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## **Guide to Precious Metal Transaction**

**Please read carefully**

Thank you for your interest in doing business with Commodities International, LLC ("CI"). Precious metals transactions can be complicated and it may seem like a lot of endless and pointless paperwork where you are signing the same forms and providing the same information again and again. This document will help explain the steps which *must* take place during the transaction in order to comply with international and United States laws.

Regulations of the U.S. Federal Reserve Bank and the World Gold Council require all international sales and purchases of precious metals follow certain rules. These rules are referred to as Strict Swiss Procedures and have been in use in the metals industry for many years. **Failure to follow Strict Swiss Procedures is *illegal* under international law and punishable by *imprisonment*. It is *illegal* for there to be *any* payment up front under *any* circumstance.** The metal must be proved first, then money may be paid.

### **Step One: Full Corporate Offer**

You must issue a Full Corporate Offer (FCO) for the sale of the metals to CI. It is illegal for CI to first issue a Letter of Intent (LOI) to purchase the metals as it is considered soliciting and is forbidden. If you need help in writing the FCO, CI can provide a template you may use.

The FCO must provide specific information about the metal you are selling and about you as the seller. It must guarantee you are authorized and licensed to sell the metal.

### **Step Two: Letter of Intent and Non- Circumvention & Non- Disclosure Agreement**

#### **Letter of Intent**

Once CI has received your FCO we will sign it and send you the Letter of Intent (LOI). It will contain the details of the transaction regarding the metal and pricing. You will need to enter your banking information (Account Name, Bank Name, Bank Address, Account Number, SWIFT code (for wire transfer of your money), Bank Telephone, and Bank FAX). You will need to sign as Seller, print your name, enter your passport number and its country (Please contact us for guidance if you do not have a passport) and the date you signed. Electronic signatures are acceptable on this document. You then return the completed and signed LOI via e-mail or physical mail to CI.

#### **Non-Disclosure & Non-Circumvention Agreement**

CI will also send you a Non- Circumvention & Non- Disclosure Agreement

("NCNDA"). The purpose of the NCNDA is to ensure confidentiality of the transaction. It must be signed and dated then returned to CI with the LOI.



### **Step Three: Purchase and Sale Contract**

Once CI has received the completed and signed LOI and the signed NCNDA, we will send a Purchase and Sale Contract (P&S). The P&S will repeat the information in the LOI, explain the legal terms of the transaction, payment information, contact information and other important details. You will need to sign the P&S **in ink (not electronic signature)** and return the physical copy to us by physical mail.

### **Step Four: Background Check**

Once the completed and signed P&S is received, we will send you a Background Check form to complete. United States law requires us to perform background checks on every person we do business with to check for money-laundering, terrorist activity, and other major crimes relevant to the trading of precious metals. You must fill in all of the information you have. You must provide a completed form for every owner, manager or principal in your company. All forms must be signed and dated.

If you are representing a company, you must provide copies of the corporate papers filed with your government to establish the company, including any which list the names of the company's owner(s), manager(s) or other executives. As stated above, each of these persons must undergo a Background Check.

We will order a comprehensive international Background Check. The results may take up to two weeks to receive. When we receive confirmation you have passed the background check, we will notify you. At this point we will be ready to do business. Failure of the Background Check by any member of your organization will void the P&S, the LOI and all other agreements.

These are the four major steps which *must* be completed to begin the purchase and sale of precious metals.

**It is important to understand no money will be advanced for any reason or under any circumstances prior to delivery of AU.** Our position on this is absolute. Do not bother to ask. You will be refused. Our agreements are for CIF shipping, which means cost, insurance, and freight (including all export Customs fees and permit fees of any kind) are paid by the shipper for delivery to JFK International Airport, New York City, New York, United States of America. It will be solely your responsibility to ensure all of your documentation and permits are obtained and are correct before you ship. CI will not be responsible for any costs, fees or expenses resulting from failure to comply with Customs or other regulations. **Strict Swiss Procedures and no money in advance of receipt and proofing of the AU.**

If you have any questions during this process, please feel free to ask for explanation. We will be happy to help any way we can.