

Professional
PERFORMANCE
360



FEATURING

NICK NEMETH

WITH **SIR RICHARD BRANSON** AND **OTHER LEADING EXPERTS**

*Professional***PERFORMANCE 360**
Special Edition: SUCCESS

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THE WORLD OF VIRGIN PERFORMANCE

A Never Ending Quest for Success

PERFORMANCE: In a World of Performance and the search for or the Quest for Wealth, what does that mean to you? The world itself looks at wealth in monetary terms. So what is your interpretation of what that is we're looking for?

RICHARD: Well I think that a Quest for Wealth, *per se*, is not a particularly satisfying thing to do. But having a quest or quests is very satisfying. And if the by-product of those quests is that wealth is created, and you use that wealth productively, that's satisfying. And in my own particular case, I originally wanted to start a magazine. When I was fifteen years old, I wanted to put the world right. And the Vietnamese war raging, and I wanted to do my little bit to stop it. And in order for that magazine to survive, I had to become an entrepreneur. I had to become a businessman—I had to worry about the paper manufacturing and the distribution, the marketing and so on. And the end

result was that it became successful. I could then set about to challenging myself to make a difference in other areas. I love music, so I found a particular band that I loved the music of, and we couldn't find anybody else to put them out, so I decided to form a record company. Now, the end product of forming that record company, the product of signing bands like the Rolling Stones, Genesis and Janet Jackson, was wealth. But that was not where I got my satisfaction. I got my satisfaction from creating a great record company that I was proud of.

PERFORMANCE: So, the old adage of follow your bliss, follow your passion, it's what's been leading you, really, all along.

RICHARD: Yes, and I think that the most successful people are the people who do not sit down and think, how can I make a fortune? It's people who have a passion for something, for instance when I moved into the airline business, I hated flying on other people's airlines, and I felt I could do it better. If I was

looking for wealth from doing it, everybody would have advised me that I was mad. But my reason for doing it was creating the kind of airline that I'd like to fly. As it turned out, I created Virgin Atlantic that I liked to fly and other people liked to fly, and twenty years later it's enormously successful. We've managed to sell 49% of it to airlines that are worth billions of dollars, and we've made good money from it. But if I'd actually gone into it because I thought I was going to make good money, I don't think I would've made a penny.

PERFORMANCE: Well, you're doing things contrary to people's opinions. And that's part of the secret to your success. You're now entering the marketplace with Virgin America and everybody's saying, what?

RICHARD: I think the most successful entrepreneurs are the ones who do things contrary to opinion. The standard business school advice is stick to your onions, don't do anything to stray from that. Or Nike stick with shoes, Microsoft stick with computers. Coca-cola stick with soft drinks. At Virgin we love the idea of becoming a way of life brand, of challenging businesses in other areas. And we love doing that, it's more challenging, we learn a lot more. We meet a lot of people. And contrary to advice in business school, I actually think it makes a lot of sense. Because music shops were one of the first things we did. I doubt there's a great future in music shops with iPods and other methods of getting your music. So if we just did music shops, we wouldn't survive. But because we've moved into things like mobile phones, where a lot of kids' spending power is going...if one business is suffering from a lot of competition, or new technology, another one of our businesses can do well.

PERFORMANCE: So if you were to...at some point, I read something about your ten steps to success. I don't expect you to remember rhyming them off, but perhaps if you could sort of address that, from your experience?

RICHARD: Well, I mean I think the most important thing, if you're a father, if you're a businessman, is to lavish praise, is to look for the best in people. To be good to people, to inspire people, not to criticize people. And I suspect that's the #1 most important thing in a leader. If you end up criticizing people all the time, people shrivel up. If you praise people, people expand. And it applied to anybody. You know, you see a person who's cleaning a room, you've got a switchboard operator

locked way upstairs. Well everybody needs a little bit of attention, a little bit of praise. And since so many businesses are not good at that, the loyalty that you can get back is enormous, and so it makes fantastic business sense. And there are lots of other things, like to advise people, but I wouldn't say that that's the #1 overriding thing.

If you're doing something you're committed to, you've got a chance

If someone is setting up a business it's important that they go into something that is a passion, and again, really interests them. And if you're going to work day and night to make it work, it's important that you're interested in it. For the first few years, if you don't have financial backing, the only word that's going to matter to you is valuable. And a lot of businesses don't survive. But at least if you're doing something you're committed to, you've got a chance. If you don't survive, it's not the end of the world. It's the whole idea of limited companies. So if you try, you fail, you go to Chapter 11, you've got to pick yourself up and try again. There have been a lot

of entrepreneurs that went through that financial process and then went back and created major corporations, so don't be too frightened about failure.

PERFORMANCE: I think that's really what keeps a lot of people back. It is enormous fear. Whether it's enormous fear of success, or failure, and sometimes you don't know which it is. And I think that one's identity is so much tied in with that success. If you could just elaborate on that in terms of your own identity and your work. I read something that really touched me, that when you sold Virgin Records, you were very emotional about that and cried about that, but you had to do that in order to get the airline moving.

RICHARD: Yeah, you know I think that unless you're doing something in life that you feel passionate about, you feel passionate about the people, you shouldn't be doing it. In my own particular case, I had a record company. It was very successful, I had a fantastic group of people running it, I had an airline that was less successful that was being attacked by British Airways and they were desperately trying to put us out of business. And it came to a stage where I had to sell the record company in order to protect the jobs at the record company, and also to protect the airline. And it was bizarre, I sold it, and got a billion-dollar check in my pocket, I had seen the staff, and I was running down the

street, tears streaming down my face. And past a newspaper that said, “Branson Sells For A Billion”, and I did think it was quite amusing, if a photographer got a picture of this person blubbing his head off with a billion dollar check in his pocket. But I do believe that if you’re human, you’ve got to care about people.

PERFORMANCE: So that was a defining moment for you?

RICHARD: It was...I’ve been fortunate enough in my life to have had quite a lot of defining moments. And a life full of incredible experiences, whether it be personal experiences or business experiences. And I suspect that’s also helped me when things have gone wrong. I don’t dwell on them too long, and as long as I’ve done everything I can to try to make them successful, I’ll be able to sleep well at night and I’ll move on to the next challenge. And I’ve had enough challenges to satisfy many lives. I’ve been incredibly, incredibly lucky, and for me to dwell on things when they didn’t go quite right, I’d be a very, very, sad individual.

PERFORMANCE: So what do you think has been your core strength and has made you take all these enormous risks? I mean, the sort of dangerous element of the challenges you’ve taken on physically and in business? Is there something in your childhood that has driven you to these kinds of adventurous extremes?

RICHARD: I think the adventure side of me, I suspect, has been brought out by my mother, in particular. I remember age five we were driving to my grandmothers’, and two miles before we got there she dropped me off in the countryside and told me to make my own way there. She would’ve gotten arrested today. And I got horribly lost, but it was her way of trying to get me to stand on my own two feet. Age eight, she doesn’t even drive me, she puts me on a bicycle and tells me to ride 300 miles to granny’s house. And so on, and so on.



**My clients face daily,
repetitive obstacles.
They come to my office
in tears, their marriage
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OVERCOMING OBSTACLES THAT STAND IN THE WAY OF SUCCESS

PERFORMANCE: As the Founder of The Law Offices of Nick Nemeth, PLLC, you are dedicated to helping individuals and businesses resolve IRS problems. How does your work influence your personal definition of success?

NICK: Success comes to those who overcome obstacles in their personal and professional lives. As an attorney who helps clients resolve their issues with the IRS, I must maintain awareness that obstacles are merely opportunities to improve. If you let them get the better of you, you're going to have trouble achieving anything worthwhile. One of the reasons I chose to practice in this area of law is that I believe there is no bigger obstacle to financial success than ongoing IRS problems. My clients face daily, repetitive obstacles. They come to my office in tears, their marriage is on the rocks, and they haven't slept well

in months. It's all from the stress associated with their IRS problems. I can see the day they hire my firm that a load has been lifted. They know they've got someone they can depend on to help them. The good news is, that while IRS problems create huge obstacles for people, they can be overcome. After meeting with me, they realize they don't have to allow IRS issues to devastate and consume their lives.

PERFORMANCE: What is the first step of your process for helping clients gain peace of mind?

NICK: First, my job is to get the IRS to tell me everything about my client's history. We compare how that matches up with the information my client provided. The IRS moves slowly, but generally I know everything they know about my client, including how much they owe, within 24 to 48 hours.

One way I help remove obstacles for my clients is by educating them about their unique situation. I help clients understand that once the IRS has issued certain notices, they have the right to garnish wages, seize retirement assets, and even seize one's home. Although the client has his or her version of the problem, I have to explain to them why they owe far more than anticipated. I've had many instances where a client thinks they owe \$10,000 but really owes \$100,000. My clients have been battered with so much correspondence that they're confused.

PERFORMANCE: How do you know where to start with a new client?

NICK: There are several steps I take in every case. The first step in the process is to show compliance with the filing of returns. I consider compliance a major obstacle to overcome. If any returns are missing, we get them filed. Most of my clients don't realize that the government files returns on their behalf if the taxpayer didn't submit his own. This is called a Substitute for Return. If I conclude that substitute returns were filed, I analyze them. I then make the determination to either keep the substitute or replace them with original returns. Many times when the IRS does the returns, they're not in the client's favor. I may decide to replace them, however, in some cases there is a benefit to having an overly inflated balance owed on the return. The next step is to show compliance of tax payments on current income. I look at the taxes being taken out of their current paychecks to make sure enough is deducted so nothing is owed at the end of the current year. Many of my clients are self-employed. I assess their record of quarterly payments. If it's been a problem in the past, I make sure they're paying in throughout the year. I educate my clients and help them establish good habits by making quarterly estimated payments. Analyzing the problem, educating clients, and creating good habits helps prove to the IRS that there will be no future problems and we can then concentrate on the problems from the past.

PERFORMANCE: What other obstacles are involved in resolving an IRS issue?

NICK: The last major obstacle is the financial statement. All IRS solutions are based on the client's ability to pay, and a financial statement is the basis for that determination. A financial statement is a list of all household assets, income, and expenses. Obviously, we want to prepare and analyze it before we send it to the IRS. For example, if you have no assets and no money left after expenses at the end of a month, there are ways we can make the debt to go away. Many of my clients have added difficulty because even though they feel like they're broke at the end of the month, the IRS doesn't

agree. The IRS can look at your numbers for household expenses and reject some of them. They actually tell you how much you get to spend on your housing, food, insurance, and gas. For instance, you may pay \$4000 a month on your mortgage, but if the IRS only allows a maximum of \$1,400 per month in your county, you have to deal with it. I explain to my clients that the opponent in this instance wrote the rules and they are not stacked in our favor.

PERFORMANCE: Once you have all these "ducks in a row," so to speak, what are the specific solutions available to resolve the debt?

NICK: Once I get to this point in a case, it's time to devise a plan. There are many options we consider to resolve a client's IRS debt. Each client's case is different. I'll tell you about some of the more common options. Nobody likes the first option, which is to write a check! If the client owes \$400,000 and has \$800,000 available in a 401(k), sometimes it makes sense to simply pay the IRS. If borrowing the money is an option, pay them. The next options require us to roll up our sleeves and get creative, within the limits of the law. One option might be a payment plan, formally called an Installment Agreement. Negotiating a payment plan can be tricky if you aren't skilled in the practice. Often, people who owe will accept monthly payment amounts they are unable to pay. The important question is how much can my client afford to pay, versus the amount the IRS will accept? I have to remind clients that when they think they have \$400 left after expenses at the end of the month, the IRS may disagree. The IRS may not allow a person to keep nearly as much to live on as they expect. Another common option we may consider is the penalty abatement process. We explore options to try to remove the penalties, whether you have full-paid the debt or are paying on an installment agreement. When a large debt exists over several years, a big portion of the debt will be comprised of penalties and interest. The interest portion will generally not go away. Depending on the circumstances of the case, we may be able to have the penalties removed, or drastically reduced. It's a long, complicated process, but well worth the effort.

PERFORMANCE: What if the client's situation is more extreme? How do you handle that?

NICK: The next option is "the hardship." It's what the IRS refers to as "Currently Non-Collectable Status." This option requires extensive work to convince the IRS that there are no assets worth seizing. We comb through financials and plead the case by trying to prove they have no discretionary

income at the end of the month. IRS analysis of the same financials may be very different.

Another option is the “Offer in Compromise” or “OIC.” People who see TV ads for companies that say they will settle your debt for “pennies on the dollar” may know the term. An OIC, is basically offering the IRS a severely reduced amount to settle the debt. This option is what all clients want when they come to see me. Sadly, the commercials are misleading as not every taxpayer may qualify for this program. It’s a complicated process that generally takes over a year to complete. Clients have to meet very strict financial requirements to qualify. When it does work, it’s a beautiful thing. They may owe \$400,000 and settle for \$4,000. Talk about removing an obstacle towards personal financial success!

Bankruptcy is another extreme option we can consider in some cases. Contrary to popular belief, IRS debt can be discharged in bankruptcy. Like the pennies on the dollar approach, you have to meet certain criteria. If someone meets the criteria, bankruptcy can provide tremendous relief.

The final option involves trying to get to the point where the IRS can no longer collect – the Collection Statute Expiration date. The IRS generally has ten years to collect a debt from the time it’s assessed. There are several exceptions that can stop the clock from ticking. I identify these exceptions and get creative. It’s important to remember that the debt is not assessed until the return is filed. People commonly come to me who haven’t filed taxes in 20 years, and assume that a debt from 2002 will have expired by 2015. That’s not always true. If the return has not been filed, the clock hasn’t begun to tick. If a return from 2002 is filed in 2008, the debt would theoretically not expire until 2018.

PERFORMANCE It sounds like patience is an important element to success in your business. Can you describe what role having patience plays for you and your clients?

NICK: No matter which approach is best for a client, everything should be considered a work in progress. My primary focus throughout the process is to control collection activity. Cases can take from nine to twelve months to resolve. I want to make sure collection activity doesn’t start in the

My main objective is to instill a sense of confidence that they are not going to be blindsided

meantime. In other words, I’m here to help decrease the likelihood of levies, garnishments and seizures. We go through the step-by-step process to determine which of the options is best. I present the pros and cons of each available option. The client is the one who ultimately decides what’s best. We then spend several months pursuing that option.

PERFORMANCE: How do you define success on a day-to-day basis, as it relates to the work you do for your clients? How does helping them overcome their IRS issues translate into success?

NICK: On a daily basis, I define success as figuring out solutions to my client’s IRS problems and making sure they are well taken care of. My main objective is to instill a sense of confidence that they are not going to be blindsided with a levy, garnishment or seizure of assets. The biggest fears they have are that their paycheck will be taken or bank account emptied. I give them peace of mind. I define my success and theirs when I’m able to let them know there will be a manageable solution. Many clients haven’t had a peaceful night’s sleep in a decade. They hear a car door slam and are constantly paranoid it’s an IRS officer coming to their door. I’m here to let them know things will be okay. As long as my clients are active participants in their resolution, they feel the success of overcoming an enormous obstacle.

PERFORMANCE: Do you see wealth and success just in monetary terms, or do those concepts have meaning to you (and your clients) beyond just dollars and cents?

NICK: When a client retains us, we might be able to make their entire debt go away, or they may end up paying it in full. Either way, we have provided a valuable service and given them peace of mind that their assets won’t be taken. The IRS problems that once paralyzed them begin to become manageable. We help ease their pain. People come to me scared to death that everything is at risk. They’re not sure they’ll be able to feed their families. Literally everything they own, including their home is at stake. Some have even developed severe ulcers and many have marital problems as a result of their issues. In an objective sense, the work I do is helping them monetarily, and hopefully opening the door to a more financially prosperous life. Beyond that, eliminating worry leads to powerful life changes, which cannot be measured in dollars and cents.

PERFORMANCE: Talk a bit about your background and what you were doing in the years before launching your firm. What led you to think you could be successful with your own firm? What did you do to ensure that would happen?

NICK: The reason I know so much about how obstacles can block a pathway to success, is because I faced so many of my own. Coming out of law school, I started working in other areas of the law. At one point I had to let my practice go because of a custody battle for my two young children. Overcoming those challenges was instrumental in my decision to focus on an area of the law that would allow me to provide the most relief to clients. Like anyone who watches late night TV, I was bombarded by tax relief commercials and began researching the companies. I knew I could do a great job for clients with problems that seem insurmountable. I made the right choice. I love this practice because, regardless of the solution we choose, we have very happy clients at the end of the process. They have finality in their lives with respect to their IRS issues. The black cloud hindering their ability to be successful in their business and personal lives is gone.

I've been a lawyer for 17 years. My practice focuses solely on IRS problems. In my mind, I knew that if I focused on my goals and could overcome every obstacle thrown at me, I could be successful. I extrapolated that concept to help my clients. In other words, I can completely identify with my clients. I know they need help overcoming issues to be successful in their lives. I'm able to provide them with support. In fact, our mission statement is: to keep the IRS as far away from our client's assets as possible until we find a manageable solution to their problem.

PERFORMANCE: What attributes drive you to be successful on your own terms and on behalf of your clients?

NICK: As a single dad of two teenage boys, my motivation is all about providing for them and allowing them opportunities to accomplish their goals. Life can throw obstacles our way. It's up to me to teach them how to overcome them and be successful.

PERFORMANCE: If you couldn't pass along anything of monetary value to your boys, only "success tips," what would they be?

NICK: I'd tell my boys to never stop fighting, never quit. One day I hope they will draw upon my ability to earn success in nearly impossible situations and know that they can do the same.

ABOUT NICK



Nick Nemeth, Esq. is a Texas attorney and best-selling author who has been in practice for over 15 years. His law practice, The Law Offices of Nick Nemeth, PLLC focuses solely on helping individuals and businesses resolve a wide range of IRS issues. Nick has been featured in *USA Today*, *The Wall Street Journal*, *Forbes Magazine*, *Yahoo Finance* and *Morningstar*, as well as having appeared in ABC, NBC, CBS and Fox television affiliates around the country.

As a long-time resident of Dallas, Nick possesses a unique quality only present in those who truly love their home—a complete and personal investment in the lives of the people of his community. By creating a truly local presence in the Dallas-Fort Worth Metroplex, Nick brings his 17 years of legal experience to those who truly need it . . . individuals and businesses who are being threatened by the IRS.

Nick's ultimate goal in his practice, for any of his clients, is to provide efficient, cost-effective legal representation. He firmly believes that when any taxpayer is facing an "opponent" who happens to be a branch of the federal government, one who's able to seize your property and assets without going to court, that taxpayer should arm him/herself with an aggressive, experienced law firm. Nick's staff includes attorneys, CPAs, enrolled agents and tax professionals who are dedicated to keeping ahead of an ever-changing industry: solving IRS problems. Nick is known for constantly saying, "My only job is to keep the IRS far away from my clients' assets until I negotiate an acceptable solution to their problem."

Nick was driven to become an attorney by his desire to help serve others and make a positive impact in the world. He's pleased with having found a niche in which he has been able to accomplish both these goals. He loves the satisfaction of working for a diverse clientele who are unequivocally pleased with his reputation. His dedication to his practice is a benefit to all in the area of law he's focused on—helping his clients solve their IRS problems.

Having traveled to places like Sweden, Austria, Denmark, Canada, The Philippines, Hungary and the Caribbean, Nick appreciates the ties that continue to bring him back to Dallas-Fort Worth: his law practice and two sons that keeps him a very busy man.

To learn more about Nick Nemeth and his law practice, as well as his special report, *How to End Your IRS Problems Forever*:

Visit: www.myIRSteam.com or call (972) 484-0829.