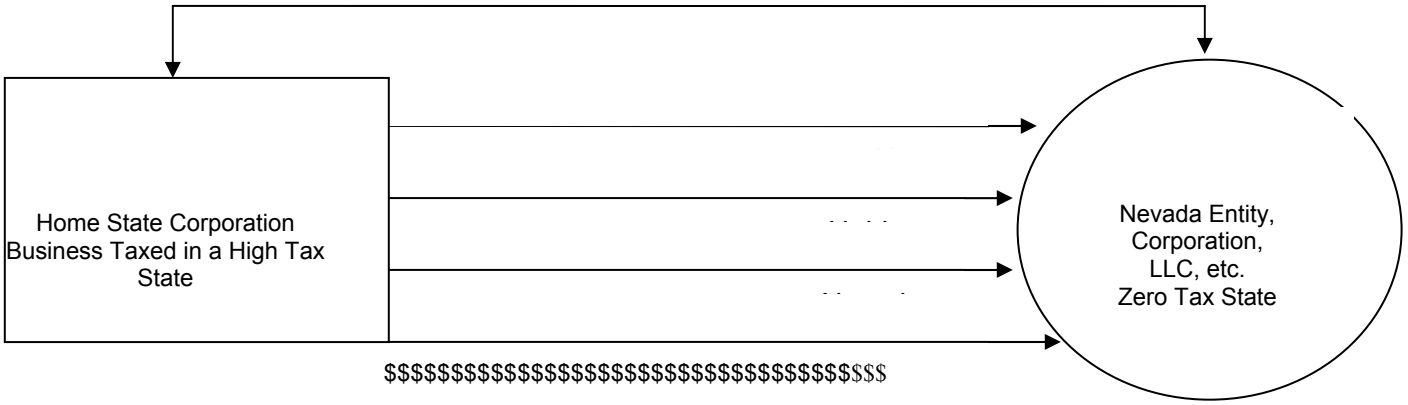
CORPORATE SERVICE CENTER
INCORPORATED

Conventional Up-Streaming Strategy

Objectives
Asset Protection Limit Personal Liability Limit Tax Liability

Action Plan
Form a Nevada Entity to "*Do Business*" with your Home State Company

Contract Services, Loans, Service Agreements, etc. Invoiced from Nevada Business



The Operational Mechanics of the Strategy

1) The "Home State" Business acquires capital loans, a line of credit, specific services or a combination of all from the Nevada Company. The Nevada Company provides purchasing, distribution, marketing services, supply support and logistical services, automobile or equipment leasing, etc. ("management" will not suffice)
2) Invoices paid by the "Home State" business to the Nevada Company are deducted by the "Home State" business as normal business expenses.
3) A proper Promissory Note and Collateral Security Agreement from the Nevada company to the "Home State" business is secured.
4) Interest paid on the Business Loan is a Tax Deductible expense of the "Home State" business.
5) The Collateral Security Agreement pledges the "Home State" business Accounts Receivable, Equipment, Furniture, etc. plus the *additional* collateral of equity in the "Home State" business owner's Real and Personal property.
6) The Nevada Company becomes a **Secured Creditor** of the "Home State" business. The security interest in the collateral pledged by the "Home State" business to the Nevada Company will be secured by placing lien(s) against the property that has been pledged.
7) Trust Deed(s) in the case of real property (real estate) and the Collateral Security Agreement are filed by the Nevada business with the County Recorder's Office in which the real property is located, naming itself as the lien holder.
8) UCC-1(s) in the case of personal properties (accounts receivable, furniture, equipment etc.) are filed with the Secretary of State of Nevada by the Nevada business naming itself as the lien holder.
9) Creditors coming after the "Home State" business as well as the "Home State" business owner(s), provided their property is included in the Collateral Security Agreement and properly filed lien documents, must stand in line (take a subordinate position) thus making the Nevada business a **"Preferred, Secured Creditor.**"

Benefits of Utilizing the Up-Streaming Strategy

All of the "Home State" businesses assets and the "Home State" business owner(s) assets, if implemented properly, are placed in an "Asset Protection" strategy thereby lawsuit proofing both the business and the business owner.

Net Taxable Profit is shifted from the "Home State" business located in a High Tax State to Nevada where there is a *Zero State Tax.*

Separate benefits, perks, etc., can be set up through the Nevada business for its owners/employees, separate from the employees of the "Home State" operating business.