

Thank you for your interest in the services of



American Corporate Enterprises, Inc.

STATEMENT OF PURPOSE

Our purpose is to help you secure your financial future by assisting you with savings, asset protection. These days it's difficult to predict, if at all, what the economic future will bring. However, it's the savvy entrepreneur who refuses to leave it to chance.

Furthermore, it's well known that we live in a litigious society. It is up to each of us to take the steps to protect what we have worked to attain. Not only for ourselves, but for our families. Remember it's never too early to start putting strategies in place that will help to improve your profitability and to safe guard your earnings.

In this booklet we outline various strategies that have been used by large corporations and individuals such as yourself for many years. All of which are legal and above board. There are many scenarios that can be implemented to help you secure your financial future and we will be happy to discuss a program to fit your individual needs.

As you'll see in our booklet we offer a wide range of services. We provide from the minimum required Registered Agent Service up to helping you establish a "satellite office" in Nevada.

Our goal is to help you put your money back to work for you. By helping our clients achieve their financial goals and increase their profitability, we then become more successful.

While we are not engaged in rendering legal or accounting services, we do provide services to and work with attorneys and accountants all over the U.S. if you are in need of such services.

We strive to help our clients build a solid foundation for their business by providing quality services at economical prices and by networking with other professionals.

Welcome to **American Corporate Enterprises, Inc.** and we look forward to serving you.



American Corporate Enterprises, Inc.

**PROVIDING YOU WITH QUALITY SERVICES
AND ECONOMICAL FEES**



- REGISTERED AGENT SERVICE
- INCORPORATION IN 50 STATES
- BANKING ASSISTANCE
- EXECUTIVE OFFICE SERVICES
- MAIL FORWARDING
- RECORD KEEPING
- ASSET PROTECTION
- STATE TAX REDUCTION
- BOOKKEEPING AND TAX AFFILIATE SERVICES
- LEGAL AFFILIATE SERVICES



SENT DAILY



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Member of Carson City Chamber of Commerce and Better Business Bureau



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Information Booklet

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WHY INCORPORATE

Because of the length of time corporations have been in existence, there is a long record of statutory and case law which supports the use of a corporation for asset protection.

Consequently, corporations are traditionally considered for use as the **“First Line of Defense”** to accomplish the goal of limited liability. Following are some important attributes and advantages to a corporation which allow it to be used for limited liability as well as other purposes.

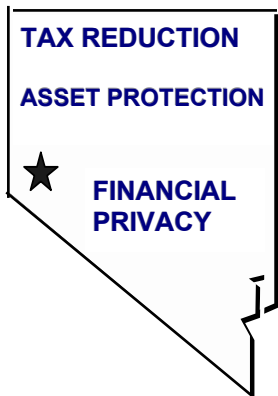
- The corporation is a totally separate entity from any individual- ***it is not you, and you are not it.*** This is important to remember in maintaining the limited liability protection. It must be treated as a separate individual
- A corporation can buy, sell, trade, own property, own stock, make loans, etc. and anything else that an individual can do; such actions are governed by the Board of Directors
- The shareholders of the corporation do not have to live in the state in which the corporation is domiciled. Fortunately, here in Nevada, neither do the Officers or Directors
- Corporations have perpetual existence- if a Director or Officer becomes deceased, the corporation will still exist, unlike with some other entities
- There are many tax deductions available to corporations, which are not available to other entities
- It is easy to transfer assets and ownership of a corporation
- Centralized management allows ease of doing business
- Full fringe benefits can be established through a corporation
- A corporation has all of the rights of an individual except for the Fifth Amendment

Please be advised that we are not engaged in rendering legal counsel or accounting services. If legal advise, or other such services and assistance is required, the services of a professional person in that area should be sought. At your request, however, we may consult with you and render our opinion based on our business experience.

AMERICAN CORPORATE ENTERPRISES, INC. works with and provides services to Attorneys, CPAs, Financial Consultants, etc. in order to meet the needs of our clients. We would be happy to refer you to such a professional at your request.

I'd better get my "First Line of Defense" in order!





WHY NEVADA

Each year close to 40,000 individuals and companies incorporate in Nevada, which has established itself as the one of the best jurisdictions to incorporate. Following are many reasons why you should incorporate in Nevada.

- NO STATE INCOME TAX
- NEVADA IS NOW THE ONLY STATE IN THE U.S. TO HAVE A CHARGING ORDER PROVISION FOR CLOSELY HELD CORPORATIONS.
- CORPORATE OFFICERS AND DIRECTORS CAN BE PROTECTED FROM PERSONAL LIABILITY FOR LAWFUL ACTS OF THE CORPORATION
- ONE PERSON CAN RUN THE CORPORATION
- THE STOCKHOLDERS ARE NOT A MATTER OF PUBLIC RECORD
- NO FRANCHISE TAX
- NO PERSONAL OR CORPORATE TAX
- NO TAX ON CORPORATE SHARES
- THERE IS ESTABLISHED CASE LAW THAT PREVENTS EASY PIERCING OF THE CORPORATE VEIL
- OFFICERS, DIRECTORS AND STOCKHOLDERS DON'T NEED TO LIVE IN NEVADA. NOR DO THEY HAVE TO BE U.S. CITIZENS
- ONLY THE NAMES OF THE OFFICERS, DIRECTORS AND RESIDENT AGENT ARE A MATTER OF PUBLIC RECORD
- THERE ARE MINIMAL REPORTING AND DISCLOSURE REQUIREMENTS
- NO MINIMUM CAPITAL REQUIREMENT TO START CORPORATION
- NEVADA CORPORATIONS MAY ISSUE STOCK FOR SERVICES, PERSONAL PROPERTY, REAL ESTATE OR CAPITAL, WHICH MAY BE DETERMINED ONLY BY THE BOARD OF DIRECTORS
- NOMINAL ANNUAL FEES

With these benefits it is no wonder that properly structured Nevada Corporations are utilized by thousands of large companies and savvy entrepreneurs.

There is no other state that compares when it comes to protection and privacy.





Are my family and I **REALLY** protected?

ASSET PROTECTION STRATEGIES

Studies show that each year 1 out of 4 individuals who make over \$50,000 per year will be sued. Unfortunately, these days it is hard to predict what will happen if you find yourself in court. Legal fees can be costly even if you win or end up settling out of court.

One of the best Asset Protection Strategies is to be absolutely poor. Have nothing that anybody can get. Of course, none of us want to be poor, but you can arrange your affairs to *appear* as though you are. All of which is done by legal and above-board means, which you should do **BEFORE** anything happens. Too many times people will wait until they have been sued before they look in to setting up an asset protection strategy. Often it's too late for them and they find themselves facing the possibility of having to start all over after years of hard work and sacrifices.

ISSUING LOANS TO YOUR HOME STATE BUSINESS

One way to accomplish this is to have your Nevada Corporation make a loan to your home state business. You could use a promissory note, which is due on demand as one example. Since there are no usury laws in Nevada, your corporation could charge any amount of interest. However, you should keep the interest rate at what would be considered "reasonable". That is, within a few interest points of the current lending rate. The loan is then made, and of course, your home state business would secure the loan with the business assets. The Nevada Corporation would then place liens on the assets (usually via UCC-1 filings for equipment and Deeds of Trust for property). Since the promissory note is due on demand, if it became necessary, the Nevada Corporation could take possession of the assets.

It's important to make sure that you have a paper trail for your loan.

EQUIPMENT LEASING

Another way is to have the Nevada Corporation lease property or equipment, etc. to your home state corporation. Then the home state business does not own those assets. Heed the expression "Don't carry all of your eggs in one basket". Spread them out, keep them separated and protected.

ISSUING STOCK IN THE FORM OF A LOAN

As discussed previously Nevada allows stock to be issued for anything. It's up to the Directors to decide what they will issue it for. In fact, stock can even be issued in the form of a loan. You may put up the equity in your home and/or other properties as collateral as well as equipment. Again UCC-1 filings would be done for equipment and a Deed of Trust filed on property.

Limited

Liability

Company

The Hybrid

In recent years this relatively new business entity (new compared to corporations that is) has generated a substantial amount of interest due to the fact that it provides both the **limited liability** of a Corporation and **the single level pass through taxation of a Limited Partnership**.

These attributes can be either an advantage or a disadvantage depending on certain circumstances. Though it avoids double-taxation of issuing profits to shareholders, you could find yourself paying a very high personal income tax rather than a lower corporate tax. Again, this depends on the circumstances.

Just as with a corporation an LLC is separate from its owners, which helps to ensure the limited liability. It is like its own separate person. As far as tax purposes, the IRS currently allows you the option of treating the LLC like a partnership or a corporation.

In order for the LLC to be taxed as a partnership it must lack two of the following characteristics of corporations. This means if it doesn't, the IRS will tax it as a corporation, so there is a possibility of double-taxation on shareholder's profits.

Other Attractive Features

Unlike with C Corporations and S Corporations, the LLC has a lack of restrictions regarding the number or type of shareholders it may have. The S Corporation while providing the flow-through tax status has severe limitations in this regard. This makes the LLC attractive in that there can be more investors/members if needed to raise sufficient capital for businesses.

With an LLC you also have more flexibility with regard to distribution of profits *and* losses. Profits and losses can be distributed to various members at the members' discretion.

In order for the LLC to be taxed as a partnership it must lack two of the following characteristics of corporations. This means if it doesn't, the IRS will tax it as a corporation, so there is a possibility of double-taxation on shareholder's profits. Usually 1 & 2 are maintained, items 3 & 4 are forfeited.

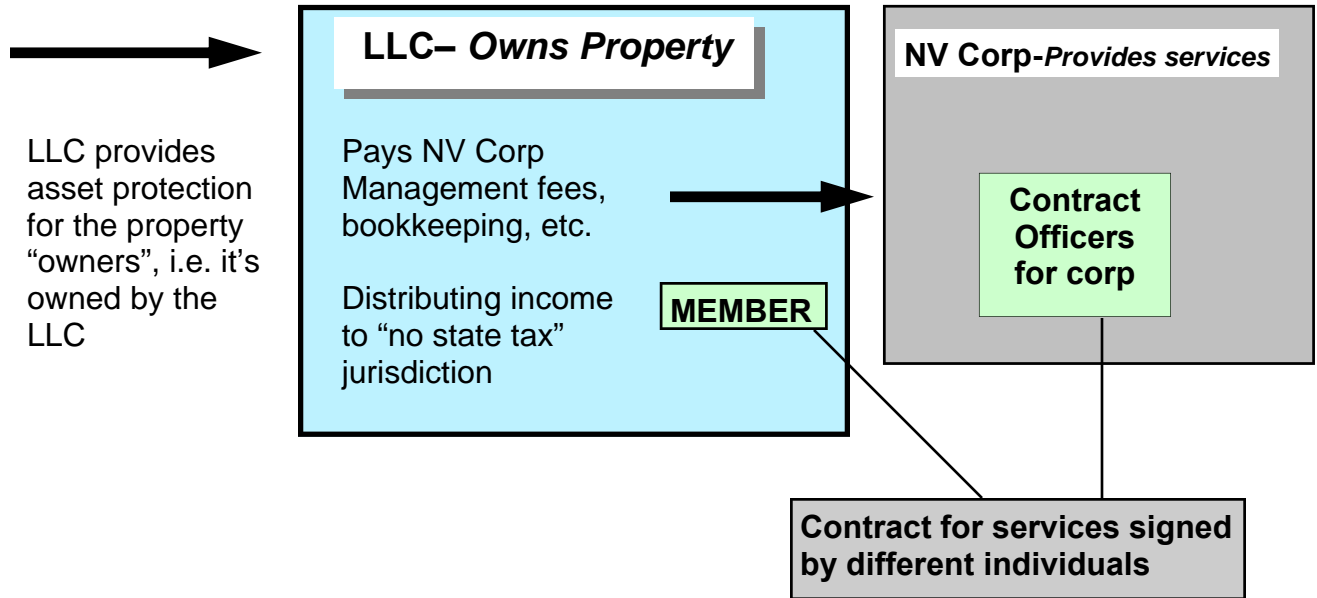
- | | |
|----------------------------------|---|
| 1) Limited Liability | 3) Free transferability of interests |
| 2) Centralized Management | 4) Continuity of life |

LLCs have their place in the business world, but careful consideration should be made before establishing one. Other drawbacks are not as much established case law; treated differently from state to state, and taxation may not be resolved at the state level.

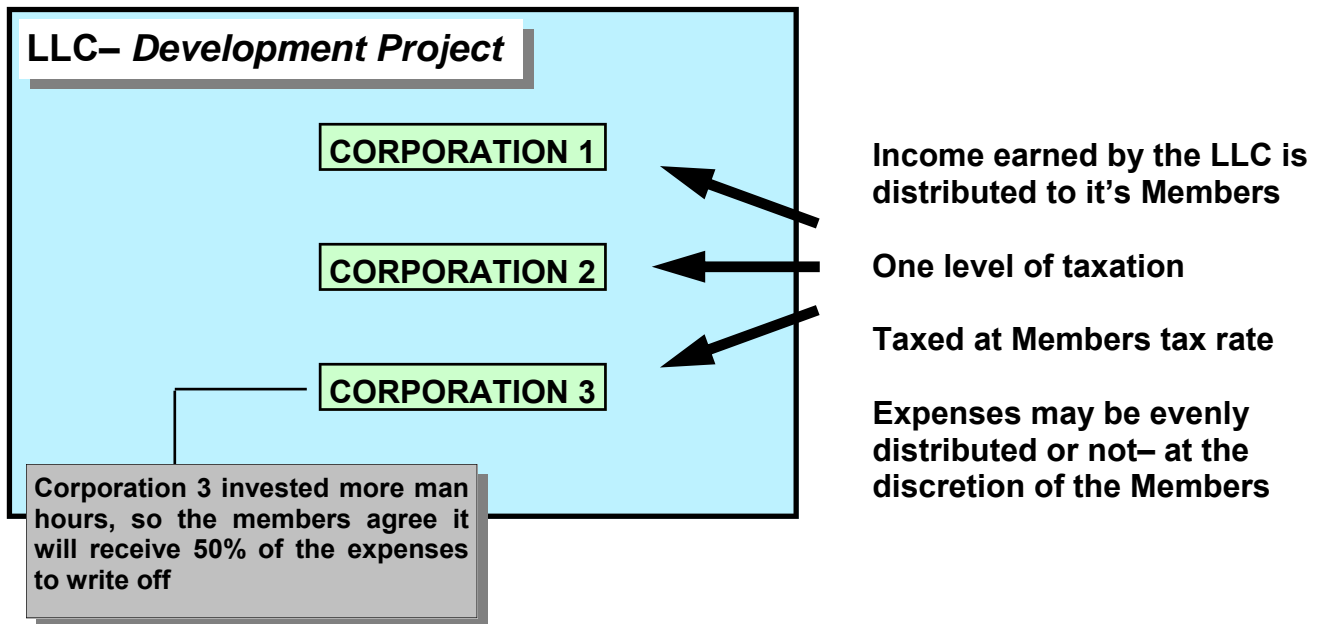
Keep in mind that if you are coming to Nevada to reduce home-state taxes, any income that flows through is subject to state tax.

SAMPLE USES FOR AN LLC

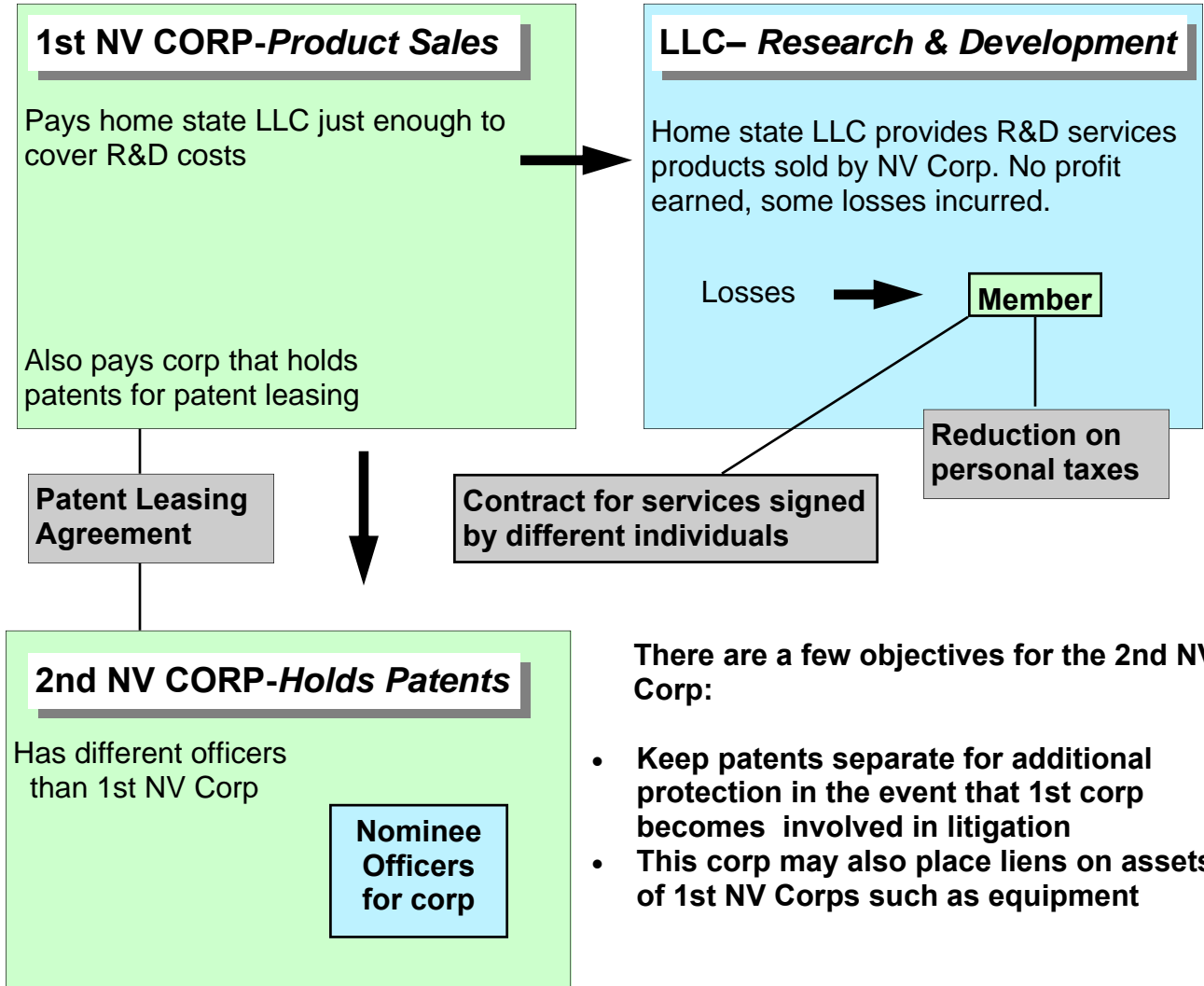
SAMPLE 1: You may see this scenario used by people with income property for asset protection and tax reduction.



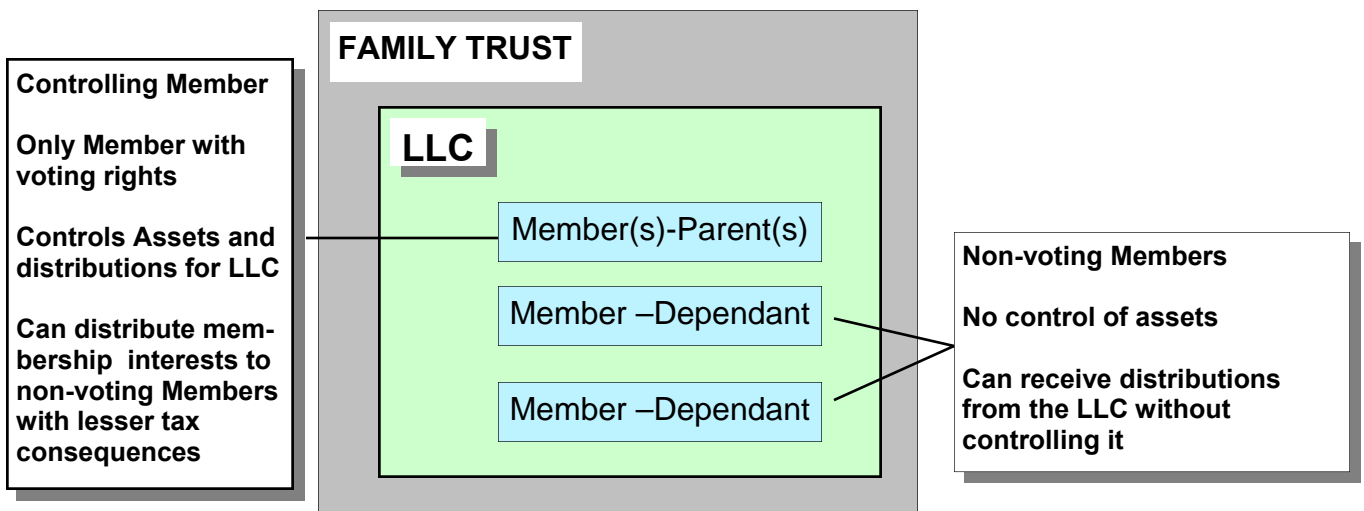
SAMPLE 2: This type of scenario may be implemented in lieu of a "partnership" with several businesses entering into a business venture and each being a member. Of course individuals may also be members.



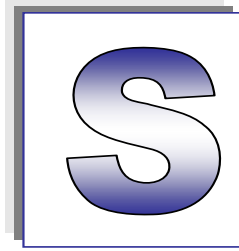
SAMPLE 3: This sample illustrates the use of a Home State LLC with a Nevada Corporation. Income is generated by the 1st NV Corp with product sales while all the Research and Development is performed by the LLC.



SAMPLE 4: LLCs are being used more and more for Estate Planning rather than Limited Partnerships. Unlike with an LP, a corporation isn't needed as a Member to afford the Limited Liability. However, a corporation can be used if further privacy is desired.



The



CORPORATION

All corporations start out as C Corporations. In order to become an S Corporation a form needs to be filed with the IRS within 75 days of the start of business (or within 75 days of the corporate year for existing corporations). The S Corporation also offers the limited liability factor, but is also not a taxable entity at all. However, while the S Corporation is not taxed, the profits it generates, whether distributed or not, is taxable to the shareholders at their own personal tax rate. This means if the corporation decides to retain earnings, the shareholders are still taxed even though they received no dividends.

With this type of entity the shareholders are treated as if they were partners in a partnership. If the corporation is showing a loss, which could potentially be done three out of five years, this loss could flow through to the shareholders lessening their personal tax burden.

In recent years we have seen the LLC used in place of an S Corporation. In fact, it is thought that eventually the S Corporation will no longer be used and will simply be replaced by the LLC.

As with other types of entities, the S Corporation certainly has its place. It is appropriate for companies that are expecting a loss during the initial years of operation; companies that do not intend to go public in the near future; and companies that do not expect multiple classes of stock. Some disadvantages of an S Corporation are as follows.

- As mentioned above, the shareholders are subject to tax on retained earnings
- Not as many deductions available as with a C Corporation
- Usually must use a calendar year as opposed to a fiscal year
- Not recognized in every state
- If the S Corporation status is lost for any reason, it cannot be re-obtained for five years unless the corporation changes hands (Unless the IRS does it by accident, then you could sign a waiver and agree to pay necessary tax adjustments)
- Fringe benefits for shareholders must be reported as income if they own more than 2% of the stock
- The shareholder/employee can only deduct 25% of the cost of medical insurance as an adjustment to his/her income
- In some states it is subject to the same tax as a C Corporation
- Corporations and partnerships are not eligible to own stock in the S Corporation
- **Shareholders must be revealed to the IRS to determine their Federal Tax Obligation**

Another point to remember is that if you are coming to Nevada to incorporate to reduce your state tax, by using an S Corporation all of the income would flow through to you as a shareholder and would be subject to state tax.



LIMITED PARTNERSHIPS

This particular entity has basically the same attributes as a General Partnership except for one very important distinction:

It has Limited Partners who usually do not have liability for business management responsibilities.

Those responsibilities generally fall on the General Partner of the Limited Partnership. The responsibilities and functions are usually outlined in a partnership agreement. However, the Limited Partner does not have total limited liability. They are subject to liability in the amount that they have invested in the Limited Partnership.

One Common Mistake

Limited Partnerships have been a popular use as an asset protection device. One of the most common mistakes made is having a person as the General Partner. They are then held totally liable, whereas, if a properly structured corporation were used as the General Partner, they have the additional liability protection offered through the corporation. This can as well offer additional privacy if Nominee Officers are used for the corporation.

Some of the additional advantages of using a Limited Partnership are:

- **It has been a useful tool for estate planning (Family Limited Partnerships)**
- **Has just one level of taxation**
- **The interests of the Limited Partner are not easily attachable by creditors and rarely can be seized or subject to a forced sale**

Some of the disadvantages are:

- **Can be very complicated and expensive to form and properly maintain**
- **General Partners have unlimited liability (this can be reduced if properly structured)**
- **Not impenetrable- in certain circumstances protection can be lost**
- **If the partnership agreement is not done properly, it may be less effective**

The Limited Partnership can be a great tool if done properly. For Florida residents with investment accounts, it has been an excellent tool for eliminating the Intangibles Tax.

Too often people enter into casual partnerships without taking liability into consideration.

For example, if you have a “partner” involved in a business venture with you and either they or one of their employees cause an accident that brings about a lawsuit, your assets could be at risk.

AMERICAN CORPORATE ENTERPRISES, INC. SERVICES

Registered Agent Service– required

Nevada law (statute 78.105) requires a Nevada Corporation to retain a Registered Agent. The agent is responsible for accepting service of process and then shall notify the appropriate parties of such service. This is one of the minimum requirements, but it *does not* give your corporation a viable presence (discussed on next page). With this service we will hand deliver your articles to the state; send filed articles and charter along with forms and information you will need. We also forward any official mail from the IRS and state of Nevada as part of this service. Registered Agent fee billed annually.

This service is included with the New Corporate Shell and Basic Incorporation Service for the first year. ←

Basic Incorporation Service

For a minimal fee, we will prepare and file the Articles of Incorporation for you. You simply choose the name for your corporation and we will take care of the rest for you. You should allow up to several weeks for processing by the state.

Includes 1st year Reg. Agent fee, minimum filing fee for Articles, Bylaw/Operating Agreement Draft.

New Corporate or LLC Shell

We will provide you with your own Nevada Corporation (or LLC) and the following:

- Preparation and filing of Articles of Incorporation
- Certified Articles and Corporate/Company Charter
- * Corporate Kit w/stock certificates, stock transfer ledger, Corporate Seal and miscellaneous forms, etc.
- Resident Agent fee for first year
- Assistance obtaining Federal Tax ID number

Initial state filing fees for Articles included. List of Officers or List of Managers (for LLC) and state license fees to be paid separately (will be due the month after formation).

**** LLC record book will have membership certificates and 26 page Operating Agreement.***

Expedite Services –1 day processing by the state

You should allow up to several weeks for processing of new filings by the state; however, if you need faster service, you may choose to expedite the filing for an additional fee and your order will be processed in 24 hours by our office as well as by the state.

New California Corporate Shell

We can assist with establishing a California Corporation for you. This service also includes a Corporate Record Book with your Corporate Seal and Stock Certificates. All initial filing fees are included.

Other State Corporate Shell

We can assist you in establishing a corporation in any state. Since filing fees vary, you will need to contact our office for a quote. We have a Wyoming affiliate office also.

Proof of a Nevada Presence

Executive Office Services

Your Nevada Corporation can provide you with tremendous state tax saving benefits as well as protecting your assets, medical reimbursement plans, retirement plans, travel, etc. when correctly structured. The importance of the Executive Office Services is so that you can show **beyond any doubt** that your corporation is established here- something you should seriously consider. It is your proof of a Nevada presence.



- An office address- you may use this address for letterhead, advertising, etc.
- Mail service- we will receive and forward mail for your corporation on a daily basis for up to 100 pieces per quarter. Includes postage costs for regular mail. (Parcels and special shipping paid separately)

- Telephone service- your corporation will be assigned it's own phone number which you may advertise. Our staff will answer your phone (between the hours of 8-5 PST) according to your instructions and relay messages to you. ALL phone costs are included so you will not receive a separate monthly bill from the Phone Company
- A listing with the local directory and directory assistance.

1 Free unit of 24-hour voice mail included - \$199 value!!



- Fax service with a number, which you may advertise for the corporation. Incoming faxes forwarded to you.

Just consider what it would cost for you to set up an office here on your own with one or several full time employees- most likely over \$2,000 per month.

*We can provide all of this for you for **ONE FULL YEAR** for less than what you would pay for one month on your own.*

AND...

You will be helping to secure the very reasons why you set up your corporation.

*** The above Office services to be provided by one of our affiliates- Pinnacle Executive Suites. ***

Mail Forwarding

If you are not quite ready to take advantage of our Executive Office Services, we offer our mail-forwarding program for a minimal fee plus a postage deposit. This will give you a Nevada address. We will forward incoming mail in one of our envelopes for your privacy (parcels to be paid for separately) and will also send your outgoing mail so that it will have a postmark from the state of Nevada. Service covers up to 100 pieces of mail per year. **We recommend that you consider this service if you are setting up a Nevada Bank Account.**



Platinum Package



\$348 SAVINGS!!

For your convenience we have designed this full-service package which includes some additional services and materials for maintaining your corporation- **at no additional cost.**

- ◆ **QUARTERLY EXECUTIVE OFFICE SERVICES** (as previously described)
- ◆ **FREE RECORD KEEPING CD- \$99 value!!**
- ◆ **FREE ASSISTANCE OBTAINING CITY LICENSE-*no service charge state license assistance included in New Corp. Shell; city and state filing fees paid separately- \$50 value!!***
- ◆ **FREE UNIT OF 24-HR VOICE MAIL- \$199 value**

Starter Package

- ◆ **NEW NEVADA CORPORATE SHELL** (as previously described)
- ◆ **FREE RECORD KEEPING CD- \$99 value!!**

GIVE YOUR COMPANY A NEVADA ADDRESS AND PROPERLY MAINTAIN YOUR CORPORATE RECORDS WITH OUR EASY FILL-IN-THE-BLANK FORMS

Miscellaneous Services

We provide a wide range of services so if there is anything else you need assistance with, just ask! Call for additional information.

- **Banking (opening accounts, deposits, etc.)**
- **Corporate Record Keeping**
- **Fulfillment Services (taking product orders and shipping)**

Frequently Asked Questions:

Q: Why should I incorporate in Nevada, rather than any other state?

A: As we discuss in the beginning of our information packet, Nevada offers the best protection and privacy over any other state. New filings in Nevada have even begun to surpass Delaware. In fact, many other companies from other states such as Delaware have re-domiciled in Nevada in order to avoid franchise taxes and have greater protection. *Nevada is also the ONLY state in the in the U.S. that has a Charging Order Provision for closely held corporations.*

Q: Is forming a corporation outside of my home state legal?

A: **It is most definitely legal.** In fact, large corporations have done so for many years. Many entertainers and celebrities incorporate here also to take advantage of the many benefits that Nevada offers. The nice thing is it can work for the savvy entrepreneur just as well as for large companies.

Q: Do I have to be a resident of Nevada to own a corporation in Nevada?

A: No, you do not have to be a Nevada resident. In fact, you do not even have to reside in the US to have a Nevada corporation.

Q: Do the officers have to reside in Nevada?

A: No, the officers may reside anywhere in the world.

Q: How many officers are required to maintain a Nevada corporation?

A: You must have at least one director, a president, a secretary, and a treasurer. However one person may fill all these positions.

Q: What is the minimum capitalization required to organize a Nevada corporation?

A: Nevada requires no minimum capitalization to organize.

Q: Are there any corporate taxes in Nevada?

A: There are no corporate taxes in Nevada. There is no income tax, franchise tax, inventory tax or inheritance tax. Nevada's corporate laws are among the friendliest in the nation. Nevada wants to be the business capital of the country.

Frequently asked questions continued.....

Q: Are there any financial reports required by the state of Nevada?

A: Because there are no corporate taxes, there are no financial reports required, unless there are retail sales made within the state of Nevada, or employees in Nevada . If there are retail sales made within the state of Nevada, then only those sales will need to be reported to the Nevada Department of Taxation. If there are employees in Nevada, then payroll reports and taxes would have to be filed.

Q: How private is my Nevada corporation?

A: Your Nevada corporation is probably the most private available in the United States. The only names available to the public are the names of the officers. In Nevada it is permissible to use a nominee officer (someone who is not even an integral part of the working corporation).

Q: Are the names of the shareholders made public information by the state of Nevada?

A: They are not made public by the state, the state does not even require that a list of shareholders be submitted. The only list of shareholders is kept in your Corporate Record Book.

Q: Can shares in a Nevada corporation be owned by another corporation?

A: Yes shares may be owned by another corporation, partnership or any other business entity or individual.

Q: Is there a limit to the type of business that can be transacted with a Nevada corporation?

A: No, as long as the business is legal in the state of Nevada. Special licensing is required before certain businesses may be incorporated, such as banking, insurance, etc.

Q: Do I need a “S” corporation or a “C” corporation?

A: That depends on your personal needs, the reason for incorporation and your expectations. If privacy is a goal, then probably a “C” corporation would be the ideal way to go. If your main function in incorporating is liability protection and you do not wish to file a separate tax return for the corporation then the “S” corporation is your best bet. You do have to remember that any flow through income would be subject to your home-state tax.

Q: How do I know whether to use a corporation, a limited liability company, a partnership or a trust when organizing my business?

A: This is a difficult question to answer. There are many variables that must be considered, when making this decision. However, in most cases a corporation is the easiest and best way to go. We would be more than happy to discuss this with you, on an individual basis, to help you in this decision.

NOTES

IF YOU ARE DOING YOUR OWN ARTICLES, PLEASE READ THE FOLLOWING

Please be advised that if you are doing your own Articles, you are **REQUIRED BY LAW** to provide us with the following items. This allows you to legally keep your records outside the registered office in Nevada.

For Corporations

- Certified copy of Articles of Incorporation
- Signed copy of corporate By-Laws
- Signed Stock Ledger Statement

For LLCs

- Certified copy of Articles of Organization
- Signed copy of Operating Agreement
- List of all Members and Managers names and addresses

We provide these items for you with our New Corporate/LLC Shell Service. If these records are not on file in Nevada, you could be fined \$25 per day by the state.

COPIES

Please send 2 copies of completed articles along with complete instructions and your contact information. All documents will be returned via regular mail unless special shipping instructions provided and fees for shipping paid in advance. Certified copies- \$30 (state fee) for first copy. Each additional copy is \$30 plus \$2 per page.

PAYMENT OF STATE FEES

- **SEPARATE CHECKS REQUIRED FOR STATE FEES.** Documents will otherwise be held until checks clear if state fees are combined with ACE fees.
- If faxing your documents and paying with a credit card, an administrative fee of a minimum of 5% of the state fees will be applied if combining state fees with ACE fees. No administrative fee is applied if you use the state's credit card form with your documents.



American Corporate Enterprises, Inc.

Thank you again for your interest in our services.