DIGITAL ASSETS- SUCCESSION MANAGEMENT

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Winner of the

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The Problem

Moving to a completely online world is having a profound impact on Estate and business succession causing lost financial value, vanishing personal legacies and posing risk to business continuity.

The result is a $7T (and growing) problem facing all involved that requires innovation and new strategies.
What is a Digital Asset?

*Digital Asset means an electronic record in which an individual has a right or interest. The term does not include an underlying asset or liability unless the asset or liability is itself an electronic record.*

A REAL AND EXPENSIVE PROBLEM
(real cases)

COSTLY LITIGATION (2019):
3+ year and undisclosed costly court battle to get family pictures from iCloud

Stolen Investments (2019)
$2.1M stolen from deceased clients’ dormant, un-administrated accounts by employee

Hidden Value (2018)
$11M in Bitcoin locked behind encryption keys

Inaccessibility (2018):
Lost funds, income and memories with unknown value- RBC Bank Executor

OPERATIONAL/ASSET COLLAPSE:
$1M+ in lost value, expense and income with collapse & contents rendered in accessible

LOST VALUE (2019):
$135M lost without succession plan or access to encryption keys

Password Manager Lockout (2020)
Unknown Password Manager denied access to decedent’s account portfolio and data logos based on the Terms of Service Agreement, inability to decrypt encryption and local privacy laws (international jurisdiction)
WHAT’S AT STAKE

For Individuals
• Estate value
• Legacy and history
• Personal income
• Personal privacy
• Business operations

For Content Provider
• Privacy breach
• Compliance to TOSAs, privacy and fiduciary laws
• Lack of operations management
• Industry inconsistency and fragmentation
• Inaccessible to data

For Advisors
• Risk and Liability
  • Lost assets
  • Malpractice/Bar complaints
• Reputation
• Failure to meet obligations
• Speculating solutions
Doing more than we think!
A DIGITAL PORTFOLIO
AMAZON TO ZOOM

✓ Email
✓ Cloud storage
✓ Password managers
✓ Internet of things
✓ Online
  Games/Collectibles

✓ Social media
✓ Text messages
✓ Telecom & Utilities
✓ Gov’t agencies
✓ Entertainment

✓ Investments
✓ Banking/loans
✓ Insurance
✓ Crypto
✓ Domain names
✓ Games

✓ DNA tracing
✓ Personalized IP
✓ E-commerce
✓ Online profiles
✓ Rewards/Loyalty
Not far behind younger generations
Senior YouTube Music Usage on the rise
Seniors have increased their usage of smartphones

Frequency of usage of the following internet activities on their smartphone in 2016 respectively during Covid-19 crisis 2020

- Daily
- Weekly
- Monthly

Ericsson 2021

*Ericsson.com, Seniors and technology during Covid-19: the latest insights, Jan 26, 2021
## TECHNOLOGY AND ESTATES

### AGITATORS

- **New and powerful authorities**  
  (*privacy/fiduciary laws, Terms of Service Agreements*)
- **Popular misconceptions and inadequate planning**  
  (*i.e. password sharing*)
- **Digital property attributes and limitations**
- **New asset types and innovations**  
  (*i.e. crypto, gaming elements, collectibles, IP*)
- **Fluctuating market value**  
  (*i.e. crypto, gaming elements, collectibles, IP*)

### THE LASTING EFFECT

- Dictate procedures and regulate access to information
- Failing and ineffective
- Buried in names, expiring subscriptions, auto-deletion policies
- Reduces the ability to plan ahead
- Value volatility causing frequent tax threshold crossovers
WHAT LOVED ONES AND FIDUCIARIES FACE
THE NEW RULES

“If you go more than a year without logging into your Yahoo Mail account, Yahoo may delete your messages from its servers to make room for other users. After your account is deleted, your screen name becomes available to new users.”

All email accounts that a user does not log into at least once every 12 months are designated inactive by Comcast. The contents of deleted email accounts are not recoverable once deleted.

“The company reserves the right to delete accounts that remain inactive for an extended period of time but doesn’t not usually do so.”

“Dropbox determines inactive accounts by looking at sign-ins, file shares, and file activity (adding, editing, or deleting) on any of our platforms (Dropbox or Paper) over the Last 12 months. Your account will be automatically deactivated—and your files deleted—90 days after you reach 12 months of inactivity.”
THE PASSWORD PROBLEM
*(Don’t even think about it)*

The result can be permanent lock out or worse

- "Account Holder Impersonation" - violation of laws and TOSA
- Change often passwords
- Risk of ID fraud and client reputational disparagement

- Becoming obsolete
  - IP Address identification
  - 2-Factor Authentication
  - Biometrics
  - Security Questions

- Risk of vicarious liability if PWs are compromised

"Account Holder Impersonation" - violation of laws and TOSA

Change often passwords

Risk of ID fraud and client reputational disparagement

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KNOWING THE FOUR KEYS TO SUCCESS

TRANSPARENCY
Accounts, assets and files are known and visible?

ACCESSIBILITY
Online accounts, contents and devices must be available for disclosure to fiduciaries and loved ones?

TIMELINESS
Are subscription expiring? Are auto deletion policies in effect?

ABILITY
Do fiduciaries and loved ones have the wherewithal and knowledge to carry out their responsibilities?

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Two types of disclosure

**Disclosure of Account Contents**
- The release data, contents, logs etc to a beneficiary (person, trust or other entity)
- Indicates or is directly sentimental, financial, business-related or other matter
- Most needed by personal representatives for successful settlement

**Action Oriented**
- Action to be taken on the account (delete, close, transfer, remove name, etc.)
A DISTORTING REALITY

Some thoughts

What I think I’ll do

What I actually do

What I say I’m going to do
Better data protects can drive predictability models for

**Individuals**
- Missing property
- Account holder behavior and attitudes
- Future enrollment, downloads, transactions
- Fiduciary behavior and attitudes
- What are the assumptions, realities etc.
- Data disclosure preferences

**Content Providers**
- Internal operations and process management
- Security, privacy policies and estate request protocols
- Estate requests and needs
- Improve account holder, estate and loved one experience
DIRECTIVE COMMUNICATION SYSTEMS (DCS)
Cleaning up the Chaos

RECORDS AND CATALOGS:
• Online accounts and assets
• Subscription accounts
• Devices

CLIENT DETERMINED DISPOSITION:
• Disclosure of account contents
• Actions to be taken (close, delete, remove name etc...)

ENSURES ASSET ACCESSIBILITY:
• Legal and TOSA compliance
• Expiration and deletion prevention
• Financial asset visibility for portfolio optimization

DELIVERS:
• Compliance
• Efficiency
• Peace of Mind

BACKEND ADMINISTRATION,
RECONCILIATION AND FULFILLMENT:
• Fiduciary administration services
• Directives fulfillment management
THE EASY VIEW DASHBOARD

LAW FIRM/LAWYER VIEW

- Easy client enrollment
- Clear view of clients and status
- Advisor’s team
- Convenient Resource Center
- Firm Co-branding

CLIENT VIEW

- Client’s designated beneficiary list
- Easy to read accounts and directives
“We don’t solve a technology problem with words, we solve a technology problem with technology”

-Scott Williams, Lawyer, Williams Allen Casey LPA
THANK YOU