

## **What is a Prime Bank Note?**

International fraud artists have invented an investment scheme that offers extremely high yields in a relatively short period of time. In this scheme, they purport to have access to "bank guarantees" which they can buy at a discount and sell at a premium. By reselling the "bank guarantees" several times, they claim to be able to produce exceptional returns on investment. For example, if \$10 million worth of "bank guarantees" can be sold at a two percent profit on ten separate occasions, or "traunches," the seller would receive a 20 percent profit. Such a scheme is often referred to as a "roll program." To make their schemes more enticing, conartists often refer to the "guarantees" as being issued by the world's "Prime Banks," hence the term "Prime Bank Guarantees." Other official sounding terms are also used such as "Prime Bank Notes" and "Prime Bank Debentures." Legal documents associated with such schemes often require the victim to enter into nondisclosure and noncircumvention agreements, offer returns on investment in "a year and a day", and claim to use forms required by the International Chamber of Commerce (ICC). In fact, the ICC has issued a warning to all potential investors that no such investments exist.

The purpose of these frauds is generally to encourage the victim to send money to a foreign bank where it is eventually transferred to an off-shore account that is in the control of the conartist. From there, the victim's money is used for the perpetrator's personal expenses or is laundered in an effort to make it disappear.

While foreign banks use instruments called "bank guarantees" in the same manner that U.S. banks use letters of credit to insure payment for goods in international trade, such bank guarantees are never traded or sold on any kind of market.

### *Some Tips to Avoid Prime Bank Note Related Fraud:*

- Think before you invest in anything. Be wary of an investment in any scheme, referred to as a "roll program," that offers unusually high yields by buying and selling anything issued by "Prime Banks."
- As with any investment perform due diligence. Independently verify the identity of the people involved, the veracity of the deal, and the existence of the security in which you plan to invest.
- Be wary of business deals that require nondisclosure or noncircumvention agreements that are designed to prevent you from independently verifying information about the investment.