



## Simon Fredricks, MD: A Visionary Whose Legacy Endures

It is with deep sorrow that we share the news of the passing of Simon Fredricks, MD. A Founding Member and Past President of the American Society for Aesthetic Plastic Surgery, Dr. Fredricks helped conceive the need for an organization devoted to aesthetic plastic surgery, and his efforts led to the establishment of ASAPS. He passed away, peacefully in his sleep on May 23, 2018 and his loss will



no doubt be felt throughout the entire specialty.

As ASAPS Past President Peter Fodor, MD, notes, "Simon left us all with wonderful lasting memories." ASAPS Past President Renato Saltz, MD, calls Dr. Fredricks "a true Visionary and Servant of the Specialty. We will miss him very much."

'Visionary' seems to be the word most associated with Dr. Fredricks. ASAPS Past President Michael C. Edwards, MD, notes that Fredricks was "truly a visionary for our society." Daniel C. Mills, MD, ASAPS Past President, shares, "We all owe him so much. What a visionary! We can all celebrate his life, vision and what he accomplished for our entire specialty. He will live in our hearts forever."

ASAPS President W. Grant Stevens, MD, recalls, "I so remember the first time I met

him and was fortunate enough as a resident to sit with him at The Aesthetic Meeting's black-tie dinner, with George Peck and my fellow resident, Paul Pinn. What an honor to be with him, and what a legacy he has given us all."

Such as Dr. Fredricks' passing felt that numerous leading surgeons in the specialty shared their condolences. As ASAPS Past President Jack A. Friedland, MD, shared,

"I was very sad to hear that Simon passed away. His legacy, our organization, is an unbelievable accomplishment. He will forever be revered by all of us." Dr. Sherrell Aston, ASAPS Past President, said of Dr. Fredricks, "Simon was truly The Godfather of ASAPS." Alan Matarasso, MD, President-Elect of ASAPS, shared, "Simon Fredricks was a friend, a mentor, and a man of razor sharp wisdom and keen insight. His very presence commanded everyone's respect. Throughout his entire career, Simon was widely recognized as a key leader in the world of plastic surgery. He was paramount in the formation and current initiatives of ASAPS/ASERF and in legitimizing aesthetic surgery. Simon lived a rich and fulfilling personal and professional life. While

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## Protecting Personal and Practice Assets: A Matter of Degree

By David B. Mandell, JD, MBA

**A**s an attorney and consultant to physicians for more than two decades, I have advised many on the area of asset protection—how to shield assets from unforeseen future liability. In this article, I hope to dispel some incorrect assumptions you may have and provide you with one of the most important fundamentals of this field: protective tactics and tools are not all the same. In fact, each can offer varying levels of protection—shielding assets to a certain degree.

### **Improving Level of Asset Protection: Changing Bad Habits**

The most common misconception that physicians, including plastic surgeons, have regarding asset protection is to think that an asset is either “protected” or “not protected.” In this endeavor, an asset protection professional approaches a client with unprotected assets much in the way that a physician approaches a patient. Like physicians, asset protection professionals will first try to get a client to avoid bad habits. For a medical patient, bad habits might mean smoking, drinking too much or a poor diet. From an asset protection standpoint, bad habits might include owning property in a physician’s own name, owning it jointly with a spouse, or operating any medical practice with business assets exposed.

Beyond bad habits, we try to structure a client’s assets so they have the best protection that’s reasonably possible under the circumstances, which can range from how much the client wants to spend, how much the asset is worth, the client’s marital status, state of residence and interest in estate planning. Guiding us along this process is the knowledge that each asset protection tool, like any medicine, has certain efficacy and costs/benefits.

For the past twenty years, I have used an asset protection rating system ranging from -5 (totally vulnerable) to +5 (highest level of protection). The goal of asset protect planning is not to move all the client’s assets to a +5 position—this simply is not possible, even in the states that have the most protective laws. On the other hand, too many physicians,

including plastic surgeons, have too many of their personal or practice assets in negative positions with little or no shield. At a minimum, nearly all physicians would do well to move the bulk of their personal and practice assets to positive positions.

### **Highest Level of Protection: Exempt Assets**

We always begin by making sure clients leverage the best +5 tools at their disposal—state and federally exempt assets. We recommend exempt assets first because (1) they enjoy the highest +5 level of protection and (2) they involve no legal fees, state fees, accounting fees or gifting programs. In other words, you can own the exempt asset outright in your name, have access to any values and still have it 100 percent protected from the typical lawsuit against you. Each state law has assets that are exempt from creditor claims, thereby achieving a +5 status. Many states provide exemptions for qualified retirement plans and IRAs, cash within life insurance policies, annuities and primary homes. Consult an asset protection expert to find out the exemptions in your state; and, if protection is important to you, be sure to maximize these +5 tools.

### **Joint Ownership Forms: Top Protection for Some Assets Against Some Creditors in Some States**

In about twenty states, there exists an ownership form that can provide +5 level of protection in certain circumstances. Tenancy by the entirety (“TBE”), a form of joint ownership available to married couples in such states, may provide the top level of protection for claims against only one spouse. In some states, this protection applies only to real estate owned by TBE; in other states, both real property and personal property, like investment accounts, can be shielded through TBE.

However, inherent in TBE are several risks, including the fact that TBE never provides any protection against joint risks (such as lawsuits that arise from jointly-owned real estate and potentially car accidents) and all protections are lost in the event of a divorce. For this reason, even in states where TBE can be

protective, we often recommend that it be combined with legal tools such as those described below.

### **Bridging the Gap: Legal Tools**

Legal tools, such as limited liability companies (LLCs), family limited partnerships (FLPs), and a variety of trusts, are often used to bridge the gap between the negative positions and the +5 exempt assets (or TBE in limited circumstances, per above).

FLPs and LLCs will provide good asset protection against future lawsuits, allow for maintenance of control by the client, and can provide income and estate tax benefits in certain situations. Specifically, these tools will generally keep a creditor outside the structure through *charging order* protections. These protections typically allow a physician to create enough of a hurdle against creditors to negotiate favorable settlements. For these reasons, we often call FLPs and LLCs the *building blocks* of a basic asset protection plan.

There are also many types of trusts that provide significant protection for clients. These can range from life insurance trusts or charitable remainder trusts to grantor retained annuity trusts and more. Over the past twenty years, many states have passed statutes allowing domestic asset protection trusts (DAPTs) which can be an ideal trust protection tool for many physicians. Each trust type has its pros and cons, costs and benefits.

Obviously, for all these legal tools, asset protection benefits are reliant upon proper drafting of the documentation, proper maintenance, respect for formalities and proper ownership arrangements. If all these are in place, the physician can enjoy solid asset protection for a relatively low cost.

### **Conclusion**

Asset protection planning, like any sophisticated multidisciplinary effort, is a matter of degree. Be sure to be guided by an advisor who utilizes all available tools to give you the highest levels of protection with reasonable costs.

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## Protecting Personal and Practice Assets

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## Turn Your Staff into Master Promoters

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monthly fee taken from their paycheck, or deduct it from the monthly bonuses they receive if you have an incentive plan.

The point is to make it easy for them to have the procedure they need to represent you and promote you professionally without you feeling taken advantage of.

Then have them sign an agreement giving you full use of their photos and videos to use in your marketing efforts.

### But What if Staff Leave?

You will get far more value from the revenues you collect from better conversion rates than what it will cost you to invest in your staff's appearance.

Surgeons are afraid staff will have their surgery and then leave the practice. That's understandable at first but quickly becomes narrow-minded thinking.

Your staff can be your best "sales team" so hire the right staff, treat them well and let them show off your great work.

Think about it... most of your staff will tell you they are not good at sales and "pushing" your services, right?

But I'll bet they're really good at telling your patients about their own experience with some "Show and Tell" and that's more compelling than anything else.

You also have their photos and videos so you can continue to use them to help convert consultations even though they have moved on so there is no downside to turning your staff into master promoters.

*Catherine Maley, MBA is author of "Your Aesthetic Practice/What Your Patients Are Saying" and President of Cosmetic Image Marketing. She uses creative patient-attraction and staff-training strategies to get you more patients and more profits. Catherine can be reached at (877) 339-8833 or visit her website at [www.CosmeticImageMarketing.com](http://www.CosmeticImageMarketing.com).*



## Cyber Insurance Today

By John Williams

**A**s medical devices and records become increasingly connected to the Internet of Things (IoT), the probability of being hacked by a cyber-criminal only increases. This has potentially devastating ramifications for today's hospitals and surgeons, as not only can records be compromised but medical devices can be programmed to malfunction.

At a recent global cybersecurity event, The RSA Conference, hackers were able to infect information being sent to medical devices. Obviously, this could have dramatic consequences to you as a surgeon. Imagine if your EMR gave you false information about a patient that led to erroneous drug prescriptions. Equally as important, think of the consequences of a medical device shutting off or providing improper dosage of critical medications.

One insurance company is offering a solution to this dilemma. Coalition, a California-based cyber underwriter, is providing Bodily Injury (BI) and Property Damage (PD) to help address this risk. Traditionally, cyber coverage has excluded BI/PD, as early policies were never intended to cover this.

Joshua Motta, CEO of Coalition and a former CIA employee, was recently quoted stating that, "we now live in a time where a cyber-attack can cause hospital shutdowns, medical device failures and even nuclear centrifuge explosions—literally the entire spectrum of risks. Consequently, companies must now consider the prospect of a physical attack which causes not just business interruption losses, but also property damage, bodily injury, and even pollution."

When purchasing cyber insurance, please feel free to call John Williams [j.williams@usi.com](mailto:j.williams@usi.com) or (205)969-5158 of USI/CosmetAssure to discuss this exciting new coverage offered by Coalition.