

Leimberg Information Services, Inc.

Steve Leimberg's Asset Protection Planning Email Newsletter – Archive
Message #390

Subject: Alan Gassman, Martin M. Shenkman & Wesley Dickson on *In re Rensin*: How One Man's "Hippo" crisis Might Change Offshore Trust Planning Forever

"This decision can be viewed as a victory for both offshore and domestic asset protection trusts, given that, by the judge's ruling, an independent trustee can purchase an asset that is exempt from creditor actions in the state of a debtor's domicile and place it in the debtor's name, even if a court rules that the law of the residency of the state applies. Many states have statutes that are worded identically or almost the same as Florida's, so this backdoor safety hatch could be a very nice thing for debtors to have in their back pocket. Mr. Rensin moved to Florida to protect his homestead, and he quickly moved his Trust to Belize to protect his assets. The move to Florida turned out to be a good idea, as explained below."

Alan Gassman, Martin M. Shenkman and **Wesley Dickson** provide members with commentary on *In re Rensin*.

Alan Gassman, JD, LL.M is the founding partner of the law firm of **Gassman, Crotty & Denicolo, P.A.** in Clearwater, Florida. Alan is a frequent contributor to LISI and has authored several books and many articles on Estate and Estate Tax Planning, Trust Planning, Creditor Protection Planning, and associated topics. Most recently, Alan is the coauthor of [The Section 199A \(and 1202\) Handbook: The Advisor's Guide to Saving Taxes on Business and Investment, with Brandon Ketron, Martin Shenkman, Jonathan Blattmachr, and Robert Schenck.](#)

Martin M. Shenkman, CPA, MBA, PFS, AEP, JD is an attorney in private practice in Fort Lee, New Jersey and New York City who concentrates on estate and closely held business planning, tax planning, and estate administration. He is the author of 42 books and more than 1,200 articles. He is a member of the NAEPC Board of Directors (Emeritus), on the Board of the American Brain Foundation, and the American Cancer Society's National Professional Advisor Network.

Wesley Dickson is a 3rd year law student at Stetson University College of Law in Gulfport, Florida. Prior to beginning law school, he attended Stetson University, attaining a bachelor's degree in Public Management. After finishing law school, Wesley plans on practicing tax or business law in Florida.

Here is their commentary:

EXECUTIVE SUMMARY:

The judge in *In re Rensin* found that an old and cold asset protection trust formed in the Cook Islands and moved to Belize was subject to Florida law and not protected from the creditors of a Florida resident who was the settlor and beneficiary, but also found that monies that were recently added to the trust, and used by the trustee to buy a creditor exempt annuity, could not be recouped by creditors. The reasoning was that the debtor himself did not engage in a transfer to avoid creditors. The trust, which was formed and originally funded well before the debtor engaged in criminal action that caused over \$14,000,000 dollars of debt that could not be discharged, has, so far at least, managed to preserve over \$2,000,000 invested in customized Caymans Island annuity contracts. This apparently favorable result occurred despite the Judge ruling that Florida law would apply to the Belize Trust, and that creditors would have been able to reach the trust assets if they were not held in annuities.

The May 2019 Florida Bankruptcy Court ruled in the case of *In Re Rensin*. *Rensin* is a story involving a terrible fraud perpetrated by a company called BlueHippo. Money was scattered across three islands, and subject to a \$14,000,000 dollar FTC judgment.ⁱ Apparently Mr. Rensin became a hardcore and deceptive debtor with aggressive advisors whose strategy of having the Trustee of the offshore trust purchase annuities has worked well, so far.

The well written opinion covers the following topics, and will hopefully be appealed to the Federal District Court, and then possibly to the 11th Circuit, so that we can have more certainty with respect to offshore trust and annuity planning.

The court's opinion primarily covered the following questions:

1. Will Florida or Belize law apply to the Trust? If Florida law applies, then will the Trust assets be considered as being accessible to the trustee in bankruptcy?
2. Will the annuities, annuity payments, and the Regions Bank account that was funded from annuity payments be protected from creditor claims under Florida Statute Section 222.14 when the trust was the "owner" of the annuities but Mr. Rensin was the named beneficiary under the policies?
3. Does Florida Statute 222.30, which aims to prevent transfers made by a debtor into otherwise exempt assets to avoid the reach of creditors, apply to allow the transfers of the annuities to be held for Mr. Rensin?
4. What happens to Mr. Rensin's Florida homestead?

Practitioners in states other than Florida should evaluate the lessons of *Rensin* as several important points will apply in other contexts, even if the applicable state law differs from the Florida statutes above.

FACTS:

Mr. Rensin sold a business in 2001 for approximately \$9,000,000 and placed the proceeds with SouthPac Trust Company in the Cook Islands under an irrevocable trust (hereinafter referred to as "Joren Trust" or "Trust") of which he was the beneficiary.

He subsequently started a business called BlueHippo Funding, which apparently was solely intended to defraud people who had bad credit. The company promised that people with bad credit could send \$100 initially, and then subsequent lay away payments, to qualify for full financing of a computer. This, of course, was a ploy; and over the many years that the company was in business, only one computer ever got delivered.ⁱⁱ

The BlueHippo website, as it existed in 2008, offered to "provide an effective alternative [to purchasing computers] for people with limited

financing options due to less than perfect credit or no credit at all.”ⁱⁱⁱ They called themselves “the nation’s leading direct response merchandise lender,” and claimed to specialize in providing computers and televisions.^{iv} This Hungry Hungry Hippo kept taking peoples’ hard-earned cash, and in the end took in approximately \$15 million from unfortunate victims.

After years of litigation, the Federal Trade Commission (FTC) received a \$13,400,627.60 judgment against BlueHippo Funding and Mr. Rensin, personally. Between the initial filing of the complaint by the FTC in 2008, and the handing down of this judgment, there was intense litigation and a number of financial and property transfers and purchases which are beyond this discussion.

Despite facing litigation as both BlueHippo, and as an individual, Mr. Rensin apparently caused SouthPac to transfer the trusteeship of the Joren Trust from the Cook Islands to Orion Trust Company in Belize. The Orion Trust Company is affiliated with the law firm of Arguelles & Company, LLC, and is considered to be a reputable trust company in Belize.^v For many years, Belize has been a very debtor-friendly country which basically has no fraudulent transfer statute that can be used to override last minute transfers to trusts there, even those intended to avoid creditors, as long as the creditor does not have a judgment against the debtor in Belize. The website for Orion Trust Company shows 12 employees, including a banker who has 30 years’ experience, including work at Barclays’ branches in Belize and the Cayman Islands. The founder of Arguelles & Company, LLC, Emil Arguelles, is a member of both the Belize and New York Bars and has an undergraduate degree from Marquette University in Milwaukee, WI.^{vi}

There is no allegation that any of the “Hippo money” was transferred to the Trust, although Mr. Rensin transferred \$350,000 to his lawyer towards the end of 2015, and apparently instructed the lawyer to transfer these funds to the Belize trustee. The Trust also paid Mr. Rensin around \$8.6 million in distributions during the course of the lengthy litigation. This money was reportedly used to pay legal fees and some creditors.^{vii}

While we do not know if the annuity purchases were the only transactions that occurred with respect to the Trust, we do know that the fixed annuity transferred approximately \$15,000 to Mr. Rensin per month.^{viii} Additional funds were used by Mr. Rensin to purchase a home in Florida seemingly to

utilize the state's gracious homestead protections. These protections were lost upon the filing of bankruptcy, which begs the question as to why Mr. Rensin went into bankruptcy. What we do know about the Trust's transactions is that the Trust used all, or almost all, of its assets to purchase two annuity contracts from a Cayman Islands annuity carrier in December of 2015.^x These annuities were apparently written to provide lifetime payments to Mr. Rensin, with the residue of assets held under the variable annuities to be owned by the Trust after Mr. Rensin's death.

One annuity went to "fixed payment mode" immediately upon funding. As mentioned above, this gave Mr. Rensin the irrevocable right to receive \$15,000 per month for the rest of his life, with the remainder of the annuity assets to be held by the Trust under the "annuity wrapper" after his death.

Under the second annuity contract, Mr. Rensin had no enforceable legal right to receive payments until the contract went into "payment mode." Until then, the Trust had the ability to prevent Mr. Rensin from receiving payments from this "variable" annuity. This annuity gave Mr. Rensin a right to borrow up to 90% of the value of the assets held under each contract, but the Trustee had the right to cancel the annuity at any point in time, effectively making Mr. Rensin's right to borrow subject to veto.

Mr. Rensin also had a \$79,014 Regions Bank account that was funded solely from the \$15,000 per month payments received from the annuities, which he claimed was exempt under Florida Statute 222.14, which provides, in relevant part, that "[t]he cash surrender values of . . . proceeds of annuity contracts issued to citizens or residents of the state . . . shall not in any case be liable to attachment, garnishment or legal process in favor of any creditor. . ."^x

The court did not discuss whether Mr. Rensin might be found to be in contempt of court for not turning over assets under the trust that he might be alleged to have control over. This will be a tough argument to win for the Trustee in Bankruptcy, given the Bankruptcy Court's findings as to the degree of independence that the Trustee had under the Trust.

COMMENT:

1. What Law is Binding on Whether Creditors Can Reach into the Trust?

Mr. Rensin argued that Belize law should apply. He claimed that, since the Trust and the Trust assets were located in Belize, the ruling should be subject to its laws. The FTC, however, argued that Florida law would be more appropriate, as the State was the venue for the court proceedings and recently became the home of the defendant. Those who have used domestic asset protection trusts should take note that this is at least the third Bankruptcy Court decision to determine that the law of the domicile of the settlor of an asset protection trust applies to allow creditors into the trust, and that domestic asset protection trusts may be at risk if they cannot be moved offshore during the pendency of litigation that might arise from matters that occur after such trusts have been formed and funded. However, these cases have solely been bankruptcy cases, and certainly the instant case is one of a bad actor. So, it is not certain that the same result will apply in other instances.

Despite the fact that bankruptcy courts are split on which choice-of-law rules apply in state bankruptcy cases, the court determined that Florida law should apply in this case. Additionally, the opinion indicated that under these rules, the law of another jurisdiction will not apply if that law is contrary to a public policy of Florida.^{xi}

The judge cited previous bankruptcy court decisions, including *In re Brown* and *In re Lawrence*, which all had a similar result without explanation of how the courts have come to this conclusion, as discussed below.^{xii} This, however, was the first decision known to the author where an “old and cold” asset protection trust, that was formed and funded well before a creditor problem was known or expected to have had occurred, was given this treatment. Note that in the *Lawrence* case, the beneficiary held the power to repeatedly replace the trustee until one complied with the wishes of the beneficiary. Facts of that nature may not be replicated in properly planned spendthrift trusts. Further, in the instant case, Mr. Rensin was clearly a bad actor. So, as noted above, it is not clear that the decisions in the *Lawrence* or *Rensin* cases should be applied to spendthrift trust cases with better facts.

Like the aforementioned bankruptcy court decisions, the judge did not discuss the U.S. Supreme Court case of *Hanson v. Denckla*, which

determined that Delaware law had to apply to a Delaware trust when the State of Florida had no *in rem* jurisdiction over the testatrix. While this case was ultimately decided on the lack of personal jurisdiction, the Supreme Court analyzed the legitimacy of a “Full Faith and Credit Clause” argument that Delaware courts would have to honor the decisions of the Florida courts, and visa-versa.^{xiii} The Supreme Court found that Delaware was not required to honor the judgment of the Florida court, given that the Florida court lacked initial jurisdiction. Richard Nenko, a well-published author who has written extensively on the subject of trust jurisdiction, wrote that “*Hanson* continues to be the starting point for analyzing whether personal jurisdiction exists in trust cases.”^{xiv} If only Bankruptcy Court judges would take notice of this.

Interestingly, Mr. Rensin had litigated over personal jurisdiction in the past. In the case of *Rensin v. State*, the Attorney General of Florida sued Mr. Rensin and his two businesses (collectively “BlueHippo”) for violation of the state’s Deceptive and Unfair Trade Practices Act as well as its Retail Installment Sales Act.^{xv} The State argued that Mr. Rensin had falsely advertised his business and breached the contracts that BlueHippo made to customers.^{xvi} The First District Court of Appeals, however, found that Florida did not have jurisdiction and remanded the case to the Circuit Court for Leon County.^{xvii}

The *Hanson v. Denckla* decision, as well as subsequent decisions that support the proposition that Florida law should *not* apply to Trusts that are validly formed and funded outside of Florida, are discussed in depth in LISI Newsletter #363 by Alan Gassman and Kateline Tobergte. A part of this article is cited below.^{xviii}

For a party to bring a claim in a non-DAPT state court against a DAPT, it must establish that the court has jurisdiction over the trust or the trustee. The settlor’s domicile is a factor when determining if jurisdiction exists, but is not determinative. In the 1958 case of *Hanson v. Denckla*, the U.S. Supreme Court decided that if a state court lacks jurisdiction over a trust and trustee(s), the state law of the state court with jurisdiction over the trust controls even if it affects the application of laws in the state court lacking jurisdiction.[4]

In *Hanson v Denckla*, Mrs. Donner established a trust while domiciled in Delaware. She later became domiciled in Florida where she executed a will and, shortly before her death, exercised her inter vivos power of appointment which appointed \$400,000 to a previously established Delaware trust and \$500,000 to Denckla and Stewart. The will entered probate in Florida. Denckla and Stewart argued that the appointment to the trust was not “effectively exercised,” so the \$400,000 should pass to them through the residuary clause. The Florida court ruled that the appointment was testamentary and therefore void under Florida law. Before the Florida decree had been entered, a declaratory judgment action was brought in Delaware to determine who was entitled to the trust assets. The Delaware court ruled that the appointment was proper and the assets had been properly paid out to the trustees.

The decision went to the U.S. Supreme Court. The U.S. Supreme Court held that “[t]he Florida court did not have in rem jurisdiction over the corpus of the trust or personal jurisdiction over the trust company,” and found that the Delaware court decision was controlling. The Supreme Court reasoned that the minimum contacts required for a state court to have personal jurisdiction over a non-resident were not met by a unilateral action of a resident. That means that Florida did not have personal jurisdiction because of the unilateral transfer of funds from Mrs. Donner, a Florida resident, to the Delaware trust. The Supreme Court also reasoned that in rem jurisdiction could not be established just because the owner is or was domiciled in Florida. Furthermore, the Florida court did not have jurisdiction just because the validity of the inter vivos appointment affects Florida’s application of Florida probate law. This case makes two important points: (1) a settlor’s domicile is not

determinative of jurisdiction; and (2) the laws in Delaware were not trumped just because Florida had contradicting laws. This is analogous to the issue between DAPT states and non-DAPT states. A settlor's domicile does not dictate the protections afforded a trust because courts must have jurisdiction to hear a claim, and the settlor's domicile does not automatically create jurisdiction. Also, just because one state is DAPT and another is non-DAPT does not mean that the DAPT laws can be trumped by the non-DAPT state.

Richard Nenno, a Managing Director at Wilmington Trust Company and a prolific author on the topic of estate planning, discusses *Hanson* in his award-winning Bloomberg BNA Portfolio 867-2.

The leading case in this area is *Hanson v. Denckla*, which involved a controversy concerning the right to part of the principal of a trust established in Delaware by a Pennsylvania trustor who subsequently moved to Florida. The U.S. Supreme Court held that a Delaware court was under no obligation to give full faith and credit to a judgment of a Florida court that lacked jurisdiction over the trust's assets and the trustee. The Court, affirming the decision of the Supreme Court of Delaware, discussed the jurisdictional issues as follows:

“[I]t is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws. The settlor's execution in Florida of her power of appointment cannot remedy the absence of such an act in this case.”

Hanson remains controlling precedent. In fact, it was cited as such numerous times in at least three U.S. Supreme Court cases that have been decided since 2011. [

starting point for analyzing whether personal jurisdiction exists in trust cases. Since *Hanson*, numerous cases have found that insufficient minimum contacts existed to create personal jurisdiction.

(Internal citations omitted)

Notwithstanding the conclusion that Florida law should apply to this Trust, the judge noted that the court did not have jurisdiction over Orion Trust Company, which is probably because it was not served and has never done business in the United States. Reasonable minds can agree that, even if the trust company had been a party, the case would not have ended any differently. The Joren Trustee would have thumbed his or her nose at the bankruptcy court's decision, as discussed briefly below.

It is interesting to note that during the ongoing litigation, the trustee of the Joren Trust (the Belize trust that Mr. Rensin created) sought guidance from the Supreme Court of Belize.^{xix} The Belize Supreme Court advised the Trustee not to hand over any assets to the FTC. The Bankruptcy Court decision repeatedly notes that its authority would carry more weight, and would be broader in scope, had the Joren Trustee been added as a party to the litigation, so stay tuned for the hoped for sequel to this interesting drama. Nevertheless, it is doubtful that any Belize Court will follow the instructions of a US Bankruptcy Court without confirming that it is consistent with Belize law. Mr. Rensin may therefore be able to move to Belize or another country that does not respect U.S. judgments and live "happily thereafter" with free economic rights unless or until the injured parties file suit in Belize and get an independent judgment to pursue there, in which event the Trust may still be immune, even if it still were in Belize once a judgment has been received there.

Even if the Belize Supreme Court were to agree with the Bankruptcy Court's opinion, it is unlikely that the Cayman Islands insurance carrier that is apparently holding the annuity company assets would turn those assets over without an order from a Cayman Islands court, if they are still in the Caymans years from now when such an order might someday be obtained. Like Belize, the Cayman Islands do not recognize U.S. judgments, so a trial on the merits of reaching into the annuity contract would have to be won by the creditors, if the Cayman law would even recognize a cause of action.

One reason that the Trust may have been moved to Belize was so that it could receive contributions from Mr. Rensin that would not be reachable by creditors. The Cook Islands has a 2 year lookback statute. Belize has a “that day” statute, meaning that a creditor cannot chase fraudulent transfers into the trust unless the creditor had a judgment against the debtor, in Belize, on “that day”.

2. Does Florida’s Fraudulent Transfer Statute That Applies to Transfers Into Exempt Assets Apply As If This Were a Transfer By Mr. Rensin?

The court found that the fixed annuity, which was paying \$15,000 a month, qualified for protection under the Florida statutes. Therefore, Mr. Rensin’s interest would be exempt from attachment by creditors, assuming that Section 222.30 of the Florida Statutes did not apply. Section 222.30 is aimed at preventing the conversion of assets that would be subject to creditor claims into exempt assets for the purpose of avoiding creditors, but as we see below, the statute only applies if the debtor makes the transfer. The bankruptcy trustee argued that allowing a transfer of funds into annuity contracts “only encourage[s] fraudulent or inappropriate behavior.”^{xx}

Despite the State’s argument, the Bankruptcy Court determined that Mr. Rensin did not make any transfer into the annuities, let alone a transfer for the purpose of avoiding creditors. Instead, the Trustee of the Joren Trust independently decided to invest the monies into the annuity contracts. Even if Mr. Rensin *may* have wanted to transfer the funds, the Trustee determined, in the end, whether or not the funds were to be transferred. Because of Mr. Rensin’s lack of total control over the transfer, Section 222.30, in this case, did not apply. Had he maintained control over the decisions involving the trust, the analysis by the judge would have been different.

The judge applied this finding to all of the monies placed in the annuities, including \$350,000 that Mr. Rensin transferred to his lawyer, who then transferred it to the Joren Trust, in order to acquire the variable annuity (just months before the \$13.4 million judgment was handed down).^{xxi} The court reasoned that there was apparently no *direct* evidence indicating Mr. Rensin required or requested that the annuity contract be procured with the \$350,000.^{xxii}

3. Are the Annuities Protected Under the Florida, Belize or Cayman Islands Law?

After reaching the conclusion that Section 222.30 did not apply to the transfer of funds to the annuity contracts, the court looked at whether the annuity contracts, and payments from the contracts, were property of Rensin's bankruptcy estate. They held that "[a]lthough exempt from administration, Mr. Rensin's payment rights under [both] annuities . . . are property of the estate."^{xxiii}

Next the Court looked at the two annuities separately, in order to determine the rights associated with both.

The court closely examined the language of the first annuity contract, which provided for fixed payments, and determined that it fit within the language of the statute. While the court found that the trustee in bankruptcy has the right to attach and own the remainder interest in the annuity contract, doing so will presumably not result in the loss of Mr. Rensin's sole right to receive payments of \$15,000 per month each month for the rest of his life, and to have monies held under the Regions account or other future bank accounts that he may open and fund with such payments also be exempt from creditor claims.

The court also closely examined the language and circumstances of the second annuity contract, which it referred to as a "variable annuity." This name stems from the ability of the trust company, as owner, to control investments, and to make withdrawals when it deems appropriate. The court found that Mr. Rensin's interest in the annuity contract was not an annuity subject to Florida Statute Section 222.14 because Mr. Rensin had no right to benefit from the annuity unless or until it began making payments. The court indicated that the annuity contract included confusing language because there was no definition or rule set forth on when payments would begin.

It is noteworthy that a "Supercreditor" can break into otherwise protected assets per Federal law, so this opinion will be of no solace to those who may owe money to the Government. These types of creditors, which include the SEC, the FTC, or the Department of Justice (as to restitution and Medicare penalties imposed), are creditors that are provided

congressionally mandated collection abilities that far exceed those of traditional creditors.

Citing Florida Statute Section 222.14, Mr. Rensin argued that he was entitled to exempt the payments (\$15,000 monthly) from administration in the bankruptcy issue. Section 222.14, in relevant part, allows certain annuity payments to be protected from the reach of creditors.^{xxiv} There was no discussion as to whether the lawyer who transferred the \$350,000 may have liability under Bankruptcy Code Section 548(a)(1) or 550(a)(1), which is what occurred in the case of *In re Harwell*. This case was discussed in LISI Newsletter #243, which can be viewed by clicking [here](#).^{xxv} Perhaps the legal counsel was outside the United States and also has his assets held by the Orion Trust Company, thus being immune from liability from a practical standpoint.

Any lawyer involved in this kind of conduct should tread very carefully, if at all, to assist a debtor in the way that Mr. Rensin was assisted. The best advice from a U.S.-based lawyer may be to have the would-be client hire reputable offshore counsel in order to determine how to proceed.

4. What happens to Mr. Rensin's Florida home?

This issue did not require a great deal of pontification from the bankruptcy court. When filing for bankruptcy, Mr. Rensin only claimed a \$160,375 homestead exemption because “he acquired the home within 1,215 days prior to the petition date[.]”^{xxvi} The bankruptcy court agreed with the Trustee's contention that his entire exemption was lost because of 522(o) of the Bankruptcy Code, which disallows the entire homestead exemption to the extent that the transfer of assets into homestead has occurred within 10 years of filing for the purpose of keeping assets out of the reach of creditors.^{xxvii} Mr. Rensin, in a last ditch effort, attempted to claim a *Maryland* homestead exemption (for a home in Florida), the Court found that the only state exemption law which applied was Florida's.^{xxviii}

Conclusion

Even with bad facts, the bad guy doesn't always lose. While it is clear that the debtor had big problems, an ethical judge reading a specific statute gives credit to our legal system by not going outside the present laws.

Advisors with clients who are relying on domestic or offshore asset protection trusts must communicate the risk that courts may rightly or wrongly apply the law of the residence of the settlor, making “belts and suspenders” planning a necessity. Examples of such planning strategies include: using multiple member LLC’s and limited partnerships that have charging order protection, possibly having the client live in a DAPT friendly state, and being able to move the trust offshore to avoid the application of the full faith and credit clause of the U.S. Constitution, while also considering possible contempt of court and other risks that are inherent with aggressive conduct.

This decision can be viewed as a victory for both offshore and domestic asset protection trusts, given that, by the judge’s ruling, an independent trustee can purchase an asset that is exempt from creditor actions in the state of a debtor’s domicile and place it in the debtor’s name, even if a court rules that the law of the residency of the state applies. Many states have statutes that are worded identically or almost the same as Florida’s, so this back door safety hatch could be a very nice thing for debtors to have in their back pocket. Mr. Rensin moved to Florida to protect his homestead, and he quickly moved his Trust to Belize to protect his assets.^{xxix} He, however, did not emerge from the proceedings unscathed, and it is not clear why he filed bankruptcy in the first place, which apparently turned out to be a mistake.

Judge Kimball wrote an excellent opinion that explains his findings and helps to clarify: Florida Statute Section 222.30, when an annuity is protected under Florida law, and when an offshore trust will be respected in great part, notwithstanding that the law of the debtor’s residence may apply.

If this had been a 2014 judgment as the result of an otherwise innocent car accident or a business deal gone awry, the result may have been different. Bankruptcy judges typically feel a duty to creditors who have been flim-flammed, and will continue to “legislate” when they can until higher court decisions may overrule these bankruptcy court level decisions.

It will be interesting to see whether the creditors pursue a contempt holding, given that the Trust was formed and fully funded with apparently legitimate funds well before the flim-flam creditor problem occurred.

As mentioned above, the court spent most of its decision on the treatment of the annuities. Although the variable annuity was not considered as held by Mr. Rensin, or protected under Belize law, Mr. Rensin had no interest in it that a creditor could take. The Joren Trustee can now easily convert it to a fixed annuity. These annuities turned out to be a house made of sticks or bricks, depending on whether the Florida non-bankruptcy courts agree with this conclusion, if and when a state court supplemental proceeding's cause of action is pursued.

Right now, it seems that even a hog (or in this case a hippo) may have the ability to safeguard some degree of assets when competent planning is used. While Mr. Rensin was able to keep *some* of the assets, most everything he had is gone, including his companies. The age-old phrase may have changed in this case: "Pigs get fat, while well represented hippos might not get completely slaughtered."

Stay tuned, as we will monitor this case and report on subsequent developments as they occur.

Additionally, in the next few days the authors will publish a newsletter where a Tax Court judge ruled that the IRS cannot invade an "Old and Cold" Asset Protection Trust.

HOPE THIS HELPS YOU HELP OTHERS MAKE A POSITIVE DIFFERENCE!

Alan Gassman

Martin M. Shenkman

Wendy Dickson

TECHNICAL EDITOR: DUNCAN OSBORNE

CITE AS:

LISI Asset Protection Newsletter #390 (August 26, 2019)
at <http://www.leimbergservices.com> Copyright 2019 Leimberg
Information Services, Inc. (LISI). Reproduction in Any Form or
Forwarding to Any Person Prohibited – Without Express Permission.

CITATIONS:

ⁱ *In re Rensin*, 17-11834-EPK, 2019 WL 2004000 (Bankr. S.D. Fla. May 6, 2019).

ⁱⁱ <https://www.ftc.gov/news-events/press-releases/2009/11/ftc-lodges-contempt-charge-against-bluehippo>

ⁱⁱⁱ

<https://web.archive.org/web/20071214065418/http://www.bluehippo.com/aboutUs.asp>

^{iv} *Id.*

^v According to its website, Arguelles & Company, LLC is one of the premier law firms in Belize, is “Top Ranked” by Chambers Global, and represents such clients as Credit Suisse, Bloomberg, and Chevron.

^{vi} This might be the case that made Milwaukee famous.

^{vii} *In re Rensin*, at *9.

^{viii} *Id.* at *11.

^{ix} *Id.* at *10.

^x Fla. Stat. § 222.14

^{xi} *Id.* at *7.

^{xii} See, *Goldberg v. Lawrence* (In re Lawrence), 227 B.R. 907, 917-18 (Bankr. S.D. Fla. 1998).

^{xiii} *Hanson v. Denckla*, 357 U.S. 235, 78 S. Ct. 1228 (1958).

^{xiv} Portfolio 867-2nd: Choosing a Domestic Jurisdiction for a Long-Term Trust, Detailed Analysis, IV. Beneficiaries' Ability to Defeat Clients' Section of Trust Sales

^{xv} 34 Fla. L. Weekly D402 (1st Dist. Ct. App.) (Feb. 2009).

^{xvi} *Rensin v. State*, 18 So. 3d 572, 574 (Fla. Dist. Ct. App. 2009).

^{xvii} *Id.*

^{xviii} *Id.*

^{xix} *In re Rensin*, at *11.

^{xx} *In re Rensin*, at *33-34.

^{xxi} *Id.*

^{xxii} One of the more common behaviors of aggressive hippos is the ever-dominant practice of dung showering, a ritual in which these gentle giants show dominance with their tails rather than their legal representation. Many litigation attorneys are still following this example today.

^{xxiii} *Id.* at *11.

^{xxiv} Fla. Stat. § 222.14

^{xxv} <http://leimbergservices.com/openfile.cfm?filename=d%3A%5Cinetpub%5Cwwwroot%5Call%5Clis%5Fapp%5F243%2Ehtml&criteria=harwell>

^{xxvi} *In re Rensin*, at *46.

^{xxvii} 11 U.S.C. § 522(o).

^{xxviii} *In re Rensin*, at *47.