

# INTERNATIONAL GOLD BULLION INTERMEDIARY



## International Precious Metals Legislation The Patriot Act I and Act II

### NEW FED AND WORLD GOLD COUNCIL INTERNATIONAL PROCEDURE:

1. The Seller or his Mandate issues a full corporate offer. All AU metal offers must show the Seller's coordinates clearly.
2. Only the seller or his legal mandates may issue an AU offer and if it is the mandate issuing it, it must be accompanied by the letter evidencing the receipt of mandate authorization from the seller.
3. All offers received from non-authorized intermediaries will be automatically rejected.
4. The International Precious Metals Legislation does not allow buyers to first send a letter of Purchase Intent (LOI) because it is considered soliciting and is strictly forbidden.
5. Seller or seller's mandate must move first with an offer which should include metal license details and banking.
6. The Buyer/Buyer's Mandate submits a Letter of Intent and/or RWA (Ready, Willing and Able) with full banking coordinates and permission to do a soft probe.
7. The Seller/Seller's Mandate and Buyer/Buyer's Mandate exchange signed and sealed contract with full banking coordinates.
8. Seller/Seller's Mandate extends an invitation for the Buyer's bullion officer to contact the Seller's Bullion officer.
9. The Buyer/Buyer's Mandate accepts the invitation of the Seller's bullion officer.
10. The Buyer's bullion officer initiates the contact with the Seller's bullion officer by KTT.
11. The Seller's bullion officer will be instructed by the Seller to verify the AU metal, the quantity available, and to disclose any/all liens and encumbrances attached to the metal.
12. Upon receipt of the proof of existence of the Au metal and the certificate of authority to sell, the Buyer will instruct his bullion officer to confirm the availability of funds to be used as payment when the gold is delivered.
13. The Buyer and the Seller agree on a window time for exchange. The payment to the Seller will be disbursed within 24 hours against the transfer of ownership of the metal. Commissions will be paid immediately and without delay to each appointed paymaster.
14. The paymaster will likewise pay to the intermediaries their earned commission. GOLD / AU TRANSACTION (SINCE 1/08/2006)

Under the new guidelines recently set forth by the Federal Reserve for GLD metal it is required by the bank officers to do standard FED compliance on the metal and the seller / beneficial owners of the metal on a bank to bank basis before any contracts can be signed.

Anything outside of a strict Swiss procedure of POP with Sellers client info sheet and passport is now ILLEGAL to even attempt to transact. The seller, if they are legitimate, must be ready willing and able to submit this information directly by SWIFT to the Buyers Bank Officer for standard banking compliance under the new regulations.

Upon completion of this compliance the buyer's bank officer will then respond with POF including the Buyers client info sheet and passport information for the seller's bank officer to do their compliance as well.

### PROCEDURE:

1. Seller sends Full Corporate Offer (FCO) to Buyer.

Offer will give the following information:

- The quantity of Gold for sale
- The form: 12.5 Kilo Bars (GLD) 5 years or less

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- Fineness: 999.5% or better
- Hallmark: Johnson Matthey or some other known names
- Discount: Usually 6% Gross, 4% Net as a minimum
- Fees: Divided equally between Seller's and Buyer's Reps

The availability of the following documents will also be listed in the FCO:

- a. Safe Keeping Receipt
  - b. Original Certificate of Deposit
  - c. Certificate of Origin
  - d. Certificate of Legal Ownership
  - e. Seller's Certificate stating that the GLD are free and clear of all liens and encumbrances and freely tradable and exportable and of non-criminal origin
  - f. Certified Weight List and Assay describing each Bar as follows:
    - Serial Number as stamped on each Bar
    - Raw Weight as stamped on each Bar
    - Total weight as stamped on each Bar
    - Receipt of paid custom duties and taxes
    - Export Permit(s)
2. Buyer answers FCO with a Full Corporate Positive Answer (RWA) or LOI and sends Fee Protection Agreement with an unsigned Purchased Contract to Seller.
  3. Seller completes and signs contract and returns it to Buyer.
  4. Buyer signs contract and returns it to Seller. All above done electronically on the same day, if permitted by time zones.
  5. Seller sends a copy to buyer of the Safe Keeping Receipt and a Letter to his banker or warehouse manager giving him instructions to allow buyer to verify the existence of the gold and the pertinent information on said gold. The reason behind this request is that any person buying any gold wants to see it and verify it before paying for it. Having verified existence of the gold, buyer gives seller a Bank Issued Proof of Funds.
  6. Seller instructs his Bullion Officer to set a window time with Buyer's Bullion Officer and meet in the Bullion Depository to close the transaction

The gold must be in GLD system and the documentation must conform to LBMA standards. Timing for the total transaction from start to finish should be 48 to 72 hours.

### **TTM BULLION PROCEDURES & PROTOCOLS**

1. Seller issues a signed and sealed Full Corporate Offer (FCO) together with copy of signatory authority and Passport.
2. Buyer issues Letter of Intent (LOI) together with copy of signatory authority and passport.
3. Seller's Bank issues to Buyer Letter of Invitation to attend TTM at the Bank in relation to the referenced FCO and LOI, and/or –
4. Seller commences proceedings at TTM within the Bank by handing to Buyer's representative a document from his Bullion Bank, addressed to the Seller, stating the bank is ready to arrange and transact the contemplated business in the referenced Full FCO, together with Evidence of legal ownership of the specific Au metal parcel(s) on offer, the bank-recognized signatory authority to sell, current Assay Report, Safe

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Keeping Receipt, bank statement and/or other appropriate documentation to enable the Buyer to qualify the offer to sell the Au metal.

5. On successful verification of the documentation in clauses (4) above, Buyer delivers to Seller's representative at the TTM a document from his Bullion Bank, addressed to the Buyer, stating the bank is ready to arrange and transact the contemplated business referred to in this Full Corporate Offer (FCO).
6. Seller issues to Buyer four fully completed signed Sale and Purchase Agreements; Buyer signs and returns two originals to the Seller, together with IMFPA and NCND to include all participants to the said transaction.
7. Buyer and Seller lodge contracts and related documents to their respective Bullion Banks for verification and execution as per Swiss procedures.
8. Seller's bank will KTT to Buyer's bank confirming the existence and transferability of merchandise.
9. Buyer's bank will respond by KTT confirming availability of payment.
10. Transaction is completed on a bank-to-bank basis.

### Regarding Fees:

In summary, the sell side commissions are determined by the seller, which relates to the seller's parties – mandates, facilitators, intermediaries and the like.

Likewise, the buyer will determine who to pay for the buy side commissions.

Parties cannot sit on both sides; they either act 100% for the buyer or act 100% for the seller and have fiduciary obligations to each party, which carry legal obligations.

Major buyers that take in large amounts of gold tend to be central banks, large bullion banks and government treasuries.

When an offer is sent to the buyer, any part of the buy side that is closed to parties unknown to the buyer contravenes many laws and will depend on the specific buyer and specific jurisdiction.

In general, if a party insists on a commission and this party is unknown to the buyer and has not been appointed by the buyer to act for them, or does not have an arrangement with the buyer, etc, then the practice of many central banks and treasuries is immediate criminal prosecution of the party as they have no legal or other right to represent they act for the buyer and are entitled to commissions paid by the buyer.

If such behaviour was engaged in, the buyer would immediately commence criminal prosecution against any such party purporting to represent them under many pieces of legislation on the charges of Bank Fraud, misleading and deceptive conduct, wire fraud, etc, etc, etc

It is possible to cite specific legislation, types of criminal charges and lengths of sentences involved. Any party claiming commissions from an unknown buyer, who has not specifically appointed them, should for their own sake, carefully reconsider their actions.

These notes have been provided by several long standing buyers for, amongst others: The Federal Reserve, Top Foundations, and Her Majesty's Treasury/Bank of England who regularly buy gold in large volumes.

Please do not send over any offers "Requiring" money or Bank Instruments up front.