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# ELITE

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# PROTECTING YOUR WEALTH

Being wealthy can make you a target. Creditors, ex-spouses, disgruntled business partners, random opportunists...the sources may vary but the results are often the same: baseless lawsuits. Here's how to start protecting yourself and your assets.

BY RUSS ALAN PRINCE & HANNAH SHAW GROVE

"Unfortunately, [frivolous lawsuits] have escalated in recent years, especially against celebrities, hedge fund managers and anyone with high-profile money," explains Richard J. Flynn, head of the **Rothstein Kass Family Office Group** for **Rothstein Kass** in New York.

Research shows that ultra-affluent individuals fear their wealth makes them targets. "The financial and emotional costs of a lawsuit can be enormous, regardless of the verdict. So we are very proactive with our clients when it comes to minimizing risk," says Flynn. "The goal is to be ready for any unexpected situation and be able to marshal the necessary legal defenses when they are needed."

## PREEMPTIVE MEASURES

The ultra-affluent have relied on asset protection strategies for years. Liability insurance, ownership transfers and offshore captive insurance companies are a few examples. Another is a "floating island," a technique that revolves around a series of self-settled trusts established in select jurisdictions around the world. "A client's assets are placed in a number of trusts, then algorithms tied to exchange rates are used to control the movement of money between the trusts," says Frank W. Seneco, an advanced planning specialist and president of **Seneco & Associates** in New Haven, Conn. "The result is an asset that is difficult to locate and in continual motion," which can deter even the most determined adversary.

"Equity stripping has proven useful for many of our entertainment and hedge fund clients," adds Rothstein Kass' Flynn. "In effect, we reduce the value of a particular client asset so it is no longer an attractive target." This is achieved by securing loans against the assets in question, investing the proceeds from the loans using products and structures that further dissociate them from the client but allow for continued growth. "In an ideal scenario, our client is able to safeguard assets while realizing a profit from the investment."



*Russ Alan Prince is president of Prince & Associates, Inc., (www.russalanprince.com) the leading high-net-worth research firm. Hannah Shaw Grove (www.hsgrove.com) is a private wealth specialist and an authority on the behaviors and preferences of affluent individuals.*



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