



Proximal Consulting Archived White Papers



The Proximal Consulting white paper series began when Proximal Consulting launched in 1999. The white papers provided precise and detailed information on cutting edge business crime topics during a period when the Internet as a source of business information was in its infancy. We are now making these white papers available again.

Whilst the specific cases and examples used in the white papers are historical, the fundamental issues and potential red flags have remained the same.

Please note that the white papers are provided as an un-edited archive: any content, laws, regulations or similar were correct at the time of publishing, but may now be out of date.

PROXIMAL CONSULTING WHITE PAPER 3 TOO GOOD TO BE TRUE: FINANCIAL INSTRUMENT aka PRIME BANK NOTE FRAUD

Learn about those too good to be true opportunities and why you must reject them.....

The most prevalent fraud from the mid nineties to today has been the offering of credit notes allegedly issued by major banks (Prime is a generic term to cover the top fifty world banks - only it is not accepted banking terminology) - and this is the fraud that is now hitting the Internet big-time. The relevant "Financial Instruments" are referred to as prime bank notes or standby letters of credit. The fraudsters convince gullible purchasers that the notes can be sold in a few weeks' time at a very large profit. They add that secrecy is needed because the banks want to keep this money-making proposition for themselves and away from the general public. Of course, both the documents and terminology is fraudulent. Amongst the reasons given to invest by the criminals responsible are the following favourites:

- This is a once in a life time experience
- It is a bank to bank transaction therefore there is no risk
- It is a self-liquidating loan
- The money is totally safe and 100% refundable. The money will stay in the "escrow account" until an authentic message is received from a bank to confirm that the transaction is ready to start
- It is impossible to conduct a due diligence investigation that will provide a full disclosure of every aspect of the transaction. Confidentiality is one of the most important benefits associated with these transactions. If breached, every entity with cash or marketable securities would become aware of the opportunity and thus the superior returns would no longer be available to attract investors

Contrary to the last claim, experience in this type of fraud, as with many if not most others is that effective due diligence verification prior to entering a business relationship with an previously unknown business partner will pay dividends in both saved time and money.

One real example of such a scheme contains phrases such as:

- Minimum Investment: \$10,000,000
- Contract: there can be no claim over the investors funds in any circumstances
- Documentation needed: Copy of investors bank statement copy of investors passport
- Note: This transaction can be immediately repeated twice more earning investor not less than 180%.
- Time period: Twenty banking days

But it's not only prime bank notes that figure in these frauds - investment scams can cover almost anything such as:

- Boiler Rooms/Telephone marketing
- Pyramid promotions
- Advance fee frauds
- Ponzi schemes
- Loan roll programs
- Gold & Silver mines
- Oil Wells
- Coins/Precious Metal schemes

- Livestock - especially ostriches

The sales tactics employed are common to all types of fraud -and should serve as red flag warning signs to help identify a potential fraud:

- The fraudsters employ high pressure sales tactics, insisted on a split second decision. It has been known for the perpetrators to have a courier visit you straight after your conversation to pick up your cheque / money
- A "guaranteed" investment with a high return without any risk - and you honestly believe such a thing exists?
- The fraudster is unwilling to provide written information or state what official registrations he has
- Alternatively the fraudster (whether it is a company or individual) provides references and additional information: all of which is completely false - but you don't know that until or unless you check it - or until it is far too late
- The fraudster suggests you invest on the basis of trust (?!?)
- The investment opportunities are in another country - particularly concerning where that territory is an offshore location or involves the participation of an offshore "bank". This inter jurisdictional quandary is also complicated by companies that are based in "reputable" locations (such as Switzerland or an EU country) but have no license to offer investments either there or anywhere else.
- They ask for your bank details or credit card details for "verification" or "identification" purposes - this is rubbish - what they are attempting to do is empty your bank account or blow your credit card limit. Alternatively you have to pay an upfront fee to participate or arrange the deal
- The whole deal is based on inside information or an "unannounced" major breakthrough in a particular industry/sector (it is unannounced because it hasn't happened!)
- Your contact point is extremely unwilling to let you discuss this wonderful opportunity with a third party
- Many schemes imply affiliations with genuine bodies such as the Federal Reserve or International Monetary Fund, for example
- Because the phrase "Prime Bank" is becoming notorious other meaningless phrases are being touted: trading or roll programs; "bank issued debentures"
- The opportunity is just too good to be true and will make you or your company millions.....

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Proximal Consulting have unrivalled experience in providing KYC enhanced due diligence background reports on individuals and companies on a global basis. We also offer a complementary range of services including AML training, country risk reports and bespoke investigations.

Our enhanced due diligence reports are tailor-made to our clients' specifications. They are totally different from the usual database-led reports that often fail to meet enhanced due diligence requirements. Our reports present clear, accurate and confidential findings which enable our clients to make informed business decisions and to fulfil their AML obligations.

We work with a variety of global clients including regulatory agencies, law firms, individual companies, private banks, trust companies and other firms in the financial sector.