



PRIVATE PLACEMENT BUY/SALE PROGRAM

PROGRAM GUIDELINES BEFORE THE CHANGE OF FINANCIAL SYSTEM

UPDATE REQUIRED WITH NEW REGULATIONS

FOR PURPOSES OF EDUCATION ONLY

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PURPOSE OF THESE GUIDELINES

This document is meant to be used as both an educational source and a reference guide for the Buy/Sale Programs that are available from the business affiliations we have created. We understand a lot of people have heard of and have even researched the topic of Trade Programs, Buy/Sale Programs or Private Placement Programs but few have experienced the benefits offered by such programs. It is our hope that individuals would find in what we have created provides them with access to one of the most prestigious funding opportunities.

HISTORY OF BUY/SALE PROGRAMS

“Private Placement Programs” – “Buy/Sale Programs” – “Trading Programs” as they are called were commissioned through the collaboration of the United States and European governments. With the end of World War II the world economy was in shambles, Europe was in ruins from the War and there needed to be a quick fix to the upcoming financial crisis that was forecasted to occur. The governments commissioned the sharpest financial minds to develop a financial program that would generate the significant levels of capital required to rebuild Europe and stabilize the economy during the rebuilding process. The governments turned to the likes of JP Morgan to aid in this development and create a funding vehicle to provide humanitarian funding to the rebuilding of Europe and support of the world economy in job creation.

At the beginning of these programs, the governments issued treasury bonds and sold them through world financial institutions in order to obtain funding for specific programs for the rebuilding efforts. These began to be sold by United States and European traders in order to provide jobs, create liquidity within the bank systems and provide profits into the bank system in order to support the additional capital to support the rebuilding efforts to the local businesses, etc. As these programs matured slightly entry into this program was opened to the banks by issuing Bank Guarantee bonds as well as Medium Term Notes. High net worth individuals who agreed to support these efforts were also allowed entry to the programs with the obligation that a large percentage of the profits generated from the programs went to humanitarian efforts with a small amount of the profits went to provide a return on their investment into the program.

While we cannot specifically determine the entry level during this time with all the economic chaos, we know that the majority were required to place \$10M into the program to gain access. These programs were not allowed to be solicited to any one individual or entity as a product sale since doing so would cause another economic crisis that needed to be avoided. It was these early programs that refined the rules as to buy/sale programs that we see today. Since that time, the entry level rose to \$100M which is the same level today.

These programs have limitations as to who can participate. No government, financial institution or insurance company cannot take deposits from clients and enter into the program. Therefore, entities who

can verify that they own the funds being used and are not considered “pooled” funds (amounts invested or on deposit by third parties) can enter into programs. These programs have governmental oversight and rules and regulations as to how these programs are conducted, taxed, etc.

These programs are developed by the buy/sale traders and their supporting trading banks. Programs can have different duration periods and profit distributions. Programs can be opened for a particular purpose or for general investment. Programs have an opening and a close. Programs are considered to be open until the full amount of the trading investment requirement is met. Programs are considered closed when the trading investment requirements have been met and the program starts to trade. Programs can be a onetime event or established to reopen and start again once the program trade period is concluded. Programs can have payouts on a weekly, bi-weekly or monthly basis. The majority of programs are a year in length. However, programs have been altered in certain economic conditions to allow traders to meet the demands of the market.

In the early days, traders spoke directly with the investors to provide entry into the program. Overtime and seeing the success of these programs the traders became inundated with investors and as such setup what is known today as platform managers that handle the investor aspect of obtaining access to these programs. Thus, platform managers screen potential investors only providing to trader those investors that qualify for the program guidelines. Traders calculate the trading profits when they establish the total amount of the program and the trade period. Investors who meet the entry requirements and are approved sign a trading contract with the trader. This contract identifies the minimum payout requirements and the timing of such.

As these programs and the financial industry matured the programs allowed assets to be used as collateral for access to the program. These assets include in ground minerals, oil & gas and even some real estate. Traders would take these assets, monetize them and place the monetized amount of cash into trade. Monetization could be provided from a line of credit, insurance wrap, etc. As more and more financial instruments were developed that were asset/cash based specific programs were opened to allow these to be used to obtain access to trading programs.

PARTICIPATING IN BUY/SALE PROGRAMS

How does one get access and participate in trading programs? To reiterate these programs are not solicited. You will not find a local bank selling to their client's access to these programs. In fact, you will find programs sponsored by buy/sale entities such as JP Morgan, AIG, CitiBank, Bank of America, Credit Suisse, HSBC, etc. NOT being offered in any way to their bank clients through their commercial or retail banking. Platform Managers have built a very small network of entities that can use these programs to help fund large projects. Certain trades are available as wealth builder programs with other, mainly the large dollar valued distribution trades, require the client to produce projects that meet the humanitarian guidelines and have them approved by the trader before being allowed into the trade program. The process to get access to these programs by an investor or project group is as follows:

1. For the large dollar trades the client must have a project that provides a humanitarian benefit. This means that it creates jobs, provides charity, economic stimulus, etc.
2. They pass compliance under the rules of the Patriot Act. This means that no one will be provided entry that has a federal conviction, known terrorist, etc.
3. Have the funds or assets that can meet the monetization provisions of getting access to the program.
4. Once the entity/individual is approved, they are then allowed access directly to the trader/bank who will meet, if required, face-to-face with the entity representative or individual to answer any and all questions covering due diligence and address the trading program and its returns.
5. Once everyone is satisfied with the program benefits and distributions a contract between the trader and entity/individual is signed. At this time the trader is obligated to provide the performance or is in violation with federal banking rules as well as the SEC. There are no specific regulations about trade programs since the trader is performing the same process as the buy and sale of any securities in the market today. So the regulations that apply to trade programs are the same as all Broker Dealers must follow with any buy/sale of securities.

PRIVATE PLACEMENT ACRONYMS

BCL (Bank Comfort Letter): A letter written by a bank officer on behalf of a customer, attesting to the current balance and good standing of an account holder.

BG (Bank Guarantee): A bank instrument, guaranteeing a certain face value for an investor, while collecting an annual interest before expiring upon maturity.

CD (Certificate of Deposit): A financial product offered by banks to account holders who agree to leave their funds on deposit for a pre-defined period. This allows investors to collect a higher annual interest, while securing their money in a low risk venture.

CIS (Client Information Sheet): One of the compliance documents typically required for private placement programs. This document asks for basic information such as the contact details, and line of business the applicant is in.

CMO (Collateralized Mortgage Obligation): A mortgage-backed, investment-grade bond that separates mortgage pools into different maturity classes. By creating a CMO, the bond issuer can collect immediate capital while the purchaser gets the bond at a discount from face value, and collects annual interest. Though these bonds are frequently found in the private placement business, most of them are worthless since the financial crisis hit.

DTC (Depository Trust Committee): A third party company which provides clearing and settlement services by immobilizing securities, and making “book-entry” changes to the ownership of assets. This medium is used in private placement programs to transfer/assign assets to a trader, from an investor.

FPA (Fee Protection Agreement): An official document outlining all fees due to intermediaries upon the completion of transaction. This is critical for any private placement broker to understand, and utilize.

ITR (Irrevocable Trust Receipt): A receipt confirming and detailing the deposit of specific assets into a trust. Though the ITR contains all details of the asset, banks typically will not assign a value to it since the asset is NOT deposited in a credible bank, but rather a private trust.

JV (Joint Venture): An agreement between two entities outlining compensation, fees, and the obligations of both parties in relation to a specific business venture. This is the most common legal structure for private placement programs.

KYC (Know your Client): In some cases, this form will substitute for the client information sheet. Just like the CIS, it requests contact details and other related information. Also, this phrase is used when referring to the “Know your Client” law, which many investment markets enforce. It states that you must know your client well, and unless deceived, you can incur certain liabilities for future problematic actions of the client.

LOI (Letter of Intent): A letter provided by investors interested in a private placement programs, defining their unsolicited interest to enter the investment transaction. This document can also be used for areas outside of private placement, especially where solicitation laws apply.

LTV (Loan to Value): This is the loan value that a bank/lender will provide after evaluating an assets worth. Usually, this is used for hard/illiquid assets, and is stated in % in relation to the asset’s appraisal value ($\text{Loan/Appraisal Value} = \text{LTV \%}$).

MIA (Missing in Action): A term that describes what happens to most private placement brokers when they fail to live up to their promises. One day, they are blowing up your phones, the next day they are nowhere to be found.

MTN (Medium Term Note): A tradable and discountable debt instrument issued by banks, collecting an annual interest before expiring upon maturity with a specified face value.

NCND (Non-Circumvention, Non-Disclosure Agreement): An agreement between two parties defining the boundaries and limitations of their relationship. Typically, this agreement is used by private placement brokers to “protect” from future circumvention.

POF (Proof of Funds): The process of allowing another individual to temporarily show your assets as their own, with the fee dependent upon the time it’s utilized. Also, this phrase can refer to a bank statement, or other financial document, proving the assets of a prospective investor.

PPM (Private Placement Memorandum): A formal description of an investment opportunity which is created to comply with various federal securities regulations. This outlines all details of the “private placement” offered, as well the obligations of both parties involved.

PPP (Private Placement Program): A private investment program which trades discounted bank instruments (MTN/BG) for profit in the secondary market.

RWA (Ready, Willing, and Able): Phrase used by private placement brokers confirming the readiness of an investor to satisfy requirements, and move forward with an opportunity. This statement can also be made in the form of a document, which some programs may require.

SBLC (Stand by Letter of Credit): A document issued as a guarantee of payment by a bank, on behalf of a client. This is used as “payment of last resort” if the client fails to fulfill a contractual commitment with a third party. In the private placement world, this term is often associated with fraudulent companies that offer bank instrument leasing and/or project funding “opportunities”.

SKR (Safe Keeping Receipt): A document created by a bank, on behalf of its customer, which specifies all details of an asset, and confirms its current existence on deposit.

T-BILL (Treasury Bill): A short-term debt obligation in the form of an interest accruing note, backed by the U.S. government with a maturity of less than one year.

T-NOTE (Treasury Note): A marketable U.S. government debt security containing a fixed annual interest, and a maturity between one and 10 years.

T-STRIP (Treasury Strip): This is a “zero coupon” bond issued by the U.S. government whose yield is based upon the difference between the discounted price it is purchased at, and its face value at maturity (ex. 10M Note, buy at 85% of face, worth 100% at maturity).

VOD (Verification of Deposit): This is a signed document provided by a financial institution, verifying the current balance and history of an account holder. This is similar to a BCL, but the verbiage may be different.

PRIVATE PLACEMENT KEY TERMS

Administrative Hold: A term usually referred to by inexperienced brokers. It refers to the investor's bank reserving funds in favor of another individual, without actually encumbering or moving the asset.

Asset Backed: Refers to a note or bank instrument which is collateralized by hard assets, not liquid assets. This can be gems, gold, art, diamonds, or other rare valuables.

Assignment: Transferring ownership, or rights to use the collateral, to another individual for a specific period of time. Some traders require this for private placement investments.

Bank Instrument: A debt instrument issued by banks to access immediate liquidity, providing an annual interest and face value for the purchaser. BG's and MTN's are common examples.

Bank to Bank: A phrase typically used by brokers, referring to the private verification of assets from the investor's bank officer, to the trader's/seller's bank officer.

Beneficiary; The individual listed as the owner of a debt instrument, such as a medium term notes (MTN's) or bank guarantees (BG's).

Best Efforts: This is a term used in any real private placement contract. It states that the trader, or investment manager, will use their best efforts to achieve high profits. For example, a contract may say "profits will be achieved on a best efforts basis".

Blocked Funds: A general phrase which refers to blocking liquid assets in favor of another person. This is most commonly achieved via swift MT 760, unless you are in the USA.

Broker Chain: Also known as a "daisy chain", this frequently used term describes the "layers" of brokers that one must go through before they reach a trader. Unfortunately, there are usually several private placement brokers involved in any deal.

Bullet Program: Phrase created by inexperienced brokers that describes “short-term” private placement programs, promising high returns in less than 30 days.

Cash Backed: Assets which are backed by cash, making them far more appealing for banks and private placement traders.

Cash Poor: This refers to an individual that is “asset rich, but cash poor”. Though they may have millions in hard assets, they may have little to no liquidity to engage in various transactions.

Circumvention: Cutting out the people who introduced you to the opportunity or broker, with no intent to reward them if you are successful.

Collateral: An asset guaranteeing the line of credit the bank gives, which can be seized upon default from the loan terms. Bank instruments, cash, and MT 760’s are some examples.

Commission: Payments which can be earned by introducing a service provide to a prospective client.

Commitment Holder: An individual/institution who is contractually obligated to purchase a bank instrument at an agreed upon value. Without “prior commitment”, the seller of the bank instrument would never have purchased the note because their intent was trading for profit. This term is also similar to the phrase “exit buyer”.

Compliance: The process of completing due diligence on a new private placement investor. At this time, the investor must complete the required documentation, usually referred to as the “compliance package”.

Corporate Resolution: A compliance document which asks the client to formally state their relationship to the business entity they represent.

Cutting House: Term referring to a bank which creates, issues, and backs discounted bank instruments. The instruments are “cut”, and sold to traders at discounts, who then sell them at a higher price to “exit buyers”.

Discount: The idea that bank instruments can be purchased at a discount from face value, leaving the opportunity to profit from resale, or the difference between face.

Due Diligence: Phrase referring to the process of qualifying people by verifying and investigating their background. This is used mutually by private placement traders and investors.

Escrow: An escrow service is a licensed and regulated company that collects, holds, and sends money, according to conditions specified by both the customer and service provider. Once the conditions of the customer are met, funds are immediately released to the service provider. Typically, in the private placement business, escrow is used to pay upfront fees for “sketchy” services such as leased bank instruments, funding opportunities, and others.

Euroclear: The world’s largest settlement system for securities transactions, covering bonds and equities, as well as bank instruments. This important and efficient medium allows transactions to be completed remotely, while ensuring safety for both the buyer and seller of the asset.

Exit Buyer: A term used very frequently, referring to the “buyer in place” purchasing the bank instrument at a higher value from the current owner.

Fishing: When a “prospect” contacts a private placement broker with little to no intent to move forward, but plenty of detailed questions in an effort to “fish” for information.

Free and Clear: Also known as “unencumbered”, it means there are no liens or current debt obligations associated with that particular asset.

Fresh Cut: Phrase referring to a recently issued bank instrument that has had only one owner over the course of its existence. Usually, they are accessed at a steep discount from face.

Funding: A shorter way to reference “project funding”, usually referred to by those with insufficient capital to fund their project through private placement programs.

Gate-Keeper: An individual who claims to be “direct” to a trader with a private placement program.

Guarantee: This is a word that should NEVER be used in any investment niche, especially one as volatile as the private placement market. Though it may not seem like a key term, it is for one VERY big reason. Any broker or trader that “guarantees” certain profit amounts is breaking the law, and will NEVER fulfill their claims.

Hypothecate: The process of assigning a monetary value to an illiquid asset, and then extracting liquidity in the form of a loan, using the illiquid asset as collateral.

In-Ground Assets: Land areas which have been appraised based upon geological assessments of the assets which lie beneath. Many in the private placement business try to enter programs with land containing precious metals, energy materials, and more. Unfortunately, most have no luck due to the current worldwide liquidity crisis, and the high excavation costs to isolate the asset.

Intermediary: Anyone involved in a private placement transaction, either through introduction or compensation, who is NOT the trader or client.

Joker Broker: Term used to describe inexperienced private placement brokers who do nothing but waste your time.

Junk Bond: A bond issued by a company or institution which has poor financial integrity, making the bond effectively worthless. Some examples which private placement brokers may encounter are: Venezuelan bonds, Brazilian bonds, gold bearer bonds, certain corporate bonds, and many others.

Ledger to Ledger: This phrase refers to a transfer between two accounts held by the same bank. For example, a trader may have an HSBC account, and send the profits to a client with a different HSBC account. This is far more efficient, and avoids possible problems associated with external transfers.

Letter of Authorization: A compliance document required for all private placement investors, allowing the trade group to verify the investor’s assets bank to bank. This is also known as the “Authorization to Verify”.

Line of Credit: Though it may sound fancy, it’s just a bank loan. Usually in the private placement world, this refers to the loan given to the trader right before trading starts.

Managed Buy/Sell: Another synonym for private placement programs. It refers to the managed buying and selling of bank instruments by a private placement trader.

Mandate: Another term meaning someone is “direct” to an investment opportunity or client. Usually, this term is used by very inexperienced brokers.

MT 103: This is an improved version of the original swift MT 100, which is similar to a wire transfer. Though it is a direct transfer, the MT 103 has a large number of options which describe conditions and instructions for how the payment should be made.

MT 760: This swift message is used to block funds in favor of someone other than the investor, collateralizing the asset while allowing for loans against it.

MT 799: This swift message is used between banks to communicate in written form, and is usually referred to as “pre-advice”. Typically, the MT 799 will be needed directly before the MT 760 Is issued.

Non-Depletion Account: A term used in private placement contracts which guarantees the funds of the client will never be depleted by the trader.

Non-Solicitation: A compliance document that protects the consultants by having the investor state they were not solicited.

Paper: A synonym used by private placement brokers referring to bank instruments such as bank guarantees or medium term notes.

Paymaster: An individual elected by intermediaries who will accept all commission payments on a private placement transaction, and then distribute them in accordance to the agreement between the parties. This can be an attorney, one of the brokers, or anyone else the intermediaries feel comfortable with.

Piggyback Program: A newly created phrase referring to the concept of “pooling” investors to meet the minimum capital requirements of a private placement program. For example, 10 investors with 10M would try to meet the 100M minimum which most private placement traders require. Be VERY careful when pursuing this type of “program”, since most do not perform as promised.

Ping: This term refers to a type of private placement program which allows investors to leave funds in their account, while the trading bank verifies the full balance is still present on a daily or weekly basis. Supposedly, traders can access a loan against this “ping”/verification of funds and start trading on the clients behalf. Beware of these programs, as most never perform as promised.

Platform: Another synonym for private placement programs which refers to the corporate structure of the trade group.

Power of Attorney: A document signed by the account holder which gives authority for someone to act on their behalf, as specified in the agreement.

Program Manager: An individual who claims to be “direct” to a trader with a private placement program, accepting all applications and questions from prospective investors.

Promissory Note: Basically, it’s an IOU given from one party to another, stating debt repayment obligations and terms. In all reality, it is really worth nothing to third parties.

Seasoned: Common term that refers to bank instruments, such as medium term notes (MTN’s) and bank guarantees (BG’s), which have been owned by several different beneficiaries over their existence.

Shopping: When a representative/broker sends out an investor’s compliance package to several “program managers” at the same time. This is greatly frowned upon, and can ruin relationships with real traders.

Signatory: An individual who legally represents the assets/services of another person, entity or themselves, by executing all contractual agreements and related obligations.

Slightly Seasoned: A bank instrument which has been traded, having more than one owner over its lifespan before maturity. This is usually a bank instrument which is discounted moderately, sold at a value of 70-85% of face.

Swift: A system of communication between banks, allowing account holders to block, transfer, or assign assets as per their request. Examples are the swift MT 100, MT 103, MT 760, and MT 799.

Tabletop: A term which refers to a face to face meeting between a buyer/investor, and a seller/trader.

Trade Program: A synonym of the term “private placement program”, this phrase is frequently substituted by brokers in business.

Trader: A person with a direct relationship to a bank that is issuing discounted bank instruments, which will later be sold to a pre-defined “exit buyer” at a higher value.

Trading Bank: This is the bank where the trader receives the collateral, or assignment thereof, from the investor. Also, this bank provides the line of credit to the trader.

Unencumbered: This means the referenced asset has no liens or debt obligations to any third party.

MECHANICS OF BUY/SALE PROGRAMS

INTRODUCTION

This brief account aims at helping understand some of the obscure or unclear aspects relating to the Private Placement Opportunity Programs (PPOP) also known as PPP (Private Placement Programs) or under other acronym like PPIP (Private Placement Investment Programs), etc. There are lots of people who know something but cannot grasp the whole picture. The following account is based on personal experience of several years in this business and on some lessons/statements made on an internet board by a very expert professional (called "The Insider"). To explain the involved matters, we will study it mostly from an investor's standpoint and a broker's standpoint.

SOME BASIC TOPICS

Before we review the details of a Private Placement Opportunities (as follows called PPO), we need to realize some basic reasons for the existence of this business. It means that there is a need to learn some basic concepts about what money really is, and about how money is created, and how the demand for money and credit can be controlled, and that someone can issue a debt note which can be discounted and sold, and resold in an arbitrage transaction (the basic system for running most of these programs), etc. To fully understand what it's all about there are some basic principles that you must understand:

MONEY CREATION

The first reason why this business exists is to create money. More money is created by creating debt. You, as an individual, can lend out \$100 to a friend, and you can make an agreement that the interest for that loan is 10% so that he must pay back \$110. What you have done is to actually create \$10, even though you don't see that money. Don't consider the legal aspects of such an agreement, just the facts. Now, the banks are doing this every day, but with much more money. Banks have the power to create money out of nothing. Since PPO ("Private Placements Opportunities") involves trading with discounted bank issued debt instruments, money is created due to the fact that such instruments are deferred payment obligations (debts). Money is created out from debt.

Theoretically, any person/company/organization can issue debt notes (don't look at the legal aspects of it). Debt notes are deferred payment liabilities. Example: A lawful person (individual/company/organization) is in need of \$100 so he writes a debt note for \$120 that matures after 1 year, which he then sells for \$100 (this is called "discounting"). Theoretically the issuer is able to issue as many such debt notes at whatever face value he wants - as long as there are those that believe that he's financially strong enough to honor them upon maturity, and thereby is interested to buy such debt notes.

Debt notes like Medium Terms Notes (MTN), Bank Guarantees (BG), Stand-By Letters of Credit (SBLC), etc. are issued at discounted price by some of the major world banks in a very large amount of billions USD every day.

Generally speaking they do "create" such notes (debt notes) "out of thin air" so to speak. That is, they only have to write the document. It's as easy as if you as an individual write a debt note.

Now, the core problem: To issue such a debt note is very simple, but the issuer would have problem to find a buyer unless the buyer "believes" that the issuer is financially strong enough to honor that debt note upon maturity. Any bank can issue such a debt note, sell it at discount, and promise to pay back the full face value at the time the debt note matures. But would that issuing bank be able to find any buyer for such a debt note without being financially strong enough?

An example: If you had 1 million USD and had the opportunity to buy a debt note with the face value of 1 million USD issued by one of the largest banks in Western Europe for let's say 800,000 USD, a debt note that matures in 1 year, wouldn't you then consider buying it if you had the chance to verify it? Now, if a Mr. Smith approaches you on the street and asks you if you want to buy an identical debt note issued by an unknown bank, would you consider that offer? As you see, it's a matter of trust and credibility only. And now, maybe, you will also understand why there's so much fraud and so many bogus instruments in this business.

LARGE DEBTS' INSTRUMENTS' MARKET

As a consequence of the previous statements, there is an enormous daily market of discounted bank instruments like MTN, BG, SBLC, Bonds, PN, etc. involving issuing banks and long chains of exit-buyers (Pension Funds, large financial institutions, etc.) in an exclusive Private Placement arena.

All such activities on the bank side are done as "off-balance sheet activities", and as such, the bank can benefit in many ways. Off-Balance Sheet Activities are contingent assets and liabilities, and as such the value depends upon the outcome upon which the claim is based, similar to that of an option. Off-Balance Sheet Activities appear on the balance sheet ONLY as memoranda items. And it's first when they cause a cash flow that they will appear as a credit or debit in the balance sheet. The bank does not have to consider binding capital constraints, as there's no deposit liability.

NORMAL TRADING VS PRIVATE PLACEMENT

All trading programs in the Private Placement arena involve trade with such discounted debt notes in one way or another. And to bypass the legal restrictions this can only be done on a private level. This is the reason why this type of trading is so different from the "normal" trading, which is highly regulated. In other words, this business can be done and restricted on a private level only (the Private Placement level) that falls down in a special regulation without the usual strict restrictions present on the securities market.

The normal trading known by the public is the "open market" (as the "spot market") where discounted instruments are bought and sold with bids and offers like an auction. To participate here the traders must be in full control of the funds; otherwise they cannot buy the instruments and sell them on. And there are no arbitrage buy-sell transactions on this market because all participants can see the instruments and their prices.

However, beside this "open market" there's a "closed, private market" where a restricted number of "master commitment holders" is the inner circle. These master commitment holders are Trusts with huge amounts of money that enter contractual agreements with banks to buy a certain number of fresh-cut instruments at a specific price during a specific period of time. Their job is to sell these instruments on, so they contract sub-commitment holders, who contract exit-buyers.

These "programs" are all based on arbitrage buy-sell transactions with pre-defined prices, and as such, the traders never need to be in control of the investor's funds. However, no program can start unless there's enough money behind each buy-sell transaction. And it's here the investors are needed, because the involved banks and commitment holders are not allowed to trade with their own money unless they have reserved enough funds on the market, money that belongs to the investors which is never used, and never at risk.

The involved banks (the Trading Banks) can lend out money to the "traders" and it's typically 10:1 but can during certain conditions be as much as 20:1. So if the trader can "reserve" \$100M then the bank can lend out \$1B (actually, the bank is giving the trader a line of credit based on how much money the trader/the commitment holder has, since the banks don't lend out that much money without collateral) and not depending on how much money the investors have.

[Note]: as abbreviation, M is Million and B is Billion and K is thousand ... so \$100M means 100 million USD, \$1B means 1 Billion USD and \$1K means 1 Thousand USD.

So, if a trader says that he must be in control of the investors fund then it means that he's not one of the "big boys" but plays on the open spot market. In this market lots of different "instruments" are traded. If the trader only needs to reserve the investor's funds, and doesn't need to be in control of the funds, then he's trading in this "private market".

Because lots of bankers and other people in the financial world are well aware of the open market, as well as being aware of the so-called "MTN-programs", but are closed out from the private market, they find it hard to believe that the private market exists.

ARBITRAGE AND LEVERAGE

The real core of the trading and its safety is due to the fact that they arrange the buy-sell transactions as arbitrage, which means that the instruments will be bought and sold at the same time with pre-defined prices, and that a chain of buyers and sellers are contracted, incl. the exit-buyers who often are institutions, other banks, insurance companies, big companies, or other wealthy individuals. The issued instruments are never sold directly to the exit-buyer, but to a chain of up to 3 - 7 or 50 investors. The involved banks cannot for obvious reasons directly participate in this as in-between buyers and sellers, but they are still profiting from it indirectly, because they are lending out their money (with interest) to the trader, or to the investor as a line of credit. This is the leverage. Further the banks profit from the commissions involved in each buy/sell transaction of debt bank instruments in the trading circle. Now, the investor's principal doesn't have to be used for the transactions, but it's only reserved as a compensating balance ("mirrored") against this credit line. And this credit line is then used to back up the arbitrage buy-sell transactions. Now, since the trading is done as arbitrage, the money (the credit line) doesn't have to be used, but it must still be there available to back up each and every buy-sell transactions. Such programs

never fail because they don't start before all actors have been contracted, and each actor knows what role to play, and how they will profit from the transactions. This is the real type of PPO's!

A trader that is able to do leverage is able to control a credit of typically 10 to 20 times that of the principal, but even though he's in control of that money he's not able to spend the money. He only needs to show that he has the money and that he's in control of the money, and that the money is not used somewhere else at the time of the buy-sell transaction. The money is never spent. And the reason is that the trading is done as arbitrage transactions.

Let me take an example:

Let's say that you're offered the chance to buy a car for \$30K and that you also find another buyer that is willing to buy it from you for \$35K. If the buy-sell transactions are done at the same time, then you don't have to spend \$30K and then wait to earn the \$35K since it can be done at the same time you cash in \$5K in profit. However, you must still have that \$30K and prove that you're in control of it.

Arbitrage transactions with discounted bank instruments are done in a similar way. The involved traders never spend the money, but they must be in control of it. And the investor's principal is reserved directly for this, or indirectly in order for the trader to leverage (he's using a credit line that is 10 to 20 times of the principal, and is thereby able to trade at the 10 to 20 times as much money).

Confusion is rife because most seem to believe that the money must be spent. And even though this is the traditional way of trading - buy low and sell high, and also the common way to trade on the open market for securities and bank instruments, it's possible to set up arbitrage transactions if there's a chain of contracted buyers.

You can also realize now why in these Private Placement Programs the investor funds are always safe without any trading risk or whatever other risk except for the normal bank system risk (a bank can still virtually go in bankrupt!!).

HIGH YIELD

Usually these programs get a very high yield if compared with the common yield reachable with the traditional investments. Most people do not believe that a yield of 50%-100% per week is possible. It is again a problem of knowledge of working programs and this example can shed some light on the matter:

Assume a leverage effect of 10:1, which means that the trader is able to back each buy-sell transaction with 10 times the amount of money that the investor has in his bank account. Let's say that the investor has \$10M, so the trader is able to work with \$100M. Now let's assume that the trader is able to do 1 buy-sell transaction per day for 3 days per week for 40 banking weeks (that's 1 year), and that the profit is 5% in each buy-sell transaction. That makes $5\% \times 3 = 15\%$, and with the leverage effect the profit will be 10 times as high, or 150% per week. Then this return will be split between the investor and the Trading Group (for projects), but the final net yield for the investor will still be a double-digit weekly yield! Bear also in mind that the above example can still be seen as conservative because tier one level Trading Groups can get a much higher single spread for each transaction as well as a markedly higher number of weekly trades considerably enhancing the final yield!!

It is understood that such a high yield might seem ridiculously high, but that is because it's compared to traditional ways of investment and trading.

INVESTORS

The involved investors (the Program's Investors) are not the end-buyers in the chain, but the real end-buyers are financially strong companies who are looking for a long term and safe investment, like pension funds, trusts, insurance companies, etc. And because they are needed as end-buyers they are not permitted to participate "in-between" as investors. The investor who participates in a Private Placement Investment Program is just an actor in the picture amongst many other actors (bank instruments issuing banks as top world banks, exit-buyers as pension-funds/insurance, etc., trading groups as traders/commitment holders, intermediaries/brokers) who gets the advantage to benefit from this trading. The investor usually does not see most of the actors involved in the process because he will deal with brokers, Trading Groups / Traders and Trading Banks only.

PROGRAMS STRUCTURE

Usually, a trading program is nothing other than a pre-arranged buy/sell transaction of discounted banking instruments made as an arbitrage transaction. Virtually, an investor with large amount of funds (on the level of 100M-500M USD) could arrange for his own program by implementing for himself the buy/sell transaction; but in this case he needs to gain control of the whole process making contact with the Provider banks for the bank instruments and at the same time for the exit buyers. This is not a simple task

at all considering that there are many FED restrictions to be passed and at the same time it is very difficult to get the strong necessary connections with the related parties (the issuing banks/providers for the bank instruments and the exit-buyers).

For an investor it is much simpler (and usually more profitable) to enter a program where the Trader with his Trading Group has already everything in place (the issuing banks, the exit buyers, the contracts ready for the arbitrage transaction, the line of credit with the trading banks, all of the necessary guarantees/safety for the investor, etc.) and the investor needs only to agree with the contract proposed by the Trader forgetting about any other underlying problem.

Another advantage for the client is that he can enter a program with a substantially lower amount of money against the case to proceed by himself because he will take indirectly advantage of the line of credit of the Trading Group.

NON-SOLICITATION AND NON DISCLOSURE

As a direct consequence of the Private Placements' environment where this business has to take place, a Non Solicitation regulation has to be strictly followed by all of the involved parties. This factor strongly influences the way the parties and actors can deal each other and the way they can make contact. Sometimes this fact can be also the cause of the origin of scams (or attempts to scam) due to the fact that at an early stage it is often difficult for the investors to realize if they are really in contact with a reliable source.

There is another reason why so few experienced people talk about these transactions: virtually every contract involving the use of these high-yield instruments contains very explicit non circumvention and nondisclosure clauses forbidding the contracting parties from discussing any aspect of the transaction for a period of years. Hence, it is very difficult to locate experienced contacts who are both knowledgeable and willing to talk openly about this type of instrument and the profitability of the transactions in which they figure. These is a highly private business, not advertised anywhere nor covered in the press, and not open to anyone but the best-connected, most wealthy entities that can come forward with substantial cash funds.

HOW BANKS AND BROKERS CAN EARN PROFITS

Banks are not allowed to act as investors in such programs. However they are able to profit from it indirectly in different ways (firstly getting large commissions). This fact permits some private entities like brokers, trading groups and private investors to take part in this business that otherwise would be a banking matter only! The private assets coming from private clients are necessary to start the process. These private large cash funds are the mandatory requirement for the buy/sell transactions of banking debt instruments and, as a consequence, also the mandatory requirement for the programs through the Trading Groups. Brokers are necessary to introduce the investors to the Trading Groups! Thus each of the involved entities takes their part in the sharing of the benefits (commissions for banks/ brokers and proceeds for Trading Groups and investors).

PROJECTS

Projects are usually involved in these programs. However the purpose of this type of trading is NOT to finance humanitarian projects. It's true that projects (not just humanitarian projects) can be funded as a result of this trading, and since this type of trading generates such huge amounts of money on the market, measures must be taken to keep the inflation low, and one way is to finance different projects. If too much money is created, the result is inflation, and in order to be able to continue creating debt, different measures must be taken to keep the inflation low. One way is to adjust the interest rates. However, for this kind of trading this is not possible; it has little or no effect. A better way is to let some of the profit be used for different projects that need funding, for instance to rebuild the infrastructure in regions of the world that have experienced catastrophes, war, etc. because that creates job for people in that region, as well as for subcontractors in the west.

So, the reason for project funding is primarily not to support humanitarian organizations (even though that also happens) but to fight against inflation.

PROCESS SYNTHESIS

the complete process involving the issuing of debt-notes, the arbitrage transaction, the programs, the projects, etc. is as a final synthesis a result of combined market forces. Banks have a method of increasing their revenues and profits, investors are able to finance different ventures, borrowers are able to access loan funds. There is a supply and demand for such instruments, and as long as the supply and demand exists then also this kind of trading will exist.

PROCESS SUMMARY

As a summary of the process involved for entering a program:

- A. An investor with 10M USD and up can be an applicant for a Private Placement Investment Program.
- B. This business is entirely private. To get access to these investment programs, the investor needs to send his preliminary documentation to some broker whom the investor trusts to be in direct contact with the Trading Group. There is no other way for the investor to get contact with the Trading Group at this stage.
- C. After the investor has sent his own paperwork, the Trading Group will proceed to its Due Diligence on the applicant and if the response is positive, and if cleared, then the program manager in the trading group will contact the investor by phone and/or fax and invite the investor to a face-to-face meeting. However, usually, if the investor is not willing to travel, everything can be done by fax, phone, and courier mail. If not cleared, then the program manager will contact the broker and tell him that the investor did not qualify (and then the broker forwards on that information to the investor who often gets mad and might discredit the broker and intermediary, maybe on a due diligence message board).
- D. During the contact with the investor, the Trader will explain the program terms/conditions, the guarantees, the contract details as well as the next step required to start the program. Then, if necessary and required by the program terms, the investor will get instructions to open a new sole signatory bank account at the Trading Bank for transferring the funds there. The Trader has prepared everything so the investor is able to open the bank account directly without delay (because he has already been cleared). Otherwise the investor will be invited to prepare his own bank to block/reserve the funds into his own account at his own bank for one year without any transfer of money.
- E. The investor will receive a contract which states the total gross yield, the percentage of the gross profit reserved for projects, the percentage for the Trading Group and the percentage for commissions/fees to be deducted for brokers/intermediaries. The net return to the investor will be

wired to another investor returns account that can be located in any bank worldwide. If the client accepts the contract, the contract is signed and the program is ready to start.

- F. The trader is now able to leverage the investor's reserved money 10 times, and is now able to back up the arbitrage transactions with that money, a credit line that remains in the bank account that is screened before each arbitrage buy-sell transaction. Trading now continues, and the profit is paid out once per week (or per day or per month or whatever depending on the program terms) to the investor. The investor instructs the bank to wire out the commissions part to the broker's bank coordinates. The program continues the above loop for each week until the end of the program (usually 40 banking weeks via one solar year).

The programs can work with cash only. This fact does not mean that the investor will only be accepted in the case he owns cash. The investor can be accepted by some Trading Groups also with financial assets like MTN, BG, CD, SBLIC, SKR, etc. that the Trader then will use for getting his own line of credit at the Trading Bank to run the program. In this case the investor will have the advantage of profiting both from the program and still from the yield coming from the instrument (i.e. the scheduled interest of a CD or MTN).

ANALYSIS OF RISK INVOLVED IN PPO CONTRACTS

Finalizing PPO contracts with investors is usually a long stressful process because the involved parties can meet many problems on the way. We will observe a list of possible problems of behavior from the standpoint of the main parties involved at the bottom line of the process:

- a) the investor
- b) the brokers/intermediaries

FROM THE INVESTOR'S SIDE

The applicant investor will not be able to meet "a real trader" in this business directly and without the pro per introduction, and such an introduction requires that the client identifies himself and shows proof that he has enough money. The main reason why there's a broker-intermediary chain is because the people in the "trading groups" (I use the term "trading group" because there's always a small group of people that work together, and not just a trader) have no time or interest in meeting all the 99% of

people who are just fishing for information, and/or who don't qualify because they don't have enough money, or have useless bank instruments.

If you're a qualifying investor then you should try to establish contacts with intermediaries/brokers, and hopefully they will be able to place you in contact with a performing trading group. Don't chase around trying to find "a real trader". Most so called traders in the financial world are not involved in this kind of trading, and those who are, are keeping a low profile and would never talk with an investor that hasn't been cleared first.

When it comes to non-performance, in most cases the problem is on the client/investor side. The client doesn't qualify, because he doesn't have enough money or the bank in which he has the money is too small, and/or is located in the "wrong country", or he cannot move his funds, or he has a bank instrument that cannot be used, or he tries to proceed according to his own procedure and rules, etc. Most of the client documents I've seen over the years have been useless! Sometimes deals are killed because the broker and/or intermediary don't understand what to do. And the worst thing that can be done is to "shop around", trying to find the best deal. It's better to get 20% per month from a program that performs than having to wait for 200% per week from a program that was supposed to work (but never will).

I've met brokers and investors that have chased around for decades without being able to find an open door. And their main problem is that they had the wrong approach.

The most common reasons why investors are never able to enter this, kind of trading are often because:

- They don't have enough money.
- They don't have the money in an acceptable bank.
- It's not their money.
- They don't have full control of the money (or of the bank instruments).
- They don't have a good explanation of the origin of the money.

- They don't have cash or they don't have workable assets.
- They try to proceed according to their own rules.
- They do not follow the required procedure.
- They do not collaborate enough with the Trading Group.
- They delay the delivery of documents or send fake / non-confirmed documents.
- Their identity cannot be confirmed.
- They are blacklisted or under investigation.

Remember that the trading group does not have to give any explanation why the investor doesn't pass through the clearance. If they already have a list of investors awaiting clearance then it doesn't require much to be put aside or to be disqualified.

Things to remember

- A. Investors should understand what is required to qualify:
- 1) A minimum of US\$ 100 million in cash located in a major bank in Western Europe, USA, Canada, or Australia, money that is clear, can be traced back, and has a non-criminal history.
 - 2) That the investor himself (and the company if he represents a company/organization can be cleared. For individuals this is an identity control that the person exists.

Note: Individuals coming from certain countries will never qualify.

- B. Investors are invited and might be accepted. They can never demand to be accepted just because they have lots of money, and/or they believe they are prominent people. Most people in the different trading groups are fed up with such inflated individuals, and are just waiting to find an excuse to kick them out.

- C. The investor himself must be the one and only person that the trading group deals with. He's not allowed to let his lawyer, or sister-in-law-who-is-fluent-in-English, or whatever person, contact any person in the trading group, not even the broker. If the investor doesn't speak English and needs assistance, then he must sign a Limited Power of Attorney for such a person. But such a LPOA will only be accepted for communication purposes. The investor must still sign the documents.
- D. Investors who have the least money are always placed last in the queue. An investor with \$100M will get more attention than an investor with \$10M. Investors who have assets other than cash will also always be placed last in the queue. This means that sub-\$100M clients must be patient. If they are told that they will be contacted next week they should accept that and not take that as an excuse to shop around.
- E. It's not easy for an investor to be sure that he meets the right people; intermediaries and brokers who know what to do and not to do, and who are working with a performing trading group. The best he can do is to educate him and not be lured by those who claim that their program will give the highest yield. He must also be patient, and trust the intermediary or broker. This one can be the most important initial problem from the investor's point of view. However, there's no way that the investor is able to come into contact directly with the trade group before he has been cleared (which requires passport copy + proof of funds). He might be able to talk with someone in the group, or at least with the broker once the required documents have been sent in, but before he has been cleared he will not get further.
- F. If the investor for any reason is unsatisfied with the broker and/or intermediary, then he can try another one after having first sent a Cease and Desist order. In most cases where investors have been blacklisted because they have been shopping around, it's their own fault. Brokers/intermediaries cannot be blamed if the investor is shopping around. And those brokers/intermediaries who once make the mistake of shopping around will soon be blacklisted as well.

Investor concerns

- Nothing will come out of the trade; no contract and no profit, just frustration after weeks/months of waiting.

- Investors or their Intermediaries and/or Brokers are "shopping around" with client documents, which sooner or later will result in blacklisting.
- The investor is told that he must move his funds out of his own control; to an escrow account, etc.
- The investor is told that he must buy a bank instrument for his money. In the worst-case scenario this instrument is a fake, or impossible to use.
- The investor is told that he must pay upfront fees, because a leverage of his funds must be done, or some bank instrument must be discounted, or banking fees must be paid, etc. The upfront fees paid are lost, and nothing more will happen.

FROM THE BROKER'S AND INTERMEDIARY'S SIDE

There is a common misuse of such terms as brokers, intermediaries, facilitators, etc. and the fact is that they are not official terms in banking or finance, but such terms are used within trading groups and in their communication between each other. The problem is that it sometimes happens that a broker or an intermediary claims that he's in direct contact to a person with that title, but that doesn't guarantee anything, because any person can call himself a trader, or a commitment holder, or whatever. And since such positions cannot be verified (at the first stage) such titles can be meaningless as seen from the investors' point of view.

There's always a chain of trading group - broker - intermediary, and this is for two reasons: First, trading groups are not allowed to solicit, nor are brokers, not even intermediaries. However, an intermediary might know an investor with money, who knows a broker, who works in connection with one or several trading groups. Secondly, to protect the involved parties on the side of the trading group, they work through several brokers, and the brokers work through several intermediaries.

As an additional task of a good broker, he should screen the potential investors filtering the most promising applicants and at the same time collecting from them the right documentation after a strict checking for the quality and acceptability of the client documentation in a way that the trading group receives workable documentation only from the broker.

The most common risks or problems that a broker, an intermediary or a facilitator can meet during their own work in this business are:

- They need to handle tens and tens of clients before finding a right applicant.
- They could get just a part of the truth regarding the asset of the client at an early stage that may be discovered later to be unworkable after weeks or months of work on it.
- They always have difficulty qualifying themselves with new clients because they cannot show any past performance or past contract and the relationship with the client is just a matter of trust at an early stage.
- There could be a long list of brokers and/or intermediaries between the client and the trading group. In this case, some broker in the middle can destroy the deal by not giving the right information to the client or to the trading group and/or making problems with the fee agreements.
- There could be several levels involved for the intermediaries: the closest one to the trading group (sometimes called also facilitator) is the most important person ... this person should have a direct contact with someone of the trading group. Any other broker beneath the above facilitator has a lower value in the hierarchy. The broker and/or the intermediary can have problems showing the client his level in the hierarchy at an early stage

CONCLUSION

Virtually this business could seem very simple! You just need a clear client with funds for \$10M and up in a Top Bank, a broker in direct contact with a real strong Trading Group and a right client who can follow the procedure in a risk free position! However, from a practical point of view, the above ideal situation is so unusual as not to equate to reality! First of all, most of the applicant clients usually have some problems with their funds or they are not in full control of them or they cannot or do not want to move their assets or they are not cleared or they are not collaborative enough to deal with the Trading Group and/or with the brokers.

BUY/SALE PROGRAMS

There are many available Buy/Sale Private Placement Programs available to investors. In the following we will describe those Programs which have been made available as potential programs for investors. These programs are described in general terms with the details only available through the trader of each program.

CASH PROGRAMS

The standard investor minimum level of participation in cash private placement programs is \$100M. The programs that we have access to provide carve out positions for the smaller clients between \$1M and \$100M.

Clients over \$100M Cash

Clients with the cash on deposit at private banks and or banks that are not part of the top 25 banks will need to understand that their funds may be required to be moved to a top 25 bank or provide a swift transaction in order to participate in the trade. Clients who have their funds on deposit with a top 25 bank will be placed into trade with an administrative hold.

Clients with under \$100M in cash can participate in the Cash Buy/Sale Program by opening an account at Mt Sinai Trust (account opening documents provided as attachments), moving their funds into the Trust Account and contracting through Mt. Sinai as part of the Trust Agreement placing them into trade. Mt. Sinai has been setup to aggregate individuals with less than \$100M. Deposits placed into Trust with Mt. Sinai have the same account protection rights for depositors as provided by FDIC. Once deposits are received by Mt. Sinai, they will contract with the Trader to place into trade those amounts held on deposit for the depositors.

A Description of the Available Trade

Typical cash trades are made up of two trades combined in one contract issued by the Trader. The first trade is an accelerated trade to generate a significant level of cash before entering into a forty (40) week

program. There are a number of accelerated trades available to the traders at any given time. The trader will select the accelerated program they will use at the time the client is approved for trade and the trade contract issued.

Since the trader is the only one who can speak about the expected returns about an individual trade, any communication regarding the returns about a specific trade from anyone other than the trader cannot be relied upon. **Therefore, the following example is provided for understanding purposes only and cannot be relied upon for any specific returns on cash trades.**

The over \$100M clients and Mt. Sinai Trust for those clients under \$100M will enter into a Joint Venture Participation Contract with the Platform Manager/Owner, trading bank or trader as the case maybe whereby the two parties will share in the gross trade profits on a 50/50 basis. The platform establishes the credit line, takes the risk for the trade on behalf of the client and therefore shares equally in the trade profits with the client. This profit sharing is the same for both the accelerated and the forty (40) week programs. Using the assumptions of a five (5) times accelerated program and all of the client profits is rolled into the forty (40) week program paying out 60% per week we can calculate that this trade example would produce the following outcome for the client.

Amount placed into trade - \$100M

Gross Profits generated from accelerated program (5 times) - \$500M

Accelerated program distribution to platform - \$250M

Accelerated program distribution to client - \$250M

Amount placed into forty (40) week program - \$350M

Gross Profits generated from forty (40) week program (60%) - \$210M per week

Forty (40) week program distribution to platform - \$105M

Forty (40) week program distribution to client - \$105M

Annual payout of forty (40) week program to platform (105 X 40) – \$4.2B

Annual payout of forty (40) week program to client (105 X 40) – \$4.2B

Total return to client on the total trade (\$250M + \$4.2B) - \$4.450B

It is typical for intermediaries who have made the introduction to the client regarding a trade to receive a success fee paid by the client as a percent of the gross profits of the trade received by the client.

Intermediaries' fees are completely negotiated between the client and the intermediaries. The agreement

on intermediary participation is typical formalized in a contract. Payment to intermediaries is the responsibility of the client. The client may use the platform as the paymaster for the intermediaries or they setup other arrangements.

Trade Application Process

Client must complete a full compliance package made up of the following documents (Compliance package documents are included in the attachments).

1. Client Information Sheet
2. If Corporation, Board of Director Resolution Approving the Trade
3. Authorization Letter to Verify Funds
4. History of Funds
5. Funds Questionnaire and Attestation Letter
6. Letter of Exclusivity
7. NCND
8. Non-Solicitation Letter
9. Sign Photo Copy of Color Passport
10. Proof of Funds dated within three (3) days of the application submission date
 - a. Account Statement
 - b. Tear Sheet
 - c. Bank Comfort Letter

BANK FINANCIAL INSTRUMENTS PROGRAMS

Certificates of Deposit [CD's], Bank Guarantees [BG's], Medium Term Notes [MTN's], Stand-by-Letter of Credit [SBLC], Letter of Credit [LOC]

The standard investor minimum level of participation in instrument private placement programs is \$100M. The programs that we have access to provide carve out positions for the smaller clients between \$1M and \$100M.

Clients holding \$100M + Instrument

Clients holding Bank Financial Instruments on deposit with a Broker Dealer that do not allow for DTC, EuroClear or clear through Penson, Legent or other major clearing company will need to understand that

their instruments may be required to be moved to a Broker Dealer that allows blocking through DTC, EuroClear, or through their clearing house in order to participate in the trade. Clients who have their instrument on deposit with a Broker Dealer that will allow blocking will be placed into trade with an administrative hold.

Clients with under \$100M in instruments can participate in the instrument Buy/Sale Program by opening an account through Mt Sinai Trust with its affiliated Broker Dealer (account opening documents provided as attachments), moving the instrument to the affiliated Broker Dealer and contracting through Mt. Sinai as part of the Trust Agreement placing them into trade. Mt. Sinai has been setup to aggregate individuals with less than \$100M. Deposits placed into Trust with Mt. Sinai have the same account protection rights for depositors as provided by other Broker Dealers and FDIC. Once deposits are received by Mt. Sinai affiliated Broker Dealer, they will contract with the Trader to place into trade those amounts held on deposit for the depositors.

A Description of the Available Trade

The instrument value taken into trade will be determined on the strength of bank who has issued the instrument. A line of credit will be established based upon the financial viability of the instrument and is typically 80% LTV. This means that the face value of the instrument times 80% should be the amount of cash taken into trade. Typical instrument trades are made up of two trades combined in one contract issued by the Trader. The first trade is an accelerated trade to generate a significant level of cash before entering into a forty (40) week program. There are a number of accelerated trades available to the traders at any given time. The trader will select the accelerated program they will use at the time the client is approved for trade and the trade contract issued.

Since the trader is the only one who can speak about the expected returns about an individual trade, any communication regarding the returns about a specific trade from anyone other than the trader cannot be relied upon. **Therefore, the following example is provided for understanding purposes only and cannot be relied upon for any specific returns on cash trades.**

The over \$100M clients and Mt. Sinai Trust for those clients under \$100M will enter into a Joint Venture Participation Contract with the Platform Manager/Owner, trading bank or trader as the case maybe whereby the two parties will share in the gross trade profits on a 50/50 basis. The platform establishes the credit line, takes the risk for the trade on behalf of the client and therefore shares equally in the trade

profits with the client. This profit sharing is the same for both the accelerated and the forty (40) week programs. Using the assumptions of a five (5) times accelerated program and all of the client profits is rolled into the forty (40) week program paying out 60% per week we can calculate that this trade example would produce the following outcome for the client.

Amount placed into trade - \$100M

Gross Profits generated from accelerated program (5 times) - \$500M

Accelerated program distribution to platform - \$250M

Accelerated program distribution to client - \$250M

Amount placed into forty (40) week program - \$350M

Gross Profits generated from forty (40) week program (60%) - \$210M per week

Forty (40) week program distribution to platform - \$105M

Forty (40) week program distribution to client - \$105M

Annual payout of forty (40) week program to platform (105 X 40) – \$4.2B

Annual payout of forty (40) week program to client (105 X 40) – \$4.2B

Total return to client on the total trade (\$250M + \$4.2B) - \$4.450B

It is typical for intermediaries who have made the introduction to the client regarding a trade to receive a success fee paid by the client as a percent of the gross profits of the trade received by the client.

Intermediaries' fees are completely negotiated between the client and the intermediaries. The agreement on intermediary participation is typical formalized in a contract. Payment to intermediaries is the responsibility of the client. The client may use the platform as the paymaster for the intermediaries or they setup other arrangements.

Trade Application Process

Client must complete a full compliance package made up of the following documents (Compliance package documents are included in the attachments).

1. Client Information Sheet
2. If Corporation, Board of Director Resolution Approving the Trade
3. Authorization Letter to Verify Funds
4. History of Funds
5. Funds Questionnaire and Attestation Letter

6. Letter of Exclusivity
7. NCND
8. Non-Solicitation Letter
9. Sign Photo Copy of Color Passport
10. Copy of Instrument
11. Copy of any application screen shots and proof of purchase
12. Proof of Instrument on deposit dated within three (3) days of the application submission date
 - a. Account Statement
 - b. Tear Sheet

COMMERICAL MORTGAGE OBLIGATIONS INTEREST ONLY (CMO/IO) INSTRUMENT PROGRAMS

What is a CMO? A Commercial Mortgage Obligation is the original collection of loans outstanding against commercial and personal real estate. The CMO was packaged within a Private Placement Memoranda and sold into the public market. Investment Bankers over time have stripped off the CMO package the interest portion of the loan and packaged the interest into a separate CMO package with the Interest Only piece known in the marketplace as a CMO/IO.

Both the principal and interest only CMO securities are sold separately within the normal trading securities exchanges and through private investors.

It is the CMO/IO that is our focus on behalf of those who wish to place these instruments into a PPP trade.

The standard investor minimum level of participation in CMO/IO instrument private placement programs is \$1B face value. The programs that we have access to provide carve out positions for the smaller clients less than \$1B face value. The trade can accept any amount over this amount as well. For instance, if the face value is \$1.3B or \$9B then we can place that into a PPP trade.

What is the process of acquiring a CMO/IO?

There are basically three ways to acquire a CMO/IO instrument. They are as follows:

1. Purchase the CMO/IO through a Broker Dealer. One would call their Broker Dealer and request them to purchase a CMO/IO in the open market. The price is based upon the face value one wishes to purchase with the price based upon per million dollars. The market price fluctuates all the time due to the supply and demand tied to the remaining life of the CMO/IO which equates to the amount of interest payments remaining on the instrument. One can call their Broker Dealer to obtain the up-to-date price per million dollars.
2. Purchase the CMO/IO through a services agreement with us whereby we use a Broker Dealer to purchase the CMO on one's behalf. One would contract with us for the service and then place on deposit in an account we advise to be open the monies required to purchase the CMO/IO. The Broker Dealer will purchase the CMO and deliver it to the account. The service fee charged for this processing is \$200,000.
3. Purchase the CMO/IO through a private investor who wishes to sell. We can facilitate the purchase of a CMO/IO through private sellers. The price of a \$1B CMO/IO through private sellers ranges between \$1.4M to \$1.6M.

Please note that regardless of which purchase option one would use we would want to review the CMO/IO screen shot prior to purchase to make sure the purchaser is buying an instrument that can be approved for trade.

Clients holding \$1B + CMO/IO Instrument

Clients holding CMO/IO Instruments on deposit with a Broker Dealer that do not allow for DTC, EuroClear or clear through Penson, Legent or other major clearing company will need to understand that their instruments may be required to be moved to a Broker Dealer that allows blocking through DTC, EuroClear, or through their clearing house in order to participate in the trade. Clients who have their instrument on deposit with a Broker Dealer that will allow blocking will be placed into trade with an administrative hold.

Clients with under \$1B face value in instruments can participate in the CMO/IO instrument Buy/Sale Program by opening an account through Mt Sinai Trust with its affiliated Broker Dealer (account opening documents provided as attachments), moving the instrument to the affiliated Broker Dealer and contracting through Mt. Sinai as part of the Trust Agreement placing them into trade. Mt. Sinai has been setup to aggregate individuals with less than \$1B face value. Deposits placed into Trust with Mt. Sinai have the same account protection rights for depositors as provided by other Broker Dealers and FDIC.

Once deposits are received by Mt. Sinai affiliated Broker Dealer, they will contract with the Trader to place into trade those amounts held on deposit for the depositors.

A Description of the Available Trade

The CMO/IO instrument will be enhanced by the purchase of an insurance policy to protect the financial face value of the instrument. This purchase is done by the platform with no cost to the client. A line of credit will be established based upon the financial viability of the instrument and is typically 80% LTV. This means that the face value of the instrument times 80% should be the amount of cash taken into trade or \$800M. The trade will be a forty (40) week program. The insurance company who provides the insurance instrument for the CMO's requires that the wrap be for a minimum of \$25B face value of instrument(s). Therefore, for those instruments submitted for trade no contracts for trade will be issued until the trade group has reached the \$25B minimum wrap level.

Since the trader is the only one who can speak about the expected returns about an individual trade, any communication regarding the returns about a specific trade from anyone other than the trader cannot be relied upon. **Therefore, the following example is provided for understanding purposes only and cannot be relied upon for any specific returns on cash trades.**

The over \$1B clients and Mt. Sinai Trust for those clients under \$1B will enter into a Joint Venture Participation Contract with the Platform Manager/Owner, trading bank or trader as the case maybe whereby the two parties will share in the gross trade profits on a 50/50 basis. The platform establishes the credit line at 80%, takes the risk for the trade on behalf of the client and therefore shares equally in the trade profits with the client. The following example will use a forty (40) week program with a 50% payout or \$400M per week.

Amount placed into trade (\$1B X 80% LTV - \$800M

Gross Profits generated from forty (40) week program (50%) - \$400M per week

Forty (40) week program distribution to platform - \$200M

Forty (40) week program distribution to client - \$200M

Annual payout of forty (40) week program to platform (200 X 40) – \$8.0B

Annual payout of forty (40) week program to client (200 X 40) – \$8.0B

It is typical for intermediaries who have made the introduction to the client regarding a trade to receive a success fee paid by the client as a percent of the gross profits of the trade received by the client.

Intermediaries' fees are completely negotiated between the client and the intermediaries. The agreement on intermediary participation is typically formalized in a contract. Payment to intermediaries is the responsibility of the client. The client may use the platform as the paymaster for the intermediaries or they setup other arrangements.

Trade Application Process

Client must complete a full compliance package made up of the following documents (Compliance package documents are included in the attachments).

1. Client Information Sheet
2. If Corporation, Board of Director Resolution Approving the Trade
3. Authorization Letter to Verify Funds
4. History of Funds
5. Funds Questionnaire and Attestation Letter
6. Letter of Exclusivity
7. NCND
8. Non-Solicitation Letter
9. Sign Photo Copy of Color Passport
10. Copy of Instrument
11. Copy of any application screen shots and proof of purchase
12. Proof of Instrument on deposit dated within three (3) days of the application submission date
 - a. Account Statement
 - b. Tear Sheet

COMMODITY ASSET INSTRUMENT PROGRAMS

Overview

The majority of the world asset base is in some other form than cash. Specifically, these assets reside in commodities, minerals, oil & gas, precious metals, paper, etc. These assets are typically excluded from being able to provide on-going funding required supporting the projects of the owner of such assets.

These assets sit idle in the majority of cases without any benefit of creating cash. In the current trade

climate the assets that are easily taken to trade are cash and cash backed instruments. Groups try to monetize these assets to place them into trade with a large degree of difficulty. Creating a product that would support this side of the market would completely set the creating group apart from the other trade facilitating groups. This group would be able to provide cash and cash-backed instrument trades but will also be able to take those idle assets and create the financial structure that would provide liquidity in the form of cash to take to trade. We have accomplished this.

It is important for us to take note that these processes create a great deal of wealth and cash for all. Therefore, our structure has a high degree of project funding. The funding we should be able to get from the normal cash trading programs will provide for the client not only to fund their projects while obtaining a significant level of personal wealth but will help fund other projects around the world that will be looked upon as very favorable to the world economy.

Why do we go into some of the reasons for creating this product? It is important to take note that the future clients we wish to attract must also share in this vision. Many individuals/entities only want to enter cash trades for personal wealth. As we help them in the process some of them have with cash principals have complained as to whether they should get 70/80/90 percent. We do not want these clients. The primary purpose here is not in creating personal wealth, while this is provided in greater levels than typical trades, we want to implement a degree of change in the world providing project funding that will further, infrastructure, health systems, housing, education, etc. This funding structure is available for client's who have idle assets and are willing to achieve a significant increase in personal wealth, fund their project and fund projects around the world. **THERE IS NO ROOM FOR GREED!!!!!!!**

As we walk through the product we will note where the partners are that are included in this email. We are providing this walk through in sequencing of the product processing so you get the processing of the whole product.

1. Asset Underwriting and Issuance of Trust Guarantee – Underwriters Group, LLC and Mount Sinai Foundation in Panama

This begins the process. Individuals/Entities who own idle assets can make application for the issuance of an Irrevocable Trust Receipt. This ITR is a financial guarantee that is consistently recognized just like a Letter of Credit or a Standby Letter of Credit. Once issued it provides the recipient with a financial instrument that can receive a loan or be hypothecated for a cash trade.

The Irrevocable Trust Receipt will be issued based upon 50% LTV of the asset value with a minimum of \$50M and a maximum of \$1B (We know you probably are wondering why this number – you will get it when we complete the product review). This means that the minimum value of an asset that can apply for our program is \$100M. The asset categories we have selected to launch the product with are as follows:

1. Secured stored art in third party facility. This category will include any and all precious metals, gems, oil & gas, mining minerals and/or artwork.
 2. Paper assets that are held either in safe deposit boxes or on account with bank or broker dealer. Where the asset is held may change the process but the category of asset would be the same.
 3. Assets stored at owners facility in their inventory. This will include any and all precious metals, gems, oil & gas and/or artwork. This could be seen as the same category as number 1 above but the controls and processing in my mind is definitely different.
 4. Assets stored above ground that were claimed from production operations but have not yet been shipped to refinery, processing or storage facility. This category will include any and all precious metals, gems, oil & gas and mining minerals.
 5. Assets stored in-ground that are in production operations. This category will include any and all precious metals, gems, oil & gas and mining minerals.
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2. Hypothecation of the Irrevocable Trust Receipt – Black Diamond Capital Appreciation Fund

The Irrevocable Trust Receipt will be issued to Black Diamond Capital Appreciation Fund for the benefit of the client to hypothecate. Black Diamond is responsible for the hypothecation and the deposit of the hypothecation amount in Numora Bank.

3. US Federal Savings Bank Initial Leverage – Nomura Bank

The hypothecated amount is deposited in Nomura Bank in New York by Black Diamond Capital Appreciation Fund. The reason we selected Nomura Bank is that it is tied to Black Diamond and together they have worked out the initial leverage with the US Savings Bank. What does this mean?

The US Federal Savings Bank gives a 100% guarantee back to the bank for funds placed on deposit with them. Just like the Federal Reserve System that allows the bank to obtain window funding for deposits so does the US Federal Savings Bank. The minimum amount of deposit is

10M to a maximum of 1B. The funding made available to the bank for this deposit can change from time to time and for this product review we will use 5 times the amount placed on deposit with the US Savings Bank. Since we are focused on building leverage for the client, the bank takes the risk for the funds received by the US Federal Savings Bank at the nominal interest rate. The funds received from the US Federal Savings Bank will be from five (5) times the amount of the hypothecated amount placed on deposit and designated for the client identified in the Irrevocable Trust Receipt.

4. Purchase of T-Bills Second Leverage – Black Diamond Capital Appreciation Fund

Through our affiliation with a BD and Black Diamond Capital they will take the US Federal Savings Bank line of credit and leverage it one more time at 10 times. This means that the client now has a double leverage; one of 5 times and the second at 10 times on the first leveraged amount. Since all this financial leverage is done within the bank there is NO RISK to the client.

5. Cash Trade – The Money Center Financial Group, Inc.

The final leveraged amount will go to trade on behalf of the client. This means that for a 100M hypothecated amount the client will be trading at a 5B level. A full compliance package will be submitted on behalf of the client either by Black Diamond Capital Appreciation Fund on behalf of the client. Distributions for the trade will be made to Black Diamond. Payouts have been determined to be the following:

- a. Mount Sinai Foundation will receive 5% of the gross trade if the client does not pay for the underwriting cost of the Irrevocable Trust Receipt. If client pays for the underwriting then this 5% is not paid out.
- b. Black Diamond Capital Appreciation Fund will receive 5% of the gross trade for the cost of hypothecation and leverage. They will take care of the cost of hypothecation with the lender, the interest cost incurred by Numora Bank from the US Federal Savings Bank and the risk associated with lender of the credit line from the hypothecation.
- c. The Asset Owner will receive 70% of the cash distributions from the trade. This is split into two components. The first is a project component of 80% of the 70% of the distribution. The remaining 20% of the 70% will be as unrestricted cash to the client.
- d. Of the remaining 30% the intermediaries will receive 10%, with 20% to the principals who structured the product.

All distributions will be made through an offshore trust arrangement whereby the recipients receive the trade distributions and the most tax efficient environment.

6. Project Capital and Fund Management – Fidelity Asset Services Corp.

The project funding recipient will be Fidelity Asset Services Corp. They will receive the funding as a 501c3 source allowing the project funds to be disbursed as a grant to projects that are to be funded. Project funding levels over that which is requested by the client in their compliance package will be set aside for project funding that will be determined by a funding review board made up of the principals of this product. This group is the ultimate responsible parties to oversee the use of funds for approved projects. They will work with a third party Project Management Company (yet to be determined) that will oversee the project and paid out of the project funds held by Fidelity Asset Services Corp.

Now everyone should be sitting on the end of their chairs by now. Let's look at the possible payout scenarios for a 100M client. Now you will see why this is a better program and one that only we should limit to ones that agree with our focus.

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Using the an ITR hypothecation amount of \$100M we and the five (5) times initial leverage and the ten (10) second leverage take the trade amount would be \$5B to trade. This example assumes we will be able to participate in an accelerated program that build the cash component close to 200%. This means that on the \$5B placed into trade we could get \$10B in the accelerated program trade. The trade platform shares on a 50/50 with client thereby producing \$5B for the client. Once the accelerated program is completed the client would enter into a 40 week program at the level of 10B (less profit sharing by all parties) producing a minimum weekly distribution of 30% per week for 40 weeks.

Now let's look at a financial example as to what this does for everyone.

1. \$5B is placed into trade.

2. Accelerated program produces \$10B netting \$5B for client. Of the \$5B distributed to client it is further distributed as follows:
 - a. Approximately 5% of the gross profits goes to Black Diamond and affiliates for the leverage equaling \$500M
 - b. Approximately 5% of the gross profits goes to Underwriter and affiliates for the ITG issuance and cost/risk coverage of \$500M
 - c. The client would share net profits on a 70/30 basis which means that the intermediaries would share in 10% and product developers will get 20%. This participation will equal \$1.5B.
 - d. The client would receive from the accelerated program a total of \$2.5B. We place into the 40 week program the \$5B + the \$2.5B equaling \$7.5B.
3. The 40 Week program will pay out a minimum of 30% a week. Therefore the payout on \$7.5B would be approximately \$2.3B a week. This will be distributed like the accelerated program as follows:
 - a. Approximately 5% of the gross profits goes to Black Diamond and affiliates for the leverage of \$115M per week for 40 weeks equaling \$4.6B
 - b. Approximately 5% of the gross profits goes to Underwriters and affiliates for the ITG issuance and cost/risk coverage of \$115M per week for 40 weeks equaling \$4.6B
 - c. The client would share with us the profits on a 70/30 basis which means that the intermediaries would share in 10% and product developers will get 20%. This participation will equal \$690M per week for 40 weeks equaling \$27.6B.
 - d. The client would receive on the 40 week program a total of \$1.3B for 40 weeks equaling \$52B. Client would be required to place 80% into projects representing 1.1B weekly for 40 weeks totaling \$44B. 20% will be in unrestricted cash 200M a week for 40 weeks equaling \$8B.

Let's recap the distributions.

Black Diamond and Affiliates –\$5.1B

Underwriter and Affiliates – \$5.1B

Intermediaries – \$29B

Project Funding – \$46.5B

Client – \$8B

So idle assets that are hypothecate in an amount of 100M they receive \$8B. In the case of a normal trade with the same bullet program results the client would get approximately 1.4B.

PLEASE NOTE THAT ANY FINANCIAL INFORMATION CONTAINED HEREIN IS SOLELY FOR THE PURPOSE OF AN EXAMPLE AND IS IN NO WAY INDICATIVE OF WHAT IS OR WILL BE ACTUALLY EXPERIENCED> ONLY THE TRADER CAN PROVIDE THESE NUMBERS.

Project documentation required to submit a project for underwriting consideration is as follows:

The Investor/Client initially provides the following: (CIS and related documents.)

1. Application for Irrevocable Trust Receipt.
2. Legal Description of the highly marketable asset.
3. Current Client Information Sheet for asset owner.
4. Narrative describing identity of the beneficial owner of the asset, length of ownership and how/when they were acquired. Client must own the asset or have sufficient legal and documented access to the asset such that they have the right to use the asset.
5. Use of Funds/Proceeds
6. Business Plan
7. Principal Resumes
8. Contracts Agreements for current Production
9. Corporation Filings
10. Corporate Bank Statement
11. Photo IDS of Principals (Passport or Driver's License)
12. Reserve Report not more than 6 months old.
13. Joint Venture Agreement.
14. Proof of insurance should it be required.
15. Current production details.
16. Future production plans and schedules.
17. Pro forma financials
18. Legal proof of ownership. and history
19. Professional appraisal/assay and notarized certification as to the assets value should be no more than 6 months old. Mixing of assets is not permitted, e.g., gold and diamonds.

20. Location of the asset is stated and it must be held in a single safe keeping facility with a safe keeping receipt or equivalent.
21. Evidence that the asset is free and clear of all liens and encumbrances.