PROFITABLE GIVING CANADA

A Not for Profit Organization

PGC ALERT: A13-011
March 25, 2013
Rev 1.1

SUBJECT: Certain RPGA Programs Have Been Misleading their Clients

This ALERT pertains to the following Registered Profitable Gifting Arrangements:

Canadian Organization for International Philanthropy (COIP)
Relief Lending Group (RLG)
Mission Life Financial (MLF)
PharmaGifts International (PGI)

The ALERT

The message below is typical of messages sent by most of the above mentioned RPGAs. It is misleading and inaccurate in several important ways.

RELIEF LENDING group inc.

Dear Donor,
As you know RLG has issued a Request for Proposal (RFP) on www.rfpdb.com and www.dgmarket.com, in order to solicit offers to sell you pharmaceuticals in order to satisfy your indebtedness. We are seeking legitimate vendors who can offer you the best possible price, terms, logistics, and safety in your transaction. All of which will cause the transaction to occur smoothly.
You may of course purchase your pharmaceuticals from a vendor who does not reply to this RFP. If so, please exercise extreme due diligence!! Please do not rely on some other party to do this for you! Please do your own research on the parties that are advising and supposedly assisting and representing you.
Important Questions of Due Diligence

- Do the party(ies) have a hidden financial agenda such as a commission or fee?
- Do they have financial stability?
- Does your professional representative or legal counsel have a history of bankruptcies and hence, possibly a different agenda other than your best interests?
- How much do you know about the selling company and its principals?
- Who are its real beneficial shareholders?
- In what country are they domiciled?
- Does that country have a stable economic environment or is it in financial crisis?
- Are they hiding behind lawyers as transfer agents and power of attorneys?
- Are you able to deal with the vendor directly? If not, why?
- Are the pharmaceuticals being manufactured from a credible & proven manufacturer?
- Will the pharmaceuticals be accompanied by certificates of analysis from an independent third party demonstrating quality and acceptability?
- Have they informed you of all the costs associated with shipping, warehousing, logistics, duties, customs, tracking, packaging and any other charges as it relates to your specific purchase?
- Have they confirmed that your specific purchase will be packaged accurately, as per your specific quantity requirements?

If you purchase from an **UNAUTHORIZED VENDOR**, you may run the risk of not paying a fair price, buying pharmaceuticals that are not suitable to repay your debt, as well as having your money at risk by dealing with an unproven entity in a geographic area where you have no legal recourse if things go badly.
There is a group out of Cyprus (you're no doubt aware of the country's latest economic crisis and regulatory and banking challenges!) that has approached numerous donors through various **commissioned** agents. We have asked them to respond to the RFP and to date, they have not!!
We ask you, prior to making a purchase decision, to exercise patience and wait for the RFP process to complete. This will allow you the opportunity to make a prudent and informed choice about how you should best proceed!
The benefit of dealing with an authorized vendor that has subjected themselves to rigorous due diligence is your peace of mind knowing that the vendor is credible, will deliver on your expectations and that RLG will stand behind them.
At this point, we remind you that Relief Lending Group is committed to the RLG program and stands behind you, the donor, and will continue to provide all ongoing support for future regulatory and legal filings, as required from time to time, as has been done for the past several years.
Sincerely,
Relief Lending Group

PGC Analysis and Recommendation

The PGC Debt Settlement Committee has reviewed the above communication and would like Members to understand the following facts and recommendations:

Due Diligence

1. PGC highly recommends donors do their own Due Diligence on any debt settlement solution. This process should be done according to factual data and documents. For guidance, Members should refer to PGC Technical Bulletin T13-010 . Do not rely on any of the above RPGAs to do the Due Diligence for you.

2. PGC is of the opinion that the purpose of the mass email messages from the aforementioned RPGAs is an attempt to deter donors from seeking their own independent solution. Once you are familiar with the Technical Bulletin T13-010, it becomes obvious that most of the "Important Questions of Due Diligence" in the RPGA emails above are irrelavent and intended to deter donors from acting. The RLG recommendation is to wait for their "authorized vendor" solution.

3 . The PGC Debt Settlement Committee has learned from its investigation that at least one of the above RPGAs has originally purchased donor pharmaceuticas from a manufacturing facility that was not a World Health Organization (W.H.O.) approved facility. This caused great trouble for the Charity involved, since importing or using pharmaceuticals that are not from a W.H.O. approved facility is very troubling. PGC recommends you make certain the pharmaceuticals you purchase for debt settlment are W.H.O. approved and do not rely on any of the above RPGAs to verify this for you. Their track record in this area is very disturbing.

Settling Debts Early

Some Members have been asking why they should do anything at all if their debt is not in default or if they have not received any statements of account from the RPGA. Why not just wait to find out what the RPGA will be doing with their "Request For Proposal" and the new "authorized" vendor. Why not wait and see if they have a good price or will do it for free? PGC strongly recommends against this course of action for the following reasons:

1. RLG was the first of the RPGAs above to start the debt settlement process by contacting certain donors. That was in June 2012 and since that time nothing has been done. It is our view that contacting donors about how to settle debts, issuing "Release of Information" documents, or "Request for Proposals" (RFP), or other messages as above, is nothing more than stall and delay tactics. That way they can collect more interest.

2. All of the RPGAs above have a very significant financial incentive to **not** help donors settle their debts. It is in their best financial interest to continue allowing prepaid interest to accrue and to collect more interest, and then collect the principal amount of the debt owing. Their actions to date have given credence to their desire to collect more money from donors. These actions are described in PGC Alert 13-10 "RPGAs Collecting Twice on Donor Debts" and in our view demonstrate the real reason for delaying.

3. The refund of pre-paid interest that is owing to a donor who settles his/her debt before the full amount has accrued can be substantial. This refund was not anticipated by the above RPGAs and they will certainly do everything possible to avoid assisting donors to settle their debts, especially when the refund of prepaid interest is significant. In many cases, the interest refund a donor will be entitled to can be greater than the cost of settling the debt early. You can see an example here.

4. During the review of the Justice Pharma program, PGC discovered that Justice Trading Ltd has a process to collect prepaid interest that is owing to donors on behalf donors. This process is done on a group basis and using a local legal team, if necessary. It is included in the cost of their debt settlement process and offers a guaranteed minimum. You can obtain more information from Justice Trading Ltd.

5. PGC has reviewed the Request for Proposal (RFP) as shown on the various RPGA websites quoted. We have compared the RFP to the multitude of donor contracts and agreements and discovered that the RFP does not cover all of the donors involved. Your debt, therefore, may or may not be able to be settled by the current RFP as issued.

6. PGC stongly recommends against using any solution arranged and authorized by any of the aforementioned RPGAs, their associates, related parties, or friends. A debt settlement solution that is not truly an “arms length”, compliant solution will certainly result in the loss of donors tax credits by the tax court. PGC has received several legal opinions on this topic.

7. The PGC Finance Committee has pre-approved a request from the members of the Debt Settlement Committee for funds from the Universal Participant Protection Fund (UPPF) to assist/protect members in the debt settlement process. This fund is set up to protect members from rogue organizations and abuse.

To summarize this ALERT, Members are encouraged to do their own Due Diligence on any debt settlement program they may want to use. Do not rely on the conflicted “Due Diligence” performed by the RPGA, but rather use the guide contained in the PGC Technical Bulletin T13-10.

After you have selected a compliant debt settlement solution, PGC recommends that Members settle as much of their debts as possible as soon as possible. The sooner this is done, the better your financial position will be and the stronger your tax postion will be.