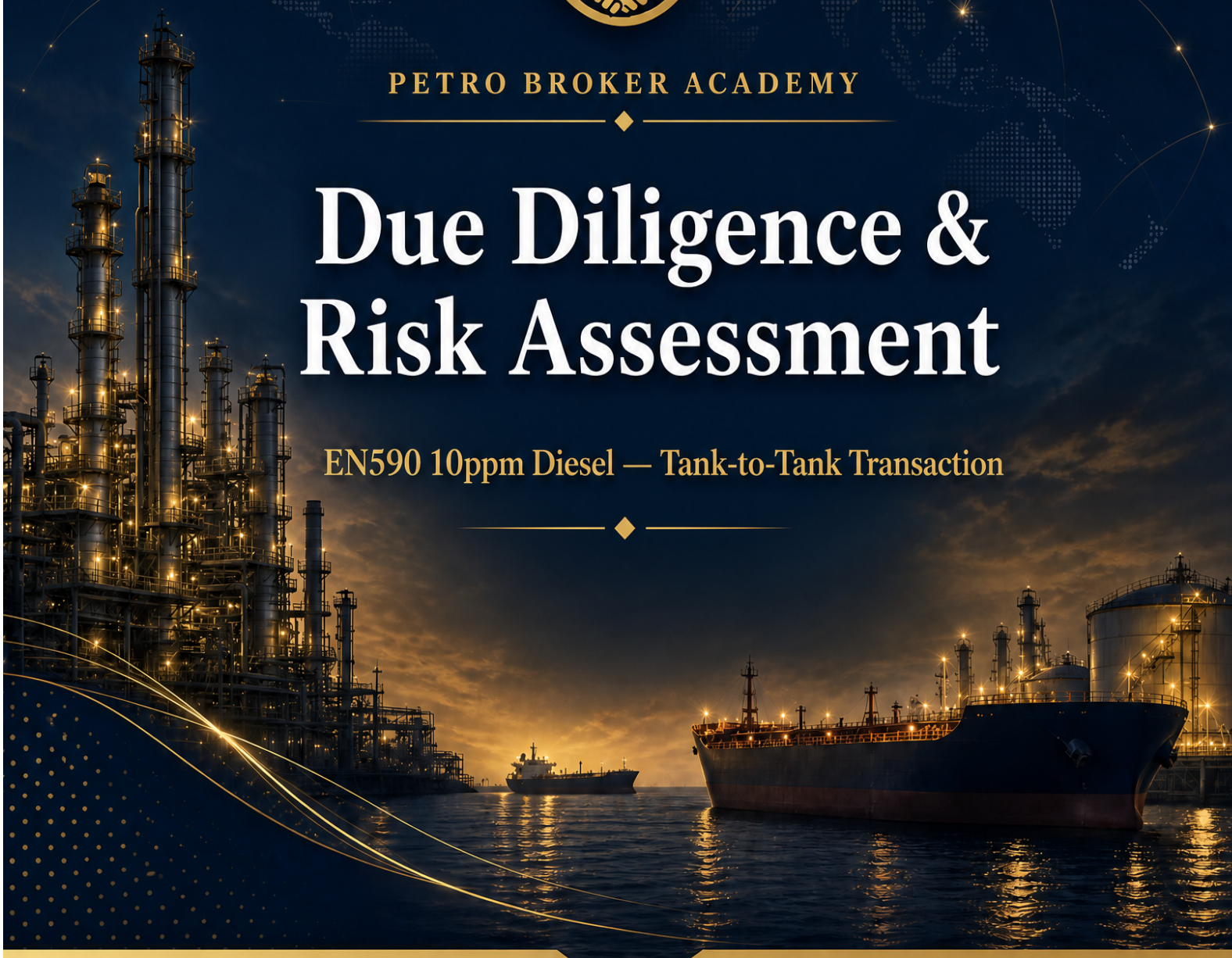
PETRO BROKER ACADEMY

Due Diligence & Risk Assessment

EN590 10ppm Diesel — Tank-to-Tank Transaction



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Confidential Report — Sample Portfolio

Case Scenario — Transaction Brief

This standalone English brief summarizes the transaction scenario assessed in this report. It may be shared with clients independently.

Element	Detail
Client (Buyer)	Gulf Horizon Trading FZE — Dubai, United Arab Emirates
Subject (Seller)	Nordic Baltic Fuel Trading OÜ — Tallinn, Estonia
Product	EN590 10ppm Ultra-Low Sulphur Diesel
Quantity & Contract	100,000 MT per month, 12-month contract proposed
Delivery Basis	Tank-to-Tank (TTT) — injection into Buyer's nominated tank, ARA region (Rotterdam)
Offer Price	USD 485.00 / MT (CIF) — approx. 13% below the Platts NWE gasoil benchmark (USD ~558/MT)
Payment Terms	Standby Letter of Credit (SWIFT MT760); MT103 release after SGS Q&Q report
Proposed Procedure	Seller's non-sequential SCO terms; buyer-side RWA before FCO; upfront inspection, injection and title fees
Broker Structure	Chain of 3 intermediaries, USD 0.50/MT per side commission
Mandate	Pre-ICPO due diligence: counterparty, product, documents, sanctions, payment and logistics

The Client's Question

"Before we issue our ICPO and bank instrument, is this seller genuine, is the product real, is the price and procedure bankable — and what are the risks we would be taking?"

Our Answer, In Brief

The assessment does not claim absolute certainty in either direction. It quantifies ten transaction risks on a probability × impact scale, grades each pillar of the deal, and delivers an overall **HIGH** risk rating with two remediation pathways. **The final decision — proceed, proceed with conditions, or walk away — belongs to the Client.**

1. Executive Summary

This report presents the findings of a structured due diligence and transaction risk assessment performed on a proposed purchase of one hundred thousand (100,000) metric tons of EN590 10ppm ultra-low-sulphur diesel on a Tank-to-Tank (TTT) basis in the Amsterdam–Rotterdam–Antwerp (ARA) region. The assessment was requested by the Buyer to determine, prior to the issuance of an Irrevocable Corporate Purchase Order (ICPO) backed by a Standby Letter of Credit (SBLC, SWIFT MT760), whether the alleged Seller is genuine, the product is real, the transaction procedure is bankable, and the overall risk profile is acceptable.

> **Professional Disclaimer — How to Read This Report.** Due diligence and risk assessment services of this kind do not and cannot declare any counterparty to be "one hundred percent fraudulent" or "one hundred percent reliable". Absolute certainty is never available in international commodity trading. What this report delivers is a structured, evidence-based quantification of the risks involved — probability, impact and an overall risk grade — so that the Client can make an informed decision. **The Client is and always remains the final decision-maker.** Petro Broker Academy provides the assessment and the options; the decision to proceed, to proceed on conditions, or to walk away belongs solely to the Client.

The overall transaction risk rating assessed in this report is **HIGH RISK — DO NOT PROCEED WITHOUT REMEDIATION**. The investigation identified one critical red flag (pricing approximately 13 percent below the prevailing Platts NWE gasoil benchmark without a defensible commercial justification), two major findings (inability to verify the alleged refinery source and a proposed procedure requiring the Buyer to pay inspection and title fees before proof of product is independently authenticated), and several moderate weaknesses in the corporate verification of the Seller.

The report recommends either (a) abandoning the current structure and re-negotiating through a verified tank-storage operator under a standard TTT procedure with buyer-side SGS inspection at the tank, or (b) proceeding only if the Seller accepts a bank-to-bank confirmed procedure in which no Buyer funds are released prior to independent quantity and quality (Q&Q) verification. A detailed remediation checklist is provided in Section 9.

Overall Rating	Price Risk	Counterparty Risk	Product Risk	Procedure Risk	Sanctions Risk
HIGH	Critical	High	Medium-High	Critical	Low-Medium

2. Scope, Mandate and Methodology

2.1 Mandate

The Client mandated a pre-transaction due diligence covering six pillars: counterparty and beneficial ownership verification, product genuineness, document and procedure validation, sanctions and regulatory compliance, financial and payment risk, and logistics verification. The output is a go / no-go / conditional-go recommendation with a quantified risk matrix.

2.2 Methodology

The assessment combined desktop corporate-registry research (Estonian e-Business Register, Dutch Kamer van Koophandel filings, international sanctions lists), open-source intelligence on the parties, vessels and storage facilities, benchmark pricing analysis against published Platts NWE gasoil assessments, review of the draft Soft Corporate Offer (SCO) and FCO documentation, and interviews with two independent market sources regarding the alleged storage operator. All company names, figures and prices in this report relating to the transaction parties are illustrative samples prepared solely for demonstration purposes.

2.3 Framework Applied

The assessment follows the customary five-stage gate structure used in petroleum product brokerage: document gate (LOI/SCO/ICPO/FCO consistency), counterparty gate (KYC/KYB/UBO), product gate (POP, Q&Q, title), payment gate (bank instrument and term alignment with INCOTERMS 2020), and compliance gate (OFAC, EU Regulation 833/2014, UK OFSI screening).

3. Transaction Overview

Parameter	Detail
Product	EN590 10ppm Ultra-Low Sulphur Diesel
Quantity	100,000 MT, monthly (12-month contract proposed)
Origin	Allegedly refinery allocation — seller states "Russian-origin or ARA refinery"
Delivery	TTT — injection into Buyer's nominated tank, ARA region (Rotterdam)
Price	USD 485.00/MT (offer) vs. approx. USD 558/MT Platts NWE CIF benchmark
Payment	SBLC (MT760) + MT103 after SGS Q&Q report
Procedure	Seller's proposed "non-sequential" SCO terms
Commission	USD 0.50/MT per side (broker chain of 3 intermediaries disclosed)

The proposed price of USD 485/MT sits approximately 13 percent below the prevailing Platts NWE gasoil M2 average. In the ARA spot market, genuine refined product almost never trades at discounts beyond 2–4 percent to benchmark because arbitrage windows would otherwise be instantaneously closed by traders. A discount of this magnitude, combined with a stated "refinery allocation", is the single most consistent signature of fraudulent offers in the retail fuel-broker market and is treated as a critical finding in Section 7.

4. Counterparty Assessment — The Seller

4.1 Corporate Verification

The Seller, Nordic Baltic Fuel Trading OÜ, was checked against the Estonian e-Business Register. The company is registered, with a registered office in Tallinn and two directors. However, three adverse indicators were identified. First, the registered share capital is EUR 2,500, which is immaterial against a USD 48.5 million monthly obligation and indicates the company does not carry the transaction on its own balance sheet. Second, the company has no published financial statements for the last fiscal year and no audited accounts. Third, the domain used in the SCO correspondence was registered only nine months before the offer, and the company's stated website contains no trace of prior trading activity, storage agreements, or terminal partnerships.

4.2 Beneficial Ownership and Network

The disclosed ultimate beneficial owner is a third-country national who also appears in the shareholder registry of two recently dissolved fuel-trading entities in other EU jurisdictions. While this alone is not conclusive, it places the UBO in a pattern that warrants enhanced due diligence (EDD) under Wolfsberg-group guidance for correspondent trading relationships.

4.3 Trade References

The Seller furnished three trade references. Direct verification attempts confirmed only one entity as an active trading company, and that entity declined to comment on the Seller's delivery history, stating it was "under confidentiality". No independently verifiable delivery record (SGS delivery reports, bills of lading, customs declarations) was provided.

4.4 Counterparty Rating

Item	Finding	Rating
Legal existence	Confirmed (Estonian register)	Green
Financial substance	Capital EUR 2,500; no audited accounts	Red
UBO transparency	Disclosed, but EDD flags	Amber
Delivery track record	Unverifiable	Red
Market reputation	No independent sources confirm trading history	Amber
Overall counterparty		**HIGH**

5. Product Verification — Proof of Product (POP)

5.1 POP Documents Received

The Seller provided a "POP package" comprising: a product passport (specification sheet), a tank storage receipt allegedly issued by a Rotterdam terminal, and a laboratory analysis certificate. Independent verification of these documents revealed material defects. The analysis certificate references an ISO 17025-accredited laboratory whose certificate number

could not be validated with the laboratory; such orphaned laboratory references are a well-documented hallmark of recycled or fabricated POP packages. The tank storage receipt quotes a tank number that could not be matched to any operational storage facility within the alleged terminal's public asset register.

5.2 Correct POP Protocol

In a genuine TTT transaction, the buyer-side quantity and quality verification is performed by an independent surveyor — SGS, Intertek, or Inspectorate — **at the tank, after title-transfer documentation is shown**, and never on the basis of documents circulated before an ICPO. A legitimate seller will permit a dip-test authorization (DTA) or will present an SGS Q&Q report dated within the previous 72 hours against a confirmed tank. Any seller who insists on upfront inspection fees, "injection fees" or "title-transfer fees" before the buyer has bank-verified the tank and product fails this gate.

5.3 Product Risk Rating

Item	Finding	Rating
Specification sheet	Standard EN590 spec; unverifiable provenance	Amber
Laboratory certificate	Unverifiable accreditation reference	Red
Tank storage receipt	Tank number not matched to facility	Red
Seller willingness to allow SGS at tank	Not confirmed; contingent on upfront fees	Red
Overall product risk		**MEDIUM-HIGH**

6. Document and Procedure Assessment

6.1 Document Chain Review

The document chain (LOI → SCO → draft FCO) was reviewed for internal consistency. The SCO procedure deviates from the recognized industry sequence in two respects: it requests an executed bank comfort letter (RWA) before the seller issues a formal FCO, and it places the SGS inspection cost, the injection cost and a "commitment fee" on the buyer's side payable before independent verification. Standard market practice under INCOTERMS 2020 TTT terms is that the buyer pays for the SGS survey at discharge as a normal cost, but never pays fees to the seller prior to seeing bankable proof of product.

6.2 Intermediary Structure

The deal was introduced through a chain of three intermediaries, each expecting a per-metric-ton commission. Multi-layer chains without disclosed mandate letters substantially increase documentary risk, price distortion and leakage, and are a structural red flag recommended to be flattened to a maximum of one disclosed intermediary per side.

6.3 Procedure Risk Rating

Item	Finding	Rating
LOI/SCO/ICPO/FCO consistency	Partially consistent	Amber
Payment sequence	Front-loaded buyer fees before verification	Red
Bank instrument terms	SBLC MT760 acceptable in principle	Green
Intermediary transparency	3 undisclosed layers	Red
Overall procedure risk		**CRITICAL**

7. Sanctions and Regulatory Compliance

7.1 Sanctions Screening

The Seller, its UBO, the vessels named in historical correspondence, the alleged loading ports and the storage facilities were screened against the OFAC SDN list, the EU consolidated sanctions list (Regulation 833/2014 as amended, including the Russian crude and petroleum products price-cap framework), and the UK OFSI consolidated list. No direct matches were found. However, the origin statement in the SCO ("Russian-origin or ARA refinery") is itself a compliance red flag: EU import of Russian-origin refined petroleum products is prohibited, and any ambiguity of origin is unacceptable for an EU delivery and payment flow.

7.2 AML and Trade Compliance

The transaction structure was assessed against EU AML Directive (AMLD6) obligations applicable to commodity-trading counterparties and against the Wolfsberg guidance on trade finance. The absence of audited financials, the low capitalization, the unverifiable product documentation and the multi-layer commission chain collectively trigger an enhanced due diligence threshold. Any UAE or EU banking institution presented with this deal structure would likely require full documentation of the supply chain, origin certificates and independent survey reports before processing the SBLC.

7.3 Compliance Rating

Item	Finding	Rating
Direct sanctions match	None found	Green
Origin ambiguity	Russian origin stated as possible — prohibited for EU	Red
UBO pattern	EDD flags (linked dissolved entities)	Amber
Bankability of structure	Unlikely under current documentation	Red
Overall compliance risk		**LOW-MEDIUM direct / HIGH structural**

8. Quantitative Risk Matrix

Each risk is scored on probability (P, 1–5) and impact (I, 1–5); the risk score is P × I. Scores of 15 or above are critical, 8–14 high, 4–7 medium, and below 4 low.

#	Risk	P	I	Score	Rating
R1	Fraudulent offer / non-existent product	4	5	20	Critical
R2	Advance-fee loss (inspection, injection, title fees)	4	4	16	Critical
R3	Counterparty insolvency / no delivery capacity	4	4	16	Critical
R4	Sanctions violation (origin)	2	5	10	High
R5	Banking rejection of SBLC structure	3	4	12	High
R6	Price misrepresentation / off-benchmark execution	3	3	9	High
R7	Intermediary chain leakage / mandate disputes	3	3	9	High
R8	Specification non-conformance (undetected quality issue)	2	4	8	High
R9	Currency / settlement timing risk	2	2	4	Medium
R10	Contractual dispute over title transfer point	2	3	6	Medium

The residual risk after all recommended mitigations in Section 9 is estimated at **MEDIUM**, contingent on the seller accepting a fully bank-guaranteed, inspection-first procedure and providing verifiable origin documentation.

9. Conclusions and Recommendations

9.1 Recommendation — Client Decision

Consistent with the professional disclaimer in Section 1, this report does not assert that the Seller is a fraudster with certainty, nor that the offer is guaranteed to fail. It assigns the transaction a **HIGH risk grade** based on the weighted findings of Sections 4–8, and recommends: **DO NOT PROCEED under the current offer structure.** The combination of an off-benchmark price, unverifiable POP documentation, a seller with immaterial financial substance and an unverifiable track record, and a procedure that front-loads buyer payments constitutes a risk profile that cannot be mitigated by contractual clauses alone.

9.2 Remediation Checklist (if re-engaging)

The buyer may re-open the transaction only if all of the following conditions are satisfied. The seller must provide a verifiable tank storage agreement and permit a buyer-side SGS or Intertek Q&Q inspection at the tank before any funds or bank instruments are issued. The origin of the product must be documented with certificates of origin consistent with EU Regulation 833/2014, excluding prohibited Russian-origin product. The payment sequence must be restructured so that no fees are payable by the buyer before independent verification, with payment executed by MT103 only against the SGS Q&Q report and title transfer documentation. The intermediary chain must be disclosed in full, reduced to one per

side, with signed NCNDA/IMFPA covering commission. Finally, the seller's bank must confirm issuance capacity for the SBLC through a top-50 international bank.

9.3 Lessons for Future Deals

This case illustrates the five disciplines that separate successful fuel procurement from costly fraud exposure: benchmark pricing discipline (no deal survives a discount beyond 3–4 percent to Platts without a documented refinery relationship), inspection-first payment sequencing, origin certainty under the applicable sanctions regime, verified corporate substance behind the paper, and a flattened, disclosed intermediary structure.

This report is a demonstration portfolio sample prepared by Petro Broker Academy. All party names, prices, and figures relating to the transaction are illustrative and fictitious. It does not constitute legal, financial, or compliance advice for any specific transaction.