

Custom 3 Trust Model

This custom model is designed for private securities settlement through the Securities Settlement System (SSS), utilizing a trust indenture which satisfies Depository Trust Company (DTC) requirements for entities seeking membership. As shown, the Settlement Trust is a “strawman” (throwaway trust) and is the only one liable to civil jurisdiction. Risk is minimized because it holds no assets except the bare minimum necessary to maintain existence and its trustee is the Holding Trust who places a lien on it for unpaid trustee compensation, the highest priority lien in trust law. It acts as limited participant in the DTC, and upon final settlement of the security(ies) these funds it receives are transferred out of the public side of commerce into the privacy of the Holding Trust as payment of trustee compensation and for other services. The Holding Trust then transfers the bulk of these same funds into the Disbursement Trust as payment of trustee compensation as well as for other services rendered. At this point the Disbursement Trust is obligated to pay its individual trustee(s) their due compensation and, by doing so, the final value of the security(ies) are indirectly monetized to you, the trustee(s). At this point, the trustee(s) may distribute the *res* of each trust to the beneficiaries thereby dissolving the trusts once and for all.

