

INTRODUCTION

The trading in "bank debenture instruments" is a multi trillion dollar industry worldwide. Top World Banks (Money Center Banks) are authorized to issue blocks of debt instruments like Bank Purchase Orders (BPOs), Promissory Bank Notes or Mid-Term Notes (MTNs), Zero Coupon Bonds (Zeros), Documentary Letters of Credit (DLCs), Stand By Letters of Credit (SLCs), or Bank Debenture Instruments (BDIs) under International Chamber of Commerce guidelines (ICC-400& 500).

The prices of these instruments are quoted as a percentage of the face amount of the instrument, with the initial market price being established when first issued. Thereafter, as they are resold to other banks, they are sold at escalating higher prices, thus realizing a profit on each transaction, which can take as little as one day to complete.

As these debt instruments are bought and sold within the banking community, the trading cycles generally move from the higher level banks to lower level (smaller) banks. Often they move through as many as seven or eight trading cycles, until they eventually are sold to an already contracted retail customer or "exit buyer" such as a pension fund trust fund, foundation, insurance company, security dealer, etc. that is seeking a conservative, reasonable yield investment that is suitable for 8 figure amounts.

By the time the bank debentures ultimately reach the "retail" or secondary market level, they are of course selling at substantially higher prices than when originally issued. For example, while the original issuing bank might sell a "MTN" at 80% of it's face value, by the time it finally reaches the "retail/exit" buyer it can sell for 91% to 93% of it's face value. Since these transactions are intended for large financial institutions, they are denominated in face amounts commonly ranging from US \$10 million.

The key to safety and profits

The key to successful trading in Bank Instruments lies in having the contacts, initial cash resources, and wherewithal to purchase them at the maximum discount while also having the necessary resources and contacts to sell the Instruments in the higher priced secondary markets. The real secret of successful participation lies not in knowing the how, why and wherefore of these transactions, but far more importantly, in knowing and developing a strong working relationship with the "Insiders": the Principals, Providers, Bankers, Lawyers, Brokers, and other specialized professionals who can combine their skills and connections to turn these resources into lawful, secure, and responsible programs with the maximum potential for safe gain. There has been a lot of interest expressed by persons seeking to learn more about risk free capital accumulation by participating in Forfeiting (Trading) Programs. Essentially, we are discussing a Money Center Bank Instrument or Bank Debenture Purchase and Resale Program in which these monetary securities are bought at a beneficially lower price and then sold in the money markets at a higher price.

Before a trader commits to any transaction, they must always ensure that they have a guaranteed Exit Sale, (another party willing to purchase the bank debentures at an agreed to higher price, at the conclusion of a number of trading cycles). If no end customer is available before the transaction commences, then no trade will take place, as the trader must always protect his positions; This is, of course, vital for the maintaining of the profitability of the program.

Questions and Answers

If this is such a good investment, why have we not heard about it?

The internal trading of bank debentures is a privileged and highly lucrative profit source for participating banks, and as a result, these opportunities are not made known to the public (bank customers). It would be difficult, at best, to entice clients to purchase Certificates of Deposit, yielding 2.5% to 6%, if they were aware that other, equally secure investment accounts yielded more than ten times higher rates of return. The banks and traders always employ the strictest non-disclosure and non-circumvention clauses in trading contacts to ensure the confidentiality of the transactions. The contracts usually contain explicit language forbidding the contracted parties to disclose any aspect of the transaction for a period of five years. As a result, it is difficult to locate experienced individuals who are knowledgeable and willing to candidly discuss these opportunities and the high profitability associated with them, since in so doing, they would severely jeopardize their opportunity to participate in further transactions.

There are no smoke and mirrors involved; all of the trading programs are conducted under the specific guidelines set up by the International Chamber of Commerce (I.C.C.), generally known as I.C.C. 500 & 600. The I.C.C. is the regulatory body for the World's Great Money Center Banks and is based in Paris, France. It has existed for more than 100 years, and exert strict control on world banking procedures.

The U.S. Federal Reserve is a very important member, but unlike most other central banks, operates independently of the I.C.C., and as a result, the vast majority of U.S. citizens have not been made aware of the money making opportunities already available for forty-five years to qualified European Investors through I.C.C. affiliated banks. A few major U.S. banks do participate from within their banking operations based in Switzerland and the Cayman Islands, but they do not normally make their programs available to Americans living in the USA, and the chances are very great that your local bank manager has absolutely no knowledge of them, and may even deny their existence.

How are the investor's funds protected?

As the funds are deposited into a transaction they are secured by a Bank Guarantee issued by a Top Money Center Bank, until the completion of the transaction and return of the proceeds to the Investor. This feature makes the investment as secure as buying a CD in a major world bank, at least for the investor with sufficient funds to get his own contract. The return on the investment is normally not guaranteed by the bank, except for a small

portion (up to 12% per year). Oftentimes the return is guaranteed by the trader, who has to perform according to the contract to stay in business.

What is a bank guarantee?

A Bank Guarantee is a bank debenture instrument (or Certificate of Deposit), usually issued by a Top Money Center Bank. Bank Guarantees in the form of Bank Debentures are not available to the general public. They are used to secure the safekeeping of clients' funds while they are committed to a forfaiting (trading) transaction.

Can I participate through my U.S. bank or brokerage firm?

There is no advantage to the U.S. Federal Reserve in making Forfaiting transactions available in the United States. Under the Glass-Steagal Act of 1933, U.S. Banks and Brokerage Houses are prohibited by law from offering such programs in the domestic markets. In addition, as a result of the 1929 collapse, American bankers are severely inhibited by various regulatory procedures and other requirements which make it impossible for them to offer these transactions to their U.S. clients. Chances are that your attorney, banker and broker have absolutely no knowledge of these programs since they are only conducted by Top Money Center Banks located in Western Europe.

Can I go directly to a European bank to participate?

This type of trading contract is not offered as over-the-counter transactions. Forfaiting (Trading) transactions are highly privileged "insider" opportunities which are only made available to those who have qualified for participation by first completing all of the necessary documents, including bank certified proof of funds, and have followed the established protocol before they are allowed to proceed. Any attempt to circumvent the established procedures results in automatic blacklisting of the offending party, by the applicable provider, and possible penalties with no possibility of further participation in other programs.

Can the profits be compounded?

Under I.C.C. regulations, all transactions close to new business on December 15th of the year and are not repeated in the following year. Those transactions already in place will continue through to the completion of the agreed period. Many programs become fully subscribed in a relatively short time, and once closed to new business will not reopen. During the trading year an Investor may, subject to continuing availability, step up to another program or reinvest at the same or higher levels in the currently available program and thus maximize his returns.

Can I use U.S. Treasury Bonds, Bills or other U.S. Government Securities in a Forfaiting Program?

It is possible to use the above types of securities to participate in specific "Blocked Funds" forfaiting (trading) programs, subject to the following requirements:

- a) That the securities intended for participation can be authenticated by a Top 25 West European Money Center Bank; that they carry a registered, current C.U.S.I.P. number, and that ownership in the name of the intended participant can be verified to the satisfaction of the bank.
- b) That the intended participant provide, from the West European Money Center Bank, under an approved format, Bank Certified Proof of Funds and other required documentation. The securities can, of course, be hypothecated to the bank for a cash loan; the cash can then be used for participation in a trading program as usual. This is the preferred procedure.

What part does the I.C.C. play?

Regulation of the international banking industry is under the authority of the International Chamber of Commerce. The I.C.C. is based in Paris, France, and has been in existence for more than 100 years. The I.C.C. is the world's monetary policeman and exerts tremendous power in establishing the policies and procedures under which all international banking transactions take place. Some indication of this can be seen when one realizes that the U.S. Federal Reserve came into being and gained acceptance in the international banking community only after its approval was granted by the I.C.C. I.C.C. 500 and 600 regulations are the controlling authority for all European and international banking transactions. These regulations are not available for public scrutiny any more than are those of the Federal Reserve in the USA.

What role is the Federal Reserve playing?

The U. S. Federal Reserve is a member of the International Chamber of Commerce. As such, it represents the U.S. Dollar, which has been used as the International Reserve Currency since the days the Bretton Woods Agreement came into effect. The Bretton Woods Agreement was signed in 1944 between the major Western Powers, and became fully effective in 1951. The Federal Reserve regulates the supply of dollars in circulation, and as dollar credits are shipped offshore they are placed with London Bankers for entry into the world's money markets. The London Banks have been the international monetary clearing house for hundreds of years. The vast majority of nations, large and small, entrust their funds to these bankers which have been the major managers of Eurodollars (offshore dollars) ever since the Dollar became the "pegged" currency, replacing the English Pound. The U.S. Dollar is the sole currency used in Forfaiting (Trading) Transactions, primarily because it is the accepted reserve currency, but also because of the huge amount of Eurodollars which are in circulation worldwide. The supply of Eurodollars continues to increase on a daily basis as the U.S. Government continues to pay its international trade deficit (which amounted to \$166 billion in the 1994 trading year) and national debt interest payments (which now amount to approximately US\$350 billion each year) with fiat currency. It is important to recognize that the European

nations in which the Forfaiting transactions take place are financially powerful sovereign nations, with their own well regulated stable banking systems which have proven their worth and stood the test of time. These bankers report to the Federal Reserve, not in a subservient capacity, but as the managing agents for the Eurodollars engaged in transactions and general banking activity throughout the world. It follows that the Federal Reserve, to some extent, regulates the amount of dollars available for use by the European Banks, and as Forfaiting transactions take place, they are reported to the Federal Reserve. These reports are normally not made on an individual basis, but on the overall volumes of dollars engaged in value building Forfaiting transactions, in support of the U.S. Dollar.

What is the reason for the existence of this market?

The legal and regulatory environment created by the Bretton Woods Agreement which authorized the issuance of fiat paper currencies, provides the necessary mechanism that enables the forfait trading of U.S. dollars in international markets. The vast majority of currencies in use around the world today are fiat currencies, i.e., unbacked by real assets. For example, at the time of creation (printing) by the Federal Reserve, Federal Reserve Notes are literally worth the price of the paper, ink and labor. No more and no less. Dollar bills are non-redeemable, which means that the Federal Reserve has no obligation to make their notes good or even to hold their value stable at home or abroad. We use Federal Reserve Notes inside the USA as the accepted vehicle of exchange, and they are given value solely by our productivity, labor and taxes. However, when we ask foreign nations to accept this paper to pay for debt service and/or trade deficit purchases of their oil cars, VCR's, machine tools, wine, food clothing etc., there has to be a process to build value for this otherwise: unsecured and non-redeemable fiat currency. This is what creates the market.

How does the process work?

This is where the European bankers come into the picture. They establish Forfaiting trades in Money Center Bank Debentures which are first issued in U.S. dollar denominations at a discounted price to the Commitment Holders of about 75 to 80 cents on the dollar. The debentures are then placed at the disposal of major European Money Center Banks and first go into trade at about 82 cents on the dollar. Thereafter, through a series of trading transactions which build value in increments of 1, 2 or even 3 cents on the dollar, the U.S. dollar eventually reaches parity with its perceived street value on any given day. The importance of this value building process can be seen when it is understood that these trades are taking place in multiples of hundreds of millions of dollars on a daily basis, year in and year out. Incidentally, the reason that the value of the U.S. dollar continues to decline in world markets is because the Federal Reserve has dramatically escalated the amount of Eurodollars in circulation over the past ten years; there are many trillions in circulation around the world. It is not a matter of the Yen or Deutsche Mark "increasing" in value, as the Fed and the U.S. politicians would have you believe; it is the old rule of supply and demand. As more and more U.S. paper is put into

play, the less its perceived value becomes in world markets; and the world's bankers are unwilling to exchange less of their more stable currencies for it.

Are IMF and the World Bank involved?

All fiat currencies are debt instruments, which are issued against a value building transaction. When we accept dollar loans from a U.S. bank they literally created that loan on paper, funded it with paper, and we then redeem the debt with our labor and goods, creating value for the borrowed currency in the process. The International Monetary Fund and the World Bank work to place Euro dollar into value building projects all over the world. The funds used by these organizations originate from Debenture Forfait Trading, and is yet another method to establish value for the U.S. dollar in world markets.

Where are the Money Center banks located?

Major Money Center Banks engaged in Forfaiting (Trading) transactions are primarily located in the financial centers of Paris, London, Brussels, Amsterdam, Vienna, Zurich, Geneva, Liechtenstein and Luxembourg. Specific banks are not disclosed to potential clients outside the parameters of an approved transaction.

How long will these programs be available?

Trading Programs have been available ever since the Bretton Woods Agreement came into full force in 1951. The Capital Accumulation industry, based upon U.S. dollars, probably has a finite life. There is a real possibility that the time will come when the U.S. dollar falls from grace. The trillions of dollars that were invested in the U.S. economy and in U.S. Treasury Notes by foreigners were made at a time when the U.S. dollar was worth at least twice what it is today (as recently as 1987), in foreign markets. Those foreign Investors that invested in U.S. Government and private American investments are seeing their capital lost value on a daily basis as the dollar continues its steady decline against their native currencies. They are steadily pulling their investments out of the U.S. markets in an attempt to cut their losses and regain liquidity; and unless the U.S. Government and the Federal Reserve can reverse this trend, the dollar will be placed in jeopardy of becoming dethroned as the international reserve currency.

NOTE: Forfaiting (Bank Debenture Trading) Programs should not be confused with Derivatives, which are risky and highly speculative, and consist of a pyramid of borrowed collateral (debt), built upon or "derived from" the Investor's underlying investment. Any deviation from the hoped for market conditions can bring the pyramid crashing down, instantly burying the speculator in a mountain of debt.

Bank Secured Capital Enhanced Program (\$10M) If Parties have funds available to go direct the proper protocol is outlined.

Following Procedures:

1. Participant Submits a Letter of Interest (Exhibit 'A' Attached) and a current Bank Statement for review and acceptance.

2. After acceptance of the above, the following documents will be sent to participant for approval and signature:

- 1) Facilitator Agreement,
- 2) Participant preliminary data form,
- 3) Board resolution (draft),
- 4) Letter of Formal request/non solicitation (draft to be provided).
- 5.) Letter of Intent, clearly stating the dollar amount.

3. An appointment is made with the Participant to close the transaction.

4. At the closing meeting, and "Accelerated Fund Management Agreement" with the Fund Management company will be presented to the Participant and executed in hard copy. Participant can bring his professional advisors with him/her to review the contract if so desired, and; A formal "Opinion Letter" from the law firm of the fund manager will be issued attesting to the performance of the fund management company and the "accelerated fund management agreement". This letter is based on both past and present performance as witnessed by the law firm, and is provided as additional assurance for the Participant

5. Following completion of the above, the Fund Manager's transaction Bank will pre-advise the Participant's Bank of the availability of a safekeeping receipt for a 106% Bank Guarantee of Principal against a commitment to pay.

6.Participant's Bank confirms their commitment to pay to a transaction account opened in the name of the Participant in the transaction Bank.

7.The Safekeeping receipt and certified copy of the principal Bank Guarantee are delivered to Participant's Bank within 72 hours.

8.Participant's Bank transfers payment to Transaction Account.

9.Bank Guarantee for Profit will be delivered Electronically to Participant's Profit account within 72 hours of receipt of Payment and Clearance of Participant's Funds

10.Principal Guarantee can be Hypothecated within the Program and the Participant can then re-enter the Program. The profit Guarantee is in the form of a guarantee of ten equal monthly payments. This profit Guarantee can also be discounted at the option of the Participant.

11.The Participant may continue Hypothecating and re-entering the program as long as the opportunity is available. NOTE: This program as any program, is subject to change or closure at any time.

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