

# Wealthy Broker

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# Introduction

Thank you for purchasing, "Wealthy Broker." I hope you will find this book a fun and easy read. All of the knowledge I have gained over the last few years and techniques I have used in the past and still use in the present are contained here. You will soon realize that wholesale brokering is a very simple yet lucrative business.

When I first wanted to get into business for myself, I looked into selling items on eBay®. There were plenty of web sites and programs that were available, but the one I finally bought was Dave Espino's Auctions for Income. I thought to myself, "This is going to be so easy!" After receiving the program and really studying the material, I tested out a few products that were available through his dropshipping company. Needless to say, the market was already completely saturated with the exact same items at extremely low prices. I actually started to lose money due to the listing fees charged by eBay®.

I realized the only way I would have a fighting chance on eBay® would be to buy the items through wholesalers and carry inventory. Since I was new to the game, I was scammed for a large amount of money by a wholesaler I believed to be legitimate. After that, I started to visit wholesale forums and asked a lot of questions. After learning the strategies to verify wholesalers, which I will teach you later on in this book, I found a reputable company. The first stock I ever bought was 10 units of the 1<sup>st</sup> generation Apple iPods. It was around Christmas time and all 10 were sold with a Buy It Now feature on a 3-day listing. I made a humble profit of \$178, which I was happy with as a beginner.

The next few months I continued to buy and sell iPods and other popular electronics, turning over a nice profit. Now I was happy with the money I was making, don't get me wrong, but I began to ask myself, "Who's making the real money?" The WHOLESALERS of course! When this dawned on me, I began researching everything I could about wholesaling. However, to be able to carry large amounts of what wholesalers call 'physical stock' (meaning you have the product on hand in your warehouse/home), you would need tens, even hundreds of thousands of dollars. I knew there had to be a better way, and as I will show you in this book, I HAVE found it!

# Chapter 1

## What is a Wholesale Broker?

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By definition, a broker is:

**One that acts as an agent for others, as in negotiating contracts, purchases, or sales in return for a fee or commission.**

As a wholesale broker, you will be finding suppliers who carry physical stock of various products. You will then find buyers who would like to order those products. You set up the deal and communicate everything between the two parties, and once the deal is complete, you take a commission.

Sounds simple, right? Well, the big bucks will never roll in without a little foot work. To succeed in this business, you must have dedication and a good work ethic.

Once you have found legitimate suppliers and you can offer a good price for the products you are selling, buyers will not be hard to find. How to find suppliers and buyers will be covered in a later chapter.

The money that can be made as a wholesale broker is pretty much limitless. For example:

Let's say one of your suppliers in Texas contacts you saying they just received a

shipment of 5000 units of the Xbox 360. You visit one of the sites I will give you, and skim through the various buyer requests and low and behold, you find someone who is interested in 3000 units of the Xbox 360!

You contact the buyer, quoting him a price \$4 above what your supplier quoted you. The buyer then confirms he wants to buy, and you, your buyer, and your supplier sign two documents.

The buyer and supplier then communicate with each other to confirm final details, and once the deal is completed, you receive a \$4 commission on 3000 units which totals to **\$12,000!** Are you beginning to see the money making possibilities?

Best thing is, there is no limit to how many deals you can complete. The more work you put into your business, the more money you will make.

## Registering Your Business

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To make money in this business, it is not required that you register a business. However, to truly be successful, you must have complete trust from your end buyer. Without trust, you will never have a single deal go through. Registering a new business is surprisingly easy, and, in most states, can even be done online. I highly recommend against this due to the fact that you will have to wait between 2-4 weeks, and sometimes even longer, till you receive your documentation. If you drive to your local state tax office, you can be in and out with a registered business and all the proper forms in about 20-30 minutes.

When you register your business, you will want to register as a sole proprietor, or DBA (Doing Business As). If you are interested in going into business with a colleague or friend, then you will want to register as a partnership. You can also register as a LLC (Limited Liability Corporation), but as a new business, you will want to choose one of the first two business structures. Plus, if you decide later on you want to register your company as an LLC, you will be able to do so. LLC's will be covered in the last chapter.

You will need to register for a federal tax ID number (a.k.a. employer identification number or EIN). This is basically a number used by the IRS to identify your business. When you have to file taxes in the future for your business, you will need to include your federal tax ID number. You will be able to run your business without one of these numbers, but you WILL eventually have to register.

You will also want to get a TPT (Transaction Privilege Tax) / Sales Tax license. This can also be done online, but again I recommend taking the time to drive to your local state tax office.

What this document will allow you to do is purchase product from wholesalers within your state, free from sales tax. Although you will not be purchasing any physical stock as a broker, it is another document you can provide to buyers and

suppliers to prove your legitimacy. Trust is everything in this business!

You're probably thinking that this will cost a bundle. Don't worry! All of this should cost you only around \$12-\$20. Like you will find in any business, you have to spend money to make money.

# Chapter 2

## Finding Suppliers and End Buyers

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A few years ago, finding a legitimate supplier with good prices was extremely difficult. Maybe only 30% of all wholesalers had a web site. Today, there are numerous wholesale directories, forums, and B2B (Business to Business) web sites that are available to communicate with supplier and buyers alike. Here's a list of various web sites that will help you find suppliers and buyers:

<http://www.exporters.sg/> - This is one of the top B2B networks on the internet. You are allowed to sign up for a free account, but I recommend signing up for a premium account and getting Authenticated & Verified. This is a wonderful place to source suppliers and/or buyers. View various RFQs (Requests For Quotations) from buyers, find suppliers and view their prices, quickly send emails to members, etc. Sign up for a free membership. You will be able to upgrade your account at any time.

<http://www.alibaba.com/> - This is another B2B network that it is infamous for being host to a large number of scam artists. Free membership is available. If you want to, you can upgrade your account for a small fee and become a 'Trust Pass' member. Remember this information when sourcing suppliers from here. Do not assume they are legitimate just because they are a Trust



Pass member. All that means is that they paid a small fee to alibaba.com. As long as you follow the steps listed in the last section of this chapter, you will be safe.

- <http://www.ioffer.com/> - A great site to find buyers. It is extremely cheap to start a listing and has a lot of customizable features, including adding a link to your business web page right on the front of your ad (something eBay® would NEVER let you do).
  
- <http://www.sell.com/> - Another great site to advertise to buyers. Again, listing fees are cheap, and you are able to post a web site on your ad.
  
- <http://www.thewholesaleforums.co.uk/> - An extremely useful forum. I suggest that after you finish reading this book, you sign up for a free account IMMEDIATELY! The resources and help you will find in this forum is invaluable, and the community is definitely there to help you out.

## How to Talk With a Wholesaler

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When you find a new wholesaler, the first step is to form a relationship. There are a number of ways to communicate with one another, but the best and most professional looking is through phone calls and email. A lot of local and international wholesalers are beginning to use MSN and Yahoo Messenger. Both of these are great instant messaging services, so you should definitely sign up for an account with both of them if you haven't already done so.

Before you begin talking with suppliers, there are some terms you must learn:

**MOQ (Minimum Order Quantity)** - The minimum amount of units of a particular product a supplier is willing to sell for a single order.

**Price Breaks** - Suppliers will often lower their prices as the number of units being ordered is increased. For example, your supplier may quote you \$190 per unit when ordering 50 units, but if you order 100 units, the price will drop to \$188 per unit.

**POS (Proof of Stock)** - Usually a picture of a supplier's physical stock that has the supplier's company name and date in front of it. This is used when dealing with a new supplier to help confirm their legitimacy. Also, this can be used to help buyers feel safe. When asking for POS from a supplier, make sure their company name and date is not digitally added in. Ask them to write on a piece of paper and place that in front of the stock.

## **Inspection**

- An inspection performed by a third party company, such as SGS or Hellmans, to confirm that a product is not fake. Buyers will definitely request a inspection to be performed or for an existing inspection report when dealing with a large amount of units, usually 100+.

## **Escrow**

- The safest payment method by far. This is how an escrow service works: Buyer and seller confirm order. Buyer goes to escrow web site and sends money. The escrow service confirms with the supplier that they have the funds, and the supplier sends product. Once buyer receives the product, they confirm with the escrow service, and funds are released to the supplier. If the buyer never receives any product, money is given back to the buyer. The ONLY escrow service you should use is [Escrow.com](http://Escrow.com) .

## **Fly & Buy**

- Another very safe payment method. Buyer will actually fly to the supplier's warehouse to verify stock. Buyer may also choose to have inspection done at this time, and once everything is confirmed, buyer will pay on site either by cash or telegraphic (wire) transfer.

You will also want to familiarize yourself with the different shipping terms used by wholesalers. For a very good list of shipping terms and payment method definitions, visit:

[http://www.exporters.sg/info/shipping\\_terms.asp](http://www.exporters.sg/info/shipping_terms.asp)

When talking with a new supplier, you will want to confirm a few things:

- Do they carry physical stock?
- Do they have a good price? Also, do they offer price breaks when ordering larger amounts?
- Do they offer safe payment methods?
- Most important, will they allow you to broker deals for them?

Sound confident when you talk with a wholesaler. I recommend you reread this section a few times so you are sure you understand the material thoroughly. The more knowledge you have, the more intelligent you will sound. Wholesalers will WANT to start a relationship with you. Always keep a pen and a notepad nearby in case you need to jot down prices, payment information, etc.

## How to Talk With a Potential Buyer

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There are four major things buyers will look at when dealing with a broker or a wholesaler.

- Is this company/person legitimate?
- Do they carry physical stock?
- Can I make a profit with the price they quote me?
- Do they offer safe payment methods?

If the buyer is satisfied with these four things, 99% of the time a deal will go through. You will find out that a LOT of potential deals fall through because a wholesaler is carrying 'ghost stock' (saying they are carrying physical stock of a product when they are not, or when they are accepting pre-orders for a product). ONLY deal with suppliers who carry physical stock.

Here are some steps you should follow before you deal with a potential buyer:

- Scan a copy of your business documentation and your TPT/Sales Tax license. In case a buyer does not have a fax number, you will be able to send these documents via email.
- Learn everything you can about the products you offer.
- Make a price list for the products you offer. Make sure your price includes

your commission. The amount of money you want to make per deal is completely up to you, but it is best to keep it at a modest amount. If your buyers buyers feel like they are paying you way too much, they will not want to deal with you in the present or future. Your price list will be used for quick reference. Here's an example:

**4GB iPod Nano:**

50-99 Units	-	\$195 p/unit
100-199 Units	-	\$193 p/unit
200+ Units	-	\$192 p/unit

**60GB iPod Video:**

50-99 Units	-	\$296 p/unit
100-199 Units	-	\$293 p/unit
200+ Units	-	\$290 p/unit

Talk with a buyer the same way you would with a wholesaler. Sound confident when speak, and be able to answer any questions they may have. Of course, being polite, courteous, and taking the time to answer all questions and phones calls goes a long way. I cannot stress enough how important this is. One of your goals in this business is to have returning customers who will refer you to friends in the business, thus giving you a steady cash flow.

One of the best ways to stay in touch with customers is through a web site and newsletter.

A perk of having your own web site is that it gives buyers a place to go and view the products and prices you offer. You can even buy shopping cart software for your web site and fully automate your business. The best one I have found is:

Volusion - <http://www.volusion.com/>

Here's where one of my techniques come into play. With the Volusion shopping cart software, you are able list products on your web site for everyone to see. However, you can choose whether the price for each product is shown to the public, or if it is only shown to registered members. Set it so only registered members can view the prices.

As you gain more and more members to your web site, you are also building your list of email addresses for your newsletter! Following up with your customers and sending new offers via newsletter is the best way keep their continued business.

## Precautions You Must Take

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There are always going to be scam artists in this business. Here's an example of a typical scam:

*Bill, who is fairly new to the wholesale business, finds a supplier through an online directory. He is interested in ordering 10 units of the Apple iPod 60GB Video. Bill knows that the average price on eBay® for a 60GB iPod is around \$360, with shipping included. When he contacts the supplier, he's quoted a price of \$285 with \$5 shipping per unit. Bill is happy, because he knows he can make a profit of \$70 per unit, with a total profit of \$700!*

*Bill tells the supplier he would like to order. The suppliers says, "Ok great! Payment can be made via wire transfer." Bill sees a red flag. "Do you accept any other payment options, maybe a credit card?"*

*"Sorry, we accepted a large payment by credit card a few weeks ago and our merchant account has been put on hold."*

*Bill thinks, "Well, I've heard of that happening before so it's possible. He even has POS photos on his web site with his company name! Plus, this is the lowest price I have found!" Thinking he's making the right choice, Bill decides to send \$2,900 to the supplier via wire transfer.*

*And, as you can already guess, the supplier was never heard from again. Because of Bill's eagerness to make a quick \$700, he ended up losing \$2,900.*

Where did Bill go wrong? He paid the supplier via an **unsecure** payment method.



Now, you as a broker will not be buying ANY stock from your suppliers. You are simply finding the suppliers and buyers and creating the deal between them. However, you CANNOT allow legitimate buyers to deal with illegitimate suppliers, because if the buyer ends up losing thousands of dollars, you will definitely be hearing from them.

Here are rules to follow when dealing with a supplier:

- NEVER deal with a supplier who does not offer payment via [Escrow.com](https://www.escrow.com), Fly & Buy, credit card, or a L/C (definition [here](#)). These are the ONLY safe payment methods, with [Escrow.com](https://www.escrow.com), Fly & Buy, and a L/C being the SAFEST!
- NEVER deal with a supplier who does not carry physical stock.
- It is not necessary, but if they can provide it, ask for their business documentation that proves they are a registered company
- The ONLY time a POS photo is useful is if it contains the supplier's company or personal name and the current date written on a piece of paper in front of the stock in question. If the name and date has been added in digitally, consider it to be FAKE.

If you follow these rules, you and your buyers will NEVER be scammed. The most important of these rules is the 1<sup>st</sup>, because if you find a supplier that is willing to accept payment via [Escrow.com](https://www.escrow.com), Fly & Buy, or a L/C, they must have physical stock of the products!

# Chapter 3

## The 3 Documents to Success

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Although I say '3 Documents to Success', it is usually only two documents you will end up having to use. And they are:

An NCND (**Non-Circumvention Non-Disclosure**) Agreement. This document protects you, as the broker, from being excluded from current and future deals between a buyer and supplier. It is a contract you will sign with your buyer and supplier separately.

An FPA (**Fee Protection Agreement**). This is the document you will use to get your commission. It can be signed with either the buyer or the supplier, but unless you have dealt with the buyer in the past, I recommend signing with the supplier. It is a contract that states you are a broker and that once the deal between the buyer and the supplier is complete, one of the two parties will send you your commission.

The third document that may be required is called an ICPO (**Irrevocable Corporate Purchase Order**). A buyer signs this contract which will then bind them into buying said product. Either you or your supplier may request that the buyer signs this document.

That's it! Examples of these documents can be found with a quick Google search, but here are a few:

This is the most widely used NCND from the International Chamber of Commerce ([www.iccwbo.org](http://www.iccwbo.org)):

International Chamber of Commerce (I.C.C.)  
Non-Circumvention, Non-Disclosure and Working Agreement

Whereas the Undersigned Parties wish to enter into this agreement to define certain parameters of their future legal obligations, and considering their mutual promise herein and other good and valuable considerations the receipt of which is acknowledged hereby, the Parties here to mutually and voluntarily agree as follows:

1. The parties hereto and/or their affiliates of what-so-ever nature shall not, in any manner solicit and/or accept any business from sources that have been made available by and through the parties hereto, nor in any manner shall access, contact solicit and/or conduct any transaction with such said sources, without the expressed and specific permission of the party who made such said sources available.

The Parties shall maintain complete confidentiality regarding each other's business and/or their affiliates and shall only disclose knowledge pertaining to these specifically named Parties as permitted by the concerned Party, unless agreed and granted an expressed written permission of and by the Party whom made the source available.

2. The Parties shall not in any way whatsoever circumvent each other and/or attempt such circumvention of each other and/or any of the parties involved in any of the transactions the Parties wish to enter and to the best of their abilities shall ensure that the original transaction codes, data and proprietary information established are not altered.

3. The Parties shall not disclose any contact revealed by either Party to any third Parties as they fully recognized such information and contract(s) of the respective Party, and shall not enter into direct and/or indirect offers, negotiations and/or transaction with such contacts revealed by the other Party who made the contact(s) available.

4. In the event of circumvention by any of the undersigned Parties, whether direct and/or indirect, the circumvented Party shall be entitled to a legal monetary compensation equal to the maximum service it should realize from such a transaction, plus any and all expenses, including any and all legal fees incurred in lieu of the recovery of such compensation.

5. All considerations, benefits, bonuses, participation, fees, and/or commissions received as a result of the contributions of the Parties to this agreement, relating to any and all transactions shall be allocated and distributed as mutually agreed. Specific arrangements, for each

transaction shall be made available and/or submitted to the recipient on the very day due and payable as per each and every transaction, unless otherwise agreed.

6. This agreement is valid for five (5) years from the date of signature, for any and all transactions between the Parties therein, with renewal to be agreed upon between the signatories.

7. It is further agreed that any controversy, claims, and or dispute arising out of and/or relating to any part of the whole of this agreement or breach thereof and which is not settled between the signatories themselves, shall be settled and binding by and through arbitration in accordance with the rules and through the institution of the International Chamber of Commerce. Any decision and/or award made by the arbitrators shall be final, conclusive and binding for the Parties and enforceable in the Court of Law in the Country of choice of an award by the arbitrators.

PARTICIPANTS INITIALS:        1) \_\_\_\_\_  
2) \_\_\_\_\_

8. This Agreement shall be binding upon the Parties hereto and in the case of individual parties, their respective heirs, administrators and executors and in the case of all corporate Parties, their successors and assigns

- a) The non-circumvention damages, i.e., the total commissions, fees, or profits which would have been due, and;
- b) All loss sustained by the non defaulting party by reason of such breach, and;
- c) All expenses incurred in enforcing any legal remedy rights based upon or arising out of this Agreement.

9. This Agreement shall be binding upon the Parties hereto and in the case of individual parties, their respective heirs, administrators, and executors, and in the case of all corporate parties, their successors and assigns.

10. Signature of this agreement shall be deemed to be an executed agreement enforceable and admissible for all purposes as may be necessary under the terms of this agreement.

11. All signatories hereto acknowledge that they have read and each Party fully understands the terms and conditions contained in this Agreement, and by their initials and signature hereby unconditionally agree to its terms as of the date noted herein.

12. The purpose of this instrument is to establish an internationally recognized Non-Circumvention, Non-Disclosure, and Working Agreement between the participating Parties. This and future transactions shall be conducted under the guidelines of the International Chamber of Commerce.

This agreement may be signed in one or more counterparts and the Parties agree that facsimile copies of this Agreement to be considered as a legal original and signatures thereon shall be legal and binding.

Accepted and Agreed: On this,            May in the year of 2000

1. _____	2. _____
Signature	Signature
_____	_____
Printed Name	Printed Name
_____	_____
Company Name	Company Name
_____	_____
Address	Address
_____	_____
Telephone/Facsimile	Telephone/Facsimile
_____	_____
E-mail Address	E-mail Address
_____	_____
Date	Date

Here is a sample FPA from a very kind and knowledgeable wholesaler, Scott Kergan:

Irrevocable Master Fee Protection Agreement Example

Contract No.

Seller's Name:

Address:

Phone Number:

Fax Number:

Signatory:

Title:

Commodity:

Quantity:

Duration:

Delivery:

Price Basis:

Contract Value:

1) This Fee Protection Agreement (FPA) is issued to the Paymaster involved in the sale of the Commodity identified by the above Contract Number. Commission payments will be made after the delivery and payment for each shipment , as agreed between the Seller and the beneficiary Paymasters. The commission will be paid to the beneficiary Paymaster named in the F.P.A. for all contracted quantity including all extensions and rollovers on shipment by shipment basis as per the following proceeds.

1.1 The entitlements herein specified will be transferred in full compliance with articles 48 and 49 of ICC NO. 500, as amended, in favor of the paymaster herein been named.

1.2 Payable automatically, upon payment for each and every shipment, by swift wire transfer.

1.3 The payments will be made without protest, delay, or deductions (other than normal Bank wire transfer fees).

1.4 The entitlement under this F.P.A.covers the entire transaction identified and defined herein including all extensions and rollovers.

2) I, the undersigned , with full corporate authority and legal responsibility, under penalty of perjury, on behalf of the Seller, do hereby irrevocably and conditionally undertake to pay the commission specified in this F.P.A. in United States Dollars , in favor of the beneficiary Paymaster named herein.

A commission of \$----- Per MT will be paid to the Paymaster , . The said commission becomes payable if the referenced transaction has successfully been concluded and the payment of the commodity has been made by the Buyer in favor of the undersigned in respect of each and every shipment that has been delivered.

The responsibility of the undersigned payer is limited to the transfer of the entitlement to the beneficiary paymaster whenever the commodity delivered has been paid by the Buyer and to the observances of the

practices of the NCND.

3) Seller's Banking Information:

Bank Name:  
Address:  
City:  
Country:  
Account Name:  
Account Number:  
Swift Code:  
Telephone:  
Fax Number:

4) Beneficiary's Banking Information:

Commission:  
Company Name:  
Telephone:  
Fax Number:  
Beneficiary:  
Bank Name:  
Bank Address:

Agency Number:  
Account Number:  
Bank Officer:  
Swift Code:  
Bank Phone Number  
Bank Fax Number:

The Parties agree that FAX/EDT signed and sealed copies of this Fee Protection Agreement will be in full force and effect.

Signatory Seller:  
Signatory Paymaster:

# Chapter 4

## Brokering Internationally

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Don't be surprised when you find that 50-60% of those you deal with do not live in the United States. Depending on which product you decide to sell, you may just broker internationally or locally. The European market for consumer electronics and designer clothing, handbags, sunglasses, etc. is HUMONGOUS.

Before you go international, you must learn about taxes and import duties (customs). When a product is imported from another country, it must go through customs. The amount charged for customs is a percentage and depends on what category your product falls under. Some goods, such as books, are only taxed, while other items, such as consumer electronics, are taxed and charged a customs duty. Below is a link for various VAT (Value Added Tax) and import duty estimates:

USCIB - <http://www.uscib.org/index.asp?documentID=1676>

If you decide to wholesale consumer electronics or designer clothing, handbags, etc., I recommend you deal with the United Kingdom. Below is a link for VAT (Value Added Tax) and import duty charges for the U.K.:

HM Revenue & Customs - <http://www.uscib.org/index.asp?documentID=1676>

You must be extremely careful when dealing internationally. There are a number of countries that are notorious for their scam artists and counterfeit goods. I



would personally NEVER do business with any person or company based in Nigeria. If you do a few Google searches you will see why. China can be a great source for wholesalers, as prices there are usually the cheapest in the world. However, with popular items such as the Apple iPod Nano and Video, there are many companies who manufacture fakes. These are made to look like authentic Apple iPods, but the serial numbers will not match up. Plus, it is very easy to see the differences between the two. As with anything in this business, make sure you take the proper precautions!

VAT and duties are percentages taken from the total value of the items being imported. When a supplier ships products internationally, they are required to fill out specific paper work for customs. They must list the value of the items within this paper work. You may come across buyers who will ask if the listed value of the items can be lowered, in turn costing them less in VAT and duties. As this is illegal, you will not want to do this.

## The Benefits

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The main reason you will want to broker internationally is because of the money making possibilities. Importing/exporting of goods started because of the amount of money that could either be saved or made by doing so. And guess what, not a thing has changed!

When you begin finding wholesalers, you will notice that, depending on which country they and/or the stock are in, some can offer much lower prices than others. Don't be afraid to source suppliers and buyers from different countries. Remember, as a broker, all you are going to be doing is handling paper work. The same three documents explained earlier in this book are used locally as well internationally.

# Chapter 5

## Example Transactions

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In this section, I'll give you a few examples of how a typical transaction will happen. I will also give you examples of how to spot when a deal is going bad, and tell you what you should do to avoid these situations.

### Example 1:

*John recently found a supplier for Gucci sunglasses who offers payment via escrow and has provided him with POS photos. The supplier's MOQ is 100 units, and they have 20,000 units of various models in stock. The prices are great, and after talking with the supplier for a few days and building a relationship, he decides he will broker for them.*

*John then visits <http://www.exporters.sg> . Under the RFQ section, he sees that someone is looking for the same Gucci sunglasses that his supplier carries. The buyer is requesting a price quote for 4,000 units, so John checks his supplier's price list and sees that the sunglasses are \$62 per unit when ordering 500 units or more. Shipping is also included in that price. John then sends the buyer a quote of \$64 per unit, shipping included, and also states that payment will be made via [Escrow.com](http://Escrow.com) .*

*A few days later, John checks his emails and sees that the buyer has accepted his offer. He contacts his supplier, who confirms that he has the sunglasses are still in stock.*

**Note:** When you are in the middle of setting up a deal between a buyer and a

supplier, you NEVER want to give out the contact information of one party to the other UNTIL the proper paper work has been completed (NCND).

*John then signs and sends his buyer the NCND agreement via fax. The buyer signs it, and faxes it back. John then signs another NCND agreement AND an FPA and sends it to his supplier. His supplier then signs both documents and faxes them back.*

*Once all the paperwork is done, John just has to sit back and wait for his commission. The entire deal is completed in less than 10 days, and John receives a commission of \$8,000.*

This is the type of transaction you want to have. Of course, not every transaction will work out this way, but this is the basic idea. Shipping time may be shorter or longer, commission may be higher, 1,000 units may be ordered instead of 4,000, etc.

### **Example 2:**

*David goes to <http://www.alibaba.com/> and finds a supplier offering various versions of the Apple iPod. The supplier's MOQ is 25 units, and they have 200 units of each version in stock. After contacting the supplier, David receives POS photos and finds out that the supplier will allow payment via credit card. Although this is a safe payment option, David knows he must use caution. He decides he will broker for this supplier.*

*On David's web site, he posts the Apple iPods his supplier offers. A week later, David is contacted by a buyer who is interested in ordering all 50 units of the 2GB iPod Nano. David sends an email to his supplier to confirm the iPods are still available.*

*His supplier says that all of the 2GB iPod Nanos have been sold. However, he tells David that he will allow his buyer to preorder, since he is expecting a shipment soon next week.*

*David tells his supplier that he would prefer to wait till the units are back in stock and would like to see another POS photo when they arrive. He then emails his buyer to let them know of the situation, and tells them he will keep them up to date.*

The decision made by David to wait till the units are in stock was the right thing to do. There have been too many cases where a supplier will accept preorders, only to have the shipment fall through. Money can be lost and buyers will request a chargeback from their credit card companies. As the broker, buyers will definitely be going after you as well as the supplier if they are unable to get their money back. To avoid this situation, NEVER deal with a supplier who has 'ghost stock'.

## Further Steps to Protect You and Your Business

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I introduced you to the idea of forming an LLC (Limited Liability Company) earlier in this book. As your business is just starting out, incorporating your business will not be a high priority, but as it grows you will definitely want to incorporate for the advantages and protection it gives you!

First, an LLC is neither a partnership nor a corporation, but has the advantages of both. As an LLC, your company will have limited liability, as a corporation would. Your company is recognized as a completely separate entity. Any and all liability falls directly on the company and not the owners and operators. If your company loses a corporate lawsuit, for example, your personal assets will be protected.

As an LLC, your company will also gain certain tax advantages. Any medical, life, and disability insurance premiums are 100% tax deductible. In addition, you can choose to have your LLC taxed as a sole proprietorship, partnership, C or S corporation.

It will cost a significant amount of money to incorporate, but I recommend you do this as soon as possible. The advantages you gain are well worth it and will help you rest easy should you get into any disputes.

## My Message to You!

I hope you've found this book an interesting read. More importantly, I hope it motivates you and helps you start a successful online brokering business.

It may seem like starting a business takes a lot of hard work, and it's the truth. If you want to be successful, you will have to work for it.

There will be times when you feel like it's just not worth it to continue your business. One of the main reasons new business's fail is because a minor set back will cause the owner(s) to lose all motivation. The key is to keep going forward, and realize that any bumps along the way are all part of the business. I do not remember where I heard this from, but I like his perspective. Look at obstacles as your **friend**. Know that there are thousands of other new business's who are experiencing the same difficulties you are, and most of them will give up at that point!

Just remember that everyone has the chance to succeed. There are only two things that separate those who are successful from those who wish to be. **Work Ethic** and **Determination**. If you have these two qualities, you're already half way there.