

How Protect Yourself In PPP, Managed Buy Sell Trades

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Private Placement Programs (PPPs) are one of the most misunderstood of all the Alternative Investments. Due to the enormous amount of misleading, false and fake information floating around the internet, as well as the fact there are very few published sources of quality information, I have created a quick and simple guide that will allow you, in seconds, to differentiate a legitimate Private Placement Program from a scam.

Every scam needs a mechanism to move money from the client into the scammer's pocket. If that mechanism is not present, then the scam, by definition, cannot work.

There are two main mechanisms scammers use in PPP scams that are not present in legitimate deals. The reason they use these two approaches is because it is the only way for them to gain access to a client's money in the deal. In the vast majority of cases, articles and stories where people tell you about scams, one of these two mechanisms is always present. It is, in fact, the only thing that allows the scam to work.

- 1) **Up-front fees:** Traditional Legitimate Private Placements DO NOT have Up-Front Processing Fees. This is a simple little money transfer mechanism that gets you to pay money for services you're never going to receive.
- 2) **3rd Party Accounts:** This is the most predominant scam technique in the industry. It is a way for scammers to gain access to large amounts of funds, by having the investor move the funds to a less secure 3rd party or 3rd party escrow account where they can easily access and steal it.

In a Traditional Private Placement Program, the money stays in your own AAA Rated Top-Tier Bank Account, in your name. In most cases it is held in place by the Bank itself for the duration of the trade program. No one else has access to the funds, ever. The trade contracts are done with the banks, on bank letter head with full-banking responsibility, and these contracts have verifiable bank serial numbers so that your banker can do bank-to-bank verification for you.

There are also very strict Non-Solicitation Laws enforced for these, per International Banking Law. Seeing any type of advertising for these services online, or sharing program details on a website, a blog or video, is a breach of those solicitation laws and is highly illegal. This is one of the easiest ways to spot the scams immediately.

Now let's talk about Legitimate Private Placement Programs. These are done by word-of-mouth only, through intermediaries with pre-existing relationships, generally by people with very substantial and easily verifiable credentials. In presenting this information to potential clients, they are staking the reputation that many of them worked a lifetime to establish. So that is a good starting point to the fact that the Program they are discussing with you is legitimate.

Next, since there are NO upfront fees and the money never leaves the client's AAA Rated bank account, you have to ask yourself in a Properly Structured deal, "If the money is in my Bank Account, and there are no upfront fees, no third-party accounts, and there are verifiable Bank Contracts, if you were a scammer, how exactly would you make any money doing this?" Of course, the answer is that you wouldn't.

Since the contracts are with AAA Rated Banks, the Investor Client is covered by the same protections that governs the Bank. This means that if there is a problem with the contract, the bank can be held liable under the law and potentially lose their banking license.

Next, there are Insurance Wraps from AAA rated Insurance firms, like Lloyd's of London, in the 100s of millions of dollars available, both for personal protection on these deals and to wrap hard assets for the trades themselves. The fact a AAA rated Insurance company would do business with a bank trade desk risking money on a daily basis in these amounts is a pretty solid indication you have found a legitimate bank trade desk.

The hang-up that most Investor Clients have is that the Bank requires anti-money laundering (AML) Compliance and a thorough Background check before a potential investor can be introduced to the little-known bank departments that handle these. You may only have 20 people in the entire network of the Bank that know these Departments even exists. One of the main reasons for this is that the banks wants their employees, including upper management, doing their regular jobs instead of chasing down clients for Managed Buy/Sell programs, earning millions in intermediary fees and quitting or retiring.

The banks themselves can lose their license if caught talking to criminals about these programs. Therefore, true due diligence and complete transparency with the bank and all parties involved can only be achieved after AML compliance documents have been submitted and reviewed.

This report is the extent of the Due Diligence that can be achieved beforehand. After passing compliance, however, thorough Due Diligence is very easy.

Unfortunately, because of the numerous scams you can now easily spot, nearly every Private Placement Program gets written-off as a scam and many people miss what is truly one of the safest and most profitable Alternative Investments in existence, when structured properly. The bottom line is that every investment class has numerous scams as well as fantastic opportunities. Being educated in how the scams work is your best protection if you wish to enjoy the benefits of the working with legitimate bank trade desks that have been quietly doing business for decades.