

# United States District Court

WESTERN DISTRICT OF MICHIGAN

UNITED STATES OF AMERICA

V.

JANET MARCUSSE

## CRIMINAL COMPLAINT

CASE NUMBER: 1:03-MJ-666

(Name and Address of Defendant)

I, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief. On or about Jan. 1, 1998 to present in Kent and Ottawa county, in the

Western District of Michigan defendant(s) did, (Track Statutory Language of Offense)

Use of the mail to execute and further a scheme to defraud (Mail Fraud); and did knowingly conduct financial transactions using the proceeds of an illegal activity with the intent to promote and carry on the illegal activity (Money Laundering).

in violation of Title — 18 United States Code, Section(s) 1341 and 1956(a)(1)(A)(i)

I further state that I am a(n) Special Agent of FBI and that this complaint is based on the following  
Official Title

facts:

See attached affidavit

Certified to be a true and correct copy of the original  
By: Attorney  
Date: 12/5/03

Continued on the attached sheet and made a part hereof:

Yes  No

/s/  
Signature of Complainant  
**Samuel Moore**

Sworn to before me and subscribed in my presence,

12-05-2003  
Date

at Grand Rapids, Michigan  
City and State

ELLEN S. CARMODY  
United States Magistrate Judge  
Name & Title of Judicial Officer

U.S. District Court  
Signature of Judicial Officer

## AFFIDAVIT

Samuel J. Moore, being duly sworn, deposes and states as follows:

### A. Introduction and Agent Background

1. I am a Special Agent with the Federal Bureau of Investigation (FBI). I have been employed by the FBI as a Special Agent for approximately four years. I am currently assigned to the Grand Rapids Resident Agency of the Detroit Division.

2. As a Special Agent with the FBI, I have received extensive training in investigating violations of federal statutes, including those involving mail and wire fraud, at the FBI training facility at Quantico, Virginia. I have also attended the Basic and Advanced White Collar Crime Seminars at the Executive Office for United States Attorneys at Columbia, South Carolina.

3. During the six years prior to becoming a Special Agent with the FBI, I obtained numerous securities and insurance licenses. During the course of obtaining these licenses I worked with a wide array of investment and insurance products as an agent or broker up until my employment with the FBI.

4. I am presently working jointly with IRS-CI and the Ottawa County Sheriff's Department in an investigation of an investment fraud scheme operated by Janet Marcusse.

5. The investigation came to the government's attention approximately in March 2001 when investors reported that the monthly payments they had received from Marcusse--purportedly the earned interest or profits received from their principal investment--stopped coming.

6. The victim investors reported that Marcusse gave several excuses, which changed monthly, for the cessation of the monthly payments and also made promises that the payments would be starting again. When the promised date of payment to resume came and went without payments resuming, new excuses and promises were proffered by Marcusse.

7. From talking with investors, examining bank accounts, and talking to associates of Marcusse familiar with the investment scheme, I have come to learn that Marcusse was operating a fraudulent scheme commonly referred to as a Ponzi scheme and that she used the U.S. mail and the Federal banking system to accomplish and further her criminal efforts, in the following manner:

## B. Summary of Scheme

8. We sent a written questionnaire to approximately 550 investors that we identified during the investigation. Approximately 150 investors returned the surveys. We examined 17 bank accounts into which Marcusse and her associates placed the investors' funds when received. We have determined that approximately 550 individuals gave approximately \$20,000,000 to Marcusse for investment between January 1998 and December 2001. From personal interviews with investors who have given us their names, addresses, and records that they kept relating to Access Financial, we have learned that Marcusse represented that she had access to a secret financial opportunity involving what she referred to as "International Prime Banks". She represented that these secret financial organizations only dealt with approved people who brought in large blocks of money, that by using the investors' principal in a bundled fashion, the investors would realize large profits in a relatively short time. She claimed that her scheme could pay investors three percent (3%) every month on the principal and seventeen percent (17%) per month accrued annually for a twenty percent (20%) per month total return. The investors' principal was kept in a safe CD-type instrument and was not at risk while the alleged trading activity was occurring. She also represented that the investor's principal was available for refund at any time, but the investor might miss out on the tremendous profit potential if the principal was taken out early.

9. The description of the Trading Program varied from time to time. Attached are two written descriptions of the alleged Trading Programs, distributed by Marcusse to potential investors (Attachment A and B). From the investors we learned that most investors learned of the scheme from friends or relatives who were early investors and who vouched for the investment scheme because they were, in fact, receiving the high rate of return promised by Marcusse as evidenced by the monthly check for 3% monthly alleged interest they received in the mail. Many received a statement which purported to show how much their principal investment had grown. (Attachment C-name and address of investor blacked out by the affiant)

10. At its zenith (March 2001), Marcusse's scheme caused approximately 550 investors to receive a purported profit check in the mail every month, a monthly disbursement which totaled approximately \$570,000.  $\$570,000 = 3\%$  of total investor funds of \$19,000,000 (approximate total amount taken from the 550 investors). These checks were prepared and mailed from locations in Kent and Ottawa Counties, which locations were being used as the office for Access Financial at the time of mailing.

11. However, by the Spring of 2001, monthly checks were not forthcoming, except for select investors. By mid-year 2001, no monthly checks came on a regular basis. Periodic newsletters, which were mailed to investors, gave reports on the financial successes of Marcusse's supposed investment activities, excuses for the delay of payments and promises that future payments would resume. (See Attachments D, E and F)

12. Based upon past experience and from information received from representatives of the Federal Reserve, the programs portrayed by Marcusse to investors both orally and in the written material do not exist. Her representations have many features in common with a fraud scheme known as a "prime bank fraud" scheme. See the attached alert from Federal Reserve (Attachment G).

13. IRS Agents traced the funds received by Marcusse from their receipt by Marcusse into 65 different bank accounts. Between January 1998 and December 2001, Marcusse received \$20,000,000 from investors. We also traced how she spent the funds. Approximately \$7,000,000 of the funds were returned to investors in the monthly checks described previously. Rather than receiving "profits" or "earned interest", the investors were being paid monthly payments from their own money that they had initially invested. Approximately \$6,000,000 was spent on purchases and payments for the personal benefit of Marcusse and her friends or associates who helped her to operate Access Financial. Some examples of these payments include approximately \$200,000 on landscaping, \$7359 at the Reproductive Specialty Center, \$49,100 to Marcusse's parents, as well as payments towards purchasing taverns, airplanes, and payments towards home mortgages and utilities.

14. The balance of \$7,000,000 has been traced to transfers to other accounts, many of which are located out of the country which cannot be traced any further.

15. A complete analysis of the funds received and handled by Marcusse shows that she did not place the funds with any safe, financial institution as described in her literature, nor did she generate or receive any profits, earned interest, or gains of any kind as represented to the investors.

16. Marcusse has worked as a tax advisor/preparer, and as an investment advisor. She has received training as a registered securities representative and was licensed to sell securities in the State of Michigan from February 1985 to August 2000. Marcusse used her training and experience to deceive her clients into trusting her.

17. From my own training and experience as a registered securities representative, I know that registered securities representatives are required to follow specific registration and disclosure procedures, outlined by the Securities Exchange Acts of 1933 and 1934, when selling securities to the public. Private placement offerings to institutional investors, such as mutual funds, banks, insurance companies and pension funds, are not required to be registered with the Securities and Exchange Commission (SEC), if the securities are purchased for investment as opposed to resale. Marcusse told investors that their money was being put into a private placement, thus further misleading the individual investors and giving the appearance of legitimately avoiding the SEC registration requirements. No institutional investors are known to have invested in Marcusse's private placement offering.

18. Since July 1, 2002, 2002, Marcusse has not maintained contact with the investors and her past associates in Access Financial, nor has she maintained a publicly available address or point of contact.

19. The conduct of Marcusse, in soliciting funds from investors through fraud and using the U.S. mails and the interstate financial institutions of the U.S. to promote and carry on the scheme is a violation of Title 18, U.S.C., Section 1341 (Mail Fraud) and Title 18, U.S.C. Section 1956(a)(1)(A)(i), (Money Laundering).

15  
Samuel J. Moore  
Special Agent  
Federal Bureau of Investigation

Described and sworn to before me  
this 5 day of Dec, 2003.

Ellen S.  
U.S. Magistrate Judge  
\_\_\_\_\_  
ELLEN S. CARMODY  
United States Magistrate Judge

Certified to be a copy  
Carmody  
Date 12/5/03

# **Attachment**

**A**

## BAHAMAS "CD" TRADING PROGRAM

MINIMUM INVESTMENT :	<b>\$10,000 USD</b>
MELD:	<b>AVG. 1-1/2% PER BUSIN' ESSDAY COMPOUNDED DAILY</b>
TERM:	<b>ANNUAL - TWELVE (12) MONTHS</b>
SECURITY:	<b>"CD" IN INVESTOR'S OWN NAME AT \$1,000,000 USD OR ABOVE</b>
PAYOUT :	<b>MONTHLY AT 3%; BALANCE OF PROFIT ONCE YEARLY AT ANNIVERSARY DATE</b>

**OVERVIEW:** Certificate of Deposit is purchased in the amount of investment (min. \$1 million). CD is placed on safekeeping in the trading bank and a line of credit is established against it for trading purposes.

Program has been performing successfully for over 3 years and has a historical yield averaging 1-1/2% per day net to the investor. The yield is compounded daily (business days only) making the **historical** effective rate over 25% per month net to the investor. Future yields are not guaranteed and are subject to the program's actual performance, but in no case **shall** be less than 3% per month.

First interest check may take up to 120 days. No returns are earned until funds are **confirmed** in the program **and** trading.

Organization, on behalf of investor, has full and **unrestricted** access and control over the account and may remove funds or close the account at any time.

Contracts are for one year. Individual investor **may** renew at anniversary date under mutual consent.

Organization reserves **the** right to return investor's funds at **any** time with interest due, if any, to date of return. Premature requests to **exit** program on the part of **the** investor **will** subject said investor to the loss of anniversary date balance of profit **rights**.

**THIS CONFIDENTIAL OVERVIEW IS FOR INFORMATION PURPOSES ONLY, FOR THE INTENDED RECIPIENT AT THEIR REQUEST AND IS IN NO WAY TO BE CONSIDERED A SOLICITATION OF FUNDS.**

# **Attachment B**

EXPLANATION

AND

HISTORY

OF

TRADING PROGRAMS

The International **Forfeiting** (Trading) Program is a powerful **process** or system that is structured to provide legal and safe means for members to obtain the **benefits** of 'Low Risk Capital Accumulation' through Bank Debenture Trading.

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 (**BPO's**), Promissory Notes or Mid-Term Notes (**MTN's**), Zero Coupon Bonds (Zeros), Documentary Letters of Credit (**DLC's**), Stand By **Letters** of Credit (**SLC's**), or Bank Debenture Instruments (**BDI's**) under international Chamber of Commerce guidelines.

The price 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 sold to other banks, they are sold at higher and higher prices, thus realizing a profit on each transaction, and 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 are eventually 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 eight figure amounts.

## **— BANK DEBENTURE FORFEITING (TRADING) PROGRAM**

THE INFORMATION AND OFFERING HEREIN DESCRIBED IS PROPRIETARY AND NOT INTENDED FOR PUBLIC DISTRIBUTION OR RE-TRANSMISSION. IT IS NOT A **SOLICITATION** OR AN OFFER TO INVEST OR **PARTICIPATE** IN ANY PROGRAM.

In the U.S. the supply of money or credit is regulated by the Federal Reserve, an Independent Body which came into existence by an Act of Congress in 1913 and in part by means of authorization of certain key International "Prime Banks." Prime banks comprise the top 250 banks worldwide, as ranked by their net assets, long **term** stability and sound management. These banks are authorized to issue blocks of Bank Debenture Instruments such as Bank Purchase Orders (**BPO's**), and Prime Bank Instruments or Guarantees such as Promissory Bank Notes (**PBN's**), Zero Coupon Bonds and Letters of Credit issued under the **International** Chamber of Commerce (**ICC400**) guideline requirements for banking, and as developed and periodically updated by the same international organization. The prices of these instruments (usually with face values of \$100 million **USD** or greater) are quoted as a percentage of the face amounts and bear interest over a certain time frame such as five to fifteen years.

The market price is established on issuance depending on demand and may be anywhere to 65% and 75% of face **value**. Thereafter, they are sold down the money market chain to **the** retail level at escalating prices, thus realizing a higher profit with each transaction which **can** take as little as one day to complete.

A Trader, who, by agreement, is empowered to receive and place the first issue of a Bank's \$100 million **PBN's** and who has a waiting supply of end retail buyers, can close one to two **trades** per

...near zero per week. At these spreads, over a 40-day week trading period, it is not difficult to understand why the investor as a capital provider, can receive a **high guaranteed rate** of return for funding this operation. **Further**, the Trader will not undertake to buy the **PBN** issue unless he has a contract for the resale to a retail buyer in hand so that the **Investor's** capital and the Trader's position are not put at risk.

Most trades are done instantly by electronic ledger-to-ledger transfers. Monies placed in trading programs will be used by the Traders as part of a fund to buy the first issue **PBN's** and Lenders will share in the profits. The Prime Banks are happy to receive the money from the discounted sale of a Note, since the banks are permitted by law to loan it out many, many times at very profitable interest rates PLUS banks participating in the trading program receive a share of the Trading Profits also. In trading programs, the Lenders, the Traders, the Banks and the Instrument Buyers **all** make substantial profits.

This is not a derivative investment where the hedging of trades provides an element of risk. This program involves **large amounts of predetermined buy-sell trading** of World Prime Bank medium term **INTEREST BEARING NOTES** which are backed by the International Monetary Fund.

By the time 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 its face value, by the time it finally reaches the "retail exit" buyer it can sell for 91% to 93% of its face value. Since these transactions are intended for large financial institutions, they are denominated in face amounts commonly ranging from US \$10 million and up.

#### A BRIEF HISTORY OF BANK CREDIT INSTRUMENTS

In the closing years of World War **II**, most of Europe, the UK, northern Africa, Baltics, Russia and Asia were devastated. Millions of people were without homes and the basic needs of life. How could the world repair the damage caused by the most destructive war ever in history? Where was the money to rebuild on such a vast scale?

Inaugurated in July, 1944, at a conference of 730 western **world** economists and politicians, held in **Bretton** Woods, New Hampshire, the "**Bretton** Woods" Convention, proposals were put forward by **the** principal architect, John Maynard Keynes, author of "The Economic Consequences of Peace", written in 1920. Keynes and his proposals were supported and endorsed by Harry Dexter White, United States Secretary of the Treasury. The heart of Keynes proposals were two basic principals. First, the Allies must rebuild the Axis countries, and not exploit them as had been done after World War **I**. Second, a new international monetary system must be established, headed by a strong international banking system and a common world currency not tied to the gold standard.

The principal agreements reached by 1947 by the Bretton Woods Convention were:

1. The United States Dollar replaced the Pound Sterling as the medium of international trade and **the** world reserve currency, however:
2. The United States Dollar was still tied to the gold standard and backed by Gold at \$35 per ounce, the **pre-WWII** level.
3. The Bretton Woods Convention produced the Marshall Plan, the Bank for Reconstruction and Development (World Bank), the International Monetary Fund (**IMF**), and the Bank of International **Settlements** (BIS).

By 1961, the plans adopted by the Bretton Woods Convention of 1947 were succeeding beyond expectation, however US dollars were in short supply as the US was faced with a dwindling gold supply to back additional dollars. The solution was to recycle the current number of dollars back into the world commerce which would solve the problem by avoiding the printing of more U.S. **dollars**.

A system was **needed** to draw the US. dollars back into circulation through the private banking sector. The system was fo in the centuries-old framework of **Imp** 'Export finance. This system hinged on having t **world's** top banks extend the use of Fo t finance, not backed by gold, but by their own good faith and credit. This extension of credit would be backed by banking debentures of all kinds including **Letters** of Credit, banker's acceptances, bills of exchange and guarantees.

Laws, rules and procedures provided by the International Chamber of Commerce, Paris, France, as already established and recognized by international accord for **Forfait** financing, were adopted for these Bank Debentures and their use. The international banking sector was encouraged to issue Letter of Credit, Bank Guarantees and Bank Debentures in large denominations, at **yields** superior to U.S. Treasuries. This was to offset the increased costs to issuing banks due to the high yields accompanying the Bank Debentures. Banking regulations within the countries involved were modified in such a way as to encourage **and/or** allow the following:

- a) Reduced reserve requirements via offshore transactions.
- b) Support by the Central Banks, World Bank, International Monetary Fund, and the Bank for International Settlements.
- c) Off-balance sheet accounting by the banks involved.
- d) Instruments to be legally ranked "**pari passu**" (on the same level) with depositor's funds.
- e) The banks obtaining their depositor funds would be allowed to leverage these funds with the applicable central bank of the country of domicile in such a way as to obtain the equivalent of federal funds at a much lower cost.
- f) When these leveraged funds are blended with all other accessed funds, the overall blend rate cost of funds to the issuing bank is substantially diminished, thus offsetting the high yield given to attract the investor with substantial funds for deposit.

The Bank for International Settlements (BIS) rules prohibit banks from buying the newly issued instruments from each other directly in the primary market. However, it does allow banks to buy **and** own other bank's financial **obligations** as long as they are purchased from the secondary **market**. Therefore, the issuing Banks MUST HAVE third party Clients to process this business through. It is this ruling that has created the investment opportunities we now enjoy in Bank Credit Instruments.

The **Federal** Reserve Board recognizes a tier of high quality banks, usually in the world's top **100**, which are authorized to deal in these instruments and **these** are called the Applicant Banks. The criteria for being on the Fed list includes the strength in normal banking ratios as well as countries in which the Fed desires to be **active**.

It is clear that the largest supply of international US. dollars is in Europe and this explains the dominance of European Banks on the Fed list. Major issuing banks then realized other benefits, other than funds recycling and redistribution. The Bank Credit instruments provided bankers with a means to resolve other major banking problems, such as interest rate risks and meeting capital **reserve** requirements.

**In** 1971, the volume of world trading finally exceeded the **volume** of US. dollars as the medium of exchange and exceeded the ability of the US. to support its currency with gold. The **Nixon** Administration let the dollar **float** in the world markets, not tied to gold, but tied to the full faith and credit of the assets of the United States. The value of the dollar was now in the currency market hands. **Nixon** needed the Bank Credit Instruments put in place by the Kennedy Administration, in conjunction with the International Monetary Fund and the Bank for **International** Settlements to work hand in hand with the central banks of the Western countries to avoid a collapse of the dollar's value. The principals of this system realized the following effects:

- a) Issuing Bank Debentures would pull US. dollars out of the private sector and exchange them for guarantees.
- b) Once the US. dollars had been accessed, then the issuing banks could recycle them back **into** the world economy as loans. The top **world** banks are allowed to borrow at a prime

rate of 3% rather than the 5% available to American banks. Further, top world banks are allowed a multiplier of 10 to 1 rather than the 8 to 1 offered by American banks. This process increased money supply.

- c) Alternatively, the issuing banks could purchase the U.S. Treasuries from the Fed, thereby retiring the supply of dollars in the world market back into U.S. hands or selling the Treasuries to the Fed to increase the money supply.

Bank Debentures became the tool for the U.S. Government to control the amount of U.S. dollars floating against other currencies and to help maintain the value of the dollar. Therefore, the fear of "run-away" inflation can be limited by controlling the number of U.S. dollars available to the world market at any given time. At the present, the Fed targets U.S. dollar held in off-shore and foreign banks not resident in the USA for this "recycling."

Today, the Bank Credit Instrument Trading Programs are increasingly used to support not only the enormous demand for U.S. dollars, in particular, through the IMF and World Bank, but also the various nations that the Clinton Administration has pledged to assist. These include the U.S. policies to "westernize the former USSR" and support other countries like Haiti, Bosnia, Somalia, and Kuwait. The programs utilize investment funds from an off-shore account and/or a 508(c) here in the United States set up as a Humanitarian Foundation. The trustees of the Foundation pledge to charitably contribute 30% of the returns to IMF projects around the world. Examples would be roads, schools, dams, and other similar projects in third-world countries.

These Bank Credit Instrument programs designed under the Kennedy Administration are still very effective to assist in recycling and redistributing U.S. dollars to meet the world's demand for commerce. Most importantly, through the Federal Reserve Bank, the U.S. Government uses these programs to control the dollar and its value in the world market. In summary, the use of these Bank Credit Instruments provides instant liquidity and safety. They are a principle factor which has served to prevent another financial crises in the world economy.

## 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, with 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 whereof 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 talking about a Money Center Bank Instrument or Bank Debenture Purchase and Resale Program, in which these monetary securities are purchased when priced at their lowest values and then resold in the money market, at a higher price.

Before our traders commit to any transaction, they 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 or her position. This is, of course, vital for maintaining the profitability of the program.

## QUESTIONS AND ANSWERS

IF THIS IS SUCH A GOOD INVESTMENT, WHY HAVE WE NOT HEARD ABOUT IT BEFORE?

The internal trading of 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% to 6% per **annu** if they were aware that other, equally safe investment accounts yielded minimum ten fold higher rates of return. The banks and traders always employ the strictest nondisclosure and **non-circumvention** clauses in trading contracts 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 could severely jeopardize their opportunity to participate in further transactions.

All of the trading programs are Conducted under the specific guidelines set up by the International Chamber of Congress (I.C.C.) Generally known as I.C.C. **500** and **600**. The I.C.C. is the **regulatory** body for the world's great money center banks and is located in Paris, France. It has existed for more than **100** years and exerts strict control on world banking procedures.

The U.S. **Federal Reserve** is a very important member, but unlike most other banks, it operates independently of the I.C.C. and as a result, the vast majority of U.S. (and Canadian) 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. They do not normally make their programs available to Americans living in the USA, and it is highly likely that your local bank manager has absolutely no knowledge of them.

#### HOW ARE 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. The other way the funds are secured ~~is~~ through a blocked funds process whereby the funds **never** leave the investor's control. These features make the investment as secure as buying a CD in a major world bank, at least for the investor with sufficient funds to **get** his or her own contract. This is where our organization comes into play. Members need not have \$10 million to participate! The return on the investment is **normally** not **guaranteed** by the bank, but 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 Forfeiting (trading) transaction.

#### CAN I PARTICIPATE THROUGH A U.S. BANK OR BROKERAGE FIRM?

There is no advantage and every disadvantage to the U.S. Federal Reserve in making Forfeiting 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 domestic markets. However, we are aware that most major "names" on Wall Street have participated for years in defiance of this "law" offering the programs only to selected sophisticated clients (those who can afford to invest **\$100** million or more) through **off-shore** bank accounts. They all know full well the brokerage firm may at some point be fined for **its** participation. They do not care because the **profits** for everyone involved are far in excess of the fines. This is not even taking into **account** the broker's point of view that the **trades** may well be in the client's **best** interest given the safety, far superior rates of return, combined with the added **benefit** of no stock market **fluctuation**. **Further**, as a result of the 1929 stock **market collapse**, American bankers are severely restricted by various regulatory procedures and other requirements which make it impossible for them to offer these transactions to their U.S. clients. There are only five domestic issuers; all are large **money-center** banks and their abilities are known only at the highest level within the banking community. These issuers cannot acknowledge the existence of such programs **because** the prospect of disintermediation (the switching by large depositors from low paying deposit accounts to those with much larger profits) would literally destroy their institutions

overnight, not to speak of the ripple effect that the common knowledge of such rates of return would have on the US economy. Mortgage rates, car loans, business loans, etc. would be prohibitively expensive without the abundance of low-paying certificates of deposit and passbook savings accounts. Even the Comptroller of the Currency has regularly testified that these instruments do not exist. 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. Forfeiting (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 documentation, including bank certified proof of funds, and have followed the established protocol before they are allowed to proceed. (Our contracts have met these requirements.) Any attempts to circumvent the established procedures result in the 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 ICC regulations, all transactions close to new business on December 15<sup>th</sup> of the year, and are not reopened in the following year. Those transactions already in place 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 the returns.

#### CAN I USE U.S. TREASURY BONDS, BILLS OR OTHER U.S. GOVERNMENT SECURITIES IN A FORFEITING PROGRAM?

It is possible to use the above types of securities to participate in specific "Blocked Funds" Forfeiting (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 CUSIP 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.
- c) 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 ICC PLAY?

Regulation of the international banking industry is under the authority of the International Chamber of Commerce. The ICC is based in Paris, France and has been in existence for more than 100 years. The ICC 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 ICC.

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 US. Federal Reserve is a member of the International Chamber of **Commerce**. As **such**, it represents the US. Dollar, which has been used as the International Reserve Currency since the period of time when 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 US. dollar became the "pegged" currency, replacing the **English** Pound.

The US. Dollar is the sole currency used in Forfeiting Transactions, primarily because it is the accepted reserve currency, but also because of the huge amount of Eurodollars (**U.S.** Dollars which are in circulation worldwide). The supply of **Eurodollars** continues to increase on a daily basis as the US. Government continues to pay its international trade deficit and national debt interest payments with flat currency.

It is important to recognize that the European nations in which the Forfeiting 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 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 Forfeiting 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 **forfeit trading** of US. Dollars in international markets. The vast majority of currencies are not **backed** by real assets, such as gold. For example, at the time of creation (printing), Federal Reserve Notes (money) are **literally** worth the piece of paper they are printed on, the cost of ink, and the cost of labor to create them. No more, no less.

Dollar bills are non-redeemable. This means that the Federal Reserve has no obligation to make their notes good, or even to hold their value stable at home or abroad. Americans use Federal Reserve Notes inside the USA as the accepted vehicle of exchange and they are given value solely by one's productivity, labor and taxes. However, when asking foreign nations to accept this paper to pay for debt service **and/or** trade deficit purchases of their oil, cars, electronics, 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 THIS PROCESS WORK?

This is where the European bankers come into the picture. They establish Forfeiting trades in Money Center Bank Debentures which are first issued in US. 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 US. Dollar eventually reaches parity with its perceived street value on a 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

IS THE IMF AND THE **WORL** BANK INVOLVED?

**All** fiat currencies are debt instruments, which are issued against a value building transaction. When we accept dollar loans from a US. Bank, they literally created that loan out of 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 Eurodollars into value building projects the world over. The fund 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 that are 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 until a specific approved trading contract is signed.

NOTE: Bank Debenture Trading **Programs** should not be confused with Derivatives, which are risky and highly speculative. They consist of a pyramid of borrowed collateral (debt) built upon or "**derived** from" the **Investors 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.

## GLOSSARY OF TERMS

**Best Efforts:** A designation that a certain financial result is not guaranteed, but that a good faith effort will be made to provide the result that is represented.

**Bond:** Any interest-bearing or discounted government or corporate security that obligates the issuer to pay the holder of the bond a specified sum of money, usually at specific intervals, and to **repay** the principal amount of the loan at maturity. A secured bond is backed by **collateral**, whereas an unsecured bond or debenture, is backed by the full faith and credit of the issuer, but not by any specified collateral.

**Collateral Provider:** An entity, which has the contractual ability to purchase bar instruments directly from the issuer. Also known as Master Collateral Commitment Holders.

**Conditional S.W.I.F.T:** A method, which uses the Society for Worldwide Interbank Financial Telecommunications to transfer funds conditionally between banks subject to the performance of another **party**.

**Contract Exit for Non-performance:** A condition in a financial agreement that enables the investor to take back his funds if the result represented is not achieved.

**Debenture:** A **general** debt obligation backed only by the integrity of the borrower, not by collateral.

**Depository Trust Corporation (DTC):** A domestic custodial clearing facility owned by all of the major banks and securities firms which is monitored by various banking regulatory agencies and the Securities and Exchange Commission.

**Draft:** A signed written order by which one party (the drawer) instructs another party (drawee), to pay a specified sum to a third party (payee).

**Forfaiting:** The process of purchasing at a discount registered bank "paper" which will mature in the future without **recourse** to any previous holder of the Debtgenerated bank paper.

**Glass-Steagall Act:** A portion of the Banking Act of 1933, which prohibits banks from entering into the securities business and prohibits securities firms from accepting deposits. However, any security, which is issued or guaranteed by any bank, is not subject to the Securities Act of 1933. Therefore bank instruments, by virtue of being issued by a bank, are not considered a form of securities.

**International Chamber of Commerce (ICC):** An international body which governs the terms and conditions of various financial transactions worldwide, it is headquartered in France and has no affiliation with the local Chamber of Commerce offices.

**Key Tested Telex (KTT):** An older form of transferring funds between banks using a telex machine on which the messages are verified by use of key code numbers.

**Leveaded Programs: Programs** which use leased assets (such a United States government obligations) to increase the amount of instruments purchased and resold for a profit.

**Medium Term Note (MTN):** When discussing bank trading programs, a standard form of debenture with a term of ten years and a annual interest rate of 7.5%. Also known as Medium Term Debenture (MTD).

**MT 100 Field 72:** A means of irrevocably transferring funds between banks using computers.

**Off-Balance Sheet Financing:** The process where the liability is contingent (dependent on certain events) and is not listed as a liability, but typically appears in the Notes to the financial statement of the party.

**106% or 108% Bank Guarantee:** A written guarantee issued and payable by a bank which provides for the return of the principal amount and six or eight percent interest.

**One-year Zeros:** An obligation of a bank due in one year and sold at a discount from face value in lieu of an interest coupon.

**Par:** Equal to the nominal or face value of a security. A bond selling at par is worth the same dollar amount as it was issued for, or at which it will be redeemed at maturity.

**Parallel Account:** A separate account established at the transactional bank.

**Pay Order:** Document, which instructs a bank to pay a certain sum to a third party. Such orders are normally acknowledged by the bank, which provides a guarantee that the payment will be made.

**Safekeeping Receipt:** A document issued by a bank which obligates the bank to unconditionally hold certain funds separate from other bank assets and return them when requested by the depositor. In this way, the funds are not an asset of the bank nor are they directly or indirectly subject to any of the bank's other obligations or debts.

**Sub Account (Segregated account):** Where an entity has established a relationship with a bank that includes the bank acting on the entity's behalf a sub account is opened to hold funds in the name of the entity's client. The funds can only be used according to the terms of a written agreement that is given to and approved by the bank. The funds are not considered an asset of the entity or the bank, and are not subject to the debts of either the entity or the bank if the bank issues a safekeeping receipt

**Tranche:** A specified part of a larger transaction. Each purchase and resale of a separate block of bank instruments in a trading group is known as a tranche. For example, a contract may be signed to buy 10 billion dollars worth of bank paper with an initial tranche (or purchase) of 500 million dollars.

## WHERE WILL YOU BE?

Take **any** hundred people at the start of their working careers and follow them for forty years **until** they reach retirement age, and here's what you'll find, according to the Social Security Administration:

1. Only one will be wealthy.
2. Four will be financially secure.
3. Five will continue working, not because they want to, but because they have to.
4. Thirty-six **will** be deceased.
5. Fifty-four will be dead broke—dependent on their meager Social Security checks, relatives, friends, even charity for a minimum standard of living.

**That's five percent successful, and ninety-five percent unsuccessful.**

What lies ahead in YOUR FUTURE? Is there a "CLEAR & PRESENT DANGER" of you being in the **95%**? Do you need to "CHANGE YOUR CIRCUMSTANCES" so that you **can** be in the 5%?

EXPLANATION

OF

CURRENT TRADING PROGRAM

## INTRODUCTION

The following program you have made an inquiry about is not a program for everyone. Many of you are very **comfortable** with your money in Bank Savings accounts or Certificate of Deposits at 5 - 7% **annually** and **knowing** that you have control of these **funds** at all times.

The programs in which we participate are of a **different** nature. We, and therefore you through our Organization, have contracts with very reputable large domestic and international **banks**, law firms, **mortgage companies**, and brokerage houses with long-standing experience in these programs.

Please read the enclosed material very **carefully** and respond to the person **from** which you received this packet with any questions that you may have.

**NOTE: ANY ATTEMPT OR REQUEST BY THE PROSPECTIVE INVESTOR TO DIRECTLY CONTACT THE PROGRAM MANAGER. BANK. OR BROKERAGE HOUSE IS PROHIBITED BY A STRICT NON-DISCLOSURE CONTRACT!**

## IMPORTANT NOTICE- READ BEFORE PROCEEDING

This is an unofficial response to a request by the recipient. This is for **informational** purposes only and does not represent public policy of any bank or financial institution. This is not intended and shall not be construed **as** a solicitation of investment **funds** or **an** offering of securities. This offering is made only to qualified recipients. If you are not a qualified recipient or agent / intermediary for one, please return to sender immediately: if you are;-note that by signing you are engaging in a private transaction **exempt from** the U.S. Securities Act of **1933 and** all amendments to it and that you have not relied on it or any related regulations. Also, you acknowledge that this is a private communication of privileged, confidential information for you only, and you agree to keep it confidential and protected **from** disclosure.

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Date

---

Name

### JOINT PARTICIPATION AGREEMENT AND TERMS OF NON-CIRCUMVENTION AND NON-DISCLOSURE

This agreement is prepared in accordance with the legal standards and principles of the International Chamber of Commerce ( I.C.C. ), London, England, which is recognized as the agency having jurisprudence over the contained matters of International commerce. Local legal authority has the capacity to adjudicate and enforce decisions in accordance with the policies of the I.C.C. This local legal action is thereby legally binding, **and** recourse the **I.C.C.** itself is not necessary in **all** cases. The below contracting parties **shall** settle any such dispute as may arise locally, upon mutual agreement, unless arbitration becomes necessary.

1. Non-Circumvention: The below Principal Parties shall respect the integrity and tangible value of the contract / compensation structure and shall not in any manner whatsoever, either at the present **time**, or at any **future** time, attempt to circumvent the validity and integrity of **the** contact process, as initially defined, and as initially acted upon, in any of the **transaction(s)** being entered into, or which the respective parties are desirous of entering into, without the specific authorization of the parties to do so. In the course of any attempted **transaction** process, any contacts introduced by one party to the other **shall** be considered the property of the introducing **party**. The initial contact process shall be respected **and** honored by all parties at all times, unless otherwise mutually agreed, and no attempt or hint of circumvention will be **permitted** by either **party**, or its agents, employees, assignees, guarantors, or any third party.

**Each** of the parties below accept and understand that any overt or covert action of **circumvention** of the respected process shall constitute a serious trespass of trust, and of **legality**, and will be subject to judicial action, recompense, and possible punitive damages

as awarded by legal process. It is **further** understood that where one **party** contravenes the integrity of the initial contact procedure, the contravening party shall:

A) **Indemnify** and be liable for all **legal** fees for parties which may be incurred in the course of the adjudication of said violation.

B) Be subject to possible punitive action as awarded by legal process.

2. Restrictive Covenant: The above Principal Parties shall not disclose to any third parties (except their bankers), either directly or indirectly, the fact or nature of their respective professional and business association, or any transaction (or transactional information) in which Principal **Party**, and that all names, addresses, telephone numbers, telex / fax numbers, or any other medium or contact or the identity of such contacts of each respective principal party shall be considered to be wholly proprietary **and confidential**, and of tangible value to the respective party which has expended time and monies to develop its contact system. Under no circumstances, either during or **after** the tenure of the formal association of the above parties, shall either party violate their integrity and legality of the contact system without first securing **full** written authority from the other parties to do so.

3. Time Validity: This Agreement shall become effective immediately from the date of signing hereof by all contracting parties, shall be **effective** retroactively **from** the time of initial contact, and shall remain in effect for a period of five (5) years, unless terminated by mutual written consent.

4. **Legality**: This Agreement shall be legally binding on the parties hereto, their principals, employees, representatives, agents, assignees, and all other associates.

5. Arbitration: Every attempt shall be made to resolve disputes arising **from** intended or inadvertent violation of this agreement, as possible. In the event that adjudication is required, local legal process shall be proceeded **with**, according to the principles of the I.C.C as indicated above. Where judicial resolution is not thereby achieved this matter shall be settled by the **I.C.C.** itself, the decision of which all parties shall consider final.

6. Facsimile Copies: Copies of documents **transmitted** by facsimile will be regarded **and** accepted as original copies and enforceable by law.

**THIS AGREEMENT WITNESSETH:**

\_\_\_\_\_  
**BY:**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**BY:**

\_\_\_\_\_  
**DATE**

**NON-SOLICITATION LETTER**

**DATE:** \_\_\_\_\_

**TO:** \_\_\_\_\_

I, \_\_\_\_\_, as authorized signatory, do hereby **confirm** that I have requested of you and your organization specific confidential information and documentation regarding your currently available High Yield Trading Programs to serve for our interests, purposes and understandings only, and nor for further distribution. I hereby agree to treat all such information received **from** you as PROPRIETARY and STRICTLY CONFIDENTIAL.

I hereby declare that I am **fully** aware that the information presented by you is not in any way considered or intended to be a solicitation of funds of any sort, or any type of offering, but is intended for my general knowledge and educational purposes only. I hereby **affirm** that I have requested information **from** you and your organization of my own choice and **free** will, and further that you have not solicited me in any way.

I understand that the contemplated transaction is strictly one of private **placement** and in no way relates to the United States Act of **1933** or related regulations, and does not involve the sale of registered securities. Further, I hereby declare that I am not a licensed broker or a government employee and understand that neither are you or your **organization**. We have mutually agreed that any such private placement transaction is exempt **from** the Securities Act **and** not for the general public, and all materials are FOR PRIVATE PURPOSES ONLY.

**SIGNED THIS** \_\_\_\_\_ **DAY OF** \_\_\_\_\_, 19\_\_\_\_

\_\_\_\_\_  
Authorized signature

\_\_\_\_\_  
**Authorized signature**

**ADDRESS:** \_\_\_\_\_

**CITY/STATE/ZIP:** \_\_\_\_\_

**PHONE #**(     ) \_\_\_\_\_ **FAX#**(     ) \_\_\_\_\_

**CLIENT EVALUATION FORM**

This form **must** be filled out **and** signed by **the** Client and returned by facsimile prior to any **further** discussion or consideration of the Client's participation to invest in a program,

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Type of Organization: \_\_\_\_\_ Years in Business: \_\_\_\_\_

Business **Name** of Lawyer's Firm: \_\_\_\_\_

Contact Name: \_\_\_\_\_

**Telephone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Name of Bank holding funds: \_\_\_\_\_

Branch: \_\_\_\_\_ **Bank Officer:** \_\_\_\_\_

**Bank Address:** \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**LETTER OF INTENT (LOI)**

To: The Program Manager  
Subject: Private Placement

Date: \_\_\_\_\_

Dear Sirs,

This letter shall serve as a formal notification to you of our interest and intent to **place funds** in the amount of USD \$ \_\_\_\_\_ ( \_\_\_\_\_ ) of **United States Dollars** into private placement trading. These funds are currently held at (Name of Bank) \_\_\_\_\_ under the following coordinates.

**BANK NAME:** \_\_\_\_\_  
**BANK ADDRESS:** \_\_\_\_\_  
**ACCOUNT NAME:** \_\_\_\_\_  
**ACCOUNT NUMBER :** \_\_\_\_\_  
**BANK OFFICER:** \_\_\_\_\_  
**TELEPHONE:** \_\_\_\_\_  
**FAX:** \_\_\_\_\_  
**S.W.I.F.T. NO:** \_\_\_\_\_  
**TELEX NO:** \_\_\_\_\_

**I/We** state that **I/We control** these funds and have **full** authority to commit these funds into investments approved by **me/us**.

You **and/or** your agent are authorized to contact (name of bank) \_\_\_\_\_ for confirmation and verification of these funds, if needed.

It is hereby warranted that these funds are of non-criminal origins and that they **are** free and clear of all liens and encumbrances.

**I/We** confirm that, as of today's date, these **funds** are equivalent to USD\$ \_\_\_\_\_ ( \_\_\_\_\_ ) and that **I/We** are prepared to transfer them if necessary in United States Dollars subject to **confirmation** of the Private Placement Agreement.

**I/We** advise that after **confirmation** by yourselves of the above, **I/We** are ready to enter into procedures.

Sincerely

## PROGRAM OVERVIEW

<b>AMOUNT:</b>	<b>\$5 THOUSAND U.S.D. MINIMUM (EVEN THOUSAND DOLLAR INCREMENTS)</b>
<b>TERM:</b>	<b>40 WEEKS</b>
<b>NET PROFIT:</b>	<b>10% ON PRINCIPAL NET MONTHLY</b>

## FURTHER PROGRAM GUIDELINES

Organization, on behalf of investor, has **full** and unrestricted access and control over the trading account and may remove funds or **close** the account at any time.

**Funds** are fully "blocked" by Organization principals only. **Funds** never leave the control of Organization principals. Investor may "block" funds personally as sole signatory through subaccount under **Organization** with minimum of \$1,000,000.00.

**Funds** may not be **liened**, hypothecated, otherwise encumbered, or moved without the written consent of the Organization on behalf of the investor.

Compounding of all or part of monthly interest is allowed only by receiving **full** interest check and mailing back **amount** to be **reinvested** to company.

Investor funds kept in escrow until contract approval and entry into program.

Participation is limited to Federal Reserve approved programs, and contracts are executed only at banks or securities houses.

First interest check will take 90 days to begin. Thereafter, interest checks are generally issued at the same time each month. Delays may occur if the Federal Reserve **audits** the **program**. Other delays include clearing of **funds through U.S.** or international **banking** system. These delays do not impact investor's eventual receipt of interest payments **once** earned and entitled. Unless investor is notified that the program has been discontinued, the investor is entitled to receive all interest checks.

**Organization** reserves the right to return investor's funds at any time with interest due to date of return.

# WHY "BLOCKED FUNDS" ?

## *Commonly Asked Questions*

### A. What is meant by "blocked funds"?

Banks perform the "blocked funds" process every day. Here are some common examples:

1. Let's say you were issued a **check** for \$10,000 from someone that is not **known** to your bank. When you deposit this \$10,000 check in your bank, the bank **gives** you a receipt for the money, but they "block" the usage of the **funds**, usually for three to as many as ten **banking** days. Although the money is technically yours, the bank prevents you from **having** access to it for the three days. The bank does this **while** a central Bank clears the **funds** from the issuing **bank** to your bank.
2. Another "blocked **fund**" technique that you might use is to stop payment on a check that you have written. Another might be that you instruct the bank to "block **funds**" to pay a particular check (such **as** the IRS). **This** way you know the IRS is paid for certain, while a less important check may bounce. In other words, you can **instruct** the bank to "block **funds**" for just about any reason.

### B. How are "blocked funds" used in your Trading Program?

With a trading program, we **instruct** our own **bank** to "block **funds**" for the benefit of another **bank**. Should we, at any time for any reason, decide to unblock our **funds**, that is our unilateral decision. We have total control at **all** times. **This** "block" is just an accounting process so that both banks cannot use the same **money** at the same time. Once our funds are "blocked", they can be used by the **bank** controlling the program **as** collateral. The funds are never moved or deposited directly into the trading bank. If they were not "blocked", the same **funds** could be used by our own **bank** for some other purpose, such as loaning the money to someone else. The most important consideration is that **after** we deposit our money in a particular bank, at the time we wish to take it out of that bank, we can withdraw the funds **equivalent** to what we put in; until that time the trading bank **can use** our money for any purpose they choose.

**As** you **know**, **banks** are highly regulated. They **must** have a certain amount of cash in the bank, and they have certain restrictions on how much they can loan, etc. If **everyone** showed up at the same time to get his or her money out, it would be impossible for the **bank** to handle. In simple terms, how much a bank can loan is a **function** of how much money they have in the bank from savings accounts, CD's, **checking** accounts, etc. The ratio of money loaned to the amount in the **bank** is very carefully **controlled**. Ratios are also used to control how much a bank can borrow **from** another bank.

Therefore when our **funds** are "blocked", our bank can no longer show the **funds** on their bank **records** **as** cash. This ability is now transferred to **another** bank, **i.e.**, the bank controlling the program. Now that bank can use the **funds** in their own accounting system to create the ratio

**E. In addition to the above questions, is there any other reason why you use "blocked funds"?**

Any program that we elect to utilize **has** a long list of required parameters. We review, on average, a new program every day. We do not participate in any "leased funds" programs. While those programs typically offer **significantly** higher rates of return, there exists the very real possibility of the loss of all of your **principal**. **As** programs are offered on a "best efforts" basis, if your trader cannot perform for any reason, your principal is quickly extinguished **in interest** costs. "Leased funds" programs are typically of the nature where, as an example, \$500,000 will "control" \$10,000,000, and then the \$10,000,000 will go into trade. You can easily see where the interest costs on \$10,000,000 would quickly consume your principal if the trade were delayed for any reason. And it **has** been our experience that trades **frequently** are delayed for a variety of reasons. Some of these "leased funds" programs will represent that they **offer** "insurance" to cover this contingency to "assure" an investor they are "protected." In the **many** "leased funds" programs we have reviewed **that** supposedly offer this "insurance" to cover the loss of principal, we have never yet had a single one produce this insurance policy or adequate evidence to **satisfy** us that they **can** get such an insurance guarantee. Therefore, we have elected not to participate.

We also do not wire **funds** to any other party to trade on our behalf, as we have effectively lost control of the principal at that point. We are at the complete mercy of the party who has control of our **funds**. How are we to know that when we receive interest payments that we are not simply receiving part of our own principal back, or worse yet, a new investor's principal investment back **as** "interest", i.e., a **Ponzi** scheme? **As** our principal remains in our own "blocked funds" account and **fully** under our own **control**, and the interest **payments** are added to the original principal in this account, we know that **we are** in a legitimate **program**. We therefore insist on the "blocked fund" approach because of its safety. We and we alone are in control of all of the principal at all times.

Finally, we are not required to pay any up **front** fees. We deal directly with the **bank** and trader. We are given a contract which guarantees the amount of return per month for a specific period of time, generally 10 months to a year.

In **summary**, these programs are very **difficult** to **almost** impossible for most individuals to initially locate, as you have to **be** introduced, then approved, and have **significant** liquid funds to participate. Then the time-consuming and expensive process **begins** of **successfully verifying** the legitimacy of the program, negotiating the contracts, and entering into **them** only when all parties are protected and comfortable. Given the secrecy surrounding them and the **further** abundance of con artists **and/or non-performing** but perhaps well-meaning program **managers** and traders, the process becomes even more **difficult**. That is why we put the effort we do into being so particular. You **must** make your own best decision, **as** we do, given **all** of these considerations.

## A PERSONAL NOTE

We, our family, friends and clients have been enjoying the blessings of this program for some time. As you may have already surmised from reading this booklet, it is a program that is conducted privately for good reason, and we have no intention of allowing anyone to jeopardize the privileged status we currently enjoy. Therefore, while we recognize the necessity to check out the safety and security of a vehicle in which to place one's funds, please do not ask us to discuss the program with your attorney, CPA, broker, and other advisors unless they are genuinely interested on their own behalf. Most people, no matter what profession they may be in, are not open to something this unusual.

We fully understand your initial reaction that this program is "too good to be true." We felt the same way, but we have had the benefit of knowing about these programs since 1989. It took us many years of hard work to track down and successfully negotiate an invitation. A participant must be invited into a program; one cannot force one's way into any of these. Now that we are in, we review new programs on an almost daily basis. We decline 99% of them as we know what attributes are necessary for a successful program.

These types of programs have been operating successfully now for over 50 years, but those parties involved in them are under the same disclosures not to discuss the programs with others at the risk of being permanently barred from further participation. And we have had the pleasure to watch members of our group be freed to do full and part-time volunteer work, moms be able to quit their jobs to stay home to raise their families, retirees be able to enjoy their "golden" years instead of struggling to make ends meet, and others be able to do the level of charitable gifting they always wished they could be able to do. Our work enabling all of that is extremely rewarding and the reason you are invited to join us. We hope to attract members who have loftier goals than simply enriching themselves. And we completely understand the only way one can have those types of aspirations is if you and your family are comfortable. Whatever you decide, we wish you the best life has to offer. J

# **Attachment C**

# **Access Financial Group**

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November 6, 2000

**Dear Access Financial Client:**

**Enclosed is a spreadsheet consisting of your initial investment amount and the total profit pool amount. Please indicate in the appropriate box any dollar amount you wish to take out of the program. If none, please place a 0 in the box. Please sign where indicated and return to me in the self-addressed envelope provided or fax to me at 616-457-4459.**

**Forms need to be returned to me no later than November 30,2000.**

**As stated in the last newsletter, we will no longer be accepting new clients after the first of the year. Please have any interested family and friends contact me at 616-457-4418 before year-end.**

Sincerely,



**Donald Buffin Jr.**  
Access Business Consultant

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6483 Par 5 Drive, Grandville, MI 49418  
Phone #: 616-457-4418, Fax #: 616-457-4459

NAME: [REDACTED]

Date	Investment Amount	Rollover Amount	%	growth	%	Monthly Income	Total Invested To Date
June or Before	<span style="background-color: black; color: black;">[REDACTED]</span>			#REF!			\$ -
July	<span style="background-color: black; color: black;">[REDACTED]</span>			#REF!			\$ -
August	\$ 100,000.00			#REF!			\$ 100,000.00
<b>Total Payable \$ 100,000.00 Deposit To Date</b>							
September							\$ 100,000.00
October			17	\$0.00	3	\$0.00	\$ 100,000.00
November			17	\$0.00	3	\$0.00	\$ 100,000.00
December			17	\$17,000.00	3	\$3,000.00	\$ 100,000.00
January	\$ 50,000.00		17	\$17,000.00	3	\$3,000.00	\$ 150,000.00
February			17	\$17,000.00	3	\$3,000.00	\$ 150,000.00
March			17	\$17,000.00	3	\$3,000.00	\$ 150,000.00
April			17	\$17,000.00	3	\$3,000.00	\$ 150,000.00
May			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00
June			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00
July			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00
August			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00
September			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00
October			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00
November			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00
December			17	\$25,500.00	3	\$4,500.00	\$ 150,000.00

17% Total interest earned **\$289,000.00**

Total Amount Available (INTEREST + PRINCIPAL) **\$439,000.00**

amount taken in cash **39,000.00**

amount to roll over for year 2001 **400,000.00**

**Must be signed and returned by November 30,2000**

[REDACTED]  
[REDACTED] Signature

# **Attachment D**

Access Financial Group  
3217 Port Sheldon Rd.  
Hudsonville, MI 49426

## October Newsletter

Here is the long awaited update. We are **sorry** it has taken so long for this to get to you. We have simply been buried in the endless details and negotiations required to determine the best course for the portfolio. We did not want to report something that might change yet again during that process. We have access to a great deal of information through our contacts and have watched the business we are in undergo tremendous changes over the past year. Viable programs on the million dollar level have become virtually non-existent. In addition, our government unfortunately dislikes groups that invest offshore in debenture programs for the obvious tax loss ramifications as well as because of the possibility of fraud committed by some parties involved in these programs. Those of you who are experienced in these programs are aware of this. One participant with **funds** of questionable or criminal origin, or someone **advertising**, such as on the Internet, will attract their attention and cause a problem. Advertising is a violation of securities rules, and is dealt with harshly. One very large client with funds that can be proven to be clean is a far **different** matter than our group with so many small participants. We are aware of one large **successful group** who **was** recently shut **down**, because someone in their group advertised the program on the internet at a lower rate than they were receiving, so they could collect the **difference** on anyone who would invest with them. The alternative of adding our group's **funds** on top of a very large client's funds was not a viable option either for a variety of reasons. Our group has gotten **so** large, we **felt** we were becoming susceptible to an increasing **risk** to **all** of these types of problems. We have also become aware that we have several loose cannons in the organization who despite repeated warnings have not **fully** gotten the message that this is a quiet private program and you can't bring it up to just anyone, particularly someone you don't know. Talking about this to just anyone is no different than trumpeting a cancer cure **publically**. (By the way, we do have one of those for those of you who are interested. Web site addresses are attached for your info.) Selected **friends** and family members for the most part are fine. But the fact of the matter is, our government does not like anyone who attempts to do either thing, and they **will** try to shut you down if they hear about you. We had tried to lessen that risk by taking the **funds** completely offshore, however, in the dual interest of safety and **better** overall returns, we decided to completely exit the **main** program we had been utilizing. This has achieved several objectives. Everyone wanted higher total returns, of course, and most everyone was looking to reinvest some or **all** of their returns in a simpler and more **effective** time fashion, **i.e., compounding**. We could not do that with the old program. The new program achieves **all** of that **beautifully**. We have been in the new **program** since late last year on a small scale, so this is not something we are experimenting in with investor's funds; it is instead something for which we already have a good **feeling** for how it has been performing.

**Consequently**, over the summer, we began moving **funds from** the old **program** into this program

resulting in delays and lower rates for those of you in the higher rate program. Please understand, as well, that the principals of this company have taken no income during this process as well in an effort to pay out to clients as much as possible. Just recently, we were fully invested with all **funds** in the new **trading** program. This program is not considered to be a standard bank debenture program. It has many of the aspects of one, but is not technically under that heading. We believe that this has addressed the main concern of government interference mentioned above. Having everyone at the same monthly distribution level and the automatic reinvestment also solves what had become an administrative **nightmare** for our staff. Every month, clients who wished to reinvest would have to receive their interest check first, then be forced to turn around the **funds** by writing a check back to us, while waiting another **lengthly** waiting period to reenter the program. Our **staff** would have to handle the steadily increasing bookkeeping that came **from** that burdensome system.

We are instead in what is termed a stock trading program that issues a certificate of deposit to back **funds** and guarantees 3% a month on that C.D. by way of a current distribution. You will be looking at a date of around the 25<sup>th</sup> of each month, depending on holidays and the like, for these interest distributions. Please also understand that this figure is by no means the total of what you will earn! It is simply what is paid out monthly on the C.D. In addition, the program has a profit pool based on additional earnings that is distributed at the end of a year's contract based on its total performance. Just exactly what are we talking about as far as returns on the profit pool? The trading group's profit projections based on past performance are very exciting, in that, when conditions are right, the program can and has, on average, performed at a compounded rate at 1% to 1-1/2% per DAY! **As** an example, just consider 1% per day over 20 trading days per month on average. That alone is 20%, not even taking into **account** what the compounding effect **will** do. Part of it performs as the traditional programs have; part of it performs based on movements in the market, either up or down. The profit pool earnings are not guaranteed returns in that they may be higher or lower, however, we are telling you how the program has actually performed in the past. It is our banker's experience and our opinion as well that this program **outperforms** many of the bank debenture programs, and **further**, part of the program could have especially exciting returns if everyone panics about Y2K later this year.

The **man** who developed the program is in his 60's and has had considerable experience in the stock market and in trading programs, having begun his career in London. **As** we mentioned, the program utilizes some of the features of those types of programs, but also includes others as well in that there are three **different** programs **running simultaneously**. The programs are extremely complicated, and that is the **main** reason they work so **well**. His **son**, who boasts a genius level brain, is the person who actually put the computer programs together over 8 years to **run** what amounts to 9 huge computer monitors. (**Think** of a sports bar except with 9 screens). This trading group is hooked directly into the trading pits which allows them up to an **8 second** advantage in **making** trades. We have personally witnessed the **trading** group at work several times. It is absolutely fascinating. The traders **will** actually go in and out of a trade in just a few minutes. One set of three screens measures market activity down to the seconds, another in minutes and another over about an hour. One or two traders **will each** monitor a **different** program. There are three programs, one a very rapid to the minute vehicle, one where a trade **may** be placed for up to a week, and the last where trades may be kept up to several months.

Through this group, we also have access to some exciting **IPO's** (Initial Public Offerings) that we will make available to those interested. We have run across a few other somewhat **similar** programs in the past, but were never able to gain access to them because they were either already closed to new investors or had such high minimum requirements to participate that we were unable to do so.

While we know that a **handful** of you may be disappointed about the new monthly distribution rates, in order to participate, we had to agree to a year contract (we wanted six months), where we cannot remove principal finds during that period of time, unless the program's **minimum** guarantees are not met. We also were faced with a large minimum participation requirement in order to participate on a direct basis, so given our **size**, all **funds** were committed, as we believed this program offered what most of you wanted. Our participation in it initially had been through a second party at a much **smaller** profit pool participation rate. Now that we are direct, the share of the profit pool was accordingly increased to our group. Changes were negotiated in the monthly distribution rates (we would have preferred 5% monthly payouts) at the request of the trading group to allow for maximum reinvestment, and in consideration of the fact that some positions are held for longer time **frames**. The 3% was agreed to as it had the advantage of reducing the size of wires coming back into the States, thus attracting much less attention, a real positive to our company. Moving large sums of money in and out of the country can become a real headache. The profit pool could be very exciting if this program continues to perform as it has proven to in the past. You will have the ability to cash out all, part, or none, next October 15<sup>th</sup> once we have had the opportunity to review the final figures. We should have those by the 10<sup>th</sup> of that month. We will be in touch with all of you approximately 45 days in advance to get an idea what you wish to do with your **funds**. We will **also** put out a detailed newsletter on how to receive a large payout, if you wish, in the most tax-advantaged fashion so you can make the best decision for yourself and your family. The program has performed at the rate discussed above over the past three years, except last month in September, when Hurricane Floyd shut them down for over two weeks due to no electricity. That is another reason why the profit pool is not paid out more **frequently**. We will be sending quarterly reports to everyone that detail the overall results. In the interest of our **staff's** workload, we **will** not do an individual statement until the end of the contract. You will very simply only need to apply the total rate of return to your individual amounts. A current instruction to invest sheet is also attached for those of you who wish to add more funds.

One **final** note. We consulted with an experienced securities attorney here in the States for a variety of reasons. In the past **in** a search for higher returns, we have attempted to utilize a number of other programs **from** other sources for personal **funds** and select private pooled **funds** (in the one million **dollar** size, not the ten **million** dollar size, and not with the **main** group's **funds**). We have had no success with the other sources. Even though we had been happy to date with the performance on the **funds** we had in this program, before we made the commitment of the **size** we were considering, we wanted to make certain we were **making** a good decision. We had this **lawyer physically** look over this program and give us his opinion, which resulted in his enthusiasm to such a degree that he is now personally in the program. He checked out the bank that backs the Certificate of Deposit, and the principals behind the deal, and **was high in** his praises of both. Many of you are probably unaware that some offshore **banks** offer SIPC Insurance to cover all client **funds** (same as at **broker/dealers** here in the States) as **well** as backing

funds with insurance as well. He spent several days visiting with both the traders and the banker. He was quite frank in admitting that he had checked out many programs in the past and was not expecting to give such a glowing recommendation.

Secondarily, we asked his opinion of how we should handle backing down on our word that we would pay the **high** monthly distribution rates we said we would. His opinion was that not **only were** the participants going to be earning on a total basis more than we had promised, but that if they were so inclined to express an interest in litigation, that the Judge would laugh them out of court with their unrealistic expectations. **36%** a year current cash flow with safety is nothing to be upset about, without even considering the profit pool, particularly when you add the tax-advantaged angle to it that our company offers. We can cash out individuals on a small, **slow** basis for those who wish to exit, but our ongoing commitment to the program is of such a degree that we cannot do it on a widescale basis until the anniversary date of the contract. We may also, before the end of the year, have a client who wishes to buy any and **all** client positions available, but we cannot promise that right now. Frankly, we have no interest anyway in keeping any whiners. We have never been able to understand the mentality involved. High returns, such as the programs we have offered in the past or have now, are extremely difficult to impossible to find, enter into, require expensive and extensive investigation, and constant monitoring **after** entry to make certain everything is working as it should. Sometimes there are unavoidable delays in the ongoing effort to stay "safe rather than **sorry**." **Thankfully**, the vast majority of you are **wonderful** and a delight to work with, but we just do not have the time or desire to offer babysitting services anymore. Please also understand that we are not referring to the legitimate questions and help you may need. We expect that and are here to help you **no** matter what time and effort that takes our group. **We** are simply referring to those who have completely unreasonable expectations. We never have had and do not have a "get rich **quick**" program. We have witnessed too many people go down in flames over letting greed override common sense. We simply have tried to approach a difficult business in as safe and **conservative** fashion as we possibly can. Our group has enormous charitable aspirations, and what we **are** trying to achieve with these programs will enable **all** of us to **fund** those aspirations in a truly exciting fashion.

As an aside, those of you who have **an** interest in participating with your own million dollar block will be able to participate in the stock trading program with a certificate of deposit in your own name. Just contact the office **with** a proof of **funds** and we will go forward. We had not been able to proceed introducing individual clients of that size to this until we had **all** of our own contract parameters completed just recently. Ten million dollar investors will have **only** the option of standard bank debenture programs as this program will be closed very shortly to new investors. Only a few million dollar slots are yet available. New contributions **from** our group are not considered adding a new investor so we will be able to add to our position as we wish.

Thanks for your understanding and patience. It has been a long, hard road determining what is in the best interest of the group as a whole, given **what** the available safe choices are, but we **firmly** believe that our program now allows for the best' **mix** of benefits that our clients have **been** requesting **from** us since the beginning.

Any Questions Please Contact **your** Manager.

Diane **DeWeerd** &  
Wes Boss  
(616) 662-2391

Don Buffin  
Phone: (616) 457-4418  
Cell: (616) 293-0717

Rich Murna  
Phone: (616) 457-5176  
Cell: (616) 293-1393

## BAHAMAS "CD" TRADING PROGRAM

MINIMUM INVESTMENT:	<b>\$10,600</b> USD
YIELD:	AVG. <b>1-1/2%</b> PER BUSINESS DAY COMPOUNDED <b>DAILY</b>
TERM:	<b>ANNUAL - TWELVE (12)</b> MONTHS
SECURITY:	<b>"CD" IN INVESTOR'S OWN NAME AT \$1,000,000 USD OR ABOVE</b>
PAYOUT:	<b>MONTHLY AT 3%; BALANCE OF PROFIT ONCE YEARLY AT ANNIVERSARY DATE</b>

**OVERVIEW:** Certificate of Deposit is purchased in the amount of investment (min. \$1 million). CD is placed on safekeeping in the trading bank and a line of credit is established against it for trading purposes.

Program has been performing successfully for over 3 years and has a historical yield averaging 1-112% per day net to the investor. The yield is compounded daily (business days **only**) making the **historical** effective rate over 25% per month net to the investor. Future yields are not guaranteed and are subject to the program's actual performance, but in no case **shall** be less than 3% per month.

First interest check may take up to 120 days. No returns are earned until funds are confirmed in the program and trading.

Organization, on behalf of investor, has **full** and unrestricted access and control over the account and may remove funds or close the account at any time.

Contracts are for one year. Individual investor may renew at anniversary date under mutual consent.

Organization reserves the right to return investor's funds at any time with interest due, if any, to date of return. Premature requests to exit program on the part of **the** investor will subject said investor to the loss of anniversary date balance of profit rights.

**THIS CONFIDENTIAL OVERVIEW IS FOR INFORMATION PURPOSES ONLY, FOR THE INTENDED RECIPIENT AT THEIR REQUEST AND IS IN NO WAY TO BE CONSIDERED A SOLICITATION OF FUNDS.**

# Cantron (formerly known as Cancell)

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Cantron/Cancell (Entelev) is a nontoxic treatment for cancer developed in the 1930's by a man named Jim Sheridan.

“Cantron/Cancel tries to take away the last vestiges of normality” from cancer cells, Sheridan said, “so they are no longer on the boundry line.”

You can receive further information on Cantron at these websites:

{ HYPERLINK  
"http://www.best.com/~handpen/Cancell/cancell.htm" }

{ HYPERLINK  
"http://www.best.com/~handpen/Cancell/nathan.htm" }

{ HYPERLINK "http://www.olneymd.com/cancel~1.htm" }

.....

# Instructions to Make Investment

Revised September 23, 1999

**Wiring Instructions:** National City Bank Routing # 072000915  
..for further deposit in: Sanctuary Ministries, Acct #0628609348

**Bank Branch Address:** 32001 Groesbeck Highway  
Fraser, Michigan 48026  
(810) 415-4430

**Sanctuary Ministries Address:** 1951 Masonic Blvd.  
Roseville, MI 48066

**Regular Mail:** Send check or money order made out to:  
Sanctuary Ministries  
C/O Access Financial Group  
3217 Port Sheldon Rd.  
Hudsonville, MI 49426

**Wiring or account questions please call:** Access Financial Group  
Diane DeWeerd  
(616) 662-2391  
Fax: (616) 662-2393



.....

# **Attachment**

## **E**

ACCESS FINANCIAL GROUP  
0-151 44" Street, Suite A2  
Grandville, MI 49418  
616-457-8070 phone

## NOVEMBER, 2001, NEWSLETTER

This is a just a quick update for everyone. As the result of September 11, we had over a month's delay getting into a trade status. We could hardly complain given the devastation and loss that other families directly involved suffered in this disaster, and it **was certainly** an event that no one could have possibly foreseen in planning our activities. Additional verbiage **was** required to be added to the contract that required us to attest to the fact that **we** were not involved in terrorist activity nor were the proceeds **from** the trade going to be utilized to **fund** any terrorist activities. Even if the **additional** requirements had not been instituted, no one **was** able to fly anywhere to initiate the contract into trade status immediately following the disaster anyway, so we had a completely unavoidable delay no matter which **way** you looked at it. In the meantime, we had remained **hopeful** that as had been participant's experience in the past with this contract, **that** we would also enjoy a shorter than 8 week cycle on the first cycle, but we have just been advised today that as the result of the September 11 disaster, this **will** undoubtedly not occur. Therefore, we anticipate your 6% distribution will be the **middle** of December in time for **Christmas**.

There **is** good news, however, in that in addition to that check, you will also receive your summer's interest at this time combined in one separate check to the 6% distribution. Because of the unusual delays, **we** were given a slight enhancement in the returns **from** the original contract. As a result, the program **will** have performed by the middle of December enough ahead of original calculations so that we will be able to pay the summer interest in December instead of the original necessity of having to utilize summer's interest monies plus original principal towards the **overall** 120% return at the end of this contract. In effect, you **will** receive an overall 11% extra. The two **6%** distributions **only** will be deducted **from** the 120% in the **final** payment **at the end** of the contract. We **will** also be able to cash out those who wish to exit the program without hurting the rest of you who wish to remain with us.

With **all** of this in **mind**, the next 6% payment will be in February with the end of the contract coming in the April to **May timeframe** next year.

**Thank** you for your patience.



# **Attachment**

## **F**

## NEWSLETTER

Personal & Confidential, for private use only, by participants only, per the Access **Confidentiality** Agreement  
Public dissemination of this communication or the contents thereof to anyone else is strictly prohibited, constitutes  
fraud, may be illegal, and is punishable by litigation for **damages**

This is an unincorporated church communication protected by Constitutional provisions

Use thereof of any of the contents by any government **official** or IRS agent is **illegal** and will be prosecuted

As most of you **know**, we have been under investigation by the government since December. For a while, I operated under the belief that we should not **communicate** by newsletter due to the **fact** that our Confidentiality **Agreements** were being violated by some of you by giving our **information** first to the **embezzlers** and later to the government. I had felt it was in everyone's **best** interest to be quiet until this **was** over. As this is taking longer than I expected due to so many **different** mitigating circumstances, I no longer feel that way as I have watched so much lying and criminal activity by government officials that I can no longer be silent. Good people are being hurt due to this behavior. I am hearing stories of people being extorted by lies and criminal activity on the part of the **IRS**. Do not let these criminals con you out of **your** money. You have the law on your side; they do not. Enclosed is **information** to help you. If you need additional help, call us **and we** will put you in touch with people who can help you. It is your legal right to make these criminals follow the law.

We have had a lot of problems this **year** and I am in the process of resolving these problems. The **greed** over this money has extended to every conceivable aspect of **this**, which has served to mend the current situation **far** longer than **it** ever should have. I will not comment **further** than that simply due to the necessity to protect **all** of you. You **must** absolutely understand this one simple concept. If the government gets their hands on your money, you will never see a dime. I have seen many examples from numerous sources of how they steal the money and even use it themselves **personally**. I have now heard enough to become convinced they do not care about you. I would cut the government some slack if I thought their interest in us was a legitimate concern for all of you. Nothing could be **further from** the truth. Their only concern is to gather the information to steal money from all of you illegally. When I was in front of the grand jury, Gezon spend most of the time questioning me about my alternative health views. What pray tell did this have to do with your money? There were in fact **NO** questions about your money! That idiot Thomas Gezon **probably** thought my alternative health convictions would damage my credibility. Apparently, he must live in a cave and not be aware that the American public is **spending** billions on alternative health products due to ample evidence that the **AMA** and **FDA** lies to all of us simply to protect its profits. Attached you will find a more detailed **summary** regarding **all** of the criminal activity the government has engaged in throughout this situation. I **will defy** these criminals any day any time and I only have contempt for their actions and their mockery of **law** and the court. My sole obligation is to you, not to the government. What **makes** them a party to your money anyway? They aren't the damaged party in this situation. They want to make themselves a party to this simply so they can steal your money by claiming you owe taxes that you don't. In reality, they are a bankrupt organization and technically should have no legal standing in court. I revoked my U.S. Citizenship due to my disgust over the criminal agenda running this country. It isn't just the **courts** and taxes, but **also** Pearl Harbor, the Vietnam **War**, Waco, Ruby Ridge, Oklahoma City and now September 11th not to speak of continued **illegal** government witch hunts against alternative health practitioners. Government policy is the extortion, theft and ultimate murder of its citizens. My religious convictions are such that I cannot be supportive of a government that is this **corrupt**. If you want to support and cooperate with them, that is your own decision, but this decision should be based on understanding what you are getting **yourselves** into before you enter their snake pit. The public is **hopelessly** naive **about the** state of **our courts**. I don't care what they do to me, but I do **care** what they do to all of you. You have suffered **enough**. A few of you may be doing it out of revenge against me, but you **just** might find that all you accomplish is to expose yourselves to personal danger for nothing. I have **several** trump cards up my **sleeve** after my obligations to all of you are finished. I initially gave the government the benefit of the doubt, but my disgust level is now such that I **refuse** to cooperate any longer. In the meantime, I don't care how they slander me in public as they are centered in West Michigan, the place I consider to be the world headquarters of hypocritical behavior. My people are another matter. Anyone or thing party to slandering my people will pay the price. When I don't respect the source whatsoever, I'm just as happy to be **the** subject of contempt. At least I'm not being a hypocrite. If they or any other immoral slob thought I was wonderful, I'd be **living** my life completely in violation of all human decency and morality. A lack of outrage by the public will ensure a legacy of slavery for **future** generations. Stand up for **yourselves** and fight these criminals. You are fighting for the future of the Constitution. It is **functionally** dead and routinely defied in the hands of these criminally run courts. That is due to people not **taking** a stand to expose and demand accountability from these **corrupt** individuals.

There are some details I can share in regards to the program. **As** previously reported, the **embezzlement** ate significantly into your principal. It wasn't just the **theft** of **funds** that **hurt** us, but the returns that were paid on it too. For example, a \$50,000 **theft** in October of 1999 would have cost an additional \$27,000 in returns paid on it for instead a total net loss of **\$77,000**. **As** you can see, each **fraudulent** check and receipt cost far **more** than just the initial amount stolen. It has been obvious to me for a while that the government will hold me responsible for this **theft** so I have been forced to find a solution. We exited last

winter's program due to a fear of seizure, which as you will recall meant we forfeited all returns. I have never *guaranteed* a return. No one can. One can only project based on information that they are given and contracts currently pending or in hand. Companies routinely issue earnings estimations. These are based on their best efforts, same as us. No one can possibly control every aspect of every **deal**, nor can **any** one person be in more than one place at a time to watch everything. Some trust that things will work out is inherent, based on careful research, that everyone **will** or can do what they have said they would do, or no contract would ever be executed for any thing. Every thing that I have ever reported to **all** of you. excepting that which was changed unbeknownst to me, has been an accurate reporting at the time as to **written** contracts or verbal updates **as** expressed to me. I can only pay **funds** I receive. Demands from anyone to pay amounts we anticipated but did not constructively receive constitute extortion as well as an unreasonable position given the embezzlement and subsequent investigation and also due to the **fact** that we have always stated "best efforts" on everything as we obviously have no control over the performance side of a contract. There is in addition no legal basis to these demands given the Agreements that all of you have signed. Finally, if **you** haven't **presented** this **same** demand to the **embezzlers** as well, as I can readily prove they have some of your money, you are being extremely hypocritical. "The Constitution clearly states, "No State shall pass any Law impairing the Obligation of Contracts." Contract law is the most widely upheld of all, and my oath was and is to all of you to protect your principal, even if it meant making the feds angry. I have no obligation to them. I have also always stated that we face timing risks beyond our control. I am aware of people that have waited three years in **limbo** to go into trade and did so happily for **the** end rewards. Timing problems are inherent to this. If you wanted timing guarantees, you had no business doing anything other than collecting 2% a year **from** your **local** bank. Nothing else will give you a timing guarantee. You will find the words "force **majeur**" in the Confidentiality Agreements that all of you **voluntarily** signed. I am not aware of a single one of you who signed it with a gun to your heads. This means that if we suffer extenuating circumstances that are beyond our control, we are not personally responsible or liable. In addition, this **Agreement further** states that we will not **be** liable for **any** loss or damage to **any** participants **over** original **principal**. Divulging information about us to **anyone else** is a violation of the Agreement, which makes **you liable** to us for any injury or loss we suffer as a result. This has not been easy for any of us. My own home was sold at sheriffs sale months ago. No **funds** could be tapped for any reason, as it would have provided a paper trail to them. You might also want to consider that the **embezzlers** and their family were the ones who had everything fully paid for, while everyone else had to **struggle** to make ends meet to pay bills, and in some cases, by selling off anything of value to stay alive. The embezzlers are also now trying to hand their assets over to the IRS, rather than settle with us on the lawsuit, so I see their morals are **still** nonexistent and they still haven't learned the meaning or responsibility of honor. It's simply appalling, but no longer **surprising**. If the embezzlers promised you something, hold them responsible, not me. You might also want to consider that had you been in the stock market, on average, you would have lost over 20% year to date, following two additional years of losses. Many people now in the market have been devastated with 50% or more of losses in principal. That means they have to make 100% just to break even. Find me even one Wall Street professional or **CEO** of any publicly traded company who will guarantee your principal, much less your return. It isn't out there, folks.

I **fully** understand and am sorry for all of the misery this situation has caused everyone, but I do have a few questions and comments to be directed at some of the abusive people. Did any **of you** ask to see the huge pile of embezzled checks? **I'm** not aware of a single request. Doesn't it make sense to **confirm** accusations first? We waited until we had copies of the checks to press charges. Why would **self-admitted** thieves merit your trust while we could not be given the benefit of the doubt? I have **left** you plenty of clues, as you will see, that we would take care of you. Even the **government** recognizes that the embezzlers are not credible witnesses, and I've seen no sign of intelligent life in the government. I certainly would not have gone to these people for advice. They clearly didn't care about you while they were stealing your money so why would they start now **unless** they had an agenda to use you again for something else? Checks were not supposed to be written by any of **you** directly to Access; this had to have been done simply to facilitate the embezzlement. They didn't quit because they suspected a **scam**, as I've heard was their story; they quit when she was removed as signatory on the bank accounts. If this were true, why didn't they go to the police first? I instead was the one who went to the police first as soon as I got back **from** Europe. Why **on earth** would anyone go to the police to report a crime if they believed themselves to be engaged in criminal activity or a scam? Nobody is that **crazy**. **Concealing** a felony, including even after the fact, makes you a party to that felony. If we were con artists or had nothing **left** and no hope of a **resolution**, why would we have had a number for all of you to **call**? Why would some of us still live in the area? We tried to keep an office open but the abusive people made that impossible. Please **understand** that I have had no time to speak with any of you. My time is completely overloaded. This is why I had someone available to return your calls, so you could at least be reassured that someone was still around to talk to you. Returning those calls has taken a lot of intestinal fortitude, **however**, if you were completely abusive to these people, I **told** them they did not have to call you back. An apology is in order for return calls to those of you who have acted **like** this. I have not called the **embezzlers** and read them the riot act much as I would have liked to, and all of you can act like adults with some self-control as well. If the stock market goes down, do you threaten the lives of your stockbroker? I don't think so. Give us the same credit. We have had **some** severe mitigating circumstances and we are **attempting** to do the right and moral thing by **all** of you in spite of it. I expect the same **from** all of you. I had also hoped that by virtue of simply seeing that my people were still loyal to **me**, not to speak of working for **free**, it might have occurred to some of you that perhaps there might a good reason for that **loyalty**, **i.e.**, that everything might be resolved. We have done nothing wrong other than to trust the wrong people.

I also discovered and can prove that our profit pool **statements** were altered without my **knowledge** in that the words "estimated and projected only" were deliberately removed from these statements by the **embezzlers** before they were sent to you. I could never understand all of the questions and irritation about profit pool until I found this out. I **completely** agree that you have been defrauded, but not by me nor with my **knowledge**. I now understand why everyone thought they were **definitely going** to get it. Nobody needed that profit pool to go through more than the embezzlers did, given what they had done. The rest of the staff had explicit instructions that if any of them called me, they would be immediately terminated. Why would there be a policy like if my direction were being followed? Clearly they were terrified someone would say something to expose them, and that is exactly what happened. When I asked about their extravagant lifestyle, I was repeatedly told that he had inherited a **great** deal of money. We hear they are telling people they have sued me. That is another lie. To have involved the church in their crimes is appalling when my goals were for a large health ministry to help people. Checks for Cantron were diverted to their own accounts, while they had Access pay for the product. It was not my intention that anyone should have to pay for **Cantron** in the first place. In other words, this tells me the **slime** even **stole from** people **who were terminally ill!** Finally, their entire defense has been based on the premise that a **criminal can't sue a criminal**. They admit they are criminals by this defense!. The Case # is **01-40847-NZ** at the Ottawa County Circuit Court in Grand Haven, Michigan. This case has not been dismissed as they have stated to some of you. Maybe now you will see why I am incredulous that any of you would go to these liars and **thieves** for advice?!? It should **now** also be obvious that essential to this defense was the need to stir up as much hatred and revenge at me as possible so that as many of you as possible could be **manipulated** into action against me. This is also the government's agenda. **They** don't care if the money comes back to you. The government is **furious** about the taxes. Tough. I happen to believe the **IRS** is illegal along with a lot of other people, but I didn't choose to fight them that way as **many** people are **successfully** doing all over the country; I chose to use the **tax** code to further a real ministry to help people. The greed of the embezzlers and the government is the **direct** cause of this domino effect of problems for all of us. Given all of the turmoil that **this** greed has caused, I must reiterate that no one is allowed to share this newsletter with the embezzlers, their lawyer, or anyone associated with them, and I will use any **lawful** means at my disposal to deal with defiance of our confidentiality rules in regards to that **situation**. If you still don't **get it** that these people are not helping you, but instead are hurting you, you are beyond help and deserve whatever happens to you. I have people I do care about in this to protect, and I've already walked through fire to prove just that. You are not allowed by contract to share information with them or anyone else for that matter **unless you have written permission from me**. This is to protect **you**.

We have not produced any records on the church or its participants in this investigation. This position, based on the law, has earned me retaliation from the government, but they, just like me, are also required to follow the law. They can temporarily circumvent the law **all** they like, but before this is done, they will pay the price for that circumvention. Just as the embezzlers were cocky about everything for a long time, we hear they now are pleading guilty to tax evasion, fraud and money laundering. They did commit tax evasion. They stole directly from Access. The definition of money laundering means coming **from** a criminal source. Embezzlement is a criminal source., The unincorporated church has no requirement to keep books or records and is **IMMUNE** From disclosure. That is the law. I didn't write it; I just follow it. All checks to you **from** Sanctuary Ministries were deemed **gifts**. Do you see people who are helped financially from any other church pay taxes on this help? Of course not. We cannot be treated any differently because we are "unusual". That is Supreme Court case precedent. It is common practice for people to pay for "benefits" from a church but not be taxed for them. The only tax on gifts is owed by the **DONOR**, and not by the recipient of **the gift**. In this case, the church is the donor, and given its exclusions, is not subject to taxes and is not required to file **tax** returns or pay taxes. Obviously then, you should **be** able to see that it is best for **funds** to go directly from church to church chapter. Everything that I did had a justifiable basis in law. I also happen to believe that we are more biblically sound in that the **government** is not the head of our church dictating what we should believe. In Title 26 of the United States Code and Income Tax Regulations, June 26, 1977, it states in Section 1.511-2 (ii)-Vol. 1, page 33,471-42; "the term "church" includes a **religious** order to a religious organization if such order or organization (a) is an integral part of a church, and (b) is engaged in carrying out the **functions** of a church, **whether as a civil law corporation** or otherwise." See the enclosed report called "We Rest on the Law" for additional tax code and case precedent on the church. We base our position on the Constitution, statutes, Internal Revenue Code (IRC) and Supreme Court precedent. That is why the government is so contemptible in this. Apparently, they believe it is **o.k.** to disregard all of that while pretending to all of you that they care about you **so** they can get the information from you to illegally **extort** taxes from you. I despise hypocrites. They are breaking the law; not us. We are not **CPAs** or lawyers; however, we **are** perfectly capable of locating even the most obscure material and reading it. Whenever they don't want you to know about your rights or advantages under the law, they **will** hide it so you can't find it. You may recall that all 508 information at the **IRS website** was removed several years ago. In addition, all of you are protected from divulging anything about this due to the fact that you **are** in a private contract. That, **too**, is fully protected by your Constitutional rights, and the case law of **Hale v. Henkel**, which protects the **individual's** absolute right to contract, has been upheld in the courts over 1,600 times. It is **the** strongest case law precedent ever on record. **It** was my religious conviction that trading programs should not only be available to the rich, but the middle class as well. Our Confidentiality Agreement clearly states that no information about us can be used in any court of law by a government informant, paid or not, unless that person has disclosed the same and **further** gotten permission in writing **from** me. If you **are** talking to them, you are a government informant. This was to protect all **of you** as well. Do you really want to spend the **next few** years defending your situation to the **IRS** or do you want to pay taxes you **don't** legally owe? None of you have committed

**tax fraud** other than those that were **involved** in the embezzlement. Even if you win because you understand how to use the **rules** to protect yourselves, who wants to spend any time **doing** something that unpleasant? **This** is why it was so **maddening** to know the **embezzlers** were violating your confidentiality by disclosing **information** about all of you simply to help reduce their deserved criminal charges. The government is using them to get information **from** you and about you. It's been obvious in **the** civil case too. Some of you have no conception of the jeopardy you placed **yourselves** in by getting in bed with the embezzlers. This is how "deals" work. people. It's a pretty profitable enterprise. Cash bonuses **of up** to 1535,000 are earned, including for **Judges** and Prosecutors, for tax indictments, as stated right in the IRM Handbook of Delegation Orders. How can you possibly trust these people given this? **\$35,000** in cash is **one** big incentive to lie or at least distort the **truth**. Take this figure times the number of members in our group and you begin to have an understanding of the **wonderful** anticipation the big bad **IRS** and their accomplices, other government employee wolves, have smacking their lips in anticipation of having you chickens for lunch. I don't see any difference between the **embezzlers** and the government. **They** are both liars **and** thieves. Now you may begin to understand my rage at the **embezzlers** over giving your **information** to the government and my intensity in fighting this. This was the point of the Confidentiality Agreements, to protect you too. **I can** fight and win. but my concern lies with all of you. You've had enough harm already done to you by the **embezzlement**. Think about what kind of **slime** and deranged personality would work for the **IRS** in the first place. Or consider the definition for "1040" in Strong's Bible Concordance, which is "house of pleasure". Do you think this is coincidental? It's simply not possible. Is the **IRS** your pimp? They aren't mine. Only someone in a coma can possibly still believe the government is here to help you.

Regarding the investigation, you might want to keep the following in mind. It has **been** our experience to date that it is easy to tell when **someone from** the **government** is lying—his or h a **mouth is moving**. **They** will say it's the "**law**",—but if challenged, they don't **know** what "law", it's just the "law". It is **unbelievably frustrating** to be **forced** to deal with **this arrogance**. They don't know the law. they don't know what they are talking about, they don't know the **tax** code, they distort what you say in order to circumvent the law, or they simply make up whatever they feel like demanding of you because it's the "law". It's hard to determine if they are just that stupid, just plain criminal, or both. I do have my **own** position on this, however. They need to either prove it by showing me this "law" or shut up already, because if they don't, I will file criminal charges and sue them personally. **They** don't have personal immunity. In addition, judicial misconduct complaints are a good way to ruin the career of these Judges who deserve it due to routinely **defying** any law they don't like. I hear outrage **from** all over America every day regarding the "injustice" system, and I now know why. I've talked to them one time and the list of criminal offenses committed by them against me is now up to nine counts. including a conspiracy count. One of **my** favorite organizations on the Internet is called "Jail 4 Judges". Now there's a group worthy of everyone's support. You "volunteer" to talk to the government and you have given them license to kick the door down to invade your life. Cockroaches are more **friendly** and easier to get rid of. Given this pathetic condition in our courts. I have prepared the attached four pages of law, court case precedent and tax code. This compilation really is the **law**, because I, unlike them, didn't just make it up out of thin air. I don't expect all of you to be nearly as proficient in all of this as I am, so use it as a reference if you wish. There is a great deal more for our position if you need it. It is not a crime to have your position based on the law. The real crime is the incapability of the **IRS** to define what makes a person liable for taxes, where they get their delegation of authority, and the continual distortion of the IRC as written, as standard operating procedure on behalf of their agents. If they were operating **lawfully**, why don't they just prove it to the satisfaction of the numerous people and groups demanding proof of the same? Why don't they **follow** the IRC as written? This inability and unwillingness to do **so** is most suspicious. TPI, a Colorado Springs forensic accounting firm, was recently informed by the Treasury Inspector General **office** in Washington, D.C. that they will be investigating the proof that TPI presented documenting illegal data tampering by **IRS** personnel. **At** the Senate Finance Committee hearings in 1997 and 1998, it was promised that if any proof of **IRS** illegal or wrongful behavior could be found the committee would act. TPI **documented** the **fraud** by delivering evidence that as far back as 1974, **IRS** agents have knowingly input **fraudulent** information on taxpayer master computer files for the purpose of fabricating fraudulent tax assessments and then concealing this illegal activity. Perjury is routine. Many of you would be shocked to learn that your **IRS** master file probably states that you are drug dealers based in Puerto **Rico**. The recent "redesign" of the official **IRS** public **website** has resulted in the removal or the "reorganization" of most of the critical information that TPI used to discover this fraud. The **IRS** is so predictable in that when they get caught with their fingers in the pie, they cover it up. They really hold the public in contempt with actions like this. My religious convictions make no allowance for tolerating fraud, no matter what the source. I don't know about **all** of you, but particularly since my position is based in the IRC, I will not submit to any additional fraud perpetuated against me by the **IRS** because they have criminally fabricated false documentation on me. **A** video **on** this documentation may be ordered from TPI at 800-447-6181 or at [www.tpirsrelief.com](http://www.tpirsrelief.com). It is my belief that **if you** talk to the government without fair warning of what you are getting yourself into, you can't make a good decision on whether or not you wish to "volunreer" to do so. We hear the **embezzlers** are ready to confess responsibility for their actions so there is no reason to expose any of you to further **harm**. Do not fall for their lies and do not pay any tax you do not legally owe without a tight. We have a "Cease and Desist" you can file against any criminal **JRS** agents. We also have an effective lawsuit you can file against the **IRS**. If you need help. call our voice mail number 616-482-0162. To protect your own privacy, simply state your name. number, and the best time for someone to call you back. I **also** want to quickly mention health **products**. Some of you have asked where you can get **Cantron**. Call 1-800-443-3030 or visit [www.cantron.com](http://www.cantron.com), [www.best.com/~handpen/Cancel/cancel.htm](http://www.best.com/~handpen/Cancel/cancel.htm) or [www.olneymd.com/can-1.htm](http://www.olneymd.com/can-1.htm). We will be back in touch soon.

# **Attachment G**



# Press Release

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*Release Date: May 20, 2002*

## For immediate release

The Federal **Reserve** Board on Monday alerted financial institutions and the public to the continued proliferation of **fraudulent** schemes involving financial instruments.

In 1993 and again in 1996, the Federal **Reserve** issued advisories concerning illegal activities claiming to involve a financial instrument issued by a "**prime bank**." These questionable transactions promise extremely high rates of **return** with little or no risk and **often** insinuate the involvement of a well-known government agency such as the Federal Reserve, the World **Bank**, or the International Monetary Fund.

The Federal Reserve knows of no legitimate use of "**prime bank**" financial instruments and **does** not license anyone to trade any type of financial instruments or to act as the Federal Reserve's agent to sell or redeem them.

In **an** advisory letter to supervisory authorities at the twelve regional Federal Reserve **Banks** and to banking organizations supervised by the **Federal Reserve**, the Board again stressed the dangers associated with investing or participating in these illicit transactions and listed several hallmarks or "**red flags**" that have **been** associated with many fraudulent **scams**.

The Federal Reserve also noted that, since the issuance of the Board's 1993 and 1996 alerts concerning "**prime bank**" financial instruments, **many** wrongdoers have stopped **referring** to "**prime bank**" instruments and begun to use the names of legitimate financial instruments in their scams, such as "medium **term** notes" (often referred to as "**MTNs**").

**Federal** and state law enforcement agencies, **as** well as the Securities and Exchange Commission, have investigated and prosecuted numerous individuals associated with "**prime bank**" or other investment schemes involving financial instruments.

Individuals, banking organizations and other entities that have been invited to participate in transactions with the characteristics described in the **new** alert are encouraged to contact the local **offices** of federal law enforcement authorities **as** well as the SEC.

The Federal Reserve's advisory letter is attached.

[Attachment](#)



**BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM**  
WASHINGTON, D.C. 20551

**DIVISION OF BANKING  
SUPERVISION AND REGULATION**

**SR 02 - 13  
May 20, 2002**

**TO THE OFFICER IN CHARGE OF SUPERVISION AND APPROPRIATE  
SUPERVISORY STAFF AT EACH FEDERAL RESERVE BANK AND TO  
BANKING ORGANIZATIONS SUPERVISED BY THE FEDERAL RESERVE**

**SUBJECT: "Prime **Bank**" and Other Financial Instrument Fraud Schemes**

In 1993 and 1996, the Federal Reserve issued advisories concerning illegal schemes purporting to involve "prime **bank**" financial instruments.<sup>1</sup> In its alerts, the Federal Reserve advised banking organizations and the public that, among other things, it does not know of any legitimate use of any financial instrument called a "prime **bank**" note, guarantee, letter of credit, or debenture and that the Federal Reserve does not guarantee or enter into transactions with individuals and does not license anyone to trade "prime **bank**" financial instruments or act as the Federal Reserve's agent to sell or redeem such instruments.

Since 1996, fraudulent schemes involving financial instruments have proliferated in the United States and abroad, and investors have lost significant sums of money. Federal and state law enforcement agencies, as well as the U.S. Securities and Exchange Commission, have investigated and prosecuted numerous individuals associated with supposed investment opportunities involving "prime **bank**" instruments or other financial instruments.

The Federal Reserve wants to again highlight the dangers associated with investing or participating in questionable transactions that promise **unrealistically** high rates of return and involve other dubious characteristics. Over the past several years, Federal Reserve staff has

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<sup>1</sup> Copies of the Federal Reserve's alerts are available at <http://www.newyorkfed.org/bankinfo/circular/10858.html#Investment> Scheme Advisory. Over the past several years, advisories concerning illegal "prime **bank**" and other financial instrument schemes have also been issued by the U.S. Securities and Exchange Commission, the World Bank, the International Monetary Fund, the International Chamber of Commerce, the Law Society of Britain and Wales, and other U.S. and foreign law enforcement and regulatory authorities.

**reviewed numerous** illicit transactions and provided assistance to U. S. and foreign law enforcement and securities **regulators** and, **based** on this experience, has identified the following **hallmarks** or "red flags" associated with many **fraudulent** financial instrument scams that can be used to avoid them:

- References to financial instruments **issued by** "prime banks," "top 100 world banks," "top 25 **European banks,**" and similar references to **categories** or groups of **banks** that are not used in the banking industry.
- Promises of extremely high, unrealistic rates of return with little or no risk.
- Participation in an investment **program often referred** to as a "roll program (or programme)," "high yield investment **program,**" or "**bank** debenture trading program."
- High rates of return are **generated by** repeatedly trading (or buying and selling) financial instruments (often over a 40-week period).
- **Legitimate** financial instruments, such as letters of **credit**, guarantees, and medium term notes, **are** bought and sold or traded in manners that are not realistic -- for example, standby **letters** of credit are bought and **sold.**<sup>2</sup>
- Transactions **are** overly complex and nonsensical.
- Terms that have no meaning in legitimate financial transactions are used **repeatedly** -- for example, "conditional SWIFT," "key tested telex," "pay order," "funds of good, clean, clear and non-criminal origin," "master commitment," "one **year** and **one** day," and "commitment holder."
- High **degree** of secrecy -- for example, the trading of financial instruments takes place on a **secret** market, your **banker** or investment adviser will not know about the investment opportunity because only a few special people around the world are aware of it or participate in the **secret** trading, or the investor is being **allowed** to participate in a secret trading program and, if he or **she** reveals any information about the program, the investor's participation will **be** terminated.

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<sup>2</sup> In August 1993, an article entitled "Anatomy of the **Medium-Term** Note Market" was published in the Federal Reserve Bulletin. The article **was** written by Federal Reserve economists and describes the use of this type of legitimate debt instrument by corporations and banking organizations and **how** they are underwritten and priced by the market. Since the publication of this article and the issuance of the Federal **Reserve's** 1993 "prime **bank**" advisory, which alerted the public to the non-existence of "prime bank" instruments, many illicit scams purport to involve the trading of "medium term notes" (often referred to as "MTNs") rather than "prime bank" financial instruments. Apparently, wrongdoers involved with illegal financial instrument scams try to convince their victims that the **Federal Reserve Bulletin** article proves the existence a **market** where **MTNs** can be traded for enormous profits. No such market **exists**.

The investor's funds are absolutely safe and cannot be lost -- for **example**, a bank has **issued** a guarantee or an attorney is holding the funds in a special **escrow fund**.

- Involvement of a well known **governmental** authority, such as the **Federal Reserve**, **World Bank**, or **IMF**.

Inaccurate **references** to the **International** Chamber of Commerce and its publications.

- investor's **funds** will be **used** for "humanitarian" **projects**.

**Federal** law enforcement authorities have asked the **Federal** Reserve to advise individuals, banking organizations, and other entities who have **been** approached to invest in a "prime **bank**" financial instrument or participate in same manner in **any** transaction containing the characteristics listed above to contact the local **offices** of the agencies. This includes the **field offices** of the Federal Bureau of Investigation, **U.S. Secret Service**, **U.S. Customs Service**, or **Internal Revenue Service's** Criminal Investigation Division. The **U.S. Securities** and Exchange Commission is also actively **involved** with investigating securities **frauds** associated with these types of **transactions**, and **asks** that **companies** and individuals **alert** a local **office** of that agency.

**Reserve** Banks are **asked** to distribute this **SR letter** to domestic and foreign banking organizations **supervised** by the Federal Reserve. Questions regarding apparent Fraudulent schemes involving "prime bank" financial instruments or other transactions with the hallmarks described above can be directed to the **Special Investigations** Section of the Division of **Banking** Supervision and Regulation at (202) 452-2620 or **(202) 452-5235**.



Herbert A. Biem  
Senior Associate Director

# FEDERAL RESERVE press release



For immediate release

June 11, 1996

The Federal Reserve Board today issued an Investment Scheme Advisory alert cautioning the public about the continued proliferation of illegal "prime bank<sup>U</sup>" financial instruments and scams.

This Investment Scheme Advisory updates an October 1993 interagency alert concerning fraudulent "prime bank<sup>U</sup>" financial instruments and investment programs that supposedly invest in them.

The Advisory also states that, contrary to statements in some of the written materials used by individuals involved with the fraudulent schemes, the Federal Reserve does not, among other things, authorize, sanction or oversee any investment programs or plans involving "prime bank<sup>M</sup>" products. The Federal Reserve also does NOT license traders in "prime bank<sup>N</sup>" instruments or have agents abroad to sell or redeem such financial instruments.

A copy of the Investment Scheme Advisory is attached.

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Attachments

# BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

June 11, 1996

## INVESTMENT SCHEME ADVISORY

On October 21, 1993, the Federal Reserve Board and other federal banking agencies issued an Interagency Advisory concerning "prime bank" financial instruments, a copy of which is attached. The 1993 advisory warned that there were illegal schemes claiming to involve financial instruments issued by a 'prime bank' and claiming unrealistic rates of return or other benefits. Since the issuance of the advisory, law enforcement and regulatory authorities in the United States and abroad have prosecuted numerous individuals for their participation in 'prime bank' scams, and millions of dollars in illegal proceeds have been seized.

In one federal case involving a program that supposedly invested in 'prime bank' financial instruments, a U.S. Court of Appeals stated unequivocally that 'Prime Bank Instruments do not exist'. (Securities and Exchange Commission v. John D. Lauer, 52 F.3d 667, 669 (7th Cir. 1995)).

Despite the notoriety given to illegal 'prime bank' scams and the efforts of law enforcement authorities over the past several years, fraudulent investment schemes supposedly involving 'prime bank' financial instruments and other investment opportunities involving extremely unusual rates of return, which are sometimes referred to as 'roll programs', are still proliferating. Unlike the schemes the Federal Reserve encountered in 1993, many of the recent frauds state that the Federal Reserve sanctions the investment program, oversees trading in secret "prime bank" markets, licenses or registers traders of 'prime bank' financial instruments, has agents in offices around the world to handle investments and redemptions of 'prime bank' instruments, or is in some other manner involved with an investment opportunity.

This advisory reiterates that the Federal Reserve is not aware of any legitimate use of any type of 'prime bank' financial instrument. Also, the Federal Reserve does not participate in any manner in any 'prime bank'-related investment program. The Federal Reserve does not license or register traders, does not have agents who process or oversee investments, and does not sanction, authorize, license, or otherwise administer any type of investment program or plan for the public in the United States or abroad.

Attachment

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**Board of Governors of the Federal Reserve System  
Federal Deposit Insurance Corporation  
National Credit Union Administration  
Office of the Comptroller of the Currency  
Office of Thrift Supervision**

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October 21, 1993

*Interagency Advisory*

**WARNING CONCERNING "PRIME BANK"  
NOTES, GUARANTEES, AND LETTERS OF CREDIT  
AND SIMILAR FINANCIAL INSTRUMENTS**

The enforcement staffs of the federal financial institutions supervisory agencies, who work with federal law enforcement officials responsible for investigating and prosecuting bank fraud-related matters, have noted an increase in the use, or attempted use, of questionable financial instruments in connection with complex, and possibly illegal, schemes. Many of these schemes have been aimed at defrauding borrowers and investors in the United States and abroad, as well as domestic and foreign banks. The questionable instruments are often denominated as "Prime Bank Notes", "Prime Bank Guarantees", or "Prime Bank Letters of Credit". They are also called by such other names as "Prime European Bank Letters of Credit", "Prime World Bank Debentures", or "Prime Insurance Guarantees".<sup>1</sup>

Over the past several years, federal and state law enforcement authorities have prosecuted, or are presently in the process of investigating, wrongdoers who have defrauded individuals and entities by promising, for example, to arrange loans that would be funded in some manner by "Prime Bank"-types of financial instruments, or would, in some other way, involve such instruments and advance loan fee payments. Many of the illegal or dubious schemes that have been brought to the attention of various regulatory agencies by law enforcement officials, foreign banks, the World Bank, and central banking authorities appear to involve overly complex loan funding mechanisms necessitating the use of "Prime Bank"-type documents. Other suspicious schemes involve "investments" in "\_\_\_\_\_ Bank"-type financial instruments and promises of unrealistic returns on multi-million dollar investments. In many recent situations, the agencies have been advised that individuals have been improperly using the names of large, well-known domestic and foreign banks, the World Bank, and central banks in connection with their "Prime Bank" schemes. When contacted by potential borrowers, investors or regulators, the institutions had no knowledge about the unauthorized use of their names or the issuance of anything akin to "Prime Bank"-type financial instruments.

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<sup>1</sup>These and similar financial instruments were the subject of prior regulatory agency alerts issued by the Office of the Comptroller of the Currency. These included the Office of the Comptroller of the Currency's Banking Circular BC-141, Supplement 2, dated July 14, 1982, several subsequent supplements to BC-141, and BC-243, dated February 7, 1990.

Because the staffs of the federal bank, thrift and credit union regulatory agencies are not aware of any legitimate use of any financial instrument called a "Prime Bank" note, guarantee, letter of credit, debenture, or similar type of financial instrument, you should be alert to the potential dangers associated with any transaction involving these types of instruments.<sup>2</sup> Likewise, you should be attentive to the attempted use of any traditional type of financial instrument--such as a standby, performance or commercial letter of credit--that is somehow referred to in an unconventional manner, such as a letter of credit referencing forms allegedly produced or approved by the International Chamber of Commerce. Examples of these include bogus schemes involving the supposed issuance of an "ICC 3034" or an "ICC 3039" letter of credit by a domestic or foreign bank.

The staffs of the regulatory agencies, in cooperation with the Department of Justice, the Federal Bureau of Investigation, the U.S. Secret Service, and the Securities and Exchange Commission, want to alert you to this situation and request that, in the event you become aware of any transaction involving any of the aforementioned types of financial instruments, you advise one of the following federal regulatory agency officials:

Board of Governors of the  
Federal Reserve System  
Deputy Associate Director  
Enforcement and Special  
Investigations Sections  
Division of Banking Supervision  
and Regulation  
Mail Stop 175  
Washington, D.C. 20551  
(202) 452-2620  
(202) 736-5641 (fax)

National Credit Union Administration  
Office of the General Counsel  
1775 Duke Street  
Alexandria, Virginia 22314  
(703) 518-6540  
(703) 518-6569 (fax)

Federal Deposit Insurance Corporation  
Chief  
Special Activities Section  
Division of Supervision  
550 17th Street, N.W.  
Washington, D.C. 20429  
(202) 898-6750  
(202) 898-3627 (fax)

Office of the Comptroller of the Currency  
Law Department  
Enforcement and Compliance Director  
250 E Street, S.W.  
Washington, D.C. 20219  
(202) 874-4800  
(202) 874-5301 (fax)

Office of Thrift Supervision  
Deputy Director for Regional Operations  
1700 G Street, N.W.  
Washington, D.C. 20552  
(202) 906-6853  
(202) 898-0230 (fax)

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<sup>2</sup>There are currently six insured depository institutions with the word "Prime" in their names in the United States. Two of them are commercial banks that operate in Florida, one is a commercial bank in Connecticut, another is a commercial bank in Indiana, and two of them are thrift associations operating in Wisconsin and Pennsylvania, respectively. There is also one bank holding company in Illinois with the word "Prime" in its name. This alert is not associated with any deposit or other type of legitimate debt obligation or financial instrument issued by any of these financial institutions.

**Also, if you suspect that a criminal offense is being committed, it is required that you promptly make a criminal referral to the appropriate federal law enforcement agencies in accordance with applicable criminal referral regulations.**