
From: Andrew Fisher
Sent: Wednesday, August 22, 2018 2:07 PM
To: Karen Roberts < >
Cc: Theresa Fields < >; Terry Wilkes < >; Amy Niestroy < >
Subject: RE: | Vendor Form Updated | Current Quote

Karen,

Unfortunately, the check or wire has to go to Structured Assignments, Inc. to accomplish the non-qualified assignment and transfer of obligation of payments to | K . We have done many cases in CA with municipalities thru IFS consultants, most recently with Margie Smith with Millennium. Maybe the information below will address any concerns the County has with our process. Because payments start in 2042, there is no domestic option thru traditional markets. The domestic, traditional options must start payments within 12 months and conform to 72(U). By using our program thru SAI, we are able to have deferral options for non-qualified settlements. Hopefully the information below addresses any concerns of the County.

Overview

Structured Assignments, Inc. (SAI) is a special purpose independent assignment company accepting structured settlement periodic payment obligations for claimant settlements and attorney contingency fees. SAI was established in 2010 and is domiciled in Barbados since an assignment company organized as a United States corporation would generally be subject to tax on the receipt of payments for assignment of a periodic payment obligation (fee for services rendered) as well as any interest gain from the assets it purchased and owned, and would not have any offsetting deductions upon the purchase of the funding assets until and as payments were made to the holder of the assets (e.g., as economic performance occurs). Aside from the carve out under IRC 130, a foreign corporation organized and conducting business in a low-tax jurisdiction is the most efficient vehicle to avoid the disparity in timing of the receipt of the payment of the periodic payments. This is supported by Liberty, Allstate and Prudential choosing to establish their off-shore assignment companies in Barbados and successfully processing over \$2.5 billion in transactions thru their assignment companies without any adverse tax consequences to their customers or to the life companies themselves.

Barbados Domicile - Treaty Benefits

The benefits of the US-Barbados Tax Treaty are available to residents of Barbados which meet the provisions of Article 22 of the Treaty. For purposes of the Treaty a resident of Barbados includes a company whose business is managed and controlled in Barbados under Article 4, ¶ 1(a). The term "managed and controlled" is not defined in the Treaty or in the Treasury Explanation or the legislative history. In the absence of such definition, Article 3 ¶ 2 of the Treaty provides that the domestic law of the contracting state applying the treaty generally shall control. In General Counsel Memorandum 38120 , the IRS looked to factors found in Treas. Reg. § 1.864-2(c)(iii) to determine the management location of a Virgin Islands corporation, and noted that the factors in that regulation were consistent with the standard in the former U.S.-U.K. Treaty for determining whether a company is "managed and controlled" (the former U.K. Treaty also used a "managed and controlled" test for residency). Relevant factors listed in the regulation to determine location of management included: (i) the location of the principal corporate records and books of account; (ii) location of meetings of the shareholders and boards of directors; and (iii) location from which salaries were paid and other corporate payments disbursed. In the case of SAI, all of these functions and activities occur in Barbados.

The Assignment Company is a corporation organized under the Societies with Restricted Liability Law ("SRL") in Barbados. This type of corporation carries a low corporate tax rate in Barbados and possesses certain advantages in connection with exchange controls in Barbados. Further, our local counsel in Barbados advises us that under Barbadian tax law, amounts received by an Assignment Company on behalf of obligors or insurers for the assumption of liability under periodic payment agreements would not be deemed income to the Assignment Company because the funds would be required to be used to purchase an assets or otherwise impressed with the liability to make payments to Payees. Fees received by an Assignment Company for its services are, however, subject to tax in Barbados.

Thus, as a result of the application of the Treaty and the method by which the Assignment Company is organized and managed, the business profits of the Assignment Company are not subject to United States income taxation. Revenue Ruling 81-78, 1981-1 C.B. 604.

Bank Selection - RBC Barbados

Structured Assignments, Inc. utilizes Royal Bank of Canada (RBC) for all of its banking in Barbados. Under the assignment process, funds must be received by the assignment company in Barbados before they are forwarded to the US custodian for custody and management. RBC was selected because it is the oldest bank in the Caribbean and is familiar with working with assignment companies such as SAI. The assignment company's process of receiving funds and transferring them to the US custodian takes about 2-3 business days in the case of a wire transfer and up to 30 days (additional time for international check clearing) for checks.

US Tax ID Number and GIIN

Structured Assignments has both US and foreign tax ID numbers. It is also FATCA compliant and has obtained its GIIN. You can verify this directly with the IRS at their FATCA website at <http://apps.irs.gov/app/fatcaFfilist/flu.jsf>. Enter "Structured Assignments, Inc." and select Barbados as the country.

Supporting Documentation - attached

- Certificate of Good Standing for SAI
- W-8BEN-E – with US Tax ID number and GIIN
- Certificate of Insurance

Let me know if it would be helpful to schedule a call with you, and the County.

Regards,

Andrew

Andrew K. Fisher, CSSC
Vice President of Sales & Marketing