



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

SCAT TRADE EQUITIES)	ORDER TO CEASE & DESIST
Building 12, 4228 South Hocker Dr.)	Order No. CD-99-39
Independence, Missouri 64055;)	
)	
NOLAN D. CRISP)	
Building 12, 4228 South Hocker Dr.)	
Independence, Missouri 64055;)	
)	
JAMES R. STAUFFER)	
Building 12, 4228 South Hocker Dr.)	
Independence, Missouri 64055; and)	
)	
ROBERT E. BARNETT)	
3710 State Road KK)	
Fulton, Missouri 65251,)	
)	
Respondents.)	

Nolan D. Crisp, James R. Stauffer and SCAT Trade Equities sold unregistered securities in a "Bank Debenture Trading Program" to at least 56 Missouri residents. These residents invested over 1.2 million dollars with SCAT. Crisp told Missouri residents that an investment in the "Bank Debenture Trading Program" would pay a 50% return in 90 days. Before the 90 days had elapsed, Crisp offered and sold some of these Missouri investors interests in a "Bank Debenture Trading Program" that was to pay a 300% return in 270 days. Most investors have not received any return on their investments. The investments were not registered as securities in the State of Missouri. SCAT, Crisp, Stauffer and Robert E. Barnett were not registered to offer or sell securities in the State of Missouri. SCAT, Crisp and Stauffer failed to disclose these facts to Missouri investors.

The Missouri Commissioner of Securities is empowered to issue such orders as are necessary to protect the public interest. Section 409.408, RSMo 1994.

The Commissioner has received a Petition for a Cease and Desist Order and issues the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. SCAT Trade Equities is an entity with an address of Building 12, 4228 Hocker Dr., Independence, Missouri 64055.
2. Nolan D. Crisp (a/k/a N. Denney Crisp, M.D.) purports to be owner and founder of SCAT. Crisp has a business address of Building 12, 4228 Hocker Dr., Independence, Missouri 64055.
3. James R. Stauffer purports to be a trustee for SCAT. Stauffer has a business address of Building 12, 4228 Hocker Dr., Independence, Missouri 64055.
4. Robert E. Barnett is a Missouri resident with an address of 3710 State Road KK, Fulton, Missouri 65251. Barnett invested money through SCAT and received a return on this investment. Barnett told other Missouri residents about this investment and allowed Crisp to solicit potential investors in the parking lot of Barnett's business.
5. As used in this Cease and Desist Order, the term "Respondents" refers to SCAT, Crisp, Stauffer and Barnett.

MR1

6. In the fall of 1997, a Missouri resident ("MR1") spoke with Stauffer in Kansas City, Missouri. Stauffer told MR1, among other things, the following:
 - a. Stauffer had an investment opportunity through SCAT that would pay a 50% return in 6 months.
 - b. The invested money would be used in a "Bank Debenture Trading Program" that made overseas loans.
 - c. The investment was guaranteed.
7. On or about December 3, 1997, Stauffer provided MR1 with a document entitled "Low Risk Capital Accumulation By Bank Debenture Trading." This document is attached and incorporated as Exhibit 1. This document stated, among other things, the following:
 - a. "The trading in Bank Debenture Instruments is a multi trillion dollar industry worldwide. Top world banks (Money Center Banks) are authorized to issue blocks of debt instruments . . . under International Chamber of Commerce guidelines (ICC 400 & 500)."

- b. "The internal trading of bank debentures is a privileged and highly lucrative profit source for participating banks and as a result, these opportunities are not made known to the public (bank customers). It would be difficult, at best, to entice clients to purchase Certificates of Deposit, yielding 2.5% to 6.0%, if they were aware that other, equally secure investment accounts yielded more than ten times higher rates of return."
 - c. "Before our traders commit to any transaction, they always ensure that they have a guaranteed Exit Sale, (another person willing to purchase the bank debentures at an agreed to higher price, at the conclusion of a number of trading cycles)."
8. On or about December 3, 1997, MR1 wrote a check in the amount of \$1,000 made payable to SCAT to invest in the "Bank Debenture Trading Program."
9. To date, MR1 has not received any return on MR1's investment with Crisp.

MR2

10. In the early part of April of 1999, a Missouri resident ("MR2") spoke with Barnett at MR2's place of business. Barnett told MR2 that Barnett had an investment that was paying very well. MR2 told Barnett that MR2 might be interested in hearing more about this investment.
11. A few days after this April 1999 conversation, MR2 received a call from Crisp. Crisp told MR2 that if MR2 wanted to know more about the investment, Crisp would meet with MR2 on April 16, 1999.
12. On April 16, 1999, MR2 met with Crisp in the parking lot of Barnett's business in Fulton, Missouri. The meeting was held in a recreational vehicle purportedly owned by Crisp.
13. At this April 16, 1999, meeting Crisp told MR2, among other things, the following:
- a. Crisp owned SCAT Trade Equities. Through SCAT an investor could participate in a "Bank Debenture Trading Program" that would pay a 50% return in 90 days.
 - b. The program would probably close early.
 - c. Investor funds would be going out of the country and would be used by third-world countries.

- d. The federal government backed the program.
 - e. Crisp and SCAT would issue a collateral trust note that guaranteed a 10% return on the investment in 90 days.
 - f. Crisp had invested in these programs and had made money.
14. During this April 16, 1999 meeting, Crisp gave MR2, among other things, two brochures entitled "Bank Debentures 1999 Questions and Answers" and "Bank Debentures Your 1999 Personal Opportunity?" These brochures are attached and incorporated as Exhibits 2 and 3 respectively.
15. The Questions and Answers brochure stated, among other things, the following:
- a. A bank debenture was a certificate issued by a European bank.
 - b. Joint venture agreements were often used to facilitate the trading in bank debentures.
 - c. The high returns were earned by investing a large amount of money in the world money markets.
 - d. At the termination of the investment period, investors would receive their principal plus the earned interest.
16. The Personal Opportunity brochure stated, among other things, the following:
- a. The bank debenture programs were conducted under the guidelines set up by the "**International Chamber of Commerce**, which is the regulatory agency for the **Worlds Great Money Center Banks** [sic]." Emphasis in original.
 - b. These programs were not intended for the general public.
 - c. "Banks and traders always employ the strictest non-disclosure and non-circumvention clauses in trading contracts to ensure the confidentiality of the transaction. The contracts usually contain explicit language forbidding the contracted parties to disclose any part of the transaction for a period of several years. You would be subject to these same regulations should you become a joint venture participant in such a program."
 - d. Bankers, insurance agents and brokers would not know about these programs and would be skeptical.

- e. Participation in "a true **Bank Debenture** trading program is probably the most unique, [sic] rewarding and profitable financial opportunity an individual in this country will ever consider." Emphasis in original.
 - f. "The full gambit [sic] of regulations which are involved in all **Bank Debenture Programs** will apply, thus assuring the security of the principal and a minimal (*usually 6 to 10%*) return on the investment." Emphasis in original.
 - g. "[T]he risk to your investment capital (*unlike the stock market*) is highly protected and regulated by the **International Chamber of Commerce** rules governing all international finance." Emphasis in original.
 - h. The bank debenture program "provides almost instant liquidity, excellent capital safety, and has worked amazingly well since 1961."
- 17. On April 16, 1999, MR2 wrote a check in the amount of \$5,000 made payable to SCAT to invest in the "Bank Debenture Trading Program." MR2 gave this check to Crisp.
 - 18. On April 16, 1999, Crisp and MR2 signed a joint venture agreement and a collateral trust note. Copies of a joint venture agreement and a collateral trust note used by SCAT are attached and incorporated as Exhibits 4 and 5 respectively.
 - 19. On April 23, 1999, MR2 received a call from Crisp. On that date, MR2 again went to the parking lot at Barnett's business and met with Crisp.
 - 20. At this April 23, 1999 meeting, MR2 agreed to invest an additional \$25,000 in the "Bank Debenture Trading Program" offered by Crisp. MR2 wrote a check from MR2's business account made payable to SCAT. MR2 gave this check to Crisp.
 - 21. At this April 23, 1999 meeting, MR2 and Crisp signed a joint venture agreement and a collateral trust note substantially similar to Exhibits 4 and 5.
 - 22. To date, MR2 has not received any return on MR2's investments with Crisp.

MR3

- 23. In the fall of 1998, Barnett contacted a Missouri resident ("MR3"). Barnett told MR3 that Barnett had an investment that was paying good returns. Barnett told MR3 that Barnett could arrange for MR3 to meet the promoter of this program.

24. On April 20, 1999, MR3 met with Crisp in a recreational vehicle in the parking lot of Barnett's place of business.
25. At the April 20, 1999 meeting, Crisp told MR3, among other things, the following:
 - a. Crisp had a friend who was a trader in the world markets. The trader needed at least \$250,000 for this program.
 - b. Crisp was seeking a few investors to pool their money in order to get in this program.
 - c. Crisp stated that investor funds would be wired to Europe and would go through six or seven trades before the program would end.
 - d. MR3 could expect a 50% return on this investment in 90 days.
 - e. Crisp would sign a collateral trust note that guaranteed MR3 a 10% return on the investment in 90 days.
 - f. Crisp had invested approximately \$100,000 in three or four programs over a five to six-year period and Crisp had received everything Crisp had been promised.
26. On April 20, 1999, MR3 wrote two checks made payable to SCAT for a total investment of \$20,000. MR3 gave these checks to Crisp. At this meeting, MR3 and Crisp signed a joint venture agreement and a collateral trust note substantially similar to Exhibits 4 and 5.
27. On June 7, 1999, MR3 again met with Crisp. At this meeting Crisp stated that MR3 could invest in a new program that would pay a 300% return in 270 days.
28. At this June 7, 1999 meeting, MR3 gave Crisp a cashier's check made payable to SCAT in the amount of \$30,000 to invest in the "Bank Debenture Trading Program."
29. At this June 7, 1999 meeting, MR3 and Crisp signed a joint venture agreement and a collateral trust note.
30. To date, MR3 has not received any return on MR3's investments with Crisp.

MR4

31. In the fall of 1998, Barnett contacted a Missouri resident ("MR4"). Barnett told MR4 that Barnett had an investment that was paying good returns. Barnett told

- MR4 that the people involved were long-time friends of Barnett's and were trustworthy.
32. In the spring of 1999, MR4 again met with Barnett. Barnett told MR4 that Barnett had made money on Barnett's investment with Crisp.
 33. On April 20, 1999, MR4 met with Crisp in the parking lot of Barnett's business in a recreational vehicle purportedly owned by Crisp.
 34. At this April 20, 1999, meeting Crisp told MR4, among other things, the following:
 - a. A "Bank Debenture Trading Program" was opening with SCAT that would pay a 50% return in 90 days.
 - b. These programs were designed for investors who wanted to invest \$5,000 to \$10,000.
 - c. Seven traders collected and pooled investor funds.
 - d. Crisp and SCAT would provide MR4 with a collateral trust note that guaranteed MR4 a 10% return on the investment in 90 days.
 35. On April 20, 1999, MR4 wrote a \$10,000 check made payable to SCAT to invest in the "Bank Debenture Trading Program." MR4 gave this check to Crisp.
 36. In June 1999, Barnett told MR4 about another program with SCAT that was to pay a 300% return in 270 days.
 37. On June 7, 1999, MR4 wired transferred \$52,000 to a bank in London, England to invest in the 270-day program. MR4 received a joint venture agreement and a collateral trust note from Crisp.
 38. To date, MR4 has not received any return on MR4's investments with Crisp.

THE DIVISION'S INVESTIGATION

39. On June 9, 1999, the Missouri Securities Division received information that indicated that Respondents had offered and/or sold securities in the State of Missouri.
40. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration or granted exemption for the securities as offered and/or sold by Respondents in the State of Missouri.

41. A check of the records maintained by the Commissioner confirmed no registration for Respondents to offer and/or sell securities in the State of Missouri.
42. A check of the corporation records maintained by the Missouri Secretary of States Office confirmed no registration for SCAT to conduct business in the State of Missouri.
43. On June 15, 1999, a Securities Division Investigator interviewed Crisp by telephone and Crisp stated, among other things, the following:
 - a. Crisp's friends and relatives invested in bank debenture programs with Crisp. Crisp formed SCAT in order to pool and transfer these investor funds.
 - b. Crisp produced SCAT's promotional pamphlets from information Crisp had obtained from the Internet.
 - c. Crisp had invested approximately \$200,000 in these bank debenture programs and had received returns ranging from 50 to 200% per year.
 - d. Crisp researched these programs for approximately one year before deciding to invest.
 - e. Crisp said bank debenture programs were high yielding investments.
 - f. The funds were invested in the international market.
44. On June 21, 1999, the Missouri Securities Division sent a letter of inquiry to SCAT and Crisp at the above-listed address.
45. This June 21, 1999 letter of inquiry requested information about the above-mentioned offer and sale of securities.
46. This June 21, 1999 letter of inquiry also requested that SCAT and Crisp file a claim of exemption from registration or exception from definition for the securities sold by SCAT and Crisp in the State of Missouri.
47. On July 23, 1999, the Securities Division received a letter of response from an attorney representing SCAT and Crisp. The response stated, among other things, the following:

"The people who my client have worked with in setting up the six joint ventures have been doing this type of business for many, many years and they told my client from the beginning that these memberships in joint

ventures were not and are not securities requiring any registration or filings whatsoever. They gave my client all the forms of documents that were used in their presentations. My clients now realize the requirements under Missouri Law and will in any future ventures be in full compliance.

My client is a member of each of the joint ventures and thus qualifies as an "Issuer."

48. On July 27, 1999, a second letter was sent via facsimile and U.S. Mail to the attorney representing SCAT and Crisp.
49. This July 27, 1999 letter advised that the July 23, 1999 correspondence failed to establish that SCAT and Crisp were entitled to rely on any exemption or exclusion and did not include all of the information requested in the Division's letter of June 21, 1999.
50. This July 27, 1999 letter also requested additional information concerning SCAT and Crisp's activities in the State of Missouri.
51. On August 9, 1999, the Securities Division received a response from SCAT and Crisp's attorney. The response stated, among other things, that SCAT and Crisp were claiming an exemption from registration under Section 409.402(b)(9) RSMo 1994. The response further stated that SCAT and Crisp were members of each of the joint ventures and thus were issuers.
52. The August 9, 1999 response failed to provide all the information requested in the Division's letter of June 21, 1999.
53. On August 16, 1999, the Securities Division sent a letter to SCAT and Crisp's attorney requesting the balance of the information on or before August 24, 1999.
54. To date, no further response has been received.
55. Information received by the Division indicates that at least 56 Missouri residents invested approximately 1.2 million dollars with SCAT.
56. On October 21, 1993, federal financial institution supervisory agencies issued an Interagency Advisory to financial institutions. This advisory alerted banks about the use of schemes involving "prime" bank financial instruments. The warning stated, in part, that:
 - a. "Individuals have been improperly using the names of large, well-known domestic and foreign banks, the World Bank, and central banks in connection with . . . [these] schemes."

- b. "The staffs of the federal supervisory agencies are unaware of the legitimate use of any financial instrument called a 'Prime Bank' note, guarantee, letter of credit, **debenture**, or similar type of financial instrument." (Emphasis added).
 - c. "These schemes do not involve the offer or sale of financial instruments issued by any financial institution having the word 'prime' in its name; rather, that word (or a synonym, as in the phrase "top fifty world banks") is used to refer, generically, to financial institutions of purportedly high repute and financial soundness."
57. The Securities and Exchange Commission subsequently alerted investors about these schemes. The SEC warning stated, in part, that:
- a. These types of investments promise or guarantee unrealistically high rates of return.
 - b. These schemes "appear to involve overly complex loan funding mechanisms."
 - c. "Common targets of these schemes include both institutional and individual investors, who may also be induced to participate in possible 'Ponzi' schemes involving the pooling of investors' funds to purchase 'prime' bank financial instruments."
58. In connection with the offer and sale of the above-mentioned securities to Missouri residents, SCAT, Crisp and Stauffer omitted to state the following material facts:
- a. Respondents were not registered to offer or sell securities in the State of Missouri.
 - b. The securities were not registered in the State of Missouri.
59. In connection with the offer and sale of the above-mentioned securities to Missouri residents, SCAT, Crisp and Stauffer misrepresented the following material facts:
- a. That the regulations governing "Bank Debenture Trading Programs" would protect the principal and assure a minimal return on the investment;
 - b. That an investment in the 90-day "Bank Debenture Trading Program" would pay investors a 50% return in 90 days;
 - c. That an investment in the 270-day "Bank Debenture Trading Program" would pay investors 300% return in 270 days; and

- d. That "Bank Debenture Trading Programs" had worked "amazingly well" since 1961.
60. In connection with the offer and sale of the above-mentioned securities, SCAT, Crisp and Stauffer engaged in an act, practice or course of business which operated or would operate as a fraud or deceit upon Missouri residents by:
- a. Claiming that the bank debentures were as safe as Certificates of Deposits;
 - b. Promising quick, unrealistically high rates of return;
 - c. Stating that investors could not talk about the program to others because the investor was bound by non-disclosure regulations;
 - d. Stating that bankers and other financial professionals either would not know about the program or would seek to prevent investors from learning about the programs;
 - e. Failing to provide to the investors the names and addresses of the "World's Great Money Center Banks" involved in the "Bank Debenture Trading Program;"
 - f. Failing to provide to the investors the names and addresses of the "seven traders" involved in the "Bank Debenture Trading Program;" and
 - g. Selectively repaying early investors to facilitate the recruitment of new investors.
61. This Order is in the public interest.

CONCLUSIONS OF LAW

1. The joint venture agreement in the "Bank Debenture Trading Program" is an investment contract.
2. A security is defined as ". . . any **note**; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; **collateral-trust certificate**; preorganization certificate or subscription; transferable share; **investment contract**; limited partnership interest; voting-trust certificate; certificate of deposit for a security; [or] certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease[.]" (Emphasis added.) Section 409.401, RSMo Cumulative Supp. 1998.

The "Bank Debenture Trading Program," joint venture agreements and collateral trust notes offered and sold by Respondents constitute securities.

3. It is unlawful for any person to transact business in this state as a broker-dealer unless he is registered as a broker-dealer under Sections 409.101 to 409.419. Section 409.201(a), RSMo Cumulative Supp. 1998.

SCAT's conduct described in the Section entitled "Findings of Fact" constitutes a violation of Section 409.201(a), RSMo Cumulative Supp. 1998.

4. It is unlawful for any person to transact business in this state as an agent unless he is registered as an agent under Sections 409.101 to 409.419. Section 409.201(a), RSMo Cumulative Supp. 1998.

Crisp and Stauffer's conduct described in the Section entitled "Findings of Fact" constitutes a violation of Section 409.201(a), RSMo Cumulative Supp. 1998.

5. "It is unlawful for any person to offer or sell any security in this state unless (1) it is registered under this act; (2) the security or transaction is exempted under section 409.402; or (3) it is a federal covered security." Section 409.301, RSMo Cumulative Supp. 1998.

Crisp, Stauffer and Barnett's offer and sale of unregistered securities, as described in the above "Findings of Fact," constitutes a violation of Section 409.301, RSMo Cumulative Supp. 1998.

6. "It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly
 - (1) to employ any devise, scheme, or artifice to defraud,
 - (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or
 - (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person." Section 409.101, RSMo 1994.

SCAT, Crisp and Stauffer's omissions of material facts in connection with the offer and sale of securities, as described in the above "Findings of Fact," constitute violations of Section 409.101, RSMo 1994.

SCAT, Crisp and Stauffer's misrepresentations of material facts in connection with the offer and sale of securities as described in the above "Findings of Fact," constitute violations of Section 409.101, RSMo 1994.

SCAT, Crisp and Stauffer's acts, practices or courses of business, as described in the above "Findings of Fact," constitute fraudulent, and thus illegal, practices under Section 409.101, RSMo 1994.

7. The Commissioner may, if he believes from the evidence satisfactory to him that a person is engaged or about to engage in any fraudulent or illegal practice or transaction, issue an order prohibiting such person from engaging in or continuing such fraudulent or illegal practice. Section 409.408(b), RSMo 1994.

Transacting business as an unregistered broker-dealer constitutes an illegal practice under the statute.

Transacting business as an unregistered agent constitutes an illegal practice under the statute.

Selling unregistered securities constitutes an illegal practice under the statute.

Omitting to state a material fact in connection with the offer and sale of securities constitutes an illegal practice under the statute.

Misrepresenting a material fact in connection with the offer and sale of securities constitutes an illegal practice under the statute.

Engaging in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person constitutes an illegal practice under the statute.

8. "[T]he burden of proving an exemption or an exception from a definition is upon the person claiming it." Section 409.402(f), RSMo 1994.

SCAT and Crisp have failed to sufficiently prove an exemption from registration or an exception from the definition of a security.

9. Sufficient evidence exists to conclude that SCAT, Crisp and Stauffer have engaged in willful violations of Sections 409.101, RSMo 1994; 409.201 RSMo Cumulative Supp. 1998; and 409.301, RSMo Cumulative Supp. 1998.
10. Sufficient evidence exists to conclude that Barnett has engaged in willful violations of Section 409.301, RSMo Cumulative Supp. 1998.
11. Sufficient evidence exists to conclude that Respondents will continue such illegal practices.

NOW, THEREFORE, the Commissioner of Securities Orders that SCAT Trade Equities, Nolan D. Crisp, James R. Stauffer, Robert E. Barnett, their agents, employees and servants CEASE AND DESIST the offer and sale of securities in violation of Sections 409.101, RSMo 1994; 409.201, RSMo Cumulative Supp. 1998; and 409.301, RSMo Cumulative Supp. 1998.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 20th DAY OF October, 1999.



REBECCA MCDOWELL COOK
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read "Douglas F. Wilburn", written over a horizontal line.

DOUGLAS F. WILBURN
COMMISSIONER OF SECURITIES

NOTICE:

Respondents and any unnamed representatives aggrieved by this Order may request a hearing in this matter. Any request for a hearing should be sent, in writing to Douglas F. Wilburn, Commissioner of Securities, Office of the Secretary of State, Missouri State Information Center, Room 229, 600 West Main Street, Jefferson City, Missouri, 65102, within thirty (30) days of the receipt of this Order. Section 409.412(a), RSMo 1994 and MO 15 CSR 30-55.020.

**LOW RISK CAPITAL ACCUMULATION
BY
BANK DEBENTURE TRADING**

RECEIVED

AUG 19 1993

U.S. DEPT. OF STATE
SECRETARY OF STATE

The trading in Bank Debenture Instruments is a multi trillion-dollar industry worldwide. Top world banks (Money Center Banks) are authorized to issue blocks of debt instruments like Bank Purchase Orders (BPOs), Promisory Bank Notes or Mid-Term Notes (MTNs), Zero Coupon Bonds (Zeros), Documentary Letters of Credit (DLCs), Stand By Letters of Credit (SLCs), or Bank Debenture Instruments (BDIs) under International Chamber of Commerce guidelines (ICC400 & 500).

The Prices of these instruments are quoted as a percentage of the face amount of the instrument, with the initial market price being established when first issued. Thereafter, as they are resold to other banks, they are sold at escalating higher prices, thus realizing a profit on each transaction, which can take as little as one day to complete.

As these debt instruments are bought and sold within the banking community, the trading cycles generally move from the higher level banks to lower level (smaller) banks. Often they move through as many as seven or eight trading cycles, until they eventually are sold to an already contracted retail customer or "call buyer" such as a pension fund, trust fund, foundation, insurance company, security dealer, etc. that are seeking a conservative, reasonable yield investment that is suitable for 8 figure amounts.

By the time the bank debentures ultimately reach the "retail" or secondary market level, they are of course selling at substantially higher prices than when originally issued. For example, while the original issuing bank might sell a "MTW" at 80% of it's face value, by the time it finally reaches the "retail/exit" buyer it can sell for 91% to 93% of it's face value. Since these transactions are intended for large financial institutions they are denominated in face amounts ranging from US \$10 million.

The key to safety and profits

The key to successful trading in Bank Instruments lies in having the contacts, initial cash resources, and wherewithal to purchase them at the maximum discount, while

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also having the necessary resources and contacts to sell the instruments in the higher priced secondary markets. The real secret of successful participation lies not in knowing the how, why, and wherefore of these transactions, but fare more importantly in knowing and developing a strong working relationship with the "Insiders" the Principals, Providers, Bankers, Lawyers, Brokers, and other specialized professionals who can combine their skills and connections to turn these resources into lawful, secure, and responsible programs with the maximum potential for safe return.

There has been a lot of interest expressed by persons seeking to learn more about risk free capital accumulation by participating in Forfaiting (Trading) Programs. Essentially, we are discussing a Money Center Bank instrument or Bank Debenture Purchase and Resale Program, in which these monetary securities are bought at a beneficially lower price and then sold in the money markets at a higher price.

Before our traders commit to any transaction, they always ensure that they have a guaranteed Exit Sale, (another person willing to purchase the bank debentures at an agreed to higher price, at the conclusion of a number of trading cycles). If no and no customer is available before the transaction commences then no trade will take place, as the trader must always protect his position. This is of course, vital for the maintaining of the profitability of the program.

QUESTIONS AND ANSWERS

If this is such a good investment, why have we not heard about it?

The internal trading of bank debentures is a privileged and highly lucrative profit source for participating banks and as a result, these opportunities are not made known to the public (bank customers). It would be difficult, at best, to entice clients to purchase Certificates of Deposit, yielding 2.5% to 6.0 %, if they were aware that other, equally secure investment accounts yielded more than ten times higher rates of return. The banks and traders always employ the strictest non-disclosure and non-circumvention clauses in trading contracts to ensure the confidentiality of the transactions. The contracts usually contain explicit language forbidding the contracted parties to disclose any part of the transaction for a period of five years. As a result, it is difficult to locate experienced individuals who are knowledgeable and willing to candidly discuss these opportunities and the high profitability associated with them, since in so doing they would severely jeopardize their opportunity to participate in further transactions.

There are no smoke and mirrors involved; all of the trading programs are conducted under the specific guidelines set up by the International Chamber of Commerce (I.C.C.), generally known as I.C.C. 500 & 600. The I.C.C. is the regulatory body for the World's Great Money Center Banks and is based in Paris, France. It has existed for more than 100 years, and exerts strict control on world banking procedures.

The U.S. Federal Reserve is a very important member, but unlike most other central banks, operates independently of the I.C.C. and as a result the vast majority of U.S. citizens have not been made aware of the money making opportunities already available for forty-five years to qualified European Investors through I.C.C. affiliated banks. A few major U.S. banks do participate from within their banking operations based in Switzerland and the Cayman Islands, but they do not normally make their programs available to Americans living in the U.S.A., and the chances are very great that your local bank manager has absolutely no knowledge of them and may even deny their existence.

How are the investor's funds protected?

As the funds are deposited into a transaction they are secured by a Bank Guarantee issued by a Top Money Center Bank until the completion of the transaction and

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return of the proceeds to the Investor. This feature makes the investment as secure as buying a CD in a major world bank, at least for the investor with sufficient funds to get his own contract. The return on the investment is normally not guaranteed by the bank, except for a small portion (up to 12% per year). Often times the return is guaranteed by the trader, who has to perform according to the contract to stay in business.

What is a bank guarantee?

A bank guarantee is a bank debenture instrument (or Certificate of Deposit), usually issued by a Top Money Center Bank. Bank Guarantees in the form of Bank Debentures are not available to the general public. They are used in securing the safekeeping of clients funds while they are committed to a Forfaiting (trading) transaction. The vast majority of currencies in use around the world today are flat currencies, i.e., unbacked by real assets. For example, at the time of printing by the Federal Reserve, Federal Reserve Notes are literally worth the price of the paper, ink, and labor. No more and no less.

Dollar bills are non-redeemable, which means that the Federal Reserve has no obligation to make their notes good or ensure to hold their value stable at home or abroad. We use Federal Reserve Notes inside the U.S.A. as the accepted vehicle of exchange, and they are given value solely by our productivity, labor and taxes. However, when we ask foreign nations to accept this paper to pay for debt service and /or trade deficit purchases of their oil, cars, VCR's, machine tools, wine, food, clothing etc., there has to be a process to build value for this otherwise unsecured and non-redeemable flat currency. This is what crashed the market.

How does the process work?

This is where the European bankers come into the picture. They establish Forfaiting trades in Money Center Bank Debentures which are first issued in U.S. dollar denominations at a discounted price to the Commitment Holders of about 75 to 80 cents on the dollar. The debentures are then placed at the disposal of major European Money Center Banks and first go into trade at about 82 cents on the dollar.

Thereafter, through a series of trading transactions which build value in increments of 1, 2 or even 3 cents on the dollar the U.S. dollar eventually reaches parity with its perceived street value on any given day. The importance of this value building process can be seen when it is understood that these trades are taking place in multiples of hundreds of millions of dollars on a daily basis, year in and year out.

Incidentally the reason that the value of the U.S. dollar continues to decline in world markets is because the Federal Reserve has dramatically escalated the amount of

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Eurodollars in circulation over the past ten years; there are many trillions in circulation around the world. It is not a matter of the Yen or Deutschmark increasing in value, as the Fed and the U.S. politicians would have you believe, it is the old rule of supply and demand. As more and more U.S. paper is put into play, the less its perceived value becomes in world markets and the world's bankers are willing to exchange less of their more stable currencies for it.

Are IMF and the World Bank involved?

All fiat currencies are debt instruments, which are issued against a value building transaction. When we accept dollar loans from a U.S. bank they literally created that loan on paper, funded it with paper, and we then redeem the debt with our labor and goods, creating value for the borrowed currency in the process. The International Monetary Fund and the World Bank work to place Eurodollars into value building projects the world over. The funds used by these organizations originate from Debenture Forfait Trading, and is not another method to establish value for the U.S. dollar in world markets.

Where are the Money Center Banks located?

Major Money Center Banks engaged in Forfaiting (Trading) transactions are primarily located in the financial centers of Paris, London, Bruzzels, Amsterdam, Vienna, Zurich, Geneva, Liechtenstein, and Luxembourg. Specific banks are not disclosed to potential clients outside the parameters of an approved transaction.

What part does the I.C.C. play?

Regulation of the international banking industry is under the authority of the International Chamber of Commerce. The I.C.C. is based in Paris, France, and has been in existence for more than 100 years. The I.C.C. is the world's monetary policemen, and exercises tremendous power in establishing the policies and procedures under which all international banking transactions take place. Some indication of this can be seen when one realizes that the U.S. Federal Reserve came into being and gained acceptance in the international banking community only after it's approval was granted by the I.C.C.

I.C.C. 500 and 600 regulations are the controlling authority for all European and international banking transactions. These regulations are not available for public scrutiny any more than are those of the Federal Reserve in the USA.

What role is the Federal Reserve playing?

The U.S. Federal Reserve is a member of the International Chamber of Commerce. As such, it represents the U.S. Dollar, which has been used as the International Reserve Currency since the days the Bretton Woods Agreement came into effect. The Bretton Woods Agreement was signed in 1944 between the major Western Powers, and became fully effective in 1951.

The Federal Reserve regulates the supply of dollars in circulation, and as dollar credits are shipped offshore they are placed with London Bankers for entry into the world's money markets. The London Banks have been the international monetary clearing house for hundreds of years. The vast majority of nations, large and small, entrust their funds to these bankers which have been the major managers of Eurodollars (offshore dollars) ever since the Dollar became the "pegged" currency, replacing the English Pound.

The U.S. Dollar is the sole currency used in Forfaiting (Trading) Transactions, primarily because it is the accepted reserve currency, but also because of the huge amount of Eurodollars which are in circulation worldwide. The supply of Eurodollars continues to increase on a daily basis as the U.S. Government continues to pay it's international trade deficit (which now amount to approximately US \$350 billion each year) with flat currency.

It is important to recognize that the European nations in which the Forfaiting transactions take place are financially powerful sovereign nations, with their own well regulated stable banking systems which have proven their worth and stood the test of time. These bankers report to the Federal Reserve, not in a subservient capacity, but as the managing agents for the Eurodollars engaged in transactions

PAGE 7

and general banking activity throughout the world.

It follows that the Federal Reserve, to some extent, regulates the amount of dollars available for use by the European Bankers, and as Forfaiting transactions take place, they are reported to the Federal Reserve. These reports are normally not made on an individual basis, but on the overall volumes of dollars engaged in value building Forfaiting transactions, in support of the U.S. Dollar.

What is the reason for the existence of this market?

The legal and regulatory environment created by the Bretton Woods Agreement, which authorized the issuance of fiat paper currency provides the necessary mechanism that enables the forfait.

How long will these programs be available?

Trading Programs have been available ever since the Bretton Woods Agreement came into full force in 1951. The Capital Accumulation industry, based upon U.S. dollars, probably has a finite life. There is a real possibility that the time will come when the U.S. dollar falls from grace. The trillions of dollars that were invested in the U.S. economy and in U.S. Treasury Notes by foreigners were made at a time when the U.S. dollar was worth at least twice what it is today (as recently as 1987), in foreign markets.

Those foreign investors that invested in U.S. Government and private American investments are seeing their capital lose value on a daily basis as the dollar continues its steady decline against their native currencies. They are steadily pulling their investments out of the U.S. markets in an attempt to cut their losses and regain liquidity: and, unless the U.S. Government and the Federal Reserve can reverse this trend, the dollar will be placed in jeopardy of becoming dethroned as the international reserve currency.

Note: Forfaiting (Bank Debenture Trading) Programs should not be confused with Derivatives, which are risky and highly speculative, and consist of a pyramid of borrowed collateral built upon assumptions "derived from" the investor's underlying investment. Any deviation from the market conditions can bring the pyramid crashing down, instantly burying the speculator in a mountain of debt

Can I participate through my U.S. bank or brokerage firm?

There is no advantage to the U.S. Federal Reserve in making Forfaiting transactions available in the United States. Under the Glass-Steagall Act of 1933, U.S. Banks and Brokerage Houses are prohibited by law from offering such programs in the

PAGE 8

domestic markets. In addition, as a result of the 1929 collapse, American bankers are severely inhibited by various regulatory procedures and other requirements which make it impossible for them to offer these transactions to their U.S. clients. Chances are that your attorney, banker and broker have absolutely no knowledge of these programs since they are only conducted by Top Money Center Banks located in Western Europe.

Can I go directly to a European bank to participate?

This type of trading contract is not offered as over-the-counter transactions. Forfeiting (Trading) transactions are highly privileged "insider" opportunities which are only made available to those who have qualified for participation by first completing all of the necessary documents, including bank certified proof of funds, and have followed the established protocol before they are allowed to proceed. Any attempt to circumvent the established procedures results in automatic blacklisting of the offending party, by the applicable Provider, and possible penalties with no possibility of further participation in other programs.

Can the profits be compounded?

Under I.C.C. regulations, all transactions close to new business on December 15th of the year, and are not repeated in the following year. Those transactions already in place will continue through to the completion of the agreed period. Many programs become fully subscribed in a relatively short time, and once closed to new business will not reopen. During the trading year an investor may, subject to continuing availability, step up to another program or reinvest at the same or higher levels in the currently available program and thus maximize his returns.

Can I use U.S. Treasury Bonds, Bills or other U.S. Government Securities in a Forfeiting Program?

It is possible to use the above types of securities to participate in specific "Blocked Funds" Forfeiting (Trading) programs, subject to the following requirements:

- a) That the securities intended for participation can be authenticated by a Top 25 West European Money Center Bank, that they carry a registered, current C.U.S.I.P. number, and that ownership in the name of the intended participant can be verified to the satisfaction of the bank.
- B) That the intended participant provide, from the West European Money Center Bank under an approved format Bank Certified Proof of Funds and other required documentation.

The securities will of course be hypothecated to the bank for a cash loan, the cash can then be used for participation in a trading program as usual. This is the preferred procedure.

Q Can I participate in these programs more than one time?

A Possibly? Your specific program will end after a predetermined period (*term*). Your investment plus the earnings will be returned to you by certified check or by wire transfer to your bank. You **MAY** have the opportunity to invest in another similar program if you desire. The specific terms of the next program will be available in time to allow you to decide about a repeat investment.

Q Can I invest now and then again in a few weeks?

A Possibly! You could invest today, then par-haps again in a few weeks. Each investment will be a separate transaction and will be covered by a separate agreement. Your investments **WILL NOT** be consolidated into a single agreement. The investment opportunity you consider in a few weeks **MAY BE** in a different program which could affect your earnings. Many programs have a "*cap*" in terms of money or time. To procrastinate could result in closing of the desired program.

Q Can I borrow money against my house or other property to invest in this program?

A Yes! Many investors borrow the initial investment capital. Frequently, there is not enough available cash to allow investment in such a program, thus borrowing is necessary. If you anticipate borrowing money from your local bank or similar institution, you must provide the usual security they require. You will not be able to borrow using this joint venture as collateral.

Q Can my friends, neighbors or business associates participate in this program?

A Yes they can! You can refer them directly to a functioning program for immediate participation, or you can consider "*pooling*" of funds to increase the size of the investment you are contemplating.

Q What is the actual interest rate which I would receive on such an investment?

A The earnings (*interest*) paid by Traders may vary depending on the need for money by the world community at the time of your investment. Most programs will pay at least 25% per year and some will pay much more. Special programs are occasionally offered which provide better earnings. Generally the larger the amount you are investing the higher the return. These programs were established and continue to be supported by individuals with significant financial capabilities. If you do not have large sums to invest, you may be forced to accept less earning in exchange for the opportunity to participate.

Q What happens at the end of the investment term or period?

A At the termination of the investment period you will receive your principal plus the earned interest. This will be returned in certified funds to you or by wire transfer to your bank.

Q What can I do to get this joint venture investment started?

A First read all the material which has been supplied. Be certain you understand the joint venture investment you are about to make. Then prepare some documentation indicating the amount you wish to invest in the joint venture.

Q I still have trouble believing this kind of a financial return is possible?

A Sometimes, it is difficult to believe! In the past, many individuals with large sums to invest have secured their financial future. The same opportunity is now available to the smaller investor. Perhaps the best test would be to invest a minimal amount and see what happens. You can invest larger amounts in later programs if you desire.

BANK DEBENTURES

SECURITY, PROTECTION, OPPORTUNITY

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1999

Questions and Answers

a secure, protected, high return joint venture opportunity

Questions and Answers!

Q What is a bank debenture?

A A bank debenture is a certificate issued by a bank acknowledging a loan upon which interest is payable until the loan is repaid. In most of these types of programs the debentures are issued by European Banks with a widely traded recognized value which provides investor protection, security and a high rate of return.

Q What is a joint venture?

A A joint venture is a business arrangement where two or more parties join forces with each party supplying something of value to the endeavor. Both parties then benefit from the arrangement and accomplish something neither party could do alone. These types of programs are often used to facilitate trading in Bank Debentures.

The joint venture agreement is the vehicle which would be used to assign responsibility and define the expectations of each party. This would be the agreement you would sign at the time of a capital contribution in a joint venture investment.

Q What do I contribute to the venture?

A You would contribute investment capital (money) which when added to the contributions from other investors will provide working capital sufficient to allow profitable investment and trading in Bank Debentures.

Q What does the other party contribute to the venture?

A The other party or Trader would agree to contribute to the joint venture contacts, affiliations, expertise and know-how in the business of joint venture and transactions in which the joint venture intends to engage.

Q Exactly what is the business in which the joint venture would engage?

A Many investment opportunities are used to provide a return to the joint venture. Investment in the international money market and the trading of Bank Debentures has provided good return in the past and promises to be a good investment for the near future.

Q How do I know my investment will be used wisely and not just lost?

A You will receive an agreement which sets forth the terms of the joint venture. In addition you will receive a security note which guarantees you will receive your capital investment plus a moderate interest at the end of the joint venture term.

You must make certain you are dealing with a *bona fide* Trader and not a pretender. There are "scam" Traders involved in such endeavors who provide you the essentials of such a program but who have no access to true Bank Debentures.

Q Why have I never heard of these kinds of programs?

A They are very low profile programs offered to selected investors. A few years ago the minimal investment amount was ten million dollars. Some Traders have now been able to reduce the minimum to one million dollars. New programs have been devised where there is a pooling of investors which allows achievement of that same goal.

In some investment programs you can make a capital investment in any amount greater than \$10,000.00. That amount will be pooled with other investors to make the minimal required amount.

Most programs do not advertise. They have adequate numbers of investors. These programs will continue as a very low profile investment offered only to selected individuals. The programs available may vary greatly in term and earnings.

Q Is there anything illegal about this?

A No! These are privately supported programs which are highly regulated by the FED and the World Bank. This is not a pyramid scheme, lottery, fake land deal or any other questionably illegal activity. It is a legitimate joint venture where your money is used to make investments which provide the investor superb short term returns.

Q What does the joint venture actually do to earn this kind of return?

A The money is actually invested in world money markets in very large amounts, frequently exceeding several billion dollars. While your return on an investment is short term, the actual long term money may be in place for several months or years.

Q How do I know I will get the proposed return on my investment?

A First, you must deal with a Trader who has experience in and access to Bank Debenture trading. Second, the Trader should have a demonstrable track record. Third, the terms of all trades must have been established before the program becomes available - thus the return is known in advance. Fourth, you will receive an agreement outlining the terms of the joint venture. Finally, you will receive a security note which guarantees the return of your principal plus a minimum interest (usually 10%).

Q Do I have to pay tax on the interest I receive on my investment?

A Yes! All earnings are reported to the appropriate governmental bodies just like your bank reports interest earned on your savings account. We strongly recommend consultation with your accountant prior to the time of receipt of your earnings to minimize your personal tax liability.

Your investment earnings will have occurred outside the United States, so vehicles such as "shore" trusts can be used to minimize tax liability protect earnings.

Quickly raising such large sums of money, while maintaining the strength of the dollar, and maintaining the world economy falls to the World Bank and the FED.

Programs such as these are frequently the basis of the FED or the World Bank quickly raising large sums of money during times of war, catastrophe or pending economic collapse of a country. Using these private funds, usually in the hands of a few wealthy individuals, whose money is offshore, does not disturb the world money supply. The use of such funds does result in a recirculation of dormant money, stability of the crisis, and a status quo international economy can be maintained.

Why does my banker or broker not have these programs available?

These types of programs are not intended for the general public. In this country, these programs were originally intended for selected super banks who could invest very large sums of money on short notice from the FED.

Financial employees of banks, insurance companies and brokers are educated and experienced in the investments which are routine in the financial world. Due to the privileged nature of these programs, very few of these advisors have ever heard of such programs. Absent previous experience and upon hearing the details, they are usually skeptical.

The advice you receive will generally recommend investment in the lower rate bank or blue chip stocks which these advisors can control and from which they earn a living.

Remember, participation in a true Bank Debenture trading program is probably the most unique, rewarding and profitable financial opportunity an individual in this country will ever consider.

Why should I be chosen to participate in such a program?

Barring the availability of large sums of money, you have been chosen because you are acquainted with someone who is involved in such a program and wishes to extend to you a unique opportunity.

Access to a Trader who is able and willing to assist you can produce very high returns on your investment. Remember, from the Trader point of view, the *paperwork involved in a 10 million dollar investment may be no different than for a ten thousand dollar investment.*

What about the safety and return of these programs?

The full gambit of regulations which are involved in all Bank Debenture Programs will apply, thus assuring the security of the principal and a minimal (usually 6 to 10%) return on the investment. In other words the risk to your investment capital (*unlike the stock market*) is highly protected and regulated by the International Chamber of Commerce rules governing all international finance.

The investor must establish the reputation and access of the trader to assure the terms and security discussed in this paper. There are increasing number of pretenders while the number of actual *bona fide* traders remains low. *Because of the limited access, privilege and exclusivity these programs are not available to most individuals.* You have been presented a unique and unusual investment opportunity which very few people will ever experience.

In summary, the use of the Bank Debenture Issuance Program provides almost instant liquidity, excellent capital safety, and has worked amazingly well since 1961.

BANK DEBENTURES

SECURITY, PROTECTION, OPPORTUNITY

CONFIDENTIAL
your
1999

Personal Opportunity?

*a secure, protected, high return, low
venture opportunity*

A PERSONAL OPPORTUNITY

Why have we not heard about such investments before?

The trading of bank debentures (*between participating banks*), which serves as the basis of many joint venture investments, is a *privileged and highly lucrative* profit source for participating individuals and banks.

Banks and traders always employ the strictest non-disclosure and non-circumvention clauses in trading contracts to ensure the confidentiality of the transactions. The contracts usually contain explicit language forbidding the contracted parties to disclose any part of the transaction for a period of several years. You would be subject to these same regulations should you become a joint venture participant in such a program.

There are no smoke and mirrors involved. All of the programs are conducted under the specific guidelines set up by the **International Chamber of Commerce**, which is the regulatory agency for the **Worlds Great Money Center Banks** and is based in Paris, France.

What is the key to profits and success in these endeavors?

The key to successful trading in **Bank Instruments** lies in having the contacts, initial cash resources and wherewithal to purchase the bank instruments at the maximum discount, while also having the necessary resources and contacts to sell the instruments in the higher priced secondary markets.

The real secret of successful participation lies not in knowing the how, why and wherefore of these transactions, but far more impor-

tantly in knowing and developing a strong working relationship with the **Insiders**, the **Principals**, **Providers**, **Bankers**, **Lawyers**, **Brokers** and other specialized professionals who can combine their skills and connections to turn these resources into lawful, secure and responsible programs with the maximum potential for safe return. These are the commitments, experience and assets which must be present for a trader to be successful in these endeavors.

Before a good trader commits to any transaction, they will always ensure a guaranteed exit sale, (*another person willing to purchase the bank debenture at an agreed to higher price, at the conclusion of a number of trading cycles*). If not, and no customer is available before the transaction commences, then no trade will take place, as the trader must always protect his position. This is of course, vital to maintain the profitability of the program and the protection of the capital investment.

Why is there such a good return on these investments?

The driving force behind the financial instruments under discussion, in this paper, is the **United States Government** through its monetary agency, the **Federal Reserve Board (FED)**. The U.S. dollar is the basis of the world liquidity system since all other currencies base their exchange rate on it. Quite simply, this means, that the U.S. is the world's central banker. As such, the U.S. has an enormous responsibility to maintain stability in the world monetary system.

Earnings on investments in bank debentures

All material contained in this presentation is for educational purposes ONLY and is NOT intended to be sales materials or considered to be a SOLICITATION of any kind.

Additional educational materials are available from other sources which may provide more detailed information relative to the *Bank Debenture Program*.

The possible earnings presented in this material represent those available from limited and reputable sources.

ture programs always depend upon the world wide need for money. This need, correlated with the FED desire to regulate the available world money supply, and thus maintain the strength of the dollar will always determine the investment earnings on such programs.

The recent "bail out" programs requested by several countries, in need of financial support, has created a great deal of stress on the international community to assist the "bail out" and prevent significant damage to the world, and possibly our own economy.

The criteria imposed by the World Bank and supported by the FED are thought to provide the basis by which these countries can meet their short term needs while establishing sound banking, financial and economic conditions which maximize the probability of a complete and long term recovery.

Large amounts of money (*many billions of dollars*) are required to complete these financial obligations which have been undertaken by the World Bank and the FED. No single country, government or bank has available the ready cash to provide the enormous sums required to accomplish this support.

JOINT VENTURE AGREEMENT

AGREEMENT NUMBER:

Investment Amount (dollars): **\$25,000.00**
Agreement Term: **90 Calendar Days**
Earnings Percent: **50**
Expected Earnings (dollars): **\$12,500.00**
Earnings plus Investment (dollars): **\$37,500.00**

This AGREEMENT, made and entered into this **April 23, 1999**
by and between
whose principal place of address is .

hereinafter referred to as **INVESTOR** and **SCAT Trade Equities**
hereinafter referred to as **VENTURE AGENT**
a duly organized Business with offices located at **Building 12**
4228 South Hocker Drive
Independence, MO 64055

For and in consideration of the exchange of assets and the mutual promises and covenants herinafter set forth, and other good and valuable consideration, the receipt of all of which is hereby acknowledged, it is hereby agreed, as follows:

WITNESSETH:

WHEREAS, the parties hereto desire to form a **JOINT VENTURE** to engage in various business, financial, and other investment transactions and programs, and,

WHEREAS, this joint venture is hereby formed as a **JOINT VENTURE**, and is neither a partnership, unincorporated association, nor considered to be any other legal entity; and,

WHEREAS, the parties desire to enter into an agreement defining the business relationship between the parties hereto, and their respective contribution thereto and participation therein,

NOW THEREFORE, in consideration of the aforementioned recitals, the mutual covenants and promises, and terms and conditions herein, and other good and valuable consideration, it is hereby agreed, as follows:

1 The parties hereto do hereby form a joint venture to be known as **Universal Trade III**, an assumed name, (hereinafter referred to as **JOINT VENTURE**).

(a) **VENTURE AGENT** agrees to contribute to **JOINT VENTURE** its contacts, affiliations, expertise and *know-how* in the business of joint venture and transactions in which **JOINT VENTURE** intends to engage.

(b) This investor does agree, and does hereby contribute the **Investment Amount** in United States Dollars to **JOINT VENTURE**. In the event the terms and conditions set forth in paragraph 5(a) are not fully performed and carried out, the **JOINT VENTURE** and **VENTURE AGENT** shall return said sum, with interest thereon at ten (10) percent per annum from the date of payment into the **JOINT VENTURE** until full refund is made, which shall occur within fourteen (14) banking days from the date of notice or request for refund, which notice shall be made in accordance with the provisions herein.

JOINT VENTURE AGREEMENT

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(c) **VENTURE AGENT** will issue a **Collateral Trust Note** to **INVESTOR** within 14 calendar days upon proof of funds in **VENTURE AGENT** account, equal to the **Investment Amount**.

(d) The parties may not make additional contributions to the **JOINT VENTURE**. Such additional contributions may be accepted, based on program availability. A separate and new agreement will be issued at that time.

2. The term of the Agreement and the **JOINT VENTURE** formed hereby shall be for an initial term of **Agreement Term** plus fourteen calendar days from the **Agreement Date**, unless extended by mutual agreement of the parties hereto, in writing, or unless sooner terminated in accord with the provisions for termination hereinafter provided.

3. The **JOINT VENTURE** shall not own any assets and shall not have any employees. Any assets utilized by **JOINT VENTURE**, as having been contributed thereto, shall be considered the assets of the party contributing the same.

4. The principal place of business of the **JOINT VENTURE** shall be at the address listed on Page 1 for **VENTURE AGENT**.

5. **VENTURE AGENT** shall administer and manage the affairs of the **JOINT VENTURE**, and may act in a fiduciary capacity for the **JOINT VENTURE**, in reviewing and obtaining contracts, commitments, and any other agreements for and on behalf of the **JOINT VENTURE**, and in distribution of proceeds or profits, in accordance with paragraph 5(c), all of which shall be done in compliance with all laws and regulations of any government or governmental agency, in any jurisdiction, where applicable.

(a) The initial transaction contemplated by the parties hereto will yield or pay to the investor at the end of **Agreement Term** the earnings computed as **Earnings Percent**. The estimated earnings will be **Expected Earnings plus Investment Amount** to equal **Earnings plus Investment**. **Earnings plus Investment** less bank charges will be returned to the designated account of the Investor within 14 calendar days following the ending of the **Agreement Term**.

(b) Any other transactions engaged in by the **JOINT VENTURE** and any distributions or net profits therefrom shall be divided and distributed equally between the parties.

(c) Any instructions for distribution shall be confidential and set forth under separate cover.

6. The **JOINT VENTURE** shall commence on the date hereof, and shall continue as hereinabove set forth, unless terminated by agreement of the parties hereto, in writing, or pursuant to applicable law, or the bankruptcy, retirement, or withdrawal of one of the parties; however, this Agreement shall not be terminated so long as any transaction is ongoing in the **JOINT VENTURE**.

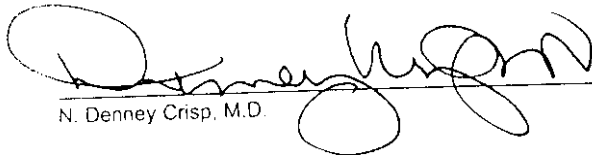
7. The parties hereto agree that for the term of this Agreement, and for three (3) years thereafter, the identities of unsolicited investors, banks, lending institutions, trusts, lenders, borrowers, individuals, corporations, partnerships, or any affiliates thereof, made known to the **JOINT VENTURE** shall remain proprietary information owned by that respective member of the **JOINT VENTURE** or party hereto owning such information, except such information may be used only if it is in furtherance of the business of the **JOINT VENTURE**.

JOINT VENTURE AGREEMENT

8. Any notices required hereunder shall be given the other party by certified or registered mail at the address as aforementioned.
9. This agreement shall not be assigned without the prior written consent of the other party. Such consent will not be unreasonably withheld.
10. The failure by either party to enforce strict performance or observation of any of the terms or conditions of the Agreement shall not be a waiver of any future breach thereof.
11. This Agreement shall be governed pursuant to the laws of the State in which this Agreement is last executed or by jurisdiction where the specific performance of this agreement is to be performed.
12. This Agreement constitutes the entire Agreement by and between the parties hereto, and shall not be altered, modified, or amended unless in writing, signed by each of the parties hereto.

All future reference to this agreement shall incorporate the **Agreement Number:**

SCAT Trade Equities



N. Denney Crisp, M.D.

4-23-99
Date

4-23-99
Date

Witness

Signature of Witness

Date

COLLATERAL TRUST NOTE

ISSUE DATE

April 23, 1999

ACCOUNT NUMBER**MINIMUM RATE**

10.00%

AMOUNT OF NOTE

\$25,000.00

MATURITY DATE

July 23, 1999

TERM AGREEMENT

90 Calendar Days

SCAT Trade Equities hereinafter referred to as **VENTURE AGENT**
a Missouri Business, with offices located in, **Missouri**
for value received, promises to pay to:
the sum of: **\$25,000.00**
according to the terms of this note on or about: **July 23, 1999**

THIS CERTIFIES that:

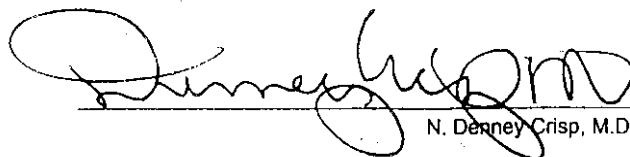
or a registered assign, shall be the lawful registered holder as identified above.

VENTURE AGENT shall on, or within fourteen (14) days after the **maturity date** set forth above and in the manner hereinafter provided, pay the **amount of note** plus interest at the **minimum rate** set forth above. Payment shall be in any currency of the United States of America which, on the respective date of payment is the legal tender for the payment of public and private debts.

Reference is hereby made to the further provisions of this Note set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof. This note shall not be valid or become obligatory for any purpose or be entitled to any benefit until the certificate of authentication hereon shall have been signed by the Trustee.

VENTURE AGENT has caused this **Note** to be executed in its name by the manual or facsimile signature of its Authorized Trustee and its seal to be impressed or imprinted hereon in facsimile and attested by the manual signature of its Authorized Trustee.

SCAT Trade Equities


N. Denney Crisp, M.D.

4-23-99
DATE

4-23-99
Date

COLLATERAL TRUST NOTE

page-2

COLLATERAL TRUST NOTE

This Collateral Trust Note (NOTE), is an authorized issue pursuant to a resolution adopted by VENTURE AGENT on February 22, 1996. This Note shall bear preferred creditor status and, as such, payment of interest and principal hereon shall be made when due, prior to payment of other obligations and general creditors of VENTURE AGENT. This note is subject to the terms as stated hereon.

REDEMPTION:

The Note may be redeemed, at the option of VENTURE AGENT as a whole or from time to time in part, selected in such manner as the Trustee may deem appropriate and fair, at any time prior to maturity, if no less than 30 nor more than 60 days prior notice, given at a redemption price equal to 100% of the principal amount, together with accrued value (as determined by VENTURE AGENT) to the date fixed for redemption. If any Notes are called for redemption, a copy of the redemption notice will be mailed at least 30 days prior to such redemption to the registered owner of each Note to be redeemed at the address shown on the registration books. All Notes called for redemption will cease to bear interest on and after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time.

EXTRAORDINARY EVENT

The Note is subject to redemption prior to maturity by VENTURE AGENT as a whole or in part, at a redemption price equal to 100% of the principal amount, together with accrued value (as determined by VENTURE AGENT), if any, accrued to the redemption date and without premium, as soon as practical following the receipt by the Trustee of written notice not less than 30 days nor more than 60 days prior to the date of redemption, upon the occurrence of an Extraordinary Event. For these purposes, an Extraordinary Event occurs when, in the judgement of the Board of directors VENTURE AGENT no longer derives any substantial benefit from the continuation of its stated business.

TRANSFERABILITY

This Note is fully transferable, by any registered holder in person or by his attorney, duly authorized in writing, on a register maintained by VENTURE AGENT only upon the surrender of this Note duly endorsed, without recourse. VENTURE AGENT will not be required to make any transfer unless and until it has received this note duly and properly endorsed without recourse by the registered holder or by his attorney duly authorized in writing. VENTURE AGENT may treat the registered holder as the absolute owner for the purpose of receiving payment of, or on account of principal and interest due, if any, and for all other purposes, and may require guaranty of authenticity of signature with respect to endorsements.

DEFAULT

In case default shall have occurred and be continuing, the principal hereof may be deducted, and on such declaration shall become due and payable.

SUPPLEMENTAL INFORMATION

The amendment and the modification of the rights of the holders of the Notes at any time is permitted as stated herein with the consent of the holders of not less than two-thirds in aggregate principal amount of the Notes at the time outstanding. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Note and any such Notes issued upon the transfer thereof, whether or not notation of such consent is made thereon.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and to be performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the officers nor directors of VENTURE AGENT nor the Trustee, nor any person executing this Note shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

I or we assign and transfer this Collateral Trust Note to:

INSERT NAME and SOCIAL SECURITY NUMBER, OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

and irrevocably appoint _____ as my (our) agent to transfer this Note on the books of the Company. The Agent may substitute another to act for him.

DATE

SIGNATURE EXACTLY AS NAME APPEARS ON THIS NOTE