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*Offshore Connection is a concise outline of practical information on structure, advisors and service providers. It is published three times a year. The case study is intentionally not related to the advisor or service provider profiled and is not meant to substitute for professional advice.*

## CASE STUDY AND COMMENTARY

Back in June a financial planner (of all people) sent me an open letter written by Michael Moore, blaming high net worth Americans for cavorting with the US government to “wipe out” the middle class. In a similar vein, this summer I picked up Naomi Klein’s *Shock Doctrine*, which blames multinational corporations for working over the general public in various countries. Not an unrealistic premise in itself, but the underlying point was that the voting majority in most countries are getting a raw deal and should have more power, which is a little disconcerting if you are a high net worth individual, as HNWI’s usually only represent less than 1% of any country’s population.

The reality is that HNWI’s are under attack from all sectors. I had a call with a high net worth asset advisor just prior to the mini-meltdown in early August. We talked about Japan’s tsunami, Europe’s sovereign debt crisis and US bankruptcy. His statement to me was that they were busy not looking for investment opportunities, but simply figuring out how not to get killed.

The May 2011 edition of *STEP Insider*, has a very informative, but scary, article concerning CRA’s new Related Party Initiative, which is a new tax investigative program aimed at Canada’s HNWI’s. The RPI is part of a worldwide initiative by the OECD countries targeting their respective HNWI’s.

HNWI’s need to come to the realization that they will have to do more for themselves if they want to protect their economic status. The following is a practical list of actions that I would recommend that any HNWI consider to protect their lifestyle:

1. Open up banking and investment accounts outside of your country of residence. You don’t need to have large sums invested, but you need to experience what it is like to operate on a global level.
2. Consider the strategic placement of legal title to your assets in a specific person’s name, a family trust or an offshore asset protection vehicle.
3. Make sure that you have adequate insurance coverage to protect your assets and for the event of an untimely death or unforeseen situations, such as disability or tortious acts.
4. Try to create alternate streams of income to reduce your dependency on one area. Better yet, if the alternate stream is derived outside of your country of residence. If you are a professional, such as a lawyer or accountant, you might try getting qualified in a second jurisdiction.
5. Obtain a second citizenship or permanent residency in another country. Many Canadians have ancestral rights to second citizenship. Americans should consider obtaining Canadian citizenship, which is very simple under NAFTA or the various investor programs. St. Kitts and Nevis offer citizenship simply for the purchase of qualified real estate of approximately \$350,000, which is delivered in about six months.

I would be happy to speak to anyone further about their needs in this regard.



**David W. Chodikoff**

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## PROFESSIONAL ADVISOR PROFILE

**David W. Chodikoff**, B.A. (Spec. Hons.), M.A., LL.B. is a Partner of Miller Thomson LLP specializing in tax litigation (civil and criminal) and international tax dispute resolution. David was a solicitor, a tax litigation lawyer and a Crown prosecutor with the Department of Justice (Canada) for over 15 years. He has conducted hundreds of court cases and has over 85 reported decisions.

David is either an editor or co-editor and contributor to a number of publications including: *Advocacy & Taxation in Canada*; *Taxation & Valuation of Technology*; *Taxation, Valuation and Investment Strategies in Volatile Markets*; *The Tax Advisor's Guide to the Canada-U.S. Tax Treaty*; and *It's Personal (Preserving Wealth for People and Private Companies)*. Currently, David is the Vice-Chair of the Executive of the Tax Section of the Ontario Bar Association.

I would highly recommend him for any tax litigation issues. David can be reached at (416) 595-8626 or [dchodikoff@millerthomson.com](mailto:dchodikoff@millerthomson.com).

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## SERVICE PROVIDER PROFILE

Founded in 2003, **Financial Pacific** is a licensed brokerage firm registered in Panama offering financial services and investment opportunities for private and institutional customers. Their clients invest in financial products in Latin America, United States, Canada, Asia, and Europe. These investments can be made in US and Canadian dollars, Swiss Francs, Euros or British Pounds.

Financial Pacific's mission is to provide the highest level of brokerage services, while maintaining the highest standards of transparency, professional integrity and ethics. They pride themselves in being more dynamic and creative than their competitors, thanks to their strong relationships with premier banks and broker-dealers around the world.

For more information you can review their website at <http://www.investingpacific.com> or contact them at [info@investingpacific.com](mailto:info@investingpacific.com) or (507) 207-0800.

