



# The Geo-Arbitrage Report



How to develop your own Geo-Arbitrage Strategy: Expand your world view, remove government control, increase your income producing opportunities, and live free.

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# INTRODUCTION

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The world has gone mad. On a weekly or monthly basis we are being inundated with stupid legislation drafted by parasitic elected officials. It feels like we have a weekly 'shit hits the fan' scenario at this point.

You can't help but read about the 6 year old boy or 82 year old grandmother who was molested at airport security due to random required pat downs. Or the wrongly convicted man who had his bank account seized and thrown in jail only to be released months later and embark on an epic battle to get his money back. Some recent stories follow below:

Last year a man carrying \$22,000 in cash in his car was stopped for speeding in Tennessee. The officer asked to search his vehicle and the man obliged. When the officer found \$22,000 in cash, he immediately [seized the cash](#) based on the suspicion the man was involved in drug trade.

Last week an honor student in Texas was [thrown in jail](#) for missing too many classes. You should know she has a full time and a part time job working to support her and her little sister after their parents left them. The judge put her in jail for 24 hours and fined her for missing class and stated, "I just wanted to make an example of the teen."

In April a 5 year old autistic child had a tantrum at his school in Brooklyn. When his 80 year old great grandmother tried to comfort the child and calm him down, she was put in handcuffs and the police officer [broke one of her ribs](#). The mom was also put into handcuffs and finally allowed to go with her son in the ambulance that was transporting him to the psyche ward.

In November 2011, Michigan parents were [charged with medical neglect](#) because they refused to continue chemotherapy and radiation treatment for their 10 year old son. He had already been in treatment for 3 months and tests showed no more signs of the rare bone cancer he was diagnosed with. The child was very ill from the extra treatment so the parents chose to discontinue. The state health department decided this was not the parents decision and charged them with medical neglect.

About 3 weeks ago the Obama administration advised congress to [pass a law allowing freer access to cell phone records](#) without the necessity of a warrant. Part of the debate involves whether or not records obtained from cell phone towers should require a warrant.

The FBI is now pushing for its plan to [allow backdoor access onto social networks, VOIP, and email providers](#) that would allow unfettered access for surveillance as they deem necessary. The FBI is asking companies like Microsoft, Facebook, Yahoo, Google and others not to oppose their proposal that will allow backdoors for government surveillance.

The skies above many US cities will soon be filled with unmanned [surveillance drones](#). Many law enforcement agencies, both local and the FBI, have been granted funding and access to launch these unmanned drones to spy on Americans in many large US cities beginning later this year.

Why would I share these stories, you may ask. The reason is simple. You need to wake up to the reality that the world is a changed place. These atrocities would never have been tolerated 30, 20, or even 10 years ago. Today they are commonplace.

We are subjected to asset seizures, government interference into our household affairs, and massive destruction of personal privacy at an alarming rate. If you are reading this you clearly understand the trend and are seeking solutions to the problems at hand. Please understand I am an eternal optimist and have the natural tendency to find solutions and not harp on the problem.

At a company I sold several years ago, my motto at the company was, “Be a problem solver, not a problem finder.” I feel this is an excellent way to live your life.

Today we are going to discuss how to solve these problems using what I call, ‘Geo-Arbitrage’. What is ‘Geo-Arbitrage’, you may ask.

First and foremost, it is a lifestyle choice. It creates an environment for you to live freely, without the controls of any single government or jurisdiction, gives you significant income producing opportunities, and vastly expands your worldview.

Some people call this the multi-flag strategy, living as a PT – perpetual tourist or permanent traveler. And while this is partially accurate, I don’t like the restrictions these monikers impose; however ‘Geo-Arbitrage’ suggests a way of life.

## Step One: 2<sup>nd</sup> Passport

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I mention this as step one, although the ordering is not critical as to the timing of your own planning process. However, acquiring a second passport can create a huge amount of opportunity in your life as well as open many doors.

The opportunities for acquiring a 2<sup>nd</sup> passport are too numerous to discuss in detail here – what is important is “WHY” you would want to have one. The reasons are virtually unlimited but having an alternate travel document, the ability to travel visa free to many other countries not allowed by your home country, business opportunities, banking and investment options, and safety are just a few.

As I tell my clients, acquiring a 2<sup>nd</sup> passport is either cheap, or easy – but never both. There are a few options for economic citizenship that can be done very quickly, but they are typically more expensive – although that certainly depends on your budgetary requirements.

There are some very cheap options, but those require either ancestry or religious connections to the country like Italy and Ireland (ancestry) or Israel (religion); or establishing residency in the country and taking the necessary time to naturalize as a citizen. The options for naturalization are unlimited so you would need to pick a country and time-frame that work well for your situation.

## Step Two: Offshore Residency

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For those of you willing and able to leave your home country, establishing an offshore residency in a tax friendly jurisdiction can be the cheapest, easiest and most lucrative investment you can make.

If you are American, you can qualify for the earned income exclusion exempting your first \$92,000 from taxation as well as getting a housing allowance (or deduction) of about \$50,000. If you move to a country with a lower cost of living (easy to do if you are American), imagine the financial impact that has on your life if your first \$140,000 is tax free and your cost of living is half what it is in America.

Many Central and South American countries offer excellent opportunity to live and acquire easy residency with high quality of life and low cost of living. For example, in Panama you pay no tax on foreign source (non-Panamanian) income. You can live in a very nice climate, with lower cost of living (some parts), and pay no tax on your first \$140,000.

In the UK, residents pay no tax on foreign source income. While London is quite expensive, there are many other parts of the country that are quite livable at a reasonable cost. In Sweden, residents pay no tax for their first 4 years of residency. Stockholm is a beautiful and historical city with 4 very distinct seasons. Not to mention the education for your children is free and fantastic.

## Step Three: Offshore Company

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This is a very important step in developing your asset protection plan. You can establish a company in a tax free country like Seychelles (one of my personal favorites), Cook Islands, Nevis or Belize for operating your offshore company.

By establishing your offshore company in a place like Seychelles, you get a tax free jurisdiction, no reporting requirements, virtually no regulation regarding type or operation of your business, no filing requirements, and completely private ownership and management.

Obviously taking the steps to move away from your home country requires that you either have a large enough next egg to live off the investments, or you have a portable trade or occupation that allows you to work from anywhere. By using an offshore Seychelles company you can work virtually from anywhere in the world, pay yourself the maximum allowable tax exempt salary and defer the remaining profits in the company.

Many internet entrepreneurs, investors, freelancers, and writers use an offshore company to run their business and allow work from anywhere. Many of you already have the ability and the skill-set to take the leap to a virtual work arrangement, all it takes now is the necessary tools.

## Step Four: Private Offshore Banking

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If you don't already have money stashed in an offshore bank account, now is the time to take the step. Especially for Americans the window seems to be rapidly closing with the new FATCA (foreign account tax compliance act) laws putting an enormous amount of pressure on banks around the world.

I have personally spoken to over 50 banks in the past 2 months that no longer accept American clients due to these new laws coming from Washington. Most of them only made internal policy changes this year closing the doors to American clients. We still have a handful of banks that will accept Americans, but it is getting more difficult by the day.

When you have a private banking relationship offshore, you have many benefits including unique investment options not available in the US (I know of many banks paying 4-9% interest on cash), outside of the US jurisdiction making it nearly impossible for courts to seize your account for some arbitrary reason, and in many cases you get complete banking privacy.



## Step Five: Offshore Wealth Management

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For those of you with a higher net worth, offshore wealth management is a serious option to consider. Private family office for the very high net worth folks is an interesting option as well for those of you looking for complete management of your financial affairs.

Some jurisdictions like Lichtenstein and Singapore are excellent options for managing your wealth. They have very competent and highly educated wealth managers who can handle your account according to your own risk profile and even take care of business affairs, real estate property management, and virtually anything else you can imagine.

It is not uncommon for these wealth managers to generate returns of 8+% on your money as they have access to many different investment opportunities that you and I are not privy to. Private real estate deals, private company deals, debt arrangements, and carry trades are just a few things these wealth managers have access to that are only accessible for larger investment funds.

## Step Six: Offshore Playground

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This is the place you spend a lot of your time. Your playground is just where you enjoy spending time. Maybe you like racing cars so you spend it in Germany visiting the many racetracks. Maybe you like gambling so Las Vegas or Macao could be your playground of choice. Maybe hiking the Great Wall of China, Machu Picchu, or the Appalachian Trail is your thing.

The important thing to consider is the implications of a long term stay in your playground. Be sure to not fall into the local tax trap or you will find yourself with an obligation you may want to avoid. Some countries allow you to stay up to 180 days per year without triggering a tax liability while others only allow a maximum of 90 consecutive days. Do your homework or find a consultant who can navigate this process for you.

Please understand, none of what we are discussing is either illegal or immoral. You are just taking advantage of each situation as it benefits you best. Look at it like staying in a hotel.

Maybe the Marriott has the best breakfast and a very nice room. If the Hyatt across the street improves the food quality with a nicer room and a comparable room rate, any rational person would change hotels. If countries want to compete for your business there is nothing wrong with an opportunistic approach taking the best of everything. You only live once, make it worthwhile.

Certainly living this 'Geo-Arbitrage' lifestyle is not for everyone. It is not an easy, overnight process and takes time to develop. It's an adventure to be sure, but shouldn't live be an adventure?

## A Personal Note...

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If you are interested in learning more about developing your own 'Geo-Arbitrage' strategy and meeting world renowned experts in this field, join us in September for '[Global Escape Hatch – Panama 2012](#)' where you will get one-on-one access with lawyers, consultants, and bankers who can guide you to getting 2<sup>nd</sup> passports, offshore banking, offshore investments, internet privacy and more. Use coupon code 'FREEDOM' to get a \$400.00 discount. This is a very small, intimate event held on a private island near Bocas Del Toro and will sell out very quickly. You don't want to miss this event – Register today.