



PRIME BANK SCHEMES

"Too Good To Be True"

A basic adage says when something looks too good to be true, it probably is. This proverb is particularly true with secretive investments touted for their connection with “Prime Banks”, with little other verifiable information being provided. Prime Bank Instruments frauds have assumed epidemic proportions.

Frauds based on valueless documents are described as “Prime Bank Instruments” and used to extract funds from victims all over the world. The instruments typically take the form of notes, debentures, letters of credit and guarantees.

The term “notes” refers to “promissory notes” which is a note signed by a person receiving a small loan, and making a promise to pay it back. Like a formal “IOU”. A debenture is a sealed bond of a corporation or company acknowledging a sum in which interest is due.

A letter of credit is a letter issued by the bank to guarantee that financing is in place. A guarantee is a document showing that an individual will take responsibility for a financial agreement made by another person. I.e. I guarantee you will pay back the loan, or I get stuck with it.

Also typical in the offer of these instruments is the promise or guarantee of unrealistic rates of return, for example, a 150% annualized rate of profits.

Unfortunately, such fraudulent investments cost investors tens of millions of lost dollars every year. That’s because “Prime Bank Notes” do not exist. They are fictitious and fraudulent

instruments; they are not backed up or endorsed by any legitimate financial institution. Similar scams go by the names such as: Prime Bank guarantees, Prime World Bank debentures, Prime Bank letters of credit, bank secured trading programs, or loan roll programs.

Prime Bank fraud flourishes strongly in today's global market with their large appetites for capital. The ease and speed with which documents and vast sums of money can be exchanged electronically makes vigilance all the more necessary. Yet, the fraud continues unabated and potential victims remain as gullible and exposed as ever.

Variations of these scams have been introduced to confuse investors, as well as the use of terminology that actually exists in the financial markets.

Prime Bank Instrument fraudsters mainly look for two types of victims; investors seeking new opportunities and those needing a loan. Victims of this type of fraud are often wealthy individuals who are looking for above-average interest rates for their investments.

These schemes also appear to involve overly complex loan funding mechanisms. In the eyes of an unsophisticated investor, this complexity may make a questionable investment appear worthwhile.

The characteristics of these fraudulent transactions are described as follows:

- Highly profitable;
- Totally risk free;
- Readily available funding;
- No up-front fee required;
- No repayment needed;
- Band to Bank transaction;
- Extremely secretive;

Confidentiality is also stressed. This market is so secretive that investors are told not to independently investigate the offering or they risk being permanently expelled from future participation in these markets. To deflect investors' concerns the promoters may tell the investors that the involved institutions or regulatory agencies will deny the existence of such investments. Some con artists may ask investors to sign non-disclosure agreements.

Con artists also often tell investors that these instruments are too technical or complex for non-experts to understand. Legitimate terminology from genuine bonds or certificates of deposit may be sprinkled liberally throughout fictitious documents to lend them an air of authenticity, and the documents themselves may look very official though desktop publishing. Investment pitches are also short on specifics about who is involved or where the money is going.

Perpetrators may claim invested money will finance beneficial projects such as roads and health care facilities.

Fighting "Prime Bank Instruments" fraud is about education, due diligence, and risk assessment. A resolution to the problem, or reduction to acceptable proportions may take years. Therefore, investors should always keep in mind a basic rule for avoiding any type of fraud, "if it looks too good to be true, it probably is!"

The following are some warning signs of a scam to help distinguish between a true investment and a fraudulent investment.

Excessive "guaranteed" returns.

A simple rule of investing is the higher the possible profit, the higher the risk. If anyone claims that a high yield investment has no risk or that your return from it will be guaranteed, don't believe them.

International or a inside angle.

Institutions such as the Federal Reserve, the World Bank or European government central banks DO NOT endorse investments. Similarly, don't accept an investment's legitimacy by unsupported claims that Wall Street financiers or wealthy individuals have made similar investments.

Lack of information.

While "prime bank scams" are typically cloaked in anonymity and confidentiality, disclosure is a fundamental means of investor protection. You should be able to fully research and discuss a prospective investment; and a lack of specific or verifiable information should be a "red flag" warning of potential trouble.

Technical complexity.

"Prime bank scams" are often characterized as being extremely complex and too technical for average investors to comprehend. In general, it's good advice to avoid investments you don't fully understand. Otherwise, seek advice from a reputable, trusted professional and consider getting a second opinion.

No one can tell you how to invest your money; however, if you have any questions about your current or potential investment, or you would like to find out if the person selling the investment is properly registered you can contact the Securities Commission to answer your concerns.

Everyone wants to make money. The faster, the better. Unfortunately, life doesn't work that way. Everybody would be rich if it was that easy. Con artists have done their homework. Investors should do their homework before giving up their money. Invest in yourself. The only person who gains from a fast money-maker is the con artist.

Name

Address

Section 3.3 Quiz

1. Why are they called Prime Bank Schemes?

2. Give examples of the 4Ds that could prevent this fraud

3. How is your behaviour going to change now that you have this new information?