The Three Basic PPI Contracts/Agreements

INVESTMENT CONTRACT (also known as the *Trading Contract*)
The Investment Contract is signed between the funds owner/investor and the designated trading platform. It is the key contract in a PPI, and the signing only comes after a thorough due-diligence process – and usually takes place either at the offices of the trading platform or at the transaction bank. Under certain circumstances, and only with some platforms, the signing can take place at the investor's location, witnessed by a court-authorized notary public, and sent electronically to the platform director, with hard copies to follow by courier. Normally, however, the investor/funds-owner must travel to sign the Investment Contract. This contract, like the due-diligence documents and MOUs (next page) can only be signed by the investor himself, since the contract is strictly between the owner/sole-signatory of the funds in question and the platform. No mandates or other representatives can sign these core documents. The Investment Contract generally stipulates: the terms and conditions, duration, procedures and monthly returns of the investment program. We generally recommend a one-year contract, which gives the investor greater flexibility to change platforms or programs. This also provides an opportunity for the performance of the investor group to be evaluated by our other platform directors and traders in order to see whether they might be suitable for other programs (which might be more difficult to organize but which may yield higher returns). The Investment Contract also designates the investor's profit-receiving bank/account where trading profits are sent, either on a daily, weekly or monthly basis. In some cases there are benefits to monthly payments – if a trader is willing to compound the profits into the investment capital. In other cases, where there is no direct financial benefit to delayed payments, weekly payments are the norm. This matter is often left to the discretion of the investor, based on his cash-flow requirements, and comprises one topic for discussion between platform director and investor. Another factor which varies from platform to platform or program to program is the blocking of the investor's original capital funds. In certain rare cases, an investor's capital need not be blocked but is simply verified each day by MT799 or other verification tools in cooperation with the investor's depository bank. Blocking the funds, and all necessary procedures of communication between the trader and the investor's bank officer(s) is an important element of the final closing process. This is often done prior to the meeting to sign the Investment Contract. In some cases, the contract signing is a two-day affair, with all such technical and procedural details discussed at platform headquarters or the transaction bank, and with the actual signing taking place the next day, after the investor and his team have had a chance to study the fine print and discuss the details. Once the contract is signed and deposited with the transaction bank and with the investor's depository bank (along with MOUs and FPAs), trading can begin immediately, often in just two or three working days, with profits being delivered according to a pre-agreed schedule.

One final note: in order to obtain the highest yields, we generally organize programs dealing in euro-denominated bank instruments, with profits generated in euro. Moreover, in order to freely transfer these legally-generated funds to any bank account in the world (excepting, of course, Iran, North Korea, Libya, etc.), the investor's profit-receiving account should be at a top European bank. From the investor's European account, he may then send these earnings to any other banks or accounts without fear of interference by the U.S. regulatory authorities under the U.S. Patriot Act, which would otherwise be able to block such transfers for no reason at all for up to 160 days. If an investor does not have an account at a top European bank, we can open one for him/her/them. Finally, although we work in euro-denominated trades, the investor's funds may be in dollars, at a top U.S. bank. The client's profit-receiving account, however, should be in euro and at a top European bank, for the reasons stated above.

MEMORANDUM OF UNDERSTANDING (MOU)

After receiving the initial due-diligence documents from a prospective investor, we make a determination as to which platforms or programs would be most suitable for the client's needs and which best match his capital level and projects. Based on that determination, we make the final decision regarding the client's first platform or program. Our senior Director, Zafeirios Vidianos, then works with our program managers to coordinate a one- or two-year trading-program strategy. In this case, we are focusing on three platforms in Germany and Switzerland, and, for a second-phase investment program, our senior European trader, who specializes in Buy-Sell programs of MTNs for our network of governmental and large institutional exit-buyers. The MOU is signed by the Investor and his bank officers at the profit-receiving bank and is filed, along with the Investment Contract (previous page) as a form of executive pay-order agreement instructing the investor's bank on the distribution of trading profits. A signed copy (electronic version acceptable) is also sent to us and is then filed at our bank, along with acknowledgement of the acceptance of this agreement and its payment instructions by the investor's bank officers.

This agreement is separate from the Investment Contract described on the previous page, and its terms and conditions are considered strictly confidential. The M.O.U. is more than simply an executive pay-order agreement governing the distribution of trading profits. It embodies a broader strategic agreement between the investor and Don Morgan Nielsen & Associates. The associates referred to here include not only a number of different platforms, traders and banks as well as members of several regulatory and other agencies, including Interpol. Under the umbrella of this group we explore and negotiate a number of medium- and long-term investing options for the client and arrange for his participation in additional programs and platforms. In many cases, we recommend that the client set aside a second capital fund from profits earned from the first platform and work with other traders in a combination of spot or short-term programs.

Whatever the form of the client's participation, however, the same basic rules and principles apply: full security of investment capital, legally generated returns that can be legally transferred, and clear understanding of what the investor's capital is doing at any moment, under what terms and conditions, with full oversight by the investor's designated bank officer(s). The M.O.U. (or sometimes 2 M.O.U.s) designate that 50% of the profits generated in the trading program be distributed to our group. From this 50%, we compensate, through separate fee-protection agreements and other arrangements, all of our management teams, analysts, bankers and even regulatory friends. The MOU is strictly private and confidential document, and must be filed with the Investment Contract at the investor's bank - and then sent to us to file at Deutsche Bank - Geneva.

FEE-PROTECTION AGREEMENTS (FPA)

All advisors, intermediaries, outside analysts and other colleagues and associates, in order to be legally compensated, must sign such agreements with the investor (if they are part of the investor's group or team) or, if they belong to our groups or teams, with the paymasters and principals named in the MOUs which are signed by the investor. Every fee-protection agreement should include reference to the contract or agreement which preceeds it. For instance, a fee-protection agreement between the investor and one of his advisors must refer to the platform's Investment Contract (Contract Code number) and must be filed with that Contract at the investor's bank, along with pay-order instructions. Such fees and commissions are paid from the investor's 50% share of distributed profits. Similarly, our advisors, outside analysts, colleagues and associates (those not paid in-house) are covered by separate FPAs filed at our (Paymasters') banks along with copies of the relevant MOU. These FPAs should contain a reference to the MOU Code number, which, in turn, refers to the Investment Contract. In this way, a clear and legally acceptable documentary history of funds is established for each individual's payments. Without such documentation, it is often difficult to transfer or deposit funds. Keeping all such transfers and records clear and straight is just one of the ways we comply and cooperate with the regulatory and enforcement agencies, who, in turn, help us protect our clients and do our job.

DISCRETIONARY SPONSORSHIP OR SUPPORT AGREEMENTS

An investor often enters a private placement investment program in order to raise financing for a specific project or projects. Some platforms and programs contain no requirements or rules on what kind of project must be involved in order for an investor to qualify for participation. Some platforms and programs can operate simply for capital enhancement, with no "humanitarian project requirement". Other platforms and programs, however, require that an investor participate in order to fund worthy social development, infrastructure, medical, educational or humanitarian projects. Sometimes, a loose affiliation (ongoing support or sponsorship) with a project, organization or institution is enough to qualify an investor for participation in special, limited-access programs, often backed by the U.S. Federal Reserve. Often we use our own projects, if needed, to obtain such access for an investor's first-year participation in a private placement. Occasionally, however, and always with the full agreement of the investor, we nominate a particularly worthy project or institution, to which the investor assigns 1-2% of the trading profits (2-4% of his share of the trading profits). A good example is The American Farm School in Thessaloniki, Greece (www.afs.edu.gr). By leveraging the investor's support of such an institution, we can usually negotiate access to many of these special programs or obtain extensions, which is a crucial factor in private placements, which often limit an investor's participation to one or two years. For the American authorities especially, the American Farm School represents the best value for support and assistance, since the School is currently training, without tuition, students from 22 countries, who then return home to help develop their communities and countries with sustainable projects in energy and agriculture. An agreement to support the Farm School or other institution or organization would simply take the form of an MOU, with the institution in the position of beneficiary. This MOU would be filed, along with the Investment Contract and payment instructions, at the investor's bank, with copies of the agreement and payment instructions (and investor's bank's acknowledgement) sent to the institution/beneficiary for filing at the beneficiary's bank. Such an arrangement would normally last for several years – and could be extended or terminated at the investor's discretion.