***NOTICE****: The following has been provided by WBA committee and section volunteers for use by member banks.
It should be reviewed and revised as appropriate to the user-bank’s own policies, procedures, and practices.*

**The Prime Bank Scheme - a New Financial Fraud**

**Question:** What is the prime bank scheme and what does the bank need to know about it?

**Answer:** The prime bank scheme is a recent development in commodities and securities fraud. In this scheme, victims are encouraged to make an investment in financial instruments, often referred to by a financial advisor or well-known organization, who, after some convincing, agrees to let them in on special programs or deals within the high-finance trading marketplace.

Victims are told that these investments are guaranteed by a prime bank letter of credit, and are convinced to transfer assets or borrow the money to invest in the program after signing special non-disclosure and non-circumvention agreements which prevent them from talking about the deal with anyone, including lawyers or financial advisors because they are told that they are joining an exclusive club or privileged group which relies on secrecy. Elaborate banking terms may be used, background checks will be requested from reputable agencies like Interpol or Scotland Yard, and references from some of the most prestigious organizations in the world may be given upon the victim's request for authenticity. And, there are just as many excuses provided to victims when money begins to go missing (*e.g.*, charities, required off-shore accounts, taxes, etc.).

Banks can protect customers from becoming victims of prime bank schemes by being aware of the fraud. Banks have become a resource for the public when it comes to fraud information.