

Scams & Frauds

Financial Crime Exposed!

Lance Spicer



Trident Press

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Introduction

It's a funny old world, you go through life expecting the best from people, expecting honesty, judging people on your principles and generally hoping they are as honest as you are, however, from time to time you get let down. You run into a fraud, scamster, con man or a "scheister". Often you don't see it coming and "bang!" your money's gone. Almost everybody over 40 has experienced that sick feeling you get when it's just dawned on you that "that bloke has ripped me off!" By the time you have realised it, he's long gone. Often moved on to yet greener pastures. It may have been a bogus charity, he may have been selling something door to door, it may have been money spent to join some multi-level marketing scheme that doesn't work, or possibly a tradesman over quoting on a job around your home and then providing you with a second rate job. In effect, all of these people have stolen from you, just as if they had broken into your house in the dead of night and cleaned you out.

But there is an even bigger con man (or woman) on the horizon. The Investment Opportunity Provider. This "species" leaves all the others in their wake when it comes to upsetting lives. Because they not only steal your money, but.... this is the worst part..... they leave you living in hope that you are about to become rich. Yes, within one or two years you will be lying blissfully aboard your yacht moored off the coast of Monaco. You will own a Sydney harbourfront property..... you'll be worth millions! And they can show you exactly how it's done.

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These people are smooth, very smooth in fact. They have been at it for years. You don't even suspect they aren't telling the truth... they get you every time.

I mean, they have looked you right in the eye and told you that with a small "affordable" investment you will be free to live the life you always dreamed about. You will own everything! When you become rich, your car and house will be the envy of all your friends, you'll travel the world first class, people will respect you more, your friends and family will ask for your guidance and wisdom, the food will taste better, the air will be freshergee, you'll probably even look better! You'll have it all! *"Now, pass me my cheque book, I'm going to give this man all my money. This is simply too good an opportunity to let go!"* Now, you may think that you wouldn't do that, but I can't tell you how many people have and continue to do so in ever growing numbers. These are normally sensible people who will pick up a price change at the petrol pump but not even notice someone "stealing" \$10,000 or more from them. The emotion of the moment carries them away, they become consumed by greed.

So, how do you spot a scam when one comes along?

There are many "investment opportunities" just waiting for a "wood duck" to come along. As an investor, your task, while meeting your personal investment goals is to sort out those investments that have the greatest potential, and toss out the scams and suspect "opportunities".

Let's have a look at what's out there, but first.....

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*E'EK!.....He's Named My
Company in Scams & Frauds!*

It's almost a certainty that I'm going to upset some people by writing this book. If I have caused you grief, I'm sorry but that can't be helped. I can't be responsible for misjudgements on your behalf, or if you are a promoter of one or more of these schemes, I really don't feel that sorry for you at all.

The chances are the people I will upset will fall into two groups:

The promoters of the scams: I encourage you to write to me and tell me your thoughts. Make sure you give me your address and real name, this makes tracking you down a lot easier as far as the authorities are concerned. No... don't thank me I'm happy to do it on behalf of all your clients.

Investors in the scams: I feel most sorry for you that you have to find out about your "investment" this way. Some of you will write me nasty letters or possibly make abusive phone calls. You people are still in denial! It's hard to accept that you have made such a horrendous mistake. Nobody likes to be told they have "stuffed up".

Unfortunately, people who invest in these schemes are financially naïve and above all, desperate to make a dollar. These people may deep down suspect that things aren't right with their choice of investment, but feel compelled to give it a go, just in case it does pay off..... and that would be worse than losing your money

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right? Also, there is the factor that “group mentality” and enthusiasm play in scams. Quite often these “opportunities” are presented at a meeting or a seminar and people start getting excited and this tends to drag everybody along. You start thinking “all these people can’t be wrong”. With this thought in mind, you tend to fob off your own gut feelings as just being “cynical of everything”. The trouble is gut feelings are often right and mob mentality is too often, wrong.

Judgement is easily impaired when it comes to greed. I’ve seen it many times. When you mix greed, financial desperation and a charismatic speaker... the result? Cheque books start opening. Quite often you will get home and with a sick feeling and think “what have I done?” By then it’s too late, you can’t go back. You can’t cancel the cheque, your pride won’t let you and your greed would eat you alive.

For a time you will go through thoughts of doubt and worry, at other times, elation that you will be rich every time you get any type of re-assuring news. In your mind, you’re already spending the money aren’t you? After some time, the mere thought of not having the huge amount of money you are *going* to make is repugnant. Your whole life is dominated by this future wealth.

Then I come along write a book called *Scams & Frauds*. I mention the investment you are pinning so much hope on and suddenly your whole world starts caving in. “*Lance Spicer is an idiot – I hate him!*” A totally reasonable response, mine would be the same. Nobody likes bad news and “killing the messenger” is “common practice”.

My intention is not to destroy your dreams, it is to enlighten others who have not travelled your path, to steer clear of these

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opportunities because of the financial dangers.... And hopefully ensure you're not caught again.

Please Note:

If you are wondering where all “*my information*” comes from?

Here are a few of my more “dominant” sources:

The Australian Securities and Investments Commission

The United States Securities Exchange Commission

The New Zealand SEC – Finance Ministry

Court Documents from US government websites

Scam warning websites by Australian and US state government bodies

Major Financial Newspapers – Wall Street Journal and Financial Times

And many other “confidential” sources.

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Praise the Lord

It's Reverend Frank!

Reverend Frank R Johnson runs the International Benevolence Fund Trust (IBFT) based in Katrina Court, East Hill Place, Market Street North, Nassau, Bahamas or possibly 3066 Zelda Rd Montgomery in Alabama. Nobody seems to be sure.

Anyway a year or two ago, I announced in my news letter that I thought it was scam. Well, didn't that set a cat among the pigeons! I received letters and emails from all over the place telling me I was wrong, "they were a great organisation etc". I even received one from IBFT telling me to put up or shut up. At this point, I was convinced that people who get into these things somehow become brainwashed and no longer see any reason when it comes to their "investment". What was I to gain from telling people that I thought IBF was a scam? Ridicule and criticism? That's exactly what I got, in buckets and would I do it all again? Yep!

Could I have been wrong? Could all the evidence that I had gathered be incorrect? Mmmm.... I did some more research, same result – Scam!

For a start all the addresses given to me were wrong. All their mail is diverted elsewhere. The recorded message by the

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“southern gentleman” Reverend Frank was full of sales talk and stuff about finance that was bull.

Then in late 1999, in a letter to all the believers, he admitted things had gone wrong. Very wrong. The money was gone!

The Reverend claimed “government agents” raided his home in April 1999 and took all his records – Why?

He then went on to say “with God’s help” that he would reconstruct his records and be able to pay people their money. But there was a problem. He blamed “traders” for listening to rumours that he had legal problems (I’ll say he did!) and for not executing trades. He claimed they then withheld all his money and wouldn’t give it back! Mmmmm.... Really? Or was this just an excuse to keep it himself? Or possibly, could the good Reverend be the victim of a scam himself? Anything’s possible I suppose. He blamed the following people for withholding US\$500,000,000. Yes that’s half a billion dollars!

Averock Investments, Paul Cruz, Costingham Investments, Max Burrows, Allen Huppe, Paul Pursehouse, Pat Brody, Hancock Financial Co, Peter Hirsh, Tony Marino, Bally Overseas Trading Co. – Could these people be the mysterious traders we hear about all the time or could they be scamsters like the Reverend?

Well, with all this money missing, they brought in a company called Arm Trust from Costa Rica of all places. They are a company that specialises in recovering money from Bank Debenture Trading Programs and other High Yield Investments, but here’s the thing, they run their own dodgy investments – well they did up until last year when for some reason they went off the air. Their website even disappeared. I wonder what happened to the money?

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It seems the plot thickens at this point. Armtrust, it seems offered all the ripped off people from IBFT more scam programs and asked these people to sign more “non-disclosure documents” to keep them quiet and ignorant of what was really going on. This agreement was an outrage and should have started alarm bells going off all over the place. They wanted you to attest under the threat of perjury (which they couldn’t enforce) that you were not working for any government department dealing with fraud or associated with the police! What a give away that was that these guys were doing something wrong.

Armtrust, offered its participants 1600% pa.

It’s funny Armtrust can no longer be contacted either!

This is what the ASIC had to say about IBFT:

ORDINARY HOUSEHOLDERS have recently been taken in by fraudulent international bond scams, with some people losing their life savings.

The schemes purport to offer investments in international bond trading including "bank bond trading programs", "prime bank debenture trades" and "contractual international private placement bonds". A typical scam claims that the top 25 banks, US Treasury or governments secretly trade in these bank instruments so the tremendous profits are only available to insiders. Potential investors are invariably sworn to secrecy.

Most of the schemes promoted in New South Wales, including the International Benevolent Fund Trust (IBF), Direct Link Group, World Investment to Nurture Grow and Sustain, have been marketed through word of mouth, church and community groups and offer up to 2000 per cent return a year.

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The IBF scheme claims to have been set up by a pastor in the USA who knows the secret of how banks make their money. People are pressured to invest in the IBF by contacts in religious groups.

As is common with such schemes, investors are required to sign an agreement in which they agree to use IBF exclusively for investment and to keep the identities of the parties to the investment confidential. When last heard of, the IBF had received at least \$100,000 by a promoter in Sydney. The promoter of the scam in the USA is under investigation by the Alabama Securities Commission and Federal Authorities.

If you feel you are being pressured to invest in a similar scheme, be sure to check it with your solicitor.

Well, the bottom line in the whole sorry IBFT / Armtrust thing? No I won't say it to all those who wrote to me and told me I was wrong, Yes I will.... I told you so!

I wonder how many people are involved with the other scams in this book? I wonder if they will send me letters?

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That'll be the Phone, Dear!

There are broking companies, mainly in Asia, that will “cold call” you from time to time (usually during dinner) and try to sell you shares in companies that probably don't have a particularly good record. You may even be sold shares in a company that doesn't even exist.... yet.

The reason these companies do this is because they are only breaking our securities laws, not their own. It is quite legal for them to do this in the country they are ringing from. So, technically they break all sorts of laws, make outrageous statements and you have no recourse.

As annoying as they are, it's pretty hard to stop them intruding in your life, but the important thing is you don't get caught out.

Indicators that the Caller could be a crook:

- Promises of spectacular profits. Any offer that sounds too good to be true, probably is too good to be true.
- High pressure sales tactics.
- A "guaranteed" investment or an investment without risk.
- Insistance on an immediate decision. The caller may even have a courier driving in your area ready to stop by your home and pick up your cheque within minutes of the call!
- Recommendations based on rumours, tips, inside information, or an unannounced breakthrough in the industry.
- Recommendations based on the caller's ability to predict future events.
- A request for your credit card number for any purpose other than to make a purchase. Such requests are typically made

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for "identification" or "verification" purposes, or merely as an "expression of good faith."

- Unwillingness to provide written information, state securities registration information, or verifiable references.
- A suggestion that you invest mostly on the basis of trust.
- Investment opportunities in another country or that are dependent on the participation of an offshore bank.
- Unwillingness to let you discuss the investment with a third person.
- Claims that the investment is not a "security" and therefore not covered by the securities laws. Be very suspicious of such statements, and be sure to check further on the specifics.

The ASIC recommends you don't deal with these companies if they call you:

Benson Dupont International

Level 23, CP Tower

313 Silom Road

Bangkok 10500, Thailand

Other offices or mail addresses in Hong Kong, Japan, United Arab Emirates, Panama, France and Switzerland.

Berchmans Lee Company Inc

1410 Herrera Tower

Herrera St, Makati City, 1227 Philippines

Other offices or mail addresses in Singapore, The Bahamas and USA.

Berkeley Samson International

23rd Floor, M Thai Tower

All Seasons Place, 87 Wireless Rd

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Bangkok, Thailand

Other offices or mail addresses in HK and Singapore.

The Brinton Group

Liberty Square, 287 Silom Road

Bangrak, 10500

Bangkok, Thailand

&

Park West Building

6-12-1 Nishi-Shinjuku

Shinjuku-ku

Tokyo 160-0023, Japan

Capital Advisory Corporation

Silom Complex,

18th Floor, 191 Silom Rd.

Bangkok 10500, Thailand

Other offices or mail addresses in Hong Kong and British Virgin Islands.

Capital Assets Limited

28th floor, Tower 2

The Enterprise Center

6766 Ayala Avenue corner Paseo de Roxas

Makati City, Metro Manila, Philippines

Collwood & Hall, Ltd

23rd Floor, M. Thai Tower

All Seasons Place, 87 Wireless Road

Phatumwan, Bangkok, 10330, Thailand

Dreyfus Securities Ltd

23rd Floor, M Thai Tower

87 Wireless Rd, Phatumwan,

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Bangkok 10330, Thailand

Other offices or mail addresses in Japan, Brazil and London.

Duke's & Company Securities Inc

Unit 1009 PSBank Tower,

Senator Gil J. Puyat Ave.,

Makati City, 1220, Philippines

Other offices or mail addresses in Hong Kong, Belize and Canada.

E Go Trade

Otemachi First Square, East Tower 4/F

1-5-1 Otechachi, Chiyoda-Ku

Tokyo 100-0004, Japan

&

31/F Jin Mao Tower

Pudong, Shanghai 200120 China

First Federal Capital

C/o 1900 Ave of The Stars

Suite 1635, Los Angeles, CA 90067, USA

Freelander & Kuhn

1411 Herrera Tower, Herrer Street, Salcedo Village

Makati City, Philippines

&

Nervis Street

PO Box 767

St Johns Antigua, West Indies

Return mailing address in Singapore

Fortune International Inc

18th Floor, One International

Finance Centre

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1 Harbour View St
Central, Hong Kong

&

2111 Wing On House
71 Des Voeux Road
Central, Hong Kong

Other offices or mail addresses in Singapore, Japan and China.

Hylton Consultancy
(Marketing arm of Asia World Online)
Suite 33 Gold Loop Tower
Amber Avenue, OrtigasCenter
Pasig City Philippines

The Kensington Group
23F M Thai Tower
All Seasons Place, 87 Wireless Rd
Phatumwan, Bangkok 10330, Thailand

&

18F One International
Finance Centre, 1 Harbour View St.
Central, Hong Kong

Other offices or mail addresses in Singapore, Japan and China.

Knowle Sachs & Company Inc
C/- Suite 17, 21 Herrera Street
Coner Valero, Salcedo Village
Makati, Metro Manila, Philippines

Other offices or mail addresses in Hong Kong, Cayman Islands
and Switzerland.

The Madison Group
23rd Floor, M Thai Tower

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All Seasons Place, 87 Wireless Rd
Bangkok, Thailand

J R Matthey
International Bank Plaza
2348 Chemin Lucerne Road #153
Montreal Quebec Canada H3R 238

Lincoln Financial
Taiwan

Muller & Sons Securities Management Inc
Unit 114, Prince Plaza I
106 Legaspi Street
Legaspi Village, Makati City, Philippines
Other office or mail address in Belize.

Newport Pacific Securities & Management Inc
Unit 404 Green belt Mansion
106 Perea St, Legaspi Village
Makati City, Philippines

Level 23, CP Tower
313 Silom Road
Bangrak, Bangkok 10500, Thailand
Other offices or mail addresses in Hong Kong, Singapore,
Malaysia and Germany.

Pfeiffer Galland Limited
Plaza Mashill Level 21
Jl. Jendral Sudirman Kav. 25
Jakarta 12920, Indonesia

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Pryce Weston Incorporated
Manila Business Center
Suite 1721 Herrera Tower
Herrera St., Salcedo Village,
Makati City 1200, Philippines
Other offices or mail addresses in Hong Kong, British Virgin
Islands and US.

PT. Dolok Permai
6F Pacific Star Building
Makati Avenue
Makati City, Philippines

Saxon & Swift
Suite 7/A, Cypress Gardens
Herrera Street
Legaspi Village, Makati City 1200 Philippines
Other offices or mail addresses in Hong Kong, Vanuatu and US.

Sherman Brothers
Level 23, M Thai Tower
All Seasons Place, 87 Wireless Road
Phatumwan Bangkok, Thailand

Sigama Capital Management
Level 18F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong
&
Level 14
Kamiyacho Mori Building

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4-3-20 Toranomom
Minato-ku
Tokyo 105-0001
140 One Pacific Place
&
Level 14/1401 Sukhumvit Road
Bangkok 10110
Thailand

The Strategic Alliance Group
17th Floor, BC Sethiwan Tower
139 Pan Road, Silom, Bangruk
Bangkok 10500, Thailand

&
23rd Floor, M Thai Tower
All Seasons Place, 87 Wireless Road
Phatumwan, Bangkok 10330, Thailand
Other offices or mail addresses in Hong Kong, New Zealand and
Switzerland.

Strategic Investments Management Ltd
245 Park Ave, 39th Floor
New York, NY 10167, USA

Taylor Atlantic Ltd
4th Floor 124 Victoria Street
London SW1 E 5LA, United Kingdom
&
Level 40 Tower 2
Petronas Twin Towers
Kuala Lumpur 50088
Malaysia

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Transglobal Consultants Limited
Pacific Place Two Building
Suite 1707, 17th Floor
142 Sukhumvit Road, Klongtoey
Bangkok 10110, Thailand
Also addresses in Hong Kong and London.

Trident International
(Took over Worldwide Investors Management Inc, see later
details)
Suite 2207, 88 Corporate Center
141 Valero Street, Salcedo Village
Makati City, 1200, Philippines
Return mailing address in Singapore

United Capital Management Inc
1680 Ramon Magsaysay Center
Roxas Boulevard, Manila, Philippines
Other offices or mail addresses Hong Kong, London and US.

Vantage International Management Inc
Level 23, M Thai Tower
All Seasons Place
87 Wireless Road
Phatumwan Bangkok
Thailand
&
Times Square Building, 12th Floor
Unit 12-04B, 246 Sukhumvit Rd
Klongtoey, Bangkok, Thailand

Virtue International
Location unknown

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Westwood Management Limited
Suite 1214 Medical Plaza
Dela Rosa corner Amorsolo Streets
Legaspi Village Makati City
Philippines
&
Room No 14F, 14th Floor
Vanissa Building, 29 Soi Chidlom
Ploenchit Road, Lumpini
Pathumwan Bangkok 10330, Thailand

Worldleader Investment Insider
11th Floor Dah Sing Life Building
99 Des Voeux Road, Central Hong Kong
Worldwide Investment Management Corporation
Various offices or mail addresses in the Philippines.

Worldwide Investors Management Inc
(Taken over by Trident International)
Suite 305 Valero Plaza
124 Valero Street, Salcedo Village
Makati City, 1227, Philippines

Also watch out for:

Sterling & Stone of Bahamas
Burlington International of Hong Kong
Kelly and Ramirez of Indonesia
Jim Kelly of Madrid, Spain
Tom Collins, James Nixon and Alan Rock
They all have the capacity to bleed you dry of your hard earned money.

How do they get your number?

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From subscription lists. It seems after questioning people who have been bothered by the these “brokers” it seems magazines subscriptions seem to be the culprits, Newsweek and Time more specifically and probably many others. These companies get your subscription then sell your details to whoever wants it. This is big business and is not illegal. If you want to protect your privacy, make sure you get assurances that whoever you subscribe to, does not sell your details. If they can't give you that assurance, don't subscribe – that simple, because they will sell your details. If they do you will have constant intrusions forever.

One way to ensure they don't ring back?

Don't do what some people do and be nice and “respectfully ask that you don't ring again”. That doesn't work! These people have no respect for you or our “western manners”. The solution is to be rude, nasty and threatening. I tell them I will report them to the authorities and I do it in a very rude and aggressive way. They have never called back and they never will..... unless they want another earful and I'll be happy to oblige. Don't forget these people are illegal scamsters and should be given a little encouragement not to call back. My method works!

It's getting hot in here.....

Boiler Rooms

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A boiler room is often just a short-term rented apartment or office with multiple phone lines and an impressive-sounding address. Boiler rooms earn their name from the "heat" and high pressure generated by the callers as they try to convince investors to part with their money.

In many cases, either the company or the product does not really exist, or it doesn't operate as represented. Telephone pitches are read from prepared scripts, with quick answers to the most common objections. Your phone number may have been obtained from phone directories, purchased lists, or newspaper articles. Boiler-room operators have even been known to call recent widows and widowers or people who have lost large sums of money, offering to "help" recover the losses quickly and effortlessly.

I think it's best not to buy any investment over the phone under any circumstances. The call you receive may be from an offshore brokerage firm like I mentioned in the previous chapter or worse, they could be a boiler room, which is probably a total scam, but how are you to know which one you have on the phone?

*Pyramids..... This is not what the
Pharaohs had in mind*

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Pyramid schemes focus on the quick profits to be earned from recruiting other investors, who then recruit others, and so on. Little mention or emphasis is placed on the product or service to be sold. The fraud derives from the ever-decreasing number of potential investors in a given area. The common elements of a pyramid scheme involve the following:

- An invitation from a friend, neighbour, or co-worker to attend an "opportunity meeting" to learn how to earn lots of money;
- At the meeting, a well-rehearsed presentation takes place that downplays the traditional methods of acquiring money and will offer instead an exciting shortcut to wealth;
- Payment of large fees for products, courses, etc., and/or the right to recruit others and profit from their participation.

The emphasis is to get others to invest. Victims' money is often filtered up through the pyramid and lost. Sooner or later, all pyramid schemes collapse because of their "weight" (taking many investors down with them, of course).

Here's a fairly comprehensive list of Pyramid Scams courtesy of the New Zealand Ministry of Finance:

Accountanet Ltd	Alpha 2000 Ltd	Barclays System
Black Magic 95	Cash Club	Charity Bond
David Stein	David Stevenson	Downline Building Group
Edward L Green	Envelope Stuffing	Equitynet
Esquire Marketing	Family of Eagles	Five Dollar Gimmick
Fortuna Alliance	Global Gold Marketing	
Global Interactive Investment Club		Grove Marketing
Homelend	Homemailers Programme	
International Direct Mail Network		
International Philanthropists Society		Joker 88

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Jubilee International Liberty Group Lifetime Income Trusts
Life Without Debt Mail Order 2000
Maximus Intermediaries Limited New Inc
Perpetual Income Trust Lifetime IncomeTrust Pony Express
Project 21 Rapido Singles Club No. 50
Star International Stuffing Envelopes Scheme
Sundew International Syndicate Management Services
Telecard Thumbs Up
Toward Ultimate Financial Freedom Programme (TUFF)
TransGlobal Investments Universal
Vanilla Gold Accumulation Plan Vera Corp
World Netsafe Worldwide Wealth Creators Scheme
\$7,000 in two weeks scheme \$50,000 scheme.

Advance-Fee Loans

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These loans are usually offered to desperate borrowers who have exhausted all of the traditional approaches to financing. Loans are arranged and promised only upon payment of an "up-front" or "advance fee." It is common for the promoter to represent the source of funds as foreign investors or an offshore bank. Loan amounts are typically very large (\$5 to \$100 million), and offer long repayment terms at below-market rates of interest. Minimal qualifications, other than the advance fee payment, are required. The promoter takes the advance fee and never delivers the loan.

Currently, there are loan schemes starting to enter Australia in ever increasing numbers. By late 2000, they were spread across North America. Read the "Alert" below and you'll see what I mean.

November 8, 2000

Contact: Holly Cherico, CCBBB

Alert: Canadian-Based Loan Scams Are Blanketing The U.S.

The Canadian Council of Better Business Bureaus (CCBBB) reports that advance fee loan scams, originating in Canada, are once again being marketed to U.S. citizens. The CCBBB is receiving more than 20 calls each week from upset citizens throughout the United States who have sent checks and money orders to Canada for loans between \$5,000 and \$25,000.

"Unfortunately, no loan money has or will be received by these people. These individuals not only lose the advance fee they submit (which can total several thousand dollars), but they are also being conned into providing considerable personal information on the promise that they will receive a loan," said Bob Whitelaw, president of the CCBBB. The Canadian Council is the umbrella organization for the 15 BBBs located throughout

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Canada. The CCBBB estimates that \$25 billion is leaving the real business economy and going into the scam economy.

"We're working with the BBBs in the U.S. to alert consumers and businesses not to fall victim to these enticing advertisements," Whitelaw said. Calls to the BBB indicate that those victimized have responded to advertisements in local newspapers or on the Internet offering financial help. When the consumer contacts the toll-free number, they are asked to provide personal information, such as Social Security Number, driver's license number, bank account number, employee number and pay stubs, on the promise that they will receive a loan.

Once the personal information is submitted, the consumer receives a call that he or she has been approved for a loan amount, usually in the range of \$5,000 to \$25,000. However, before the money can be deposited, the consumer is told to send a certified check or money order (for several hundred to several thousand dollars) to an address in Ontario or another Canadian province. Those consumers who have sent checks have not received the promised loan money.

"Attempts by the Better Business Bureau and Canadian law enforcement and government agencies to contact the companies in question usually prove unsuccessful. It's very seldom that the company can be located to get the loan fee returned to the consumer," Whitelaw said. "Ontario Government staff of the Ministry of Consumer and Commercial Relations are aware of the companies and are seeking to close the operations. Unfortunately these fraudulent operations move quickly and reopen with new names." The BBB advises consumers or business owners seeking credit to thoroughly investigate advertised offers from unfamiliar loan brokers, particularly those originating out-of-state or out-of-country.

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"You need to ask yourself, why is this company, which I have never heard of, and which doesn't know me, willing to give me a loan?" said Ken Hunter, president of the U.S.-based Council of Better Business Bureaus. BBB experience indicates that the following are signs of advance fee loan fraud:

Pressure to act immediately. Advance fee loan schemers will try to get you to send money or give out personal information (credit card numbers, bank account numbers, social security numbers) before you get any paperwork. Insist on receiving the necessary paperwork before deciding whether to apply for credit.

Will not provide location information. If the loan broker hesitates to tell you their physical location, beware, that is a common ploy to avoid law enforcement detection. Refuse to do business with the broker until you have their physical address or location and can check them out with the BBB.

Questionable connections to established financial institutions. Many of these schemes are merely telephone sales operations, so no connection will exist to an established financial institution. Ask which lenders the "loan broker" deals with, and ask for the physical address of the lender. Then contact the Better Business Bureau in that city to request information on the lender.

"Finally, don't accept the loan broker's claim that he or she is 'approved' by the BBB," Hunter added. "BBBs do not endorse, recommend or approve companies. Ask what BBB the business claims to be affiliated with, and then contact that particular BBB for a report. A list of BBBs in the U.S. and Canada is available on our web site www.bbb.org." Individuals or business owners that suspect they may have already been swindled are urged to file a complaint with the BBB. "Take the time to complain," said Whitelaw. "That way you help warn others not to fall victim, and

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you assist in getting these fraudulent cross-border operations shut down."

As I said, there are many of these schemes in Australia. One very inventive scheme actually does lend you money, but in installments, but only after you have joined the MLM type scheme and paid the US\$300 fee. But there is probably a sting in the tail somewhere. It could be that very few people will actually receive funds in excess of the US\$300 fee. This is a sort of "Advance Fee loan meets MLM ponzi" scheme.

The scamsters just keep coming don't they?

Meet Mr Ponzi.....

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Ponzi schemes are a type of pyramid scheme named after Charles Ponzi, who collected \$9.8 million from 10,550 people (including $\frac{3}{4}$ of the Boston Police Force) and then paid out \$7.8 million in just 8 months in 1920 Boston by offering exorbitant profits of 50% every 45 days. He ripped off all these people by investing in a postage stamp speculation scheme. Ponzi determined that it was possible to take advantage of differences between U.S. and foreign currencies used to buy and sell international mail coupons.

Ponzi told investors that he could provide a 40 percent return in just 90 days compared to a measly five percent for bank savings accounts. Ponzi was inundated with money from investors, taking in \$1 million during a single three-hour period! Though a few early investors were paid off in order to make the scheme look legitimate, an investigation found that Ponzi had only purchased about \$30 worth of the international mail coupons.

Ponzi worked his “magic” back in the 1920's and his scheme continues to work on the rob-Peter-to-pay-Paul principle, as money from new investors is used to pay off earlier investors until the whole scheme collapses. In one case, a con artist now serving 12 years in a US prison told investors that he could buy Mexican pesos for a fraction of their face value and then convert them at full value back into U.S. dollars. Victims in this scheme included members of Kansas churches and a Texas motorcycle gang. The swindler behind the pesos scam took in \$27 million, promising investors phenomenal returns of 12 percent weekly or 600 percent a year!

In another example, the Wattle Group in Queensland collapsed after several years of operation. It paid 50% return to investors year after year and made some people wealthy, including the promoters. However, when it collapsed, it took a lot of people's

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hopes and dreams with it and destroyed many lives. The promoter, Mr Dexter is now holidaying in a prison and charges are currently being laid against the sales people who also made a fortune. Funny thing is, the biggest single group of "sucker" investors was the Australian Federal Police! Officers lost a fortune which just goes to show how convincing these things can be! Take note.

Ponzi schemes often have the following characteristics:

- The promoter promises very large returns on an investment, such as "double your money in 60-90 days."
- A "can't lose" scheme for making money that others have overlooked.
- Payments are made to a few early investors to prove that the investment isn't crooked. These fortunate few are known as songbirds, since they sing the praises of the scam to others, bringing in new victims eager to make the same kind of generous returns.
- The Ponzi scheme collapses when the number of previous investors seeking a return exceeds the number of new investors bringing in additional money.

Gold, Gold, Gold! I'm Rich!

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Gold mines or suspect mining leases have popped up as scams in recent times. These speculative "investments" typically offer new or secret methods for reclaiming mineral reserves from untested or abandoned mines, or even the recovery of microscopic traces of valuable minerals from soil in an area "where no one else would think to look!" These are classic frauds. Often, the promoter will base a mining forecast on an unknown expert's geological report or prediction, or will offer part of a valid report out of context. Promoters exaggerate the quality and quantity of the minerals to be extracted, while downplaying the expense or actual likelihood of recovering them.

Investing in resources is risky at the best of times without throwing money at some gold mining scam.

The other way to lose money to sharp talking scamsters is to purchase "investment-grade" gold coins or bullion. The promoters often claim their present value can be independently verified, and promise tremendous future profits, usually based on some current or political event, that may or may not occur.

For the cost of your investment and a nominal storage fee, the promoter will purchase the coins or bullion for you and have them delivered to and stored in a large, well-known bank, nearly always outside of your country. In addition, they often offer the opportunity to "leverage" your purchase. Leveraging, in theory, is like buying on margin, in that you only make a deposit toward the total cost of the metal you wish to buy. The rest of the money is advanced or loaned to you, with the precious metal serving as collateral. For instance, for \$10,000, you might purchase 22 ounces of gold at \$450 an ounce. By leveraging your purchase at 20 percent deposit, you could purchase five times as many ounces, or 110 ounces.

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The problem with a leveraged purchase occurs when the value of this precious metal decreases. As the buyer, you are responsible to cover the downturn in value by putting in more money. If you fail to cover the downturn, your precious metal is sold (often at a discount), and you are liable for the difference. Leveraging is extremely risky. On top of that you will also be charged interest by the promoter. The promoter wins when you go in, and wins when you go out, usually backwards.

Hope?..... None Here I'm Afraid!

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Well, I did it again! I upset someone from Cardiff, NSW (anonymous letter of course) about calling The Hope Foundation a possible scam in my Summer 2001 newsletter. This so-called Licenced Financial Adviser was convinced they were ok and that he had discovered the best investment of his life.

Well, over the last couple months I have done some research on the Hope Foundation, and guess what I found? Yep! They're a scam alright. They have nothing to do with the REAL Hope Foundation who genuinely help people (they are a pure charity, no investments) and they have nothing to do with the Knights of Malta who are investigating them. The SEC in the US, SEC in NZ and the ASIC are already onto them. You see these people claim if you join their Millionaires of the World Club, they will give some of the money to a charity because they are "good people" and the founder is a member of the Knights of Malta. This is all rubbish to make you think this is the real Hope Foundation and they have a connection to the real Sovereign Military Order of Malta who are the people behind the St John's Ambulance. These people are scamsters and have nothing to do with either organisation.

Please be careful out there, this is just one of many similar scams. Many people invest in these scams on the basis of a personal recommendation, a very honest presentation (seemingly) or because they are desperate to make money quickly and have a desire to believe in anything that eases the financial pain. But invariably, it causes more pain in the long run. I have communicated with literally hundreds of people over the years who invested in these trading programs, investment schemes and high yield investment programs—most of them lost their money. Sure, some people who got in early made money, but that is the nature of a "ponzi" scheme. There are some pretty slick operators running around the countryside selling these investments (totally illegally by the way). They are very

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convincing—but trust me they will “steal” all your money. If you attend one of their functions or seminars, ask them if it’s ok, to check with the ASIC before investing and ask for their personal details—their reaction will be interesting.

This is what the New Zealand Securities Commission had to say about The Hope Foundation and a couple of its associated scams.

<http://www.sec-com.govt.nz/new/releases/240700.htm>

The Securities Commission is warning people about placing money with the Millionaires of the World (Part of the Hope Foundation Members Association S.A.) and the Wairua Tahiti Trust (Goldrush) schemes, or schemes related to them.

These schemes are being promoted in the Tauranga, Waikato and Auckland regions. It is understood that the promoters and agents are targeting church groups. These schemes require contributors to send money to offshore bank accounts in Liechtenstein, the Isle of Man or Panama.

Agents for the Hope Foundation Members Association S.A. promote returns of between 10% and 40% per month through their schemes. The returns are claimed to be tax-free.

Additional profits earned on contributors' funds are allegedly directed on behalf of the Hope Foundation towards providing disaster relief for poor countries.

The Millionaires of the World allegedly has Count Julian Graf von Heisermann, Grand Chancellor of the Knights of Malta, as its patron. Agents for the Wairua Tahiti Trust promise tax-free profits with zero or near zero risk and 15% per month returns.

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The promoters of the scheme claim to have links with Investors International. The Commission has given previous warnings about Investors International. Its founder, Dr Rudolf van Lin, has been prosecuted by the United States Securities and Exchange Commission for the fraudulent offer and sale of unregistered securities in a related scheme called Sabre Asset Management.

The promoters of these schemes do not explain how, with whom and in what country contributors' money will be applied. There are no financial statements. There is no prospectus and no investment statement to give the information normally required for conventional investments.

Contributors in schemes of this type generally do not receive promised profits or the return of their initial capital. The Commission warns people to be extremely cautious when dealing with the Hope Foundation or its associated entities, the Wairua Tahī Trust, schemes relating to either of them, or anyone claiming to represent them. v Potential investors should remember the old saying that if an offer looks too good to be true it probably is.

Norman F. Miller

Senior Executive (Operations)

How do you become a millionaire with this mob? Well, it seems they invest in “prime bank trading” instruments which of course do not exist except as a means for scamsters to commit fraud and steal funds.

Through their choice of organisation names; 'Hope Foundation' and 'Sovereign Teutonic Order and Knights of Malta' are trying to pass themselves off as associated with legitimate entities such as:

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The Hope Foundation

:<http://www.thehopefoundation.org/hope/index.html>

Sovereign Military Order of Malta: <http://www.smom.org>

St. John Ambulance Service: <http://www.sja.org.uk/>

Their website at <http://www.legacyofhope.org> was put up on the net in November 1999 and is now registered to:

Ashton Management and Development Company, LC

208 East College Street PMB 422

Branson, MO 65616 USA

Administrative Contact, Billing Contact:

Scribner, Paul (PSO59) pscrib5434@AOL.COM

.....if you were wondering.

Also, did you notice in the NZ Government warning a reference to a scam called "Goldrush". This is yet another scam and is currently being pushed very heavily in Australia. It is rumoured the people behind Goldrush are putting together seminars – Beware!

Totally Bogus Schemes

Here is a list of Scams currently making the rounds courtesy of the New Zealand Securities Commission, United States Securities Exchange Commission and the ASIC.

- Tri-West Investment Club

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- Big International (also known as Big Lotto)
- Cronus Trading Corp (see next page)
- Enterprise Solutions 2000 (betting scheme)
- Imperial Consolidated Securities
- IMI Pacific and Walakahai Pacific
- Investors International
- Millionaires of the World (part of the Hope Foundation Members Association S.A)
- Prosper International League Limited
- Wairua Tahiti Trust (Goldrush) (see previous chapter)
- Profitable Venture Savings Club
- Illegal schemes offered by Malcolm Troy of Queensland
- World Currency Cartel
- Watch out for David Voth's Forex Fund & Forex Fund 2. They have been declared illegal in the Bahamas where they are based. I know Mr Voth personally and I can safely say, stay away if you like your money. You can read all about Voth at www.offshorebusiness.com

Most of these "firms" offer their clients the mythical Bank Debenture Trading Programs that have now become the biggest scam in the last decade.

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Cronus

All that is Quantum is not Gold

Back in early 1998, I met a couple of women who were the administrators of a company called Progressive Consulting SA, which was incorporated in the Bahamas. The two women, Sandra Read and Kay Seabrook told me that they had secured the

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services of a Mr Peter Dennis of Melbourne who by all accounts was a very good futures and options trader. He was an active trader in London at the time. They were planning to establish an offshore fund to attract investors who were willing to risk capital on trading derivatives (as options and futures are known). When I made some enquiries about Peter Dennis I was told he was a good trader and he was well regarded and very honest. And from what I saw, Sandra and Kay seemed conscientious and honest as well. They told me their plans, and they seemed to be very straightforward. They wanted me to give them some advice in the area of complying with certain laws etc and I was happy to oblige. I informed them of a couple of areas they needed to tidy up and also informed them that to operate and solicit funds in Australia was a problem as they needed a prospectus to comply with all the Securities Regulations. They informed me they would be operating in a way that wouldn't infringe any laws in Australia and I was happy to take them at their word. I thought this meant they would attract funds from offshore or funds from individuals in excess of \$500k which is in line with securities laws.

About six months down the track I wrote an article about a dodgy bank in St Johns, Antigua called the European Federal Bank or "Eurofed Bank". I claimed this bank was bogus and you should stay away. Well, didn't this start a commotion! Sandi rings me a couple of days later and starts telling me that I was wrong and they were using this bank and were very happy with them. I was horrified! What have these two women done? Then I'm told they are also doing business with Prosper International Limited (PIL), yet another company I have a poor opinion of. By this time, I'm arguing the point with a person who has been in the offshore industry for "five minutes" and she's telling me that these companies are good and reputable firms. My faith in Progressive Consulting SA and their fund, Quantum Gold disappeared. I also echoed concerns to as many people as I could (those who

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contacted me about Tasman Gold as it was known then) about the security of their funds, all being in the name of the trader (again, against my advice) and also the sick feeling I had about their choice of “associates”. Unfortunately, I looked like an idiot. Every post was a winner over the next year or so, they paid at least 10-14% every month. Regular monthly statements were issued and the investors seemed to be happy. It seemed I was wrong and a few people let me know too. I stuck to my guns though. I was sure something would go wrong, but it could have been pride or the fact that I was probably disgruntled that they had proved me wrong. But, I was happy for the investors. I heard nothing but good things through most of 1999.

Then the wheels started falling off in late 1999.

Eurofed Bank went bust taking millions of account holder's money. Ah, I was right! That bank was dodgy. Then PIL started coming under investigation from the authorities. Horror stories were filtering back about their customer service, the shady investments offered to clients etc. I was right again! Then about two months later all hell broke loose with Quantum. (If you are reading this Sandi, I told you so!)

It was claimed in October 1999, the trader Peter Dennis ran off with the investors' money and Sandra Read was doing everything she could to track him down, so she says. She seemed desperate if her correspondence was anything to go by. Even telling all the investors his birth date and his former address in Strathmore, Melbourne. The “missing” money was originally transferred to Progressive Consulting's account with Barclays in the Bahamas and then sent to Peter Dennis' personal account with The Royal Bank of Scotland in Jersey. When I found out that this money was transferred to his personal account I nearly had heart failure. This

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was not the right thing to do in my opinion. It seems all roads of suspicion point to Dennis. Let's look at some of the salient points:

The money was sent to his personal accounts

When proof of the funds was required from Dennis, he provided proven forgeries.

At this point in time, both he and the money are both missing.

While it certainly doesn't look good for Dennis, I suppose he could be the victim of a scam himself and has gone into hiding for obvious reasons, who knows? It really won't make any difference to frustrated investors will it?

It seems in the space of less than two years they had raised many millions of dollars, I've even heard numbers as high as \$30 million but it could be higher. There were an estimated 800 investors involved. It was very easy to fall into the trap, for the first 18 months you couldn't fault them, not a bad word!

However, one must ask the question, "how did they raise so much money in such a short time frame?" Well, they had a "real gun" salesman. A man, due to his "strange" cool dude, trust me, I have good karma image, was able to gain people's total confidence. His name is Taansen Fairmont Sumeru. The author of *Sovereignty Consciousness*, longtime transcendental meditation instructor and public speaker, he believes new technology is making the traditional concept of government outdated. His message was that every person should be a world citizen – in effect, his or her own sovereign, with no allegiance or obligations, including the requirement to pay taxes to governments formed under the old notion of "nationhood". I met him at a seminar (that I truly regret going on) for a company called Investors International who also rate an unfavourable mention in this book and this man

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is totally bizarre. For a fairly “old fashioned” Australian accountant like me, this man couldn’t be more alien than if he had come from Mars. And he really didn’t like a “very uncool conservative cynic” like me, and told me so, well his “consort” did. Yes, I did say consort, that’s what he calls his girlfriend, de facto wife, whatever. Her name was “Shirsha” and equally bizarre. Fair dinkum people would call this pair real, #\$\$@%&@!% which rhymes with tankers!

What did he look like you may ask? A slim, balding, middle-aged white American who wore silky pajamas and robes, with his long hair flowing down his back and a moustache that reached down to his chest. Amid the other more “normal” speakers at this seminar who talked earnestly about investing and tax avoidance, Sumeru generated an aura of calm and peace, well tried to anyway, but he still got on my nerves.

I didn’t know it at the time, but the way Sumeru was making money on this and many more seminars he attended as a speaker, was by selling Quantum Gold, picking up 10% of the take to be exact.

Taansen Sumeru was a name he had taken for "spiritual reasons" years before, but he didn’t volunteer his original or real name or any other details of his past. He has been described as “responsible, spiritual,” and “was very charismatic.” People were taken by the way that Sumeru talked about “abundance”, and how accumulating wealth was part of the "natural way of the universe." What crap! However, this guy was good..... really good. He never seemed particularly concerned about making money. He told them about investments and told them how they could get in on these investments, but he never seemed pushy. Even when Sumeru could not, or would not answer specific questions about the investments, most investors didn’t sense that this guy was

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ignorant or that they were about to be scammed. They just thought that Sumeru did not know or care about the “nitty gritty” details of how the money was made. Sumeru gave the impression that he was “above all that”.

Investors were supplied with several forms to complete and return with their cheque of course. And many did because of his nice guy image. One of the forms people were asked to sign was a non-disclosure agreement prohibiting investors from divulging details of the investment. Another form was a non-solicitation agreement requiring investors to assert that they came to Sumeru asking for information and that he had not solicited investments from them or offered investment advice. Neat little trick that attempts to exonerate Sumeru if anything goes wrong.... Did he know something?

The printed materials Sumeru sent to the investors said in part: *"An old age is dying and a new age is being born. The new age is one of the decentralization of power, and the spread of power and freedom to individuals planetwide. Congratulations on being among those rising into these higher ways of living."* Yeah right! This is a bogus investment, not a declaration from God.

Sumeru also required potential investors to write a letter about their work, their "philosophical background" and what they would do with the money. They were asked to tell him whether they practiced meditation, and if so what kind. And they were asked what they thought of his book, available for US\$17. *"If we feel you are okay, the Quantum packet will be sent to you,"* No doubt everybody qualified.

Sumeru advised all his investors to send the forms to his post box at Mail Boxes Etc. in Santa Barbara. They were then told to wire the money to the Quantum Gold's account at Barclays Bank in

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New York. No doubt it was then forwarded from there to a further account in a Caribbean tax haven such as EuroFed in Antigua. Sumeru picking up his 10% cut on the way through. So much for “money is evil and bad karma, man”. I’m sure he would have been kicked out of the hippies union for being a “Bread Head”.

Of course Sumeru was breaking several laws. He profited by fraudulent transactions, collected investment money through the mail, failed to honour warranties and written agreements, failing to return invested monies, advising without the appropriate licenses etc. This man should be in jail, and may still end up there.

You may be asking yourself the question, was Tasman Gold, that evolved into Quantum Gold and then changed into Unilink Investment Fund, a complete fraud? I’m not sure, I don’t think it was, at the start. People lost money, but it may have been through the incompetence of the trader and administration or it could be that someone in the company was dishonest. It may have been that Quantum invested the money unwittingly in a scam themselves. Whatever happened, the money is gone, some of it lost in collapsed banks, because I’m told they also invested money through the now collapsed First International Bank of Grenada (FIBG) and EuroFed Bank, those two women could pick ‘em. The FIBG collapsed only recently under a shroud of suspicion. With all this happening, why haven’t we heard about this in the newspapers? There are some fairly obvious reasons.

- The investors were convinced they should hide their money from all governments due to the evils of taxation. So, it’s a bit hard now asking for government help to recover the money when it may raise questions about the investor.
- Authorities say it is difficult to recover money lost in offshore scams and difficult to send the con men to prison. Frauds are often hard to prove, with convoluted paper trails stretching

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- across many different jurisdictions. Offshore scams have become so prevalent that authorities simply don't have the resources to prosecute them all.
- In addition, many victims are reluctant to help authorities. Some refuse to believe they were conned. Some are too embarrassed to admit it. And many fear that they will get in trouble themselves as I said before.
- There is still hope with many investors that some or all of the money may be recovered and they don't want to upset the apple cart.

Quantum Gold was an investment that started off as a legitimate effort (I believe), but turned out to be a mess, or worse a complete fraud. Somebody has the money, whether it's the "rogue trader" Peter Dennis from Melbourne, the administrators, collapsed banks or even other scamsters that ripped off Quantum Gold, only further investigation will uncover the truth. But, investors have learned one thing, it's never trust men in silk robes or investments that are too good to be true. And what of our mate Sumeru? Well, he moved onto another scam of his, a bank founded by Sumeru himself in 1999. An investment Sumeru claimed was based in the island nation of Grenada and was supposedly a better, safer and more profitable investment than Quantum Gold. The Sattva Investment Bank, the Bank of World Peace, would pay interest of up to 200% a year on certificates of deposit, Sumeru claimed. The Sattva Bank would earn its money from "high-yield investment programs" operating in complex, little-known areas of high finance typically available only to the top banks in the world, the dreaded Bank Debenture Trading Program.

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Financial Alchemy by The Guru

Taansen Sumeru certainly was what most of us would call a hippy. Straight out of an early 1970's movie set, this man certainly had people believing he was "a very nice and gentle man", but under the long hair and the silk robes lurked either a fool or a very

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cunning scamster. I'm still not sure which one he was, more than likely a little of both.

He established Sattva Bank to replace the fading "opportunity" that was Quantum Gold. He more or less jumped out of the pan and straight into the fire on this one.

Sumeru would perform Financial Alchemy by turning nothing into 200% returns.

The Instrument to be used?

The Bank Debenture Trading Program!

According to Sumeru and others who promote them, these prime bank instruments, also known as "prime bank debentures," "prime bank guarantees," "medium term notes," and "standby letters of credit," allow the World Bank, the Federal Reserve and the biggest banks in the world to move money back and forth by discounting large notes they trade among themselves.

A key selling point used by Sumeru and the many others who promote prime bank instruments around the world is that governments and large banks do not want investors to know that such notes even exist. The scamster's line goes something like this: *"Banks will tell you these notes don't exist. Government agencies will tell you that you're being swindled. Don't listen to them. They're just trying to keep these huge profits for themselves."*

The sales pitch appeals to the many people who are suspicious of governments and banks anyway and who think that "the establishment" is conspiring to hoard wealth and keep common people from getting rich. The scamsters warn them that no one

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will confirm the existence of prime bank notes and, sure enough, no one does. Funny that!

Established banks, regulatory agencies, law enforcement officials and other authorities around the world insist that prime bank instruments do not exist. The FBI, the Federal Reserve, the World Bank, the International Chamber of Commerce and virtually every reputable bank say that high-yield investment programs based on prime bank instruments are merely a fiction founded in fraud.

Yet the idea of secret investments open only to the ultra-wealthy is so enticing that individual investors keep on coming, and they are not the only victims. The US Securities and Exchange Commission have stated that councils, charities and other nonprofit organisations have all been scammed in recent years. Even the Salvation Army got caught! The SEC noted that the frauds are sometimes so brazen as to advertise in newspapers such as USA Today and The Wall Street Journal.

"The sellers frequently tell potential investors that they have special access to programs that otherwise would be reserved for top financiers on Wall Street, or in London, Geneva or other world financial centers. Investors are also told that profits of 100% or more are possible with little or no risk," the SEC said. The SEC's web site also lists recent prosecutions in the United States for fraudulent offshore schemes based on mythical prime bank notes. They are also featured heavily on our own ASIC's website. Check it out at www.asic.gov.au

Taansen Sumeru's Sattva Bank was supposed to have access to these high-yield bank trading programs through First International Bank of Grenada, a relatively new bank founded by Van Arthur Brink, who is also known as Gilbert Ziegler, aged 50. Ziegler was your classic stereotype to get involved in this sort of thing.

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Bankrupted in 1994. A former church pastor who founded several Christian fellowships. He recruited subscribers into a scheme whereby they paid US\$150 each for an offshore newsletter and then encouraged, MLM style, his recruits to bring in more people and he would pay them commissions but this money would be transferred to an offshore account only Ziegler could access. Later, he founded a Nauruan Bank, Fidelity International. It was this bank that was transformed into the now infamous First International Bank of Grenada. The bank's balance sheet was supported by the reputed ownership of a ruby. Brink claimed it was valued at US\$20m. Of course no one has ever seen this ruby, and it clearly doesn't exist.

Anyway, First International Bank of Grenada, which quickly became known in Grenada and among "investors" as simply First Bank, promised annual interest rates of 200% or more on certificates of deposit, based on high-yield earnings from prime bank instruments trading. In the autumn of 1999, Brink resigned as chairman of First Bank and moved to Uganda (where else?), where he said he was going to establish humanitarian aid programs and help build a new monetary system. He has since been accused of taking tens of millions of dollars with him.

At about the same time that Brink was leaving Grenada, First Bank and its sub-banks, including Sumeru's Sattva Bank, stopped paying interest to depositors. That was also about the same time that Quantum Gold stopped paying its investors. Some investors who found both investments through Sumeru wondered if Quantum Gold was somehow linked to First Bank. I believe there was some cross investment and that all the entities had a common interest in suspect trading programs, probably the same one, hence their ceasing payments at around the same time. Could it be that Brink (aka Ziegler), Peter Dennis (from Quantum)

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and Sumeru were in fact ripped off themselves, panicked and cleared off to avoid prosecution? It seems a possibility.

At all times, Sumeru claimed he did not encourage or advise people to invest in these "investments". He claims he simply provided information and let people make up their own minds. However, Gigi Carroll, a travel agent who arranged transportation and hotels for participants of Investors International seminars where Sumeru often spoke, laughed at Sumeru's assertions that he did not actively advise or encourage people to invest. *"He solicited people!"*. *"People came to him, and he made recommendations,"* she said in a telephone interview. She speculated that the reason he required people to sign a non-solicitation agreement was to protect himself from securities laws. Which of course it didn't.

In recent times, Sumeru was approached by a disgruntled investor who had been convinced by Sumeru to invest and he responded by saying, *"Rather than contributing to the solution, you have simply consumed my time, and you have shown no respect for the blessings I have been trying to bring to the world."* What a goose! Can you believe this guy. He rips people off, earns a fortune then takes no responsibility for their plight and utters this rubbish.

It would seem he was able to engender fear of government. And able to convince people of bank conspiracies that keep everyday people poor and ignorant. Also, that the warnings about bank debenture programs were mere scare tactics so that the banks would not have to share those profits with anyone else, ignoring the whole concept of bank shareholders being normal people like you and I.

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In one reported incident, a woman invested in Sattva Bank, after which she began recruiting friends to invest. Sumeru told her she would be rewarded as a registered contractor (RC), and would receive commissions. A few weeks later, after she reckoned that she would be owed at least \$25,000 in commissions, she asked Sumeru when she would start getting the money. He told her that he and other bank officials had decided she could not be an RC after all. *"He told me I was not spiritually evolved enough,"* she said. Nice trick!

On several occasions Sumeru told investors in Sattva Bank, that another purpose of the bank was to provide funds for philanthropic work. This of course, was nonsense. Not unless Sumeru classed himself a charity. Nonetheless, this attracted many investors wanting to feel good about their new found wealth. To many people this all made sense with Sumeru the way he was and his "do good" ravings.

Most of the investors who invested with Sumeru were taken in by one of the best con men they could ever care to meet. So many questions remain unanswered about this guy. Was he a complete fraud, or did he truly believe the rubbish he professed? Did he really want to do good or was he simply stupid? Was it a total "act" to catch people off guard? I will never know, I hope I never run into this guy again, I may just "do my block" and become "very uncool and heavy, man", and tell his "Guruship" and Consort what I really think of them and that would be "bad karma" wouldn't it?

The bottom line is, if you ever run into Sumeru, or somebody like him, run a mile before you find yourself involved in an "investment" that ends up costing you a fortune.

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Like I have said to many of my readers before, “this isn’t investing, this is gambling”, and that’s OK as long as you don’t mind backing losers all the time.

*And what of the First International
Bank of Grenada?*

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Well, that's a complete mess. Investors have lost millions. And it's far from being resolved at this stage. At the bank's peak, Van Brink (aka Ziegler) teamed up with a guy named Larry Barnabe, a Canadian who was brought in to help with administration. Together they formed a network of companies in an effort to increase the amount of money coming into the bank, much of it attracted by the ridiculous returns offered, all thanks to the mythical trading programs. One company they formed was the International Deposit Insurance Corporation (IDIC), whose name was probably chosen because it sounded like the United States' Federal Deposit Insurance Corporation. In marketing materials for First Bank and its subsidiaries, including Sumeru's Sattva Bank, IDIC is portrayed as an insurer that would protect investors from losing their money. *"Each account at the bank is unequivocally insured through IDIC,"* promotional documents claimed. *"IDIC guarantees the safety of all principal and interest, while requiring larger cash reserves and enforcing more conservative policies than its U.S. sound-alike."* In reality IDIC was nothing but a shelf company with no capacity to insure anything.

Brink and Barnabe set about establishing a company that would host seminars, at which their old mate Sumeru would speak and with his "aura of calm and honesty" would fleece the public into putting more money into their network of shonky banks.

They even established a stock exchange, World Investors Stock Exchange (WISE), which was supposed to be a stock exchange only for companies that contributed to "improving the world". It seems, WISE was created solely as another avenue to bring in money from investors. Unlike a typical stock exchange where investors buy individual shares that are not guaranteed, investors in WISE could buy shares whose principal and interest were totally guaranteed by a Stock Value Bank Guarantee (SVBG), an instrument provided by First International Bank of Grenada.

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"A percentage of every share sold on WISE is set aside in a deposit-insured bank to guarantee a return of principal and reasonable earnings," WISE documents claimed. A three-year SVBG guaranteed that the investor would be returned 119% of the original investment, while the five-year SVBG guaranteed 135% and the 10-year SVBG guaranteed 211%. What nonsense!

After FIBG started getting bad publicity, Brink took new deposits into a new subsidiary bank named Crown Meridian so that investors would not necessarily know that their money was going into FIBG. Later, Brink began collaborating with other people, such as Sumeru (naturally), to set up even more banks; eventually there were 15 to 20 banks, including Sumeru's Sattva Bank. You can never have enough banks was their motto.

Last year (2000), Grenada's government took over FIBG's operations, probably due to international pressure and the fact that FIBG was bringing such bad publicity to Grenada's fledgling finance industry. The government announced that it believed funds were possibly missing (as they would be), and that it was co-operating in an investigation with the U.S. Department of Justice and the FBI. The government investigation revealed money was indeed missing and it would appear Brink and his cohorts were the culprits, in fact many millions were missing. The money had probably been filtered through numerous "pass-through" accounts until it reached Brink and anonymity.

As much as US\$372 million is claimed to be missing from the combination of Quantum Gold, FIBG and Sattva Bank. Not chicken feed!

It appears Sumeru has fled the US in search of a "spiritual community".

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As for Van Brink (Ziegler)? As I mentioned before, he seems to have found a new home in Uganda and claims he doesn't have any of the missing money "it was all a conspiracy and the US Government has it, or possibly the OECD". What about aliens, CIA or possibly Mickey Mouse, maybe they are in on it too? This man is a thief, he just can't admit it.

Of course Sumeru says Brink probably has the money. However, investigators suspect Sumeru knows a lot more than he's letting on. They just have to find him first.

Post Script – March 2001

They're Back! No sooner was the FIBG placed into receivership than some of the people involved with FIBG applied to the Grenada government for yet another banking license. Corruption within the Grenada government and legal actions by FIBG, kept FIBG alive and scamming people.

FIBG was in fact part of a larger fraud involving the International Deposit Insurance Corporation, or IDIC. This was a Nevis company without any substantial assets, which claimed from time to time that it had more hard cash than the U.S. Federal Reserve, and "guaranteed" the deposits of FIBG and a couple of other associated banks.

There is no doubt that FIBG was totally bogus, being capitalized by a "precious gem" that has never been identified. And almost everybody associated with FIBG has records of past misconduct.

FIBG and IDIC were and are nothing but total and complete scams. But the even bigger scam might be the entire island nation of Grenada, which is quickly becoming "scam central" and approaching a par with Nigeria as the predominant fraud centre.

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Grenada is so bad that you should *presume* that any person or company that you do business with from there is a possible fraud, because the odds are they are. No self-respecting person or business would associate themselves with Grenada, and any legitimate business should re-domicile itself to avoid the criminal taint of the island.

The problem is, simply, that the Grenada government is (like so many Caribbean governments of the past) both incompetent and corrupt – being very willing to swallow a bribe to allow a scam to keep operating.

So, just don't do business with anybody or anything in Grenada. Don't even think about it.

Oh by the way, when it comes to these Bank Debenture Trading Schemes, you'll hear a lot about the bank guarantees that are supposed to be in place to protect your money. Well, on the next two pages I have included one issued by FIBG and signed by Van Brink (aka Ziegler). It's not worth a crummet as we all know.....now!

The next chapter will reveal all about these crazy and fictitious investments.

Bank Guarantee

Scams & Frauds

Bank Guarantee

Scams & Frauds

Bank Debenture Trading Programs

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The Easiest Money You Ever.....

.....Lost?

This is a scam of many names, which promises a very high return on your investment. The story usually begins along the lines that there is an entire banking and trading system which is not open to the general public and totally hidden from view and you are not supposed to know about it. The trading in this system produces huge returns, usually at least 50% for short term trades, but often more like 10%-100% returns per month with no risk.

Here's how the sorry story goes (I'll get the truth in a little while so you can see how good the lie really is).

The 100 big banks around the world supposedly lend each other money by issuing notes with face values of US\$100 million or more. These notes can be resold a number of times at a discount (profit) to other lenders so that the original issuer can reap a handsome profit in a relatively short time. The term of the notes vary from 30 days to a year or more.

You are told that institutions like pension funds stand ready to buy "Prime Bank Letters of Credit" from large banks, with purchases of over US\$100 million affording the highest return, but because regulatory restrictions prevent the banks from selling directly to institutional investors a middle man is required to handle the transaction at a contractually prearranged profit.

As an insider they are able to buy below par at, say US\$0.75 cents then sell for US\$0.78 cents on a continuous basis. For example, if \$10 million worth of "bank debentures" can be sold at

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about a two percent profit on ten separate occasions, or "tranches," you will receive a 20% profit in about thirty days.

They say that *"the Rothchilds and the Rockefellers set up the process over fifty years ago during the creation of the Marshall Plan as a means of utilising Eurodollars which were beginning to flow overseas, and to fund "off balance sheet" rebuilding projects in developing countries."*

"The prime banks had generally dealt only with the world's wealthiest, such as the Saudis or the top financiers on Wall Street, in London or Geneva but competition has opened it up."
"Still, only big corporations, foreign banks and ultra-wealthy investors know about the process."

You are also told not to seek professional advice because the information is reserved only for those who participate in the program which is *"by invitation only"*. If you say anything you will have the offer rescinded. You are told that you are one of only a few people who will qualify in this undertaking along with *"an elite group of investors with access to extremely valuable and highly confidential information."*

The minimum investment can be as high as US\$10,000,000, either from an individual, or a group of individuals who pool their smaller investments. It's this pooling of investors' funds which gives you the resources to purchase "prime bank" financial instruments.

Brokers (Scamsters!) get involved to help small investors pool their money to build it up to the minimum US\$10 to US\$100 million. You are also told that potential annual profits of 100% or more are possible with little risk and you could yield up to five times your money in two months, with such returns guaranteed by

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bogus bank guarantees like the one issued by the First International Bank of Grenada. Not worth the paper they are written on.

But first, you must sign the special non-disclosure and non-circumvention agreements which prevent you from talking about the deal with anyone, including lawyers or financial advisors because you are joining *"a privileged group getting in on a very exclusive investment which relies on secrecy."* Sometimes it's in the contract that if you do mention the deal to others you will be sued. I have seen "fines" of one million dollars written into these things. You don't want that so you stay quiet!

All transactions are to be kept strictly confidential by all parties and for this reason no client references will be available. In an effort to lull you into inaction, they emphasize that the market for these instruments is so secret that both the institutions involved and even regulatory agencies will deny the existence of the program if asked. That's right the banks are in on it and if you ring, they will deny everything, they may even put you off the track by saying that it's a scam! But you know better, don't you? Even when you know you should report it to the ASIC, they know you can't because of the agreement you signed, which is of course illegal and therefore void. They may even tell you the banks will be given a copy of the contract and if you ring them they will deny everything and the promoter will tear up your contract at the request of the banks. Yes, they have you over a barrel! Ooooo... the banks are so slippery!.....Of course this is all paranoid rubbish and the cutest trick the Scamsters ever came up with. Good psychology! Or maybe, you think I'm in on it as well. Did you ever think about that!Now, you're making ME paranoid! Just joking..... but losing money to these people isn't really that funny at all.

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The scamsters certainly know how to get you in with all this “cloak and dagger” stuff! *“Keep this information secret. If anyone finds out I am doing this for you, the deal is off”*, they’ll say.

You are also told *“not to phone the bank listed on the documents because they cannot acknowledge the existence of such an arrangement unless you are the principle (US\$10 million on deposit) and the process is so restricted that even the low level staff, such as bank managers, wouldn't know about it even if you did ask”*.Of course more rubbish.

They’ll tell you, *“that the returns offered are considerably higher than are available under normal market conditions and, therefore, if this activity could not be kept secret it could not exist for the simple reason that it would make it very difficult for governments to fund treasury securities and for banks to offer conventional instruments such as normal deposits and term deposits”*.

“If it was widely known about, people wouldn't settle for much lower returns. So the only way it can be handled is on a very private and secret basis where people make the application in highly structured ways and if they are allowed to participate they get access to a direct contract.”

But being a cynical person, you want more proof that this isn’t a scam. Then they whip out Bank Guarantees (if they are reasonably sophisticated). The guarantees are shown to be issued and guaranteed by large, well-known international banks, almost always Barclays, Lloyds Bank, Chase Manhattan or Deutsche Bank as they are hard to track down because there are so many branches across the world. They also look like they have been photocopied 4000 times. This is no mistake, it makes the numbers and signatures harder to read. They are forgeries naturally.

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When you ask the obvious question, “*why do the banks offer the debentures so cheaply?*” they answer that there are several factors involved in it such as: The banks are currently funding credit card receivables at 28%, so 2% is negligible. The International Monetary Fund is funding covert development aid to African governments, executives at the bank are taking part of the skim themselves and want it to continue, the money goes to finance international investments such as roads and health care facilities, World Bank loans to Third World countries get written off and the banks don't suffer because of this funding.

They then tell you, “*they have no interest in stealing your money because they make enough from the deal already and want to have you participate in the next program so you can both get rich together*”. The person introducing the “opportunity” is a “true friend” Aren't you touched?..... You will be!

They'll baffle you with “financial techno speak”. They will also show you documents supposedly emanating from institutions such as the U.S. Federal Reserve, the IMF, International Chamber of Commerce, the World Bank and the Bank of England. Don't be fooled by these bogus documents. In fact, you should get copies and ask the banks, Federal Reserve and IMF to verify them. Of course they won't and you'll get a call from the police who will ask, “*who gave you these forged documents?, We would like to arrest them for fraud*”.

The reality is all these institutions refute and debunk these scams on their websites and in the media. Just about everybody in the world has heard of these things by now. They are not real. It is not a conspiracy or anything like that. It's all too “out in the open” for it to be a conspiracy these days.

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These frauds are so professional that in an interesting twist, they will even ask you to travel to their to their intermediaries' lavish, but temporarily rented, suite of offices in London or Switzerland where cigars and brandy are offered all around. You are excited to be a part of this mysterious and affluent world of international finance. Again, it's all put on so as to relieve you of your money. These people have read one too many Jeffrey Archer novels in my opinion.

There have been many notable losers in these scams: For example:

- In New Mexico, USA, the city of Clovis lost \$3.5 million in a prime bank scheme.
- Victims of a \$600 million "prime bank" fraud involving securities purportedly issued by Banka Bohemia A.S., a bank located in Prague, Czech Republic included charitable organisations, municipalities, and other institutional investors.
- The National Council of Churches of Christ, a not for profit charitable organisation, paid \$7.98 million to purchase \$13.2 million face value of "prime bank guarantees" purportedly issued by Banka Bohemia.
- The Chicago Housing Authority's Benefit Plan invested at least \$12.5 million in a purported "Roll Program."
- The Salvation Army lost millions.

The International Chamber of Commerce makes rules for the conduct of trade, among them the Uniform Customs and Practice for Documentary Credits (UCP), whose current version is known

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as UCP 500, but it does not issue or endorse any financial instruments that can be traded, nor does it provide guarantees for such instruments.

The IMF is an intergovernmental organisation whose financial transactions and operations are carried out directly with its member countries and only through a fiscal agency designated by each member for this purpose (such as the member's Central Bank or its Ministry of Finance). The IMF does not operate through other agents and it does not endorse the activities of any bank, financial institution, or other public or private agency.

According to the International Chamber of Commerce's commercial crime bureau, this type of scam involves \$10 million US daily in North America alone. They believe that the millions of dollars in losses reported every year represent only 10% of the total. That's US\$100m per day in the US alone and if you say, double this figure to account for the rest of the world (which is probably conservative), you are looking at US\$200m per day lost to these frauds. Is it any surprise that you have been offered an "opportunity" or will soon?

Greed is the Problem

Greed does funny things to people's minds. Investors and sometimes the more gullible "program salesman" want to believe these investments are real because they represent both party's financial salvation. The problem is there is a much smarter animal in the "jungle", and he or she is the promoter and founder of these schemes. And as I've just told you, they have such a great story, you can't but help being taken in by it.

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I must admit, several years ago, I thought there was a possibility they existed. People within the finance industry had told me they did, but I realise now they were idiots and had no idea what they were talking about. I even invested in one and luckily got my money back before it collapsed. It was run by a group of Americans in Florida and London and an Australian in Queensland, and I believe most of them are in jail for fraud now. They were very convincing and had all the answers as well as the paperwork to back up all they said. I know better now.

I heard about these investments several years ago and after examining over 100 of them, all of them have fallen into one of the following categories:

- ❖ A completely fraudulent Scam of monumental proportions.
- ❖ Illegal investments whereby the promoters or managers have solicited funds from the public using the story of Bank Debenture trading as an excuse to put your money into options, futures or currency trading. The problem is they lied to the investors and there's no security of capital at all.
- ❖ The classic Ponzi Scheme where some investors are paid a return to encourage others to invest thereby increasing the funds received by the promoters. Eventually the promoters and your money disappear.

Any people I have spoken to who have "invested" in these things have said one of three things:

- ❖ They were ripped off – Simple as that!
- ❖ They received some payments but never exceeding the amount invested. The managers then told them they have struck some problems like the "IMF / Federal Reserve has suspended trading, and the money has been locked up". Some of the excuses are very good, but the result is the same. You never hear or see them again and you say goodbye to your money.

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- ❖ Their money has been used to invest in a variety of highly speculative investments for the benefit of the promoters. It had nothing to do with Bank Debentures and there are no Bank Guarantees, secured funds or anything like that. Your money is used to provide risk capital to allow the promoters to invest in trading options, currency derivatives etc. Sure, they receive a return as long as the “trader” is doing ok, but you could lose the lot very easily. These schemes come undone for a couple of reasons. Firstly, the Australian Securities and Investment Commission finds out about them and closes them down because they are illegal. When this occurs, it could result in losses to the investor if the manager or promoter does a “runner” with the money. This could happen if the promoter is in a position offshore where they could disappear. Secondly, they suffer trading losses and suddenly collapse with huge losses. The promoter is offshore and you have no other choice but “to take it on the chin”.

Despite what people selling these things tell you, there is very little if any security of capital. All the capital is in their name and therefore, it's their money, not yours. Try and prove that money is yours! The paper work is quite often very flimsy and not worth the paper it's written on.

When I was first told about them, I said, “rubbish!” I reminded the person about the risk and return maxim. I also said that if these things existed why did this person know about it and I didn't. I thought having been a senior corporate accountant for many years I would have heard of them. I then learned more about them from another independent source and decided to check this probable “scam of the century” out. I was surprised at how convincing the whole thing was.

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I know for a fact that financial institutions trade all sorts of financial instruments and I'm sure they make money from them, probably huge profits, but as for "Barry and Beryl from Footscray" participating in the profit via a "recognised by the US Federal Reserve Trading Program", I don't think so.

The History of the Story - How did all this speculation start?

To understand the fact from the fiction we have to travel back in history. We must understand how bank debentures and the financial system ended up the way it did and how trading of instruments began and how the con-men have used this history to convince you to invest with them.

The term "Prime Bank Paper or Commercial Paper Trading" is one of many used to describe one aspect of investment banking. The term "Investment Banking" refers to transactions involving the exchange of financial instruments for profit. Such financial instruments can be Letters of Credit, Bank Guarantees, and Bank Debentures of various wording in large denominations.

The development and trading of these Bank Instruments really began in the early 1930's in Germany. Hitler used the good standing and credit worthiness of German banks to make large sums of money to finance his war effort.

After World War 2, much of Europe and other parts of the world lay in ruins. Factories and infrastructure such as roads, dams, power stations, railroads and government services had been destroyed. Armies were being demobbed and were being sent back to bombed out cities they had once called home. Prior to the war's end, from the 1st-22nd July 1944, a group of 730 of the world's most accomplished economic, social and political minds representing 44 countries (even the Russians were there, but they

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went off and did their own thing) met in New Hampshire at a small town called Bretton Woods. This meeting was to become known as the Bretton Woods Convention (also known as the United Nations Monetary and Financial Conference) of 1944. The major purpose of the conference was to make financial arrangements for the expected defeat of Germany and Japan. The famous economist, John Maynard Keynes, had predicted the collapse of the financial system as it was in his book, "The Economic Consequences of the Peace", written in 1920, and he was to become the principal architect of the Post World War II reconstruction via the meeting of this group of people in New Hampshire in the USA.

The principal issue of the Bretton Woods Convention was how to rebuild the European and Asian economies on a sufficiently solid base to foster the establishment of stable, prosperous, pro-democratic governments.

In 1944/5, the majority of the world's gold reserves, which supported the economy or asset backing of most (if not all) economies in those days, were concentrated in the treasuries of the United States, Switzerland, and Canada. They were the only major industrialised western countries to have their economies, banking systems, and treasuries intact, and most importantly, operable. Keynes and the rest of the Bretton Woods group had to devise a system to democratise trade and wealth, and redistribute currency from strong trade surplus countries back into countries with weak or negative trade surpluses. Otherwise, the majority of the world's wealth would remain concentrated in the hands of a few nations while the rest of the world remained in poverty. The proposal was that the United States, supported by Canada and Switzerland, would become the Banker of the world, and the U.S. dollar would replace the pound sterling as the medium of international trade. Keynes also suggested that the dollar's value

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be tied to the good faith and credit of the U.S. Government, not to gold or silver as had traditionally been the support for a nations' currency. Keynes, with the support of the United States Secretary of the Treasury, Harry Dexter White, was able to get about two-thirds of his proposals approved at the Bretton Woods meeting. The Convention accepted Keynes' basic economic plan, but opted for a gold-backed currency as a standard of exchange. Later, under President Nixon, the gold-backed standard had to be dropped. The "official" price of gold was set at its pre WW2 level of \$35.00 per ounce. One U.S. dollar would purchase 1/35 of an ounce of gold and this was obviously a little out of kilter.

The U.S. dollar would become the standard world currency, and the value of all other currencies in the western, non-Communist world would be tied to the U.S. dollar as the medium of exchange.

The US banking by-laws passed in the 1930's prohibited US banks from using these financial instruments, so their use was therefore restricted to only European Banks. Their reason was to shift the balance of wealth from the powerful US economy to the weaker "in recovery" European economies. This is the major factor in the ascendancy of the European banking community which grew from having only a few top 100 world banks after the war to having by far the majority in the present day. Today, there are only a few U.S. banks that qualify for the top 100 list. This is the reason why you will find most of the trading of financial instruments occur in London, Antwerp, Amsterdam, Frankfurt, Vienna and Zurich, not New York.

Bretton Woods was the beginning of a new banking and financial system world wide. The Bretton Woods Convention produced the Marshall Plan, The Bank for Reconstruction and Development, now known as the World Bank and the International Monetary fund (IMF). It is widely held that the Bank of International

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Settlements (BIS) was created in Bretton Woods as a new 'central bank' to the central banks of each nation. This is not true. The BIS was originally established in 1930 in Basel, Switzerland to control the repayment of reparations by Germany following WW1. In fact the Bretton Woods conference had almost decided to eliminate the BIS until it was agreed to use it under the Marshall Plan. These days its role is as the agent for the European Monetary Cooperation Fund. An organisation controlled by the EU. The directors of the World Bank and Bank of International Settlements are controlled by the finance minister from each of the G10 countries; Belgium, Canada, France, Germany, Italy, Japan, The Netherlands, Sweden, Switzerland, The United Kingdom, and Luxembourg.

The Marshall Plan was a US sponsored plan to rehabilitate the economies of Europe in order to stabilise their economies and political situation so they didn't fall to communism. The Plan was developed by US secretary of State George C. Marshall. Originally called the European Recovery Program it distributed US\$12 billion to European economies between 1948-52. These funds were facilitated by the introduction of Bank Debentures issued by the US Federal Reserve. Harry S Truman then extended this concept to become the Four Point Program to assist all underdeveloped countries throughout the world. This is pretty much the same these days when we look at the IMF funding of failing Asian economies for example.

However, it still suited the US Federal Reserve, the World Bank, and the IMF to have the issuance and trading of financial instruments in Europe to be in US Dollars. In the 1960's in response to a dollar shortage, President Kennedy allowed the European "Prime Banks" through the World Bank and Federal Reserve to develop the modern version of the bank debenture. They reasoned that the shortage was due to many investors

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locking away dollars in their banks or other investments effectively taking them out of circulation.

There are only two ways to end a dollar shortage. One is by printing more money, but this devalues the currency and leads to inflation, and secondly, by creating a new high return trading opportunity that encourages companies, institutions and investors to put their money back into circulation. The IMF (part of the United Nations) uses this situation to undertake re-distribution of wealth (as outlined in Bretton Woods) to the third world. A proportion of the trading profits through this IMF/Federal Reserve plan were “skimmed” off to provide funds for the third world. The IMF has recently announced (December 1997) that it would inject billions of US dollars into the economy of South Korea and other Asian countries. Since the financial instruments to be traded are in US dollars, the US Federal Reserve (in co-operation with the World Bank and the IMF) must approve the issuance of these instruments if they exceed \$20,000,000. The profits derived this way then create jobs in a depressed area, provide funds for charities, international aid, struggling economies as I said earlier, or even fund a “justified” military action such as the peace keeping operations in Somalia or Bosnia. Of course they must meet other criteria that are imposed by the rules governing this system. By their regulation it is possible for the World Banking community to move money virtually anywhere they wish in any amounts they desire at any time. This enables them to rebuild economically, any city, county, state, or country they want. This is all done without printing new money, but by moving it. The trading profits bring the money out, and the IMF/World Bank put the money into circulation in the areas approved for funding.

There is little doubt there are trading situations between banks buying and selling financial instruments. There is little doubt that huge profits are made. Trading profits can be made in all sorts of

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things, options, shares etc. I know people who have made 50% in a day, but of course you also have bad days. The reality is this trading occurs at very high corporate levels and does not get down to us for a simple reason. The banks and traders don't need our money, they already have it if it's sitting in a bank. They utilise the money sitting in corporate and private deposits as part of the Fractional Banking System, but that's another story.

These sham investments are being set up by the hundreds, by unscrupulous people ripping off investors who have had their own greed consume them. Potential investors want to believe these investments exist and that the people brokering the program are trustworthy. The truth is most of them aren't and should not be trusted. Most of these people can be identified easily and here are a few of the ways:

- ❖ Sometimes they advertise and boast huge returns sometimes advertising "self-liquidating loans" without supplying much information or contracts.
- ❖ They offer no details of how the program works nor do they have any knowledge themselves.
- ❖ They adopt a "trust me and give me your money" approach.
- ❖ They usually have no background in finance or professional advice.
- ❖ The schemes are often based in lower level tax havens like Belize, Panama, Nevis, Antigua or Grenada.
- ❖ They usually don't put their real name to anything they do – So check!
- ❖ They are often involved in another pyramid / MLM money making schemes which are generally illegal and also shams.

Now if you wondering if the investment that's been offered to you is one of these things, just check the list below and see if any of these terms were used in describing the proposal:

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Bank Debenture Trading Program
Bank Debenture Roll Program
Seasoned Bank Debentures
Collateral First Debentures
Fresh Cut Bank Debentures
Renting or Leasing of Treasury Securities
Blocking of Assigned Treasury Securities
"Limited Edition" Treasury Securities
U.S. Dollar Bonds
Federal Notes
De-Facto Treasury Securities
High-Yield Promissory Notes
High-Yield Bank Notes
Guaranteed Bank Notes
Intermediate Bank Notes
Medium-Term Bank Notes
High-Yield Investment Programs (HYIP)

If you think the "investment" opportunity presented to you is legitimate, why don't you give the people below a call and ask them. They are specialists in this sort of thing and can tell you exactly what you are up against.

Investment Evaluative Services Corp.

9755 Snapper Creek Dr

PO Box 832647

Miami, FL 33173 USA

Phone: 0011 1 305 596 0956 Fax: 0015 1 305 412 0925

A fee paid to these guys may save you a fortune.

In the USA the SEC has primary responsibility for exposing these scams, and has recently created the Prime Bank Fraud Information Centre at

<http://www.sec.gov/enforce/pbank/pbnkhome.htm> - Worth a look.

Scams & Frauds

Government Opinions on Bank Debenture Programs

This is what the Canadian Government has had to say about them:

Toronto — The Ontario Securities Commission and the RCMP today issued a warning to investors about legitimate sounding offers like “Prime Bank Notes” and “Prime Bank Debentures” used as a means to lure individuals into illegal investment scams.

In particular the OSC and the RCMP are warning investors of the following: The use of official sounding terms, such as “Prime Bank Notes”, “Prime Bank Debentures” or “Roll Over Programs”. These instruments typically take the form of notes, debentures, letters of credit, bank purchase orders, zero coupon bonds, or guarantees. The word “Prime” is meant to refer, generically, to reputable financial institutions (i.e., world banks) who supposedly issue these investments. These schemes sometimes claim affiliations with major international organizations, like the International Chamber of Commerce (ICC) and International Monetary Fund (IMF). Both these organizations deny having any association with these types of international investment programs. Persons promoting these schemes lead prospective investors to believe that they are being allowed to participate in an otherwise secret trading regime. Investors might be required to sign non-disclosure and non-circumvention agreements which prevent them from disclosing to any persons the identity of the parties involved in the investment programs and the terms of the transactions. Often some part of the schemes would be transacted through a country regarded as a secrecy haven. This “offshore secrecy” feature conceivably enables investors to avoid paying any taxes on proposed investment returns.

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Promises made to investors of above average returns or guarantees of unrealistic rates of return within a short period of time (e.g. 20% return per month), completely risk free. Legal-looking documents which often use technical language in an attempt to confuse investors into believing their investments are worthwhile. They may make reference to trading programs, like "forfeiting program" (also called "forfeiting program"), "high yield cash trading program", "high yield investment program" (HYIP). Little or no information is provided to investors about the specifics of the prospective trading programs utilized.

Here is what the Australian Securities and Investments Commission has had to say about these scams:

"High yield or high risk?"

You might have heard us talk about "HYPERs" or "high yield promotional enterprises". One HYPER that has surfaced again lately involves "Bank debentures" or "Prime bank instruments". Investors are persuaded to put their money (usually a minimum of \$50,000) into US dollar accounts with Australian banks. They are told that their money is at "zero risk" and that they can expect returns ranging from 50% to 100%. Usually the promotional material claims that governments and major banks have access to these investments, but because they are such a secret (and so successful), bankers will deny their existence! The promoters of course can get investors into the scheme because they have the "right connections".

The schemes sometimes falsely claim to be endorsed by the US Federal Reserve, the World Bank or the International Monetary

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Fund. We have received advice from the Reserve Bank of Australia and overseas banks that these investment products do not exist.

Investors' funds are usually transferred to overseas bank accounts and can be difficult to retrieve. As always, be wary of promises of high returns and claims that an investment is "secret". If you have any doubt about a scheme, use our internet checks to see if the person promoting the scheme is licensed. Resist the HYPE!"

From the ASIC website www.watchdog.asic.gov.au

One the next few pages you will read the verdict from the US Government and The Securities and Exchange Commission

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SEC Stuff

Scams & Frauds

SEC Stuff

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Wonderful Stories of Deception

Eventually you will hear stories like the ones shown below. They are lies, and you are being lied to by the promoter. Report them to the ASIC before they ripoff someone not as aware as you.

Wonderful Story 1

"There is a secret private banking system which is only open if you have \$1 million or more. Therefore, if you pool your money in with other investors you too can participate in this institutional trading and also make at least 50% on your money in the short term. I have already got \$1 million in it with other people, so if you put your money with me I can get you the 50% on it."

Wonderful Story 2

"You can put your money in a big nationally-known bank, in your name, and with only your signature. However, you have to make this available to me in a letter-of-credit for trading. You're not

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going to lose anything, so don't worry about this. For letting me trade your money, I can get [choose one: 20% per month, 20% per week, 20% per day, 20% per minute, etc.] with absolutely no risk to you." The money is lost and the bank exercises the Letter of Credit and they take your money from your account even though you were assured nobody could touch the money.

Wonderful Story 3

You are sceptical so you only place \$1,000 with the promoter. A week later, the promoter gives you \$1,500 back! "Wow, you beauty! You finally found the goose that lays the golden eggs". With a rush of blood, you then place \$20,000 with the promoter. A week later, the promoter gives you \$30,000 back. "Yes!" You then give the promoter your life savings, say \$200,000. Two weeks later you hear nothing, so you call the promoter (if you can find him). "Well, I have some bad news", he says, "that particular trade didn't work and you lost all your money. Sorry". "Oh by the way," the promoter tells you, "what you were doing was very illegal under the securities acts so whatever you do don't say anything to anybody else you will go to jail for securities violations."

Wonderful Story 4

You invest some money, say \$10,000, and it starts paying you back at \$1,500 a week. You think this is fantastic and start getting all your friends into it. They invest some big money, and get their friends into it. Then, after a couple of weeks (and well short of recovering your investment) it completely stops and you can't find the person who sold it to you. Or, you are given some ridiculous explanation as to why the payout stopped. The trader ran off with the money, the IMF or Federal Reserve ceased trading or possibly we're having trouble with one of the banks in the chain.

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Wonderful Story 5

This is the most common story. You invest your money and it and the guy you gave the money to disappears. End of story.

A Few Companies offering Trading Programs and their Fates:

The Omega Trust

Omega Trust & Trading was a program put together by “former Fortune 500 trader” Clyde Hood, of Mattoon, Illinois, as his “gift” to allow a bunch of small investors to give him \$100 here and there (and the occasional \$10,000 here and there), to be able to participate in the “Global Bank Debenture Trading Market”.

Instead what happened, as happens in all bank debenture deals, is that Clyde and his cohorts simply took the money and blew it on personal stuff, gifts to friends etc., and did not invest even a cent of it in a legitimate investment for the Omega faithful. Instead, money was used for investments in a local cafe, to buy literally dozens of brand new pickup trucks for a construction company associated with Clyde, and other stuff unrelated to investors’ interests.

Now, 19 people, including leading frauds Clyde Hood and Michael Kodowski, have been indicted, and several of their top “thieves” remain in jail pending trial. Multi-level marketer Bill Wilson, who helped to put Omega together and who kept the infamous “database” of gullible people to be exploited in other scams, is on the run and is still hiding from authorities.

At one of the preliminary hearings, Clyde Hood was questioned about which Fortune 500 company he was a trader for and he couldn’t remember,amazing! On the contrary, it came out that Clyde was a known criminal, who had pulled a similar scam prior

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to starting Omega, but he was able to get off on a legal technicality.

Omega ran from 1994 to 2000 (that's 6 years!) without law enforcement doing anything about it, mostly it seems because it was hard to find people willing to come forward and say they had been scammed. Which goes to show that these things can go for years as long as the promoters are good enough liars – Please note all those who *still believe!* Mind you, people are starting to wake up now though.

But why would anybody still believe in Omega?

Well, there are several reasons. The first one is that most of these people are just plain stupid. I'm sorry but it's true, these are the sort of people who will probably go through life being taken by every scam that comes along.

The second reason is that other scam artists want to keep Omega alive so that they can have a ready pool of suckers available for other scams. In fact, several of the scamsters, who by the way run their own scams, have for a long period of time kept alive several internet bulletin boards for Omega members, which even today continues to assure them that Omega will pay out the millions to the faithful. Which of course, will never happen.

Another reason is that Omega plays on anti-government paranoia and the thought that Big Brother is lurking around every corner. Though the millions which Clyde Hood took in can be proven to have been spent on personal investments, trips to Europe, various luxuries, cars etc., these people are convinced that Omega actually did pay out several trillion (yes, trillion) dollars, but the U.S. government is holding it for some evil purpose. I mean some of these people are a little strange in my opinion.

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They have even formed an Omega defence campaign whereby investors in Omega contribute more money to get Clyde out of jail so he can get their money back from the forces of “evil”. What’s more the money is rolling in... are these people on drugs? Back in the 1920’s, Charles Ponzi’s followers did the same thing, and even invested again with Ponzi after he got out of jail. They lost all of that money, too. Will people never learn? What’s even more bizarre, after Ponzi’s death his followers held séances to try to communicate with Ponzi about the missing funds. Now, these people *were* on drugs!

Virtually every month the Omega scam announces a new date for the alleged big payout, and asks its victims to “just hang in there” for a little while longer. Fortunately, some people have waited just a little too long, and I soon expect to see the Omega program as a source of interest in the major newspapers, and not for paying out either. People will believe anything it seems.

Like to read more about Omega? Try these websites:

<http://www.usdoj.gov/usao/ilc/hood/notification.html>

<http://www.jg-tc.com/NEWS/omega.html>

Le Club Prive

One group which sold bank debentures, also known as HYIPs or “High Yield Interest Programs” was Le Club Prive, a scam which operated in the Caribbean, and sold interests in non-existent investments through a bogus bank known as “Rishon Bank”.

The US SEC finally investigated this mob, and issued cease-and-desist orders against the usual suspects, including one Eugene Chusid, who has been implicated in a number of scams over the

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years. It's amazing how many Australians and Kiwis have been caught up in this scam. Many are still convinced that it's real.

We will look further in to Le Club Prive, in our chapter *Le Club Ripoff!*

Investors International

Run by the evil Dr Rudolph Van Lin (aka Rudolph Lin Schotten) or should I say the now jailed Van Lin. You see this man is serving a sentence in a US Jail for fraud. He ran a trading program called Sabre and fleeced hundreds of Investors International disciples. Why do I call him evil? Well, I met this man at one of his seminars in 1998 when I was silly enough to speak for them on offshore investment. An act I will regret for quite some time. He is the most insincere and sinister man I have ever met. I wouldn't believe a word that he says.

Lin Schotten does have some impact on this book as you read through it because he has been involved in so many of the scams, either directly or indirectly. He was a friend of our old guru mate, Sumeru and organised many of the seminars at which Sumeru sold his Quantum and Sattva wares. He was involved in scams such as Global Prosperity, which you'll read about a little later.

We will look further into Investors International, in the chapter *Rudy Goes to Jail!*

Tri-West Investment Club

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This is a relatively new scam going around at the moment, although it was formed back in 1995. Back then they were investing in leveraged bonds. These days their investments are even more risky – 100% risk in fact. I have all the details on Tri-West, all their very latest documentation and it looks good, apart from the bit where they mention what they do with your money.

First off, they get you to send it to Haarlem Universal Corporation in, of all places, Belize, but the company is actually Panamanian. Now, why do you think they are operating there? I can tell you, they are outside a regulated jurisdiction that would jump on them if something goes wrong, as it will. The men behind Tri-West are Alex Haarlem, Jason Kingsley, Gordon Symington, Mark Goldman and Alan Richards (probably not real names if they are smart). Worldwide they have 12,000 members, so they claim. They claim they also pay 10% per month on your investment. This all sounds great until you realise it sounds a bit like a giant ponzi scheme. It is aggressively marketed by commissioned sales people who take 15% of your investment and 15% of your income on that investment. Wow! Who wouldn't sell this? (apart from people with integrity). They have grown from a few people in 1995 to over 12,000 in 2000. What a growth pyramid that would be!Ooops, who said Pyramid?

Anyway, they take your money and put it into a Bank Debenture Trading Program. And this is where they lose me. As we have heard time and time again, they are scams, 100% of all of them collapse eventually and if an organisation like Tri-West doesn't keep increasing the amount of money coming in, it too will collapse.

So, what do these guys do with your money if they don't invest it?

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They have probably done one of three things with your money. They could possibly trade currencies or derivatives with it, which is incredibly risky. They may actually invest it in a scam themselves (somebody else's Bank Debenture Trading Program). Or they may just steal it when they are ready as I have seen happen in many other instances.

They claim they put your money in a trading program, according to the literature anyway, and they mention the usual references like the International Chamber of Commerce, the US Federal Reserve etc. All of whom refute every thing these guys say! This is a sure way to lose money, whether Tri-West know that or not, I'm not sure.

What's more, they have you wire your money into a Latvian Bank, PirmaBanka. Latvian Banks? Read more about them in the chapter, *Dodgy Banks*.

My goodness, these guys have it all!

Trading in Belize where the law can't touch them!

Trading, using an anonymous Panamanian company!

Banking in a risky place like Latvia (a former Soviet republic)!

Investing in fictitious Bank Debenture Trading Programs!

Promoted by desperate sales people lured by unbelievable commissions of 15% ongoing!

Oh Yeah! You'll make money with this one alright!

One other thing, the documentation I have in front of me actually had some additional information included by the salesman. He had included a copy of a cheque from Haarlem Universal Corp. to

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prove all the “*doubting Thomases*” wrong. Well, I’m afraid if you must invest in round \$1,000s (according to their info) and they peg the return at 10% per month, the amount on the cheque of \$1656.50 was clearly a Commission cheque. Now, what company wouldn’t pay its sales people who are bring in the “punters”? He would be the first person paid of course, even if it wasn’t a commission cheque. This is the mark of a professional ponzi scheme, keep the referrals coming. What’s more he was paid out of the Paritate Bank in Latvia – Good God! what are these people doing? This is not responsible or intelligent offshore banking in my opinion.

Don’t be fooled by a salesman flashing their commission cheques at you..... if you think about it, it’s insulting! Report him to the ASIC immediately!

Interested in what Tri-West have to say and want to see what a classic scam really looks like? I have reproduced 5 pages of their documentation for your information and amusement. It’s interesting to note how convincing it all is, particularly note the bit about Bank Debenture Trading Programs – this is the key to the scam:

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triwest

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Triwest

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Still believe in these things?

Why don't you accept The \$10,000 Challenge?

First American Global Advisors LLC have advertised on the internet for quite some time now that they will pay US\$10,000 to the first person who can prove to the satisfaction of a U.S. District Judge the existence of a legitimate "bank debenture trading program" which has averaged at least 50% returns per year. Since this challenge started a couple of years ago, not one person has come forward for this free money. If you have invested in one, and still believe, why don't you claim this money? First American Global Advisors LLC is run by Mr. Jay Adkisson and may be contacted by phone at 949-756-8101, Pacific Time 9:00 a.m. to 5:00 p.m. weekdays only. Mail deliveries to Mr. Adkisson should be forwarded to him at: 18400 Von Karman Avenue, Suite 500 Irvine, California 92612-1514 Mr. Adkisson can be reached by e-mail addressed to him at jay@falc.com

The Truth!..... If you can handle the truth!

The IMF, US Federal Reserve, Barclays, Lloyds, International Chamber of Commerce have all declared these schemes illegal scams. Truth! If you don't believe me, contact them, ring them, write to them, check on the internet.

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The ASIC in Australia, the SEC in the United States have jailed people for starting these programs up. They have jailed so-called traders – They don't jail people for doing what they have been lawfully allowed to do. Truth! If you don't believe me, contact the Australian Securities and Investment Commission in your capital city, they're in the white pages. Just one phone call could save you a fortune.

The promoter will not sue you for a million dollars if you tell the world even though you signed a non-disclosure agreement. Truth! You can't be sued for breaching an illegal document. Let them try. They only get you to sign that to protect themselves so you don't talk to the authorities about it. They are like paedophiles that threaten to hurt children that tell, yes these people are that low!

Rich people do not get involved in these things – ever! Truth! They are not stupid, they have advisers that find the best investments in the world for them. Why would they bother with scams like this. Also, why aren't Bill Gates, Kerry Packer and Rupert Murdoch and the like tripling, their wealth every year with investments like this around and why do promoters need your money instead of asking Kerry Packer for a few hundred million? Because, Kerry is probably smarter than to fall for nonsense like this. Ain't that the Truth!

Still not sure? Could I have been duped by the forces of evil? Why don't you ask your trading program promoter to contact me by email at spicer@tridentpress.com.au and tell me his story. I will check out his story and identity, find out whether he is a liar or just stupid and let you know, I will also let the ASIC and police know as well, if that's ok? I receive enough letters and emails here to sink a ship and I'm sick of reading about some guy in Canada or Florida selling sham investments.

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Important Warning

Also, note more and more of these scamsters are touring Australia from Canada and the US. Only because they'd go to jail if they did it in their own countries. The arms of Australian law, aren't quite long enough to catch them when they go home. Don't trust anybody selling these investments in this country with an "American style" accent is my advice.

For more information - Check out these websites:

www.asic.gov.au

www.watchdog.asic.gov.au

www.sec.gov

www.sec-com.govt.nz

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Global Prosperity?..... I think not!

At the bottom of “multi-level marketing pond” lurks the very nasty Global Prosperity Group. The slimiest of the slimy, Global Prosperity marks the absolute rock-bottom of MLM programs. There simply is no MLM program which is more of a scam, or has such a disreputable background, as Global Prosperity and its many equally sordid spin-offs. Over the years they have recruited over 70,000 people world wide, taking an average US\$3,000 per member. This amounts to over US\$210m! They sold less than useless tape series on the evils of government, banks and the advantages of being associated with GPG and they will show you how to lose..... Oops, make money.

The people associated with GPG are the lowest of the low. Many of the people have criminal pasts, others are lifelong network marketers regardless of the product they flog. In other words, you have to be a total scumbag to be affiliated with GPG. If somebody actually admits they are in Global Prosperity, you know you are dealing with a lowlife, so run! How's that for openers?

The Global Prosperity Group ("GPG") was formed by a scam artist named Keith Anderson formerly of Tulsa, Oklahoma (before he fled the United States). Essentially, Anderson put together a bogus "three-tiered" trust system, relying heavily on discredited

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tax protestor theories and whatever common law terms he could pick up. Anderson then took this trust (Pure Trusts) system and began to market it, multi-level style, by creating different tiers of membership in GPG, and with people awarded only when they, or someone in their "downline" brought in some new sucker who purchased the GPG materials.

By the use of very powerful marketing and promises that people who sold GPG would go on to great riches, GPG blossomed and literally thousands of completely worthless trusts were created, mostly in the early 1990s.

By the mid-1990s however, only Anderson and a few of the people at the top of the GPG hierarchy had made any money, and many people at the lower levels were left being prosecuted for tax evasion and trying to figure out how to get their money out of bank debenture programs and other bogus investments promoted by GPG.

By the late 1990s, GPG had splintered into a bunch of equally bogus programs, most notably Global Prosperity 2000, Global Prosperity 2001, Investors Alliance, Financial Legacy Alliance, and others. All of these programs follow pretty much the same formula. Selling bogus pure trusts and scam investments, selling "memberships" to be able to sell to your friends and family and by reading carefully drafted scripts and sending out audiotapes, and of course aiding and abetting tax evasion and securities fraud.

Soon after the collapse of GPG in 1997, even Keith Anderson admitted that "Big Mistakes" had been made in that program. The majority of members lost money and were lied to. But it didn't stop there, they all re-united and started again. And to this day there are many versions of this program, such as those mentioned

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above in addition to several other similar programs, all lead of course by former GPG leaders.

Members, their friends and associates lost millions in the GPG sponsored Bank Debenture trading programs, historical bonds and other sham investments. The bulk of this money has never been recovered and probably never will be.

Global Prosperity grew out of Investors International, whose chairman is Rudolph Linschotten (aka Van Lin) formerly of Newport Beach, California.

Andersen says he and Struckman initially worked with Linschotten, but left because of his "unethical business practices.".....They left? You can only imagine can't you?

Not only were people fleeced for \$2,000 for a set of audio tapes and as much as \$37,000 for a seminar, but they lost millions in scam investments sponsored by GPG, as did people who invested with Investors International. Read on and we'll talk about Investors International and "Rudy" as he was known to his "snakey" friends.

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Rudy Goes to Jail!

It's a shame that poor old Investors International head Rudolph Lin Schotten (Van Lin to his investor friends) has had to go to jail for not only telling fibs, but stealing a little bit of money from his Investors International brethren. This low life so and so will hopefully learn a lesson from this, don't lie, don't cheat, and don't steal. As I said before, I have met this man and can't believe I shook the rotter's hand, yuck!

Linschotten and British lawyer Marshall Ronald were accused of cheating 170 investors out of more than \$6 million in a secret bank debenture trading scheme and were sentenced to serve time in prison.

Well, for your entertainment pleasure, I have reproduced the court document which explains all and should be a stiff warning to all those who dare to get involved with such an organisation or invest in bogus investments.

*U.S. SECURITIES AND EXCHANGE COMMISSION
Litigation Release No. 15882 / September 16, 1998*

*SECURITIES AND EXCHANGE COMMISSION v. MARSHALL
NEIL CRAIG RONALD, RUDOLF ALEXANDER VICTOR
LINSCHOTEN A/K/A RUDOLF VAN LIN OR DR. RUDOLF VAN*

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LIN, AND FRIEDA G. FREITAS, Civil Action No.98-7502 WDK (BQRx) (C.D. Cal.).

The Securities and Exchange Commission announced today that it filed an enforcement action in federal district court in Los Angeles against Marshall Neil Craig Ronald ("Ronald"), Rudolf Alexander Victor Linschoten ("Linschoten"), and Frieda G. Freitas ("Freitas"). The Commission alleges that the defendants engaged in the fraudulent offer and sale of unregistered securities through Sabre Asset Management Corporation in connection with a fictitious "bank trading" program. The complaint alleges that from December 1996 through October 1997 the defendants raised approximately \$6.6 million from about 170 investors.

The complaint alleges that the defendants represented to investors that their funds would be used for a secret "bank trading" program. The defendants guaranteed investors a 100% return within 90 "banking days" from the time their funds were placed into the trading program. They also represented to investors that their principal would be secured and that their investment was risk free. There was, however, no bank trading program. Rather, the complaint alleges that the defendants misappropriated 87% of investor funds. Among other things, Ronald used investor funds to purchase cars, guns, residential property, and to pay credit card and hotel bills. Ronald also transferred a substantial amount of investor funds to the overseas account of a company with which he is affiliated. In addition, a portion of investor funds was transferred to Linschoten. These type of frauds are commonly referred to as "prime bank" schemes and have been the subject of repeated warnings by several federal agencies, including the Commission and the Board of Governors of the Federal Reserve System.

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The Commission's complaint alleges that investors learned of the investment program at off-shore seminars that were part of a retail and multi-stage marketing program run by Investors International Publishing, a company operated by Linschoten in Orange County. The off-shore seminars were held in Aruba, on a cruise from Los Angeles to Ensenada, Mexico, and on cruises from Cape Canaveral to the Bahamas. Defendant Ronald resides in England, Linschoten resides in Orange County, and Freitas resides in Koloa, Hawaii. The investors reside in various states including California, Utah, Arizona, Nevada, Washington, Oregon, Hawaii, New York and New Jersey. The complaint seeks an injunction and disgorgement with prejudgment interest against each of the defendants for violating Sections 5 and 17 (a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

Alexander Victor Linschoten (AKA Rudolf Van Lin) was arrested in Florida by the FBI on April 18, 1999 and charged with 23 counts of fraud. He was taken to California to stand trial. He apparently entered a plea bargain and was sentenced to five years prison for Bank Debenture Fraud.

Hopefully we won't hear from him again – although Investors International still operates, even here in Australia, it maintains a strong presence despite orders from the ASIC to cease trading and despite so many people losing money trusting Lin Schotten. The members are either ignorant, brain washed or plain stupid.

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Greetings from Nigeria!

*From: Mr. Ben Afore, Director of Disbursements
Central Bank of Nigeria
Lagos, Nigeria*

Dear Sir,

I have been requested by the Nigerian National Petroleum Company to contact you for assistance in resolving a matter. The Nigerian National Petroleum Company has recently concluded a large number of contracts for oil exploration in the sub-Sahara region. The contracts have immediately produced moneys equalling US\$40,000,000. The Nigerian National Petroleum Company is desirous of oil exploration in other parts of the world, however, because of certain regulations of the Nigerian Government, it is unable to move these funds to another region.

Your assistance is requested as a non-Nigerian citizen to assist the Nigerian National Petroleum Company, and also the Central Bank of Nigeria, in moving these funds out of Nigeria. If the funds can be transferred to your name, in your Australian account, then you can forward the funds as directed by the Nigerian National Petroleum Company.

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In exchange for your accommodating services, the Nigerian National Petroleum Company would agree to allow you to retain 10%, or US\$4 million of this amount.

However, to be a legitimate transferee of these moneys according to Nigerian law, you must presently be a depositor of at least US\$10,000 in a Nigerian bank which is regulated by the Central Bank of Nigeria.

If it will be possible for you to assist us, we would be most grateful. We suggest that you meet with us in person in Lagos, and that during your visit I introduce you to the representatives of the Nigerian National Petroleum Company, as well as with certain officials of the Central Bank of Nigeria.

Please call me at your earliest convenience at [Phone Number]. Time is of the essence in this matter; very quickly the Nigerian Government will realize that the Central Bank is maintaining this amount on deposit, and attempt to levy certain depository taxes on it.

Yours truly,

Ben Afore

“Wow! What a deal! Get your cheque book out quickly..... opportunities like this come along once in a life time. Don't look a gift horse in the mouth! Yippee!”

Not so fast. There's a problem with this letter..... it's a scam unfortunately. Read on I'll tell you all about it.

One of the funny aspects of this scam is the scam within a scam. What happens is that the particular Nigerians running this scam

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on any given day may not have the best command of the English language, so they hire someone to write the initial scam letter for them. Quite a few times, the person who does this leaves a "tip-off" that the letter is a scam, such as, an actual case as shown above, using the name Ben Ahore (been-a-whore, get it?).

Due to the tremendous amount and wide variety of scams coming out of Nigeria you would be very well advised to treat all offers coming from that country with absolute suspicion. And never travel there upon invitation of a "newly found business contact" whose references you cannot verify independently. We've heard of people being robbed or outright disappearing (yes, they will kill you) - so be careful!

Nigeria is almost a lawless country and they will kill you if you ask too many questions.

How can you pick it's a scam? These are some of the common aspects:

You get a letter from Nigeria, or possibly another country like Sierra Leone.

There is always an sense of urgency

Travel to Nigeria or some other loathesome country is requested of you.

There are lots of foreign looking documents and often actual Nigerian officials involved, sometimes even actual Nigerian government buildings are used.

Blank letterheads and account numbers are often requested from you.

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There are a variety of processing fees or bribes which must be paid ("The President of the Bank will not release the money unless you pay him a bribe.")

The transaction must be kept confidential ("Don't tell any Australian or other official or other such person.")

A Nigerian residing in the US or the UK acts as an "intermediary" or "clearing house" to close the transaction.

And, the purposes of this scam vary from time to time, such as:

My father left me \$40 million in his will, but I have to bribe government officials to get it out

The Nigerian National Petroleum Company has discovered oil, and we as officials of that company want to insider acquire the land, but we need a US front man to purchase it first for us. We just sold a bunch of crude oil in Nigeria, but we have to bribe the banker to get it out.

The Nigerian government overpaid on some contract, and they need a front man to get it out of the country before the government discovers its error. This is the most common one!

How does it work?

In many cases, this is really a scam-within-a-scam: The Nigerians are making you think that you are going to scam the Nigerian Government, the Central Bank of Nigeria, etc., when in fact they are going to scam you out of what they are going to charge you to get in on the scam, or what portion of the scam you are going to pay to make it work. It usually involves you depositing money in

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their account, an account you set up but they have access to, or you send them money direct. Either way you lose the money. They have no intention of giving you anything!

If you actually go to Nigeria, it is the same scam. You will pay some money and wait. There will be a delay, and then a requirement that you pay additional money to clear up the delay, and then another delay and more money, and so forth and so on until your money is exhausted, or you leave the country, or you are kidnapped and murdered for the rest of your money.

There have been reports of people who travel to Nigeria to track down their money and have been killed or have disappeared. Also, don't ring the Nigerian consulate or embassy. You are wasting your time, they are often in on it or reluctant to do anything due to the fact that they may be killed. There have been numerous reports of high-level officials of the Nigerian government and the Central Bank of Nigeria personally participating in the scams, even to the extent of giving tours to "the soon to be scammed" through government buildings and showing them piles of cash in the vault of the Central Bank.

Here's another letter for your amusement

Urgent and confidential business proposal

Dear Sir,

I am Mariam C. Usman (Mrs.), widow of the late Col. Bello Usman, the former Governor of Kano State of Nigeria. My late husband was one of the victims of the November 17th, 1996 Nigerian A.D.C. Aircraft Boeing 722 that crashed in Lagos.

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I have just been informed by our legal attorney Barrister Samuel Okum of Samuel Okum & Associates that my late husband operated a secret account with fictitious name in a Nigerian Bank into which a total sum of Twenty Nine Million, Five Hundred Thousand U. S. Dollars (\$29.5M) was transferred and credited in his favour and stated me as next of kin. The attorney has now advised me to seek in confidence a foreign account into which this fund could be transferred for disbursement as directed by my late husband in his will.

It has been resolved that 2% will be your share for nominating an account for this purpose and any other assistance you will give in that regards. 5% has been mapped out to pay back all local and international expenses which may be incurred in the transfer process and 5% has been conceded to the local bank manager here assisting in facilitating the transfer.

Finally, 70% will accrue to my family and I, from where our attorney's bill will be settled. A good part of this fund shall be directed towards executing his will which is to buy shares and stocks in foreign country to secure his children's future, to facilitate the conclusion of this transaction, if accepted, do contact our family attorney through E-mail: xxxxxxxx@xxxxxx.com for further information on the way forward.

Please, note that I have been assured that the transaction will be concluded in ten (10) bank working days upon commencement by our family attorney, so endeavour to contact him immediately.

May I at this point emphasize the high level of confidentiality which this business demands and hope you will not betray the trust and confidence which I repose in you. However, you may need to give me sufficient assurance that you will not sit on this fund when it is finally remitted into your account. Please, give this

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proposal a prompt response as the condition in Nigeria now is favourable for the transfer to be made since we have a new government in place.

Yours faithfully,

Mariam C. Usman

Now, apart from the numbers not adding up (what happens to the missing 18%?), the sad thing is that if you accept their proposal, you will at some stage be required to pay an urgent up-front fee in order to facilitate the transaction. If you pay that money you'll never see it again, nor will their transfer ever arrive into your account. They are very creative and must amuse themselves no end coming up with new scams.

Here's a list of companies that are often mentioned in letters:

Allied Consulting Group Inc (Lagos)
Angola funds from abandoned arms purchase contract
Nigerian Federal Ministry of Works and Housing
Nigerian Federal Ministry of Petroleum
Nigerian National Gold and Diamond Mining Corporation
Nigerian National Petroleum Corporation Funds
Nigerian Petroleum and Development Implementation
Nigerian raw gold marketing opportunity
Nigerian Senate House Committee Government Notice
Nigerian Union Bank Plc (Gunn-Finance Pty Ltd)
Nigeria World Soccer Fiesta
RWA Agency relief funds
Sierra Leone Apex Bank
Sierra Leone Revolutionary United Front
South African Anglo Gold Corporation
West African Allied Forces (ECOMOG)
Zimbabwe Tobacco Business

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You're a Winner! Congratulations!

These scams announce to people that they have won a prize (often for a competition they didn't even enter) and require them to pay to receive the prize. You could be approached through the mail or an unsolicited telephone call.

Or they offer winning tickets (for a price!) or bait prizes that, if they are real, are usually substandard, over-priced, or falsely represented. They might require you to purchase an overseas plane ticket to receive the prize.

Other schemes pretend to be legitimate lotteries, or offer you the opportunity to buy shares in a fund that purports to purchase tickets in legitimate overseas lotteries.

Alexis Corporation Canada (telemarketing)
BigLotto.com (internet site, also known as Big International)
Canadian Equity Fund Canadian Overseas Marketing
Cash Bonanza Cash Claim Advisors International
Contest America Publishers Coventry Leatherworks Ltd
Digital Worldnet Wire Entitlement Bureau Canada
Fabulous Fortune Fortuna International
Global Premium Awards Global Processing Centre
Hamilton & Reed (Winstons of London)
Health Matters IMF (International Monetary Funding)
IPS Enterprises ISO Awards Instant Wealth
InterLotto Equity Transfer Systems
International Direct Inc International Distribution Office
International Institute of Health & Beauty

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International Merchandise Centre
International Merchandise Exchange
International Prize Fund Administration
International Players Guild International Riches
International Special Offers Lagrange & Wellesley
Leeds and Winthrop (Sterling International)
LPS (Hong Kong Lottery Syndicate)
MacArthur and Silverstone Money Madness
Money Mania National Audit Centre
National Treasury (telemarketing)
NIC Sweepstakes Administration (Bentley Int. Jewelry)
North American Trade Enhancement Administration
Paragon Worldwide Lotto Fund Park Avenue Prizes
Pot of Gold Prize Claim Services Queen's Fortune
Regal International Royal Riches Security Appliance
Distributors SMJ Distribution Inc Super Cash
Sweepstakes TEL-COM Trans-American Equities
Transworld Lottery Commission United Equity Fund
Willoughby & Johnson Ltd
World Currency Transfer Reserve
Worldwide Lottery Commission.

Also, be wary of any offers from Consumer Direct Marketing Ltd; or from PO Box 58 008 Vancouver, B C, Canada; or from PO Box 94 310, Richmond, B C, Canada; or from 7680 River Road, Richmond, B C, Canada.

Watch for a scam known as Big Lotto or Big Lottery it's getting bigger all the time. It purports to operate under "Constitutional Trust 2000" (Constitutional Trusts do not exist) out of Dominica. In addition, the group behind "Big Lotto" is named "BIG International" which may refer to "Bankers Investment Group" out of the Caribbean, which turned out to be a scam. – Steer clear!

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Le Club Ripoff!

Le Club Prive investment club is a sham, simple as that! The ASIC has been warning people about this one for a while, but I'm still hearing about people investing in it. What are they thinking?

LCP is run by 3 real scamsters by the names of Zdenek Kieslich, Ron Zvi Mendelson, Eugene G Chusid. The three principals of LCP have been naughty boys by diverting investor funds into their own pockets. Bank and other records reflect that within the past six months, LCP has channelled investor proceeds through accounts controlled by Mendelson and Chusid at five different financial institutions in the United States, several of which have closed the accounts due to suspicious activity. The staff has traced more than \$3.4 million of these funds directly to the LCP principals or other entities that they control. On the surface it looks like your common garden variety "simply steal their money" type scam.

How did they do it? Well, LCP offered memberships, at a cost of US\$1,495 plus US\$149 in monthly dues, which purportedly provided investors the opportunity to earn MLM (Multi-Level-Marketing, there's that term again) commissions by recruiting new members to the club. Investors were to receive US\$500 for each new LCP member that they recruited, and that amount again for every person recruited by their down line members.

So, what's the attraction to all these boof-heads? Money, more specifically, access to LCP's "special and exclusive" investments.

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By becoming a member, each investor was able to gain access to LCP's "backroom," where LCP posts recommendations on various investments. That's right, they paid all this money to be informed of poor investments by three men who had no idea and whose only intention was to rip people off. Of course they would argue that they couldn't help the fact that the investments were no good, but you see that's not what people were paying for. These three scoundrels worked out the only way to get the punters in, because no sensible person would pay for access to limp or scam investments, was to introduce the MLM concept to effectively spread the greed and get others to do their selling for them. Your typical MLMer is not interested in the product, they will sell anything. Once upon a time, MLM was a legitimate marketing method but the more this type of thing happens the more it is tarnished and will no doubt be regarded as nothing but a scam in itself.

But the ripoff didn't end there, investors who "upgraded" to a "Premier Membership," at an additional cost of US\$2,995, were to receive US\$1,000 in MLM commissions, as well as access to buy shares in the Premier Funds offered by Le Baron, LCP's "investment service". The Premier Funds promised and, in some instances, "guaranteed" outrageous monthly returns ranging from 6% to 40% percent, without any risk to principal. Yes, that's per month. No doubt a bank debenture trading program again.

There were 3 funds offered by Le Baron Solidarity SA. Le Baron Insured Fund, Le Baron High Income Fund and Le Baron High Yield Fund (collectively known as the "Premier Funds"). All funds operated illegally as determined by the SEC in the US. Not to mention the scam nature of the underlying investments, if you can call them that.

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The SEC's complaint charges that LCP, Kieslich, Mendelson, Chusid and Le Baron violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"), and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5. The complaint also charges the Le Baron Insured Fund, Le Baron High Income Fund and Le Baron High Yield Fund for violations of Section 7(a) or, in the alternative, Section 7(d) of the Investment Company Act of 1940, Sections 5(a), 5(c) and 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5. In other words they broke just about every rule in the book. Just the sort of thing you like to hear from somebody looking after your money.

They even set up their own bank to assist in the whole ripoff, Rishon Bank. This helped to cover up many of the transactions so the authorities have a hell of a time unravelling this mess.

I have reproduced the SEC litigation document so you can read what they had to say about LCP if you don't believe me.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 16665 / August 29, 2000

SECURITIES AND EXCHANGE COMMISSION V. LE CLUB PRIVÉ S.A., ZDENEK KIESLICH, RON ZVI MENDELSON, EUGENE G. CHUSID, LE BARON SOLIDARITY, S.A., LE BARON INSURED FUND, LE BARON HIGH INCOME FUND, LE BARON HIGH YIELD FUND, Defendants; and RISHON BANK (SC), RISHON FINANCIAL SERVICES, S.A., RISHON INVESTMENT CORP., M&R BANK CORP., WORLD WIDE TRADING GROUP OF COMPANIES, INC., WORLD US FINANCIAL SERVICES, INC., BORIS G. CHUSID, CITADEL

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BANK & TRUST INC., Relief Defendants. Civil Action No. 3:00CV-1851-R

The United States Securities and Exchange Commission ("SEC") announced that they had filed a civil action in the United States District Court in Dallas, Texas to stop an alleged fraudulent Internet pyramid scheme. Disguised as an Internet investment club, Le Club Privé ("LCP"), and its affiliated persons and entities, perpetrated a \$5.6 million unregistered offering fraud against more than 2,000 U.S. investors. Since October 1999, LCP has been soliciting investors through websites to purchase "memberships," claiming to give investors two distinct ways to make money: (1) by providing multilevel marketing commissions ("MLM commissions") for the recruitment of new members, and (2) by offering shares of three domestic or offshore mutual funds promising huge returns. On August 24, 2000, U.S. District Judge Jorge A. Solis, entered a temporary restraining order and orders freezing the assets of all defendants and relief defendants and appointing a receiver for any investor funds remaining in U.S. financial institutions. Since the defendants had sought to "hide" behind the Internet to, among other things, frustrate service and had used the Internet to further their scheme, Judge Solis, at the Commission's request, ordered that defendants could be served by electronic mail. To date, more than \$12 million dollars has been frozen pursuant to the Court's orders. The SEC alleges that LCP, its apparent principals, Zdenek Kieslich ("Kieslich"), Ron Z. Mendelson ("Mendelson") and Eugene G. Chusid ("Chusid"), and LCP's affiliate, Le Baron Solidarity, S.A. ("Le Baron"), conducted illegal offerings by selling unregistered MLM memberships and mutual fund shares.

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You can't catch me!

Offshore Scamsters

I am a big proponent of offshore investing, in my opinion if you are not investing offshore, you are not really investing at all. My previous books make this very clear. But, I'm talking about legitimate offshore investment. This means good solid equities or funds, and sensible, legal structures that don't breach laws in any country. If you are serious about it, do it properly and for the right reasons. However, in recent times a group of so-called "offshore experts" have crawled out from under rocks to plunder the pockets of uninitiated investors.

I'm talking about people like the ones in this book, Sumeru, Van Lin and others. These people are charismatic leaches on investors and should be avoided.

They prey on *your* greed and are motivated by *theirs*.

They have nothing to offer you other than despair and upset. The investments they sell don't even exist. They simply lie to you, put you off, tell you to be patient while they make preparations to disappear forever, with your money of course!

Do you know what gets you into trouble? Two things:

Your Greed, which you must learn to temper with common sense.

And Ignorance. Reading this book and other legitimate books on the subject will convert your ignorance to knowledge.

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These two factors are 100% responsible for people getting ripped off.

But there are less obvious ripoffs out there in the “Offshore World”. Let’s have a look at a few.

Offshore Credit Cards

Many people think you have to pay for an offshore credit card – this is a lie! You only have to pay for the illegitimate ones or where some scamster is earning a commission by selling you one. Avoid paying for anything like this. Simply contact some well respected banks direct and ask for an application. Remember, credit cards are free from Australian banks, they are free overseas as well. Also, ask yourself why you need or want an offshore credit card. Tax evasion is not a good reason. If you want to use offshore banks because they offer better service, better interest rates, more privacy, then they are good reasons, breaking the law is never a good reason. You don’t need to break the law. Read my book the Invisible World and discover legal international tax planning. Oh, and by the way, don’t bank in Latvia, you are taking immense risks.

Offshore Companies and Trusts

Being sold a company or trust when you really don’t need or want one is a huge ripoff, don’t fall for it. Unless you are a substantial investor (with more than \$50,000 to invest) forget it. It just doesn’t make sense, well not now anyway. It’s true some very good investments can only be accessed through an offshore company due to certain laws both here and overseas, but there are plenty of investments that can be accessed without the need for a company or trust. Offshore companies and trusts offer anonymity and the ability to place valuable assets in an entity that ensures a degree of safety and security from the vagaries of litigation for

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whatever reason. There are also tax planning advantages within the scope of Australian tax laws that can be enjoyed as long as the structure is set up legally and correctly by a professional who understands the law, or under the direction of one that does. However, just being sold one is like being sold “time share” in a place you don’t want to go. It’s useless. Understand your reasons for setting up a structure. Understand the real benefits, the real advantages that you will enjoy and don’t get lured into it for illegal reasons, this is foolhardy to say the least. It’s true, the rich have been using these structures for years, but they understand the reasons and advantages – do you?

However, there’s an even bigger ripoff in all this. The *overpriced* offshore company or trust. I have heard of people paying ridiculous prices for these things and receiving a second rate structure run by a shonk. The right price is no more than AUD\$3,700 for the first year and \$2,000 per year after that. This includes establishment, running it, providing an office, providing secretary and directors, administration etc. How much did you have to pay?

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Welcome to Dodge City and their “Dodgy” Banks

Some of you reading this book will have accounts with what I call dodgy banks. These are banks that have dubious backgrounds such as some that we have discussed already that have been set up by scamsters such as The Rishon Bank, Sattva Bank and The First International Bank of Grenada. Location of the bank can also have a huge bearing on its inherent “dodginess”.

Now some of you, I’m sure, have bank accounts in Latvia, well let me introduce David Marchant. David is the author and publisher of Offshore Alert, an investigative research service that delivers a monthly newsletter, combined with a large computer database for subscribers. He is an investigative journalist with a focus on Bermuda and the Caribbean countries. He has generated a lot of publicity by accusing the Marc Harris organisation in Panama of mis-management of client funds and he won a libel lawsuit filed against him by Harris. He also took issue with the First International Bank of Grenada and has been at the forefront of uncovering many fraudulent investment schemes offshore. In addition, to his writing and maintaining his extensive online database, he also provides some investigative services for individual clients.

This is what he had to say in an email about one very high profile bank in Latvia.

*Posted by:
David Marchant (‘David Marchant’)*

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Posted on:

Sunday, 17th December 2000

Message:

There was an excellent article about Paritate Bank in one of the main US publications earlier this year. Unfortunately, I can't remember which one. I might have the article lying around my office and, if I come across it, I will post here and let you know.

Apparently, the bank came close to collapse at one time but was rescued.

Any bank that is based in Latvia is going to be precarious, in my opinion, because it is not a sophisticated financial center.

Unless I lived there, I would never bank with a Latvian bank because, at the back of my mind, would be concern that it could collapse at any minute.

Paritate seems to be the bank of choice for several scam artists that I come across, which suggests to me that they don't care who they have as clients.

I do not have any input on the Provident Bank in Belize that you mentioned.

The big player in Belize is Michael Ashcroft, who recently became an English Lord and who is very well connected to the UK Conservative Party. He has held or holds a senior position in the party.

I believe that Ashcroft owns the Bank of Belize.

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David Marchant

<http://www.offshorebusiness.com>

I echo his thoughts exactly! What possesses people to put their money in a former Soviet Republic? Haven't we all seen the incredible financial mess this place is in, Latvia included! Would you bank in Bangladesh, or Libya, what about Nigeria? No you probably wouldn't, so why Latvia? Well, I'll tell you why, scam salesman get paid good commissions by the banks to get the punters in. No other reason. If you have an account in a dodgy bank, you didn't find the bank, the bank found you. True isn't it?

It's probably easier to name the places that are ok for banking rather than name the places that are not. So, if the location isn't on the list you can take that as being it's a "no-no" to bank there.

Any OECD nation, the first world countries are all ok.

Andorra, Austria, Bahamas, Bermuda, British Virgin Is, Campione, Cayman Is, Channel Is, Cook Is, Gibraltar, Hong Kong, Ireland, Isle of Man, Liechtenstein, Madeira, Malta, Monaco, Switzerland, Vanuatu, Western Samoa.

This is not an endorsement of every bank in these places, on the contrary, some banks may in fact be dodgy, so stick to the large well known international banks.

Another Problem in Latvia

There is a scam company named Safety Spar & Darlehenskasse (SSD). They operate a number of businesses mainly over the

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Internet such as Premier Club Ltd, Morrison Group, Merckx – Lambert Banking Group and Pacific International Bank. The owner of the business is Mr Ron Higgins who lives in Belgium. They advertise passports and banking services, but there's one problem, they don't actually deliver. They just keep your money and that's it. He gets you to wire the money to his bank in, you guessed it, Latvia. There are also reports that he has committed blackmail against some of his clients along the lines of "You applied for a passport from us, send us \$20,000 or we will pass your details to the FBI!" Nice guy! Apart from warning you about this scamster, the point is to warn you about his bank.

It seems the largest bank in Latvia, the Parex Bank, is involved a little too deeply in all of this. Several people who were taken in by one of this guy's businesses was told to send the money to:

Parex Bank Riga, Latvia

Swift Code PARXLV22

Account Name Safety Spar & Darlehenskasse (SSD)Ltd

Account Number 000706357

When several clients of his realised that they had been ripped off, they contacted the bank only to be told that no account existed! They contacted the bank for weeks and were given all manner of strange excuses. Eventually, one of the clients got through to a Mr Pildegovis, a relationship manager at the bank. He advised SSD was not a client of the bank and account number 000706357 doesn't even exist. This of course was rubbish, the money had been transferred no problems at all, hundreds of thousands of dollars in fact. The account clearly DID exist.

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Clients who heard about this then faxed transfer confirmations and was only then did Mr. Pildegovis find the account, in his own words, after a "thorough search".

The procedure he finally suggested to recover the stolen funds was as follows:

"At the current stage we would advise You to act in accordance to the legislation of Your jurisdiction. We will be able to report further on the account in question only after receipt of appropriate inquiry approved by the chief prosecutor of the Republic of Latvia."

Now, this is the very banking law which has enabled Latvia to attract billions of dollars from all over the world, not only from the Russian Mafia, but also from thousands of legitimate companies and individuals from Western countries desiring to save taxes and to protect their privacy and assets.

Then it became very interesting. Considering the assurances the Latvian banks give you about secrecy and confidentiality it was a surprise for some of these people to receive an email from Higgins:

From: SSD

My associate contacted me urgently some hours ago, telling me that we have been warned by the bank where we have one of our accounts, the bank that YOU know. Yes, we have a very high contact in this bank :) He told us that you warned the bank about us.

Then this.... The guy (whose name is Robert) that broke this whole story to other investors received an email from guess who?

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Date: Dec 20, 1999

From: Anonymous User nobody@lobeda.jena.thur.de

Date: Dec 21, 1999

From: lcs Mixmaster Remailer mix@anon.lcs.mit.edu

Salut Robert !

My friends and I did appreciate your comments on the "scam pages" of your website, concerning the SSD :))) Really !

But we hope that you got more details about the SSD, as these described on your website are really... poor :(

We will let you investigate :) But we were really surprised when you wrote the "estimated scam" is about \$ 280k ! Robert, you can easily multiply this amount by 5 or 6 :)))

And THANKS about your warning ! Do you know that we received emails from people telling "I was about to send money to the SSD, but have been warned by [you], so I prefer to send it to YOU"

You understand of course, that we have one other structure, whose name is not SSD, and without any account in Parex :))) Thanks to your warning, we got at least 3 Clients for a total of (today) about \$ 170k :)))

*Best wishes for 2000, Robert ! And sincerely, I hope that you will be more lucky in the future !
SSD team :)*

Mmmm..... the bank knew the whole time and what's more told Higgins that "they're on to you". Could Parex Bank be part of the Scam, or was it just Mr Pildegovis at the bank? Who knows, but

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it's obvious, if you are a low life scumbag criminal planning to rip people off and break laws like they are going out of fashion.....you are welcome at banks in Latvia! Now, if you are banking in Latvia, what do you think that says about you when the bubble inevitably bursts and all is revealed. Because the FBI and the IRS are working on it right now.

Global Equities Bank

It is believed this bank was begun as an offshoot of Global Equity Group Ltd, a company incorporated in Vanuatu. This company and the bank, Global Equities Bank, registered in the Bahamas, was founded by Australian Rob Wilson. In fact, this guy sent me his package about 2 years ago and it had MLM scam written all over it. He was lucky I didn't resend it straight to the ASIC. The package had absolutely no value at all in it. Reading through the material, he states that he has formed a relationship with the Paritate Bank in Latvia that is "*more secure than your local bank*". He goes on about how good and stable the bank is (formed in 1992) and how great Latvia is as a "*stable jurisdiction unaffected by political interference*". What a joke! There must be another Latvia, pass me the atlas! The MLM scam requests you pay US\$500 per year plus \$50 per month just to have the right to sell the program and to listen to a couple of audio and video tapes. The program really does push the reselling rather than recognise any value in the package or product, of which there is very little. There is absolutely no mention of his name on anything, why would that be I wonder? The company is or was managed by Moore Stephens in Vanuatu. He has since fled Australia and lives in the Bahamas, I'm told.

It seems the MLM scam has come to an ugly end if my contacts are right, and all that's left is the Global Equities Bank. This is the classic bank that you probably shouldn't bank with. It has all the

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hallmarks of a suspect financial institution. Now, there are literally hundreds of these banks out there on the Internet and I'm using this one as an illustration of what to look for.

Here are the features:

- It operates over the internet exclusively
- Regardless of how hard you look you will not find a phone number or a human being's name anywhere on the site – No real bank hides names and phone numbers.
- There are no addresses for the same reason.
- They offer credit cards to anybody. As they say “nobody refused” – No checks on credit risk, this tells me they don't care about money at all – Why not?
- They charge you a \$500 fee to open an account with them – Have you ever paid \$500 to open an account anywhere?
- They specialise in bonds (which I suspect are some kind of Bank Debenture Program). A normal monthly bond returns 5% per month. Their Double Up Bond returns 100% per annum. Their Millionaire Bond returns you a million dollars in ten years but they don't say how much you have to put in. They also have what they call a Travel Agent Bond that is to be marketed MLM style. It returns between 50% and 100% per six months. Ridiculous returns from bonds that yield normally around 6% per annum anywhere else in the world. What are they doing with this money? I really don't know, but I bet it's not entirely legal!
- They even state on their website that what they are offering is illegal, *“when you are talking to people about our bonds, that unfortunately most governments don't allow people to sell investments unless they are licensed investment brokers..... apart from that, there is lots of red tape and bureaucracy when people try to invest in these types of investments....”*

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- To continue on where this business started, they have continued the whole MLM feel to it by offering referrers to the bank 10% of the fees (ie \$50) they collect from each person, plus resellers who introduce new resellers get 10% on top of that and so on.
- And get this, they even have their own currency, The Equity, which they describe as a Cyberspace dollar. It is pegged to the US dollar and is obviously a very unfunny joke.
- However, if you need your money back you are entitled to only get back 80%! And that's only as long as you have invested over US\$10,000, very neat trick that is. I've never heard of a bank that refuses to give back all your money when you want it and tells you that up front!
- Now, this is where they sound like a normal bank, they charge high fees. Monthly fees US\$10, Credit cards cost US\$100 pa, ATM withdrawals US\$10 each – a little high don't you think?
- But to prove they are not really a bank, you can't even send them money. That's right, you have to send money to the Bank of America in Palm Harbor, Florida to the account of "Global Equities Account Management Inc." Do you notice how they omit the word bank from the wording? They do this because they have to, they are not really a bank other than in name. The Bank of America would not allow a non-bank to use the term "bank" in the account title.
- But the plot thickens, you have to send the application form to Zurich in Switzerland (Fax +41 1355 3115). Is this a diverted number or possibly a destination to yet another bank? But there's more, I suspect the money ends up in the former Yugoslavia, Montenegro to be exact. Because there is a small note indicating some responsibilities under the laws of Montenegro. – Gee, I don't know where your money ends up – one thing's for certain you may never see it again if something goes wrong.

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Collapsing Banks

As an example of how dodgy banks can be, particularly in places like Grenada, the following Grenada-registered offshore banks have had their licenses revoked by the Grenada International Financial Services Authority:

Electra Finance Bank Ltd., Sattva Investment Bank Ltd., Network International Bank Ltd., Trafalgar Atlantic Bank Ltd., 21st Century Banking Corp Ltd., New London Investment Bank Ltd., Bank of Atlantic Ltd., Carib Bank International Ltd., Dominion Bank Corp., First Mercantile Bank Ltd., Pacific Crown Bank Ltd., Worldwide Bank Ltd., Southwind International Bank Ltd., Union Caribbean Bank Ltd., Commercial Bank & Trust International, Euro Credit Bank & Trust Ltd., First International Bank of Grenada Ltd., Commercial Bank & Trust International and Euro Credit Bank & Trust Ltd.

In addition, the Government of the Bahamas has recently revoked the license of Suisse Security Bank & Trust. This high profile bank is yet another example of how easy it is to put your money in an unstable financial institution.

The rule is:

Stay away from banks without international credentials and judge them on exactly the same basis you judge local banks – No compromises!

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E'Gads!... Could it be 'iggins again?

It certainly is, our old mate Ron Higgins of SSD fame gets his own chapter this time, things are looking up aren't they? It seems he is involved with a company called EE-BizVentures or www.ee-bizventures.com and must be one of the most obvious scams we have seen, yet surprisingly, it seems to be highly popular and many people are falling for this one.

On their website they state:

"EE-Biz Ventures is a Christian-based humanitarian organization that helps individuals improve their financial situation."

Yep! The minute you tell people you are Christian, humanitarian or charitable, everyone lets down their guard.

But they go on to say the "special words" (underlined) that indicate they sell Bank Debenture scams:

"The e-Biz Bonus 10K Spend! A single spend of \$10,000 gives you a return of 40% every week for 40 consecutive weeks. See instructions below."

Ah, but then they say this:

"All spends are final! There are no guarantees and never deposit more than you can afford!"

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They are now off the hook! Send your money, we'll steal it and tell you, "you lost it on an investment", that way you'll feel better won't you?

But to get your payouts you need an anonymous debit card (at US\$850 each), otherwise you won't get paid.

And guess who supplies the Card? Pacific International Bank, that's right! SSD's "love child".

The money to pay for the card is to be sent to the PAREX BANK (in Latvia of course), to an account of the Pacific International Bank. Here are the details they quote:

By Bank Wire Transfer
Submit payment to
Beneficiary's Bank: PAREX BANK,
Address: RIGA, LATVIA
SWIFT: PARXLV22
Account: 0390242018
Beneficiary: Pacific International Bank

If you want a laugh, have a look at his website at
<http://www.pacinbank.com>

And what's more, it's not even a real bank! No licence, nothing!
And Parex opens an account for this "bank"? Makes you wonder about Latvia, and even more about their banks.

But, to give it to Higgins, he is nothing if not consistent with his marketing:

"PacInBank is a charitable-sensitive Bank. You can find on our Web Site a direct link with a charitable organisation; it is this

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Bank's deep and long-term intention to always assist to the extent possible, from the net profits of the Bank herself, by offering humanitarian donations to this charitable organisation! PacInBank Cares for the well being of the world. You can be confident that your bank, PacInBank, has a solid and most sincere long term charitable activity which proves once more that efficient business and charitable activities are by no means incompatible”

By George! I think ‘iggins has got it! The perfect way to scam people, play on their guilt and have it appear that your business has been blessed by God..... Excuse me while I throw up.

Ron Higgins is one sick puppy! As sick as I felt reading his pathetic drivel.

It's only a matter of time before these scams disappear, but don't worry he'll be back with more along pretty much the same lines, nothing is more certain. Keep a look out for anything that looks like the work of Ron Higgins or his band of pirates at SSD.

Scams & Frauds

Bursting Bubbles &

Burgeoning Bulbs

At least once every decade there is a “Bubble” on the world markets, which means people plow more money into the stock market than it’s worth.

Why do they occur? The reason is always the same: People are lead to believe that because of some event that the market is worth more than it really is. They come up with new ways to value things, always making the current prices looking cheap. A “new paradigm” they say.

Bubbles are not a new phenomenon, but have occurred and reoccurred since there has been money.

In 1593, an Italian botany professor brought some beautiful tulip bulbs to Holland. The tulip bulbs were stolen and reproduced, and what became known as the Great Tulip Bulb Craze took hold.

People in Holland turned the whole economy into the buying and selling of Tulip Bulbs. A sophisticated derivatives market arose from people placing options on buying and selling Tulip Bulbs – the modern options market is said to historically derive from the Tulip Bulb Craze, believe it or not. It doesn’t surprise me in the least. They even had something which amounted to a Tulip Bulb Futures market.

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The Tulip Bulb dominated the Dutch economy for many years. People bought and traded individual Tulip Bulbs at many multiples of their annual wages. People traded land, shops, jewels and other valuables for Tulip Bulbs. It seems very silly now, but at the time it was a huge business, just as big as trading shares on the stock market is today.

However 44 years later in February 1637, there was a crash and the price of Tulip Bulbs plummeted. Despite assurances by the government that the Tulip Bulb market would remain sound, within a few months the price of Tulip Bulbs (which individually had been worth hundreds of thousands of dollars in today's money) had fallen to less than the cost of the average onion! The collapse of the Tulip Bulb Craze caused a depression in Holland that lasted for generations, in fact, for almost a hundred years. Of course hindsight is a wonderful thing, but when you are in the middle of a bubble, the outside world appears distorted, but all inside the bubble seems clear.

But we never learn and there were more bubbles.

- The 1928-29 Stock Market Craze, where the stock of companies with no real operations traded for millions of dollars. And traders leveraged their portfolios with only 10% equity. This triggered the Great Depression.
- The “electronics” boom of the early 1960s, where any company which sounded like an electronics company traded for many times sensible multiples of its earnings, whether the company actually had anything to do with electronics or not; Eventually the deflating boom caused equity stocks to go flat for nearly a decade.

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- The computer and biotechnology booms of the mid-1980s. Few of these companies survived. A primary cause of the Crash of '87 and ensuing recession.
- The Japanese Stock Market and Real Estate Bubble. For a couple of years, Japan's stock market was actually *larger* than the U.S. stock market, something which is almost incomprehensible considering the underlying economic strengths of the respective nations. Well, it didn't last long, and over a decade later Japan is *still* trapped in a recessionary economy and even recently some major banks and financial firms have finally failed because of the crisis.
- Most recently, the Internet and Dot Com Craze of the late 1990s. We're all familiar with this one, where virtually anything ending in ".com" was a successful IPO, no matter how stupid the idea. It has been these failures which have wiped out a lot of people lately, and dragged the broader market down. And is now responsible for a possible US and worldwide recession. If you get wiped out, you stop spending, and if you stop spending, corporate profits fall, and the economy goes into negative growth = Recession.

Every time one of these things comes along, brokers will tell you "This Time It's Different". However, when you hear this expression, you know it's about time to go to cash and get out of the market. Which brings me to the frauds that are committed in the name of investing:

Overvaluation Fraud.

Some or most of the internet companies or more specifically Dot Com companies never had any chance of making a dollar, and the people behind the company knew it the whole time. They

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were just trying to make a dollar out of your foolishness, but did it in a “legal” way.

Some of the stories are well known, such as Pixelon, which promised to provide high-speed video from the Internet, and raised \$30 million from investors before it was revealed that its CEO was a securities fraud who had changed his name so that it wouldn't be discovered that he was on the State of Virginia's Most Wanted list.

Now the dot com company has raised hundreds of millions of dollars from investors, what do they do with the money if they can't really make money doing what they said they would?

Well, spend it of course! Advertising and self promotion are the favoured methods to get rid of all that pesky cash. Apart from paying the founders huge salaries that is. Today, we call it “cash burn”

So, they took their tens of millions and blew a lot of it on salaries and advertising. Advertising, not so much to sell any particular product or service, but for name recognition. So, you may ask, what good is name recognition if you are not selling a product or service? The answer is simple: Because name recognition usually means your stock value will go up and the directors can exercise their options, sell shares coming out of escrow and trade a few shares themselves, not in their name of course.

The lesson? Don't invest in companies which are advertising heavily, if you can't figure out exactly how they make their money or what they sell.

Scams & Frauds

A classic example - Boo.com

So, how did the Internet Bubble ultimately burst. To answer this, you have to look to London, and a start-up called Boo.com which the London Financial Times described as a “a trendy online fashion store run by a former model and her poetry writing partner.”

In hard times, a couple like this trying to raise money would have been loudly laughed out of the major financial firms. However, in the days of the Internet Craze, an internet company selling “cool” clothing sounded like instant success. Boo.com also attracted substantial investments from JP Morgan and Goldman Sachs, among others. Yes, they were done over as well, so don’t feel bad if you lost a fortune on a dot com, you’re in good company.

But Boo.com was one of the first internet companies to fall victim to cash burn, as it belted through over a US\$100 million in cash, but with very little sales. It was a terrible investment! It caused the firms who had invested in it to revise their investment criteria, and start weeding other “dot com dogs” out of their portfolios and guess what happened? Massive sell offs! Nobody wanted dot coms or their associated internet companies. The bubble had burst. The NASDAQ went from over 5,000 to the level it is now under 2,500 and we are now facing a recession.

But it didn’t end there. Now, any company with anything to do with the internet is on the nose. This means that companies, good and bad alike can’t raise the necessary funds to get the business going. This means companies that may in fact be ok, will possibly collapse due to lack of new capital. The big losers of course are the employees and shareholders. The founders, while their fortunes are curtailed, have certainly made a killing with salaries, bonuses, perks and trading their stocks through third parties.

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I'm sure as time goes on, some of these company CEOs and founders will end up in jail for continuing to trade when they knew the company was doomed. But, that would have meant not having that huge salary for another year or so.

Acquisition Fraud

The larger internet companies “defrauded” investors by a method which is called Acquisition Fraud.

Acquisition fraud is far more subtle than either outright securities frauds (Pixelon) or unrealistic business plans (Boo), but in the end “defrauds” investors out of much more money. You almost have to be an accountant to pick up on it.

For example, say you have a company with what you know to be reasonable prospects and a fair future, but the market perception is different and they have your company trading at some astronomic multiple, say a Price to Earnings (P/E) Ratio of 100.

The market just loves you. You can raise as much cash as you want and you do. You have hundreds of millions in cash.

Well, you have a choice. You can put it into Research & Development and try to come up with some new products. R & D is, good, but terribly long term and the market is a little impatient and if they realise your product line isn't as strong as they think it is they may re-rate your company, downwards probably. However, the market still thinks you are going to make a much larger profit next year, that's why they have valued your company so highly with a PE of 100. So, what can you do, you need to produce an increased profit next year to support the stock price and the value of your shares which are worth millions.

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Solution! Acquire a company with a much lower PE ratio than yours. You find a company with a PE ratio of say 10 and because it is in an industry out of favour you can acquire it cheaply and you have lots and lots of cash. Funny thing is, this newly acquired company's profits are almost as big as yours even though your company is capitalized at ten times its value. It's an easy acquisition. You report to the market the acquisition and declare your profits to double next year and guess what happens – The market over-reacts and bids your company up to a PE of 200! That being a PE of 100 for next year. The market thinks it is buying huge profit growth, but they are fooled. The company you acquired has good profits, but nowhere near the growth in profits to sustain a PE ratio like this! The bubble just got bigger!

So, having found this to work once, you now go on a buying spree and acquire any and every company you can which has any earnings whatsoever as long as their PE is lower than yours. With each acquisition, your PE stays at 100 based on next year's earnings and the value of your personal shares portfolio shoots through the roof. You're rich and getting richer!

Not believing your luck and being out of the two year escrow period you sell your shares and your wealth converts to real cash.

The market analysts work out your prospects for growth aren't so good after all due to all the low PE companies you purchased and tell their investors. They dump the stock and it continues to plummet – The bubble has burst, but you knew it would didn't you?

It all makes sense doesn't it. Do you still have "dot coms" in your portfolio?

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Advisor Negligence

Financial advisors, including stockbrokers and anybody else who has discretionary authority over your investments, have a duty of care to ensure your investment risk is kept to a level you are comfortable with. However, very few financial advisors conduct appropriate financial risk management, which is negligence on their part.

If you lose money because of your financial advisor, you should inquire in detail of what systems or procedures were in place to protect you against downside financial risk. If you get doubletalk and “techno babble” back from your advisor, without a detailed explanation of the advisor’s risk management methods, then you should contact the ASIC and then your solicitor and consider taking action against him or her for your losses.

Most of the brokerage houses and advisers have deep pockets, and professional indemnity insurance, so there is absolutely no reason why you should suffer because of your investment advisor’s negligence or stupidity.

Non-Registered Advisors

If you go along to a meeting or seminar and some guy talks you into an investment of which he receives a commission or referral fee, not only is he breaking the law in Australia, but they are personally liable for any loss you may incur. Yes, sue their respective back sides off. You can go to town on them! Just make sure you really have all their true details – always ask to see their passport and drivers licence, if they are “fair dinkum”, they won’t be offended.

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The Whizzo Wealth Acceleration Machine by Mr What'shisname!

I have a story of Mr Eddie Sweet (not his real name as the ASIC is currently looking at him) and he has invented The Whizzo Wealth Acceleration Machine (fictional name of course). This Australian is currently seeking thrill seeking investors to lend him money in the form of personal loans. He's smart because to offer them an investment is illegal but to ask for a loan is a little different although the ASIC will still see through his little plan. This money is then invested through a trust via a major Australian bank. He claims this money will never leave the account and is secured by a "Corporate Capital Guarantee" which offers little or no protection. The next thing that happens is the account funds are leveraged by way of letter of credit or using this money as security for another loan. This borrowed money is then used to invest in a bank debenture trading program.

Mr Sweet is neither the trustee or beneficiary of the trust. He simply takes a very high commission from the trust for his management and administration, but well within the terms of the trust deed. But this money is paid to yet another trust so it can't be touched by any future litigants. Again, he is not the beneficiary or trustee, but does hold power of attorney over both trusts given to him by his "paid" trustee. This distances him from the coming debacle. This money is then "spent" on Swiss bank accounts.

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As with all bank debenture trading programs, the trust collapses due to the investments turning bad. The lenders exercise their letter of credit or whatever over the funds in the bank held on behalf of investors and the money is gone.

Mr Sweet takes his money, says he's sorry but "there were always risks" and lives happily ever after.

Of course if anybody tries to sue him, he'll just go bankrupt because as he proudly states "I'm not worth a cent", so sue me!

You see, all the money is in a trust of which he is not the beneficiary or trustee – Therefore not his money and it can't be touched in any proceedings against him – or that's the plan anyway.

Neat trick don't you think?

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Brothers and Sisters, Praise the Lord for the Affinity I have with you.....

.....Now give me all your money!

Affinity fraud is the term used to describe investment schemes that prey upon members of identifiable groups, including religious communities, the elderly and even professionals, such as lawyers, doctors and teachers.

Scamsters promote affinity scams that exploit the sense of truth and friendship that exists in groups of people who have something in common. If you imagine this would most likely occur under the auspices of Christianity, you'd be dead right!

Scamsters recognize that the tight-knit relationships of many of these groups makes it less likely that a scam will be detected by regulators and law enforcement officials, and that victims will be more likely to forgive one of their own, even though the perpetrators maybe only acting as if they belong. Affinity fraud also poses a danger since it undercuts the usual warnings about investment schemes promoted by complete strangers. In these cases, the fraud may come to a consumer's attention as the result

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of a contact from a friend, colleague or someone who inspires a bond of trust.

Scamsters who promote affinity fraud schemes will enlist respected leaders within a community or group to spread the word about an investment deal. So, the key to avoid being a victim in an affinity scheme is to check out everything, no matter how trustworthy the person is who brings the investment opportunity to your attention, they are just as likely to be duped as you are. And another thing, forgiveness is not the order of the day. If you let the scamster off, they will do it again. They need to be punished. The best place to start is the police and the ASIC.

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Self-Liquidating Loans

What self-liquidating loans are is best explained by how they are “supposed to work”. According to their promoters, there are four simple steps to building a huge fortune in a couple of years:

- Borrow a stack of money from a bank, say \$100,000 on a long-term basis, at a rate of say 8 or 9%.
- Provide the bank with a mortgage over your home as security for the money you just borrowed.
- Take about 10% money you just borrowed, and put it into investments which produce an income, which you use to make payments on the \$100,000 you just borrowed. These investments will be returning at least 100% pa
- Take the other 90% and book yourself a spot on the QE2, buy a BMW all for free.... effectively!

Well, this is how it is supposed to work. But, how does it really work? It doesn't! There is a problem with the plan. It is the 10% investment bit. The only place you can earn this return on a regular basis is in a bank debenture trading program, and we know how well they work don't we?

The promoters of this scam arrange it all, take your money, help you with the loan from your bank, and then earn a commission on

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the money invested into the scam investment that never works and you are left to pay off the loan yourself.

The variation on this theme is where scamsters make money on the advance fees they earn helping investors make the applications for the loans to some dodgy Antiguan bank which is purportedly backed by an equally dodgy insurance company, such as the International Depositors Insurance Corporation (IDIC) which was recently exposed to be a massive fraud.

Well, if it doesn't work and nobody's going to give you any money, how do the promoters make any money, after all, they're not getting their commissions either, right? Yes and no. If you've been keeping your eye on the promoter's commissions you've already been suckered, because that's not the point of this particular exercise. The real scam is they charge you a fee for setting the whole thing up or by selling you the book on how to do it. It's not suppose to work, you are just supposed to buy the useless information, that's all.

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Trust Me!

There are plenty of scamsters out there who are selling what are called Pure Trusts. They are also called Sovereign Trusts, Constitutional Trusts, Patriot Trusts, Contract Trusts, Freedom Trusts, Business Trusts Unincorporated Business Trusts, Equipment Trusts, Service Trusts, Final Trusts, Common Law Trust Organisations and Foreign Common Law Trust Organisations.

What they really are is scams. They do not work and not one court in the US or Australia has recognised them or granted them any rights. Every time they have been used in a court case they have been defeated – 100% of the time. Nobody has ever won a case of tax evasion with one of these trusts at anytime, anywhere. They are a joke – just ask any solicitor before you get taken in by the sharp sales people. They are a commodity to sell to you, not for you to use in useful purpose.

Anybody selling them to you is a liar, and tell them I said so! I invite them to prove me wrong. These people never have law degrees and they never have a reputable lawyer or solicitor back them up.

As for asset protection, because these trusts don't legally exist, you haven't really transferred anything to them and so you still own everything, creating a convenient target for your creditor's collection efforts.

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So, if they don't provide any tax benefits at all, nor do they provide any asset protection at all, why are they created?

For money. They are a scam to separate fools from their money. The bad thing is that there have actually been people buy these things and think they have protection and tax benefits, until they are challenged and then the whole lot collapses and the scamster is long gone.

If you are asked to purchase one, ask for them to provide a ruling from the Tax Office that backs up their claims. If they decline, ask whether you could apply for one and provide their name and address as a reference..... watch them go white!

Here is a list of Pure Trust Scamsters you should keep an eye on:

4 Your Success Group, Address Unknown, Phone Unknown, <http://www.incometaxfreedom.com/>

Allison Research Foundation, 713 Burma Dr.NE, Albuquerque, NM 87123, Phone Listed as 505-296-6252, <http://www.freeyellow.com:8080/members2/arp/>

Alpha Services, 1926 Contra Costa Blvd. #204 Pleasant Hill, CA 94523, No Phone Listed, <http://www.jpar.net>

American Beauty Rose, PO Box 560 Yelm, Wa. 98597, Phone Listed as 360-894-3218, <http://www.yelmtel.com/~trusts/>

American Freedom (sell "Liberty Pure Trusts"), Address Unknown, Phone Listed at 507-289-2723, <http://workfromhome.virtualave.net/trustapp.htm>

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Apollo Publishing International, P.O. Box 1937, Port Orchard, WA 98366, Phone Listed as 360-876-5362, <http://www.apollo.blueguru.com>

Freedom Trust Group, 2435 East North Street #105, Greenville, SC 29615, No Phone Listed, <http://www.moneytrust.com/book/ftgbk.htm>
<http://freedomtrustgroup.com>

Free World Order, Address Unknown, Phone Unknown, <http://www.buildfreedom.com>

Global Privacy Management Trusts, Suite 197 509 Commissioners Road W. London, Ontario, Canada N6J 1Y5 , Phone Listed as 519-474-0819, <http://www.gpmt.com/pure.htm>

Liberty Pure Trusts, Address Unknown, Phone Listed as 888-I-GOT-OUT, <http://www.puretrust.com>

Linkco, P.O. Box 66781, Phoenix, AZ 85082, Phone Unknown, <http://www.best-of-all.com/trusts.htm>

Offshore Financial Services Ltd., Address Unknown, Phone Listed as 508-881-4670, <http://www.offshorestrategies.com>

Passport Society, Saint Maarten, Netherlands Antilles, Phone Listed as 599-52-8057, <http://www.passportsociety.org>

Phoenix Group, 61535 S. Hwy 97 Ste. 9 PMB 143, Bend, OR 97702, Phone Listed as 918-222-7066, <http://www.mysticbird.com>

ProtectYourSelf.com, No Address Listed, Phone Listed as 918-222-703, <http://www.protectyourself.com>

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Solutions International, Address Unknown, Phone Unknown,
<http://www.1999.com/solutions/protect.htm>

Sovereignty Pure Trusts, 16585 Pacific Coast Hwy – 2nd Floor,
Sunset Beach, CA 90742, Phone Listed as 562-592-9047,
<http://www.freedomtrusts.com/pt/pttrust.htm>

Tax Research Foundation, P. O. Box 1034, Manvel, TX 77578,
Phone Listed as 281-585-2211,
<http://www.trustsnow.com/order.htm>

Wealth4Freedom, Address Unknown, Phone Unknown,
<http://www.wealth4freedom.com>

Webtrust.com, Address Unknown, Phone Unknown,
<http://www.webtrust.com/>

Worldwide Wealth Systems, Ltd., 3102 Classen Blvd. #286,
Oklahoma City, OK, 73118, www.financialprivacy.com/free.htm

There are plenty more out there so make sure you don't get caught up with one of these things.

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Report 5599 was published how many years ago?

Floating around on the internet you will occasionally see an advertisement of an allegedly "secret" Report 5599, which in one fell swoop will tell you everything you need to know about offshore planning, investing and the meaning of life, all for around US\$50.

Don't buy it. This report, at best, is seriously outdated, meaning that if it had any validity several years ago (which can be disputed), it has now fallen so far out of date that you would be crazy to rely on it.

Actually, if you look hard enough you can usually find a free copy of Report 5599 posted somewhere on the internet. So, if you have some historical interest in reading Report 5599, at least save your money and find one of the free versions instead.

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*Stockgeneration will generate
nothing!*

Stockgeneration, is a “Digital Stock Game” which is a massive Ponzi scam being run from the Caribbean island of Dominica.

However, the US SEC is on to these guys as you will notice by the reproduced court document and hopefully the word is getting out that this mob are a joke.

As is becoming monotonous, they do their banking in yep you guessed it, Latvia. However their accounts have now been frozen by the SEC, so maybe justice will be done.

Stock Generation was just the first Digital Stock Game to be proven to be a scam. But, there are many other “copycat” games out there which are also just Ponzi scams, and lots of people who will soon find out that they have been completely cleaned out.

The truth is all of these so-called “Digital Stock Games” are Ponzi schemes, and they will all collapse sooner or later. Please avoid them like the plague.

If you have been scammed on a deal like Stock Generation, your best chances of recovering your money is by suing whoever introduced it to you or sold you the deal. So, contact your solicitor immediately. They will be forced to pay your losses because Stock Generation is a proven illegal operation and they will be up on criminal charges for getting you involved.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 16590 / June 15, 2000

SEC Halts Fraudulent Internet "Virtual Stock Exchange" and Freezes Overseas Assets

SECURITIES AND EXCHANGE COMMISSION v. SG LIMITED, d/b/a STOCKGENERATION et al. (United States District Court for the District of Massachusetts, C.A. No. 00 CV 11141-JLT) (June 9, 2000)

The Commission announced today the unsealing of a temporary restraining order and asset freeze issued by the U.S. District Court in Boston against SG Limited, based on allegations that SG operated a massive pyramid scheme involving the offering of investments in a so-called "virtual company" over the Internet. According to the Commission's allegations, SG Limited, based on the Caribbean island of Dominica, operates a website under the name "StockGeneration," (www.stockgeneration.com) promising investors a risk-free, guaranteed return of 10% per month, or 215% per year on a compounded basis. SG allegedly described itself as a "virtual stock exchange" offering investments in the stock of several "virtual companies," including one referred to as the "privileged company" whose shares "only rise" and generate the guaranteed 10% monthly return. According to the Commission, the "exchange" and "companies" are fictional entities that exist only for purposes of SG's investment offering. The Commission alleged that the investment program, which raised hundreds of thousands, if not millions, of dollars was actually nothing more than a classic pyramid scheme. The Commission further alleged that investors did not receive the guaranteed return and have not even been able to recover their

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initial investments. According to the Commission's complaint, in fact, in recent weeks, SG informed investors that their purported guaranteed, risk-free investments had been reduced to only pennies on the dollar. The Commission alleges that, even while unable to meet its obligations to existing investors, SG continues to offer its investment program on the StockGeneration website, still promising a risk-free guaranteed 10% monthly return.

The Commission's complaint, which was filed on June 9, 2000, alleged that SG Limited violated the general antifraud and securities registration provisions of the federal securities laws -- that is, Sections 5(a) and (c) and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The Commission's complaint also charged as a relief defendant an affiliated company, SG Perfect, Limited, which was unjustly enriched through the receipt of over \$1 million of the money raised from the StockGeneration scheme. On June 9, 2000, the U.S. District Court for the District of Massachusetts granted the Commission's motion for an ex parte order temporarily restraining the fraudulent activities, freezing the assets of SG and SG Perfect, Limited and the proceeds of the offering, requiring that the funds be returned to the U.S. under control of the Court, and imposing other equitable relief. After obtaining the emergency relief the Commission succeeded in freezing certain assets of the defendants overseas. A hearing on the Commission's motion for a preliminary injunction will take place within two weeks. In addition to the emergency relief, the Commission is seeking an order permanently enjoining SG from violating the antifraud and registration provisions of the federal securities laws, requiring SG and SG Perfect to disgorge funds received through their violations of the securities laws, and imposing civil monetary penalties on SG.

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The Commission acknowledges the assistance of the Economic Crime Division of the Central Criminal Police of Estonia.

Investors are advised to read the SEC's "Cyberspace" Alert before purchasing any investment promoted on the Internet. The free publication, which alerts investors to the telltale signs of online investment fraud, is available on the Investor Assistance and Complaints link of the SEC's Home Page on the World Wide Web <http://www.sec.gov>. It can also be obtained by calling 800-SEC-0330.

Feel like a laugh?

Two of the funniest pages you will ever read about the Stockgeneration scam can be found at:

www.worldwidescam.com/cg/ which parodies "Crockgeneration" as another "Stalag R-13", and www.worldwidescam.com/sw/ which parodies "Darthgeneration" as "StockWars". Worth visiting! An internet coalition of investors/players who were scammed by Stockgeneration can be found at www.delphi.com/sgscam/start/

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www.HugeScam.Con

Scamsters have now gone high-tech, using the Internet to defraud consumers in a variety of clever ways. The advantage they have is almost total anonymity by using false names, remote servers and constantly changeable marketing approaches so people find it almost impossible to link scams. Whether they're using the excitement of an Internet auction to entice consumers into parting with their money, applying new technology to peddle traditional business or investment opportunity scams, using email to reach vast numbers of people with false promises about earnings through day trading, or hijacking consumers' modems and cramming hefty long-distance charges onto their phone bills, scam artists are just a click away. It's a jungle out there!

Here are a few of the common scams you'll encounter on the Internet while doing a bit of "surfing".

Internet Auctions

The Bait: Shop in a "virtual marketplace" that offers a huge selection of products at great deals.

The Catch: After sending their money, consumers say they've received an item that is less valuable than promised, or, worse yet, nothing at all.

The Safety Net: When bidding through an Internet auction, particularly for a valuable item, check out the seller and insist on paying with a credit card or using an escrow service.

Internet Access Services

The Bait: Free money, simply for cashing a check.

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The Catch: Consumers say they've been "trapped" into long-term contracts for Internet access or another web service, with big penalties for cancellation or early termination.

The Safety Net: If a check arrives at your home or business, read both sides carefully and look inside the envelope to find the conditions you're agreeing to if you cash the check. Read your phone bill carefully for unexpected or unauthorised charges.

Credit Card Fraud

The Bait: Surf the Internet and view adult images online for free, just for sharing your credit card number to prove you're over 18.

The Catch: Consumers say that fraudulent promoters have used their credit card numbers to run up charges on their cards.

The Safety Net: Share credit card information only when buying from a company you trust. Dispute all unauthorised charges on your credit card bill by complaining to the bank that issued the card. Your liability is only \$50 if your card is misused.

International Modem Dialing

The Bait: Get free access to adult material by downloading a "viewer" or "dialer" computer program.

The Catch: Consumers have complained about exorbitant long-distance charges on their phone bill. Through the program, their modem is disconnected, then reconnected to the Internet through an international long-distance number.

The Safety Net: Don't download any program to access a so-called "free" service without reading all the disclosures carefully for cost information. Just as important, read your phone bill carefully and challenge any charges you didn't authorise or don't understand.

Web Cramming

The Bait: Get a free custom-designed website for a 30-day trial period, with no obligation to continue.

Scams & Frauds

The Catch: Consumers say they've been charged on their telephone bills or received a separate invoice, even if they never accepted the offer or agreed to continue the service after the trial period.

The Safety Net: Review your telephone bills and challenge any charges you don't recognise.

Multilevel Marketing Plans & Pyramid Schemes

The Bait: Make money through the products and services you sell as well as those sold by the people you recruit into the program.

The Catch: Consumers say that they've bought into plans and programs, but their customers are other distributors, not the general public. Some multi-level marketing programs are actually illegal pyramid schemes. When products or services are sold only to distributors like yourself, there's no way to make money.

The Safety Net: Avoid plans that require you to recruit distributors, buy expensive inventory or commit to a minimum sales volume.

Travel

The Bait: Get a luxurious trip with lots of "extras" at a bargain-basement price.

The Catch: Consumers say some companies deliver lower-quality accommodations and services than they've advertised or no trip at all. Others have been hit with hidden charges or additional requirements after they've paid.

The Safety Net: Get references on any travel company you're planning to do business with. Then, get details of the trip in writing, including the cancellation policy, before signing on.

Business Opportunities

The Bait: Be your own boss and earn big bucks.

The Catch: Taken in by promises about potential earnings, many consumers have invested in a "biz op" that turned out to be a "biz flop." There was no evidence to back up the earnings claims.

Scams & Frauds

The Safety Net: Talk to other people who started businesses through the same company, get all the promises in writing, and study the proposed contract carefully before signing. Get a solicitor or an accountant to take a look at it, too.

Investments

The Bait: Make an initial investment in a day trading system or service and you'll quickly realise huge returns.

The Catch: Big profits always mean big risk. Consumers have lost money to programs that claim to be able to predict the market with 100 percent accuracy.

The Safety Net: Check out the promoter with the ASIC or other regulators, and talk to other people who invested through the program to find out what level of risk you're assuming.

Health Care Products & Services

The Bait: Items not sold through traditional suppliers are "proven" to cure serious and even fatal health problems.

The Catch: Claims for "miracle" products and treatments convince consumers that their health problems can be cured. But people with serious illnesses who put their hopes in these offers might delay getting the health care they need.

The Safety Net: Consult a health care professional before buying any "cure-all" that claims to treat a wide range of ailments or offers quick cures and easy solutions to serious illnesses.

Keep your eyes open and remain cynical and you should avoid most on-line scams.

MLM: Once Legitimate.....

Scams & Frauds

Now a Scam!

Once upon a time, multi-level marketing was a legitimate business system which provided a way for small and large companies alike to get their unique products to consumers in small towns and rural areas which had no access to these products. At this time, the products sold themselves, and the multi-level aspect was a way of giving a small reward to those who had worked hard to build the organisation. But the focus was always on the product.

These days, mainly due to the growth of the internet, it is possible for consumers to get just about anything they want at competitive prices. There is simply no real need for MLM distribution “systems” as there once was. And while there are still some legitimate MLM companies selling good products they are becoming few and far between. Unfortunately, the focus of all the programs is not on the products they sell, which are often bogus or are readily available somewhere else at often lesser prices. Instead, the focus now is solely on recruiting new people to either buy into the program and the associated training seminars etc. Alternatively, they sell you products that are grossly overpriced (health care products being an example). The idea was to keep selling the overpriced products that join the MLM “downline”. A scam perpetrated by very slick sales people with too much time on their hands in my opinion.

These days just about all of the multi-level marketing programs out there are scams. They bombard you with talk of downlines that will make you rich in minutes and through this whole process, the companies sell you advertising material, sample kits and stock

Scams & Frauds

as well as “skin you alive” for training and seminars. Some companies even ask for an application or membership fee before you are allowed join the scamooops sorry “Program”.

Nothing screams “scam” more that the fact that you must pay for training or to join the program. Legitimate companies would not do this.

The scam-within-a-scam is the bogus “training seminars” offered by the MLM programs. These “training seminars” offer little training, but are mostly stupid “rah-rah” seminars to boost your enthusiasm, and to make big bucks for the promoters. So, you end up paying for the privilege of having company propaganda rammed down your throat! The training seminars can cost thousands although the company ought to be paying you to attend and learn how to sell its product.

After they have scammed you out of thousands for all sorts of reasons, do you know what your chances are of making money? 2%, yep! 98% of people drop out or lose enthusiasm after they get continual “knockbacks” by people who aren’t as gullible as they may have been.

The 2% who make it are the people who are willing to scam others and probably have a serious integrity and honesty problem. Keep in mind I am talking about scams, not legitimate companies that focus on quality of service and the products.

You see the promoters know the drop out rate, and know that gullible people will buy in, spend a fortune on training and then never sell anything and quit, which is one of the reasons why MLM programs are total scams. They actually make most of their profit by scamming the 98% who drop out. Don’t you think this is a little strange?

Scams & Frauds

It is interesting to note in MLM that the hardcore and brainwashed distributors who defend the products the hardest, almost always quit using those “great products” completely when they move on to the next program. Makes you wonder doesn't it?

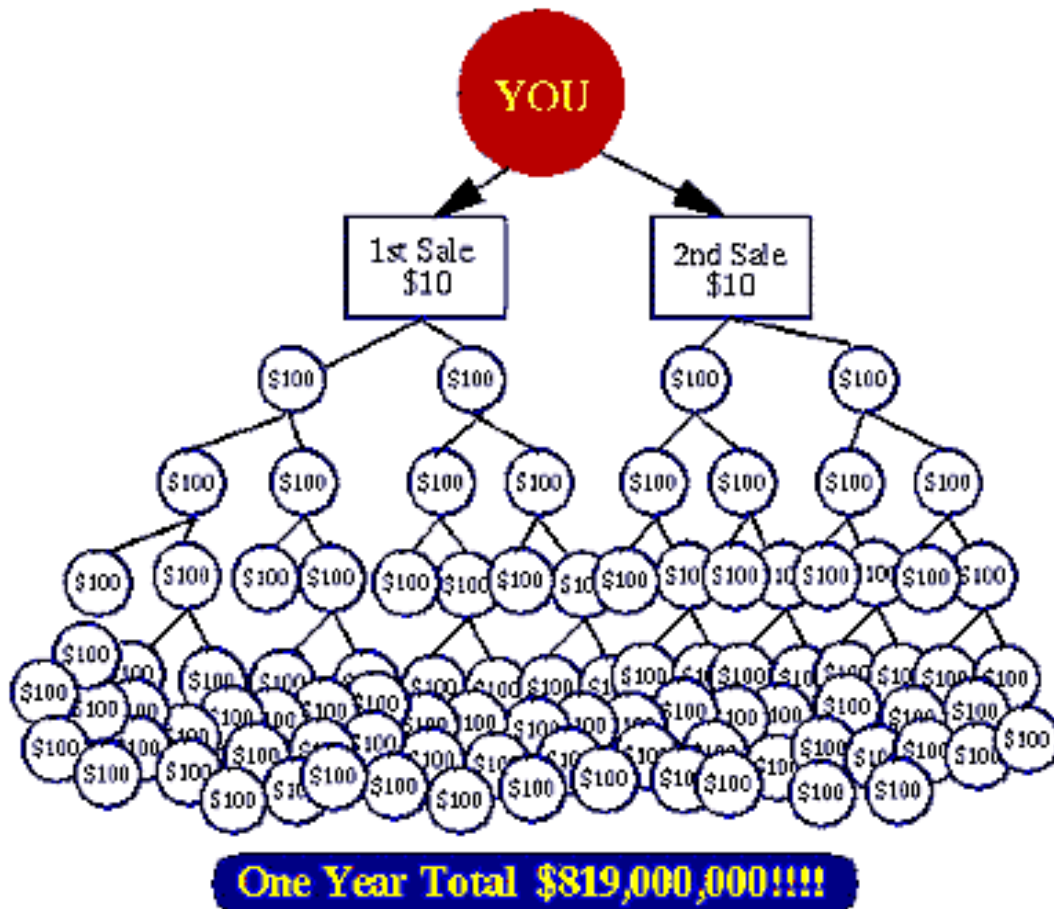
What of the 2% who are successful, doesn't this prove that the system works? The “successful” distributors have usually been brainwashed and programmed so that they really believe the junk they are saying about the junk they are selling. They are so convincing, that they can actually convince others to buy the products or join the “system”. This doesn't mean it's not a scam.

What of the claims about downlines being huge and you make millions without doing anything? This downline stuff is completely wrong for the following reasons:

- 1.As I mentioned before, the 98% drop-out rate means that you probably will never build a significant downline.
- 2.None of these programs last very long (Amway seems to be the sole exception), meaning that as soon as the program collapses your income stops.
- 3.The odds of anybody in your downline making any money are incredibly small, meaning that they will probably “drop out” and be mad at you for getting them into a program where they lost money.

The whole down line concept is absolutely ludicrous. You will probably be shown a down line chart that looks a little like this:

Scams & Frauds



Yeah, you can just imagine can't you, nearly a billion in one year – That'll happen!

All this means you will never legitimately make a lot of money out of your downline. The only people making money will be the promoters.

The whole MLM industry is hype, deception and bluff. Many promoters tell you that you should lease expensive cars, buy new clothes etc just so your prospective clients think that you are successful. Again, it's all image and deception.

My advice is to stay away from all MLM schemes unless you are absolutely certain that it's legitimate and the products are really

Scams & Frauds

good. If the products are weak or suspect, the whole thing could be a scam.

Lots more Quants!

Scams & Frauds

Quantum Executive Corporation, Quantum Group, Quantum Trading and Quantum Air Express have nothing to do with Quantum Gold, but they are all still scams. They are also involved in Bank Debentures (yes, yet another one) and are based in Antigua in the Caribbean.

The scamsters at Quantum got together with Prosper International League Limited (PILL) for the offshore bank accounts through a dodgy bank and a somewhat even more suspect Belizean Trust. PILL also have their own programs and are not blameless in the massive losses suffered by investors in Quantum. Funnily enough, the other Quantum, Quantum Gold also had a close connection to PILL. What's the old saying? *"Birds of a feather flock together"*.

This is what has been said in New Zealand by the Consumers Institute:

NEW ZEALAND NEWS ROOM PRESS RELEASE - CONSUMERS INSTITUTE - 27 March 1998

Consumers are being conned into sending large sums of money to offshore investment scams, Chief Executive David Russell said today.

"We are aware of at least one person who wanted to send \$10,000 to Quantum Executive Corporation, based in Antigua", Mr Russell said.

Quantum Executive Corporation promises annual interest rates of 156%, and claim your investment is bank guaranteed. New Zealand promotional material says that some of the money will be invested in a "P.I.L. trust fund".

Scams & Frauds

And the US SEC went a step further threw the book at the scamsters:

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO 15880 / September 14, 1998

SEC V. TEDDY WAYNE SOLOMON AND LISA STEVENS, individually and d/b/a PLATINUM INTERNATIONAL, AND QUANTUM GROUP a/k/a QUANTUM TRADING LTD. 3:97-CV-2712-H (USDC/ND TX, Dallas Division)

On September 9, 1998, in a civil action brought by the Securities and Exchange Commission ("Commission") involving so-called "prime bank" securities, defendants Teddy Wayne Solomon ("Solomon"), Lisa Stevens ("Stevens") and Quantum Group ("Quantum") agreed to the entry of orders of permanent injunction against them. The Commission also filed an amended complaint to seek recovery from four persons who refuse to return \$400,000 of funds Solomon obtained from investors.

The orders, which enjoin Solomon, Stevens and Quantum from future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, arise from charges in the Commission's original complaint that they fraudulently offered and sold interests in fictitious "Prime Bank Instrument" trading programs through Platinum International Associates and Quantum. The complaint alleged that Solomon and Stevens represented, among other things, that they were agents for foreign securities traders trading in large-denomination debt instruments issued by "one of the top 25 world banks," and that an investment in the trading programs

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would generate "safe, guaranteed" returns of as much as 4,300% annually. In fact, according to the complaint, Solomon's and Stevens' representations were false: the trading programs did not exist, and Solomon and Stevens, in an apparent "ponzi scheme," used funds taken from investors to pay supposed profits to their business associates, to repay other investors, and for their own purposes.

The court also ordered Solomon, Quantum and relief defendants Quantum Air Express, Inc., and Cherokee Worldwide Express, Inc., to pay disgorgement, jointly and severally, in the amount of \$2,929,510, plus prejudgment interest, with two provisos: (1) that Solomon be credited for any sums actually collected by the Commission in this or any ancillary proceeding against any person holding funds that were paid or given to them by Solomon from the proceeds of the unlawful activities alleged in the complaint; and (2) that any remaining amount be waived based on Solomon's demonstrated financial inability to pay. Stevens was also ordered to pay disgorgement in the amount of \$19,210, plus prejudgment interest; however, payment of the full amount was waived based on her demonstrated financial inability to pay. Because of their poor financial condition, no civil money penalties were imposed on Solomon or Stevens.

In pursuit of recovering additional investor funds, the Commission amended its original complaint to add four relief defendants to the action; Fidelity International Bank ("FIB"), Dunamis Enterprises International ("Dunamis"), Gilbert Zeigler, and Graham Young. The amended complaint charges that FIB, Dunamis, Zeigler and Young hold, and refuse to return, \$400,000 of funds Solomon obtained from investors, which they know to have been obtained illegally by Solomon and subject to an asset freeze order entered by the court.

Scams & Frauds

All these different Quantums were all linked one way or another but it's interesting to note Mr Ziegler (Van Brink of FIBG fame) popped up yet again. Gee, this guy is prolific!

On the next page is the NZ SEC release on one of the Quantums and their resident Kiwi scamster and a few other bogus operations.

It seems there are Bank Debenture scams everywhere you look!

The next page is a securities alert issued by the New Zealand government on the Quantum and PILL.

Scams & Frauds

NZSEC

Oxford Savings Club

The Oxford Savings club was fairly brazen – No mucking about 400% per month is what they offered investors and lots went for it too. Now, how do you think they made this sort of money for their investors? Well, they didn't really..... it was just another..... you guessed it Bank Debenture Trading Program where everybody lost money.

Scams & Frauds

This is how it ended, with the US SEC throwing the book at them!

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 16136/ MAY 11, 1999

SECURITIES AND EXCHANGE COMMISSION v. PETER ROOR (INDIVIDUALLY AND d/b/a OXFORD SAVINGS CLUB, LTD. AND MANUMIT UNLIMITED), RONALD L. TEMPLIN (INDIVIDUALLY AND d/b/a AMERICAN LEADERSHIP NETWORK, SARATOGA HOLDINGS LLC, SECURED PRIVATE PLACEMENTS, THE 650 CLUB, INTERNET MARKETING PARTNERS AND PRIVATE PARTY LOAN PROGRAM), AND LAURIE ELIZABETH WEISS, 99 Civ. 3372 (S.D.N.Y.)(JSM)

On May 10, 1999, the Securities and Exchange Commission obtained a temporary restraining order and other emergency relief to stop seven fraudulent securities offerings that allegedly have bilked thousands of investors worldwide out of more than one million dollars. The relief was granted after the Commission charged three individuals with using websites to promise fraudulently that investors would earn returns of 10% to 400% per month without risk.

Named in the complaint are:

Peter Roor, age 46, a Dutch citizen residing in Amsterdam, Netherlands, who has operated his schemes under the following names: Oxford Savings Club, Ltd. Manumit Unlimited and Top Return on Investment or TROI.

Ronald L. Templin, a 58 year old resident of Kokomo, Indiana, who has operated his schemes under the following names:

Scams & Frauds

Secured Private Placements, The 650 Club, Internet Marketing Partners, and Private Party Loan Program.

Laurie Elizabeth Weiss, a 45 year old resident of Waynesville, Missouri, who has touted, and sponsored investors in the schemes operated by Roor and Templin.

The Commission alleges that defendants told investors that astronomical returns would be obtained by investing victims' money in "secret" foreign trading markets. According to the Commission, the trading markets as described by the defendants do not exist. In each offering, the defendants allegedly promised to pay investors additional returns if they recruited or "sponsored" new investors into the scheme.

Templin also allegedly has been using investor funds for his personal benefit and transferring investor funds to offshore accounts. The court's order temporarily freezes the assets of Templin and Roor and prevents them from further dissipating investor funds.

The Commission alleges that, by engaging in the foregoing conduct, the defendants committed securities fraud in violation of Section 17(a) of the Securities Act of 1933, and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934. The Commission seeks a final judgment enjoining the defendants from future violations of the federal securities laws, disgorgement of ill-gotten gains plus prejudgment interest, and civil penalties. Against Roor and Templin, the Commission also seeks: (a) a continuation of the asset freeze pending final judgment; (b) an accounting; (c) an order requiring the repatriation of all assets abroad which were obtained by the illegal conduct; (d) an order prohibiting the acceptance or deposit of funds received from

Scams & Frauds

investors; and (e) such other equitable relief that may be deemed appropriate.

*Internet..... The New Frontier or
just a place to rip people off?*

The Internet has changed our lives in so many ways. It's allowed us to access information in a flash, do our banking at home even trade shares on line. We can buy just about anything we want from the luxury of our homes.

Scams & Frauds

But there's a downside, out of control frauds and scams. And one of the biggest is online auctions. There are literally hundreds of sites where you can bid for stuff, but there's a problem, how do you know what you're getting? You never do until it turns up.

While I only have US figures to quote, it's interesting to note that 35.6 million Americans participated in online auctions and 41% of the buyers encountered problems in 2000. Not a good record by any measure.

The statistics reproduced below should tell the sad story about internet fraud.

2000 Internet Fraud Statistics

1999 Top 10 Frauds		2000 Top 10 Frauds	
Online Auctions	87%	Online Auctions	78%
General Merchandise Sales	7%	General Merchandise Sales	10%
Internet Access Services	2%	Internet Access Services	3%
Computer Equipment/Soft.	1%	Work-At-Home	3%
Work-At-Home	1%	Advance Fee Loans	2%
Advance Fee Loans	.2%	Computer Equipment/Soft.	1%
Magazine Sales	.2%	Nigerian Money Offers	1%
Information Adult Services	.2%	Information Adult Services	1%

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Travel/Vacations	.1%	Credit Card Offers	.5%
Multilevel		Travel/Vacations	.5%
Market/Pyramids	.1%		

Methods of Contact

Web sites are the most common way that consumers are solicited for fraudulent Internet offers, but the statistics reveal an increase in the number of initial contacts made by con artists in newsgroups:

1999 Solicitation Method		Jan.-Sept. 2000 Solicitation Method	
Web Sites	90%	Web Sites	82%
E-Mail	9%	E-Mail	12%
Newsgroups	.5%	Newsgroups	4%

Ages of Consumers

Under 20	2%
20-29	20%
30-39	28%
40-49	29%
50-59	15%
60-69	5%
70-79	1%
80+	0%

Method of Payment

1999 Top 5 Payment		2000 Top 5 Payment	
Money Order	46%	Money Order	43%
Check	39%	Cheque	30%

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Credit Card	5%	Credit Card	11%
Cashier's Check	5%	Cashier's Cheque	6%
Cash	1%	Cash	3%

There are dramatic differences in methods of payment for each of the top Internet fraud categories. Again, Nigerian money offers are not included because no actual payments have been made.

Internet Fraud	Method of Payment	
Online Auctions	Money Order	48%
	Cheque	32%
	Cashier's Cheque	7%
	Credit Card	6%
	Cash	3%
General Merchandise Sales	Credit Card	28%
	Money Order	25%
	Cheque	24%
	Cashier's Cheque	5%
	Debit Card	5%
Internet Access Services	Credit Card	37%
	Telephone Bill	15%

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	Cheque	14%
	Bank Account Debit	13%
	Debit Card	9%
Work-At-Home	Cheque	40%
	Money Order	23%
	Credit Card	19%
	Bank Account Debit	9%
	Cash	3%
Computer Equipment Software	Money Order	27%
	Credit Card	24%
	Cheque	22%
	Wire	13%
	Cashier's Cheque	8%

Online Auction Tips

You should understand how the auction works. Many online auctions simply list items that people want to sell. They don't verify that the merchandise actually exists or is described accurately, and they can't guarantee that auction participants will keep their promises.

Check out the seller before you bid. See if there is a feedback section on the auction site with comments about the seller based on previous transactions. Keep in mind that glowing reports might be "planted" by the seller and negative comments could be from a competitor.

Be careful if the seller is a private individual.

Scams & Frauds

Be especially cautious when dealing with buyers or sellers in other countries. If you have a problem with an auction transaction, the physical distance, difference in legal systems, and other factors could make resolving it even more difficult.

Get the name and contact information of the company or individual. The name, physical street address, and email address or phone number are helpful in checking someone out and following up if there is a problem. Don't do business with anyone who refuses to provide that information.

Buyers be wary of claims about expensive collectibles. Since you can't examine the item or have it appraised until after the sale, don't assume that claims about its condition or value are true or that photographs are accurate. Print out and save the description and any photos of the item to document the claims that were made about it.

Ask about delivery, returns, warranties, and service before you pay. Get a definite delivery time and insist that the shipment is insured. Ask about the return policy. If you're buying electronic goods or appliances, find out if there is a warranty and how to get service.

Avoid cash payments. For the buyer, a seller requesting cash can be a danger sign of fraud. For sellers, accepting cash makes it difficult to prove how much was paid if there is a dispute later.

Payment by credit card can protect both buyer and seller. Credit card payment protects the buyer because you can dispute the charges if the goods are misrepresented or never delivered. For sellers, payment by credit card is quicker than waiting for a cheque or money order in the mail and avoids the problem of bad cheques.

Scams & Frauds

Consider using an escrow service. Escrow services are another good payment option. For a small fee, an escrow service holds the buyer's payment and forwards it to the seller upon the buyer's receipt and approval of the item within an agreed upon inspection period. For buyers, escrow services can help ensure that they get what they pay for. Sellers may find escrow services less expensive than participating in the credit card payment system, especially if the buyer pays the fee, and they avoid the problems of bad cheques or stolen credit cards. Escrow services may also help both parties by "refereeing" disputes. Ask if the service is licensed and bonded and how you can confirm that with the appropriate agency.

Look for information on the auction site about insurance for buyers. Some auction sites provide insurance that will cover buyers up to a certain amount if something goes wrong. Others may have links to third-party programs that offer insurance for a fee. Read the terms of insurance carefully. There are often specific limitations or requirements to meet, and there is usually an excess to pay.

Let the auction site know if you have a problem. Some sites investigate problems like "shills" being used to bid prices up or other abuses of the auction system. They may also want to know about sellers who don't deliver or misrepresent their wares and buyers who act in bad faith. Complaints may result in users being banned from the site.

Try mediation to resolve disputes. Not all problems are due to fraud, buyers or sellers may simply fail to hold up their parts of the bargain in a timely manner, or there may be a legitimate disagreement about something. Some auction sites provide links to third-party mediation services that will help people resolve

Scams & Frauds

disputes. There may be a small fee that is usually paid by the party who requests the mediation.

Buyers should report suspected fraud to the Police.

On the next few pages is a report put out by the FBI in relation to the growth of fraud on the Internet. Similar percentages as shown for the US could easily be applied to Australia.



Securities offered over the Internet have added an entirely new dimension to securities fraud investigations. Investors are able to research potential investments and invest over the Internet with ease. Investors are electronically linked to a number of services that provide stock and commodity quotations, and critical financial information. Both the low cost of setting up a web page and the anonymity available, have made the Internet especially vulnerable to crime. The Internet has helped democratize the investment process by providing widespread access to the most specialized information, giving the appearance to thousands of investors of having an equal access to what was otherwise difficult to obtain data. There is a growing problem with chat rooms, E-mail messages sent en masse (spams), and newsletters that provide

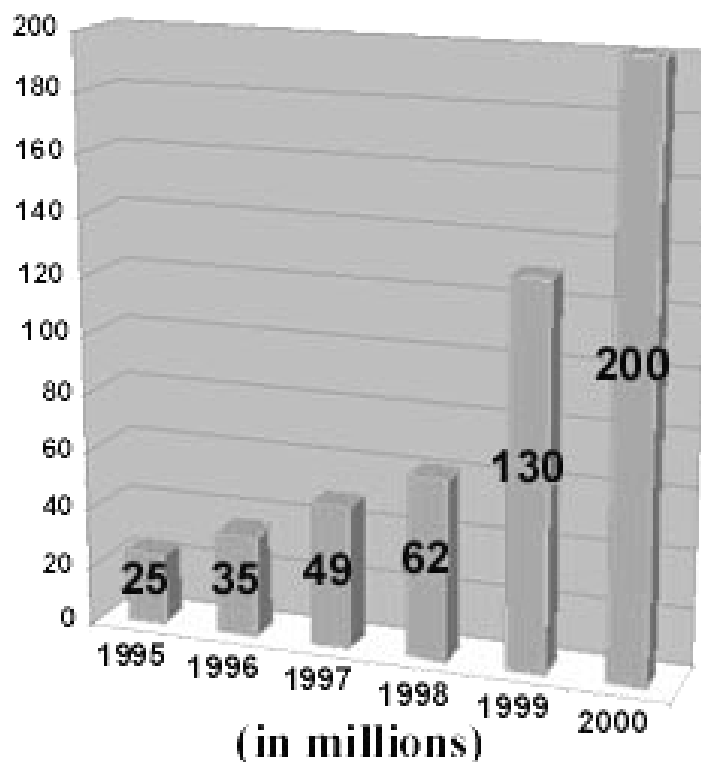
Scams & Frauds

fraudulent information related to publicly traded stocks. The North American Securities Administrators Association (NASAA) has estimated that Internet-related stock fraud is currently the second most common form of investment fraud. That same source estimated that investors lose \$10 billion per year (or \$1 million per hour) to this type of fraud.

Growth in the Internet Marketplace

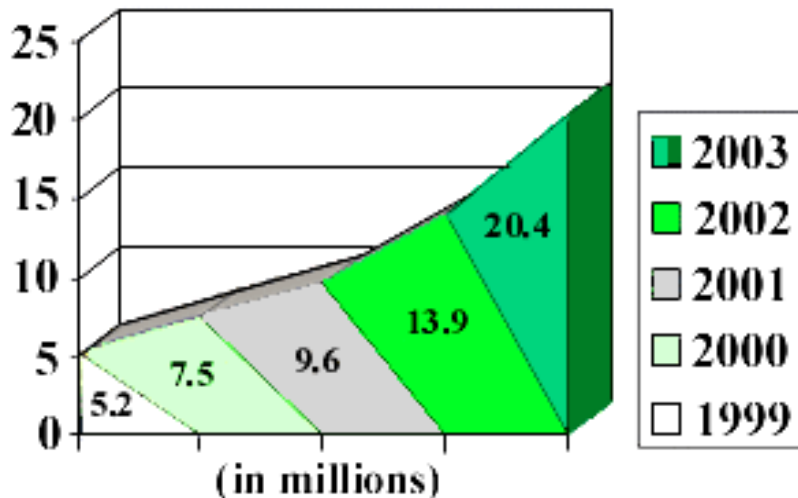
- *Internet users reached 61.4 million in the US in 1998 and will grow to 200 million by the year 2000.*
- *The number of web sites is doubling every 37 days.*
- *More than 50% of all U.S. households will have access by 2003.*

Growth in Internet Users



Scams & Frauds

Online Investing Accounts



- *The number of online investing accounts is expected to more than triple in four years.*
- *Traditional brokerage firms utilizing trained investment brokers are being replaced by faceless website data.*

The critical challenges that will face investigators in combating securities fraud over the Internet include identifying the location of a company or Internet server that is used in the furtherance of the scheme, locating a company or server being domiciled on foreign soil, and identifying the true user or user location in order to file criminal charges.

The Financial Crimes Section, Economic Crimes Unit of the FBI has established the groundwork for an initiative involved in the fraudulent solicitations of security instruments utilizing the Internet. The initiative has been designated, "Operation InvestNet." The initiative will endeavor to create an environment in which the FBI would take an aggressive posture in acting as a conduit through which leads indicating potential fraudulent

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investment activities perpetrated over the Internet are addressed in an assertive, proactive fashion.

The Securities and Exchange Commission-Office of Internet Enforcement (SEC-OIE) was recently established to focus on securities fraud, particularly as it relates to solicitations of securities utilizing the Internet. This new SEC branch receives numerous referrals from the general public and from non governmental entities regarding these Internet frauds. Some of the securities fraud leads originating from the Internet that may be presented to the FBI by SEC-OIE and other regulatory and private agencies include Micro-Cap stock fraud, Prime Bank note schemes, foreign currency exchange schemes, and Ponzi schemes.

As a part of addressing Internet-related securities fraud as a national initiative, a subcommittee of the National Securities and Commodities Fraud Working Group was established in January 1999. Participating in that subcommittee are representatives from the private, regulatory and criminal sectors, which include the FBI, Department of Justice (DOJ), National Association of Securities Dealers (NASD), U.S. Attorney's Offices and the SEC. With the establishment of the initiative, it is critical to establish a base of investigative and prosecutive knowledge. In-services and training have been put into motion, both on a regional and national level to address securities fraud matters and Internet technology. The combined effort of Operation InvestNet and the implementation of training will allow the FBI and other agencies to aggressively fight Internet fraud today and into the future.

The Investor Protection and Securities Bureau of the New York State Attorney's Office prepared a report dated December 1997, regarding Micro-Cap stock fraud. Micro-Cap stock fraud was considered to be the, "Current incarnation of the fraudulent and

Scams & Frauds

high-pressure telemarketing of penny stocks." Penny stocks are defined under federal law as a publicly-traded stock of less than \$5 per share, or is neither listed on any national securities exchange, nor traded on NASDAQ's National Market System, or Small Capitalization ("Small Cap") market. The report defined "Micro-Cap" stocks to include penny stocks and stocks of all companies with market capitalizations of less than \$300 million, regardless of the stock's price or where it is traded. Many Micro-Cap stocks are thinly traded, risky stocks issued by start-up companies with little or no earnings. The Micro-Cap market, the report read, plays an important role in providing a source of capital for smaller and riskier companies. Without a workable source of financial support, many such firms would never become viable businesses. Based, in part, on the lack of certain safeguards provided to stocks listed on the national stock exchanges, Micro-Cap stocks become susceptible to fraud and manipulation. The report noted that the losses to Micro-Cap fraud exceeded \$6 billion per year.

These Micro-Cap stocks constitute a vast underworld of the securities markets which are increasingly exploited by perpetrators of fraud, including organized crime, as the potential profits are considerable. Micro-Cap fraud typically involves high pressure telephone sales and flashy Internet web sites touting risky and low-priced stock, generally in start-up companies with little or no track record. Often, their stocks are sold by unregistered brokers who call investors from boiler rooms, using elaborate scripts. Micro-Cap schemes often involve violation of the SEC Rule 144 reporting requirements and market manipulation of the stock price, and can include concealing the fraudulent activities through the use of foreign bank and brokerage accounts.

Scams & Frauds

Prime Bank Note Schemes

With the globalization of the securities and commodities marketplace, old investment fraud schemes have risen using this new medium, the Internet. One such scheme includes "Prime Bank" investments, which are fraudulently sold as if originating from financial instruments of well-known domestic or foreign financial institutions, the World Bank, or a country's central bank. The financial instruments may be sold as notes, letters of credit, debentures or guarantees. The schemes include false claims of high rates of return, being 'risk free', the financial instrument being traded on a worldwide secret exchange, and with formats approved and/or sanctioned by the Federal Reserve, the International Chamber of Commerce (ICC) or other known international organization.

Foreign Currency Exchange Schemes

Other investment schemes involving solicitations of the Internet are related to trading of foreign spot currencies. In federal law, currency futures traders and trading firms must be registered, and in turn, monitored, by federal regulators. Since foreign spot currency exchanges deal in currencies for immediate delivery in the unregulated interbank market, such traders and trading firms are not under the same scrutiny.

Fraudulent foreign spot currency entities solicit not only investment opportunities, but also job opportunities as 'account executives'. The schemes include claims of high rates of return, relative safety of principal, and liquidity through worldwide exchanges. The fraudsters utilize flashy Internet web sites displaying phenomenal earnings forecasts, while little or no currency exchange actually takes place.

Scams & Frauds

"Ponzi" Schemes

A "Ponzi" scheme is essentially an investment fraud wherein the operator promises high financial returns or dividends that are not available through traditional investments. Instead of investing victims' funds, the operator pays 'dividends' to initial investors using the principle amounts 'invested' by subsequent investors. The scheme generally falls apart when the operator flees with all of the proceeds, or when a sufficient number of new investors cannot be found to allow the continued payment of 'dividends'.

This type of scheme is named after Charles Ponzi of Boston, Massachusetts, who operated an extremely attractive investment scheme in the early 1900's in which he guaranteed investors a fifty percent return on their investment in postal coupons. Although he was able to pay his initial investors, the scheme dissolved when he was unable to pay investors who entered the scheme later.

As you can see, according to the American authorities, with the growth of the Internet, we can expect to see more scams and frauds. In fact, I expect that scams over the internet will probably double over the next couple of years and it will take ever increasing numbers of investigators to try and control it.

The best way to ensure you're not the next victim? Educate yourself.

Scams & Frauds

Track them down on the Internet!

How do you find out whether the people you are dealing with are scamsters or not. It's never easy, but I'll reveal a few of my most reliable places on the internet. Some of them are sites devoted to the uncovering of scams others are "chatrooms" where people discuss their findings. Really good stuff!

<http://www.scambusters.com>

<http://www.FraudReview-iesc.com>

<http://www.offshorehaven.nu/educate-investment-scams.html>

<http://www.globalsecurityservices.com/>

<http://www.global.bs>

<http://www.scia.com/>

<http://capex.net/i-mtn.htm>

<http://www.global.bs/alerts.html>

<http://www.muva.org>

<http://members.home.net/watchdog2/home.htm>

<http://www.blacklisting.bizland.com>

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www.offshorebusiness.com

<http://www.fraud.org>

<http://www.financialfraud.com>

Careful... Here comes Mr Scamster

The Approach

What makes a normal looking guy want to break the law? Greed! They also have the talent for sniffing out greed in others who, in their desire to get rich quick, are all too eager to put their trust and their money in the hands of unscrupulous schemers. They justify their actions by assuming that victims deserve their fate. It's a marriage made in heaven!

They all have charisma up to their eyeballs which can sometimes mask the fact that they are malignant narcissists who like to feed on the insecurities and ignorance of the naive and weak. They know that people who are down on their luck are easier to manipulate, and they have no feelings of guilt or remorse as they use different types of trickery and deception. These guys are

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really good. They will strip victims not only of their hard earned money, but also of their dignity, if given the chance.

Scamsters love to flaunt the spoils of their massive multi-million dollar deceptions. After spending as much as humanly possible on luxury toys such as Ferraris and other flashy stuff, they generally try to hide the excess in offshore accounts if they have any brains at all. They are almost always bad investors themselves. If they were good at making money they wouldn't be trying to "steal" from you now.

The "white collar criminal" is no more deterred by securities laws than the hardened felon is by lengthy prison sentences. In fact, if you dig deep enough you will find nearly all of them have a criminal record regardless of how small it may be. These people are petty criminals.

Con artists are experts in the art of manipulating human traits such as goodness, gullibility, greed or fear which will influence people to voluntarily part with their money. Because a scam requires your voluntary participation, you are in a position to defeat the fraud by just saying "no". But this is the hard part, "But what if I miss out, and everybody else makes money and I don't!" This thought will get you into more trouble than you can imagine. The only way to remove this nagging thought is to educate yourself so you understand what you are up against. You will see him or her coming for miles.

How Do They Get You In?

The scamster has several weapons in his or her armoury Let's examine what they are and how they use them against you:

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Scamster Weapon : Excitement

Schemes often begin with statements to excite the victim, interfering with your ability to think clearly and calmly. They could say something like, *"I'm going to show you something that will change your life forever"* or what about, *"John, I can't tell you what you're getting, but I sure hope you live long enough to enjoy it all."*

Scamster Weapon : Claims of Authority

They often build themselves up to be an authority on the subject with much experience. They will even lie about their background and past employment history. They know you won't check, you're too excited remember? They may identify themselves as the "general manager" or "CEO" of the company, thus lending further credence to their claims of authority.

Scamster Weapon : Friendship

"I feel I can call you a friend when I say this....." or the ever popular, *"I feel you and I are alike....."* This is a favourite tactic of scamsters, to develop a false bond of friendship with people, to get under your defences. The scamsters are often clever actors who, assuming the role of a helpful and trusting person, will look for weaknesses while asking friendly, personal questions.

"Do you have children? You answer, and funnily enough they have one or two the same age as yours. Small talk about kids then ensues.... However, the difference is you are telling the truth and they are telling you what they expect you want to hear. They have created a bond.

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Scamster Weapon : Fear

Scamsters know that many people worry they will either outlive their savings or see all of their financial resources vanish overnight as the result of a catastrophic event, such as costly hospitalisation or some sort of economic cataclysm. As a result, it is common for these people to pitch the schemes as a way to help build up your life savings to the point where such fears are no longer necessary.

Scamster Weapon : Urgency

Scamsters routinely include an element of urgency in their pitches, stressing that the investment, or other item being offered will not be available unless you send the required funds quickly. This puts pressure on you to react before thinking the proposal over. A key to successful fraud is convincing you to pay quickly, so they receive the funds before you can have second thoughts or seek advice.

"You have to send the money today or I'm afraid you'll miss out on a place. The money is coming in fast and we have a limit on how much we can accept. Once that limit is reached, we will stop accepting funds."

To get the money before victims can reconsider, offenders often use telephones to process credit-card or debit transactions and for follow-up calls when victims do not pay promptly. The practice of sending a courier to your home immediately after a solicitation call is another tactic that deprives you of an opportunity to reflect on the scam offer.

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Scamster Weapon : Anonymity

Scamsters with any brains often use false names, and victims can only identify them by voice, if at all, creating a serious obstacle for investigators and prosecutors. They usually have payments sent to commercially-rented "drop boxes" (Suite 401 or some other number in the address is usually a give away this is a box not an office) which can make tracing funds difficult. These people are brazen, they don't care who sees them scam you, because they know they'll be gone soon and the world is a big place.

The following scenario happens every day of the week! I often say to people, if I told you my name was Bob Smith and I was the CEO of Star Investments, one of Canada's largest independent private investment companies, and gave you my card and my very glossy brochure and application forms, you'd probably believe me wouldn't you? Particularly if I spoke with great authority on the subject of investment?

Well, "Bob Smith" is out there in many different guises, and you may have given him money when you met him at a meeting or seminar. You were impressed with what he had to say weren't you? He's taken your money and you're feeling very happy with yourself for making such a shrewd investment. Within a few days the money is banked into Star Investments' account in Latvia, and within days this account is cleaned out and closed. You see "Bob Smith" never existed nor did Star Investments, he used fraudulent documents to open the account in Latvia, fraudulent business cards and bogus glossy brochures. His real name is "Steve Jones" he doesn't even live in Canada, he did live in the USA, but now resides as a millionaire in Costa Rica. The whole thing is a sham and you are blissfully unaware.

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Now, what I have highlighted is a very simple short term way anonymity can be used to fool you. But, the really skilful Scamsters can keep the charade going for months or even years. Some of these people are in this book.

They may even promise you an all-expenses-paid trip to their company's "corporate headquarters" when, in fact, the headquarters is an upstairs office in a shopping centre and the company's "Suite 2400" mailing address is a box at a commercial mail-receiving agency in a different shopping centre.

Scamster Weapon : Affordable Offers

They never ask for all your money. They always like to accept smaller amounts and sometimes reject the guy who comes along and says, "I'll put in a million". There are reasons for this. The first one is they are more believable if they say, "*why don't you put in half and see how it goes and if you are happy put the rest in*". The other reason is being "hunted down". If somebody rips you off for \$10,000 are you going to get teams of solicitors and investigators to track him down? Not likely, you will "lick your wounds" and "never do that again." But, if you got taken for a million, you will more than likely have the resources to chase him forever, and that's the last thing he wants. The rejection of higher levels of funds are almost always a self defence mechanism in these guys.

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The Top 10 things you will hear your favourite scamster say.....

1. "We don't make money unless you make money."
2. "I know you get offers everyday from people who tell you they're going to make you rich. I can make it easy for you to make your decision based on actual facts."
3. "This opportunity is the best chance to make extra money for guys who work for a living... guys like you and me."
4. "I've been in the business for 20 years, and I can tell you this: I know no other program that's legal, that's so easy to afford and so easy to work that can bring in this kind of big money from such a small investment."
5. "I know this can work for you. I personally guarantee your success, right down to the last penny."

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6. "Give me one percent of your trust. I'll earn the other 99 when you see the return."
7. "Of course there's a risk. There's a risk in everything."
8. "Sure we could finance this venture ourselves. But we're trying to build a power base for the future with investors like you."
9. "We're talking about a cash cow here. But it's going fast. I need your cheque tomorrow at the latest."
10. "I can't be lying. There are laws against that."

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Please Explain.....

Some things need explaining, “double talk” is often used by the scamsters, and if you have ever wondered what they really mean when

They Say:

"I have an investment opportunity for you. Profits are almost certain. The risk is definitely minimal."

They Mean:

Once I get your cheque, my profits are certain. There's no risk for me.

They Say:

"It would be illegal for me to guarantee profit. But our customers are making thousands of dollars a month on our investments."

They Mean:

Not a single one of our customers has ever made a dime on our investments and none of them ever will, but as long as I don't say the words "guaranteed profits" I may be able to stay out of jail.

They Say:

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"Once you see how well you do with me, you'll be my client for life."

They Mean:

Once you invest with me, I'll keep calling to get more money from you until you absolutely refuse to invest one dollar more and tell me that at least three times.

They Say:

"If you don't take some risk, you'll never make a profit....The opportunity is going fast. You better act now."

They Mean:

The biggest risk you could ever take is listening to me, and I know if I don't get your money now, you'll find someone who will talk you out of this crazy thing you're about to do.

They Say:

"I know you've been burned before on investments over the telephone, but trust me that this opportunity is different."

They Mean:

I know you've been burned before because I bought the mailing list from those guys after government regulators put them out of business. And trust me, my investment opportunity will be just as sure a loser as those others.

They Say:

"We've been in business for over 20 years."

They Mean:

We close down and change our name every two years or so to try to keep one step ahead of law enforcement.

They Say:

"Are any of your investments currently showing you a 40 to 50 percent return with low risk?"

They Mean:

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I know there's no such thing as an investment that makes that kind of return with low risk, but if you don't hang up the telephone when I say that, I just may be able to get you to buy the junk I'm selling.

They Say:

"This is the next great business you've been reading about in the papers. It's going to make fortunes for people, and you can get in on the ground floor."

They Mean:

Fortunes can always be made by people who devote great time and energy to develop businesses from the ground floor, but not by people who just send cheques to someone who calls them on the phone.

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The Two Emotions That Can Cost You Everything!

Scams are unlikely to work if it wasn't for greed or fear. Greed is the emotion that leads us to want something for nothing or to seek high returns on investments with claims of little risk. Greed gives us the motive to be willing to take advantage of another person. It was once said that *"You can't con an honest man"*. The word "honest" could be substituted for "someone who isn't greedy".

Your single best defence against any potential scam or scheme is to be willing to walk away from the perceived "opportunity". The tip off to a scam is always the risk free always high return per month bit. We hear this and immediately start becoming consumed by greed. Our brain pretty much switches off as we go into "money lust" mode. You must resist the urge to just throw your money away.

The second emotion that causes many people to lose money is fear. Nearly every scam tries to encourage a sense of urgency or you lose the opportunity. You have to move fast, to be decisive, say the scamsters and promoters. The fear of losing an opportunity to get something for nothing causes people to invest without investigating first.

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Greed causes investors to buy at the top of a rising market and fear causes them to sell at the bottom. Greed causes otherwise sane people to give their life savings to a total stranger who is offering them a "special opportunity" to get high returns without risk or effort. Fear often prevents them from even seeking help to recover their money. Fear also compels us to jump in, just in case we miss out.

There are real opportunities available in this world, but they usually require a lot of hard work, research and patience.

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Have you been taken lately?

*You need to do some Due Diligence
next time!*

One of the first things I always do when I am approached by people pushing investments that clearly fall outside the “norm”, like private offers of some description, is to ask for positive proof of who I am dealing with.

Now, this little technique will offend some people, but probably only the very anally retentive or the dishonest. Say something like:

“Look, I would love to invest in your opportunity, I think it’s wonderful, but I have been caught in a scam in the past because I didn’t know who I was dealing with. Now, I know you’re an honest person, but I would sleep better at night if you supplied me with some ID, you know, just so my wife (or husband) doesn’t have a go at me for not asking. I would like to see your passport and drivers’ license if that’s ok?”

If they are dishonest, you will get one of two reactions:

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Total disgust and refusal “to lower myself!, and what’s more I don’t think I would accept your money anyway!” This reaction is a dead give away, this guy is a liar and a cheat.

The second reaction, will be a delaying tactic, like, “it’s all in my hotel room, I’ll show it to you later”. You won’t actually see it, because you’ll be put off, avoided, or he will use some other lame excuse.

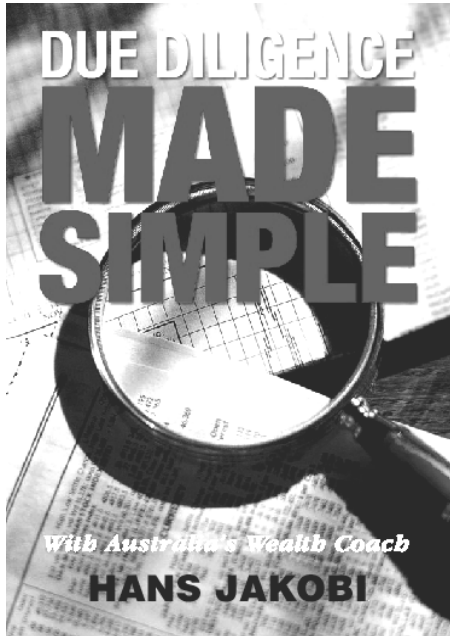
If you are shown these documents and you need to see both, make sure they tie up and they haven’t been issued in an unusual country like Belize or somewhere like that – they maybe false, or may have been issued with a false name on them. Write down everything you see, numbers etc.

Before, sending any money do a thorough check on these documents to ensure they are real. Ring his phone numbers etc. Make sure he really “exists”. Now, after you have done all this, you’ll know who you are dealing with, you just won’t know whether the investments is real or not. This is where this book comes in, naturally.

Also, keep in mind, the guy selling you this is nothing more than a commission agent, he may be convinced what he’s selling is real. He may have been sucked in as well.

Obviously, the subject of due diligence is a complex one and requires methodical procedures to be followed. So, if you would like more information on exactly how to go about it, why don’t you order a copy of my old mate, Hans Jakobi’s book *Due Diligence Made Simple*. This book will show you to go about it in a sensible and logical way. We have a stock of these books at Trident Press.

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The Seven Deadly Sins!

Don't commit these 7 evil "*Financial Sins*", unless of course you don't care about money.

1. Deal with professionals who are not licensed in the jurisdiction where their principal office operates.

2. Do business with professionals who are not audited annually, preferably by an international firm.

3. Don't consider obtaining references or find out how long the business has been operating.

4. Take no account of the calibre of management, particularly their qualifications and experience.

5. Give no thought to meeting the senior personnel before conducting business.

6. Base your choice of professionals on the lowest fees tariff.

7. Ignore taking tax and legal advice when necessary.

Commit these sins and you WILL lose money!

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Final Thoughts.....

The unfortunate reality is that there will *always* be scamsters... and that we all need to find a way to defend ourselves without giving up our freedoms in the process.

In my opinion, the best way to do this is through education. Learn about investing, learn more about scams and listen to your own “little voice” or common sense.

Some things just don't sound right.... But they do sound good, so we listen and then as I said before we become consumed by our emotions. We get swept along by the people around us. Always remember, most scams are propagated by personal recommendations and introductions. Virtually every letter I receive is from a person who was introduced to a scam by their friend, brother, sister, work mate or “*at a meeting last week*”.

My advice is go along to the meetings, listen to your friends or whoever, listen to what they have to say, then listen to your common sense. If you're not sure, and I mean 100% sure, check it out using the contacts in this book.

Accept nothing at face value!

Look for the lie, if you look hard enough you'll find it. It's OK to be a cynic when it involves your money.

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**Remember.....It's hard to make and
easy to lose.**

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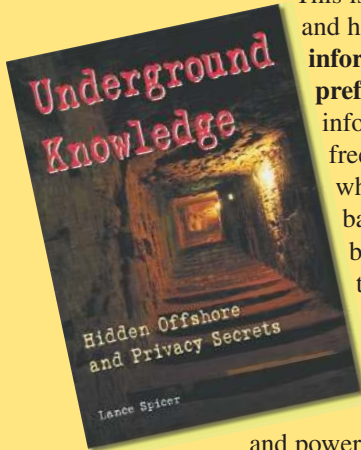
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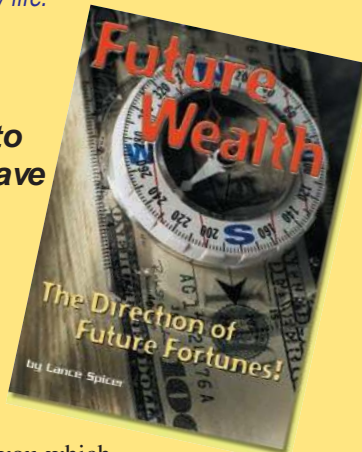
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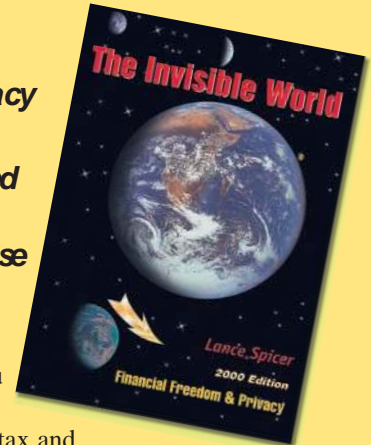
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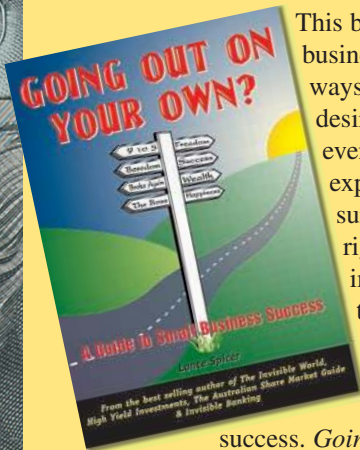
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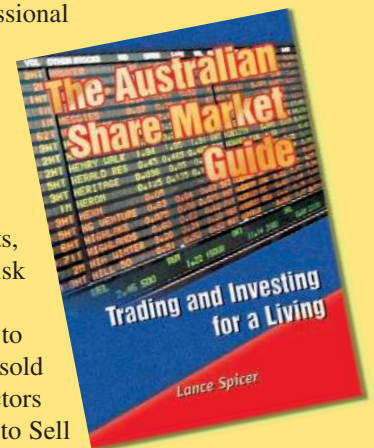
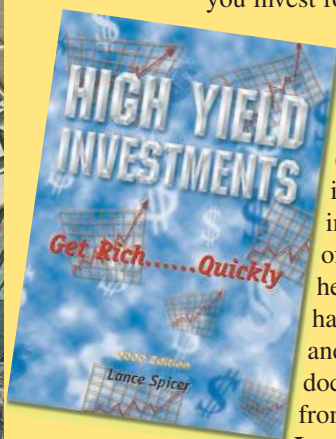
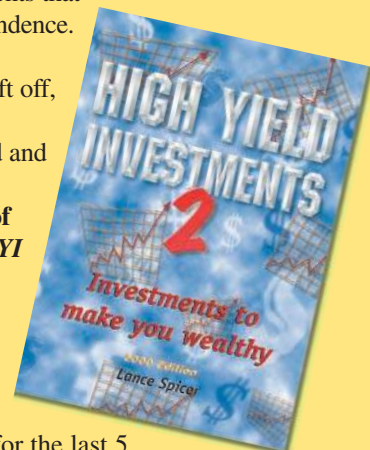
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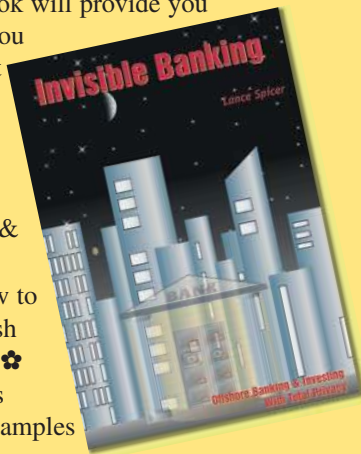
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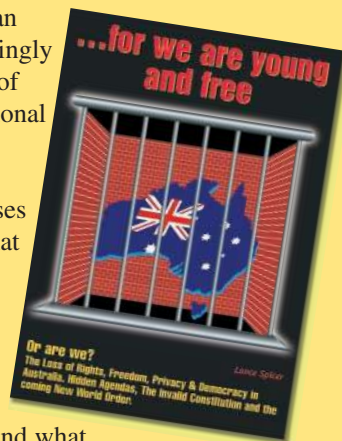


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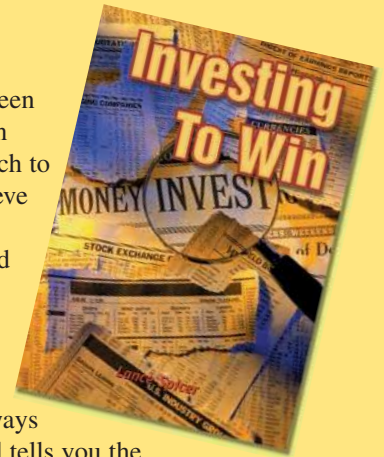
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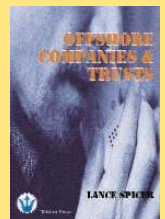
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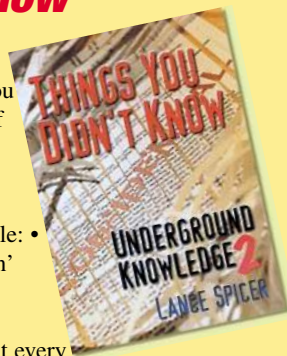
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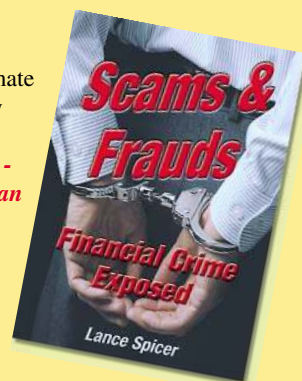


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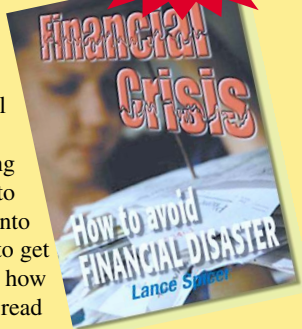
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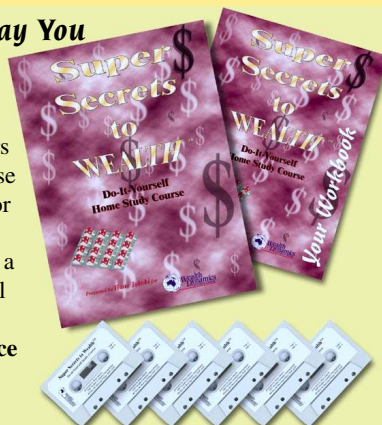
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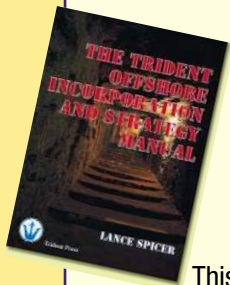
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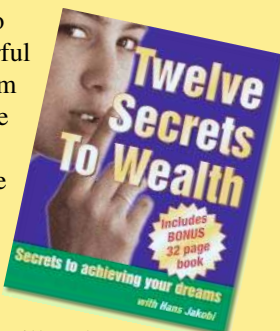


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