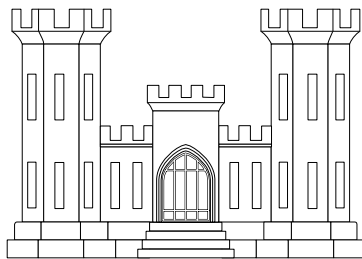


Tax Minimization Plan[®]

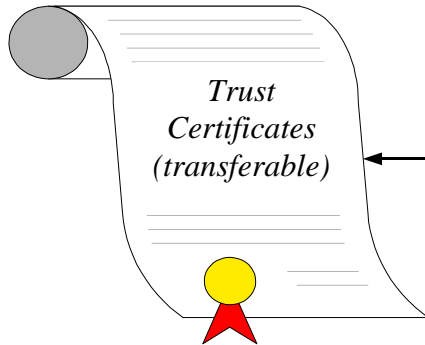
(Domestic & Offshore)

presented by
The Fortress Trust

NOTICE: The enclosed material is protected by Trade Secret Laws. No one may possess or retain the enclosed material without first signing the Non-Disclosure and Non-Competition Agreement provided to them by The Fortress Trust. Acceptance of the enclosed material by the recipient shall be considered as automatic agreement to the Non-Disclosure and Non-Competition Agreement of The Fortress Trust.



Step #1



***Non-Grantor Complex Trust
(with freely transferable Trust
Certificates)
N.G.C.T.***

Third-Party Trustee:
Bank or Trust Company of
the member's choosing.

Protector:
Law Firm which drafted documents
for the member.
Protector has the power to add or
remove Trustees.

**Trust is drafted to completely
exclude any business purpose or
business activities – passive
investment only.**

**Trust is drafted to allow
charitable beneficiaries.**

**Distributions at Trustee
Discretion**



Member transfers assets to a Non-Grantor Complex Trust in exchange for Trust Certificates (TCs) which are freely transferable. Their house is not transferred to the trust, because it will be transferred to a Limited Liability Company as its headquarters.

Step #2

Limited Liability Company

Operates current business or provides management services to other business entities
Provides benefits to Members for acting as Managing Directors

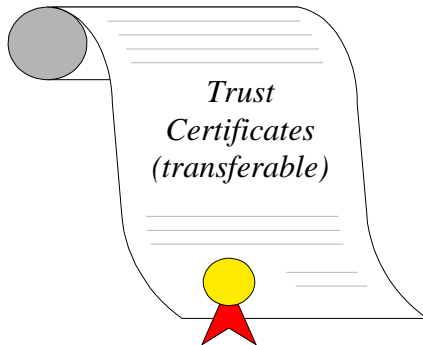
Managers: Members – 5% interest
Non-managing member: N.G.C.T. – 95% interest

Benefits Provided:

- Housing
- Vehicles
- Healthcare
- Travel
- Education
- Expenses
- Salary



Members exchange
the house for a 5%
interest in the LLC



N.G.C.T. exchanges
its assets for a 95%
interest in the LLC

*Non-Grantor Complex Trust
(with Trust Certificates)
N.G.C.T.*

Third-Party Trustee

Protector

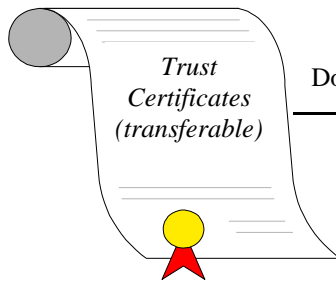
Passive investment only.

**Trust is drafted to allow
charitable beneficiaries, and
distributions at Trustee
discretion.**

Step #3

Domestic Option

Members Donate 100% of the Trust Certificates to a Charitable Trust



Donation of 100% of TCs

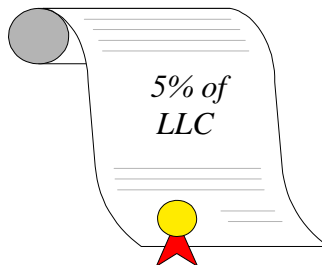
Charitable Trust (§ 4947(a)(1) Non-Exempt Charitable Trust)

Trustees: Members

Charitable Trust has “private foundation” status. It is required to donate 5% of its “net investment assets” for charitable purposes each year. It can pay salary and provide appropriate benefits to its Trustees for their services. It may make bona fide loans to third parties.

Living Trust

To avoid probate and estate taxes, the members hold their LLC interest in a living trust. To avoid any possibility of estate taxes, the Living Trust contains a provision which stipulates that any value in the estate in excess of their federal estate tax exemption equivalent shall be donated to a Charitable Trust created under IRC Sec. 4947(a) (1), with the beneficiaries of the living trust acting as Trustees



The Effects & Benefits of the TMP® DOMESTIC PROGRAM

- Separating your ownership of assets from your control of the assets gives you greater liability protection. If you are sued, your personal liabilities will not attach to the assets in the Limited Liability Company. Nevertheless, once the assets are transferred to the LLC, you will regain control over the assets, income, and operation of the business.
- Because the assets are transferred to the NGCT in exchange for freely transferable certificates which give the right to receive the distributions from the trust, there is NO gift in the transfer of the assets. Consequently, there is no “gift tax” in the transfer.
- Because the transfer of the assets to the Non-Grantor Complex Trust is NOT a gift, under the terms of Internal Revenue Code Sec. 1015 the assets receive a “stepped-up basis” once transferred to the trust. That new basis carries over to the LLC when the assets are transferred to it. Therefore, if any of those assets are sold at that time, there would be no capital gains tax due.
- Because the Trust Certificates are donated to the Charitable Trust, and the Charitable Trust is treated as an exempt organization (under the provisions of 26 USC Sec. 4947(a)(1)), then any income distributed from the NGCT to the Charitable Trust will be free from income tax.
- Because the Trust Certificates are owned by the Charitable Trust, no value of the Trust Certificates can be subject to federal estate tax or state inheritance tax.
- Because the 5% interest in the Limited Liability Company is held in a Living Trust, there will be no probate upon those assets.
- Because the Living Trust has a provision which instructs that all value in the estate above the federal estate tax exemption is to be donated to the Charitable Trust, there will never be any estate tax or inheritance tax on the assets contained in the Living Trust.
- Because the clients operate the LLC as the Managers they are entitled to many benefits, several of which are tax-free. If proper requirements are met, the LLC will provide the clients with housing – tax free! An arrangement has been established whereby many items that were previously paid with “after-tax” dollars are now paid with “pre-tax” dollars.

NOTICE

The foregoing is only a very basic explanation of the benefits and operation of the TMP. A full technical explanation, including analysis of the tax aspects, is available. However, the interested party must first sign a Confidentiality Agreement. Contact The Fortress Trust for further information. You may request further information or a copy of the Confidentiality Agreement by contacting the Fortress Representative who gave you this material, or contact us by e-mail at fortress_trust@yahoo.com or you may call us at 1-800-487-8780. Ask for Bill Cover or Michael Dowd.

Steps #1 & 2 are the same as in the Domestic Program

Step #3 Foreign Option

Members Sell 100% of the CBIs to a Foreign Company

Step One



Promissory Note

Foreign Corporation



John and Mary receive an offer from a Foreign Corporation to purchase their Trust Certificates for a Demand Note equivalent to their original basis. They accept.

Step Two

Foreign Corporation #1



Promissory Note

Foreign Corporation #2

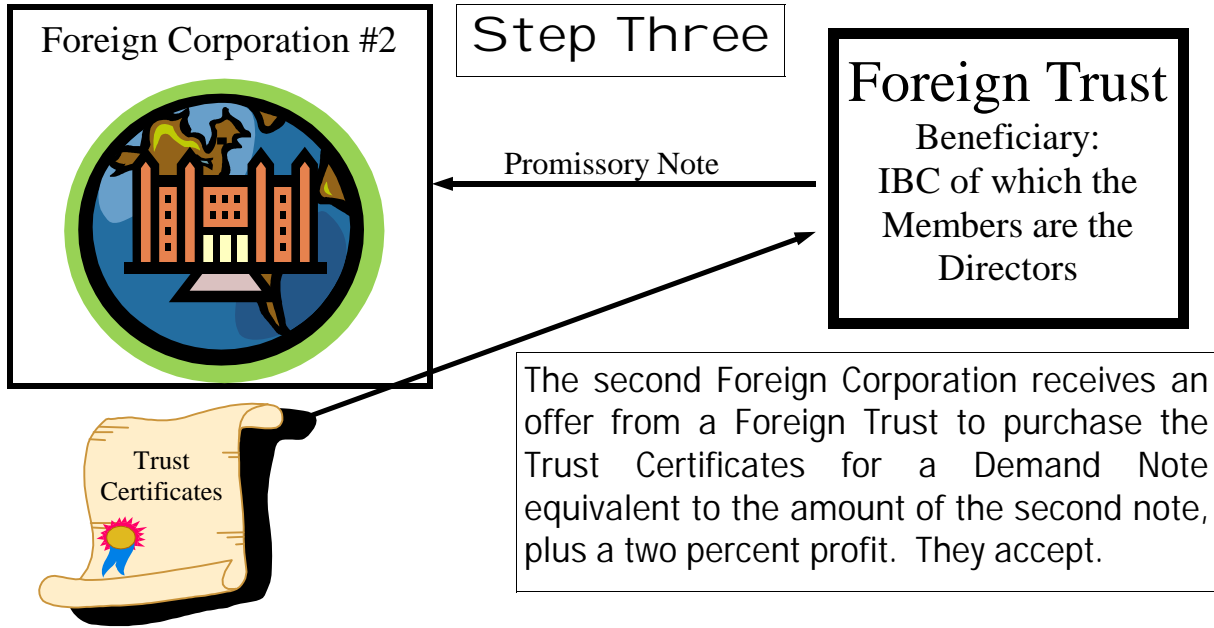


The first Foreign Corporation receives an offer from a second Foreign Corporation to purchase the Trust Certificates for a Demand Note equivalent to the amount of the first note, plus a three percent profit. They accept.

Step #3 Continued

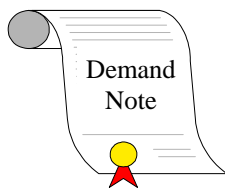
Foreign Option

Members Sell 100% of the CBIs to a Foreign Company



For asset protection and estate planning purposes the clients convey the Demand Note and their 5% interest in the LLC into a Limited Partnership in which they are the General Partners and they and their children are the Limited Partners. In order to avoid probate and estate taxes the clients transfer their partnership interests into a Living Trust.

Family Limited Partnership



General Partners: Clients - (1% interest)

Limited Partners: Clients and their children
(99% interest)

Living Trust

To avoid probate and estate taxes, the clients hold their partnership interest in a living trust. To avoid any possibility of estate taxes, the trust contains a provision which stipulates that any value in the estate in excess of their federal estate tax exemption equivalent shall be donated to a Charitable Trust created under IRC Sec. 4947(a)(1), with the beneficiaries of the living trust acting as

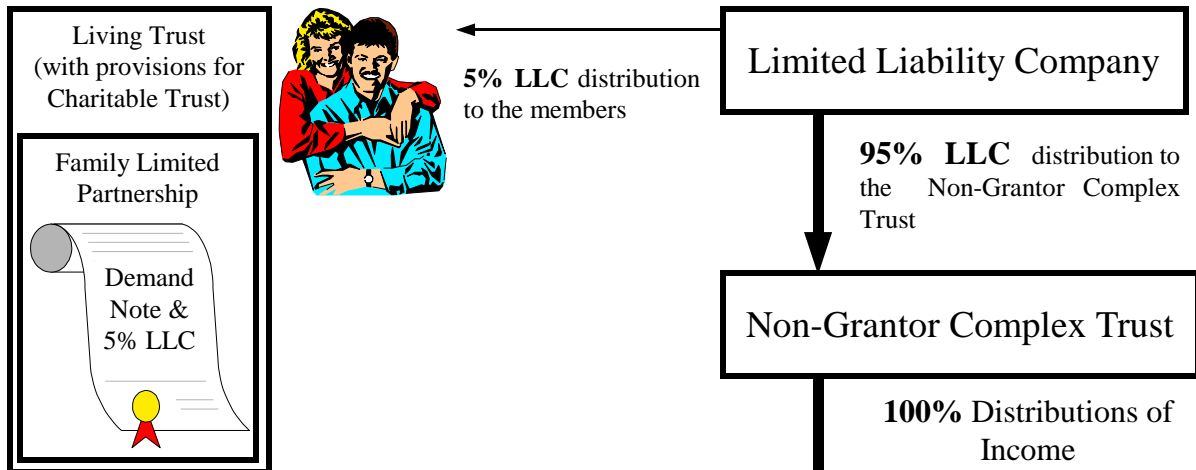
Trustees. Further, any conveyance of the Demand Note to anything other than the partnership or living trust converts the Note to an Installment Note with a 100 year term.

Step #3 Continued

Foreign Option

Members Sell 100% of the CBIs to a Foreign Company

Final Configuration



FOREIGN TRUST Created With:

A Foreign Grantor – a separate IBC

-Funds trust with \$1000

A Foreign Trustee

-Uses \$1000 to purchase the shares of the member's IBC.

-Gives Power of Attorney to members IBC

A Foreign Beneficiary

-An IBC of which the members are the Directors

INTERNATIONAL BUSINESS COMPANY (IBC)

- Members are Directors
- Stock is owned by the Foreign Trust
- May make certain gifts to US persons & US entities from bank accounts situated outside the US
- May make certain investments within the US tax-free



100% Distributions of Income



The Effects & Benefits of the TMP® OFFSHORE PROGRAM

- Separating your ownership of assets from your control of the assets gives you greater liability protection. If you are sued, your personal liabilities will not attach to the assets in the Limited Liability Company. Nevertheless, once the assets are transferred to the LLC, you will regain control over the assets, income, and operation of the business.
- Because the assets are transferred to the NGCT in exchange for freely transferable certificates which give the right to receive the distributions from the trust, there is NO gift in the transfer of the assets. Consequently, there is no “gift tax” in the transfer.
- Because the transfer of the assets to the Non-Grantor Complex Trust is NOT a gift, under the terms of Internal Revenue Code Sec. 1015 the assets receive a “stepped-up basis” once transferred to the trust. That new basis carries over to the LLC when the assets are transferred to it. Therefore, if any of those assets are sold at that time, there would be no capital gains tax due.
- Because the Trust Certificates are sold in an “arms-length transaction“ to an independent third party, and then are resold to the Foreign Trust; income distributed to the Foreign Trust, and then redistributed to the International Business Company, is not subject to U.S. taxes under the provisions of 26 USC §§ 861 & 661.
- Because the Trust Certificates are owned by the Foreign Trust, no value of the Trust Certificates can be subject to federal estate tax or state inheritance tax.
- Because the 5% interest in the Limited Liability Company is held in a Living Trust, there will be no probate upon those assets.
- Because the Living Trust has a provision which instructs that all value in the estate above the federal estate tax exemption is to be donated to the Charitable Trust, there will never be any estate tax or inheritance tax on the assets contained in the Living Trust.
- Because the clients operate the LLC as the Managers they are entitled to many benefits, several of which are tax-free. If proper requirements are met, the LLC will provide the clients with housing – tax free! An arrangement has been established whereby many items that were previously paid with “after-tax” dollars are now paid with “pre-tax” dollars.

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