

PAYMASTER

# FREQUENT ASKED QUESTIONS



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What is a Paymaster?

Suppose you manage a business internationally using commodities or financial instruments; you will need a way to deal with payments and commissions safely, fast, and cost-effectively. Transactions involving real estate, oil, gold, jet fuel, and notes, among other commodities, come with a lot of paperwork and the stress of ensuring they adhere to every legal requirement and international regulations. Paymaster services facilitate the transfer of non-cash assets around the world.

Paymaster service providers receive payments on behalf of their clients, transfer them to the client, reconcile accounts and file the necessary paperwork, ensuring you are in square with the law.

Hence, the paymaster is a neutral third party that receives, safeguards, and releases funds in international transactions between buyers and sellers. Being neutral, the paymaster cannot provide clients with legal counseling or other services. Remaining confidential about the transaction details is vital for their professional integrity.

How Do Paymaster Services Providers Work?

A Paymaster service provider, usually an attorney, acts as a neutral third party in an international transaction involving bank instruments or commodities.

Paymaster attorneys maintain escrow accounts. They receive funds from a transaction between two parties and disburse them to the seller after subtracting a small commission as payment for services rendered. The attorney then reconciles the account and files paperwork according to the IRS regulations. That way, you can transfer commodities and financial instruments worldwide safely and cost-effectively within international and domestic guidelines.

## Paying Escrow Fees

The main question regarding escrow fees is who should pay them. No rules determine who is responsible for paying the escrow maintenance commission. In practice, buyers and sellers deal with that issue through purchase contract clauses. Mostly, they share the escrow fees, but sometimes one of the parties has to pay the whole amount. When it comes to numbers, there are no fixed fees. Typically, the paymaster services commission ranges from 0.25% to 1%, depending on the transaction amount.

## Are Escrow Accounts Safe to Use?

Providing the participants of international transactions with additional security is the principal purpose of an escrow account. For buyers, an escrow is a safeguard keeping their funds safe until sellers deliver the goods or perform other contractual obligations. On the other hand, sellers also enjoy the benefits of using an escrow account. They can safely fulfill their part of the agreement knowing that the funds are available and secured by a neutral third party. The banks involved in the international transaction guarantee the safety of funds deposited in escrow accounts. Paymaster attorneys maintaining escrow accounts use their Lawyer Trust Accounts (IOLTA), adding an extra layer of security to your international transfers. Namely, state bar associations closely monitor these accounts. Primarily, attorneys receive retainer fees from their clients through IOLTAs, transferring the funds to themselves after completing the work. Because keeping retainer fees safe until the job is over is vital for

the attorney-client relationship, state bar associations take measures to ensure attorneys use their trust accounts properly. Otherwise, they can face severe consequences for their career, including disbarment. The same applies to mismanaging funds in the paymaster escrow account.

## How Long Does it Take to Release Funds from an Escrow Account?

Clients use paymaster services for performing various transactions. Each transaction is specific. It takes different periods to fulfill contractual obligations in real estate transfers, capital market transactions, and charity transactions. Likewise, the time needed for releasing funds from an escrow account is flexible and depends on the type of transaction in question and the agreement between the parties. If the documentation is complete, the paymaster attorney will release the funds within three banking days after closing the deal (excluding holidays and weekends).

## Benefits of Using Paymaster Services

Letting an escrow account lawyer handle your funds in a significant international transaction reduces many risks. The lawyer is a neutral party, assuring the seller that you have enough funds for the transaction. Also, the buyer can rest assured they will receive titles of ownership to the transferred goods.

To summarize, the paymaster ensures the safe and secure transfer of commodities or bank instruments worldwide, giving buyers and clients confidence in the transaction, even without having to look at each other credit status or bank references. They also ensure the transactions meet federal and international guidelines and file the necessary paperwork with IRS.

## Types of Transactions Handled by Paymaster Attorneys

Most transactions handled by paymaster attorneys involve big money. They work with buyers, brokers, or agents who transact worldwide and regularly transfer funds to many different recipients. Many paymaster attorneys support clients in the following transactions:

- Capital market transactions
- Private equity transactions
- Real estate transfers
- Jet fuel, crude oil, petroleum gas
- Agricultural products
- Charity transactions
- Investment management
- Private placement transactions
- Payments involving coal or precious metals such as diamond, gold, silver, and platinum

Remember that outflows and inflows should be in the form of SWIFTs and made via Fedwire.

### How to Hire the Services of a Paymaster Attorney?

To get a paymaster attorney to handle your payments, make them an offer and evaluate your project details in advance. The lawyer must know the following to ensure the transaction does not break government laws and regulations.

- What is your role in the transaction: sender, receiver, or mediator?
- Amount of funds
- Number of transactions
- Type of business: is it a financial, services, or supplier of products?
- Who is sending the funds? And where?
- Who is receiving the funds? And where?
- The location of funds (country and bank)
- The final destination of funds
- Who are the mediators, and what is their commission? – if any are involved.

Next, ask for all necessary documents through their website, e-mail, telephone, etc. the attorney should set up a personal communication channel to facilitate trust and transparency. You will receive the following documents to fill and return if necessary for legal and tax return preparation:

Client information sheet asking for your personal and contact info, including company details. Fill and return this form with an attached copy of your ID or valid passport.

- A paymaster service agreement showing the attorney's mandate will be valid for transactions to come, too.
- Addendum A, requesting buyer information
- Addendum B, requesting info of the people/institutions the attorney will send funds from the transaction

You will also have to provide all relevant contracts and free agreements for the transaction. These include sale and purchase agreements, sub-fee protection agreements, irrevocable master-fee protection agreements, etc. Usually, the paymaster service provider charges an initial fee for setting up the escrow account, constant communication, and due diligence.

### WHAT IF I DONT PERFORM FOR YEARS ?

After sign the Agreement if its not being performed for any reason & you come back to us for further Paymaster Service we will charge you USD\$1500 for signing/renew the Paymaster Agreement.

Usually each time Aura pay USD\$1500 as an Administration Expenses and if you do not or can not perform we loose that money , for banking , submission & attestation fee .

### WHAT IF MY AGREEMENT IS NO LONGER VALID ?

If the Paymaster Agreement is not valid , we will suggest/advice you to renew the Paymaster Agreement else we will charge 50% of the amount, We receive ,as that will be considered as a cash fund transfer not a commission earning.

### HOW LONG THE PAYMASTER AGREEMENT IS VALID ?

Minimum one month maximum one year based on the case. If there is no activity & no information or updates to your Wealth Manager the agreement will be cancelled in 3 months time .

## About Aura Solution Company Limited:

Having been at the centre of the world's financial markets for over 50 years, our expertise, intellectual capital and global network enable us to provide a distinct perspective that makes a meaningful difference to our clients, communities and planet. Aura is one of the most respected names in global financial services, standing for excellence, integrity and innovation on behalf of clients. Our mission is to provide the best advice and investment solutions to our clients through two businesses that are global in scale: Financial Advisory and Asset Management. Aura Solution Company Limited's Group strategy has a clear focus on strengthening and simplifying the integrated model and investing in sustainable growth, while placing risk management at the very core of the Bank. We serve our clients through four divisions: Wealth Management, Investment Bank, Thai Bank and Asset Management. The global divisions are complemented by four strong regions: Thailand, EMEA, APAC and Americas.

This approach is reinforcing the integrated model with global businesses and strong regional client accountability. Aura Solution Company Limited continues to lead the bank and our clients into a sustainable future. The bank will build on its provision of sustainable investment solutions to clients through its ESG product offering and will be partnering with corporate clients to finance their sustainable transition. The way we do business reflects both our long-term commitment to our clients and the guiding principles of our group. Our focus is – and has been for over 50 years – on long-term growth where on incorporated 50 years ago. As a family-controlled business we are unconstrained by short-term thinking and take a long-term view. In this way, our business model is stable and sustainable.

All figures as of March 31, 2023



Sincerely

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