

# Private Foundations

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A Private Fund is a universal instrument of asset protection and tax planning. A Private Fund is a legal entity, which has no owners but has a person who controls its activity. In its function a private Fund is similar to a Trust in countries with an Anglo-Saxon trust concept. However a Fund is a legal entity in contrast to a Trust.

By registration, the founders give to a Fund certain assets (company's shares, real estate, investment portfolios and so on) for owning and managing them on behalf of beneficiaries of the Fund.

Technically the Executive Committee manages the Fund assets. The Protector supervises the Executive Committee's activities. The protector is an independent person who is appointed by the founder. Depending on the wishes of the founder, the protector can have some principal organizational authority which limits freedom of action of the Executive Committee. For instance:

- Veto power on decisions of the Executive Committee which contradict the interest of beneficiaries
- Power to change the Executive Committee membership

The protector can consider the wishes of the founder but the final decision is taken by himself. In connection with this the authorized representative of the founder is appointed to the position of protector.

The most important characteristic of a Fund is that the founder, protector and beneficiary are not the owners of the Fund. It is not possible to require from them assets declaration and/or to carry out any other actions with them (tax payment, return, transfer of ownership).