



THE SHIELD

Introduction to the Private Contract Trust

We, as Americans, have certain rights and privileges guaranteed to us by the United States Constitution and Constitutions of the various States. This includes the RIGHT to enter into a contract. **However, or perhaps, unfortunately no matter what we do to protect assets, we must affirm our Constitutional Rights to protect ourselves, as the Government won't do it for us.**

The form of Contract Trust that we discuss in this writing is a COMMON LAW "CONTRACT" IN TRUST FORMAT. Like all contracts between two or more persons, real or artificial, the Contract and Declaration of Trust discussed here is an "Agreement". This Contract agreement is called a Trust **because the Contract calls for a Trustee to operate the Contract.** There are at least twenty names by which Contract Trusts are known. For example; Pure Trust, Asset Trust, Equity Trust and Pure Common Law Trust, are but a few. The IRS code refers to them as Business Trust Organizations (BTO), Unincorporated Business Organizations (UBO) or Non Grantor Trusts. It is somewhat similar in structure to a corporation. It is often called a (Massachusetts) Business Trust (see 156 ALR 22) and can be operated as a business (entity of commerce).

Most contracts originate from our own Common Law, the law brought to this country by our forefathers from England.

This is Common Law, the law that governs customs, cultural traditions and all aspects of things legal and common to all of us. The mortgage on your home and the installment contract for the loan on your car and marriage were early examples of common law. Now common law is mostly about property setbacks, easements, street rights of way, etc.

The formation of the Contract Trust is by a "Contract and Declaration of Trust". The contract must include, as all contracts must, an **offer** by the Creator, **acceptance** by the Investor (that's you), **consideration** by the Creator, and **specific performance** by both parties that are of **legal age**. The assets are "**exchanged**" (**they are not a gift or a sale**) from one or more individuals, I.E., the Investor(s) exchange property with the Creator for the Trust Organization's Certificate Units. In this respect the formation is similar to the exchange of assets for stock in a corporation. In the case of the Contract Trust, all property, personal or real, of **undetermined value** is exchanged for Trust Certificates of **undetermined value**. Because there is no declared value to the property or the Certificate(s) the exchange is tax exempt.

As a result of the initial exchange between the Investor(s) and the Creator, two important steps to protect your property have taken place. The first is, you personally no longer own your former assets, but you can retain control and enjoyment of them if you are appointed Trustee. Even though creditors may try, they can't easily take from

you that which you do not own. The second benefit of the exchange is the exemption of your estate from both state “**estate**” and federal “**inheritance**” (or gift) tax. These two very important benefits are available simply because the assets are titled (invested) in the Trust and not in your personal name. The Certificates become “void” upon the death of the holders, thus reducing the estate of the individual to as little as possible. In other words, the Trust Certificate is useless to anyone other than the one whose name appears on the Trust Certificate.

These two significant items of protection should be enough to convince anyone of the value of the Contract Trust, but there are many more benefits.

A Contract Trust provides the best protection for your assets because it completely transfers both legal and equitable titles out of your name. In comparison, most **Revocable Living Trusts are not contracts between persons; rather they are (typically) agreements similar to a will. Not all of the property’s ownership is transferred into the Living Trust, thus it remains in the owners’ name and does not enjoy the protection and tax options of the Contract Trust. REVOCABLE LIVING TRUSTS DO NOTHING TO PROTECT YOUR ASSETS.**

As stated above, the Contract Trust is a “**contract**” in **trust format**. Remember this statement as you read on. The Contract Trust also provides tax benefits to the Certificate Holder(s) and/or the Trustee(s). The IRS views the Contract Trust as a business, if so operated. All of the deductions normally allowed to a business are also available to the Contract Trust. The business can legally deduct all sorts of qualified business expenses; travel expenses,

interest expense, telephone, utilities, repairs and maintenance, insurances, depreciation, property insurance and many others, if they are legitimate expenses. This also applies in certain instances to Capital Gains Tax (see Sec. 643 (a) (3)). Any tax advisor who deals with IRS Form 1065 (the partnership form) Form 1041 (fiduciary form) and IRS Form K-1 (the distribution of funds form) can assist you with your tax issues.

While Congress talks about limiting litigation and reducing taxes, you can take a positive step to protect your own financial affairs. Items of legitimate business expense you could not personally deduct are now possibly deductible using with the Contract Business Trust. **Additionally, your former assets and those acquired by the Trust Organization are further protected from liability, as they are not your “personal or real” properties.**

The Contract Trust is structured and operated similar to a corporation, I.E., there is a Board of Trustees, similar to the Board of Directors and an Executive Trustee, which is similar to the President of a corporation. The Creator, as his last act in the contract, appoints the First Trustee. There is no restriction on the Creator as to who he/she appoints. After the appointment of the First Trustee(s) the Creator exits the contract, as the Creator’s job is completed. The First Trustee appoints the Second Trustee and they comprise the Board of Trustees, who then appoint additional and Successor Trustees when desired. The Trustees take control and then appoint an Executive Trustee(s), who has/have the authority to act on behalf of the other Trustees.

The Contract Trust is an agency of commerce that has been in existence in this

country in one form or another since just after the birth of our country in the 1600's. In colonial America, corporations were not allowed to own real estate in three of the original thirteen states. The Business Trust was first legally acknowledged by the State of Massachusetts, allowing businesses to own real estate. Contract Trusts are now recognized in all fifty states. The "Massachusetts Trust" is the grandfather of our present day Common Law Contract Trust or Unincorporated Business Trust Organization.

The Contract Trust is easy to administer. The Executive Trustee handles the day-to-day business of the Contract Trust just as you now do. The Board of Trustees is required to have a meeting and record the minutes when a major event, such as buying or selling real estate, occurs. Recording the minutes of the meeting is not a difficult task. The balance of administering the Contract Trust is as routine as any other enterprise.

Because of the complete transfer to the Trust of both titles to assets, it provides the protection for your assets. **Property doesn't die, but people do.** This eliminates inheritance/estate tax and provides tax benefits that are not available under any other type of Trust Organization.

The major difference in the Contract Trust versus any type of statutory trust or even Limited Family Partnerships is that, **it is born of a right given by our Constitution, and thus it is not subject to laws that govern statutory trusts and partnerships.**

The Contract Trust is only subject to the laws and case law decisions that apply to contracts and the Constitution of the United States. The basic right to contract (Article One, Section Ten) is guaranteed by

the U. S. Constitution, which is also a Common Law Contract. We the People, in contract with the United States Government would have to amend the Constitution to change the validity of the Contract Trust, **and that is just not going to happen.**

United States vs. Dahlstrom, Ripley et al. 713 F. 2nd 1423 C.A.9, 1983 was an IRS challenge to the legality of how Contract Trusts could be utilized. We are not discussing the merits of the trust applications here. What came from this case is that in the 9th Circuit Court of Appeals, the IRS's own expert witness, Karl K. Kroge, under oath, acknowledged the validity of the Contract Trust that was utilized by Dahlstrom et al. Kroge stated "it (the Trust) is a valid legal entity". Dahlstrom, Ripley won in the 9th Circuit Appellate Court. The IRS challenged that decision and took the case to the United States Supreme Court. There the Supreme Court affirmed the decision of the 9th Circuit Court. **This is the same Contract Agreement and Declaration of Trust that Indicator Information Institute by authorization from Bruce Ripley, utilizes for its clients. Those who obtain a Trust from Indicator know that this Contract and Declaration of Trust has withstood the scrutiny of the highest courts in this country.**

Related Items of Interest

The Mesabi Iron Trust is a company currently traded on the New York Stock Exchange (MSB). Mesabi made the decision to convert its entity status from a Corporation to Business Trust in 1961. Since that time, the Mesabi Iron Trust has enjoyed Business Trust status and as such no longer pays Corporate double tax rates. As a Trust Organization, the company no longer pays "dividends" to its Shareholders; rather it currently pays "distributions" to its Trust

Certificate Holders. **As such, the Certificate Holders receive more per unit share as the burden of double taxation is not assessed to a Trust entity as it would be to a Corporation.**

Have you ever wondered why the Browns and Goldmans have not been able to collect their judgments against O. J. Simpson? Simpson successfully judgment proofed most of his assets, as they are in asset protection entities, including Contract Trusts. While we do not at all condone Simpson's atrocities, this is an example of how assets can be protected with Contract Trusts. It would have cost Simpson a ton of money to protect his assets after the fact. Legal assistance is never inexpensive.

Even with our unalienable right to Constitutional protections we are on our own to protect and care for what we have. The government won't do it for us.

Summary

Over the years there have been many challenges to the Contract Trust. Those Trusts that have been properly operated have stood the test of time. The oldest known Contract Trust still operating today is the North American Land Trust. It was formed by Patrick Henry for Governor Morris in the 1700's. There is no other entity that can provide the asset protection, estate preservation, tax benefits or operating flexibility than that of a Contract Trust.

Indicator Information Institute has gone to great lengths to provide you with the best, personalized, Contract Trust Available. Years of research have gone into perfecting what we know is unquestionably the strongest tool available for asset protection and estate preservation. In order to make the Contract Trust as easy as possible to implement, we include the following;

THE CONTRACT AND DECLARATION OF TRUST, the Trust Indenture "Contract"
SPECIFIC MINUTES for trustee appointment and execution of documents.
REAL ESTATE AND PERSONAL PROPERTY schedules.
INSTRUCTIONS and RESOLUTION for opening a bank account.
POUR OVER WILL, POWERS OF ATTORNEY; GENERAL AND HEALTH
SAMPLE MINUTES, RESOLUTIONS, and other business forms.

SIX BOOKLETS ON TRUSTS are available from *Indicator Information Institute*.

"The Contract Trust Organization.....Issues and Answers"

"The Pure Contract Trust Organization, an Introduction"

"Estate Issues you Need Know" Pitfalls of Wills and Living Trusts

"You Can Avoid...", issues that are mitigated by use of a Trust.

"How to Operate a Contract Trust Organization."

"A Legal Introduction to the Contract Trust Organization."

No amount of insurance, at any price, can give you the protection and peace of mind that this simple Contract Trust can provide. Call us, we're here to help.