SECURITY TRADERS

WHITEPAPER

The Three-State Architecture

South Dakota Trust Planning with a Nevada Parent and Wyoming Operating Structure

A strategic framework for separating long-term family stewardship, corporate command, and operating risk—without confusing legal structure with a guarantee of tax or creditor outcomes.

PREPARED FOR	Security Traders International, Inc.
SUBJECT	South Dakota Trust + Nevada Corporation + Wyoming Entity
PURPOSE	Executive planning and professional-advisor discussion
STATUS	Confidential working whitepaper | July 2026

This paper is educational and strategic. It is not legal, tax, investment, or creditor-protection advice. Implementation requires qualified counsel in every relevant jurisdiction.

Executive Summary

The central idea is separation by purpose. South Dakota can provide the long-duration trust framework; Nevada can provide the visible American parent corporation and strategic command center; Wyoming can provide a flexible subsidiary or asset-holding layer for defined operating activities. Properly designed, the three jurisdictions are complementary rather than redundant.

SOUTH DAKOTA	NEVADA	WYOMING
Stewardship & Continuity	**Command & Corporate Identity**	**Operations & Risk Segmentation**

Why the structure "fits like a glove"

Each layer is assigned a distinct job: the trust owns for continuity, the Nevada corporation governs for clarity, and the Wyoming entity operates or holds selected assets for compartmentalization. The architecture works only when ownership, control, contracts, accounting, banking, tax reporting, and real-world conduct all match the documents.

IMPORTANT TAX REALITY

South Dakota's absence of individual income, inheritance, and estate taxes does not automatically eliminate tax for a trust, settlor, beneficiary, corporation, or underlying asset. Federal tax, grantor-trust rules, beneficiary residence, source income, nexus, controlled-entity rules, and other states' laws can change the result.

1. Why South Dakota Leads in Trust Planning

South Dakota has intentionally developed a modern trust code that supports multigenerational planning, directed trust governance, privacy-minded administration, and qualified-disposition asset-protection planning. Its attraction is not one isolated statute, but the way several features can be combined under one coherent trust jurisdiction.

No state individual income tax

South Dakota does not impose an individual state income tax. This can be relevant to properly administered non-grantor trusts, but the final result depends on residency, source income, grantor status, beneficiaries, and nexus elsewhere.

No state inheritance or estate tax

The state reports no inheritance tax and no estate tax. Federal transfer-tax rules and taxes imposed by another jurisdiction may still apply.

Perpetual dynasty-trust capability

South Dakota law states that the common-law rule against perpetuities is not in force, allowing a properly drafted trust to continue across generations.

Qualified-disposition asset protection

South Dakota permits qualified dispositions to a qualified person under a statutory framework. Creditor claims are subject to specific exceptions, burdens, and limitation periods; transfers made to hinder known creditors are not protected.

Flexible fiduciary design

A modern structure may divide investment, distribution, administrative, and trust-protector functions, reducing dependence on a single fiduciary.

Continuity and governance

The trust can establish succession rules, decision standards, family governance, and ownership continuity beyond the life or capacity of one founder.

The “Two-Year” Creditor Window—What It Means

South Dakota is often described as having a short creditor-seasoning period. The statute is more precise than the slogan. For a creditor existing when a qualified disposition is made, an action is generally tied to the later of two years after the transfer or six months after the creditor discovered—or reasonably should have discovered—the transfer, subject to statutory conditions and exceptions. Later-arising creditors generally face a two-year period after the transfer. The analysis must also consider fraudulent-transfer law, excluded claims, bankruptcy law, federal claims, and the facts surrounding solvency and intent.

A SOUTH DAKOTA TRUST MAY FIT WHEN...	IT MAY NOT FIT WHEN...
The objective is multigenerational continuity.	The primary objective is secrecy from lawful reporting.
Independent South Dakota administration is acceptable.	The settlor intends to retain unrestricted personal control.
Assets can be transferred while solvent and before disputes arise.	There are existing claims, threatened litigation, or creditor evasion concerns.
Professional trustee, tax, and legal costs are justified.	The asset base is too small to support institutional administration.
The family accepts governance rules and documentation.	The parties will not respect entity boundaries or formalities.

2. The Nevada–Wyoming Corporate Combination

The recommended concept is not to form duplicate companies without purpose. It is to place the public-facing parent and strategic governance in Nevada, then use one or more Wyoming entities for clearly defined subsidiaries, asset pools, projects, or contractual operations. This creates a chain of command while limiting the number of activities and liabilities concentrated in one entity.

NEVADA PARENT CORPORATION	WYOMING SUBSIDIARY ENTITY
Corporate command, brand ownership, capital strategy	*Defined operations, projects, or asset segregation*
◆ Holds trademarks, domains, strategic intellectual property, and subsidiary interests.	◆ Houses a specific operating line, asset class, contract portfolio, or special-purpose activity.
◆ Provides a familiar corporate form for boards, investors, officers, and major contracts.	◆ Allows tailored operating agreements and manager authority where an LLC is used.
◆ Centralizes policy, governance, financing approvals, and enterprise oversight.	◆ Supports risk segmentation between projects and the parent, when separateness is respected.
◆ Creates a durable American parent identity for international relationships.	◆ Can be added, sold, financed, reorganized, or wound down without disturbing the entire group.

Why Not Put Everything in One Corporation?

A single company is simpler, but it can commingle strategic assets, operational contracts, employees, vendors, client obligations, and project liabilities. A parent-subsidiary model can isolate defined exposures and improve transaction readiness. It is not a magic shield: courts and regulators examine capitalization, records, contracts, control, intercompany pricing, and whether the entities genuinely operate separately.

Why Nevada at the Top?

Nevada provides a mature corporate statute, a recognized board-and-officer model, flexible internal governance, and a strong identity for a Western U.S. holding company. Its practical value is strongest when the corporation is genuinely governed from its chosen base, keeps complete records, and is not used to misstate where business is actually conducted.

Why Wyoming Below It?

Wyoming is widely used for flexible entity administration and was the first U.S. state to enact LLC legislation. For Security Traders, the strategic value is modularity: a Wyoming subsidiary can be assigned a narrow purpose with its own contracts, banking, insurance, books, and risk controls. The correct form may be an LLC or corporation depending on tax, licensing, investor, and operational requirements.

3. Illustrative Ownership and Control Architecture

The following model is illustrative. It should be rebuilt by counsel after confirming beneficial owners, tax residence, regulatory activities, banking needs, investor rights, and the locations where management and services actually occur.

SOUTH DAKOTA DYNASTY / ASSET-PROTECTION TRUST

Long-term ownership, succession, distribution standards, protector and fiduciary governance

▼

SECURITY TRADERS INTERNATIONAL, INC. — NEVADA

Parent board, brand, enterprise policy, capital allocation, ownership of subsidiaries

▼

WYOMING OPERATING OR HOLDING SUBSIDIARY

Defined project, asset pool, contracts, personnel, banking, insurance, and accounting

▼

PROJECT / ASSET SPVs

Separate entities only where economic substance, scale, risk, or transaction needs justify them

Control Does Not Have to Equal Beneficial Ownership

A trust may own voting or nonvoting interests while a board manages the Nevada corporation and managers operate Wyoming subsidiaries. Reserved powers, protector rights, distribution discretion, investment direction, and removal powers must be designed carefully so that the intended tax, asset-protection, fiduciary, and regulatory outcomes are not undermined by excessive retained control.

Functional Allocation Matrix

FUNCTION	SOUTH DAKOTA TRUST	NEVADA PARENT	WYOMING SUBSIDIARY
Ownership continuity	Primary	Owned interest	Indirect
Board governance	Oversight rights only	Primary	Delegated
Brand / core IP	May own indirectly	Primary holder	Licensed use
Client contracts	Usually no	Policy-dependent	Primary when assigned
Employees / vendors	Usually no	Shared services possible	Primary when assigned
Risk isolation	Trust-level separation	Enterprise layer	Project / operating layer
Distributions	Trustee standards	Dividends upstream	Cash flow to parent

4. Implementation Roadmap

1 **Define the objective**
Clarify succession, control, asset protection, tax, philanthropy, investment, and operating goals. A structure built around a vague desire for "privacy" will usually be weak.

2 **Map people, assets, and jurisdictions**
Identify citizenship, residence, domicile, beneficiaries, trustees, protectors, directors, managers, employees, assets, source income, and where decisions occur.

3 **Obtain coordinated legal and tax opinions**
Use South Dakota trust counsel, Nevada corporate counsel, Wyoming entity counsel, federal tax counsel, and advisers in every state or country with meaningful nexus.

4 **Design the trust governance**
Select trustee, trust protector, investment adviser or committee, distribution adviser, successor mechanisms, information rights, and standards for conflicts.

5 **Form and capitalize the corporate chain**
Create the Nevada parent and only those Wyoming entities that have a genuine business purpose. Transfer assets for documented consideration or capital contributions.

6 **Document intercompany relationships**
Prepare IP licenses, management-services agreements, loans, cost-sharing, employee allocation, data processing, banking mandates, insurance, and transfer-pricing support where relevant.

7 **Build operational substance**
Maintain separate accounts, ledgers, minutes, contracts, tax filings, records, cybersecurity, and decision-making appropriate to each entity.

8 **Review annually and before major events**
Reassess after marriage, divorce, relocation, death, incapacity, litigation, financing, asset sale, regulatory change, or admission of investors.

5. Guardrails, Risks, and Red Flags

RISK	WHY IT MATTERS	CONTROL
Fraudulent-transfer exposure	No jurisdiction legitimizes moving assets to defeat known or reasonably foreseeable creditors. Timing, solvency, consideration, disclosure, and intent are central.	Independent counsel; solvency analysis; contemporaneous records
Tax residency and nexus	A trust formed in South Dakota may still be taxed elsewhere because of a resident settlor, trustee, beneficiary, source income, administration, or control.	Annual multistate tax review and nexus mapping
Grantor-trust consequences	Many trusts remain taxable to the settlor for federal purposes. State treatment can follow different rules.	Federal and state trust-tax modeling before funding
Alter ego / veil piercing	Entity protection weakens when owners commingle funds, undercapitalize subsidiaries, ignore records, or treat corporate assets as personal property.	Separate books, accounts, contracts, insurance, and minutes
Regulatory licensing	A trust or entity structure does not replace banking, securities, money-transmission, custody, investment-adviser, insurance, data, or consumer licenses.	Written licensing perimeter and regulatory responsibility matrix
Beneficial ownership reporting	Privacy is not anonymity. Banks, tax authorities, courts, regulators, and other lawful recipients may require ownership and control information.	Accurate KYC, tax, court, and regulatory disclosures
Bankruptcy and federal claims	Federal bankruptcy law, tax liens, criminal forfeiture, sanctions, and federal regulatory powers can override or limit state-law planning.	Bankruptcy and federal-law opinion for material transfers
Governance paralysis	Too many protectors, advisers, vetoes, and classes of interests can make a structure impossible to operate during a crisis.	Clear decision rights, deadlock mechanisms, and emergency succession

The Practical Standard

The structure should be explainable in one sentence to a bank, auditor, regulator, judge, or future family member: the trust exists for continuity and fiduciary stewardship; the Nevada corporation governs the enterprise; and each Wyoming entity has a defined operational or asset-holding purpose. Complexity beyond that must earn its place.

Required Professional Team

- South Dakota trust counsel and a qualified South Dakota trustee
- Federal and multistate tax counsel / CPA
- Nevada corporate counsel and registered agent
- Wyoming entity counsel and registered agent
- Regulatory counsel for any financial or digital-asset activity
- Banking, custody, insurance, cybersecurity, valuation, and audit professionals as needed

6. Strategic Conclusion

South Dakota protects the horizon. Its trust law supports continuity across generations, flexible fiduciary governance, and a statutory framework for qualified dispositions.

Nevada commands the enterprise. The parent corporation provides a recognizable board structure, brand center, and strategic platform for capital and subsidiaries.

Wyoming organizes the field. Purpose-built subsidiaries can isolate projects, contracts, assets, and operating risks without burdening the parent with every activity.

Together, the architecture fits like a glove—but only when it is tailored, adequately capitalized, transparently administered, and supported by coordinated legal, tax, banking, and regulatory advice.

OWN FOR GENERATIONS. GOVERN WITH CLARITY. OPERATE WITH DISCIPLINE.

Primary Legal and Government Sources

- South Dakota Legislature, SDCL Chapter 43-5, including § 43-5-8 (common-law rule against perpetuities not in force).
- South Dakota Legislature, SDCL Chapter 55-16 (qualified dispositions in trust, definitions, creditor claims, limitations, and exceptions).
- South Dakota Legislature, SDCL Title 55 (fiduciaries and trusts).
- South Dakota Department of Revenue, “Taxes” (no state individual income tax; no state inheritance or estate tax).
- Nevada Revised Statutes, Title 7 / Chapter 78 (private corporations) and related entity provisions.
- Wyoming Statutes, Title 17 (corporations, partnerships, and associations), including Wyoming entity and charging-order provisions where applicable.
- Internal Revenue Code, Treasury Regulations, federal bankruptcy law, and the laws of every state or country with settlor, beneficiary, trustee, asset, business, or income nexus.

Legal Notice