



RBG FRAUD SHOWS NEED FOR PAPERLESS TRADING

Individual banks could lose up to \$200 million

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International e-business network bolero.net today called on businesses to abandon the traditional paper-based method of administering international trade as a way of guarding against fraud. This follows the recent case of RBG Resources, which saw paper documents being used to swindle close to \$1 billion out of a number of international banks.

Four executives at New Jersey-based metal companies Allied Deals Inc., Hampton Lane Inc. and SAI Commodity Inc, conducted the fraud through London based RBG Resources, now under Serious Fraud Office investigation.

A series of shell companies were established to pose as 'buyers' and 'sellers' and to secure money from banks to fund a series of transactions that never occurred. A key part of the deception involved the production of paper bills of lading - which are used by shippers to prove ownership of goods.

The individual sums extracted from various banks were huge. According to press reports, ING Bank had a loan exposure of \$44 million to RBG, Fleet Boston is owed \$70 million and West LB as much as \$200 million.

According to bolero.net commercial director Peter Scott, "This billion dollar case shows why a system such as bolero.net is important in improving trade security and protecting the interests of all parties. On the Bolero System the individuals concerned wouldn't have been able to deceive the banks as easily as they did.

"With bolero.net you know exactly who sent what and when, whether any changes were made to the documents, and where they came from. This makes it much more difficult to circulate fake documentation through the system. In addition, our core messaging system is operated by SWIFT, the international banking cooperative, which processes trillions of dollars worth of financial messages every day and therefore sets the highest standards of operational integrity.

"Finally, with bolero.net you can't just set up one day and join the system the next. There is a process every prospective member goes through to ensure you really are who you say you are."

Destroying the evidence

With bolero.net it also wouldn't have been possible to eliminate the 'evidence', with several months worth of trade documentation and bills of lading having been destroyed by RBG.

The bolero.net Title Registry allows bills of lading to be exchanged on line and a complete audit trail is kept meaning the history of each trade can easily be traced.

In addition full logs of all messages sent and received are securely maintained in the bolero.net operations centre and stored for up to three years. The logs



include the digital signatures used in each message and can be used in the event of dispute.