UCC (Uniform Commercial Code) Form references.
Banking coordinates.
Fresh Cut Paper.
Seasoned Paper.
Collateral Houses, Collateral Source, Collateral Supplier.
Collateral First Transaction.
Grand Master Collateral Commitment.
Validation of the MCC (Master Collateral Commitment).
Collateral Purchase Orders
Collateral Provider.
Instruments delivered free of all liens and/or encumbrances.
Non-circumvention and Non-Disclosure agreements.
Irrevocable Pay Order.
Irrevocable, irretractable commitment of funds to purchase instruments.
Lending Bank, Funding Bank, Closing Bank.
Good clean cleared funds of non-criminal origin.
With full corporate and legal responsibility.
Interest at seven and one half percent, payable annually in arrears.
5, 10, 20 years etc., plus one week or one day.
Fully binding commercial letter contract.
Client Company Principals.
Transaction Tranches.
Millons or Billons of US Dollars with rolls and extensions.
Emissions, remission, commissions and fallout Transaction parameters.
There is to be no communication with our bank other than through the normal bank channels, no phone call allowed.

Request for Details of Client Account.

Beware of any scheme which requires the depositing of any substantial sums of money to you for safe keeping at lucrative rates for doing very little. **It may sound too good to be true and probably is.**

Beware of any scheme which requires you to send details of your bank, client account or blank letterheads. Such information may be used to make unauthorised payments from your client account.

Do not give any form of undertaking to guarantee a financial obligation unless you have funds or equivalent security. The word of someone backed by "an International Bank" is not enough. If asked to provide money from client account on the security of another firm's undertaking, ask that firm for evidence of their ability to comply. NEVER send a client account cheque on the basis of a verbal confirmation that the money is on its way in to your client account – check it's there.

If you require further information concerning investment scams, especially those involving Prime Bank Instrument or Standby Letters of Credit contact the Financial Crime Unit on: 01624 636270.

Remember: ***if it sounds too good to be true it probably is?***

October 2000

THE ISLE OF MAN LAW SOCIETY

Rules, Ethics and Professional Indemnity Committee

WARNING

BANKING INSTRUMENT FRAUD

Fraudulent investment schemes are on the increase. 'Prime Bank Guarantees', 'Prime Bank Letters of Credit' and 'Zero Coupon Letters of Credit' are not issued by the legitimate banking community. The legitimacy of such investments must always be questioned.

Advocates should exercise extreme caution if approached by individuals promoting such transactions.

Example of such schemes:
Investors are often persuaded that these types of investment, "can be bought and sold by investing say $8.8 m to purchase a prime bank instrument with a face value of $10m, issued by a prime bank, which will mature in one year and one day or can be traded in a second tier bond market for an immediate 7% profit." The fraudster will often claim that these instruments are so special that the banks are keeping them secret and therefore will not discuss them with the general public. **There is no trading of such instruments in the legitimate financial market.**

You may have read that the Salvation Army was a victim of a scheme involving fraudulent trading and stand by letters of credit and is only one of a growing number of victims worldwide.

Clients anxious, perhaps desperate to obtain substantial loans, should be warned about the dangers of making advance payments to brokers or individuals offering these types of instrument.

Why Involve You as an Advocate?

The fraudster wants to be associated with the legitimacy and respectability which you as an Advocate can provide.

(a) He/she wants you to endorse the scheme by confirming that you will participate, and will act as his/her bankers, advocates etc.
(b) He/she may ask you to provide a communication to someone he/she will nominate.
(c) The fraudster may seek a letter from you, addressed to his/her company, or third party.
(d) He/She would like you to open an account awaiting receipt of funds.
(e) The fraudster will frequently include, within the voluminous documentation accompanying such schemes, reference to the advocate being insured under the Master Policy.

Exercise Caution in Communicating with Potential Fraudsters

(a) **Never** send them anything – fax, letter, memo.
(b) **Never** meet them on your own.
(c) **Never** assume that a "Bank's telephone number" given to you is actually that of a bank – it's probably not.

Common Characteristics of Banking Instrument Fraud.

(a) Large transactions (ranging from US $1 million to US $100 million or much more).
(b) Promises of further sizeable transactions. (Often huge sums US $100 Billion), there may be reference to secret markets.
(c) Small first transaction with several subsequent tranches to follow.
(d) Unusual currencies (i.e. Billions of New Kuwaiti Dinars).
(e) Prime Bank Guarantees (PBGs) being offered or being the "Product" to be financed.
(f) Proposals received by Fax or E-mail
(g) Letterheads of companies which could have been easily produced by Laser Printer.
(h) The issuing bank may not be identified, be geographically remote or licensed within a jurisdiction with little or no regulation. Letters, possibly forged, from respectable banks being used to support the documentation.
(i) Strange, weird, confusing and complex transactions, hazy descriptions.
(j) Overwhelming amount of transaction description along with supporting papers and even flowcharts of the transaction.
(k) Large commission even larger "Bonus" or large "Discount" or "Spread" being offered to the bank.
(l) Suggestions that the scheme is supported by, or operates under the auspices of a major international body (e.g. IMF, UN, Federal Reserve or Bank of England).
(m) Outlandish projects, difficult to verify e.g. Financing of Island Resort on far away (unknown) Island. Retirement Home Village in a far away Country or good causes such as United Nations Development or third world reconstruction.
(n) Documents will invariably be signed by "The President" or "The Chairman of the Board" or "The Chief Executive Officer".
(o) A Power of Attorney document may be produced, duly authenticated by a bank and/or lawyer.

Look for Typical Phrase some of them meaningless.

Ready Willing and Able.
Prime Bank Guarantees (PBG's)
Prime Bank Notes (PBN's)
Guaranteed by Top 100 World Prime Bank.
Unconditional S.W.I.F.T. Wire Transfer.
Freely negotiable, irrevocable, clear SWIFT wire Transfers
Callable Conditional Sight Drafts
Closing Bank.
Issuing Bank.
Fiduciary Bank.
Bank Menu.
International Banking Days.
ICC (International Chamber of Commerce) 400