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Partner Jeffrey Asher Writes Legal Update On Newly Enacted Asset Protection Statutes

Last year, Tennessee and Wyoming became the eighth and ninth states, respectively, to permit self-settled trusts for asset protection planning purposes. State legislatures are responding to the increasing need for and interest in asset protection planning.

On the corporate front, Nevada has become a new type of asset protection state.

Asset protection planning is the technique of organizing one's financial affairs in such a manner as to safeguard assets from the reaches of creditors and other risks. Asset protection planning is best suited for business owners, executives, and professionals who have significant exposure to lawsuits and creditors, such as doctors, lawyers, architects, hedge fund managers, and business owners. Asset protection planning involves transferring some of the client's assets from an *unprotected form* of ownership to a *protected form* of ownership. Examples of unprotected forms include, but are not limited to, property held directly in an individual's name, or held in the name of some types of trusts, or even owned in a improperly formed business entity. A protected form can be a properly formed limited liability company, corporation, certain kinds of trusts, limited liability partnerships, and other such "limited liability entities". Asset protection planning is legal, provided that it is not done in a fraudulent manner or with fraudulent intent.

Pryor Cashman Partner Jeffrey Asher has written an informative article on the subject of "Newly Enacted Asset Protection Statutes."