



## Legal Note – Reasons for Offshore Planning

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Several clients have recently inquired about the benefits of offshore planning. We below summarize some of the principle reasons for offshore planning:

1. U.S. courts generally have no authority to govern property beyond our borders. Without jurisdiction over foreign property, domestic courts cannot reach such property to satisfy U.S. debts.
2. Domestically, a judgment holder can overcome the jurisdictional obstacles of obtaining a judgment in one state and reaching the debtor's property in a different state. The creditor simply records the judgment in the state where property may be attached. The judgment then becomes enforceable in the second state. U.S. judgments are, however, generally not recordable (or enforceable) in debtor friendly foreign jurisdictions. If foreign collection is required, the U.S. judgment creditor must actually again prove his or her case for damages in the foreign court to record a judgment in the offshore jurisdiction.
3. Offshore jurisdictions generally limit fraudulent transfer remedies available to creditors. Unlike U.S. states which generally allow creditors several years to file suit to recover assets fraudulently transferred, debtor havens limit fraudulent transfer claims to a very short recovery period. The short statute of limitations therefore quickly forecloses the creditor's ability to reach assets previously transferred to avoid payment.

In light of the potential benefits of offshore planning, it should be considered as a facet of any sophisticated asset protection plan.

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