



AU TRANSACTIONS

For **gold in the system** (specification **GLD**: under the custody of a recognized bullion depository such as Bullion banks, LBMA refinery, Brinks, etc.), we simply cannot engage our banks even in informal discussions when we have absolutely no evidence that the transaction is real other than the **unsubstantiated representations** of the seller.

Therefore, it is absolutely necessary that the Seller understands that **before we provide banking coordinates, assist a TTM, lodge contracts or engage our Bullion Officers, we MUST qualify and verify the offer FIRST.**

Such verifications are **NOT** made on our behalf by our Bullion Officers. The Bullion Officers simply take the transaction through its formal process of closure after we have presented the qualified offer to them- which means we need an opportunity to verify the **evidence, existence and availability of the material as well as the Seller's True Lawful and Bank-recognized Signatory Authority to transact over the referenced parcel(s) and establish if the custodial bank does indeed have the proposed transaction scheduled.**

The best comfort the Seller can provide as a basis for us to engage should preferably come in the form of a copy of a recent letter (within 7 days) (**Letter of Readiness LOR** - attached file) from the Seller's bank addressed to the Seller, referencing the FCO and/or Contract with **XXXXXXXX** and signed by two bank officers confirming the Bank stands **READY** to transfer title of the referenced parcel(s) on the Seller's instructions. The **Letter of Readiness** serves the purpose very well as there can be no valid reason why a custodial transaction bank will not issue such a letter to their client if the transaction is **genuine**.

We could then, after receipt of satisfactory documents and assuming **due diligence proved correct**, proceed with the transaction by providing **Banking coordinates, assist the proposed TTM and engage our Bullion Banks, Bullion Officers or Bank Officers** by making contact with Seller's Bankers for **formal proof of the metal first, against confirmation of financial capability / availability of funds**. If our bank makes the first move it can be considered **solicitous**.

Non-GLD (out of the system: stored in private/security warehouses) moved to **GLD**:

The seller would need move the gold to the custody of, for example, **Brinks, LBMA Refinery or Bullion Banks**, who would issue an SKR to the seller to enable confirmation to us their custody and possession of the gold. Thereafter, we could arrange an inspection of the gold and certificates within the approved depository to determine whether or not we would need to arrange to re-assay and proceed on normal Bank to Bank basis (GLD terms).

Non-GLD (out of the system including dust & dory bars):

We could probably accept to inspect the gold (stored at the seller's private security warehouse), as terms of payment would in any case be purely based on, after contract signature, a **Corporate Letter of Payment Guarantee** (not from a bank) on behalf of the Buyer from the agreed LBMA Refinery. **The Seller delivers the gold CIF into his own account in the LBMA refinery.** Then, within 48 hours of Final Assay Report (after re-smelted & re-hallmarked the gold at the Refinery) we will **PAY CASH** (on the basis of refined weight at 999.5% purity to LBMA Standards) by **SWIFT**, through wire transfer to the Seller's Account, **BEFORE** the ownership of the gold passes from Seller to Buyer.

SELLER'S REQUEST FOR A POP FIRST

It has to be **understood and accepted** by the Seller that **NO Buyer** of this material would in their wildest dreams have the funding for a nominal first tranche of 500MT of gold bullion just sitting around in a funded account – at current gold prices of around **USD\$41.000** per kilogram this would amount to some **USD\$20,5 Billion!**, imagine for larger quantities.....

Not even those banks with the largest daily settlement requirements – particularly in today's extraordinary environment – has this level of cash funding just waiting for someone to come along and offer to sell gold. Money never sleeps, so there has to be a very strong reason indeed – i.e. a **fully verified and qualified transaction** – for us, or the banks, or the financial system they represent, to be persuaded to structure a transaction involving **such enormous sums of money.**

It must therefore be further understood that no buyer would provide the coordinates of a transaction account in advance, particularly one which is "fully funded" to receive POP from a prospective seller until the principal in the transaction – the buyer – has first fully qualified the offer. Such procedures as your Seller has naively suggested just do not happen.

On the other hand, following our initial due diligence and thereafter engagement of our bankers in the process, they could of course **immediately provide comfort of financial capability** on our behalf as soon as they would be in communication with the seller's bank and had established that there was a bona fide, workable deal on the table.

This means that the procedure must state that either before or after contract signature the buyer must receive directly (not to our bank in the first instance - but directly) **copies of documentation to evidence the existence of the exact parcel(s) offered for sale plus a document to confirm the transaction bank's recognition of the seller's signatory authority and that the seller's bank will accept the seller's instruction to transfer title.** There are several formats for such a **Letter of Readiness** from the seller's bank, addressed to the seller (see [au1.pdf](#))

Once we have received such documentation and performed our due diligence we would then immediately be in a position to engage our banks in the process of bank to bank communication and to arrange an institutional payment guarantee for the full contract value (or tranche value as may apply).

Even putting aside the special rules and regulations pertaining to gold bullion transactions, and the issues of solicitation inherent in the seller's requests, the question of the Seller trying to verify our financial capability first is a distraction from the absolute requirement to obtain clear evidence of the parcel offered for sale plus the seller's lawful ability to transact, so that we can arrange funding for the transaction.

Somehow this has to be explained to the Seller and the people behind him. If he can understand and formally accept these generally accepted principles, and allow us to incorporate them into the procedures for the proposed transaction, we could confirm to him that we would be ready, willing and able to proceed immediately.

As we suggested, we invite the Seller to use the facilities of his Bullion Bank to verify that **XXXXXXX** does indeed have the financial capacity and other resources necessary to conduct the business contemplated, as **XXXXXXX** has Bullion Accounts with **ALL** of the world's **Major Bullion Banks**.

If you have any doubts or the seller would need further & more specific explanation please let us know.