

GLOBAL ALLIANCE INVESTMENT ASSOCIATION

Las Vegas, Nevada 702 870-5351

EXECUTIVE OFFICES

6751 Ayala Avenue, Makati City, Philippines Tel 843-1698 Fax 843-1707

MEMORANDUM

DATE: December 2, 2000

TO: HOLDERS OF GAIA "DEEDS OF ASSIGNMENT FOR CONSIDERATION"

FR: E. J. EKKER, President

HOW TO GET THE MOST VALUE FROM YOUR DEED

To qualify for GAIA to issue your DEED you have presented to GAIA the registration papers of your organization (Project Proponent & Joint Venture Partner [JVP]) and the Executive Summary of your project. From that information the amount of the needed line-of-credit was determined and the DEED was issued for 2.5 times that amount to be large enough so that your 50% could be discounted by as much as 20%, which is the typical discount when gold is used as collateral. Example: LoC desired = USD 40 million (\$40M). DEED = 2.5 X \$40M = \$100M. JVP 50% = \$50M X 80% = \$40M LoC. Thus your DEED equals 2.5 times your expected line-of-credit, in the example above: \$100M.

GOLD RESERVE PROCEDURE

Because the UST debt is payable in gold, the following procedure will preserve its nature and value to the greatest extent, at the least "real" cost. This procedure will prove most profitable to commercial banks using it, and will also provide the central bank with very large contingent reserves. Because this procedure is so beneficial to the entire national banking system, there should be no cost imposed by the central bank.

The DEED is entered on the commercial bank's books as an addition to reserves, just as would be any other UST debt. Using the increase in reserves, the commercial bank draws funds from the central bank equal to its newly created reserves for the purpose of paying for an equivalent amount of gold (which it most likely purchases from the central bank, possibly in the form of two equal warehouse receipts or similar documents, one to the DEED holder and one to GAIA). If the delivery is in physical gold it can be divided into two equal amounts and properly segregated and marked for its two owners. In anticipation of using the gold as collateral for two lines of credit, the commercial bank enters the gold as additional reserves so that its net reserve position is increased by the amount of gold it has purchased.

Two lines-of-credit are then issued, one for 80% of the value of the DEEDholder's gold to the DEEDholder, and the other to GAIA for 80% of the value of its gold. The

DEEDholder will use its line-of-credit for its project, paying interest for the amount of credit drawn; GAIA will do likewise with a couple of exceptions. GAIA will, for its own use, draw no more than 20% of the value of its gold and will offer to lease back to the bank (or to the central bank, if more appropriate) the remaining 80% at a very nominal rate (or in exchange for some service provided) so that virtually all of the available reserves are kept in use by the banking system.

The Memorandum of Agreement between GAIA and the DEEDholder, at paragraph #5, states, in pertinent part: ...JVP will pay or cause to be paid to GLOBAL from the loan proceeds, 50% of each and every fund emission. The remaining 50% of each and every fund emission shall be retained by JVP.

As a further consideration, JVP (or its designee) shall arrange for the purchase of gold equal to the GLOBAL portion of each emission to be held in the name of GLOBAL (or its designee) by JVP (or its designee) to be used as collateral for a line-of-credit to be accessed by GLOBAL subject to a limit of eighty percent (80%), and

As a further consideration JVP (or its designee) shall arrange for the establishment of bank accounts in the name of GLOBAL (or its designee) through which GLOBAL may access its line-of-credit.

This is meant to offer a maximum of flexibility and still achieve the objective of acquiring gold upon which to base both lines of credit. GAIA (GLOBAL) does not wish to REQUIRE the JVP to also acquire gold, even though the JVP should do so. It also means that the funding bank cannot release funds to the JVP without simultaneously having obtained gold (or its equivalent in such as warehouse receipts, etc.) to provide an equal amount of line-of-credit to GAIA. There are at least two reasons for requiring that these actions be the responsibility of the JVP: (1) GAIA must be prepared to provide its DEEDs in some 150-180 nations, hopefully without having personnel in most of them, and (2) the JVP is earning a magnificent benefit which should justify the expending of some time and effort to establish its own integrity and ability should it wish to benefit from a future relationship with GAIA. (This can also apply to the bank involved since banks can benefit greatly from a relationship with GAIA.)

Obviously GAIA cannot register as a business entity in all of those countries and is obliged to rely upon its JVP to establish the necessary lines-of-credit and bank accounts. In some nations it may be necessary to establish the account as a sub-account of the JVP with signature power assigned to GAIA on the account. Each situation may call for a slightly different arrangement so it is difficult to suggest one technique here.

THE BENEFITS

To recap the position of each of the three participants:

The DEEDholder/project proponent ... enjoys the ownership of its gold which it is using as collateral for its line-of-credit. It should also enjoy a very low rate of interest on its line-of-credit because the bank has so little risk and reduced (if not eliminated)

inflation. Its project should suffer no funding delays because the bank is not at risk if the project suffers cost overruns, and there should be no time lost to squabbles over "change orders" and the myriad of other conflicts that normally occur between a project proponent and his bank. If his project is successful and pays for itself, as it should (especially with lower interest expense), he will have the gold to use as collateral for another project. If the project should fail, the bank takes his gold but he is not in debt for the rest of his life. If, while the project is being built or during its payout period, gold should double in price, half of the gold could be sold to pay for the project, leaving the project and half the gold free and clear.

GAIA ... has transmuted some of its claim into physical gold, even though it had to give up 50% of its value to do so. It has also met a part of its mandate, to get God's funds to His people through the funding of projects. It has the use of 20% of the value of its gold for projects and activities "offshore" and could use the remainder of its available line-of-credit for domestic projects that might not qualify for bank funding. If its gold is available to the bank as a reserve (which is automatic as long as it has an outstanding balance on its line-of-credit), it has made a significant contribution to the health and stability of the bank and, thus, the nation's banking system.

The Bank ... has an instant windfall equal to one-half the DEED amount--in gold--for use as an addition to its reserves which it will enjoy for, most probably, a long time. Assuming that the JVP elects to also use gold as its collateral for its line-of-credit, the bank will have shown the DEED as an addition to its reserves, issued its own "paper" in payment of an equal amount of gold (in effect, a draw on the central bank since it is creating new credit), and used the gold as collateral for the two lines-of-credit. If GAIA actually draws down 20% of its line (leaving 40% of the DEED amount) and the JVP draws its maximum of 80% of its line (leaving 10% of the DEED amount) the bank will be left with a minimum of 50% of the gold as its "equity" securing the two lines-of-credit. The more DEEDs the bank funds the stronger it becomes. While perhaps not absolutely riskless, it would be difficult to structure a loan transaction with so little risk and so little cost of service so, even at low interest rates, these loans should be very profitable for the bank.

But the biggest winner is the Nation. All of the Southeast Asian nations that were formerly colonies of European nations have been grossly underfunded and kept in the dark as to what to do about it. Comparatively, the former colonist nations, including Japan, give themselves some 40 to 100 times as much money in their banking systems as they have allowed (through their control of the World Bank and IMF) their former colonies to have. For example, in the Philippines the money in circulation is equal to US\$380 per person. In the US it would be close to \$20,000 and more than that in Japan.

If the nation and its banks adhere to the discipline of purchasing gold with the value of each and every DEED brought into the system as reserves, that amount of money will be added to the system without any negative impact upon the value of the currency. In fact, the nation's currency will appreciate in value vis-à-vis all non-gold-based currencies. And BEST OF ALL, the need for foreign exchange will be eliminated.