

# HOW TO PREVENT A BANK LEVY

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If you can prevent any creditor from levying against your bank account, you should. I don't care if you think you owe, you should always retain control of when or if you ever decide to pay any creditor, not have it taken from you like some child being punished. The following explains how to do it.

There are of course many variations to this and no doubt you will figure them out for yourself once you see how easily this works. But here are the basics. You want to receive money in the name of a third party, that you control. The ideal structure for this, that will not change your tax situation, is the limited liability company, in any of the fifty states.

How is this accomplished when your employer has to pay you in your legal name? How is this accomplished when the payment can only be made in your legal name? The simplest way is to find a nominee (someone who can act in your behalf using his own name with no power of attorney) who can be the signer for you on a company bank account. You can be the signer, but it's much more certain if you have a nominee do it for you. The nominee should be someone who is of legal age but young enough not to be involved in any collection problems of his or her own. It can also be someone who is old enough that he won't care what you use his name for, and trusts you, and also does not have any collection situations pending.

Once the account is opened, the nominee will give you total control over all of the account management functions, even though he or she can walk into the bank with photo identification and close the account, you will not be keeping much cash at all as the account is only for clearing funds. And I'm assuming this is someone with whom you have mutual trust.

The first step is to have the nominee register an LLC with the secretary of state in the state where the bank account will be opened, preferably where the nominee resides (is a resident). Use a company name that sounds like a company, not the individual's name for whom it will be used. At the time the LLC is registered, the nominee should name himself as the organizer, sole owner/member and the registered agent, using his home address (or a mail box) as the address for the registered agent function.

The nominee should then apply for an EIN from the IRS's official website at this URL:

<https://sa.www4.irs.gov/modiein/individual/legal-structure.jsp> The nominee can use his SSN and name as the applicant and it will not create any liability or tax consequence. In fact, you can use the EIN and name of any other company as the applicant.

Once you have it, the system will generate a PDF formatted letter that you can print on paper for banking purposes and save in a folder on your computer for later reference. I recommend making the filename the actual EIN for quick reference.

Use that letter along with the other documents such as the "mock" articles of association, two forms of identification for the signer and the minimum opening deposit amount when you go to the bank to open the account. You can have two signers, it's your choice. Only one is needed and the LLC will be registered first as a single member LLC, but its operating agreement will create a multiple member LLC. Sometimes it's best to ask the bank what it wants in order to open an LLC account, sometimes it wants a certificate of good standing for the corporation or a record that it's been published in a local business journal for two consecutive periods. Most banks just take your word for it and search for the corporate registration online while you're sitting there to confirm it's actually registered and the names of the principals.

The reason for organizing the LLC as a single member in the beginning is that the bank personnel will not ask for the names and identifying information of the other interested parties, it's really for privacy. The purpose of the "mock" operating agreement, or articles of association is to satisfy the bank's request for it without disclosing the names of the real principals.

There are certainly variations on this process and in many cases it will need to be modified to meet the needs for each individual using it. There is also a method of receiving your money through a Bitcoin service and storing it in dollars using a vault service instead of a bank. Those are additional details for which I don't yet have a standard procedure, but we can discuss anytime.

Along with, or soon after the company is registered (but before the bank account is opened), the nominee should include a fictitious name registration. In some states, this is known as a "dba or doing business as" designation or "assumed name". The applicant is the LLC, using its name, and the fictitious name should be the exact legal name of the individual for whom the nominee is acting. For example, if "Bill M. Smith" needs to clear checks via a bank account and avoid a levy, the company might be called XYZ Company, LLC and it is doing business as "BILL M. SMITH". This is different than the human being known as Bill M. Smith, but will enable checks and even direct deposits to be made to BILL M. SMITH, in the company account and no one will care one bit.

Once you have your LLC registration and fictitious name registration, have the nominee go to the bank and open an LLC bank account, with the nominee as the signer, so that the bank account title shows "XYX COMPANY, LLC DBA BILL M. SMITH" for example. Because the nominee is not the interest party, it's not his money, he will need to give you all of the documents and access to the account and a signature stamp with hand-written authorization in red or blue ink, stating the following:

*"I [signer], hereby authorize the use of my signature, on this date, \_\_\_\_\_, for the limited purpose of operating and managing the corporate banking account for which I am a signer, and for no other purpose, and only for purposes that are not prohibited by law. This authorization shall expire within one year following the date of this statement unless otherwise extended by me in writing."*

Any checks made payable to Bill M. Smith can then be cleared (deposited) into this company account and then the funds can be transferred however Bill Smith prefers. The same works for direct deposits, just notify the payroll function of the company remitting paychecks that the payee has a new bank account and give the individual's same name "Bill M. Smith", for example, and then the bank name, account information and routing number, and new authorization or whatever else is required, and it will be business as usual. The same can be done with a merchant account.

Do not file a tax return for this LLC because it's being used as a "tax flow-through" structure, just clear the funds and move them without leaving lots of cash in the LLC bank account.

The only levy that this does not stop is garnishments at the source, before the check is disbursed to the payee. That takes a different strategy which is too lengthy for me to explain here, but it is possible to prevent nearly every wage garnishment with a strategy that takes about ninety days to organize.

Once this is established, it's possible to further utilize this LLC and bank account to eliminate wage garnishments or at least dramatically reduce them. In most cases, wage garnishments from W-4/W-2 type income can be eliminated completely. If you have 1099 income, it is certain that we can eliminate any attachments to that as well.

### **Special Purpose Trust**

We have an additional structure that used for simply clearing funds in the bank so that the funds are not received in your legal name. It's a special purpose trust that allows you to clear funds (cash checks for example) in your name, but because of the structure of the account and the signature rights, the funds will be cleared in the name of the trust and any claims against your personal bank account will not attach to this special purpose trust account.

This trust was very carefully written by an attorney and we cannot publish it in this booklet, but please ask us at [www.myfreedomnow.us](http://www.myfreedomnow.us) and we can discuss it with you.

This process I just explained will prevent bank levies from literally anyone in the world, unless the levy is against the LLC or settlement trust itself.