



Private Equity Cooperative Service

Creating your personal/family *low risk, high security*, multi-generation cash flow machine

Private Equity Cooperative Service (PECS)

The **Private Equity Cooperative Service (PECS)** is a membership-based group platform for small- & medium-sized business owners, self-employed individuals and professionals (doctors, lawyers, dentists, accountants etc) to acquire ownership stakes in **IPAs - Income Producing Assets**.

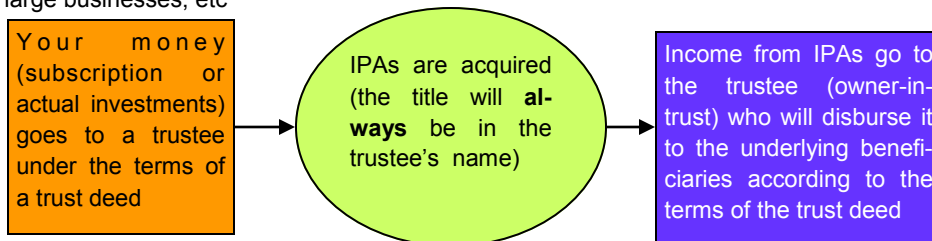
Think of this service like a Costco Wholesale Club. Costco aggregates the purchasing power of its numerous members to secure advantages (in its case, wholesale prices for members - **as a group**) - that individual members would otherwise be unable to obtain alone in the marketplace.

The PECS aggregates the combined investing power of its subscribers/members (small business owners, professional practice owners, and so on) to generate investment results usually reserved for billionaires - **with high security and low risk**.

What Would PECS Do For You?

PECS

- Allows you to pool resources together with other small business owners and professionals (doctors, dentists, lawyers, etc) to invest in turnkey **IPAs - Income (cash flow) Producing Assets** - that you cannot afford on your own. Examples include large shopping malls, large residential apartment complexes, large industrial/warehouse facilities, large office buildings, oil wells already in production, profitable large businesses, etc



- Gives you peace of mind - because it is probably the most **transparent**, and **controlled** service available. Everything from the subscription process to actual investments is done through a trustee
- Enables you to multiply your original investments by 2 - 10 every 5 - 10 years. \$1,000 invested in an IPA today should be worth \$2,000 - \$10,000 in the next 5 - 10 years.
- Enables you to earn **specified** monthly cash returns (starting in the month following your investment) for life - unless the IPA is ever sold. **You always know your cash return/yield before you commit funds.**
- Operates outside a fund structure. The PECS is **not** a fund. You get to participate in opportunities on a deal by deal basis. You could for example decide to stick to real estate only, or shopping malls only - the PECS philosophy is **'If you don't understand it, or are uncomfortable with it - don't do it'**. A fund (private, public, mutual or otherwise) is like a black box - you don't usually know what will be in it specifically (just a broad description maybe)
- Provides access to value-added from using **economies of scale** to acquire assets on a turnkey basis (including proven management with demonstrable track record), and then managing/operating assets to yield cash returns above the inflation rate. Economies of scale also allow subscribers (as a group) to utilize/hire the best legal, accounting, tax and managerial expertise available in the marketplace - that would be otherwise unaffordable

Who Else Uses Private Equity?

In case you're wondering whether PE (Private Equity) is some new, untested product or service, please rest assured that it's been around for centuries.

First of all, PE is private capital supporting a long-term, investment strategy and is deployed in various forms ranging from venture to growth capital, management and leveraged buyouts, distressed investments and mezzanine capital.

PECS is not focused on complex or exotic activities - it's all about cash flow from Income Producing Assets (IPAs) that individual subscribers cannot acquire working alone.

The type of private equity we are interested in involves **ONLY** profitable IPAs generating stable, ongoing, sustainable, predictable long-term cash flow.

Examples of successful businessmen and entrepreneurs using this strategy or a variant of it include:



Michael Dell - Dell Inc. (Dell Computers) Founder

Working through his personal PE ([MSD Capital, L.P.](#)) vehicle, Michael Dell has repositioned and transformed his personal financial well being from ~100% dependence on Dell Inc. 15 years ago to <26% dependence now. "In 2011, his 243.35 million shares of Dell stock were worth \$3.5 billion, giving him 12% ownership of the company. His remaining wealth of roughly \$10 billion is invested in other companies, and managed by a firm called MSD Capital (named after Dell's initials)." ([Source - Wikipedia](#))

Some other prominent practitioners include

- Paul Allen (Microsoft Co-Founder) - [Vulcan Inc.](#), [Vulcan Real Estate](#) & [Vulcan Capital](#)
- Bill Gates (Microsoft Co-Founder) - [Cascade Investment LLC](#)

How Does PECS Work?

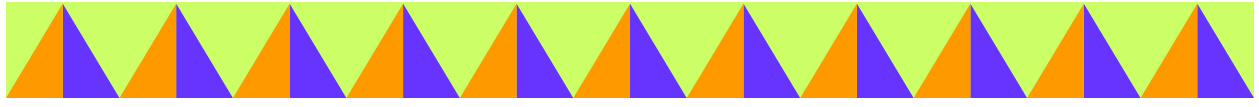
The best way to think of PECS is as a cooperative/mutual society (you can either subscribe as a corporate entity, or personally).

Furthermore, beyond the initial (interest yielding & refundable) membership deposit, there is no set minimum or maximum investment required in any period - commitments could range from \$0 - \$1 Million for example.

The PECS pays for itself over the long-term. We expect our average subscriber/member to have a net worth of over \$200,000 as well as \$10,000 available to invest in various projects over the course of each annual (12 month) subscription period. These are not mandatory qualifiers - just averages.

The PECS is not run through a fund structure and there are **no minimums for participation in any particular deal.**

We expect to have a large number of real estate opportunities spread across the spectrum - residential, retail, industrial, office. The real estate provides an opportunistic foundation for other asset classes.



How Does PECS Work? (Continued)

- PECS is structured to deliver your cash returns with the greatest tax advantage/efficiency - whether as a return of capital, capital gain, dividend or regular income.
- There are complex [tax/legal/accounting maneuvers](#) (along with significant monetary benefits) available to the ultra high net worth individuals/entities working from a private equity perspective - PECS will bring those benefits to subscribers.
- There are equally significant benefits available to larger businesses - and sometimes, real estate owners. Such benefits are structured as tax deferrals, tax abatements, subsidies, grants, sales tax rebates ([see Amazon example](#)), tax credits, tax increment financing and so on. PECS will bring those benefits to subscribers. The web link for the Amazon example can be found at <http://articles.latimes.com/2012/may/19/business/la-fi-amazon-sales-taxes-20120520>
- The end game for PECS subscribers is fractional ownership stakes in unique/rare assets that possess long-term advantages. The benefits of direct ownership (as opposed to indirect ownership through a fund) can potentially outlast successive generations - without any breaks in the ongoing monthly cash flow returns
- Even though a mixture of debt with equity provides higher returns, PECS deal structures are more likely to be 100% cash. This is the safer way to go - additionally, the absence of debt provides many other significant opportunities and benefits to subscribers
- PECS scouts the globe for the best risk-adjusted opportunities and will bring deals from all over the world to subscribers. Remember that you are in the driver's seat - you can opt to participate in Canadian deals only or North American deals or North American/European deals. No pressure, or hard sales - stay within your comfort zone by focusing on deals you understand and risks within your defined limits

What Does PECS Cost

The target PECS subscription (membership) cost is a refundable, interest-bearing [at the rate of 6% per annum] deposit of \$2,000.

There are discounts in place currently for early subscribers to get in for \$500 in addition to earning higher interest rates [7% - 12% per annum].

Referrals are welcome. This is not a multi-level marketing scheme - you don't have to refer anyone.

How To Subscribe

Remember that all subscriptions are processed through a trustee. At this point, you will not be sending in any cheques [or payments] yet..

Simply fill out the NOI (**Notice Of Interest**) on the next page and fax it to **604-800-9236**.

We will then advise you of the next steps.

NOTICE OF INTEREST

To indicate your interest in the Private Equity Cooperative Service (PECS), please complete this form and fax it to +1 (604) 800 9236. **NO PAYMENT IS REQUIRED FOR NOW**; you will then receive additional details of the trustee [independent third party] arrangement and remittance instructions.

This unique service structure includes an independent third party trustee to keep everyone honest and protect your interest at all times.

PLEASE REMEMBER THAT YOUR SUBSCRIPTION IS **NOT** AN INVESTMENT, IT IS THE PRICE [COST] OF ADMISSION TO THE COOPERATIVE

Name: _____

In what name do you wish to subscribe?

(Please print the legal name[s] of the Individual[s], Trust, or Entity that you wish to appear on the records):

Address

Telephone (Home): _____ **Cell:** _____

Business: _____ **Fax:** _____

City: _____ **Province/State :** _____

Postal/Zip Code: _____

Country: _____

E-Mail Address(es): _____

Print Name: _____ **Print Name:** _____

Signature: _____ **Signature:** _____

Title (if applicable): _____ **Title** (if applicable): _____

Date: _____ **Date:** _____

Referred by: _____

APPENDIX

IPA Examples (IPA - Income Producing Assets)

Each picture has a web link for sample documents. Documents are samples only - these properties are not under consideration for acquisition.

The only value of these documents is to show that cash returns are known **before** acquisition - unlike many financial products broadly available to target members [subscribers]. Most common products have undefined cash returns (e.g. mutual funds) coupled with defined cash expenses (e.g. 2% annual management fee), OR defined **real** (after inflation/high [inefficient] taxes) cash losses (bank deposits, CDs, GICs).



Large Shopping Malls

<http://www.loopnet.com/Attachments/A/C/E/ACEE21F9-1951-4322-9639-CEF3346DB7BB.pdf>

<http://www.loopnet.com/Attachments/6/2/7/627B1A94-1F55-4C9B-BF6F-3CB1890B8C27.pdf>



Large Office Buildings



Large Industrial/Warehouse Facilities

<http://www.loopnet.com/Attachments/A/F/C/AFC859A1-721C-43AF-8E96-EA018AC1D289.pdf>

<http://www.loopnet.com/Attachments/7/8/6/786B1588-4B1F-448B-AD4D-CD481E2CDEB4.pdf>



Multi-Family (Residential) Apartments

APPENDIX (Continued)

IPA Examples (Continued)

The pictures below have no web links (URLs). These would be profitable cash generating assets (not speculative drilling or mining)



Oil & Gas Wells



Gold (or other precious metal) Mines



APPENDIX (Continued)

IPA Examples (Continued)



Custom Stock Portfolios

- Built around long-term large corporate 'dividend achievers'. **Note:** Contrary to popular belief, stocks (of the *right* businesses) are **not** necessarily risky - dependence on volatile stock market prices and/or capital gains and/or unscrupulous/unaccountable corporate management for retirement/(kids') college savings is *risky*
- With a dominant market share in their industry (#1 or #2 globally for example)
- With shareholder focused management teams that avoid wasteful 'empire building'
- The portfolio being just a dividend 'flow through' for participating subscribers and a long-term inflation hedge. No management fee like mutual funds
- This will provide other 'flow through' opportunities for subscribers - like the Goldman Sach's pre-IPO Facebook private placement of 2010 for clients with portfolios valued at over \$10 MM (Million) willing to invest a minimum of \$2MM

APPENDIX (Continued)

IPA Examples (Continued)



Private Profitable ‘Going Concern’ Businesses

- Most regular folks don't know that **large** corporations are able to extract all sorts of 'give-aways' (subsidies, low interest and/or tax free financing, guarantees, sweetheart deals) from various levels of government - federal, state, municipal, provincial, etc - for investments that they need to make anyway. Wouldn't a dentist, doctor or chiropractor love to be paid to start a new branch that he would have otherwise started anyway? **Note:** Cabela's (US public company) earned US\$223.4 MM in profits from 2004 - 2006; on the 10 stores/distribution centers it opened outside its Nebraska base within the same period, it made deals for subsidies worth US\$293.7MM
- Privately owned businesses - especially large corporations with operations spanning multiple countries - are able to execute complex legal/tax/accounting maneuvers . These maneuvers result in substantial tax savings, deferrals and so on. Income can also be transformed from regular (high tax) to tax-advantaged (capital gains, dividends) with a lot more flexibility than small business owners will ever have