frequent meetups and tech events.

#### 3. Elance

Elance removes much of the hassle that comes with freelancing. You'll be able to make a profile right away without jumping through any hoops, enjoy payment protection to ensure you're always paid for the hours you work and more. You should note that Elance has joined Upwork since the publish date of this article.

#### 4. Freelancer

Unlike most other platforms, in addition to offering millions of projects, Freelancer allows you to compete with other freelancers in contests to prove your skills. If you're competitive and confident in your expertise, it's a great way to showcase your abilities and attract more clients.

#### 5. Fiverr.com

This website is a community of professional that provide nearly any modern service you might need, from graphic design to accounting to book editing. The providers work in “stints” or “gigs” priced at \$5 each. The services provided are usually enough to get a small

needed task done for your business, and if you need something more, gigs can be scaled up. These are people from all over the world with among the most diverse talents.

#### 6. Craigslist

Although most people see Craigslist as just a platform for buying and selling miscellaneous things, it's actually a great source of freelance jobs. You can easily browse for local offerings if you prefer something in-office, or you can search by major cities if you prefer working remotely.

#### 7. Guru

This site lets you easily showcase your past work experience and offers a daily job-matching feature to make sure you don't miss out on any good opportunities. The Guru Work Room lets you easily manage all your work.

#### 8. 99designs

A platform for freelance designers, 99designs lets you compete in design contests and get feedback as clients choose the best ones. It's a great way for talented designers to prove their talents.

#### 9. Peopleperhour

This is a great platform, focusing on freelancing for web projects. If you're a designer, web developer, SEO specialist, etc., "peopleperhour" is definitely worth checking out.

#### 10. Freelance Writing Gigs

Whether you're a writer, editor, blogger, publisher or any combination of those, Freelance Writing Gigs is a great option for freelancers who have a way with words.

#### 11. Demand Media

Demand Media is a platform for creative types, including writers, filmmakers, producers, photographers and more. You work with the site to create unique content, engage audiences and promote your talents.

#### 12. College Recruiter

As the name might suggest, College Recruiter is for college students or recent graduates looking for freelance jobs of any type. In addition to being a source for part-time work, it can be a great way to jumpstart your career.

#### 13. GetACoder

This site is for freelance writers, web designers and programmers -- exactly what small businesses need to get a website idea off the ground. GetACoder offers millions of smaller-scale projects to choose from.

#### 14. iFreelance

This platform accommodates some of the usual suspects of the freelancing world (writers, editors, coders, etc.) but also features freelance marketers as well. Unlike other sites, iFreelance lets you keep 100 percent of your earnings.

#### 15. Project4hire

With hundreds of project categories, Project4hire makes it easy to identify jobs that suit your skillset, without scanning through large volumes of posts. It's great for coders, consultants, designers and more.

## 16. SimplyHired

With a wider range than most other freelance platforms offer, SimplyHired is perfect for everyone from salespeople to construction workers. It includes a blog with hiring tips, a company directory and location-based search.

Whether you're a programmer, designer, expert, college student or something in between, there's a freelance platform out there for you.

You may also want to review your options at [www.patreon.com](http://www.patreon.com) as this seems to be a great place for artists and creators of all kinds to demonstrate and promote their talents. It's a great way to get a paycheck from your fans and followers.

Vimeo.com is similar. Vimeo is a video-sharing website in which users can upload, share and view videos. It was the first video sharing site to support high-definition video. Vimeo was founded in November 2004 by Jake Lodwick and Zach Klein. Most people are aware that YouTube is the leading video sharing giant on the web today, but that doesn't necessarily mean that it has everything. In fact, a lot of people prefer another popular video sharing service over YouTube, called Vimeo.

Magcloud.com is for self publishing. MagCloud is a web service started by Hewlett-Packard and sold in 2014 to Blurb, Inc. that allows users to self-publish and distribute content—for business or personal use—as a professional-quality .

And instead of promoting yourself on facebook and twitter, the most censored social networking websites available, you may want to build your internet presence with [www.gab.ai](http://www.gab.ai). Gab is a San Mateo, California-based social networking service that allows its users, called Gabbers, to read and write short messages of up to 300 characters called gabs. ... Gab describes its mission as "to put people and free speech first" by limiting censorship to filtering options made available to Gabbers.

And last but not least, a blockchain based video and social networking website is, [www.bitchute.com](http://www.bitchute.com). It's just another method of promoting yourself. BitChute is a peer to peer video sharing platform. Its mission is to put people and free speech first. It's free to join and create and upload your own videos to share with others. BitChute was created to avoid censorship and provide a more robust tool for video networking. Throughout 2015 and 2016 several prominent YouTubers reported a loss of video monetization when covering certain topics or for having particular opinions. YouTube claimed this was due to tighter enforcement of existing rules, even if true this will restrict the type of content that gets made and is a form of censorship.

## **4. Buy An Asset or Cash Flow**

This is usually way out of what most people think about making money or paying for liabilities. College tuition is a liability. Your house is a liability (no, it's not an asset to you, it's a bank asset though). Liabilities should be paid for with assets, not your labor and not directly with debt. Use debts to buy assets, not liabilities. Most consumers use debt to pay for liabilities, so you have to change this thinking if you haven't already. Rich people use debt to buy assets.

Here's what you do. An asset is something that pays you on a regular basis. For example, I can buy a restaurant and work in the kitchen as the manager or the cook, but that's a job, not a pure asset. I can own the restaurant and keep the staff while they work for the company and it will pay me provided the restaurant is managed properly and meets the usual needs of a business. What assets can I buy? Those that pay. How do I pay for the

asset? Your best source of capital for buying an asset is usually the seller; and don't think for a moment this is a crazy idea unless you've failed at this many times before or even tried it. This is how it's done. Where can I find assets to buy?

You need help because it's a better use of your time to have a business broker find the deals that you want to find. Here is an example. I like to travel, my annual budget is about \$15,000. Why should I not buy a travel agency to book all or most of my travel needs at a wholesale price or discount, and then use the profit from the company to offset my travel budget liability? This is what you want to do, but you don't even need to buy an asset in the same industry. I could own a car lot or a limousine service and use that to pay for my travel.

You find a business broker and tell him what you want to buy, he will look for those deals and contact you when they become available. In some cases the broker will want to qualify your ability to buy a business and those are details that are easily met with a little planning. In other words, you don't need to be rich to buy a business. You can have a new balance sheet and still find deals.

Start small, look for a landscaping or lawn maintenance business where there are a few employees that have worked at it for at least a year and seem to be reliable employees. Maybe one of them can be promoted to manage the business while you become the new owner. You might find one for \$40,000 and just use the seller to finance the deal, maybe you'll have to put some money down and you might need escrow, but the broker can help you with all of this. Once you have the asset, you can expand it by using the asset to buy more of the same, and/or add a better marketing and advertising budget to increase your account base.

I would avoid a business such as pest control because of all of the regulations and licensing involved and those probably would not transfer from the seller to you with the business and most times the seller has these licenses in his own name and not for the business. You want to get something that makes you money and doesn't create a quagmire of government regulations in which you have to get involved.

## **5. Infinite Banking**

If our banking system survives, you might want to look into this idea. I would suggest you only consider it after our economic system has collapsed and the banks have completed a significant consolidation. This plan is known as "Infinite Banking". I copied this text from the website, <https://infinitebanking.org/>

The Infinite Banking Concept (IBC) will teach you how to become your own banker by:

- Creating your own banking system using dividend-paying, permanent life insurance.
- Using available savings and cash flow to build your own "bank."
- Capitalizing and establishing your plan.
- Using the method to finance your automobile purchases and even to finance your home.
- Expanding your system to accommodate all income through a system of banks to increase your personal wealth.
- How a business can use the concept for equipment financing.

The possibilities are infinite! Becoming Your Own Banker, the Infinite Banking Concept also reveals the truth behind the most important business in the world – banking. It provides you with foundational financial wisdom that will help you understand personal finance like never before.

I know this is a very short explanation of what is probably very new information you may have not really considered before, but there is enough information here to allow you to do further research and let me know if you want to discuss. Choose something and go for it.

## **6. Bitcoin**

Bitcoin is a deflationary currency, that means it gains buying power the longer you hold it. As we can see today, it's quickly gaining against fiat currencies around the world, and it's the best performing currency by orders of magnitude. There are many ways to benefit from the use of Bitcoin, but applying its benefits against a debt is a very simple plan. If you have a liability, such as college tuition, you begin buying into Bitcoin the moment you decide you or your children are going to college. The more money you put into Bitcoin and the earlier to buy, gives you the most return, it's that simple. This has also been true of precious metals but they have become so incredibly manipulated now that they only benefit the thieves that illegal control the prices. Once this goes away, you can incorporate precious metals into the same strategy. But for now, this is a very easy and predictable way to offset your liability to tuition. I've included a list of leads here for you to do your own research, don't take my word for it.

Bitcoin is a form of digital currency, created and held electronically. No one controls it. Bitcoins aren't printed, like dollars or euros – they're produced by people, and increasingly businesses, running computers all around the world, using software that solves mathematical problems.

It's the first example of a growing category of money known as cryptocurrency, or crypto-graphic currency.

What makes it different from normal currencies?

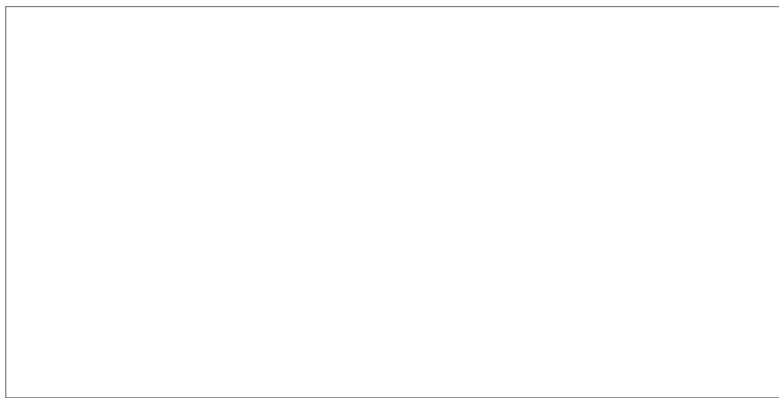
Bitcoin can be used to buy things electronically. In that sense, it's like conventional dollars, euros, or yen, which are also traded digitally.

However, bitcoin's most important characteristic, and the thing that makes it different to conventional money, is that it is *decentralized*. No single institution controls the bitcoin network. This puts some people at ease, because it means that a large bank can't control their money.

Who created it?

A software developer called [Satoshi Nakamoto](#) proposed bitcoin, which was an electronic payment system based on mathematical proof. The idea was to produce a currency independent of any central authority, transferable electronically, more or less instantly, with very low transaction fees.

Who prints it?





No one. This currency isn't physically printed in the shadows by a central bank, unaccountable to the population, and making its own rules. Those banks can simply produce more money to cover the national debt, thus devaluing their currency.

Instead, bitcoin is created digitally, by a community of people that anyone can join. Bitcoins are '[mined](#)', using computing power in a distributed network.

This network also [processes transactions](#) made with the virtual currency, effectively making bitcoin its own payment network.

So you can't churn out unlimited bitcoins?

That's right. The bitcoin protocol – the rules that make bitcoin work – say that only 21 million bitcoins can ever be created by miners. However, these coins can be divided into smaller parts (the smallest divisible amount is one hundred millionth of a bitcoin and is called a 'Satoshi', after the [founder of bitcoin](#)).

What is bitcoin based on?

Conventional currency has been based on gold or silver. Theoretically, you knew that if you handed over a dollar at the bank, you could get some gold back (although this didn't actually work in practice). But bitcoin isn't based on gold; it's based on [mathematics](#).

Around the world, people are using software programs that follow a mathematical formula to produce bitcoins. The mathematical formula is freely available, so that anyone can check it.

The software is also open source, meaning that anyone can look at it to make sure that it does what it is supposed to do.

What are its characteristics?

Bitcoin has several important features that set it apart from government-backed currencies.

It's decentralized

The bitcoin network isn't controlled by one central authority. Every machine that mines bitcoin and processes transactions makes up a part of the network, and the machines work



together. That means that, in theory, one central authority can't tinker with monetary policy and cause a meltdown – or simply decide to take people's bitcoins away from them, as the Central European Bank [decided to do](#) in Cyprus in early 2013. And if some part of the network goes offline for some reason, the money keeps on flowing.

It's easy to set up

Conventional banks make you jump through hoops simply to open a bank account. Setting up merchant accounts for payment is another Kafkaesque task, beset by bureaucracy. However, you can set up a bitcoin address in seconds, no questions asked, and with no fees payable.

It's anonymous

Well, kind of. Users can hold multiple bitcoin addresses, and they aren't linked to names, addresses, or other personally identifying information. However...

It's completely transparent

...bitcoin stores details of every single transaction that ever happened in the network in a huge version of a general ledger, called the **blockchain**. The [blockchain](#) tells all.

If you have a publicly used bitcoin address, anyone can tell how many bitcoins are stored at that address. They just don't know that it's yours.

There are measures that people can take to make their activities more opaque on the bitcoin network, though, such as not using the same bitcoin addresses consistently, and not transferring lots of bitcoin to a single address.

Transaction fees are tiny

Your bank may charge you a £10 fee for international transfers. Bitcoin doesn't.

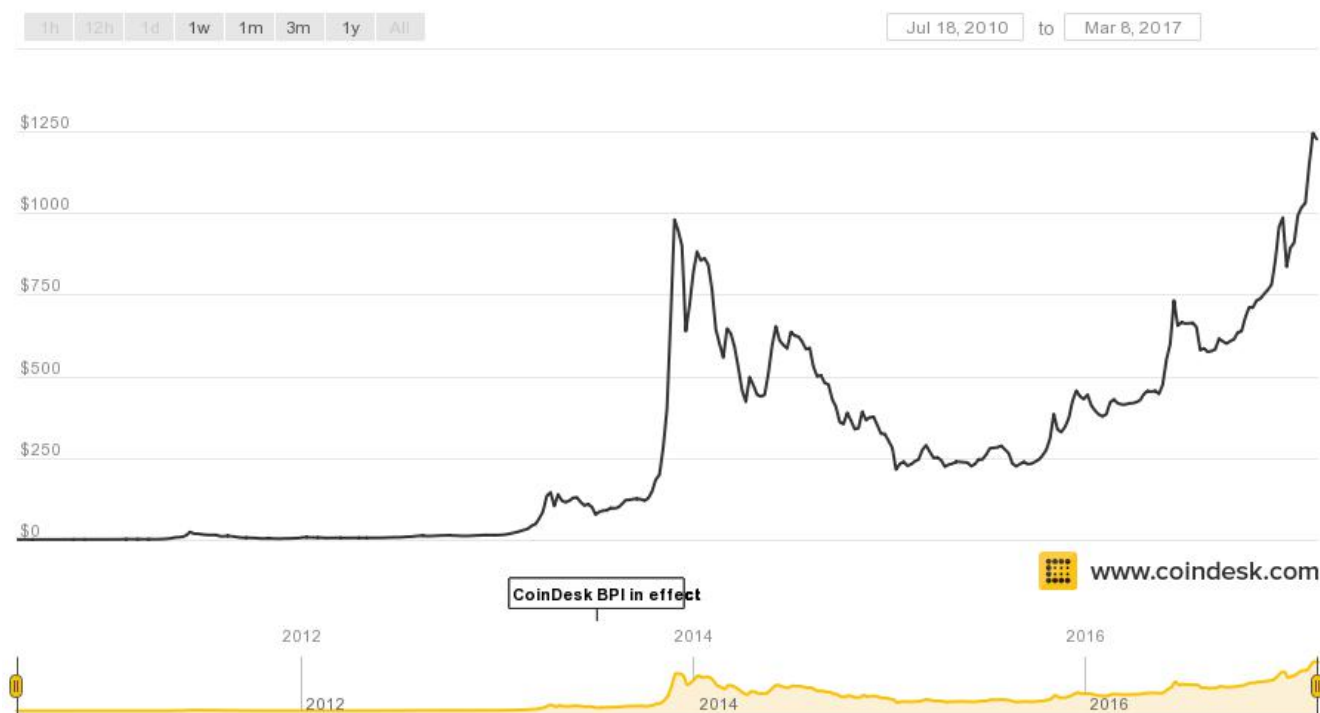
It's fast

You can send money anywhere and it will arrive minutes later, as soon as the bitcoin network processes the payment.

### **Transactions cannot be repudiated outside of escrow**

When your bitcoins are sent, there's no getting them back, unless the recipient returns them to you. They're gone forever. However, you can use various escrow services to create conditions and warranties and refund policies on a Bitcoin transaction.

As you can see, Bitcoin has a lot going for it, in theory. But how does it work, in practice? Read more to find out [how bitcoins are mined](#), what happens when a [bitcoin transaction](#) occurs, and how the network keeps track of everything. I've included a chart on the following page demonstrating the pricing trend since its inception in January of 2009.



Source: <http://www.coindesk.com/price/>

### **Bitcoin References**

People ask me all the time, how to get started with using Bitcoin, and then how to invest in Bitcoin and use it in a business. I'm going to cover how to get started with Bitcoin here, investing and businesses, I prefer to cover in a later edition. I think your first consideration is to fund a Bitcoin wallet and spend some at a retail location. Then pass some back and forth between yourself and some friends. Once you become proficient at using \$30 worth of Bitcoin, then select a way to move your dollars into Bitcoin that is secure. A counterparty such as Coinbase has some security, and the business is stable by virtue of its owners and investors (you can research for yourself), but it is still functioning as a government agency (FINCEN). You can use Coinbase to move your money into Bitcoin, but then choose a light wallet such as Electrum or Mycelium, or your own paper wallet or Bitkee.com to store Bitcoins for the longer term. You can always move your Bitcoin from cold storage back into your light wallet or mobile device in order to spend it at local retailers or wherever.

Practice the security protocols for creating, using and safe-keeping your passwords and seeds. I'm using terms here that you may not recognize, but use them as guides when you are following these references to learn more.

The key elements of getting started with Bitcoin are learning how to use it and then how to secure it. Don't start with large amounts of money, \$10 - \$30 should be plenty.

**Very Basic Introduction:** [www.bitcoin.org](http://www.bitcoin.org)

<https://www.bitcoin-club.org/front>

<https://youtu.be/Wc5UepXOUpl>

**Mastering Bitcoin: Unlocking Digital Cryptocurrencies 1st Edition**

by: Andreas Antonopoulos

<https://www.amazon.com/Mastering-Bitcoin-Unlocking-Digital-Cryptocurrencies/dp/1449374042>

## **Introductory and Light Wallets**

This is the easiest way to fund your Bitcoin account from your USD bank account. [www.coinbase.com](http://www.coinbase.com), this is regulated by the Financial Crimes Network, so if you use this to get your Bitcoins and want any privacy, you will need to move (spend) them into one of the other wallets such as electrum and cold storage. Always check the terms of service for any online wallet to determine if it is regulated by the Financial Crimes Network (FINCEN). If it is, that means the wallet service is a government agency and is watching everything you do. This is not a problem if you just move your Bitcoins out of that wallet and into something private.

You can also fund your Bitcoin wallet with PayPal ([www.paxful.com](http://www.paxful.com)) and [www.localbitcoins.com](http://www.localbitcoins.com)

### **Recommended**

[www.electrum.com](http://www.electrum.com),

Tutorials: <https://youtu.be/PI8pli2xTfU> and <https://youtu.be/WdVIH9N2oKU>

and <https://youtu.be/VLBXJvxe9QU>

[www.mycelium.com](http://www.mycelium.com)

[www.bitcoinwallet.com](http://www.bitcoinwallet.com)

[www.blockchain.info](http://www.blockchain.info)

[www.bitcoinwallet.com](http://www.bitcoinwallet.com)

[www.btc-e.com](http://www.btc-e.com)

## **Cold Storage, Metal and Paper Wallets**

[www.bitkee.com](http://www.bitkee.com)

[https://youtu.be/4TmN4STr\\_uq](https://youtu.be/4TmN4STr_uq)

<https://youtu.be/VTsHeiBhPIM>

A Bitcoin wallet application such as Electrum, can be installed on a USB for cold storage

## **Bitcoin Debit Cards**

ANX BTC, [www.anxbtc.com](http://www.anxbtc.com) (ANX BTC and ANX PRO)

Cryptopay, <https://cryptopay.me/bitcoin-debit-card>

SpectroCoin VISA Debit Card, <https://spectrocoin.com/en/>

## **Electronic Wallets**

Trezor, <https://trezor.io/>

Ledger Nano 5, <https://www.ledgerwallet.com/products>

Ledger Blue, [https://youtu.be/fDvC\\_C9bWMg](https://youtu.be/fDvC_C9bWMg)

KeepKey, [www.keepkey.com](http://www.keepkey.com)

## **Bitcoin Shopping Cart Services**

[www.Bitpay.com](http://www.Bitpay.com)

[www.shopify.com](http://www.shopify.com)

[www.blockchain.com/enterprise/](http://www.blockchain.com/enterprise/)

## **Facts**

<https://www.entrepreneur.com/article/231973>

The ISO 4217 currency code for Bitcoin is XBT but the common reference code is BTC.

No one single entity controls this currency.

There's a finite number of bitcoins, only 21,000,000 whole coins, but 2.1 quintillion if you count every fraction down to the smallest (Satoshi).

Bitcoins have no inherent or set value.

You can see all transactions.

You can mine bitcoins with your own computer or investing in the mining of Bitcoins (investing in bandwidth)

You cannot reverse a transaction or be forced to pay, but you can use escrow to protect your transactions.

You can send money anywhere in Earth, with little to no fees.

Bitcoins are held in digital wallets.

Sometimes losing a wallet could mean your Bitcoins are lost forever, but there are security measures you can take to prevent this situation.

You can really buy things with bitcoins.

## **7. Publishing Your Own Book & Blog**

Self publishing is remarkably easy – you upload your manuscript in PDF form, drag photos across for the front and back covers. It could all be over in 20 minutes. It doesn't cost you anything until the first purchase and Lulu lets you keep 80% of the proceeds (after deduction of the printing cost of each book). Lulu expanded by 20% last year and publishes over 400,000 titles a year which it claims is "almost twice as many as by America's entire traditional publishing industry".

Lulu: Founded in 2002, this website offers e-books and printed books. Authors pay \$8.50 per printed copy of an average size book, while e-books are free. The company takes a 20 percent commission on book sales, and writers collect the rest. Lulu offers e-book distribution to iBookstore, Barnes & Noble's Nook bookstore and the Lulu Marketplace, as well as Amazon and the Lulu Marketplace for print books.

Lulu is my favourite for text-driven books, but if you are more interested in picture-driven publications then Blurb.com is the one to choose. It is easy to use – if you stick to the easy templates – and you can easily import photos directly from Flickr other photo sites. The standard of reproduction is impressive (as long as the original resolution is good) and they helpfully flag up photos that they don't think make the grade in terms of quality. Lulu and Blurb aren't the only fruit and, if you have time, it is worth trawling through some of the dozens if not hundreds of minnows that keep popping up – while being on guard lest they are trying to take a quick buck from you. There are various lists of top 10s on the web, or just try your luck with something like Fastpencil which looks easy to use though I haven't followed it through to publication or CompletelyNovel which is based in the UK.

The digital revolution has turned the music industry upside down but it is moving at a more leisurely pace in books where self-publishing hasn't yet taken off in a really big way.

I know of someone who runs his own website and blog (publishing), but didn't become an author in hopes of selling a lot of books and reaping the royalties. Instead, he wrote the self-published book on how to profit from the stock market to build the credibility of his financial education company and attract clients in a crowded market.

Many times he offers his book for free in exchange for a name and an email address. It provides a line of communication with someone who is already interested in the subject matter.

This is a trend, more entrepreneurs are turning to self-publishing to promote their companies. Writing and publishing a book may sound daunting, but it's easier than ever with more self-publishing platforms available today. Self-published books are often just e-books, but some companies also create printed versions.

Here are five steps to help you get started:

Decide on an engaging topic. Not sure what to write about? Stay away from recapping your company blog posts or simply publishing marketing material. You want to demonstrate your expertise in a distinctive, engaging way, at least that's what I've found to be effective. You don't want to be theoretical or too technical, unless you are speaking to a very specific niche of readers." Both print and e-books can be as short as 100 pages or as long as 300.

Know the basics. Do your homework on the rules of publishing before starting out. For example, owning the International Standard Book Number, which can be purchased at isbn.org for \$125, can help you retain publishing rights in the future to more easily create updated editions of your book and allow you to switch publishing platforms, But some publishers acquire ISBNs on your behalf, which means you'll need to stick with the same company for future editions, she adds.

Plan your budget. A big expense will be publication costs, which run about \$5 to \$20 per printed book. (Most e-books have minimal fees.) Friedman recommends choosing a publishing platform that offers a print-on-demand option, which lets you order books as needed rather than paying for a bulk order. Otherwise, you could end up ordering too many copies and getting stuck with leftovers. Sites typically ask authors to buy at least 15 copies to get preferential bulk pricing.

You can spend several thousand dollars on editing and design costs, but this is not necessary. If you are just getting started, publish something good, add in the images yourself and use software or services such as lulu.com to make the book look interesting. You can also find people with the same services I've listed in this book, such as fiverr.com, to help you edit and design your PDF files.

Develop a marketing strategy. Even if you didn't set out to write a bestseller, you should figure out a marketing strategy for the book before it's published. Will you promote it via Twitter or Facebook? Or will it simply be mailed to potential clients? You also can use your company website to promote the book by creating a separate tab on your home page or a special blog. If you plan to market your book to a larger audience than your target customers, compare royalty fees from various publishing sites to see where you'd make the most money.

## **8. Consult with a Grant Writer**

How could you qualify for a grant while attending college? While you might be able to qualify for grants to pay tuition directly, I'm suggesting that you create projects that are consistent with your major or minor and obtain grants to further those in addition to traditional grants.

Grant writers research, draft, and submit proposals that help organizations or individuals receive grant funding. To be eligible for funding, an organization or individual must have an objective that aligns with a grant's specifications. Many grant writers work for nonprofit or charitable organizations but I'm not suggesting that you form a non-profit organization, although it might make sense once you get the idea.

You have to ask yourself what real-world projects would be consistent with your college major and then look for business plans where either individuals or organizations have already undertaken such projects. This will make it easier to qualify for grant funding, keeping in mind that you will want to factor in your own tuition to the actual operations of the business. Maybe this will be a salary you derive from running the project or direct payments of cash to offset tuition so that you can further the objectives of the project.

You can do it yourself, but you'd probably end up wasting your time. Your efforts will be much better served by working with a grant writer who already knows the business and can advise you before you even write your plan. Don't write your plan first and then shop for a grant writer, or at least have some general idea of what you want, expecting that the grant writer may suggest changes.

Before you get down to business writing grant requests, you first have to search for and qualify potential grant funding opportunities. Knowing who's funding your type of organization, who's funding in or near your location, and the range of their grant awards (past and present) is critical.

What you want to do first is sit down with your work associates and ask these questions: Who are our corporate vendors? What bank or credit union processes our payroll? What local funders have given us money or in-kind contributions in the past five years? Do we still have a good relationship with these funders? Can we approach them again for funding support? After you have some answers, start taking action.

Call and make an appointment to visit every bank in your town, city, village, and county. There's hidden money everywhere — even at your local banks. Find out who heads up the trust department (typically a trust officer) at each institution. Trust officers manage trust accounts for living and dead money-giving individuals and families. These trusts are often not highly advertised sources of grant money. Ask and get some guidelines for finding them and applying to them for grants.

Stroll over to the nearest large public or university library to access the Foundation Center's Foundation Directory Online. This is your public-access, free-of-charge source for researching foundation and corporate funding sources.

Network with other grant writers to find out about their funding resource subscriptions. Ask what works and check out these additional possibilities.

Head down to your city and county economic development agencies to find out about any public monies available (contracts or grants) for your project.

If you have a community foundation in your county, call to get an appointment to meet with someone there to ask about the possibility of applying for capacity building funds for your organization. With a capacity building grant, you can contract with qualified consultants for grant writing, fundraising, board training, and volunteer coordination services.

Remember to call your governor's office and ask about state agency grant funding and other monies that may be available for your organization or business.

Attend all public events where the “who’s who” crowd will be gathered and hand out business cards. Just make sure your agency’s mission and contact info are on the card!

Prepare and distribute a press release to all local and regional media announcing that you have a project in need of funding.

Most importantly, call your congressional team members to let them know more about your organization and its need for grant funding. Ask if they can start to track any federal bucks that fit your needs.

To make your grant writing stand out from other proposals and get your grant funded, you have to know how to write grant applications effectively. Do some research for your specific grant proposal and incorporate the following guidelines to spin written magic:

Use a storytelling approach (with supporting statistics) in such a compelling way that the reader can’t put down your application until she makes a positive funding decision. Make them cry!

Incorporate a case study of a real client your organization has served. Of course, change the name for confidentiality reasons. Show a real need of a real person.

Take advantage of online dictionaries and thesauruses to expand your command of new words and capture the grant decision maker’s attention.

Write to government funding agencies and request (under the Freedom of Information Act) copies of funded grant applications. Use these documents as examples of how to write an award-winning grant application.

Research proven best practices for your proposed solutions and incorporate language from the experts.

When you find best practices, look for the evaluation results of previously implemented programs similar to yours. Know what works and what doesn’t work before you write your proposed solution.

Eliminate multiple drafts from your writing habits because the most creative and “wow” words are often the first words you type.

Hire a proofreader or editor (or a college student) to read your writing and clean it up. Don’t have any money? Ask a trustworthy and capable co-worker or friend.

Write in short, hard-hitting sentences. Long-winded sentences almost always lose the reader.

### **Consider Alternatives to College**

A college degree is not the only key to success in life, and in fact, there are many examples of rich and famous people dropping out of college to launch a business. I think we’ve been sold a “bill of goods” on this idea to everyone should graduate from college. The consideration should be answering the question, “What do you want to do with your life?” Successful people will tell you to do what you love, what feeds your soul, and I can tell you from experience that this is very good advice. You can always make money, you don’t need “credentials” or an educational status so that you can obtain a professional status and then make money. My educational background is a joke, but I usually make enough money for the year to live in luxury and I make that money in the first quarter. I’m a social entrepreneur, I like helping people achieve professional autonomy and wealth independence. Wealth

independence is about knowing how to meet your needs and earn the money you want, without depending upon the will or approval of others.

You might be surprised to know that many vocations and trades pay much better than professions for those with college degrees. Here is an example, a very good law firm can generate several million dollars a year in gross receipts, let's say with three attorneys. But what about a publishers website that sells forms written by attorneys to a customer base that might be 1,000 times greater than the law firm's, such as [www.rocketlawyer.com](http://www.rocketlawyer.com)? I don't know it's gross revenue, but I'll bet that it makes more money than a typical law firm.

My daughter said she wanted to be a veterinarian, and I asked her the reason. She said she wanted to help animals. I asked if she thought helping more animals was better than helping less animals and she said more. I then asked if after she became a practitioner at one clinic, if it would make sense to own the clinic and buy more and brand them under her trade name. Of course, her eyes got really big, she could do what she loved and if she managed the business well enough, possibly get rich at it as well.

I was speaking with a client one time who was in an MBA program at the local university. She said she was studying the business model of Starbucks. When I asked her to explain whether or not it was a franchise or licensing deal, she didn't know the answer. I've never attended any MBA program, but she was studying Starbucks and could not tell me how it uses its trademark. I then asked her how she would form a corporation in order to establish a business structure, and she didn't even know that much. I asked her why she and her colleagues didn't acquire a licensing agreement with Starbucks and run the business instead of just studying it from a book. That never occurred to her. She didn't even understand that Starbucks is a real estate deal, involving a very good niche within the retail beverage market. She never heard of this. I just wonder who is teaching business classes these days.

But what is wrong with being a mechanic, pilot, welder or landscaper? College is not needed for these professions, but possibly a degree from a vocational or trade school would be required. Did you know there are scholarships for vocational and trade schools?

Some high school graduates seek job training that lasts a year or two, and then places them in the workforce. There are scholarships and grants available for technical, trade and vocational schools as well. Stalwart federal programs do not exclude trade students from participating. Pell Grants and Federal Supplemental Educational Opportunity Grants (FSEOG) offer technical school alternatives, for applicants pursuing diplomas, certificates and associate's degrees. And among the hundreds of different vocations and trades, scholarships-seekers enjoy access to interested organizations and educational foundations that support specific career programs with vocational school scholarships

Corporate benefactors and private associations contribute educational funding to schools that teach relevant subjects. Trade unions also mobilize funding for members and their families who engage in related education. Individual State Governments also sponsor financial aid initiatives aimed directly at vocational school students.

The bottom line for technical school students: Financial assistance is available for most programs, especially for candidates who qualify for merit-based vocational school scholarships.

### **General Scholarships From Companies and States**

Vocational scholarships sometimes focus on particular professions, but general funding for certificate-level education is out there too. For example, The Sallie Mae Unmet Need Scholarship was recently offered to qualified applicants, including students at participating



vocational and technical schools. The Sallie Mae Fund also distributes additional aid that does not carry trade school restrictions.

Another general scholarship program that benefits associate's degree students is the Coca Cola Scholarship Foundation. High school seniors enrolling in accredited educational programs, including those at two year trade or vocational schools, are invited to compete for annual merit-based awards issued by Coke. Eligibility requirements include a cumulative GPA, at the end of junior year, of at least 3.0.

North Dakota "Dollars for Scholars" helps lift state residents into higher education. The initiative is made possible by funding from the Joann Link Hetzel Memorial Endowment. Vocational/Technical/Trade School Scholarships issued under the program specifically benefit post-secondary pursuits at vocational schools. Ten \$1000 scholarships are funded annually, and disbursed to deserving technical school applicants. Students enrolled in educational programs leading to degrees in mechanics, electrical, welding and surveying are given priority consideration for these trade school awards. In addition, the benefactors want applicants from certain towns to have the first shot at the funds.

Oklahoma Tuition Aid Grant (OTAG) is a state-sponsored initiative for funding higher education. Qualified applicants earn tuition offsets for in-state education. Technical and trade school programs that lead to degrees or certificates are not excluded from OTAG, so consult the Oklahoma Regents for Higher Education for additional program details.

### **Funding for Apprenticeships**

Whether working with pipes, wires or HVAC components, mastering trades requires hands-on experience. Apprenticeships are valid learning tracks, when practical experience is required, but making ends meet can be difficult while logging hours on-the-job. National trade organizations put-forth financial assistance for tradesmen-in-training.

The A. O. Smith Professional Contractors Association offers scholarships for qualified Plumbing Contractor Association members and their eligible family members. The awards are administered by Scholarship America.

The Plumbing Heating Cooling Contractor (PHCC) National Association Educational Foundation Scholarship Program assists professional contractors, manufacturers and wholesalers by offering scholarships designed to educate future practitioners and provide continuing education avenues for working professionals responding to changes in the field. Generous corporate partnerships are used to underwrite as many as 24 scholarships annually, targeting heating/cooling related career development. Community college degree candidates, trade school students and those enrolled in technical programs are eligible for tuition scholarships, and apprentices also benefit from select awards.

### **Vocational Scholarships for Women**

Certain groups within the college student population qualify for special financial assistance. Student specific assistance often originates at campus-level; including vocational school scholarships and grants that specifically target female recipients. Women interested in practicing certain trades combine their gender with their career choices, to obtain subject-specific vocational scholarships:

National Organization for Women - York County Chapter administers an important scholarships for women called the Mae Millstone York NOW Scholarship. Female applicants from a range of educational disciplines are encouraged to compete for the annual awards, which have no limitations regarding the type of educational program candidates pursue. At

least one \$1000 award is dispensed annually, but funding often allows for several individual grants each year. Technical and vocational school students have earned the scholarships, as well as those candidates pursuing four-year degrees.

Talbot's Women's Scholarship Fund brings corporate philanthropy to women's educational pursuits; sponsoring funding for university students, as well as those enrolled in technical vocational programs. Six women earn \$10,000 each, while another 60 get \$1000 scholarships. The program focuses on women who are returning to higher education, after interruptions.

Women aged 50-plus are eligible for AARP Scholarships that fund community college, technical college and continuing education programs. Financial need is required, and successful applicants are enrolled in certificate, diploma or associate's degree programs.

The Educational Foundation for Women in Accounting puts forth financial assistance for female degree candidates, including the Women in Transition and the Women in Need Scholarships.

Something else to consider, if you begin a profession or vocation at the age of 24, for example, why would you not plan on changing careers at least once over the next 40 years? There are so many interesting ways to support yourself and your family, why limit yourself to one career in 40+ years? Why not get involved in different aspects within the niche market involved with your career, for example, after 7 years of working a job, move over to working for, or even owning, one of the suppliers for your previous employer at that job? Maybe after ten years you'll attend college after all and get a degree and do something new.

# THE 7 YEAR MORTGAGE



We can eliminate bankers and attorneys from our homes, and dare I say the taxing agencies, by simply changing the way we buy and sell “the use” of residential property. I'm going to limit this article to single family residential homes, but the concepts can certainly be applied to other types of property.

The laws and contracts anyone would need to acquire the use of property, or even the title to property, are already in place. The basic idea is that a buyer can acquire the use and/or title to residential real estate with a simple seven year lease agreement with an option to buy. Why seven years? It's less than ten and much less than thirty.

Either the owner (title holder) or current individuals in possession of the property can sell or exchange these rights under the lease/option contract, whether or not there is an existing mortgage. The plan can be implemented on a particular property until the use of the property under the “7 year plan” exceeds the settlement of the traditional thirty year mortgage.

Once the traditional mortgage is settled and removed from the title, the users of the property will have greater latitude to use the property, either as a residence or an investment, and the banking system will have been eliminated. A 30 year mortgage does nothing but unreasonably subsidize the price of homes so that mortgages are needed more and more as they are used, and the bank has an overwhelming profit motive because it can sell an interest in these types of contracts (mortgage backed securities).

If the lease agreement, and the options contract, are written as non-negotiable, then you have a truly fair system of buying and selling residential real estate. This type of contract will drive the price of real estate down so that people can afford to build a home and live in one. We have to abandon the silly and self-defeating ideas that inflation and rising home prices are a good idea. Factor in one more practice and you really have a reliable way for nearly anyone to afford a home for himself and his family.

### **“Fair Market Value” is a Scam**

The other factor would be to price the property based upon its costs of construction, at the current time because those may change with the price of commodities. That is, the selling price of homes should be based upon the costs of materials and labor because they won't change as much as the current system of determining the value based upon “comparables”. Again, this eliminates the profit motives for banks and brings in competition from non-bank lenders while keeping the prices reasonable. A contractor can propose a price based upon the current market value of labor and materials with a premium. This would allow a well managed builder to get the best prices from his suppliers and compete on this ability to manage a low cost business along with the premium, instead of a mortgage rate. For example, a family of four would be able to build a home for the well known and objective price of materials and labor, and a premium, and then shop based upon quality and premium. A premium might be something like 20% of the materials and labor, or it might be 8% or even 95%, it just depends on the market.

### **Perpetual Escrow of Title**

The title can be held in escrow, in the traditional method, or under a trust agreement via a neutral third party, or on the blockchain with software (smart contract). The title can be unchanged during the term of the agreement, or held in a corporation and the entire agreement can be carried out under an expressed interest in the ownership of the corporation, such as a limited liability company (LLC). I know this is not technically a

corporation, but an LLC should be better used because of its tax flow-through and deferment attributes.

Smart contracts are computer protocols that facilitate, verify, or enforce the negotiation or performance of a contract, or that make a contractual clause unnecessary. Smart contracts often emulate the logic of contractual clauses. There are many open source examples of smart contracts today (i.e. escrow services) that are specifically written for transfers of real estate.

### **Insurance, or Risk Management**

Insurance for homeowners is another area that I believe is and has become unreasonably inflated, in fact possibly even fraudulent. That is, people are paying way too much money for the risk they are conveying and keeping. We keep risk in the form of deductibles and premiums and the limits of the insurance policy. We can reduce the risks that we normally pay for by simply assessing these risks ourselves, or from statistics, and then reducing or eliminating them by financial planning, materials and technology.

As an example, not that everyone wants to live in a dome home (monolithic dome) because it has no seams. They are also built to be fireproof because of the way the walls are sealed. Fireproofing a home reduces the risk to loss from fire immensely, but most contractors don't focus on that because most people just expect to pay whatever insurance premiums are charged without planning ahead and getting better materials in the construction process.

In building construction, waterproofing is a fundamental aspect of creating a building envelope, which is a controlled environment. The roof covering materials, siding, foundations, and all of the various penetrations through these surfaces must be water-resistant and sometimes waterproof.

The following waterproofing methods are commonly used in construction: Cementitious Waterproofing, Liquid Waterproofing Membrane, Bituminous Membrane, Bituminous Coating and Polyurethane Liquid Membrane. I'm not going to detail each of these, you can investigate them for yourself, but I'll bet if you use this type of construction and have that expressed in the contract and certified or verified, you will get a whopping reduction in your homeowner's insurance policy.

A bit of financial planning can also offset the risk you retain as well. Bitcoin, for example, and precious metals increase buying power over time, along with assets that build net worth and can be leveraged for risk management, almost like captive insurance but with less regulation and more autonomy.

Bullet proof windows, or something comparable, will provide additional security and insulation. The list continues, if you think this through, you can really diminish your insurance costs substantially, well over 50% in my estimation. You will need to get your insurance carrier's attention, have someone come out and inspect your home, ask in advance what things reduce risk, and work with your insurance carrier. In the end, you might want to assume more risk because you may be better able to manage it, so while your deductible might be high, you won't lose any sleep over it.

Technology can further reduce additional risk, such as burglary or other criminal behavior. I don't believe video recording a burglary actually prevents the crime in every case, but it may help an investigation and the recovery of property. Instead of having your homeowner's policy cover all of the contents of your home, why not just have a renter's policy cover only the most important, and have those documented?

If you are going to use a surveillance system, it should be autonomous from your SMART meter power supply so it cannot easily be hacked, and it should be encrypted. It should have an alarm system that alerts you, maybe an emergency contact and the police.

You can use double entry doors so that your front and back doors require two doorways to be breached before entry into your home. These are design elements you may discuss with your contractor, even if you buy an older home and have to rebuild parts of it for security reasons.

The 7 year “mortgage” or lease/option is overlaid on the traditional mortgage until the mortgage is settled and released from the title. This is not “subject to” but “with” so that the bank does not need to be involved in the arrangement. How would you get into such an arrangement? You simply make an offer to buy or lease or a combination of each, to the owner or property manager of the home you want, and just like any negotiation, begin there. Start with an example of a standard “residential lease agreement” with an options contract. If you've never done this before, don't expect an attorney to know how to structure this for you; instead, talk with real estate investors who do this on a regular basis. In fact, real estate investors would be your “go to” professional to find such deals. You will most likely not find a knowledgeable real estate agent or attorney.

## **No Future for Residential Real Estate Titles**

Titles to real estate are the mark of a feudal economic system. In other words, if we rely on titles to land to identify ownership, then we can never own the land because it is truly owned by the tax collector and other lien holders.

We are moving more deeply into a society where the tax collector and banking system have become the gatekeepers for people who want to pay for and use the land for productive purposes. But it's all connected to the fact that the cultural norms in our society are built upon transferring a clear title to land when we buy and sell. Insurance is based upon it, tax liabilities are based upon it and the perception of property rights and liabilities are based upon the title.

Imagine selling the “exclusive right of possession” to someone who wants to use your house? How is it your house? Well, it's not, but because your name is on the title, the statutes give you the exclusive right to use it. This has made us slaves to the banking system and taxing authorities. What if you conveyed the title of your home into a limited liability company? Give it the same name as your street address, for example, a home at 123 Elm Street, is now titled in the name of “123 ELM STREET, LLC”. You then add a standard lease agreement into the LLC operating agreement and then “lease” the property to the next occupant.

But what about equity and appreciation? We must break this cycle, this is what makes us slaves to the banking system, we think we can gain money from holding title, when it's all a fraudulent scheme conducted by the banking system to keep us running in circles. Forget about “equity” and forget about the title, once conveyed into an LLC, it will forever remain and only the terms of occupancy will change within the operating agreement, from one occupant to the next. As more people do this, less and less people will need to have mortgages as prices on real estate plummet.

As this trend continues, the prices of real estate will return back to the costs of construction plus labor and a contractor's premium for building the home. The prices will not rise and fall with the banking system or the crooked “fed rate” system. No one will be concerned about selling the title anymore because no one will need a title to enjoy the

occupancy of a home (or any property for that matter). But what about the property taxes and foreclosure?

### **Foreclosure for Taxes**

Yes, the property tax collector can still foreclose if the property taxes are not paid. The foreclosure would transfer the title to a buyer of the tax lien debt (whether deed or certificate), so the title would change. And if the occupant could not work out a debt with the buyer of the tax debt, it would allow him to foreclose. But because there is little invested, no expectation of any windfalls from equity or appreciation, it would be just as easy for that occupant to find another deal just like it with another property, a new LLC and enter into the operating agreement just like before, the only loss being the costs of moving.

It would also allow the new tax lien buyer to hold the title in his own LLC and just continue like everyone else, sell occupancy and jointly control the title. This new arrangement would work for everyone. How would the occupant protect his interests in the property with insurance?

### **Insurance**

We can take steps to mitigate risks without insurance, as used in the traditional sense.

- Structural damage

Your house should be located and constructed properly. Don't build in a dry river bed or below sea level, and build it well so it can withstand the appropriate level of weathering. Even with all of these precautions, there will still be some risk to structural damages, but you will have greatly minimized this risk with planning, building and re-building.

- Personal liability

Because your name is not on the title, you won't have any personal liability. If anyone were to sue the owner for a physical injury, he would have nothing more than a judgment lien (assuming he won because there was no need to defend against the claim) and the lien would eventually expire or be severed in another foreclosure (it would be uncollectible).

- Contents (chattels)

A renter's policy would work perfectly to cover the contents of your home, it's a lease agreement, nothing new. But you could install an appropriate security system and use vaults for certain items and locks on drawers, etc.

- Generally

While steps can be taken to greatly reduce known risks for your property, they cannot be totally eliminated. But your need for traditional insurance should be greatly diminished accordingly, or it should be diminished enough to where you would be willing and easily able to set aside enough money to cover them yourself. These remaining risks can be covered in the operating agreement by all parties as well, not just the tenant or the co-party tenant.

### **Foreclosure for Mortgages**

Using residential homes in this way would eventually eliminate the need or usefulness for mortgages. In fact, in the near future, as these ideas are adopted, I believe mortgages will be seen as a "very stupid idea".

However, let's say there is a mortgage, where the borrower is the LLC. It would likely be a short term mortgage, more like a 7 year term, and a hard money loan (not from a bank). If the terms of the mortgage are not met, well, we already have laws in place to protect the

lender. And look at the interests of the tenants, it would not be several hundred thousands of dollars in equity at risk, just some moving costs. In fact the costs of foreclosure, even uncontested, might be more than the value of the mortgage or the property.

I see this as a trend, people are already realizing that we can use property this way. Maybe we will be recording these operating agreements on the blockchain, but that's another subject.



## HOW TO BUY A CAR WITH BAD CREDIT

Your credit score is not the only way to prove your credit worthiness. It does do a good job of indicating what type of credit customer you might be; however, today the credit system is being used to exploit people and unfairly exclude people from society. It's also a tool of some species of extortion which has yet to be made into a criminal statute. In any case, there are certain steps you want to consider when buying a car with a low credit score, or no credit.

A co-signer is an option of course, but what will happen is that the lender will underwrite the loan only under the co-signer's credit and title the car in his name, and you won't get the credit. I'm writing this article with the objective of showing you how to buy a car without a co-signer when your credit score is low or you don't have one.

If you've never had credit before, don't start with buying a car. Get a credit card first, even if it's secured or for only \$100, or rent an apartment, and be sure that the creditor reports to at least one or two of the credit bureaus. After a few months, you will have a low credit score.

Some of you have a low score because of non-payments, defaults, judgments, liens and other derogatory items. As abusive as this system is, I still believe it's an effective way to "apply the brakes" to someone's undisciplined use of credit. Chances are that you have a low score because you took on too much debt and you probably don't know how to use money. This may not be true for someone who is the victim of identity theft, but generally speaking, you have to look in the mirror first.

First, it's easier to buy a used car on credit than a new one, so this is the time to be very practical and buy a car that suits your needs, and is not simply to try and impress your friends. Second, it's easier to buy a used car on credit with a 50% down payment than a 10% down payment, so try and factor something close to this into your plan. Third, it's easier to buy a car when you can prove that you have regular income (a job, pension or annuity income for example). The longer you've had the job, the better.

If you have these things, then you need to make a record of your income starting with your pay-stubs or W-2, deposits in a checking and savings account, and a record of saving a portion of that money along with a record of paying your other bills on time. I would go as far as to have a bookkeeper take these records and create a personal balance sheet and income statement summarizing the cash flow on one page. This demonstrates intelligence and discipline. You can show your accounting summary to the dealer and if he asks, you can prove anything on that statement with your records. Aim for a short-term loan, such as 18 months, maybe 36, I prefer no more than a year however.

### **Make Car Payments to Yourself**

The moment you decide to buy a car, start setting aside some of your cash flow for that purpose. If you are going to buy the car on credit, decide what your monthly budget will be for car payments, insurance, fuel and maintenance. Begin setting aside this much money each month, or a portion of it. Let's say you want a car where the total monthly costs are \$1,000, but you can only afford \$500 right now. That just means you'll have to set aside the \$500 for twice the number of months that you will have the debt to pay and you're not going to do it under any contract, it's just your own discipline.

Let's also be reasonable, for most of us, you won't want to look for an \$80,000 brand name, new luxury car. You will want a "pre-owned" car (with a certifiable maintenance, repair and damage history, may include "car fax" report for example along with a mechanic's certification) that is a quality brand, not just any car. You will still pay more for a quality brand, but it will last longer and have less maintenance costs and chances are that the previous owner took care of it and followed the maintenance schedule. It's well known in Europe that the best cars include, BMW, Honda, Mercedes, Audi and Toyota with 250,000 miles on them. There are other brands and I'm not saying these in order to promote them. I'm only speaking from personal experience.

I bought my mother-in-law a car so she could have some autonomy while she's in the states. It was a 2005 Toyota Corolla that I bought in 2009 for about \$7,500. Eight years later, she's still driving it every day and has had virtually no major problems with it. I didn't buy on credit however, but this might also be true for you, if you set aside enough money quickly enough. I'm not saying that your solution to bad credit is to pay cash for everything, but sometimes it does make sense. Why buy a car for \$25,000 when I can get the same deal for \$7,500? However, if you want to buy a car for \$25,000, make your plan and do it.

### **Non-profit Lenders**

As an alternative, look for a nonprofit lender that offers personal loans. Capital Good Fund, for instance, offers car loans from \$8,000 to \$20,000 for residents of Florida and Rhode Island only for the purchase or refinance of a new or used car; while this organization finances vehicles sold through most dealers, it also encourages borrowers to work with dealers like Hertz, Enterprise Car Sales, or others that have high levels of customer satisfaction. In addition, it offers loans up to \$2,000 for a variety of purposes, including the purchase or repair of a vehicle or paying off high-interest debt, to residents of Florida, Rhode Island, and Delaware. It's an example of a United States Treasury certified Community Development Financial Institution, or CDFI. Look up the nearest CDFI in your area to see if it can help you.

There is a program that helps both low and moderate income individuals solve their transportation issues by providing them with low interest rate auto loans. Ways to Work is a non-profit organization that can help solve employment or job training transportation needs. The agency provides small dollar amount, low interest rate, short-term loans to working families that need a car or that need a repair done.

Individuals of all backgrounds and circumstances can apply. The program may even be able to assist those applicants that have either no or poor credit histories, or someone with a job that is looking to re-enter the workforce. Funds from Way to Work can also be used to pay for a number of transportation expenses, including car insurance, the purchase of a new or used automobile, or repairs.

The typical loan amount provided is around \$4,000, but the exact amounts will vary. It provides an alternative to families so that they do not need to use so called predatory lenders, payday companies, or other high interest rate options. The Ways to Work program and organization is funded by the federal and state governments, as well as private foundations.

### **Auto Loan Brokers**

An auto loan broker can be the key to getting the best rates and terms on a car loan. They are generally independent businesses that have developed relationships with a wide variety of lenders. These relationships give the broker an advantage in negotiating that most buyers would never have.

A car loan broker has information on interest rates and qualification guidelines from multiple banks and car loan lenders. With this information, the broker has the tools to shop for the best rates and terms for your loan. Typically, car dealerships have an employee, commonly known as the financing and insurance (F&I) manager who does work that is similar to a loan broker.

Buyers with good or excellent credit often never consult with auto loan brokers as their bank is typically willing to give them a great deal without any haggling. However, those with bad credit find that an auto loan broker may be just what they need. Many lenders will try to take advantage of those with damaged credit due to a bankruptcy or a few late payments by offering exceptionally high interest rates on car loans. You never have to accept unfair terms, just continue shopping and loan brokers can certainly help improve your odds of finding a really good deal.

## **Peer to Peer Lending**

This is not a new concept. For many years people who didn't have the cash to buy a car relied on friends and family for a short term loan to buy a car. This was before the banking system monopolized this practice, turned it in a multi-billion dollar industry and exploited everyone.

Thanks to cryptographic currency and the Internet, people are now facilitated in lending and borrowing while escaping the evil clutches of the banking system. This new version of lending is known as "peer-to-peer" lending. Please are using hard cash instead of creating money out of nothing and then pretending you were lent something.

I want to first mention that there are some of the old style banking dinosaurs that have slithered their way into the new "peer-to-peer" (P2P) lending business with the cryptos; however, you should know that they are the same animal as before. These are not peers of borrowers as they are the same financial institutions that gave rise to cryptos and the need to escape them. You may see some of them, such as Lending Club and Prosper. These are not peers of people, they are sophisticated broker-dealers, so just be aware of who you are dealing with and the terms of the contract. If the loan contract looks like it was written by 75 attorneys over the last 100 years, run away, far and fast. Look for a true peer.

A true peer-to-peer loan would be someone who put in some cash through an escrow type service for the purpose of lending you hard cash in exchange for holding your car title as collateral until it's paid. The loan will be short term, 18 months, but it could be 60. You will probably be required to make a large down payment, such as 20% - 50%. The lender could be a "guy" or several people, or it could be a group of people that simply pooled their money into a secure system of lending for people like yourself.

The general idea of a peer-to-peer loan is to match an individual lender with an individual borrower. P2P lending sites are where borrowers go to find a lender. The application process is actually pretty simple. Visit the site and fill out the online application. If you qualify, then you will be shown a list of potential lenders along with the terms and interest rates for taking out a loan. If you like what you see, then you finalize the loan and get your money. It's not always that simple as you could imagine.

Much of the same rules apply. If you default on the loan, your car can and will be repossessed. The lender will probably require that you deliver the car title to hold until the loan is repaid. I'm sure you can find some that won't do this, but I'll be your interest rates would be unreasonable. And the facilitator of these lenders in finding borrowers will be able to report items to your credit file. It only requires an annual subscription to a credit reporting

agency to do this, a few hundred dollars a year. This of course is not the solution for buying a car on bad credit, it just gives you more options if your credit isn't perfect and you lack the ability to find a deal on your own.

### **Lenders Want You to Buy Assets**

This may sound like a long term project, but it's really the best practice when buying a liability such as a car. I've spoken with prospective clients before and asked if they had any assets and quickly discovered that they believed their homes and cars were assets. It is true that cars and homes are assets but they are not the owners' assets. These are the assets of lenders, auto-repair shops, contractors, and insurance companies. Make no mistake that a car is a big fat liability. Once you know that a lender is more likely to lend to a borrower who is buying an asset, why don't you consider buying an asset for a balance sheet, and then use that at a later date to buy a liability, such as a car. You may have to read this last sentence several times, go ahead, I'll wait.

People don't normally talk this way, especially people who aren't rich. The way people get rich is that they do not use their employment income and personal credit to buy liabilities, they know that this practice keeps you poor. They use a business to acquire assets and credit and tax breaks, and then use that business to buy liabilities. Boy, that sounds like a lot of work just to buy a car right? Well, maybe you're at a age where it's time to adopt better habits. It is very possible to establish a new cash flow from a business or even from a property right within a period of about 18 to 60 months.

Here are two examples. Research online a popular topic. Write a 60 page book about it with your research, have it edited for about \$150 and published through a turn-key self publisher on Amazon. You could even have it on the shelves at Barnes n Noble within 6 months. If it has a snappy title and catches one, you could make a few thousand dollars, or maybe a few thousand dollars a months for a few years, maybe more. If it's really successful, you could franchise it and create a series, such as the books series "for Dummies".

Once you create your cash flow, you can then produce a balance sheet and income statement separately from your personal credit score and use that to obtain financing for many things. You could get financing to expand your balance sheet with a new idea or buy a personal liability, or a liability for the business that you can use personally.

My daughter is looking at buying her first car and she will need to find her own cash flow, not necessarily a job. She will probably be using Bitcoin and its rate of appreciation against the dollar to give herself a head-start, and she will certainly be using the principles I've explained here. I could easily lend her the money, but she needs to gain the learning experience from doing it herself.

Judging the current status of the used car industry, prices are on a downward spiral as the dealers are flooded with too much inventory and most people don't know how to use credit to buy, so they are excluded simply because they lack knowledge. This will help those who understand and those who follow the principles I've explained here. At the same time, we know that many of the quality cryptographic currencies are increasing in value against the dollar, especially Bitcoin. It makes sense to save some of your cash into Bitcoin while you're waiting for that day when you can buy a car on credit with 50% down for example.

Another example of assets you can easily buy while building your balance sheet are tax lien certificates. Sometimes people cannot pay their property taxes, for example, in your state. Your state taxation department may sell the resulting tax lien for a discount at auction, giving the buyer the cash flow and right to foreclose unless it's paid with guaranteed interest

and penalties. About half of the states sell tax lien certificates and half sell tax deeds. You can buy these one by one, or entire portfolios at a time. You should understand what's required in managing this type of asset, but it's something you can easily do with a little effort, maybe a few hours a week. You can buy a tax lien certificate for \$50 or \$1,500 that might be worth three times what you paid. You list that as an asset on your balance sheet along with payments you may have received as income from the asset, and abracadabra, you have something to show creditors. This asset is scalable, unlike income from a job, you can only work 168 hours in a week, assuming that would even be legal, it's not likely. But owning assets such as guaranteed cash flows from real estate tax liens and deeds is how people get rich, but it's how you can get what you want from credit without being victimized by a score.

One more point, when you buy assets to offset the cost of a liability, once the liability is paid, or at least the debt service is paid, and you have asset income paying for the costs of having the liability, you still have the assets, even after you sell the liability.

You will still want to improve your credit score, especially to get better insurance rates; unless of course, you have your own risk pool and understand how to organize a company to carry your own car insurance (technically, it's "financial responsibility" in this case and not "insurance").

### **Have Confidence**

Avoid taking just any deal on a car simply because you believe that your low credit score makes you "less worthy". Get into a sales contract that makes sense and is close to your plan. If you are not able to get the deal that is close to your plan, and you've reached the end of what you can negotiate, continue shopping. Don't be eager to buy a car.

## HOW TO BUY A HOUSE WITH BAD CREDIT



Why is a typical mortgage 30 years? Residential housing has been subsidized for 100 years. It's the reason people usually have to get a mortgage in order to buy a house. It's been subsidized mostly with debt. If you ask most people in Europe and Asia, they own their homes without a mortgage. The thinking in most European and Asian cultures is that taking on long term debt to buy a house is perverse, or just plain stupid. I'll tell you why a typical mortgage in the western world is 30 years, and it's for one reason only, so that the banking

system can use the 30 year obligations as assets and acquire pension funds, insurance cash flows and other liquidity.

If we stop subsidizing residential housing, the prices will fall to a level that actually serves the people using the homes instead of enslaving them to the corporations that do not use the homes. This has to be a cultural change, just like our culture of saving and building or buying homes with cash and short term debt was changed to long term debt and zero cash deals. Wouldn't a 7 year mortgage serve people better? I'm only asking this rhetorically because I want to get you thinking that it's possible and even necessary. But for the purposes of this article, let's just discuss how we can buy a house with bad credit.

Let's start with a premise that many people haven't heard or don't believe. It's easier to buy a house with bad credit than get a two-year mobile phone contract or unsecured credit card. And one more, your first choice for lenders should be the seller. This is not necessarily true in a "fast market", such as where homes are selling within 7 days, or even 90 days; however, the deals are still there. It's just easier to buy a home where the market is slow... slower or *slowish*. You can easily determine how fast houses in your market are selling by asking a real estate agent or checking some of the real estate databases online, or just looking around the neighborhood.

### **Lease with an Option to Purchase**

The most popular method of buying a house without traditional bank financing is the "lease/option". My wife first objected to leasing because of the lost opportunity to accrue money in equity, but a lease contract can be written to preserve equity. For example, your lease can include an option to purchase the property. You can either pay for the option, or try to get the owner to give you an option to purchase at some point in the future, that depends on the market and sophistication of the owner/seller. The options contract appended to the lease agreement can include a provision stating that lease payments must be credited to the purchase price if you exercise the option to buy. The option can be exercised when certain criteria are met, such as by a certain date, or when the fair market price of the property reaches a certain level. The option state that the price is fixed or that the exercise of the option is based upon the fair market price at the time the option is exercised.

You can make your lease/option agreement into a real owner financing deal by adding a provision in the option to purchase that the lessee has the “first right of refusal”. This means that if the owner wants to sell to someone else during the term of your lease/option, the offer must be made to you first and you have to be given the option of accepted or rejecting it before the owner. If you reject it, then the owner can consider the offer to sell.

If you exercise the option to buy, the seller can hold the note, and in some cases, the deal might involve you finding a buyer for the note. This is typically what happens when you exercise a lease/option contract, but it's not necessary. If you make a deal with the seller to finance the sale of his home, he will carry the note or allow you to make payments under the terms of a mortgage. You can do this at the beginning if you want, or you can work into this type of deal from a lease agreement. Some sellers want to carry a note, and there are some investors that want to buy these notes. This leads to another strategy that may help you close a deal.

If you know how to find a buyer for the note, you can make this part of the deal with a homeowner who might not otherwise be willing to sell on owner financing terms. If he knows that it is likely he can sell the note and get his cash now (at a discount rate of course), he might be more willing to finance the sale of his property to you.

### **Subject To**

Most mortgages today are not assignable; however, there are ways to buy a home subject to the terms of the existing mortgage.

When a property owner sells his home "subject to" the existing mortgage, the buyer must make the payments on the mortgage or lose the property by foreclosure. (That is the same as if the seller were not making payments on his loan.)

However, the foreclosure will never show up on the buyer's credit record because the buyer was not legally obligated to make the mortgage payments on that existing loan. Such a foreclosure on a "subject to" mortgage will adversely affect to seller's credit record, not the buyer's.

When you make a contract to buy a home subject to the terms of the existing mortgage, you reduce that contract to writing. That becomes an additional contract to purchase the title and possession beyond the mortgage. The mortgage lender is not concerned with the owner of a home making any contracts for the title of his property, provided that he doesn't transfer the title as it may invoke the “due on sale clause” in the mortgage.

A “due on sale clause” allows the banks or lender to foreclose if any changes to the title are made while the mortgage is pending because those changes might adversely affect the interests of the lender and investors.

### **Cash is King, but Not Always**

Cash will help you more than not when buying a home. You will go very far with 10%, 20% or even 50% of the purchase price of the home if you can offer that as a down payment. You might be shocked at the idea of a 50% down payment for a home, but this is how people bought homes before the government reorganization of 1933. In addition, mortgages were no more than 5 years. The first home I bought was with a 15% down payment and a one year

mortgage, which I paid in 3 months. I then sold the home and carried the note for the buyer, and then sold that note a couple of years later once the buyer restored his credit. I didn't get rich, I only broke even, but I did manage to get rid of an "alligator" as they say (it was costing me money) and give me some liquidity that I used to make money. I didn't use a second mortgage here, but you could use a second mortgage where the seller holds the note as a down payment, or some factor in the financing.

For example, let's say you want to buy a \$250,000 home, and you only have \$10,000 cash to put down. First I'll caution you to review the deal and consider finding something that costs less if you only have \$10K, but for purposes of this article, you want to make the deal. You need another \$15,000 for the down payment, it's possible that you can offer \$275,000 on the home on the condition that the seller will carryback a second position note for \$115,000 (not just the 15K). Your first position lender will see that your down payment was \$10K in cash, \$15 in seller financing and that the seller is also financing another \$100,000. This leaves only \$275,000 minus \$10,000 minus \$115,000, or \$150,000 needed for financing. The only restriction on this is that the price offered should be very close to the fair market value in order to get first position financing.

Seller "carryback" financing is basically when a seller acts as the bank or lender and carries a second mortgage on the subject property, which the buyer pays down each month. Not only is it offered as a means to getting the home sold, but often it's necessary to get the deal done if conventional banks and lenders won't offer the total amount of financing needed.

By offering seller carryback financing more buyers will be able to qualify to buy your home. It also makes your home more attractive to buyers, and can boost the sales price of your home as well. In addition to that, you'll be earning interest each month as opposed to a straight cash sale.

The idea behind it is that if you believe in the value of your home and feel the buyer will make the mortgage payments without fail, it can be a good investment and a means to facilitate the sale of your home. In tough times, it may be the deciding factor on whether or not you sell your home as sellers shop around for the best terms.

This type of transaction usually occurs because there are not enough prospective buyers who can qualify for conventional financing. If there were, there would be no need for the seller to take back a note. Even when the buyer can qualify for a loan, the buyer may not have enough for the entire down payment. In this case, the buyer gets a first loan from a lender who wants to be the first lien holder (usually a bank or sophisticated investor), and the seller takes back a second note and secures his interests with a mortgage or deed of trust.

Because the buyer is able to buy a property that he or she would not otherwise have been able to buy, and because the value of the \$100,000 face value note in the secondary mortgage money market is only about \$70,000, assuming yields in that market are 15% at the time of this sale, the buyer may be willing to pay more than the current appraised market value of the property. This is true because with a seller carry back note the buyer doesn't have to pay points, fees and other costs usually associated with an institutional loan.

The seller carry back note can be structured in an almost limitless variety of ways. The note can be fully amortized with no balloon payment, amortized over a number of years, say 30



years, with a balloon payment at say 10 or 12 years. The note could be interest only with a balloon.

It can even have stepped interest payments (for example, 8% in year 1, 9% in year 2 and 10% in year 3 through the end of the term), or graduated payments (for example, \$500 per month for the first 12 months, \$600 per month in year 2, \$700 in year 3, etc.) The value of the note in the secondary mortgage money market depends on all of these parameters and more. The value of the note that is held by the seller is very important because the seller may want to sell his note. Investors may buy the note and the price they offer is based upon the terms of the note and the borrower's credit of course, but more importantly, on the terms. The seller will sell the note for less than the face value because the cash he gets is worth more to him today than waiting so many months or years, and the buyer is willing to pay the discounted price because the note would fit perfectly into his investment portfolio.

### **Peer to Peer Lending**

Also referred to as marketplace lending (or MPL), peer-to-peer (or P2P) lending is a relatively new form of debt financing. It enables a person to take a loan or invest in lending money without interacting with the establishment banking financial institutions.

By running P2P lending services via online websites and integrating simple interface lending platforms, it has quickly become the easiest and quickest way to find a loan or lend. Additionally, P2P lending platforms often offer a higher rate of return for investments than that of financial institutions, providing a source of fixed income for services investors.

Following the financial recession of 2008, peer-to-peer lending companies became increasingly popular for borrowing and lending money. Banks were refusing to increase their loan portfolios; therefore, leaving common people and small businesses with little choice, but to seek resources elsewhere. Through P2P lending companies, another way was forged for common people and small businesses to find a credit lender.

Compared to stock market investments, P2P investing has grown as a substantial source of fixed income for many investors. It inherently is less tumultuous than the stock market and less volatile. The return rates on investments are also significantly higher and more stable than investments made on the stock market.

Through the accessibility to big user data, P2P lending platforms have grown in size and competition since their inception. Credit risks can be assessed more conclusively than by using a FICO score solely, which allows for credit to be granted within as little as five days from submitting an application.

Most peer-to-peer loans are unsecured personal loans with most of the largest loan amounts being granted to businesses. However, if a borrower has collateral, such as luxury goods, jewelry, automobiles, art, real estate, or other business assets this can be used to obtain a secured loan. Peer-to-peer loans are not limited to personal loans, however. They can also include, student loans, commercial real estate loans, payday advance loans, and secured business loans.

With a P2P loan, borrowers are taking a loan from an average Joe, through the intermediary business of a P2P lender. A personal loan can be obtained in limits as low as \$1,000 and many personal loans cannot exceed \$35,000. For a small business, loans may be obtained in amounts beginning around \$15,000 and reach limits of around \$100,000.

Many personal and business loans granted by a P2P lending service provider are taken out for the purpose of refinancing an existing loan in order to pay off credit cards or for home improvement projects.

If you are a borrower with excellent credit already, an interest rate as low as 7% may be obtained from a peer-to-peer lender. The low-interest rate of many P2P loans is the biggest draw for many borrowers. Lending Club, the largest online peer-to-peer lender on the market, holds an average interest rate of about 14%. The national average in the United States is around 13% and Lending Club comes in just above that rate.

For individuals with good credit scores, a P2P loan is arguably the better way to go. However, for those classified as a risky borrower, they will carry a higher risk of defaulting and, therefore, a higher interest rate on their P2P loan.

The rates for high-risk borrowers will likely remain closer to that of a financial institution's loan interest rate scale for a typical credit card. The highest percentage of interest, which any peer-to-peer lending service will designate, is upwards of 36%. However, Lending Club's highest interest rate goes to, about, 25%.

Typically, peer-to-peer loans will be issued to the borrower with a three- to five-year loan repayment plan. Payments are due monthly and borrowers are made aware of the exact timescale in which they will have their P2P loan paid off.

A term-based loan, which carries a plan for paying it off, is sometimes considered more favorable to a borrower, which is a major benefit of borrowing from a peer-to-peer lender. Knowing that a loan will be repaid within a five-year period, allows individuals and small business owners to plan for the future with confidence.

## **Lenders Want You to Buy Assets**

I'm restating this from my article on How to Buy Cars with Bad Credit. This may sound like a long term project, but it's really the best practice when buying a liability such as a house (unless it's for investment purposes). I've spoken with prospective clients before and asked if they had any assets and quickly discovered that they believed their homes and cars were assets. It is true that cars and homes are assets but they are not the owners' assets. These are the assets of lenders, auto-repair shops, contractors, and insurance companies. Make no mistake that a car is a big fat liability. Once you know that a lender is more likely to lend to a borrower who is buying an asset, why don't you consider buying an asset for a balance sheet, and then use that at a later date to buy a liability, such as the house you want. You may have to read this last sentence several times.

People don't normally talk this way, especially people who aren't rich. The way people get rich is that they do not use their employment income and personal credit to buy liabilities, they know that this practice keeps you poor. They use a business to acquire assets and credit and tax breaks, and then use that business to buy liabilities. Boy, that sounds like a lot of work just to buy a house right? Well, maybe you're at an age where it's time to adopt better habits. It is very possible to establish a new cash flow from a business or even from a property right within a period of about 18 to 60 months.

Here are two examples. Research online a popular topic. Write a 60 page book about it with your research, have it edited for about \$150 and published through a turn-key self publisher on Lulu or Amazon. You could even have it on the shelves at Barnes n Noble within 6 months. If it has a snappy title and catches one, you could make a few thousand dollars, or maybe a few thousand dollars a months for a few years, maybe more. If it's really successful, you could franchise it and create a series, such as the books series "for Dummies".

Once you create your cash flow, you can then produce a balance sheet and income statement separately from your personal credit score and use that to obtain financing for many things. You could get financing to expand your balance sheet with a new idea or buy a personal liability, or a liability for the business that you can use personally.

At the same time, we know that many of the quality cryptographic currencies are increasing in price against the dollar, especially Bitcoin. It makes sense to save some of your cash into Bitcoin or Litecoin while you're waiting for that day when you can buy a car on credit with 50% down for example.

Another example of assets you can easily buy while building your balance sheet are tax lien certificates. This is an investment in the same industry where you want to buy a house (real estate, same industry). Sometimes people cannot pay their property taxes, for example, in your state. Your state taxation department may sell the resulting tax lien for a discount at auction, giving the buyer the cash flow and right to foreclose unless it's paid with guaranteed interest and penalties. About half of the states sell tax lien certificates and half sell tax deeds. You can buy these one by one, or entire portfolios at a time. You should understand what's required in managing this type of asset, but it's something you can easily do with a little effort, maybe a few hours a week. You can buy a tax lien certificate for \$50 or \$1,500 that might be worth three times what you paid. You list that as an asset on your balance sheet along with payments you may have received as income from the asset, and abracadabra, you have something to show creditors. This asset is scalable, unlike income from a job, you can only

work 168 hours in a week, assuming that would even be legal, it's not likely. But owning assets such as guaranteed cash flows from real estate tax liens and deeds is how people get rich, but it's how you can get what you want from credit without being victimized by a score.

One more point, when you buy assets to offset the cost of a liability, once the liability is paid, or at least the debt service is paid, and you have asset income paying for the costs of having the liability, you still have the assets, even after you sell the liability.

You will still want to improve your credit score, especially to get better insurance rates; unless of course, you have your own risk pool and understand how to organize a company to carry your own car insurance (technically, it's "financial responsibility" in this case and not "insurance").

## **Go Big**

If you're going into long term debt, go big. A house is going to be your liability, probably the biggest liability you will have. If you are going to invest that much money into a liability, why not go big and buy a multi-family complex as a business. You can either live in one of the units, at least for a short time, and use the rental income from the other units (your neighbors) to off-set your liability. If that works, do it again until you have a positive cash flow. This strategy will continue to pay you more over time and you will qualify for lenders who specialize in lending to businesses such as people investing in real estate, known as "non-conforming" lenders.

## **Crowd Funding for Mortgages**

It's now possible to invest in real estate through crowdfunding platforms or even raise enough money to cover the purchase of a home.

The other crowdfunding flavor on the real estate front features mortgages. Think of the friend who can't get a Fannie Mae loan and instead opts to go online to get a mortgage to buy their home.

That's right: Multiple people can invest in a person's mortgage. And your investment can be spread across multiple mortgages, providing diversity within this investment class. These borrowers may be seeking a crowdfunding solution because they cannot get a traditional loan, a real challenge for many consumers today, even those with decent credit, and one that's led to the growth of peer-lending sites like Prosper and LendingClub.

Privlo, expected to launch soon, reports that it has already funded \$28 million in loans to those who hold non-traditional jobs and therefore have a hard time meeting traditional credit standards. LendInvest, based in the U.K., also offers a peer-to-peer lending network focused on residential and commercial mortgages.

Sure, disintermediation is occurring in many areas thanks to the Internet. The difference, however, is that these platforms aren't featuring products for sale, but, rather, people's money and ability to repay. The novelty, coupled with the risk to average investors (think Bernie Madoff online), really demand protections for consumers.

Real estate, real due diligence

If you're thinking of venturing into the real estate crowdfunding world, there's a lot to keep in mind. This is new territory (no pun intended) with lots of unknowns.

Like any kind of crowdfunded project with many small owners, if the firm or platform behind it fails, the investor has a mess to sort out to track his investment.

"There's so much to know, like who's the general partner of the properties," says Deena Katz, CFP, of financial planning firm Evensky Katz and an associate professor of financial planning at Texas Tech.

Just as when you purchase a REIT or any other investment and put your faith with the manager, you're placing your trust into the vetting process and expertise of the people who select the properties placed onto the platform. Do they have the expertise? What's their process? How can you believe that what they say is true — from the backgrounds of the leaders to the facts about an investment? And if location really does matter in real-estate investing, that can be tough to gauge online.

Indeed, the average investor may have excess cash to invest, but that doesn't mean he or she has the sophistication to monitor these properties and understand aspects ranging from the financial statements, default rates, and tax implications to developer compensation models and how to unload the property if needed.

The Internet is transforming investing. For regulators, it's an opportunity to better protect consumers and ensure true transparency: collect comments and data online that could even speed up the capture of the next Bernie Madhoff.

For investors, it may be a way to further diversify your portfolio. But be sure you do your homework and remember one of Peter Lynch's golden rules of investing: "You have to know what you own, and why you own it."

## **Have Confidence**

Believe that you can buy a house without using traditional lending. People will sometimes reject you, even to have a conversation if it appears that you want a deal with "creative financing". Remember, this is a numbers game, there is another deal down the street. Instead of looking at 2 or 6 houses to get the one you want, you might need to look at 20 or 40 deals, but it's worth the time in my opinion.



## HOW TO BUY AN ASSET

Most people live out their lives and never buy any assets. I think this may be attributed to people getting their basic costs of living needs met with a job and saving some money, such as in pension fund. A house in which you live is not an asset, but a house that you own and rent out to a tenant can be an asset. If managed properly, it will pay you a regular income, that is an asset. Your car is not an asset, but a collection of antique cars that people pay admission to come and see may be an asset, or a fleet of taxis that you lease out to taxi drivers may be an asset. Just because you can sell something does not make it an asset. An asset provides regular income for the asset holder, hopefully it is positive income (profit). By implication, everything else is a liability.

### Example

Yes, that work of art you bought at the auction for \$7,500 and had appraised for \$10,000 is still a liability because it's not generating regular cash flow, good job on buying low however. Owning assets or the rights to cash flow from assets is how you acquire and build a net worth. While most people know how to acquire long term debts for college, homes and cars, they have no clue about buying assets. If you create a scale on buying assets, the best assets are those for which you have no liabilities for ownership, but derive the benefits from the cash flow, and make infinite returns. That means none of your own "cash in", but you get "cash out", profit. These are the kinds of deals I like the best and it's becoming easier and easier as we have developments such as the Internet and blockchain and cryptographic currency. That's at one end of the scale.

At the other end would be something like, you get an option on a commercial real estate site, and draw in capital from investors, develop some retail space and begin making 7% on your money in about 5 years. It's still an asset, and might be worth more cash than the infinite returns deal, or maybe not. Every deal is different. But how would the average person who has never bought an asset or never really considered this subject until now, go about "acquiring" assets?

First, you need a way to own the asset, or manage the cash flow, or hold title to whatever it is you want to buy. I'll start with something that most of us can relate to, let's buy that coin operated car wash in our town. That is very close to a commercial real estate deal, but without the commercial lease agreement, presumably, and without employees, these are my specifications for this example, especially if you are just getting started. The car wash is actually a real estate deal and those have publicly recorded titles, so you would use a corporation to receive the conveyance of the title as part of the sale.

Second, if you don't already know what you want, you have to go shopping. Either you can do this yourself, or through a broker or some other agent that can help you find the deal or deals you want, where you want them.

Third, you need to be able to make an offer, it should be in writing, but this is not required.

### Financing

Fourth, you should always look for financing, even if you pay cash, you will still want financing at some point so you can make the best returns on your money. Here is where many people run into a brick wall. They either believe they don't have enough money or cannot get the financing because of their personal credit score. What most people don't know is that most of these types of deals for example (the car wash) are not usually done with personal credit or lots of cash.

Imagine buying an asset, such as retail zoned real estate in your town, on credit and with little or no cash of your own. Yes, it can be done, and once you see how this works, you will want to do this all the time even if you have enough cash to just buy the property without any financing. Always risk the least amount of your own cash on a new deal.

Let's take a closer look at financing the purchase of an asset. First of all, you are buying an asset on credit, much easier than buying a liability based upon the fact that you have a job (such as your home). The first consideration for lending should always be with the seller. Ask yourself, if the seller is selling his asset, something that is paying him on a regular basis, why is he doing that? This information comes from a discussion with the actual seller, not his agent. Let's say he has a good reason for selling, and that the asset is really a good deal, the seller should be willing to "bet on himself" or the "profitability of what he's wanting to sell you" by financing it to you. But maybe there are so many buyers that he won't consider it, this is an important consideration.

The second consideration in getting financing is to understand that the collateral for the financing is the asset you are buying, it should be paying for itself. It's not like you are buying a house and your ability to make payments depends upon you keeping your job. It's a much better financing situation to buy a business than to buy a home. Remember that I explained previously, an asset can be owning the thing that pays you, or it can be the actual cash flow coming from the asset, whether or not you hold the title. In fact, it makes more sense to buy a business or two and use that money to offset the purchase of a home or finance a liability.

Let's say our car wash generates \$50,000 of gross income annually, and let's say that a fair asking price is \$50,000, the asset's annual income, and this assumes that the real estate comes with the business, same owner (doesn't



have to be though). You may never find a deal like this, but I'm only using this as an example. Estimate your financing based upon a short term debt, such as 3 to 7 years. And let's just be optimistic that the seller is so excited about financing this deal that he'll be jumping for joy upon receiving your offer.

It's already generating a monthly income of \$50,000 / 12. You will want your monthly payments to be a fraction of this amount, after all, you want positive cash flow and you still have to factor in operating costs (taxes, insurance, materials, supplies, maintenance, etc.) If your monthly gross is \$4,166, structure your financing for one-third of this, or \$1,388 and get a three year note. You'll have some wiggle room for the interest rate by doing it this way.

There are several ways of managing the title during this transaction, the easiest one is likely to be with an exclusive options contract where the seller gives you (or sells you) an option to buy (take the title) at some point during the life of the note, or upon full payment of the note. Let's say the seller of your local car wash agrees to sell you his car wash, under the provisions of an options contract in which you take the title after the note is paid in full, three years from now. Within 30 days of the closing, you will be keeping about 2/3 of the \$4,166 or \$2,777. This will be your new income, and you didn't have to go begging to the bank or use your personal credit. Instead, you would have probably had to show the seller that you had solvency in a company, which only takes a few months to establish.

I've just described a very simple and boring transaction that created nearly \$3,000 a month in new income for you. Let's step back for a moment and talk to all of you who believe you would never get "owner financing" for a moment. If the seller won't carry a note, maybe there are others whose business it is to only carry notes? Yes, of course there are. You would then need to find a third party lender, and in some cases you might prefer this. If the seller insists on doing it this way, then he will need to transfer the title at the closing. Or, maybe the seller will finance it (second position) if your lender contributes 25% to 50% of the purchase price, there are many options.

In this case, the title holder will be your company, that will have shown its solvency to the eventual note holder or lender. You don't want to be the personal guarantor on this, where your personal credit is being used. These deals can always be done using the company's credit, even if this is the first asset being acquired by the company.

Who would hold a note on commercial real estate with a history of positive annual cash flow of \$50,000? You will find many lenders for this. I would suggest that your best options do not include any traditional banking organizations. You want to look for cash or hard money lenders, let those

organizations source the lender for the loan they are giving you, that's how it works. Where would you find these? I would start with a business broker, maybe it's the same broker who helped you find the deal. He or she can probably connect you with real loan money, hard money, again, not bank "funny money". I use the term "funny money" because you don't want to get tied up in loan contracts with the evil banking system since you are not in that business, let someone else do that, you get a hard money loan and let that lender deal with financing of his loan portfolio.

You might also find equity financing, that is, someone with cash who doesn't want to be a lender, but wants a share in the business, in the equity of the deal. These are also very good ways to get financing, just write your contract so that your equity partner has a clear exit strategy or includes a buy-out clause so the deal has the most flexibility for everyone. I would not suggest selling actual shares or even advertising for the sale of shares; rather, I would look for a partner who brings cash to the table and his rights and interests are expressed in an operating agreement and or a joint venture contract. You don't want to be under the purview of selling securities; however, once you become a little more sophisticated, you may want to look into "Reg D financing", I'll save that for another article.

Notice that so far, I haven't mentioned anything about writing a business plan or a marketing plan, or even a financing plan. These are important and you should have them, but don't let not having them prevent you from moving forward. Like I've explained, you want to show solvency in the business. You can do this with a balance sheet and income statement. Once you form the company, have a bookkeeper create your balance sheet and income statement, even if you show only the \$100 you used to open its bank account, that is where you begin. The next step may simply be you depositing an additional \$100 a week or month into the business bank account as a contribution for your interest in the company. This creates a record of regular cash flow, it doesn't have to be millions of dollars, just regular.

Consider additional ways to create funding, such as grant money. I would start with finding a grant writer to prepare a grant application and then shop it around for a grant. It doesn't have to be substantial, just get one grant and it will do wonders for your future ability to attract more capital. Along with finding a grant writer, contact the Small Business Administration to review what is required for a grant application, just so that you know, even though your grant writer will be working you through that process. The SBA is not the only place to get grants, that's why I suggest starting with the grant writer, and a grant broker, but only use the SBA as just one possible source and a way to learn about the process.

Grants.gov is also good place to start when looking for grants. There are professional grant services such as eCivis, Inc. This one provides a suite of Web-based software applications, along with grant-writing and grant-management services. Grants.gov is the federal government's e-portal for 26 grant-making agencies. The website is a central storehouse for information on more than 1,000 grant programs and provides access to approximately \$500 billion in annual awards. You may also want to get a copy of *Grant Writing for Dummies*, 4th Edition (John Wiley & Sons, 2011).

You may also find that getting a short term loan from the SBA would be beneficial in getting your venture going faster. Remember that you want the business to get the financing, not you personally, never disclose your personal credit information for a business loan, but before you look at getting a business loan from the SBA or bank, you will need to create, not only a balance sheet and income statement, but a real business credit file with Dunn & Bradstreet. There are many services that can help you do this, even some that guarantee a certain amount of unsecured credit within a short period, such as six months. That should be one of the things you do in the first year, and before you submit any traditional loan applications. I'll discuss this along with business brokers in more detail.

The SBA is a good source, but don't overlook state and local sources for grants. It will be useful to consider the economic development office of the state, county and city in which your business operates. These grants are often less restrictive than federal government grants and it is likely there is less competition.

Another good source for small business loans would be a company called Start Up Nation, at <https://startupnation.com/>. Let's review the process of setting up business credit before we go any further. I didn't want you to think that your only financing source depends upon a high credit score, I'd rather you think of it as just another tool. I've done many lucrative projects with no credit whatsoever, so don't let this prevent you from getting the assets you want.

### Business Credit

Once you have a corporation registered, you want to be sure it has a business location as its address, maybe it's a virtual office space or maybe it's your barber shop because your friend works there and his boss doesn't care if you use his address as yours for a short time, or you really do have a business location for the company address, not just a mail box. You can also use a mail box, but your main address should be a business location. The next step is to get that business information listed in the 411 directory, this can be done online and there are specific instructions to help you.

You'll want to review [http://www.ehow.com/how\\_5828088\\_business-listed-411-directory.html](http://www.ehow.com/how_5828088_business-listed-411-directory.html). Keep in mind there are services that will charge you a fee or monthly to list your business, and some of them may be really useful, but I've found that it's enough to list your business yourself, for free.

If you can be patient, you should receive a letter from Dunn & Bradstreet within about 60 days of registering on the 411 directory, welcoming you to the service and giving you an account number. The objective here is to sell you business services, and these are not required in order to get a business credit file, even though you might find some useful. I don't recommend turning down D&B offers for services, instead, just explain that you have to discuss them with your partner and ask for additional information and explain you will call back. In the meantime, you will have a D&B account with no credit score. D&B is actively looking for new businesses and once you get on its radar, it will create an account for you. The next move is yours, as you will eventually need a credit score. That takes a little more planning and you have to understand some basic concepts.

You will need four "net 30" accounts, there are were you buy supplies for example, on store credit and pay the bill when it arrives. You don't need 5 or 6 and 2 or 3 would not be enough. The trick is to buy things you already need, such as office supplies, and be sure that the retailer reports to your business credit file and never use your personal credit information to obtain the store credit with the retailer. Sometimes you have to call a different office or search online to get the actual business application that does not require any personal guarantee, never settle for being the guarantor, ever. Next, pay the bill immediately, don't wait for the full term, in fact, you may want to call in advance of receiving the bill and pay within 5 days of using the credit. This will result in a D&B creating an actual credit score for your business's use of credit. The scores range from 0 to 100, and your first score may be above 90. A higher score is not better. You want a score that shows you are able to use debt and manage the business properly, so that score would be around 75 – 80. The more debt you have and the better your balance is, the more creditworthy your company becomes. It's because your company is using debt to increase it's net worth. People can't do this because typically consumer loans are based upon limited income, wages, and those don't go up with more debt.

The next step is to take unsecured loans for about \$20,000 to \$50,000 within the first six months of starting your business credit profile. It's important that the lender reports these accounts to your D&B file, you must confirm each time, do not assume. Once you do that, it's then just a matter of managing your company, but again, you should be able to obtain financing just by thinking through a deal and not be totally dependent upon asking an institution or bank *per se*.

## Business Broker

I mentioned a business broker earlier. What can a business broker do for you? If you are new to this “business” of buying assets, it's best to start with a business broker. Tell him what you want, what you are looking for and ask what will be needed in terms of your company's financial records, in order for the seller to even consider your offer. This will be such a great education, better than taking on huge student loans to get your MBA.

I talked with an MBA student one time. She said she was studying how Star Bucks runs its business, so I asked her how it does. She could not answer me. What's more, I asked her the general question, how would she create a corporation, the main tool of business. She couldn't tell me. So I suggested that if she really wanted to know how a business operated, including Star Bucks for example, that she get together with her classmates and form a corporation and then get into a licensing deal with Star Bucks (which is how that works by the way, no franchises). I think she was mortified at the thought, but this is my point, it's not difficult and if you're going to study it, you should do it, that's the best way. I remember presenting a thesis to my college professor about how it would be a good business to teach elementary school children how to do high school algebra. I thought I was so smart, so I was surprised when she wasn't that impressed after reading it and suggested that I actually go out and do it. So I did, and I made lots of money, and then she was impressed.

Business brokers will help you with pricing the business with a professional valuation and then drafting an offering summary, sometimes called a confidential business review. This piece becomes one of the most important marketing tools for the offering, and is provided to prospects only after they have signed a confidentiality agreement and been qualified by the broker.

Marketing the business to the widest possible audience while maintaining strict confidentiality. This is one of the important distinguishing differences between business brokers and real estate agents. Real estate agents put a sign in front of their properties and typically without the need for confidentiality, advertise widely the specific location. Business brokers are trained to maintain strict confidentiality. When you contact the broker, he will research his database for the deal that works for what you want.

Your broker will also facilitate meetings between you and the seller. When it's time, he can also writing an offer to purchase the business and be involved in negotiating between both parties. Your broker can work for and represent only you, or work for both parties, it depends on the contract. Either way, he can also facilitated the due diligence investigation, as most offers to purchase are made contingent upon a due diligence finding. And as I've mentioned earlier in this article, your broker can assist you in obtaining financing. He may not be as

creative as what I've described in this article, but that is your job after all. Your broker can help you through the entire deal, even scheduling and facilitating the closing of the transaction. This article would not be complete with at least a brief review of crowd funding.

## Crowd Funding

This is a way to get funding from a large number of people who like your idea, but may not necessarily know much about business or being a lender for profit. Crowd funding allows the average person to benefit from your ideas with low risk and avoids the need to sell securities or do any public offering.

While you may have planned a marketing and advertising campaign for selling your actual product, you will need a marketing and advertising campaign to raise money through crowd funding. The idea of "it's not what you do, but why you do it," really hits home here. By focusing on a bigger purpose, the driving force behind a brand, project creators will be able to create a unique community of like-minded individuals. Each campaign is set for a goal amount of money and a fixed number of days. Once the project is launched, each day will be counted down and the money raised will be tallied up for visitors to follow its success.

Instead of traditional investors, crowdfunding campaigns are funded by the general public. Typically, most successful startup fundraising efforts receive about 25-40% of their revenue from their first, second and third degree of connections. This could include friends, family, work acquaintances, or anyone that the owner is connected to, including their second and third degree connections. Once a project has seen some traction, unrelated consumers start coming out of the woodwork to support campaigns they believe in, but you must have a story that appeals to people, such as for the car wash, your business is involved in developing the community (sounds lame, but you get the idea). You may want to launch the campaign with pre-arranged contributions that are made immediately with the launch.

Here is a list of the top 25 crowd funding services, <http://fitsmallbusiness.com/best-crowdfunding-sites/>

This is a very cursory review of how to buy assets, but the references should really help you get a better view of how it's done and hopefully, why you should buy assets, at least one new asset a year.

## HOW TO BUILD AN ASSET

This article assumes that you already know how to set up and use a corporation or other business structure and how to get your accounting records in order so you can track your progress.

I'm going to give you several ideas of how to build an asset. You should know by now that an asset is a right or property interest that provides its owner with regular income. Keep in mind that the asset you might build may include a license to something you created. It will be something that produces a profit to which property rights can attach and then be negotiated. I'll give you the first example here.

Have you ever been sitting in a restaurant and noticed the condiment carousel with several types of sugar, you know, the poisonous ones with aspartame, etc., and then the national brand of ketchup and iodized salt? Yuck, if you have any awareness about healthy foods, you'll quickly realize this is just garbage. Well I noticed this the other day in a gourmet breakfast place and I thought, I could create a far better condiment carousel. I thought it would be fairly simple to re-design this table setting, the objective being to fit the style of restaurant, it's wasn't an old diner, it was a gourmet breakfast cafe. I believe it would get customers talking and coming in for breakfast more frequently, who knows.

In another example, maybe it's not very pretty, but it does meet the criteria and it's legal. Because you know how to generate leads and sales through a website, and establish service agreements, do this for local services in your town. Provide the customer service as well, so that you can receive a regular income from regular clients over a long term. You're selling the service of another company and provide its customer service, so first you have to sell the company on the idea, and then you can begin marketing and advertising. Here is how it might work.

If you had a flying drone, do you think other people would like to rent it for an hour? Maybe there is a contractor that needs to survey a site, or maybe the surveyor is not local, or maybe he wants to video record it for a client or for his business records. Let's say your customer does not want to own a drone for whatever reason. If you had a drone, you could market it to others who might want to rent it for a short time. However, I think you'd exhaust your local market

fairly quickly if you did it this way. Thinking on a larger scale, what if you just never owned a drone, but set up a website with off-the-shelf software to manage the customer database? First, you find people who do have drones and who are willing to make their drones available at pre-scheduled times. The drone needs to have the ability to be controlled via a local mobile phone or some other interface that works through your website. Next, you advertise that the service is now available in the area where you have people willing to lease out their drones. Your job is then to find more drone owners who are willing to lease out their drones, and connect them with people who want to use those drones in those areas.

This next one is going to be somewhat of a spin off from my article on How to Buy an Asset. Let's say someone owns a car wash, and it's popular in town, lots of traffic, regular customers, etc. But people waiting for their car to be washed must stand around or there are only a few seats and maybe there is little or no air-conditioned space where customers can wait. It could be that it's popular because of the super bikini models that are there washing cars, whatever. Maybe there is a vending machine where desperate people can buy a soda or bottle of water.

You notice that there is plenty of space on the property for a small coffee shop, it would cost you in labor and materials, no more than \$15,000 to build a cinder block "box", about 30' x 30'. You sublet the spot from the property owner with "build to suit" terms, can get a permit for the location and a license for selling prepared foods, it's not my thing so I can't be too specific. In any case, you want to use this space to build an asset. It looks like a good opportunity because you have a great location and someone else has done the marketing and advertising to bring prospective customers onto the property. Maybe the whole project will cost you \$50,000 and six months of hard work, but you hire two people to serve gourmet coffee and beverages in an air-conditioned area with, let's say, seating for 25 people.

You get your suppliers organized, recipes, training, and yes, it's more involved than what I'm describing here, but once you get the heavy lifting done, you've built the beginnings of what may come a profitable asset. You can create promotions such as coupons you give to the car wash that are handed out with change when people pay for the service over there.



What would you do with a pawn broker's license?

Pawn shops fill a demand for quick and convenient loans for people who don't want to, or don't have the time, to apply for loans from their banks. The main business of a pawn shop is to offer short-term credit with high interest rates against pledged goods, but they also buy and re-sell goods from people who want quick cash. Starting a pawn shop requires you to meet all of the stringent requirements for a pawn shop license, including proven experience, a criminal background check and a credit check.

This may be a complex undertaking, but this type of license can be used successfully as a means to build an asset, something that produces more and more profit the longer it operates and that can be sold at a profit in the future. You can also buy an existing pawn shop that isn't doing so well, not because of its location or something you cannot change, but maybe it's not doing so well because the owner is getting old and hasn't invested as much time or money into the venture and wants to retire. This is a good opportunity to get on the fast track to running a successful pawn shop and building an asset (or re-building if you prefer).

After some research, you will discover facts such as this about running a pawn shop: A good rule of thumb is to have twice the amount of capital on hand equal to your expected loan volume. In your business plan a large part of your income (about 1/3) is generated from loan interest. So if your plan shows you having and maintaining \$25k in loans a month, that would generate \$6250 in interest. So, on average, you should have on hand or access to at least \$12k. Your startup cost varies with factors like rent, but generally you can get started with around \$30 - 35k all in.

You can also commission a service to compile a marketing plan for the area where you are considering for the shop, along with buying established business plans. These are not secrets, pawn shops have been around so long, they do not require very many secrets in order to be competitive. Your competitive edge comes from pricing, location and convenience and possibly having the variety in products and services to meet the needs of your market.

This is not an inexpensive project, you will need some capital of your own and you should have some type of net worth that you can disclose on paper.

What can you do with a liquor license? I'm not talking about beer and wine, I'm talking about a liquor license. Did you know that you can buy, transfer or sell a liquor license? Of course, you can also apply for a new one, but being able to buy or sell an established liquor license is important for what I'm going to suggest here. You will need the help of an experienced attorney, even if you understand the statutes, it's best to rely on someone whose profession it is to know this type of law.

You will need to have a shop in order to qualify for a liquor license, no matter which kind you get. But a liquor license, or a license to sell "distilled spirits" to be technical, is an asset in itself, and around which a business can be built. Why buy a license when you can apply for a new one? Well, maybe no new ones are permitted, or there are too many applications being submitted.

How valuable is a license and what is the best way to get one and use it? A Boston bar owner says that a "2 a.m. all-alcohol license" designated for Boston's happening Back Bay and South End neighborhoods is worth between \$390,000 and \$450,000. He explains that every time he's opened a new place, he's purchased the license along with the lease, furnishings, and equipment, which is often the best way to get into this business. The licenses he owns appear on his balance sheet as assets that can be sold or used to produce revenue.

Understanding this much, what if your favorite restaurant did not have a liquor license but the owner was open to partnering with you in getting one and using it for marketing and increasing sales? Does that mean you have to pour the drinks? No, of course not, but you have something to bring to the table and partner with an existing restaurant, and an asset you get to keep besides the cash flow.

Keep in mind that the value of your liquor license, just like any other asset, is valued in part by how common it is in the market where it's being used. You will want to choose a market for example, where the number of licenses are capped or limited. But maybe you don't care because you like this restaurant and think it would be a great way to create some cash flow for yourself and look like a genius to the owner while helping his business as well.

Imagine selling different restaurants in your town on the idea that instead of incurring the costs and liabilities of hiring people to deliver food, your service will just provide that service for the restaurant under it's own brand name. This would allow the restaurant to meet delivery needs very efficiently, with nearly no liability. In fact, you could sell this idea to restaurants that don't yet deliver, allowing them to expand their customer base. Wait a minute, someone is already doing that, "Doorstep" for example. You see, there are other people that see these opportunities. But let's say that you like it so much, you make a deal with Doorstep to form your own business under this trade-name and provide that service, maybe as a partner or a franchise. There really is no need to re-invent the wheel. Or, maybe you just think you can do it better, so you form your own service and begin competing with existing services.

## DON'T CONFUSE SECURITY WITH SURVEILLANCE

Have you ever called customer service and heard the welcome greeting that says something like "...this call may be recorded for quality assurance", or "...this call may be recorded for security purposes..."? This is not truthful, your call is being recorded for purposes other than "quality assurance" or "your security". The recording serves only to indemnify the company against future claims you might make or to waive claims you might have based on what you say during the conversation. This is not the point of my article here, but I wanted to introduce the topic this way because this is when I began questioning these occurrences. I began denying these companies my consent to record my voice without first agreeing to my own "data retention policy" terms, which include paying me a license for the storage and use of my recorded voice. Some disconnected, some agreed, and some decided to send me a letter. That was dating back to the late nineties. This same understanding carried over into the development of smart phones and other new technology.

Don't confuse security with surveillance, especially when it comes to your home and your family. Video surveillance of your home while you are not there is a very useful tool in allowing you to take action in real time during any invasion of your home; however, it's important to recognize that surveillance by itself is only good for one thing, surveillance. If something is captured on video, it can be seen by anyone, for many years to come. If you have video surveillance in your home, the signal should be encrypted so that only you have access to that feed and so that no one else can intercept it and collect video images from your home, whether you are there or not, or at anytime. This should be a very easy concept for people to realize, but I think many people mistakenly trust the manufacturers of these devices and incorrectly assume that no strangers are watching them or collecting this data. While the risks are the same for home "security" systems as they are for all other forms of surveillance, I just wanted to focus on these innocent looking fun toy-like devices that people love to buy.

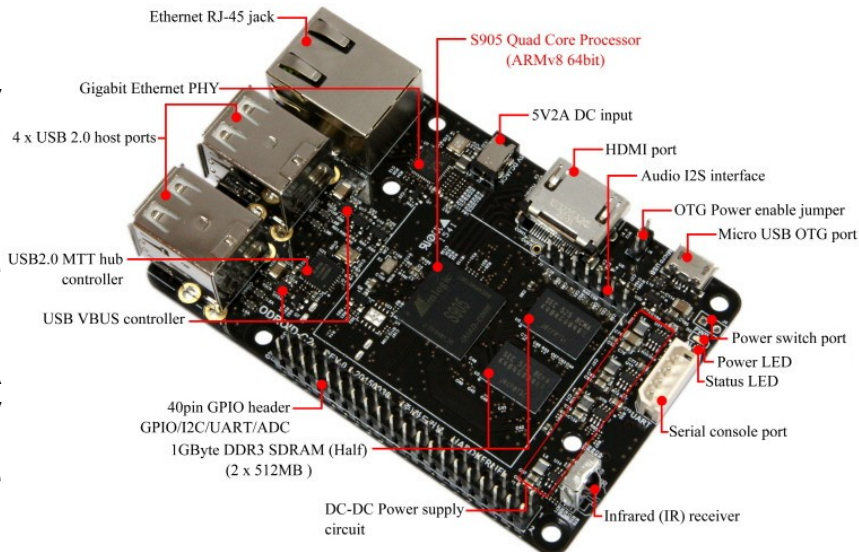
Yes, if you have any video or audio systems in your home, you are under surveillance. This includes a new television, smart phone, computer, surveillance cameras and especially these devices such as "Alexa", "Scout", "canary", "Echo", "Piper" and others such as OK Google, Google Home, Siri and Cortana. This leads me to the main example of this article. These devices are fun, entertaining, informative and useful, but they are "listening" to you when you don't need them to, recording what you say, and in some cases, collecting video data, whether through the device itself or by capturing video data from other un-encrypted devices in your home. If you're going to allow this, then you don't need locks on your doors, you don't need doors and you can build walls made of glass.

People spend lots of money for locks, doors, secure windows, security systems, and then completely ignore twenty-four hour video and audio surveillance of their homes by these devices. Most if not all of this data is being transmitted to your SMART meter. Your SMART meter is a node on an international surveillance network and your power company is collecting your data and selling it. Why invest in all of this security and then throw it out the window by allowing this type of surveillance? The SMART meter nodes are not encrypted. The space used for the batter of the computer hardware inside does not also allow for any firewalls or other forms of encryption. What this means is that anyone can collect the data from your SMART meter at any time.

These devices use speech recognition to respond to requests you make verbally. And although the "wake word", which is usually the name of the device, so that it responds when you say its name. Don't believe this for one second. The device is "listening" to everything

that is audible and recording that information all the time. Anything said, that can be translated into text, is translated into text so that the data can be sold and used by companies that want to sell you things that are consistent with your conversations. But what are the legal implications?

From a legal standpoint, voice tracking isn't necessarily out of line. "These devices are microphones already installed in people's homes, transmitting data to third parties," Joel Reidenberg, director of the Center on Law and Information Policy at Fordham Law School in New York City, told USA Today. "So reasonable privacy doesn't exist. Under the Fourth Amendment, if you have installed a device that's listening and is transmitting to a third party, then you've waived your privacy rights under the Electronic Communications Privacy Act." It's just like being outside, once you're in the public outside of your private home or vehicle, you have no protections to privacy. There mere fact that you have such surveillance devices in your home or use, begs the question of whether or not you have overtly or implicitly waived your rights and protections guaranteed by the Bill of Rights. And I'm not falling for the promise that pressing a mute button restores any of my privacy or rights.



Read Samsung's "privacy policy" and the recent changes it had to make, and you have to ask yourself if anything really changed. If you had the ability to listen to other people's conversations whenever you wanted, and if you had a profit motive, why would you ever abandon that ability? Don't believe for one moment that these devices are not doing only one thing, logging any and all video and audio data from you, all day, everyday.

It should be obvious that people should not be using these devices. It's bad enough that smart phones have replaced telephones and have become one of the most useful consumer tools in human history. Those of us who adopt practices to protect our privacy should consider establishing our rights in a written security agreement that is established along with the terms of service and privacy policies of these companies. Who says people or consumers cannot have their own terms of service and privacy policies? If enough people did the following, it would create the changes we want.

Identify proprietary data in a contract that expresses the terms under which that data can be used by the companies collecting it. Service notice of the terms upon the company or organization collecting your information. The name and address of the company is usually found in its terms of service and privacy policy. Once you send the agreement, record it in your local county with the UCC Financing Statement for the security agreement as its cover page, and it becomes a lien upon the balance sheet of the company as long as the company uses your information, and you build a claim against the company under the terms of the license provisions in the agreement. You are the creditor, the licensor, for the use of your identifying and biometric data and the company using it is the debtor, or the licensee.

It is important to first understand what risks you have to your privacy from the technology you are using, then take steps to mitigate or reduce those risks. And then, to the extent you cannot eliminate them totally, impose license terms for the use of the information that is being collected about yourself on the companies doing it. At that point, collecting your information is no longer an asset or valuable, it now becomes a liability in which you are the creditor.

If you think these are crazy ideas, then answer these questions: Why is Marilyn Monroe's Estate still in business generating millions of dollars and why was Muhammad Ali able to sell his "likeness" for \$50,000,000 in 2004? And, why is Marilyn Monroe's estate still in business? And don't tell me because they were famous, that only puts a higher price tag on the data. Last question, did you know that the average person's identifying information alone (his financial data) is worth about \$25,000,000 in an average life time?

## CRYPTO-GRAPHIC ASSET PORTFOLIO MANAGER

This is the only dedicated cold storage, smart device for managing your cryptographic asset portfolio in the most secure platform on the market. It fits in your pocket and plugs into any monitor. It comes with an HDMI and Ethernet cable to avoid the risks of a WIFI connection. It has four USB ports with a micro USB OTG port that allow you to connect to your own keyboard and mouse and securely track and manage your cryptographic currencies, tokens and asset portfolio. The device includes 8GB DDR3 SDRAM of system memory, upgradeable to 64 GB for optimal performance. It's operating system is encrypted with 512 bit encryption, but your real security comes from the fact that it detaches from any computer system to become an off-line, cold storage device when not in use.

### SECURE ORDER FORM

This is a membership agreement for the purchase of a single board computer for the purpose of encryption security in a hard wallet for managing crypto-graphic currency and assets. We agree to publish research and information that we have compiled for your use with this device as needed and as we have it available.

#### DIRECT PAYMENT AUTHORIZATION

Please request Bitcoin or Ethereum address for payments in those currencies. I hereby authorize **Georgia Capital, LLC** to initiate one entry to my checking or savings account at the financial institution listed below and I authorize the following payment in the amount circled,

- |                                     |                        |   |
|-------------------------------------|------------------------|---|
| <input checked="" type="checkbox"/> | <del>\$330</del> \$279 | Crypto-Asset Portfolio Manager                |
|                                     |                        | <b><u>Options</u></b>                         |
| <input type="checkbox"/>            | \$99                   | 64GB memory upgrade                           |
| <input type="checkbox"/>            | \$99                   | Security Battery Backup                       |
|                                     |                        | <b><u>Shipping and Handling (S&amp;H)</u></b> |
| <input type="checkbox"/>            | \$9.95                 | Shipping & Handling within USA                |
| <input type="checkbox"/>            | \$15                   | Shipping & Handling to United Kingdom         |
| <input type="checkbox"/>            | \$15                   | Shipping & Handling to Canada                 |
| <input type="checkbox"/>            | \$27                   | Shipping & Handling to Germany                |
| <input type="checkbox"/>            | \$18                   | Shipping & Handling to Australia              |
| <input type="checkbox"/>            | \$18                   | Shipping & Handling to New Zealand            |
| <input type="checkbox"/>            | \$22                   | Shipping & Handling to Hong Kong & China      |

under this membership agreement. Please complete the form by filling in the blanks using your computer. Once the entire order form is completed then print it out and complete your signature by hand and scan into an image file, compatible with Adobe Acrobat® PDF.

\_\_\_\_\_  
Your Bank or Credit Union Name

\_\_\_\_\_  
Name Of Account Holder

\_\_\_\_\_  
Your Address Bank or Credit Union Address

\_\_\_\_\_  
Postal Address for Account Holder

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Account Number (see sample below)

\_\_\_\_\_  
Transit / ABA Number (see sample below)

\$ \_\_\_\_\_

\_\_\_\_\_  
Total Payment Authorized

\_\_\_\_\_  
Today's Date

\_\_\_\_\_  
Your Signature

A sample check form from 'YourBank' with the following details:

- Payor:** JOHN DOE, 1124 Maple St., Tampa, FL 33602
- Payee:** Pay to the Order of \_\_\_\_\_
- Amount:** \$ \_\_\_\_\_ Dollars
- Date:** \_\_\_\_\_
- Bank:** YourBank of Tampa, Tampa Office, Tampa, FL
- For:** \_\_\_\_\_
- Transit / ABA Number:** Indicated by a red arrow pointing to the first 9 digits of the MICR line: 1010011.
- Account Number:** Indicated by a red arrow pointing to the next 8 digits of the MICR line: 0551005115100.
- MICR Line:** ⑆1010011⑆0551005115100⑆1101

Tape, glue or copy your check over this sample, no deposit slips please. Email to [singletonpress@protonmail.com](mailto:singletonpress@protonmail.com) or send via Skype, this completed form to Skype ID "johnjaysingleton" following confirmation that you have the correct account, or via email to [singletonpress@protonmail.com](mailto:singletonpress@protonmail.com)