



MOSSACK FONSECA & CO.
MEMORANDUM ON PRIVATE FOUNDATIONS

I. ADVANTAGES OF PRIVATE FOUNDATIONS

Private Foundations are a unique form of legal entity which acts like a Trust and operates like a company. Following are some of the advantages of Private Foundations:

- a. A Foundation is a sui generis body corporate, in existence only in Panama, Liechtenstein and Austria, but where only Panama and Liechtenstein are "offshore jurisdictions".
- b. It offers total secrecy and anonymity; no requirement to disclose beneficiaries; no requirement to file annual returns or financial statements; full exemption from taxation on any business activity or transaction carried outside of Panama; simple ongoing administration; complete management privacy and confidentiality.
- c. A Foundation may transact in whatever currencies it chooses; its founders, members of the foundation council and protectors may be of any nationality and may be residents of any country; the accounting books of the Private Foundation may be kept in Panama or abroad.
- d. In no case may its assets be used to satisfy the founder's or the beneficiaries obligations.
- e. The law on inheritance regarding the founder's or the beneficiaries' domicile is not opposable to the foundation nor may it affect its validity or prevent the fulfillment of its objectives.
- f. There are favorable asset protection sections in law.

II. CONSTITUTION REQUIREMENTS

The Panama Private Foundation is a legal entity established through a private or public instrument, by either one or more private person(s) or corporate entity(ies) (called the Founder(s) and the allocation or endowment of funds or assets by the Founder is essential to its creation. The Foundation becomes a corporate body (juridical person) by registering a Foundation Charter at the Public Registry which contains:

- a. Its name, which must include the word "Foundation" (in any language)
- b. Its domicile
- c. The initial capital/estate (expressed in any currency) which can not be less than the equivalent of US\$10,000.00
- d. The name(s) and address(es) of the Member(s) of the Foundation Council which administers the estate (they can be individuals or corporate entity(ies))
- e. The name and domicile of the Foundation's Resident Agent in Panama (which must be a lawyer or law firm)
- f. The objectives and goals of the Foundation (these must be possible, reasonable, moral, and legal)
- g. The manner in which the Beneficiaries (which may include the Founder), are selected
- h. Reservation of the right to modify the Foundation Charter
- i. The duration of the Foundation
- j. The use to be made of the Foundation's assets and the manner in which its estate is to be liquidated in the event of dissolution.