

Financial Crisis is Result of Credit Boom

<http://www.frbsf.org/publications/economics/letter/2010/el2010-25.html>

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The Federal Reserve Board San Francisco (FRBSF) Economic Letter of August 23, 2010 highlights the adverse effect of strong credit growth. The express implication is that continual and rapid growth in credit, both personal and business, serves to presage severe economic downturns that take a long time to repair or restore.

This fact may have to produce adjustments in revenue sources (taxes increases) and expenditures (social programs and tax incentives) as well as trade regimes. One thing is certain, tax enforcement and compliance measures may very well become more rigorous as federal, state and local governments seek to maintain programs at current levels. Key targets will continue to be offshore financial accounts (which require FBAR's) and in particular asset protection devices, including asset protection trusts (which are now death with in IRC§ 6038D and §6048).

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