

# **PENALTY & WARNING LETTER TO BUYER/SELLER**

## **PENALTY:**

### **THIS IS A VERY IMPORTANT MESSAGE TO INVOLVED BUYERS AND SELLERS WHO NOT RESPECTED THE AGREEMENTS**

#### **Penalty to Buyer:**

- A) If the Buyer will be unable to provide Proof Of Funds (POF) as required in the FCO/SPA/CIP within the time period specified in SPA (if required per Sales and Purchase Agreement)
- B) If the Buyer will be unable to issue a Letter of Credit / Payment method after verifying the Proof of Product given by the Seller within the due time which is up to 07 (seven) days or as outlined in the SPA.

The failure of the Buyer to perform either of the above two options will result in the Seller having the option to demand 2% of the amount due of the first months delivery as penalty and/or cancel the agreement. Upon notice of failure under the agreement, the Seller may demand from the Buyer immediate compensation and if the Buyer pays penalty without any contest, the Seller may, at his option, extend the date to consummate the deal. The 2% penalty received will be paid as follows: 1% to seller and 1% to all the brokers/facilitators or part of pay-order or IMFPA.

#### **Penalty To Seller:**

- A) Once the Buyer issues a proof of funds as agreed in the ICPO or FCO/SPA, the Seller must send the Proof of Product such as Tank Storage Receipts, SGS Reports and Dip Test Authorization all current reports less than 5 days old to be issued to the buyer within 5 (five) business days. If the Proof of Product is found to be fake and/or bogus the Seller will be considered in default.
- B) After receiving the L/C or payment from the Buyer, the Seller must provide the full verifiable POP and product.

Failure to do either of the above mentioned two requirements is a violation of the contract and uniform trade laws. Buyer can demand from the Seller as a penalty for non-performance the sum of 2% (two percent) as agreed in SPA as a compensation to the buyer.

The Buyer may demand from the seller immediate compensation and the Seller pays penalty without contest, the Buyer may, at his option, extend the date to consummate the deal. The 2% penalty received will be paid as follows: 1% to buyer and 1% to all the brokers/facilitators or part of pay-order or IMFPA.

UNIVERSAL COMMODITY SUPPLIES has introduced the Buyer and Seller together to make this deal happen and believe that both the parties will act in complete confidence and professionally. Seller and Buyer have not shared the Proof of Product nor the Proof of Funds, respectively, and believe that by signing this agreement will acknowledge the proof availability and intention of closing this deal.

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## WARNING:

### AN IMPORTANT MESSAGE FOR PROFESSIONALS WORKING IN THE COMMODITIES INDUSTRY

**There are new measures now in effect with respect to buyers and sellers involved in commodities transactions.**

From this point on, in an Irrevocable Corporate Purchase Offer (ICPO), Letter of Intent (LOI), Ready, Willing & Able (RWA) or Bank Comfort Letter (BCL) is issued and it is found that the document is not real, the U.S. Federal Bureau of Investigation (FBI), the International Chamber of Commerce (ICC) and INTERPOL will immediately be informed about the perpetrator.

In addition, after a FCO is sent to a buyer, there should be a formal answer given to the seller from the buyer in a timely manner. If there is no response from the buyer in such timely manner, the buyer will be reported to the FBI, ICC and INTERPOL.

If this action is also repeated by sellers, they will also be reported for abuse of the Non-Circumvention Non-Disclosure Agreement (NCNDA), ICPO, LOI, RWA, and/or BCL. **THIS IS A FEDERAL OFFENSE.**

It is important that all clients working with providers that are members of ICC, FBI and international organizations have this information transmitted to them. From this point forward, the international codes will be strictly enforced to identify, exclude and/or prosecute entities knowingly submitting false information. Those knowingly and willingly submitting false NCNDA/MFPAs, ICPOs, LOIs, RWAs, BCLs and/or FCOs, as well as false proof of product (POP) can be charged with committing criminal offenses, with possible penalties/sentences resulting in imprisonment of up to 25 years.

These new measures took effect on November 15, 2008 after a meeting between the U.S. Federal Reserve, European Central Bank, INTERPOL, Federal Bureau of Investigation and Central Intelligence Agency. The reason for the creation of these measures is to provide protections for the commodities industry, a fundamental part of the world's economy.

It is extremely important that the severity of this warning and the serious impact it carries as it pertains to all commodities transactions is fully understood.

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