

THE DECEPTION OF PERCEPTION

Philosophers have debated perception for centuries and for some reason it has been thought the fact that we can misperceive things means that all perception is suspect. Therefore, what we say, even when we have not misperceived, is in need of some sort of standing justification. In this setting our attention will be drawn to the possibility of illusion and eventually to "**The Deception of Perception**".

Let's take for example the following, you and I are standing face to face and I raise my hand. I hold it in front of me with the palm facing you, as a police officer would raise his hand as if to halt traffic. I ask you what do you see? You reply, "Your hand." That is correct but you see the palm of my hand and I see the back of my hand. We both see my hand but we perceive it differently.

This, of course, relates to our assigning words to physical objects, as we perceive them, too.

Now let's examine another approach of perception, that of "**conception**", and briefly touch upon the way people see colored objects and what color those objects actually have. If an object has the color "red" then "red" things normally look "red" to us because we have the "concept" of "red", which was taught to us, and we now associate the color "red" when we see an object with that color. Not necessarily because it *is* "red" from the analytical view, but because it is "conceptual" in that we perceive it to be "red" and make a connection between being "red" and looking "red" under normal conditions.

Now the "**Deception of Perception**" as we examine **Bank Debentures** will be our focus. First, in the physical sense that they **do** exist, and second, in the conceptual sense how they **only exist** in the special context as they come into existence through the teaching of fraudsters.

Physical Sense

In the physical sense a bank debenture is an unsecured borrowing by a bank or company and it is usually of a medium or short term. Companies or banks issue them in order to raise capital. If the issuing entity (company or bank) has a high credit rating or is investment rated, it would issue their debentures at a relatively low return and the price would indicate a very low risk. Furthermore, their debentures would be traded on well known major markets and the financial media would acknowledge their issuance.

Specifically when banks issue debentures, rating agencies such as Standard & Poor's or Moody's, predetermine the "risk factors" by the short and medium-term credit risks of the issuing bank. Banks with solid histories of investment grade debts in the past, offer long term returns that are calculated on basis points slightly higher than U.S. Treasury securities. (A basis point is equal to 1/100 of one percent).

Such high quality debentures are offered at a very low risk and a very low return. These solid low risk/low return issues are usually held until the paper matures and there is practically no secondary market since the paper is held for the full term by the original investors.

Bank debentures, therefore, do not pay rates above the current market rate for comparable paper and certainly, banks do not discount them. Since they are held for the full term by the investors who bought them at their full face value, they also only expect the moderate interest return as specified when they were purchased.

Conceptual Sense

Here a fraudster plays traffic cop. He holds his hand up to you, a potential victim, and says, "Stop!" "Look at what I have for you. Just look at these **bank debentures**." On the palm of his hand he holds **standby letters of credit, bank guarantees** and other "make-believe" bank instruments, which he lumps together and categorizes as "**High Yield Investment Proposals**" (**HYIP**). With his palm still facing you, he proceeds to describe and define these bank debentures that will be offered as "**Prime Bank Debentures**" that are part of a consortium of the top "**200 World Prime Banks**". He further says that these "**Prime Bank Debentures**" will be bought and sold on a **secretive secondary market** with "**entry and exit**" sales guaranteed before any trade is ever made, therefore, there will never be any risk.

Now let's furtherly look at the palm of his hand as you see it. Here are:

- Discounted standby letters of credit
- Discounted bank guarantees
- Cashier's checks
- High Yield Investments with zero risks
- Prime Bank Debentures
- Medium Term Notes
- Introduction to a "Trading Program"

Now let's look at the other side of his hand.

- "**Discounted**" **standby letters of credit and bank guarantees** do not exist. These instruments, **standby letters of credit** and **bank guarantees**, have periods of validity, they expire, and are, of themselves, not negotiable instruments. Furthermore, the obligation that they represent is not necessarily transferable. They do not pay interest, there are no coupons attached and they are not discounted. Although they are used to guarantee payment obligations they are not investment instruments. They are not bought, sold or traded on any

market, primary or secondary, and standby letters of credit or bank guarantees are never traded – for any reason, ever!

- **Cashier's checks** are irrefutable obligations of the bank to pay, and are listed as its liability. They are not discounted, pay no interest, and the customer pays the face value on the check when it is issued on his behalf.
- **High Yield Investments (HYI)** with zero risks that are to yield anywhere from two percent to four or even greater amounts monthly are non-existent. The basis of these HYI's was to be trading with "*in and out, entry and exit sales*" that are prearranged or foreordained before any trade is even considered. The truth of the matter is that there really are never any trades that are going to be made. Ever! In most HYI programs, monies are never invested in legitimate instruments, but rather, are nothing more than glorified Ponzi schemes. Money from later investors is used to pay the exorbitant yields to the earlier investors, and when there are no new investors, the Ponzi scheme collapses.
- **Prime Bank Debentures** schemes never seem to demonstrate a logical or sound economic basis for the transactions. Fraudsters never attempt to explain how there can be such returns with no apparent risks. It is obvious that they must remain silent on this matter. Especially if they were to look at the back of their hand when trying to explain their functionality. Prime Bank Notes (PBN's) and Prime Bank Debentures (PBD's) do not exist. For some unexplained reason fraudsters have "lumped" Prime Bank Notes and Medium Term Notes (MTN's) together to make them interchangeable with Prime Bank Debentures. And, here is where confusion breeds confusion, so let's clarify that now, albeit, somewhat repetitive. Prime Bank Notes (PBN's) and Prime Bank Debentures (PBD's) are fake, they do not exist. Medium Term Notes (MTN's) are real. The US Government has warned that PBN's and PBD's do not exist but because fraudsters have lumped them together, occasionally reference is made that all three, PBN's, PBD's and MTN's are not real. You should visit <http://www.sec.gov/divisions/enforce/primebank.shtml>, it will help to clarify this nebulous area.
- **Medium Term Notes (MTN's)** do exist and are sold by many major brokerage houses. In conjunction with this, you might want to visit <http://www.cob.ohio-state.edu/~fin/811/opler/week2/tsld020.htm> to have a brief introduction to the MTN market. However, fraudsters are indeed reckless. They oftentimes offer MTN's to potential victims by dressing them up as HYI proposals that will yield unreasonably high returns with no risks. They even have the audacity to refer to them as bank debentures.
- **Introduction to a "Trading Program"**. These programs have been around for decades. One of the basic premises is that the funds will remain in the account of the investor and will be solely under his control at all times, since the trading will always take place in another bank. *Hogwash!* Another is the "mirror account" whereby the investor's funds will remain in his account and they will be "mirrored"

in the Trading Bank in order to create the necessary leverage in order for the trades to be made. *Bull!*

This writer has never seen one of these trading programs work nor has anyone ever confirmed to him that they know of any that have been successful.

Now let's look a little farther into the **conceptualizations** that the fraudster is inculcating when he holds his hand in front of you. (Remember the fourth paragraph above?)

- ◆ He introduces you to both legitimate and illegitimate instruments and transactions and colors them as he wants you to perceive them. Once you can see the palm of his hand, as he wants you to see it, he will have set the scene for the **"Deception of Perception"**.
- ◆ The investment offer he introduces will emulate legitimate transactions.
- ◆ He will make references to prominent institutions that are participating in this program, such as, the Federal Reserve, the World Bank, the International Monetary Fund, and the United Nations, among others. Or, that humanitarian agencies will also invest in the program and eventually benefit from the investing in these high yield instruments. The International Chamber of Commerce (ICC) will also have endorsed it.
- ◆ He will concoct a story that only the very wealthy participate in programs offering investments like these he is offering - an HYIP, with "no" risks.
- ◆ He may also present forged documents and instruments to convince you of the legitimacy of the program.
- ◆ He may make a statement that your funds can be placed in a bank account and then used, without any risk, to trade bank debentures and other financial instruments.
- ◆ He may also state that you will be able to rent or lease U.S. Treasury Obligations and then use these leased obligations as security or collateral for further trading.
- ◆ He will clearly and cleverly state that it will be practically impossible for you to go behind the scene to attempt to verify these transactions or the program itself. Even your banker may not know of it and if he did, he would not be permitted to share his privileged information with you. This is a very secretive and privileged program, and if you attempt to investigate its authenticity, you might be expelled from the program permanently without the opportunity to be invited again – ever! Furthermore, you will be asked to sign "non-circumvention" and "non-disclosure" documents. But, the real kicker, so to write, will be when you are compelled to sign documents prohibiting you from sharing any information about this

investment venture with law enforcement. Although this request is illegal just weigh the following:

- ◆ Let's assume you sign the document with the prohibition clause for sharing information about this venture with law enforcement. Then, as an eventuality, the investment program collapses and you decide to "turn them in". It is conceivable that you might be charged with conspiracy or an attempt to obstruct justice since you signed that document, knowing then, but only admitting now, that you would "not" share information concerning this venture with law enforcement; even though, it is only now that you are exposing it as a fraud or deception. It is conceivable that you, an innocent and uninformed party, may become involved with a major criminal matter.

So now the "***Deception of Perception***" has a new dimension. Depth. The palm of the hand you saw originally represented only one dimension. Your concept of that palm, although vague at first, became more distinct as the fraudster described and defined, with his own definitions, the investment instruments he would make available to you.

Long back, in Psychology 101, we were introduced to the concept of the "Four Selves":

What we are,
What we think we are,
What we would like to be, and
What other people think we are.

Depending on the amount of positive reinforcement we received, we began to conceptualize and formulate one or more of those selves – how we actually "perceived" our self. Along the way, we sometimes could not live up to the perception we had of our self and we became deceived.

Some how, the fraudster, the con man, began to paint the colors he wanted us to see on his hand. We began to conceptualize. We began to perceive his hand as he wanted us to see it, and eventually at the moment of awakening, we realized that our perception had deceived us. He had created for us, a new personality. One that he would develop for us, "***an investment four selves***", and since it could not fully mature, it became "***The Deception of (Our) Perception***".