

The
COMMON LAW PURE TRUST
Ultimate Asset Protection!

COMMON LAW PURE TRUST SERVICES

presents

The COMMON LAW PURE TRUST

for

Ultimate Asset Protection!

You really have only two major enemies in this world:

- The Internal Revenue Service who wants to confiscate wealth that rightfully belongs to you, and
- Everybody else, (this includes Lawyers).

We live in dangerous times when anybody can sue you for the slightest provocation, real or imaginary. There have been outrageous awards paid out even for foolish cases, which totally wiped out everything in the world owned by the unfortunate losers.

After you have gotten the Internal Revenue Service off your back, you must arrange your affairs and your estate so that someone can not attack it and steal what you own.

You will learn unique steps to protect your wealth from invasion by money hungry people or from grasping lawyers who can (and will) sue you for any crazy reason these days. You will learn how to arrange your affairs so that the fruits of your efforts as well as inheritance will be protected and preserved, no matter who tries to confiscate them, including the IRS!

And, with our unique Asset Protection tools, your estate will end up *LAWSUIT-PROOF!*

The foundation for law in our society is the Constitution of the united States, signed by the Founding Fathers in 1787 and amended with the Bill of Rights, which were ratified by the states in 1791.

Article 1, Section 10 states,

"No state shall pass any law impairing the Obligation of Contracts, ..."

The Fourth Amendment of the Bill of Rights strengthens the Citizen's rights when it says in part,

"The right of the people to be secured in their persons, houses, papers, and effects, against unreasonable searches and seizures shall not be violated, ..."

THE COMMON LAW PURE TRUST

"Trust or trust estate is a legal entity for most all purposes as are common law trusts." Burnett v. Smith, 240 S.W. 1007 (1922)

"It is established by legal precedent that pure trusts are lawful, valid business organizations." Baker v. Stern, 58 ALR 462.

The *COMMON LAW PURE TRUST* offers a comprehensive, blanket program available for those Americans who understand that as American Citizens, they - and they alone (and their designated heirs) - are entitled to the rewards of their efforts. These Americans understand that the government has no pre-existing, mandatory claim on the Citizen's property. Neither does anyone in the legal profession.

You will have a complete, legal, PURE TRUST set up for you by a Professional Trust Organization! An ordinary Trust, set up by a lawyer (if it's not just boilerplate but a really good Trust), traditionally will cost into the many thousands! **Your first *COMMON LAW PURE TRUST* is only \$599, and additional ones are just \$399!**

Start now! You can not afford to delay!

PERPETUAL, UNPENETRABLE PRIVACY and SECURITY!

This is a discussion of the *COMMON LAW PURE TRUST*.

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We live in dangerous times when anybody can sue you for the slightest provocation, real or imaginary. There have been outrageous awards paid out even for foolish cases, which totally wiped out everything in the world owned by the unfortunate losers.

You and your family will face many problems in building and preserving your estate. These can be challenging but frustrating *IF* you're not properly prepared!

You must arrange your affairs and your estate so that someone cannot attack it and steal what you own. This includes the State, which believes it has a right to large portions of the estates of its Citizens who have the misfortune to die!

Most families have made unrealistic plans for the future which provide a false sense of security. To prevent making inadequate or antiquated plans, it's best to understand the facts before initiating an estate planning program! Proper knowledge acted upon today prevents unwelcome surprises tomorrow that could devastate your estate.

The WILL is a popular method that is often grossly ineffective and greatly overrated in estate preservation. The Civil (Statutory) Trust is an improvement, but it too has its limitations. Most of the legal advice you will receive usually focuses on these (you've probably heard or seen advertisements about "Living Trusts" or some other sort of "Estate Planning" presented by attorneys). We will show you the pitfalls inherent in their application.

Note: You need to understand that, normally when a lawyer says he wants to help you do "Estate Planning," he means that he wants to "plan" a way for him to get his hands on your "estate."

Doubtless, you are an industrious provider, and dedicated to building a secure future for yourself and your family. You certainly do not want your assets to be eroded by excessive taxation, your privacy invaded by government or private snoopers, or your estate dissipated when the income producer passes on.

There is a *solution* to effective estate planning that is unknown to most families; it remains a carefully guarded secret of a select few. It's being used by those in the know, including some of the country's most powerful and influential individuals, to build, maintain, operate and preserve multi-million and billion dollar estates. They have successfully applied this unique method to enhance their fortunes without erosion by unnecessary taxes. In each case, enormous assets have been passed on to their heirs without the usual shrinkage from probate, estate taxes, inheritance taxes, and legal fees!

Unfortunately, the average family is caught in the taxation web and suffers from financial burdens that discourage them from building a business or an estate.

This situation is reversible!

You and your family can join this "Country Club" for the rich that holds a monopoly on creative financial planning. These methods are moral and legal! Therefore, you can use their system! It is your Constitutional Right (guaranteed by the Constitution), as it is theirs!

Very few American Citizens realize that they have a basic choice: To live their lives and conduct their businesses under *Constitutional* jurisdiction or *statutory* jurisdiction. Constitutional

jurisdiction is the "Supreme Law Of The Land", the law of the Constitution of the united States of America. Statutory law is the laws of the individual States as created by legislation and court rulings down through the years.

SPECIAL NOTE: Please, do not be tricked into activities supposedly backed by the "Common Law." While it is true that the "Common Law" is supported by the Constitution, and was the original law in this land, all legal authorities will tell you today that the "Common Law" ceased to exist as a separate legal forum in 1938, and that the admiralty law of today's courts is the "common law." We'll discuss this further, in a few minutes. In this space we are pursuing the very best ways for you to get and keep wealth -- FREE from lawsuits and taxes.

WHAT IS A "PURE TRUST?"

A PURE TRUST is more commonly known as a "*contractual agreement*" and is guaranteed by Article 1, Section 10 of the U.S. Constitution, which states in part that a Citizen has the right to contract.

Further, Article 1, Section 10 states,
"No state shall pass any law impairing the Obligation of Contracts,..."

Note that the State cannot pass laws which control or influence the "*contractual agreement.*"

A PURE TRUST is a contractual agreement NOT formed by a contract-with-the- State as is a corporation or a statutory trust. It (the PURE TRUST) is created by a contract between private persons each of whom has the Constitutional Right of Contract.

The Fourth Amendment of the Bill of Rights strengthens the Citizen's rights when it says in part,
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PITFALLS & PROBLEMS OF ESTATE PLANNING

Unfortunately, no matter how zealously families try to do what is right, there's a typically sad story that's repeated thousands of times across our land. It's the shocking but logical result of using the standard methods, such as a WILL, for estate preservation. Here are three major problems you could face:

1. **THE LIFE LONG INCOME TAX BURDEN:** If you are still a taxpayer, you have not gone through the procedure offered by the LIBERTY ACTION PACK which enables you to legally drop out of the federal taxing system, and you are subject to an annual income tax liability. You can reduce this only by certain specified and allowable itemized deductions; and you do have definite limitations (as stated by the IRS) regarding the reduction of your tax liability.

As a "taxpayer," when you attempt to legally avoid or reduce your taxes, you are possibly subject to an IRS audit, or you might even be dragged into tax court where you will be viewed as guilty before being proven innocent. In the process jury might even deny you your constitutional right to a trial!

Oddly, the Tax Court judges (who are owned and work for the Internal Revenue Service), seem to compromise their opinions to favor the IRS.

What would happen if you suddenly began to earn \$150,000 a year? Did you know that the total burden of income taxes could take more than \$90,000? How would this affect your desire to work better in order to become more prosperous? The motivation to strive for excellence in any endeavor is diminished by government interference, which hinders us from reaping the fruit of our labors.

The frustrations inherent in the taxpayer's record keeping and compiling of information required to construct an acceptable income tax return, followed by the burdensome payment of taxes to the government, has encouraged many Americans to seek some sort of legitimate immediate relief (non-taxpayers have no record keeping requirement).

Solutions have ranged from the use of statutory Trusts and tax shelters to actually questioning whether filing and paying is voluntary. Many have decided not to volunteer anymore. There are TWO specific things you can do, right now, to totally ELIMINATE any potential federal tax liability; You must get the LIBERTY ACTION PACK and follow it's instructions, and you must *actively* pursue setting up a COMMON LAW PURE TRUST.

Are Common law pure trusts tax-exempt? Read this letter from the Internal Revenue Service!

"Dear Taxpayer:

"We cannot process your application for a Employer Identification Number. A Pure Trust organization has no tax requirements, therefore an Employer Identification Number is not required.

"If you have any questions, please call us at the IRS telephone number listed in your local directory (or 1-800-829-1040).

"If you prefer, you may write us at the address shown at the top of the first page of this letter.

"Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you.

Also, you may want to keep a copy of this letter for your records. Telephone Number () _____
Hours _____

"We apologize for any inconvenience and thank you for your cooperation."

Signed,

The letter is signed by Charles E. Felthaus, Chief, Accounting Branch, Philadelphia office.

2. **PERSONAL & BUSINESS LIABILITY:** If you are sued for any reason by anyone as an individual or a professional (if you are an MD, DDS, DC, OD, etc.) everything you own could be taken from you to satisfy a judgment against you. Nothing is safe! If you are a professional, you face the high cost of liability insurance to protect your assets. But the expense of adequate coverage can be prohibitive!

Therefore, you have five choices:

1. Pay the high cost of liability insurance (and try to live with the financial stress);
 2. Carry the minimum amount of insurance even though the insufficient coverage could seriously threaten the survival of your business when faced with a lawsuit;
 3. Do not get any insurance but pray that a legal suit won't occur that could destroy your practice and personal assets; or,
 4. Give up your chosen profession because you deem it too risky!
 5. Eliminate the threats posed above, by establishing a PURE TRUST. As an individual owner of a car, a home, and other real or personal assets, how much you personally own determines the extent of your vulnerability to a lawsuit! The more you have accumulated by the sweat of your brow, the greater is the potential risk that some greedy person might try to take it from you. Then you could lose not only your possessions but a substantial amount of your money. Add to this the stress that affects your peace of mind, and you have a potential problem that requires a creative solution!
3. **LACK OF PRIVACY:** As a private owner of property it's in the public records that you do own it! Remember, the government has a complete record of all your assets from your past tax returns!
Money in the bank is also in your name, and the government can get any information it wants from that bank account.
If you have a corporation, then the government can use a subpoena *deuces tecum* to take all of the records pertaining to it (under the law corporations have no civil rights). A

Corporation is required by law to file certain forms that disclose its status and operations. Thus, these are available for government inspection.

If a court order is issued against your company or yourself, there would be an exposure of your private or business records by opposing attorneys. Because of this invasion of your privacy, certain vital information could be used against you in court!

At the time of your death everything about your estate is disclosed both in your will and in probate court. Often any relative who is not named in a will is encouraged to contest it based on the private facts to which they become privy. The more information unwanted people know about you, the more they can use this knowledge to disturb the stability of your estate.

INHERITANCE AND ESTATE TAXES, PROBATE AND RELATED EXPENSES

When the family breadwinner dies, guess what happens to 35% to 70% and even more of the assets that should be passed on to the heirs of an estate. The "green (money eating) alligators of estate taxes, inheritance taxes, income taxes, probate costs, legal and accounting fees, and appraisal costs devour them. Then the estate must satisfy all creditors (paid off) because the law states that your heirs cannot inherit money that belongs to any creditors! They have from four months to a year (depending on state laws) to make their claims. This is another costly delay in the probate process.

After paying various taxes for a lifetime, you'd expect NO MORE TAXES to be due upon death! However, these "death taxes" and related expenses become an assault to every family that has labored many years to accumulate their assets. Sadly, these legal thieves rob an excessive amount of the wealth that belongs to the rightful heirs!

Although it is strongly recommended by certain people, a Will offers very little help in relieving this outrageous burden to your estate!

The beneficiary of a Will can have as many as 75 time-consuming duties that cost money and create heartache at the least desirable time.

Your spouse does not automatically get your estate. In some states one half to one third of the estate is divided among surviving children. If you have none, even brothers and sisters, parents or distant relatives could qualify for a share. In addition, the wife must pay a court-appointed administrator to settle your financial affairs, and a guardian to protect minor children's rights. If the wife is guardian, she must POST A BOND (another expense) and make a periodic accounting to the court.

Even if the will is valid, there's no guarantee that the wishes of the deceased will be carried out in a reasonable time period, or ever! *BUSINESS WEEK* magazine (June 3, 1972), stated about wills and probate:

"Named in a Will? It can take years to collect! If you suddenly discover you are beneficiary of an estate, don't be too fast to order your yacht...it can take years for rightful heirs to collect

their legacies. Legal and court costs, as well as taxes and debts, can sometimes SHRINK an estate to a pittance!"

Regarding the efficiency of the Executor and the attorney, it said,

"No matter how efficient they are, delays are inevitable. Dozens of claimants get a crack at the estate before you can collect a penny! Creditors have from four months to a year to audit the return, and state tax agencies will take a few months too."

Wills are often contested! What then? *BUSINESS WEEK* continued:

"No matter how amicable the atmosphere may appear among the heirs at the reading of the will, don't be shocked if the will is later contested!"

Anyone who needs a reason, can declare a will invalid because of any irregularities or discrepancies. "*One legal expert alleges that 35% of all wills are broken...*" said the magazine.

Think about what this could mean to your preferences about your heirs! Your wishes might not be realized! Here's one shocking example showing that a will can cause unexpected hardship even though well intentioned:

The *DALLAS TIMES HERALD* (Oct. 3, 1965), carried the story about Miss Billie Goff (age 41) who inherited \$428,609 from her stepfather, with whom she had lived for thirty eight years. Even though the will was valid, she was forced to apply for welfare because she was near financial destitution. The *TIMES* pointed out this reason:

"Her stepfather owed back income taxes amounting to \$40,000. A number of valuable notes could go back on the estate for payment if the other parties defaulted, even though they were backed up by property. Other costs included accountants who would determine the tax liability, and an attorney to 'protect the interests of the estate.'"

The *TIMES* concluded:

"But still, there is not one penny for Billie Goff."

Finally, a probate judge summed it up:

"Unfortunately, it's possible that the estate won't be worth *ANYTHING!*" [Emphasis added]

Regarding unfair probate abuses, an article appeared in the *READER'S DIGEST* (Oct. 1966), entitled: "*The Mess in Our Probate Courts.*" It said:

"Inflated fees, paralyzing delays, patronage only some of the many ugly abuses fostered by our antiquated and inefficient probate system."

It exposed the:

"...great spread in legal fees...as only one of a number of faults, fumbblings and frauds to be found in...passing money and property from one generation to the next. The high costs of dying is NOT the funeral: it's the legal and administrative costs of getting the dead man's estate- his lifetime earnings - though the probate or the surrogate courts...this legal institution, intended originally to help the average family, has become a means of exacting onerous ransom from the bereaved."

Another tragic story illustrates the accuracy of the *DIGEST* disclosures. It concerns an 80-year-old widow who was left a multi-million dollar estate by her husband but she NEVER RECEIVED A CENT! Judges approved hundreds of thousands of dollars for lawyers! The estate was said to be so deplorably mismanaged by greedy, senseless "professionals" that an American Bar Services member called it a "*dreadful example of judicial dereliction without equal!*" This sad observation, although accurate, offered no financial comfort to the poor aged widow!

Even the wealthy have fallen prey to probate's excessive costs, especially because they don't know the proper procedure required to exercise their constitutional rights. Examine these three examples:

4. The estate of ADLAI STEVENSON - a statesman, Senator from Illinois, candidate for President of the United States and delegate to the United Nations. He died at 65 with a gross estate valued at \$1,398,236. Administrative expenses, attorney fees, all took \$139,054. Illinois and federal inheritance tax took \$476,670. Thus \$615,724 was taken from his gross estate, leaving \$782,512. Then \$17,171 more was taken to pay the debts, which were due upon his death. This left a mere \$765,341 for his heirs. This was over 45% SHRINKAGE of the estate!
5. The estate of DWIGHT D. EISENHOWER - famous World War II general, and twice elected president of the U.S. He died at 78 with a gross estate valued at \$2,905,857. Administrative costs, attorney's and executor's fee took \$121,253. Pennsylvania inheritance taxes and federal estate taxes deducted \$410,140. Then \$140,036 more was taken to pay debts. This left only \$2,234,428 for his heirs. This was over 23% SHRINKAGE of the estate!
6. The estate of ALWIN CHARLES ERNST - founder and senior partner of Ernst & Ernst, accountants. He died at age 66 with a gross estate valued at \$12,642,442. Administrative, attorney and executor fees took \$78,862. Ohio inheritance and federal estate taxes took \$6,030,936. Then his debts took another \$1,014,314. This left \$5,518,319 for the heirs. This was over 56% SHRINKAGE of the estate! (And this was the estate of one of the TOP Accountants in our nation's history!)

You can not expect attorneys and accountants to help the situation! Here's why: a licensed attorney is an officer of the court. Although he does represent his client, it is the best interests of himself and the court that take preference! Therefore, the attorney cannot represent the client too strongly or creatively.

Accountants, in order to practice income tax accounting, must be licensed and follow the IRS rules or be fined. Therefore, they are like "policemen" for the IRS. To look out for the client's best interest would be risky - both legally and financially!

So you cannot expect efficient assistance from either your attorney or your accountant to make estate and tax planning decisions that will benefit YOU or even your estate. Their hands are tied. Obviously, both are acting as "agents" to enforce the government's "so-called" statutory rules and regulations!

Remember that attorneys make their money by charging excessive fees (in far too many instances) to probate an estate. Why then would they help their clients zealously, if it reduced their own profits?

In *MONEY MAGAZINE* (Jan. 1973), attorney Leo Kornfeld of New York pointed out:

"Lawyers make their money handling estates, not planning them. Fees often bear no relationship to the amount of time spent by the lawyer ...This is the real racket in probate...to exact an enormous fee from a dead man's estate."

Kornfeld revealed that most of the work is done by the lawyer's secretary and clerks at probate court:

"Very little of the lawyer's own time is involved...seldom sending ...more than 15 to 20 hours of his own time handling a \$100,000 estate. Legal fees for...simple probate work have averaged out to over \$1,000 per hour..."

Even the Chief Justice of the Supreme Court, Warren Berger, exposed excessive probate costs. In the middle 1970's in the *LOS ANGELES TIMES*, he called on the legal profession to reduce the high probate fees; reminding attorneys of their pledge to:

"...place the public interest ahead of private gain!"

He said the profession allowed the

"...relatively simple business of settling a will to become encrusted to the costs."

The DIFFERENCE BETWEEN COMMON LAW AND MERCHANT LAW

In 1938, the United States Supreme Court blended Common Law with Merchant Law. In the *Erie Railroad v. Tompkins* case the court declared that, from that time on, the "Common Law" was blended with "Equity Law."

NOTE: The designation of "United States supreme Court" is correct. It designates the supreme court of the sovereign republics who joined in the union of states. To capitalize "united" creates a formal title, which designates only the

federal district ("United States" as defined in federal law as the "District of Columbia").

In that case, a man had sued the Erie Railroad for damages when he was struck by a board sticking out of a boxcar of a passing train as he walked along the tracks. The District Court had decided on the basis of Commercial (Negotiable Instruments) Law that this man was not under contract with the Erie Railroad, and therefore he had no standing to sue the company. Under the then existing Common Law, if the court had allowed it to be introduced, he would have been damaged and would have had the right to sue.

This "statutorizing" of the Common Law overturned a standing decision of over one hundred years. Swift v. Tyson in 1840 was a similar case, and the decision of the supreme Court was that in any case of this type, the court would judge the case on the Common Law for the State where the incident occurred -- in this case Pennsylvania. But in the Erie Railroad case, the supreme Court ruled that all federal cases will, from that date forward, be judged under the Negotiable Instruments Law. There would be no more decisions based on the "common law" at the federal level. So here we find the blending of LAW and EQUITY. What this means, in a nutshell, is that all of our courts since 1938 have been "Merchant Law" courts and not "Common Law" courts

THE SOLUTION TO THE BASIC PROBLEM THAT PREVENTS SUCCESSFUL ESTATE PLANNING

There is no need for you and your family to be burdened by these barriers to building and preserving your estate. You can LEGALLY avoid excessive taxation in order to build a financially secure estate; dramatically reduce your liabilities; gain the ultimate in personal and business privacy; and eliminate all the estate and inheritance taxes plus probate costs.

The nation's wealthiest families have successfully utilized this previously "secret" method: the Rockefellers, the Hunts, the Kennedy's and others, plus leading oil and industrial companies. All of these have demonstrated that it is a POSSIBLE, LEGAL, and EFFECTIVE solution to avoid estate shrinkage.

First, this is possible because the united States of America is founded on the principle that the peoples' unalienable rights are originally received directly from our Creator! This is why we acknowledge our country to be a "NATION UNDER GOD" ("of the people, by the people, and for the people").

Embodied in this principle is the "Key" to total protection of your personal and business assets - the Constitution. It recognizes our inalienable rights by the use of the Law of the land by which we protect our freedoms, and our property.

Our most precious right is the sacred UNLIMITED RIGHT OF CONTRACT. This unalienable Right of Contract actually pre-dates the Constitution, and is the very foundation of the Constitution itself! Using this, we can join the wealthy "Country Club" Americans by setting up the COMMON LAW PURE TRUST.

Few attorneys or accountants have adequate knowledge of Trust law. Legal firms that specialize in trusts sometimes put their wealthy clients through awkward and costly maneuvers to establish

civil (statutory) trusts. They profit best when their clients know nothing about the superior option of the *COMMON LAW PURE TRUST*.

Thus, if you seek the advice of attorneys or accountants, you'll probably be counseled to stay in the system they know, and from which they profit! Fortunately, since not all of these professionals are self-serving, some will enthusiastically recommend the PURE TRUST for estate planning. But this is done only after extensive research and at great expense!

There are TWO kinds of property which can be included in a Trust, be it statutory or Constitutional.

1. There is REAL property, which refers to land, buildings, homes, crops or mineral rights.
2. There is PERSONAL property, which consists of movable objects such as furniture, vehicles, jewelry, stocks, etc.

There are basically two MAIN categories of trusts and many variations of these, which are established for different purposes. However, for our purposes we will focus on the two main categories: Civil Trusts and PURE TRUSTS. Both can be either domestic or foreign trusts, and may be created in America or a foreign country.

CIVIL TRUSTS

Civil Trusts must be registered regardless of where they are created. A copy is kept with the Registry and a Registry number is issued. Civil Trusts are statutory trusts and are generally called "Grantor Type Statutory Trusts". This Trust has a "Grantor", which means a gift or (or giver) of property or assets. Although the Trustees are not required to reveal the name of the Grantor, the Grantor does not have the privacy privileges granted to the Trustee(s). In Civil Trusts, equitable title and legal title by law must be separate. When they merge, the Trust will end and estate and inheritance taxes must be paid. So the tax burden is not relieved for the heirs. Also, in Civil Trusts statutory law governs your actions. That is, the operation of the Trust is limited to those functions, which are specifically permitted by an existing written law. Another way of saying it is that the Trust is limited to the functions, which are granted to it by the legislative government. Thus, both flexibility and creativity are definitely limited!

PURE TRUSTS

This is very different from the statutory Trust. Any law, other than the Constitutionally guaranteed "right to contract" does not control it. That is because the PURE TRUST IS a contract.

The PURE TRUST was initiated thousands of years ago. Records show that Plato used a PURE TRUST contract to finance his university about 400 B.C. As far back as 800 B.C., the Romans recognized their use.

Today's PURE TRUST draws its authority from the ancient COMMON LAW of England. During medieval times, Lords had, occasionally, reasons why they wanted to leave their castles, manors, and estates, and venture forth -- sometimes on a quest. They went on Crusades to the Holy Land in attempts to "liberate" the Holy Land from the "infidels" who lived there. Or, just like in the storybooks, they went on a Quest for the Holy Grail (the cup used by Jesus at the Last

Supper). When they left, the King would often declare their lands vacant and would appropriate them for himself. He would also confiscate the towns, animals, serfs, and other treasure and wealth which was on the land. The Nobility became increasingly infuriated at this "theft" by the Crown. On June 15, 1215, the Lords of the kingdom cornered King John on a small island in the middle of the Thames River named Runnymede and forced him to sign the Magna Carta. This "Grand Charter" first stated that the common man possessed certain guaranteed rights. This was the foundation of the English COMMON LAW. One of these "rights" was the Right of Contract. This "Right" said that each person has the unalienable right to, with free will, enter into a contract -- and was then bound by it.

This revolutionary idea continued down through history until it served as the founding cornerstone for our nation, first in the Declaration of Independence, and then in the United States Constitution.

The PURE TRUST is a carefully constructed CONTRACT and is superior in estate planning. It is the main type of Trust used by the truly wealthy because it can accomplish the avoidance of inheritance, estate taxes and probate, plus obtain income tax savings, privacy and limited liability along with other special benefits.

The PURE TRUST is not registered with the government. The Trustee(s) (or their delegate -- such as a General Manager) holds the only original copy of the PURE TRUST for safekeeping. It may be notarized for authenticity. It is not organized under any statute, and derives no power, benefit or privilege from any statute. Therefore, you are not limited to a law permitting only certain actions. So you can, in fact, write your own controlling rules and regulations in the minutes of the PURE TRUST, as long as it is not against any existing law or against public policy. You can then operate creatively to your own best advantage.

The PURE TRUST is an entity in its own right like any individual. Therefore, it can buy, own, sell, spend, and earn profits from some enterprise. It is also private since its assets and functions do not have to be recorded for any state, federal body, or country. The PURE TRUST assets cannot be lost due to a trustee's divorce, creditors, liens or judgments against him personally.

The PURE TRUST is a specifically designed CONTRACT, which uses Trust terminology. It can be used in place of a corporation to operate a business since its structure can consist of a Trustee or group thereof, acting like a board of directors, using meetings, taking minutes and being empowered to act on behalf of the company. It does not have a preponderance of corporate characteristics. 13 Am Jur 2d says that one of the objects of business trusts is to obtain for the associates most of the advantages of incorporation, without the authority of any legislative act and with freedom from the restrictions and regulations generally imposed by law upon corporations.

How can you tell if you are dealing with a True PURE TRUST? Ask five questions:

- 1) Is the trust based on "COMMON LAW?"
- 2) Is the trust REGISTERED anywhere?
- 3) Is a federal ID number of some sort obtained?
- 4) Does the "trust" have a "Beneficiary" interest?
- 5) Does the "trust" have an "Executor, Protector or Grantor"?

If the answer to any of these questions is "YES," you are dealing with either a "statutory" trust, or you have a fraudulent instrument which is indefensible in court!

WHY?

- 1) The Common Law no longer exists as a separate legal forum in this country. Any instrument based upon it is false!
- 2) Any instrument that must be "registered" with the State is a "privilege" of the State (statutory), and therefore not a real Pure Trust.
- 3) Any instrument which possesses a federal ID number is a "federal" instrument, and so NOT a real Pure Trust.
- 4) A real Pure Trust does not have any beneficiaries, because it is not a "trust agreement" between three parties -- but is a Contract between the Trustees and the General Manager.
- 5) Only "statutory" trusts have Executors, Protectors or Grantors. These are unnecessary, phoney positions created to provide full employment for lawyers!

ANYONE who tells you they have a "Pure Trust" which violates ANY of these five points, is BLOWING SMOKE at you, and does not know what they are talking about!

This is very important for you to know -- there are a number of people representing themselves as having "Pure Trusts" for sale. THEY DO NOT! In most cases they are salesmen who have found a document from some source, rewritten and copied portions, and are selling them as "Pure Trusts." These people CAN NOT support, defend or explain them to you.

The *COMMON LAW PURE TRUST SERVICES* has been producing the COMMON LAW PURE TRUST for Americans.

Remember, the two most powerful aspects of a PURE TRUST are: PRIVACY and TAX-EXEMPT STATUS.

You already know that the "common law" ceased to exist as a legal forum in 1938. When the trust is REGISTERED (usually at a county recorder's office) you have violated the PRIVACY so desirable in a PURE TRUST. Then, if a federal ID No. is obtained (EIN, 31#, etc.), you have *volunteered* that the trust is a *federal citizen*, and is fully TAXABLE! When you have destroyed both the PRIVACY and the TAX-EXEMPT status of the trust, why do you need a trust? IF it is also based on "common law," it is built on sand, and you DO NOT have a true PURE TRUST!

WHY MUST THE PURE TRUST BE "IRREVOCABLE?"

To make sure that there is no confusion about the fact that you do not still own the PURE TRUST property, the assets must be permanently transferred to the PURE TRUST.

Under statutory law, a revocable Trust is one in which the Exchangor (you) can change his mind and cancel the whole transaction, thereby taking back all assets placed into the trust. This provides no protection to the estate from future claims against the Exchangor. For example, if someone sues you for no reason and a judgment against you personally is obtained, if you had a revocable trust, the judgment creditor could pierce the trust and get at those trust assets to satisfy his judgment, regardless of how the judgment was obtained in the first place. This type of attack could never diminish the assets under a PURE TRUST.

In addition, if you can revoke the Trust and got the assets back, you would have gained nothing in probate or income tax savings at all. Even if you die before the trust expires, in some jurisdictions, the value of a revocable trust estate is placed in your estate for probate and tax computations. Under federal law, the total value of a revocable trust is placed in your estate for federal estate tax purposes.

THE CONTRACTS OF THE PURE TRUST

1. Between the Creator and the Exchangor, giving birth to the PURE TRUST.
2. Between the Creator and the Board of Trustees, giving the Trustees fiduciary authority over this artificial person that the Creator and Exchangor created in order to hold some asset.
3. Between the Trustees and the General Manager for proper functioning of the day-to-day activities of the PURE TRUST Organization.

THE IRREVOCABLE NATURE OF EXCHANGING ASSETS INTO THE PURE TRUST

If the assets are given irrevocably to the Pure Trust, can the Pure Trust be disbanded or terminated? The answer is, "Yes."

Do the Contracts cancel when the Pure Trust is terminated? Yes, they do.

This brings us to the purpose for having Certificate Holders. The Certificate Holders are NOT beneficiaries -- their whole purpose is to be there to assume possession of the proceeds of the Trust (the remaining assets), should it ever terminate. So, in the cases above, the assets of the PURE TRUST would, upon its closing, be transferred to the Certificate Holders.

The irrevocable nature of the PURE TRUST means that the assets go to the PURE TRUST absolutely. You do not have the chance to say, "*OOPS, I made a mistake. I didn't want to put my house in, so I'm taking my house back.*" The reason there is no question of ownership is because you have irrevocably exchanged ownership into the PURE TRUST. No one can take your assets away from you, because you have given them up irrevocably.

ORIGINS OF COMMON LAW

As discussed earlier, law in the western world (primarily Europe) evolved slowly over the centuries. This body of "laws" owed its heritage to the laws imported and imposed during the Roman occupation. These laws were a written list of instructions of how the citizens of the

society were supposed to conduct themselves. This "Law" was known as the "Civil Law." This basic Roman system still prevails in many countries.

However, after the Normans killed King Harold and won the critical Battle of Hastings during their conquest of Britain in 1066, a legal tradition called the "common law," different from the civil law, began to develop in England. This system of law was based upon respect and responsibility. These laws were not written down, but were "common" knowledge among the population. They were based, not on written rules, but upon the concept that God was supreme, and that the citizens had been granted certain unassailable "rights" as a result of being created by God. An example would be the right to enter into an agreement with one another, and then be bound by that agreement. This came to be known as the Right of Contract.

In the twelfth century, during the reign of the legal reformer, Henry II, court decisions were written down and catalogued according to the types of cases, just as they earlier were under Roman Law (Civil Law). When the courts had to decide similar issues later, they reviewed the earlier decisions and if a precedent was found that covered the current case, they applied the principle of the earlier decision. They called this doctrine, "*stare decisis*," a Latin term meaning "*To abide by, or adhere to, decided cases.*" Under the rule of "*stare decisis*," once a legal issue had been resolved, a court did not reconsider that legal issue in a later case where the facts were substantially similar.

Misuse of this "Civil Law" system by the King was the source of a great amount of unhappiness and injustice over many years. Finally, the forced signing of the Magna Carta by King John in the thirteenth century established the process of "common law" as a viable, reliable legal forum. During America's colonial period, most of the common law tradition, imported from England, was adopted by the colonialists. The "common man" lived by the "Common Law." When the U.S. Constitution was written in 1781, it was based upon the tenants of the common law. It declares that the Citizen is the Sovereign, and grants powers to the state only so far as is required for the state to function the way the Citizens desire.

But, those who secretly still supported Britain, wanted to impose the system of statutes known as the "Civil Law" upon the populous of America. So, they made sure that the laws enacted by Congress and the states had to find support in the written law, or the laws had to be discarded. So we see two different legal systems; Common Law and Civil Law being adopted in this country.

"The Common Law is absolutely distinguished from the Roman or Civil Law system." - People v. Ballard, 155 NYS 2d 59

This important distinction which set the Common Law apart from the Civil or statutory law was the bane of those who wanted to recapture control of the "colonies." So, in 1938, the United States Supreme Court solved the problem of the lack of control over Common Law, by overturning 100 years of precedent (stemming from the Swift v. Tyson case in 1840) declaring that henceforth, the Common Law would be "statutorized" and be a part of the statutory or Civil Law in this country. Any graduate of any law school can confirm this fact for you. It was, as earlier explained, contained in the Erie Railroad v. Tompkins decision.

As a result, all courts in this country today are "statutory" or "Merchant Law" courts. The Common Law no longer exists. In fact, in some states, such as Ohio, laws have subsequently

been passed to make clear that "Common Law" activities are no longer legal. In Ohio, for example, "Common Law marriage" is specifically BANNED by statute! The question here is, are "Statutes" the law? NO! They are a codification system by the Division of Statutory Revision, not laws as enacted by the legislature, the only authority for enacting "laws".

Today, the court decisions, which are published and available in the law libraries, and thus become a part of statute law, are almost always appellate court decisions, not trial court decisions. The U.S. Supreme Court and the state Supreme Courts are part of the appellate court systems in this country.

The appellate court opinions, which appear in published form in the law library, follow a format as follows:

- The Facts, which are taken from the lower court's determination.

- The Issues, which are presented by the appealing parties.

- The Ruling or Holding, which is the answer to the issues.

- The Reasoning or Rationale, which is the discussion.

Most judges try hard to be consistent with decisions that they or a higher court have made. This consistency is very important to the statutory law tradition. For this reason, if you can find a previous court decision that rules your way on facts similar to your situation, you have a good shot at persuading a judge to follow that case and decide in your favor.

Under Civil Law, there are two ways to argue your case when you want to persuade a judge to rule your way. One is called "precedent authority," and the other is called "persuasive authority." Under precedent authority, using the principle of *stare decisis* (to adhere to decided cases), means that the court is compelled to uphold the earlier decision if there is nothing unique or different from the one being decided. If the earlier decision was a U.S. supreme Court case, that case is the binding authority on all courts in this country.

Under persuasive authority, as a general rule, the higher the court, the more persuasive its opinion. In the absence of a precedent case, a case may be considered persuasive authority by many out-of-state courts, although the case may not be binding outside of the state in which it was decided.

HOW THE PURE TRUST CAN SOLVE SPECIFIC PROBLEMS AND HELP YOU BUILD AND PRESERVE YOUR PERSONAL AND/OR BUSINESS ESTATE

I. RELIEF OF THE INCOME TAX BURDEN

A. YOUR RIGHT TO REDUCE YOUR INCOME TAXES

You do have a legal right, as well as a moral and ethical obligation to yourself and your family, to reduce your exposure to taxes, all taxes! Supreme Court Justice George Sutherland said:

"The legal right of a taxpayer to decrease the amount of what otherwise would be his taxes, or altogether avoid them, by means which the law permits, cannot be doubted."

(Gregory v. Helvering, (1934) 239 US 465,460.)

Also, Supreme Court Justice Learned Hand, one of the most revered Justices in history, said:

"Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the treasury; there is not even a patriotic duty to increase one's taxes."

(Helvering v. Gregory, (1934) 69 F 810.)

In still other cases, the courts stated that:

"Business Trusts are not rendered illegal even if formed for the express purpose of reducing or avoiding taxation."

(Weeks v. Sibley (DC), 269 F 155; Phillips v. Blatchford, 137 Mass 510; and Hodgkiss v. Northland Petroleum Consolidated104 Mont 328,67 P2d 811.)

B. TAX HAVENS

One legal method of avoiding excessive taxes is the Tax Haven. More taxpayers are now using this concept as popularized by the Europeans. In the case of war (a great concern to them) sophisticated business people put their money and assets under the protection of a tax haven, by use of a Trust. The esteemed international tax planner, Marshall J. Langer stated about the tax haven:

"...most foreign tax planning involves legal avoidance rather than illegal tax evasion. Such tax avoidance is based upon the interpretation of the law rather than the expectation of avoiding law enforcement. Transfer of the investment fund to a tax haven is more simple, less costly than the transfer of the investor ... It's also the same system that has been used by millionaires for centuries."

C. INCOME DIVERSIFICATION

Income tax control can be achieved by diversifying the business profits among two or more PURE TRUSTS, thereby placing each one into a lesser tax bracket. A complete explanation on how to accomplish this is included in the instructions you receive with your *COMMON LAW PURE TRUST*. Here's what some of America's wealthiest families did:

Jack Anderson, Washington columnist, in an article entitled "*The Yearly Tax Ordeal*" disclosed selected information from the book *THE ROCKEFELLER FILE* by Gary Allen:

"We have access to secret filings by members of our wealthiest families --- the Rockefellers, the Hunts and others. Each of the families has had millionaire members, who from time to time have paid no income tax... Vice President Rockefeller...paid no

federal income tax in 1970. John D. Rockefeller...paid a 10% federal tax as a matter of principal! Apparently, he could manipulate his tax exemption to produce whatever tax return he felt was appropriate...Paul Mellon, worth a cool one billion dollars, is able to get away with a negligible income tax, as do other members of his fabulously rich family...Texas oil millionaire, Bunker Hunt, has managed to live in luxury without paying any taxes at all in several years."

Anderson concluded:

"We do not single them out for criticism. They have made use of the law, and that is their right!"

Needless to say, it is also our Right!

In Gary Allen's THE ROCKEFELLER FILE, the author reveals the special method used by the Rockefellers and the super rich:

"...Whereby the more money you appear to give away, the richer and more powerful you become . The key to this system is giving up ownership but retaining control. Often it is better to have your assets owned by a PURE TRUST...which you control, than to have them in your own name. By the use of trusts, three generations of Rockefellers have been 'giving away' millions of dollars to themselves. For example, if a Rockefeller gives a million dollars worth of stock in the Titanic Oil Corporation to the Dogood Foundation, which the family controls...all he has done is transferred title of the securities to an alter ego."

Through the legal use of PURE TRUSTS, you too can spread your assets and income among these legal entities (as few as two PURE TRUSTS) in order to substantially reduce your legal tax obligation!

D. TAX TREATY BENEFITS

Distribution of profits can be done with foreign PURE TRUSTS that have no U.S. tax obligations due to tax treaties made with a number of foreign countries. Some of these are exempt from income taxes on certain amounts received from the U.S. (For guidelines refer to IRS Pub. 901 "Tax Treaties between the U.S. and Other Countries.")

E. NON-TAXABLE GIFTS

Profits earned by a foreign PURE TRUST (one not doing business in the US - see definitions of "United States" and "Non-Resident Alien" in the Internal Revenue Code) can be gifted to any American citizen TAX-FREE! PURE TRUSTS do not have to comply with the Gift Laws, because the PURE TRUST is expressly non-taxable! This can really help you to build your estate! This information is fully explained in the instructions for the COMMON LAW PURE TRUST.

II. LIMITATION OF PERSONAL AND BUSINESS LIABILITY

A. DIVERSIFICATION OF ASSETS

You can limit your liability from a potential lawsuit by diversifying your assets among two or more PURE TRUSTS. This minimizes the risk of each one. Only the assets titled to each individual PURE TRUST would be liable for lawsuits naming each Trust as defendant (not you).

Each PURE TRUST would therefore be responsible only for its own assets. Remember the key to the Rockefeller policy and that of other wealthy families -- give up ownership, but retain control! Reason: whatever you personally own can be lost in a lawsuit, but nothing can be taken from you if you only control it! For example, if you own a home and its furnishings and/or a business with all its equipment, and an automobile, and then lose a lawsuit against you, it's possible you could lose everything to satisfy that judgment! However, if all of the assets are owned by various PURE TRUSTS, the winner of a judgment against you will only be able to take everything that can be found in your name, which means they would take nothing at all!

B. ISOLATION OF ACCESS

The Trustee(s) hire a General Manager to "manage" the Trust. This Manager, in most cases, is the former owner of the Trust property. The Trustee(s) have no say in how the Manager manages. However, the Manager doesn't "own" anything!

C. ILLUSTRATION

A prominent citizen and political figure, considered to be one of the wealthiest men in America, was involved in a fatal automobile accident in which his lady companion drowned. The option of the bereaved family was to sue him. However, he was "wealthy" only in the sense that he controlled vast amounts of money and property, but he did not "own" any of it! Thus, only the owner of the auto could be sued. This was a PURE TRUST, which held no other assets, thus limiting the property liability to the water-logged, wrecked Oldsmobile. If that PURE TRUST also owned a house, then it too would be at risk.

D. CONCLUSION

Obviously, there are tremendous advantages in limiting your personal and business liability. You can spread your assets in as few as two PURE TRUSTS so that all your real and personal property will be safe without excessive costs for maximum liability insurance.

III. PRIVACY OF OPERATION

The Trust Indenture and Trust Minutes are under the absolute control of the Trustee(s) (or their assign -- the General Manager) who is/are the only person(s) privy to this information. The Trustee(s) is/are not required to divulge any facts about these documents. Also the PURE TRUST does not have Grantors who would have information concerning its operation which they could then disclose.

The Trustee(s) issues Certificates, which authorizes the holder thereof to receive a distribution of the possessions of the Trust only upon the dissolution of the Trust. The Certificate holder has no voice in the PURE TRUST'S operations, and is not entitled to any information about its management, nor do they hold any beneficial interest in the assets. This noninvolvement assures the PURE TRUST'S privacy!

All bank accounts are in the name of the PURE TRUST and the legal signature is usually that of the Manager. Thus it would be very difficult for anyone to gain private information from this area.

Former President Jimmy Carter, in order to conform to the "conflict of interest" laws, gave up ownership of his peanut business to a Blind PURE TRUST. Thus he satisfied the law. The facts

about this decision-making process were not made available to the public, and President Carter was not authorized to disclose any information about the Trust.

When Texas Oil man, H. L. Hunt died, the estate he passed on to his son Bunker Hunt, was estimated to be worth somewhere between two and five *BILLION* dollars. But no one knows for sure. How's that for PRIVACY?!? Had this huge estate been probated, everyone involved would have known the true value of his inheritance!

In Gary Allen's book, *THE ROCKEFELLER FILE*, the author pointed out:

"...for two generations the great fortune passed down by John D. Rockefeller has been ... made more complex by increasing layers of trusts and closely held companies, where NO PUBLIC RECORDS ARE REQUIRED, none volunteered, and all inquiries politely rebuffed."

IV. ELIMINATION OF ESTATE SHRINKAGE

The PURE TRUST will eliminate estate shrinkage due to costly and time consuming probate, legal fees, and all other taxes regarding the estate. These "alligators" will find no sustenance among the innovative PURE TRUSTS.

Billionaire H.L. Hunt is a dramatic example of the benefits of PURE TRUSTS. The secret of his wealth was not in what he owned but in what he controlled. After his death on November 29, 1974, the *DALLAS MORNING NEWS* (10/5/75) carried the surprising story about his limited personal assets at the time of his death. He owned automobiles worth about \$21,250, and a meager \$5,443 in the bank. He had diversified all his other assets into some 150 PURE TRUSTS! Therefore, his son Bunker Hunt, successor General Manager to these family business trusts, simply presented his credentials to two Dallas banks, and then changed the signature cards of each PURE TRUST account to his name. Thusly he inherited a vast empire about which the Dallas paper reported:

"Hunt's total worth has been estimated at two to five billion dollars".

Bunker's newly gained wealth was untouched by those "green alligators" that devour most other estates! (the good news is: the same opportunity is available to YOU).

William Waldorf Astor, prominent financier, created a fifty million dollar PURE Trust estate by a conveyance to Trustees in 1919 (Just *imagine* what \$50,000,000 was like in 1919!). This allowed him to save his heirs millions of dollars, which could otherwise have been lost to the ravages of inheritance, estate and state taxes, plus probate and legal fees.

The Rockefeller family has successfully used various PURE TRUSTS to eliminate inheritance taxes and other costs at death. Before his death in 1937, John D. Rockefeller tucked away most of his vast fortune into some 70 PURE TRUSTS, which would be taken over by his descendants when he died. The value of the assets was probably in excess of one billion dollars!

Nelson Rockefeller and his generation reduced their personal holdings by creating more PURE TRUSTS for their descendants. One source stated that there are perhaps 250 individual

Rockefeller PURE TRUSTS by now. Many of these are business trusts, which place funds beyond the reach of probate, legal fees, and all other taxes against estates.

AN IMPORTANT REASON WHY THIS BASIC SOLUTION IS POSSIBLE

Lack of Statutory Restrictions: With a *COMMON LAW PURE TRUST*, creativity in its operation is possible. In contrast to a corporation, which is restricted to that which state statutes permit, the PURE TRUST can be operated in any innovative manner to make a profit, so long as there is no law against it. Therefore, the success and protection of your business and/or estate will be directly proportionate to your ingenuity. It is now within your grasp to obtain *COMMON LAW PURE TRUSTS* by which you can creatively achieve the benefits which will solve the four basic problems that every person will face in his/her lifetime regarding estate planning.

HALE V. HENKEL. 201 U.S. 43 at 89 (1906)

Hale v. Henkel was decided in 1906 by the United States Supreme Court. Since it was the Supreme Court, the case is binding on all courts of the land, until another Supreme Court case says it isn't. Has another Supreme Court case ever overturned Hale v. Henkel?

NO.

As a matter of fact, since 1906, Hale v. Henkel has been cited by all of the federal and state appellate court systems over 16 hundred times! Remember that in nearly every instance when a case is cited, it has an impact on the precedential authority of the cited case. The more times a case is held up as "the law," the more it becomes cast in granite.

How does that compare with other previously decided Supreme Court cases? Initial observations have shown that no other case has surpassed Hale v. Henkel in the number of times it has been cited by the courts. And, *none* of the various issues of this case have *ever* been overruled.

On the persuasive side in Hale v. Henkel it was the United States Supreme Court which was speaking the "Law of the Land." How much more persuasive can a case be? The opinion of the court stated:

"The individual may stand upon his constitutional rights as a citizen. He is entitled to carry on his private business in his own way. His power to contract is unlimited. He owes no duty to the State or to his neighbors to divulge his business, or to open his doors to an investigation, so far as it may tend to incriminate him. He owes no duty to the State, since he receives nothing therefrom, beyond the protection of his life and property.

"His rights are such as existed by the Law of the Land (Common Law) long antecedent to the organization of the State, and can only be taken from him by due process of law, and in accordance with the Constitution.

"He owes nothing to the public so long as he does not trespass upon their rights."

You should now know the difference between Civil Law (which is the descendant of the ancient Roman Law -- and, since 1938, includes the so-called "Common Law") and the Constitutional Law (which is based upon the concept that the individual Citizen is the Sovereign and that government derives all of its power from voluntary delegations of authority from these Sovereigns).

DARTMOUTH COLLEGE v. WOODWARD, 17 U.S. 518 (1819)

Chief Justice John Marshall

This very famous United States Supreme Court case is a leading case in the interpretation of the "obligation clause" of the U.S. Constitution, namely, Article 1, Section 10, which states that *"no state shall pass any law impairing the obligation of contracts."* This case established the remedy for the courts in the interpretation of the obligation clause, and courts have ever since emphatically refused to question the reasoning or to reconsider the conclusion of this interpretation. It also has been said of the Chief Justice, that it *"contributed as much as any he ever delivered."* In ruling on this case, the Chief Justice gave one of the singularly most important speeches in American history.

In 1769 the British Crown granted to the trustees of Dartmouth College in the province of New Hampshire, in New England, America, a charter, for *"the establishment of a college for the education of Indian and English youth in the province."*

After the revolution, starting in 1816, the legislature of New Hampshire passed a series of three acts to reorganize and convert Dartmouth College from its original intent, to an institution which could be controlled by the government. The trustees of the college sued the governor of the state, William Woodward, for the return of property (such as records and official seal) belonging to the trustees, which had been seized.

The State Court issued a conditional verdict, finding for the defendant, Woodward, if the acts of the legislature to reorganize the college were valid and not repugnant to the Constitution of the United States. Otherwise, it found for the plaintiff trustees. The court requested a ruling by the U.S. Supreme Court to clarify this issue.

The opinion of the court was delivered by John Marshall, the Chief Justice:

"It requires no argument to prove that the circumstances of this case constitute a contract. An application is made to the British Crown for a charter to create a college. The application states that large contributions of property will be conferred on the college on the condition that the charter is granted. This transaction carries every ingredient of a complete and legitimate contract."

"The points for consideration are:

- 7. Is the contract protected by the Constitution of the United States?*
- 8. Is this contract impaired by the acts of the New Hampshire*

legislature under which the defendant is holding property belonging to the trustees of the college?

1. If the granting of the charter by the British Crown was in any way, politically or publicly connected to government then the legislature of New Hampshire may act according to its own judgment in the administration of the college, unrestrained by any limitation imposed by the Constitution of the United States.

"But, if this is a private, charitable institution, which receives private property unrelated to government, whose funds are donated by individuals who have faith in the charter, where the donors have specified the disposition and management of their funds, then they have a right to insist that those arrangements shall be carried out."

"Dartmouth College is a charity school, not a civil institution participating in the administration of government. Its trustees were originally named by the founders, and invested with the power of perpetuating themselves; the trustees are not public officers."

"The Constitution is concerned and extends its protection to contracts, where the parties have a vested beneficial interest. This charter is a contract made of a valuable consideration. It is a contract for the security and disposition of property. It is a contract, on the faith of which real and personal estate has been conveyed to the college. It, then, is a contract within the letter of the Constitution, and also, within the spirit of the Constitution. The opinion of the court, after serious deliberation, is that this is a contract, the obligation of which cannot be impaired without violating the Constitution of the United States."

2. "It is clear that all contracts, and right, respecting property, remained unchanged by the revolution. The obligations and the powers which were created by the charter to Dartmouth College,

were the same in the new government as well as in the old. After the revolution, the Constitution of the united States has imposed this additional limitation, that the legislature of a state shall pass no 'law impairing the obligation of contracts'."

"The founders of the college contracted for the perpetual application of the funds which they gave. They contracted for a system which would forever retain the form of institution of learning which they had formed and in the hands of persons approved by themselves."

"However, now the legislature of New Hampshire has totally changed the system, and the original charter of 1769 exists no longer. It has been reorganized by the legislature in such a manner as to convert a literary institution into a machinery entirely subservient to the will of government."

"It results from this opinion, that the acts of the legislature of New Hampshire are repugnant to the Constitution of the united States, and that the judgment on this special verdict ought to have been for the plaintiffs, the trustees of Dartmouth College, and not for the defendant, Woodward. The judgment of the State Court must therefore be reversed."

Although the Dartmouth College Case was notorious as a strong constitutional check on state legislation, the "Contract Clause" was not as widely used after the adoption of the Fourteenth Amendment and the development of the "Due Process Clause" of the Amendment. However, the Contract Clause still remains an important part of the Constitution, and it is definitely not moribund. Its basic meanings are reiterated by several of the U.S. supreme Court's more current decisions.

BASIC DEFINITIONS

Q. WHAT IS THE DEFINITION OF THE WORD, "TRUST?"

A. *"In its technical legal sense, a trust has been defined as "the right to the beneficial enjoyment of property, the legal title to which is vested in another." Bowes v. Cannon. 116P336.*

Q. WHY ISN'T THE PURE TRUST A "TRUST?"

A. The PURE TRUST is not a "Trust" because it does not have a beneficiary with a beneficial interest in the assets of the trust like a regular trust.

Q. WHAT IS A "PURE TRUST?"

A. It is more commonly known as a "contractual agreement." Such "contracts" are guaranteed by Article 1, Section 10 of the U.S. Constitution which states in part that we have the right to contract and that no state or legislature shall pass any laws impairing our right to contract.

A PURE TRUST is a contractual agreement NOT formed by a contract-with-the-State as is a corporation. It (the PURE TRUST) is created by a contract between private persons - each of whom has the Constitutional right to contract.

Q. WHAT CASE LAW DEFINES A PURE TRUST?

A. *"If it is free of control by certificate holders, then it is a Pure Trust."* Schuman Heink v. Folsom 159. N.E. 250 (1927).

Q. WHAT ARE THE GEOGRAPHIC BOUNDARIES WHERE A PURE TRUST CAN CONDUCT BUSINESS?

A. There is no limit to where a PURE TRUST can conduct its business. It can do business in any and all states, regardless of its domicile.

"Once the Pure Trust (contractual agreement) has been recorded in one county, it can conduct business in any county in any given state." Shirk v. Lafayette. 52 F 957.

HOW THE PURE TRUST WORKS LEGALLY

There are ten basic aspects regarding the PURE TRUST which detail how and why it works legally.

1. The PURE TRUST is a contractual relationship, the parties thereto create their own Trust. The Right to Contract is one of the unalienable rights guaranteed by the Constitution.
2. It provides Trust Certificate units as evidence of limited rights. TCs (Trust Certificates) convey no legal title in the Trust property, nor any voice in management and control thereof.
3. Business is accomplished by Trustees and Minutes instituted as occasions arise. The Trustees appoint Managers, with no one exercising any control over them.
4. It is a legal entity and an artificial individual with rights almost equal to a natural individual. It is irrevocable and no one has any reversionary rights to its assets. It can own property and conduct business like any person.
5. A person may exchange assets, or any portion thereof, for Trust Certificates. This is a TAX FREE exchange (The supreme Court ruled if property received in exchange has no fair market value, it does not represent taxable gain to the recipient. Burnett v. Logan, 283 US 404). There is no holding back of any right or interest. TCs never change.
6. TCs can be distributed among family members or others free of any gift tax. No vested interest is transferred, only the right to receive distributions as directed by the Trustees.

7. The PURE TRUST is exempt from paying taxes; the TC holder pays tax only on that which is received.
8. There is no estate tax because there is no estate owned by any person at death. All assets are owned in fee simple by the PURE TRUST. TCs have no intrinsic value and cannot be taxed because they are not owned at death.
9. Assets of the PURE TRUST are never probated because it is an artificial person that never dies. It is set up in contemplation of life, not death as with a Will.
10. The Life of the PURE TRUST can be extended indefinitely or terminate at any time by action of the Trustees in accordance with the Trust Indenture and Minutes.

OPERATING A BUSINESS

Q. CAN THE PURE TRUST OPERATE A BUSINESS?

A. A PURE TRUST can operate a business itself or several businesses.

The easiest way for a PURE TRUST to generate income is for the PURE TRUST to own business property and lease that property to individuals or *another* PURE TRUST which will use the property to operate a business.

If operating a business with a PURE TRUST structure is desired, it would be wisest for the primary PURE TRUST to set up a second PURE TRUST just for the purpose of operating that business. The reason for the second PURE TRUST is the same as for setting up a corporation to run a business: it limits the liability of those operating the business to the business and not to the assets. If the primary PURE TRUST itself were to run the business, then all of the primary PURE TRUST's assets would be liable for the debts and liabilities of that business. For the same reasons, if more than one business is desired, there should be a PURE TRUST for each business.

Q. SHOULD I GET A BUSINESS LICENSE FOR A PURE TRUST WHEN OPERATING A BUSINESS?

A. No. You have the right to operate a private business protected by the supreme Court case of Hale v. Henkel. Study that case which has been cited thousands of times over the years and has never been repealed. If you were to get a business license, it would open up the PURE TRUST to government supervision and audit and The PURE TRUST would lose its Constitutional protection. You would be accepting a *privilege* from the state, in place of exercising a *right*.

Q. IF I RECEIVE A NOTICE FROM THE CITY OR COUNTY REQUESTING INFORMATION OR INFORMING ME THAT I DO NOT HAVE A BUSINESS LICENSE, WHAT SHOULD I DO?

A. Simply write on the notice, "*Private Business. Does not apply.*" Make a photocopy of it for your records and return the original. You'll probably not hear from them again.

Q. WHAT HAPPENS IF I RECEIVE A CITATION FROM THE CITY FOR NOT HAVING A CITY BUSINESS LICENSE?

A. Take the citation and a copy of the U.S. Supreme Court case, Hale v. Henkel, to the judge hearing the complaint. Give the Judge a copy of the Hale v. Henkel court case and ask him if he

is going to change the Law of the Land by overruling a supreme Court Case. The judge probably will respond quietly, "*Case dismissed.*" They usually do.

Do not take on an adversarial attitude whenever you are challenged about a business license. The bureaucrats are well aware (although they are not prone to admit it) that you have the right to a private business.

Here is an opinion of the supreme Court of the State of Kansas, No.739 April 27, 1923, decided June 11, 1923:

"Legislative authority to abridge freedom of contract can be justified only by exceptional circumstances, and restraint must not be arbitrary or unreasonable. Freedom is the general rule, and restraint the exception."

Note: Remember, a license does not *give* you the privilege to be in business! You already have that. A license cannot give you what you already have as a constitutional right! What a license does is say, "I volunteer to give up that right I already have if I don't do what the regulator says." The problem is that the regulator may change what he says at a later date, and then you're subject to whatever their new position is!

Q. IF I ALREADY HAVE A BUSINESS LICENSE, HOW DO I "UN-VOLUNTEER"?

A. There are two primary ways:

By creating a new entity (a PURE TRUST) and working under it, or By being able to prove in a court of law that you were tricked into applying for the license in the first place.

Q. HOW CAN I HAVE A LICENSE AND A PURE TRUST?

A. If you need to have a statutory license and/or an identification number (such as contractors, etc.), you may need to be a sole proprietor or have an assumed name, a DBA ("doing business as") that can obtain the license and do other things required of your profession by "the system." You do not want to attach the PURE TRUST to any licenses, tax identification numbers or anything, which exists by "permission" or acknowledges that a state has the right to "approve" it. The PURE TRUST does not need a license from the state to exist, because it has the right to exist as granted by the U.S. Constitution.

Q. WHAT ABOUT EMPLOYEES?

A. When a PURE TRUST is managing a business, it is best for that PURE TRUST (Trust #1) not to have any employees. PURE TRUST #1 should have a management contract with a management consultant firm (PURE TRUST #2) which would operate the business for PURE TRUST #1. The employees would be contractors to PURE TRUST #2, or PURE TRUST #2 can lease employees from firms that specialize in leasing employees to industry. Since the business has no employees, there is no more withholding of taxes or providing of benefits required.

Q. IF I GET SUED, WHAT HAPPENS TO THE PURE TRUST ASSETS?

A. Remember that the PURE TRUST itself owns the assets of the PURE TRUST. Any assets you transferred into the PURE TRUST are no longer owned by you and, therefore, any lawsuits against you cannot affect the assets of the PURE TRUST. However, you must transfer those

assets into the PURE TRUST before you get into legal difficulties. If not, the transfer can be held to be a fraudulent conveyance and set aside.

Q. CAN A PURE TRUST BE USED TO REPLACE A CORPORATION OR LIMITED PARTNERSHIP IN DOING BUSINESS?

A. Yes. It can operate a business very easily.

Q. I PLAN TO REPLACE MY CORPORATION WITH A *COMMON LAW PURE TRUST*, WHICH WILL OPERATE A PRIVATE BUSINESS AS OUTLINED IN THE SUPREME COURT CASE OF HALE V. HENKEL. WHAT DO I TELL MY ACCOUNTANT?

A. Simply tell him that you no longer own the business and the trustees have advised you that they no longer need his services.

Q. WHAT IS THE TECHNICAL LEGAL REASON THAT THE PURE TRUST HAS NO REPORTING REQUIREMENT TO THE STATE?

A. *"The Pure Trust is an entity formed by contract, and thus is not subject to the same types of state regulations as a corporation."* Elliot v. Freeman. 220 U.S. 128.

Q. WHAT IS THE MAIN REASON I SHOULD CONSIDER A PURE TRUST OVER A CORPORATION?

A. The most popular business organization form, the corporation, appears to hold out "carrots" of rewards, but there are actually hidden penalties. The PURE TRUST organization has hidden carrots and loudly publicized, but non-existent penalties when properly structured.

Q. WHAT IS THE ALTERNATIVE TO A CORPORATION?

A. Our legal system took the idea of a "limited liability" company from English law. It was called a "corporation." It is the accepted method of doing business. It is always the way recommended by an attorney. Why? Because it is formed under statute law and is subject to all kinds of state and federal regulations. It is the nature of legislators to pass laws. As a "child" of statute law, corporations are usually the target of such legislation, and are adversely effected.

A corporation is a "privilege" granted by the state. It is an exchange of "rights" for "privileges". Corporations are "creatures of the state." Special clauses allow the state the unilateral right to change the rules governing corporations at will. The impairment clause in the U.S. Constitution provides no protection for a corporation or against a unilateral change by the government in the corporate contract. You must always have an attorney represent the corporate entity. When you form a corporation, you leave behind many of your Constitutional rights. Your books and records are open to the public through the State Corporation Commission. Each year you must report to the state, file your annual financial status and submit the names and addresses of the directors, thus giving up all your privacy.

Q. IF A GOVERNMENT AGENT WALKS INTO MY PLACE OF PRIVATE BUSINESS SEEKING INFORMATION, HOW SHOULD I RESPOND?

A. Invite him to leave. Tell him that this is a private business. Anything he wishes to say to you must be put in writing. Also request that he not phone you.

"The cooperative taxpayer fares much worse than the individual who relies upon his constitutional rights. Only the rare citizen would be likely to know that he could refuse to produce his records to Internal Revenue Service agents." U.S. v. Dickerson. 413F 2nd 1111.

"In numerous cases where the IRS has sought enforcement of its summons pursuant to statute (26 USC 7402), courts have held that a taxpayer may refuse production of personal books, and records by assertion of his privileges against self incrimination." Hill v. Philpott. 445 F2d 144. 146
The court quoted Stuart v. U.S. 416F2d 459, and U.S. v. Kleckner. 273 F Supp 251.

EXCHANGING vs. TRANSFERRING

Q. EXPLAIN THE PROCEDURE OF EXCHANGING ASSETS INTO THE PURE TRUST ORGANIZATION.

A. Once the PURE TRUST has been created, the General Manager may transfer assets (equipment, cash, property) into the PURE TRUST and receive in return a "Certificate of Capital Units." When those assets are placed into the PURE TRUST, it is not a sale, nor is it a gift. It is an "exchange" for valuable consideration, but with only indeterminable value. Thus, there is no taxable event.

The United States Supreme Court ruled that

"...if property received in exchange has no fair market value, it does not represent taxable gain to the recipient."

Burnett v. Logan: 283 U.S. 404.

Q. I HAVE EXCHANGED EVERYTHING I OWN INTO THE PURE TRUST. WHAT NEXT?

A. If you have exchanged everything you own into the PURE TRUST, then it is best that you cease to exist as an entity. That is, everything you buy, sell or contract is done in the name of the PURE TRUST, for the PURE TRUST.

LIVING TRUSTS

VS.

COMMON LAW PURE TRUSTS

Q. WHAT IS THE DIFFERENCE BETWEEN A LIVING TRUST AND A *COMMON LAW PURE TRUST*?

A. The Living Trust was created by legislative laws (statute laws). It is designed only to eliminate probate and reduce estate taxes. It is an inter vivos (between the living) Trust. And, it is revocable. That means that it is pierceable!

The *COMMON LAW PURE TRUST* is not a Trust, but a Contract, and it is irrevocable.

Q. DOES A LIVING TRUST PROTECT MY ASSETS?

A. No, it offers NO protection for your assets or your privacy while you are alive. If someone filed a frivolous law suit against you he could serve you with a subpoena to produce your Living Trust at a deposition, thereby exposing all your wealth. His next step would be to get a judgment

attaching all assets in your Living Trust. Also, if one of your children were to file bankruptcy, the bankruptcy court could attach the child's interest in your Living Trust.

Q. WHAT ARE SOME OTHER DIFFERENCES BETWEEN A "PURE TRUST" AND A "LIVING TRUST"?

A. The *COMMON LAW PURE TRUST* is irrevocable. A Living Trust is revocable. Because it is revocable, there is no savings in inheritance taxes with a Living Trust.

Living Trusts provide no protection against lawsuits or government asset seizures; the PURE TRUST does.

Living Trusts are governed by statute law; the PURE TRUST is protected under the Constitution of the United States.

Most Living Trusts do not qualify as contracts for the following reasons:

They normally do not involve two different parties. One party is normally the Grantor and the Trustee so, there is no "contract" between two different parties in the sense of the Constitutional meaning. (The government generally recognizes husband and wife as one entity. A Living Trust is a "Trust agreement," but not a "contract.")

The state cannot intrude into the affairs of a contractual agreement because the state is not a party to the contract. The right to contract is inherent to the people, and guaranteed by the U.S. Constitution.

CONTRACTUAL AGREEMENT

Q. HOW DOES THE PURE TRUST QUALIFY AS A "CONTRACT"?

A. There is an "offer" and "acceptance" between the parties (two or more) who are competent and are of legal age and there is "consideration" paid between the parties, including a legal object and there is a termination date.

Q. DOES THE U.S. CONSTITUTION GIVE CITIZENS THE RIGHT TO CONTRACT?

A. No. The U.S. Constitution does not give citizens the right to contract. Every citizen already has that right, a God-given right. The U.S. Constitution guarantees that right.

ABOUT OTHER "TRUSTS"

Q. IS THE PURE TRUST THE SAME AS A "LIVING TRUST"?

A. No. Review the following court case:

"Designation of form of trust is not controlling; court will look to substance of circumstances and not labels placed on them by parties."

Johnson v. Hychyk. 517 P 2d 1079.

Q. I'VE HEARD THAT PURE TRUSTS CAN BE DISASTROUS! IS IT TRUE?

A. Throughout history, many promoters have come up with identical sounding names for instruments, which they are promoting. Most of them have turned out to be disasters for individuals who fall for the glib promises. As stated in the previous answer, look to the substance rather than the Label. Do your own research if you are not convinced.

Q. TO WHOM IS THE GENERAL MANAGER OF A PURE TRUST ACCOUNTABLE?

A. The General Manager is responsible and accountable to the Trustees. No other individual or agency can question the duties, management, decisions, distributions, or expenditures made by the General Manager. A court will only accept and rule on questions as to whether or not the General Manager followed the PURE TRUST instrument. If the General Manager follows the PURE TRUST instrument (contractual agreement), then the court cannot question any further, nor rule that the General Manager should have acted otherwise.

Q. WHAT RIGHTS DOES THE PURE TRUST HAVE?

A. The PURE TRUST (unlike a corporation or "statutory" Trust) has the same Constitutional rights as any Citizen. That is, the right to privacy, to freedom from unwarranted search and seizure, to refrain from self-incrimination and all other rights.

Q. AS GENERAL MANAGER OF A PURE TRUST, WHAT CAN I DO WITH IT?

A. Depending on how the PURE TRUST (Contractual Agreement) is initially established the PURE TRUST can do anything an individual citizen can do.

DISADVANTAGES OF A PURE TRUST

Q. WHAT IS THE MAIN DISADVANTAGE OF MANAGING A PURE TRUST?

A. The one main disadvantage of managing a PURE TRUST is that you must not commingle any personal finances with those of the PURE TRUST that you manage. If PURE TRUST funds are used to pay personal expenses or PURE TRUST funds are commingled with personal funds, a court could rule that the PURE TRUST was merely the "alter-ego" of the individual, and the transfer with the PURE TRUST a "sham", and in that manner, set the PURE TRUST aside.

Q. PEOPLE OFTEN ASK IF THE PURE TRUST IS LEGAL. HOW CAN I RESPOND?

A. You may be shocked to learn that the PURE TRUST is not legal. However, the PURE TRUST is lawful.

As revealed in the definitions of "lawful" and "legal", "lawful" means that it is not illegal.

"An act that is described as 'lawful' means that it is an approved, authorized, or sanctioned activity. To say that an activity is 'lawful' carries with it a moral or ethical evaluation."

The PURE TRUST is lawful, not because it has to comply with any tenants of the statutory law (because it does not), but because it is in compliance with the Constitution of the united States.

LEGAL POINTS AND AUTHORITIES ON PURE TRUSTS

The PURE TRUST has the legal capacity to hold the title to property as an entity and to act in many other capacities. Trust estates have for centuries been recognized in English jurisprudence as founded on sound principles of equity as stated in General American Oil Co. v. Wagoner Oil and Gas Co., 247 P 99. As respect to their fundamental characteristics, PURE TRUSTS have

almost universally been held to be valid as reported in Baker v. Stern, 216 NW 147, 58 ALR 462.

The right to create the Trust is based on the Constitutionally guaranteed Right to Contract by individuals establishing it as held in Berry v. McCourt, 204 NE 2d 235. It is not so much a Trust as a contractual relationship based on Trust form. *"No state shall make any law impairing the obligations of contracts,"* Article 1, Section 10-3, U.S. Constitution.

This is one of the many reasons established by legal precedent that PURE TRUSTS are lawful and valid organizations as held in Lagett v. Kilbourne, 66 US 346; Coleman v. Mckee, 257 SW 733; and Reeves v. Powell, 267 SW 328.

The PURE TRUST, when used to operate a business, is not a corporation as stated in Darling v. Buddy, 1 SW 2d 163; 318 Mo. 784. It is not incorporated according to the case of Crocker v. Malley, 265 US 14. The Trust instrument should be considered as analogous to a corporate charter and just as broadly interpreted as held in Bomeisler v. Jacobson & Sons Trust, 118 F 2d 261.

The PURE TRUST derives no power, benefit or privilege from any statute according to Crocker v. Malley, 264 US 144; Eliot v. Freeman, 220 SW 178; Betts v. Hackathorn 252 SW 602, 31 ALR 847; Goldwater v. Oltman, 292 p 624; Gleason v. McKay, 134 Mass 419. The few state constitutional provisions that declare *"the term corporation...shall be construed to include all servicers...having any powers of corporation not possessed by individuals..."* has not made the PURE TRUST illegal as held in State ex. rel. Great American Home Savings v. Lee, 233 SW 20, 288 Mo. 679.

There is sound legal evidence to support the fact that a true PURE TRUST is not an services and would not come under the Missouri Constitutional Provision. Remember that there is no "beneficial interest" in a PURE TRUST, unlike statutory trusts. The U.S. supreme Court stated, *"We perceive no ground for grouping the two -- beneficiaries and Trustees together, in order to turn them into an services, by uniting their contrasted functions and powers, although they are in no proper sense associated."* Hecht v. Malley, 265 US 144.

The fact that the Trustees hold title to the PURE TRUST, does not mean it is the Trustees who own the property. Trust property cannot be held under an attachment nor sold upon the execution of a Trustee's personal debts as held in Hussey v. Arnold, 70 NE 87; Mayo v. Moritz 24 NE 1083.

The powers and duties are set forth in the Indenture and are effectively limited thereby, Morris v. Finkelstein, 127 SW 2d 48.

Succeeding Trustees take title to the property subject to the same conditions as in the hands of the original Trustees, Bisbee v. McKay, 102 NE 327.

One of the reasons that Trustees are used to hold title, is that the PURE TRUST estate cannot promise, but the other party must look solely to the Trust estate, Taylor v. Davis Adams, 110 US 330.

In the case of the PURE TRUST, conveyance of real and personal property amounts to a complete transfer of title, Carpenter v. White, 80 f2d 145.

The Managers may decide to sell or trade Trust assets or corpus to some outside third party. They may offer to trade all or any portion of those assets. The buyer or client may reject or accept the offer. If accepted on an arms length transaction, they would transfer or assign the assets to the buyer on behalf of the Trust. The buyer would then give consideration to the Trust estate representing the investment interest plus possible appreciation. If the consideration is cash, the Trustees would put it into the Trust bank account and control it along with the other assets of the Trust estate.

Managers are entitled to reimbursement for all incidental and direct expenses concerning Trust business. The Trust can purchase many items for business, to which the Managers have access and use.

When the exchanger dies, the corpus is not part of his estate because it is owned by the Trust. When the TC (Trust Certificate) holder dies, any certificate units they may have held become null and void and revert to the Trustees. The initial corpus of the Trust is in a taxable status but not taxed (if taxable), until it is allocated, distributed or liquidated at final dissolution by the Trustees. (This may not occur for several years.) In these cases the TC holders pay any taxes due (if eligible) on income or capital gains only after receiving same.

MISCELLANEOUS

Q. WHERE SHOULD I KEEP THE PURE TRUST DOCUMENTS?

A. The original should be kept in a secure location. Do not keep the PURE TRUST document in a bank safe deposit box.

The Minutes are extremely important. They will be instrumental for the Successor General Manager to know what is going on and what your desires were, should he/she ever have to take over. You may want to have several copies of these Minutes. One could be kept at home. The Successor Manager may also retain a copy and then he or she will not have to seek them out, in the event something happens to you.

Q. WHY SHOULD I, AS AN ENTREPRENEUR, CONSIDER A *COMMON LAW PURE TRUST*?

A. The economy of our country is built upon the success of the entrepreneur and the entrepreneur's survival may well depend on his ability to protect his assets, reduce his taxes, and increase the privacy of his activities. The *COMMON LAW PURE TRUST* can provide privacy, asset protection, and asset diversification.

Q. IF ONE OF THE "PILLARS" OF THE PURE TRUST IS BASED ON THE HALE V. HENKEL COURT CASE, 201 U.S. 43. WHAT ARE SOME OF THE OTHER SUPPORTING FOUNDATIONS OF THE PURE TRUST?

A. Article 1, Section 10 of the U.S Constitution guarantees the right to contract and also states that no State or legislature may pass any laws impairing our God given right to contract. In connection with the above passage of the Constitution, which is sometimes referred to as the "obligation clause" of the U.S. Constitution, the leading supreme Court case in the interpretation of the obligation clause is the celebrated Dartmouth College Case, Trustees of Dartmouth College v. Woodward. 17 U.S. 518(1819), where the opinion of the court was delivered by the great Chief Justice, John Marshall.

SUMMARY OF COURT DECISIONS **ON THE PURE TRUST**

The following court cases are the result of many years of intense research. Most of the case law was decided about 50 years ago, excepting more recent cases bearing on federal tax laws. They have withstood the test of time.

VALID AND LEGAL TRUSTS

The Massachusetts Trust was upheld by the supreme Court as a Trust. In this case the court held that the Trust was not an services, but was in fact a Trust. Crocker v. Molley, 294 US 223 (1924).

"It is distinguishable from other express Trust indentures which are held to create true Trusts, if the Trustees are the principals and are free from any control by the certificate holders. The Hecht Real Estate Trust was established by the members of the Hecht family and was primarily a family affair according to the court." Hecht v. Molley, 265 US 144 (1924).

"This type of Trust is referred to as a 'Pure Trust' because it finds its basis in the law of contracts and does not depend on any statute for its existence." Schumann-Heink v. Folsom, 159 NE 250 (1927). US Constitution (Right to Contract) Article 1, Sec. 10.

"The character of Trust for income tax purposes is dependent on phraseology of the Trust instrument whether it discloses a Pure Trust." Hill et al v. Reynolds, 75 F Supp, 408 (1948).

The supreme Judicial Court of Massachusetts stated that, *"The declaration of Trust in the case at bar is different from any hitherto considered by this court,..."* this Express Trust was established under written declaration. Bouchard v. First Peoples Trust, 148 NE 895 (1925).

The California supreme Court stated that a PURE TRUST *"...is lawful in any state, the statutes of which, permit trusts to be created for any purpose for which a contract may lawfully be made;..."* (Because the original source of the authority is the COMMON LAW basis for the U.S. Constitution, this includes all states.) Goldwater v. Oltman 292 p. 624 (1930).

EXCHANGE OF PROPERTY

The united States supreme Court ruled that if property received in exchange has no fair market value, it does not represent taxable gain to the recipient. Burnet v. Logan, 283 US 404.

"'Market value' for the purpose of the Internal Revenue law, is priced at which a seller is willing to sell at a fair price, and a buyer willing to buy at a fair price, both having

reasonable knowledge of the facts and are willing to trade." American National Bank of St. Joseph v. U.S., 92 F Supp. 403 (1950).

GIFT TAX CONSIDERED

1. Organization of a Pure Trust was held lawful. Subscription to stock in the Pure Trust *"...was held not a gift but an investment."* Palmer et. al. v. Taylor et. al., 269 SW 996 (1925).
2. *"Gift tax applies only to transfers by gift with less than full and adequate consideration."* Tyson v. Commissioner, 146 F 2d 50 (1944).
3. *"Even bad bargains in a genuine business transaction are held not to result in taxable gifts. Where the value of stock was in excess of the consideration, the transfers were made in the ordinary course of business and are not subject to gift tax."* (Leon Jaworski argued this case against the IRS) Est. of Anderson, 8 TC 706(A) (1947).
4. *"No gift tax applied when property was transferred to a disconnected and isolated entity where consideration was not lacking."* Scanlon v. Commissioner, 42 US Board of Tax Appeals 997 (1940).

ESTATE TAX CONSIDERED

1. *"Federal estate tax is an excise tax on the transfer of interests in property that occurs as a result of death."* (If the interest in property is transferred to PURE TRUST before death, no tax.) Old Kent Bank & Trust Company v. U.S., 430 F 2d 392 (1970).
2. *"Rationale of the federal estate tax is not a levy on property of the estate, but on its transfer at death."* Second National Bank of Newhaven v. U.S. 422 F 2d 49 (1970).
3. *"Property interests terminating on or before death are not a proper subject of federal estate tax."* Babbs v. U.S., 349 F Supp. 792 (1972).
4. *"The measure of estate tax is the value at the time of descendant's death of all property then owned by him"* (not property owned by another entity, such as a Trust). Ingleheart v. Commissioner, 77 F 2d 704 (1935).
5. *"Transfer tax is determined by the value of the property or interest transferred at descendant's death."* McCaughn v. Fidelity Trust Company, 34 F 2d 443 (1929).

TAXATION IN GENERAL

1. Treasury Department regulations, construing laws relating to taxation, are not conclusive. Doubts in taxation statutes are resolved in favor of taxpayer.
2. *"Taxpayers are not required to continue that form of organization which results in the maximum tax."* Raymond Pearson Motor Company v. Commissioner 246 F 2d 509.

RULE AGAINST PERPETUITIES

The *COMMON LAW PURE TRUST* is, remember, a "contract," not a "trust."

1. *"Trusts do not come within the rule against perpetuities, having no application to such a Trust."* Liberty National Bank & Trust Company in New York v. New England Investors Shares, Inc. 25 F 2d 493.
2. *"Such a Trust in personality does not fall within the condemnation of the rules where it is terminable at any time by the Trust articles. Legal and beneficial interest are vested immediately and the rule against perpetuities has no application to Business Trusts."* Baker v. Stern, 216 NW 147

While "trusts" do not come under the Rule Against Perpetuities, "contracts" do. Therefore, the *COMMON LAW PURE TRUST* must have a termination date.

The PURE TRUST is alive and well today. Most of the following cases were decided in the decade of the 1960's and the 1970's on various aspects of this type of Trust. Notice that they are as lawful and valid today as two hundred years ago, or fifty years ago when the bulk of the case law was decided and established.

1. *"Business Trusts' have been defined as entities which provide a medium for the conduct of a business and the sharing of its gains ...operating ...under a written instrument or declaration of Trust. Entity was organized in Denmark to promote products in the United States."* Denmark Cheese Services v. Hazard Advertising Company, 59 Mis. 2d 182.
2. *"A Pure Trust is not so much a Trust as a contractual relationship based on Trust form, which in result is about half partnership and half corporate."* Berry v. McCourt, 204 NE 2d 235.
3. *"Bank failed to secure transfer of its claim to interest in Pure Trust in accordance with requirement of transfer of books of Trustees, and hence, bank never obtained such interest. Extension of Pure Trust by Trustees is pursuant to authorization of Trust instrument."* Peoples Bank v. D'Lo Royalties, Inc., 235 S. 2d 257.
4. *"New enabling act which recognizes Business Trusts and their beneficiaries from third parties, is not unconstitutional in Washington State."* Pacific Am. Realty Trust v. Lonctot 381 P 2d 123.

As you can tell, many people use the PURE TRUST to operate a business. This keeps their other possessions totally free from lawsuits resulting from any actions of the business. There is nothing inherent in the PURE TRUST to prevent it from carrying on any kind of lawful business activities that individuals, partnerships or corporations might engage in as is evident from a consideration of the wide variety of business pursuits for which pure trusts have been organized: Operating and management of apartment houses - Helvering v. Coleman-Gilbert Assn., 296 US 396; Oil Well Development - Helvering v. Cones, 296 US 375; Real Estate Business - Crocker v. Malley, 249 0523, Purchasing, improving, holding and selling land and buildings and operating and office buildings with elevator service, janitor service, etc. - Eliot v. Freeman, 220 US 178; Production of motion pictures - Goldwater v. Oltman, 210 Cal. 408; Building and Equipping Racing Speedway - Chas. Nelson Co. v. Morton, 106 Cal App. 144; Real Estate Business - Schumann-Heink v. Folsom, 328 Ill, 321.

"The principal advantages which the PURE Trusts have over partnerships are their centralized management, the introduction of large members of participants, the possibility of transferring beneficial interests without affecting the continuity of the enterprise, fact that the death or disability of a shareholder does not terminate the Trust, and the immunity of shareholders from personal liability." Morrissey v. Commissioner, Internal Revenue, 296 US 344; Spotwood v. Morris 12 Idaho 360, 85 P 1094; Hossack v. Ottawa Development Assn., 244 Ill, 274.

Q. WHAT IF I SHOULD BECOME BANKRUPT?

A. Your personal bankruptcy has no effect on the assets of the PURE TRUST. For example, John King placed roughly \$240 million into a PURE TRUST for his family, and later declared bankruptcy to the tune of over \$40 million in creditor's claims. The court ruled that his Trust did not have to pay any of the claims, and it kept the entire \$240 million intact for his family. John King maintained his standard of living throughout the bankruptcy.

Note: Exchanging assets into the PURE TRUST cannot leave you insolvent, or without the means to pay your present bills or expected future bills, or contribute to your personal bankruptcy. If so, then again, the transfer of assets into the PURE TRUST can be set aside as a fraudulent conveyance. As stated in the PURE TRUST document the Trust Organization has no liability for the debts or earnings of the Trustees.

Q. WHY IS THERE A TERMINATION DATE AND HOW CAN IT BE RENEWED?

A. The contract states that the PURE TRUST is automatically terminated at the end of twenty years. To renew it, you simply make a note in the Minutes to renew it for another twenty years (more or less as you see fit), or you could change it to a lesser amount of time. A term limitation is required to comply with the Law of Perpetuities which says a contract must have a time limitation.

**PURPOSES FOR WHICH
COMMON LAW PURE TRUSTS
MAY BE CREATED**

"A Trust in relation to real and personal property, or either of them, may be created for any purpose or purposes for which a contract may be made."

That means that you can create and operate a PURE TRUST for ANY reason you want! Remember, it is strictly a contract - an agreement between the Trustees and the Manager. It draws its authority from the UNLIMITED RIGHT TO CONTRACT guaranteed by the United State Constitution. It is NOT subject to statutory regulation.

A PURE Trust can own your business. A PURE Trust can own your house. A PURE Trust can own your vehicles. A PURE Trust can manage the investments you intend to leave to each of your children (or siblings, good friends, remote relatives, etc.). A PURE Trust can conduct business activities you don't want intermixed with your profession. A PURE Trust can do just about anything you can THINK of!

ORIGIN AND BASIS FOR DEVELOPMENT

"Hostility to, and unreasonable regulations of, corporations also have had their part in the development of the PURE TRUST..." Goldwater v. Oltman, 229 P 621, 210 Cal 408 71 ALR 871

"... Except as statutes may restrict the use of a Trust to specified objects, and except as statutes may permit corporations only to engage in certain types of business, a Pure Trust may be organized to engage in any business in which individuals or corporations may lawfully engage."
Wagoner Oil and Gas Co. v. Marlow, 278 P 294, 137 Okl. 116;
Weber Engine Co.v. Alter, 245 P 143, 120 Kan, 46 ALR 158.

HOW DOES THE COMMON LAW PURE TRUST PROVIDE PRIVACY?

Everything you own is a matter of public record, not just your real and titled property, but all of the other things you buy throughout your life. Every time you use a credit card or write a check, you are leaving a record of what you have purchased and from where. Today, it is not difficult at all for anyone who knows how, to compile an amazingly accurate assessment of all that you possess.

By exchanging the majority of your assets into one or more *COMMON LAW PURE TRUSTS*, you no longer own any of these assets. They are owned legally by the PURE TRUST. Now your name does not appear as owner on anything of value in any records anywhere. And, if from then on, all purchases of other assets are in the name of the Pure Trust, and with the Pure Trust's funds you will be creating the Trust's ownership paper trail. A close examination of your life will reveal that you own virtually nothing. It is precisely how we should all want to appear in today's world.

HOW DOES THE COMMON LAW PURE TRUST PROVIDE ASSET PROTECTION?

No one can take from you that which doesn't belong to you. If the PURE TRUST owns the assets, they do not belong to you. You manage the assets on behalf of the Pure Trust. By exchanging your assets into a *COMMON LAW PURE TRUST* you are giving up ownership of those assets. *If you have nothing that anyone can take from you, what is there to lose?*

WHAT DOES DIVERSIFICATION OF ASSETS MEAN?

When one talks about diversifying investments, he's saying that he's putting his money into as many different investments as possible. He does this to limit the possibility that he could lose all of his money on one bad investment. It's simply a tactical strategy based on the old saying: *"Don't put all of your eggs into one basket."*

By employing this wisdom, you are spreading out your assets to reduce the possibility of losing all of them to one adverse event.

The PURE TRUST, as you know, is a person the same as you and I in the eyes of the law. It has all of the same rights we do (plus a much greater access to rights we have lost). Also, it has some of our liabilities. The PURE TRUST can be sued. It is not as easy to sue a PURE TRUST as it is to sue us, but the possibility does exist.

How could a PURE TRUST be sued? Let's assume that the home you inhabit is owned by a PURE TRUST. You, as General Manager, are living in the house per your contract. Someone walks up the front walk, falls down and hurts their knee. Any lawsuit generated by such an

accident would certainly include the owner of the house, as well as the occupant. In today's highly litigious society, the risks to the owner of the house are as great as they are to the resident. A search of the public records by the victim's attorney would reveal that you own nothing of value. Therefore, the attorney would have little interest in you, but the organization that owns the house might well be worth going after. And, the other assets owned by the PURE TRUST would also be at risk.

There are other scenarios that could be used. For example a car that is owned by a PURE TRUST is just as likely to draw a lawsuit. Any accident involving the car could result in a lawsuit against the owner, the PURE TRUST.

The truly prudent Citizen will divide ownership of automobiles, businesses, real estate, and investments among several PURE TRUSTS.

INSTRUCTIONS and SUPPORT

The *COMMON LAW PURE TRUST SERVICES* has a complete support system!

When you make the commitment to manage one or more *COMMON LAW PURE TRUSTS*, your *COMMON LAW PURE TRUST* arrives with a complete set of finely-tuned, detailed instructions on exactly what to do, how to do it, and when to do it. These instructions, the result of decades of careful research and experience come included with the Pure Trust Indenture. They cover just about every eventuality that you could possibly encounter while functioning as the General Manager. They even describe what to do in circumstances that you may never encounter!

Nowhere in America will you find a more complete, more inclusive, more protective program that the *COMMON LAW PURE TRUST*!

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There are four (4) things you need to do:

Name your TRUST. Normally, it is suggested that you NOT use the word "Trust" in the title. Since a PURE TRUST is strictly a contract, using the word "Trust" in its name can prove confusing for others who do not know the difference between PURE TRUSTS and statutory trusts. Use a name which will reflect a different nature, such as "Prometheus Group," "Ajax Heavy Industries," "Wombat Foundation," "The Tom Wilson Co.," etc.

Name the MANAGER of your Trust. In most cases YOU will manage the Trust. The key to this system is giving up ownership but retaining control. Often it is better to have your assets owned by a Trust which you control, rather than to have them in your own name.

Name your TRUSTEE(s). You must name a minimum of one, but two is preferred. If you are concerned that, at some future time, personal matters could arise between you and family members who might be designated as Trustees, we can provide Professional Trustees for you. Since they have no access to the contents of the Trust, you are not jeopardizing the value. You must choose *either* your own Trustees, *or* the professional Trustees. You can not "mix-n-match." The cost for professional Trustees is \$50 per year, per Trustee. And you must complete the information for an *ALTERNATE TRUSTEE*. This person will have nothing to do with the Trust until- and-unless something happens to the Professional Trustees. Then, the Alternate Trustee will appoint new Trustees for the Trust.

Make a COPY of the Application. Then, complete the information requested on the Copy (keep the copy for future use). Then mail the completed Application, along with your Money Order, Cashier's or Certified Check to us

The FIRST PURE TRUST is only \$599.00 (NOT thousands of dollars like some others charge), and when you need additional PURE Trusts they are just \$399.00.

WHAT GOES WHERE ON THE TRUST APPLICATION

NAME OF TRUST: Usually you should NOT use the word "Trust" in the title.(required),

NAME OF EXCHANGOR: This is normally YOU.(required),

DESIGNATED MANAGER: This is normally YOU.(required)

ALTERNATE MANAGER: This is whomever you wish to take control of the Trust assets when you die.(required)

TRUSTEES: If you want to name your own, complete the information for #1 and #2.

If you wish to use Professional Trustees, complete the information for the ALTERNATE TRUSTEE (person to succeed the Professional Trustees in an emergency). (required)

IMPORTANT NOTE: If you anticipate being an heir to any substantial asset, give this information to the person including you in their plans. Any asset placed in a LIBERTY PURE TRUST will avoid death taxes, inheritance taxes, estate taxes and probate expenses. By helping the person with assets plan properly, you can save yourself and other heirs an arduous experience when the bequeather dies.

An appropriate word of advice is offered by an experienced estate-planning attorney in this serious matter:

"You can have a Will instead of a Trust if you are willing to pay the price!!!"

The "Law Of The Land"

"No state shall make any law impairing the obligation of contracts"

Article 1, Section 10-3 U.S. Constitution.

“DON'T PUT YOUR TRUST IN MONEY, PUT YOUR MONEY IN TRUST!”

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