

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Case No.: 3-09CV0298-N
	§	
STANFORD INTERNATIONAL BANK, LTD.,	§	
STANFORD GROUP COMPANY,	§	
STANFORD CAPITAL MANAGEMENT, LLC,	§	
R. ALLEN STANFORD, JAMES M. DAVIS, and	§	
LAURA PENDERGEST-HOLT,	§	
	§	
Defendants.	§	

**RECEIVER’S UNOPPOSED MOTION FOR ORDER (1) AUTHORIZING RELEASE
OF CERTAIN CUSTOMER ACCOUNTS, (2) ESTABLISHING THE RESIGNATION
OF STANFORD TRUST COMPANY AS FIDUCIARY AND (3) AUTHORIZING
THE RECEIVER TO TAKE ACTIONS NECESSARY TO TRANSFER
STANFORD TRUST COMPANY ACCOUNTS**

**I.
INTRODUCTION**

Ralph S. Janvey, as Receiver (the “Receiver”) for Defendants and all Stanford-controlled entities (collectively “Stanford”), respectfully moves the Court for an order authorizing release of additional customer accounts from the asset hold. The Receiver seeks the Court’s authorization to release all Stanford Trust Company¹ (“STC”) customer accounts held at SEI Private Trust Company (“SEI”), except those accounts that (1) are owned by, or for the benefit of, an individual Defendant or by any person who, based on records available to the Receiver, had any of the following relationships to any Defendant or to any entity owned or controlled by the Defendants: shareholder, member of the board of directors, member of senior management

¹ Two entities within the Stanford group of companies are named Stanford Trust Company: (1) Stanford Trust Company, a Louisiana corporation, and (2) Stanford Trust Company, Ltd., an entity formed under the laws of Antigua. This motion, and all statements contained herein, apply solely to the Louisiana entity.

(as determined by the Receiver in his sole discretion) or registered representative or financial advisor who earned commissions or fees based on certificates of deposit from Stanford International Bank, Ltd. (“CDs”) or owed loans to Stanford Group Company; (2) are owned by, or for the benefit of, the Stanford companies; (3) based on data available to the Receiver, currently hold a CD or that since February 17, 2005, have purchased, sold or received any interest from a CD; (4) are related by social security number or tax identification number to any Stanford Group Company customer brokerage account held at Pershing LLC (“Pershing”) or JP Morgan Clearing Corp. (“JP Morgan”) that is currently subject to the asset hold pursuant to this Court’s First or Second Order Authorizing Release of Certain Customer Accounts issued March 5 and March 12, 2009, respectively; or (5) are related to accounts in categories 1 through 4 by social security number or tax identification number, when available.

Based on information available to the Receiver at this time, there are a total of 1,438 STC customer accounts subject to continued hold with aggregate asset values of approximately \$187 million (excluding CDs).² The accounts proposed to be released total 174 and contain aggregate asset values of approximately \$137 million, or 73% of the total market value of all STC accounts. Based on available data, the Receiver has found no indication of CD activity in these 174 accounts. Of the remaining 1,264 accounts, 1,034, or approximately 82% of the remaining accounts, hold virtually no assets other than CDs. Based on a review of data gathered during his investigation and considering the interests of all parties involved, the Receiver respectfully submits that a release of the 174 accounts mentioned above is warranted. The Receiver desires

²This valuation assumes the CDs have no realizable value. These accounts hold an aggregate of approximately \$308,300,000 in stated principal amount of CDs. The Receiver has not yet determined what value, if any, to assign to the CDs, and the realizable value of the CDs may not be known until later in the receivership proceedings. The task of determining what happened to the money and of identifying and recovering assets is complex and will take significant time, given the nature of the Stanford companies and operations. Adding to the difficulty of the task, some of the financial records of the Stanford companies appear to be unreliable. Based on what the Receiver has learned so far, the total value of the assets of the Estate may be only a fraction of the total amount that would be needed to pay all outstanding CDs and other anticipated claims against the Estate.

to facilitate the transfer of any released STC accounts to the appropriate entity or individual and therefore respectfully submits this motion for the Court's consideration.

II. BACKGROUND

A. The March 5 and March 12 Release Orders

On March 5 and March 12, 2009, the Court, at the Receiver's request, issued orders (the "Release Orders") that, taken together, permit the transfer of all Stanford customer brokerage accounts held at Pershing and JP Morgan, except those accounts that: (1) are owned by an individual Defendant or by any person who, based on records available to the Receiver, had any of the following relationships to any Defendant or to any entity owned or controlled by the Defendants: shareholder, member of the board of directors, member of senior management (as determined by the Receiver in his sole discretion) or registered representative or financial advisor who earned commissions or fees based on certificates of deposit or owed loans to Stanford Group Company; (2) are owned for the benefit of the individual Defendants or Stanford companies; (3) had at least \$250,000 in assets as of February 27, 2009 and with respect to which the Receiver has determined, by utilizing electronic data reasonably available to him through his investigation, may contain proceeds from the allegedly fraudulent products or activities; (4) secure unpaid balances owed by customers or non-purpose loans made to customers; or (5) are related to accounts in categories 1 through 4 by social security number or tax identification number, when available.

To determine the scope of releases for the Receiver's first and second release motions, the Receiver necessarily weighed the interests of all parties involved. The Receiver wanted to limit continued hardship by releasing as many accounts as possible. Because there had not been sufficient time to analyze whether specific customer accounts had proceeds from allegedly

fraudulent products or activities, however, the Receiver also considered the difficulty associated with recovering claims against those whose accounts were to be or had already been released and the amount potentially recoverable by the receivership estate from those accounts if they were tainted.

B. Stanford Trust Company and the Receiver's Efforts to Acquire and Analyze Data to Support Release of Additional Accounts

STC, a member of the Stanford Financial Group of companies, is a U.S. registered investment advisor company headquartered in Houston, Texas, with two additional offices located in Baton Rouge, Louisiana, and Greensboro, North Carolina. STC is a wholly owned subsidiary of Stanford Group Holdings, Inc., a Delaware corporation of which Defendant R. Allen Stanford is the sole stockholder. STC provides personal trust services such as financial planning, investment management and fiduciary services. At the time this Court issued the TRO and Receivership Order, information was not available to allow the Receiver to immediately identify specific STC accounts associated with fraudulent products or activities. Given the significant market value represented by the STC accounts (approximately \$187 million in aggregate asset values excluding any potential realizable value associated with CDs held in the accounts, as discussed in Footnote 2 above), the Receiver was unable to release these accounts without further analysis regarding whether they contained proceeds from allegedly fraudulent products or activities. Thus, the safest and most appropriate way to implement the Court's order was to place a hold on all STC accounts held at SEI. A hold on all accounts at SEI also helped to assure that activities prohibited by the TRO did not continue and that customer accounts remained secure.

A further analysis of STC account assets has proven complex and time-consuming given the nature of the STC accounts. The STC accounts include, among other types of accounts,

agency accounts, guardian and conservator accounts, individual retirement accounts, brokerage accounts and institutional and personal trust accounts. STC served in a variety of fiduciary capacities with respect to these accounts including, without limitation, as agent, guardian, conservator, trustee and executor. Working with SEI (a private trust company that is not affiliated with the Stanford companies and that acts as the STC asset custodian and provider of asset management, investment processing and investment operations), the Receiver and his representatives obtained financial data for each of the STC accounts. The Receiver analyzed this data for each account separately to determine whether the accounts contained proceeds from allegedly fraudulent products or activities or if the accounts otherwise fell within the criteria listed above as exceptions to a release of STC accounts.

In addition to analyzing the account data to determine what accounts should remain subject to the asset freeze, the Receiver also must determine the method by which the assets in each account may be released and transferred. For certain fiduciary relationships, this release and transfer process is more complicated, and more time-consuming, than the transfer of a brokerage account such as the Stanford Group Company brokerage accounts previously released by the Court. For example, the accounts for which STC acted as trustee, either individually or jointly, must be transferred to a successor trustee. This trustee replacement process requires reviewing the appropriate trust instruments and allowing the account holder or successor trustee to comply with the successor trustee provisions, if any. These transfer provisions vary from one trust instrument to another. Accordingly, the Receiver must review each trust instrument on an account-by-account basis to facilitate the orderly transfer of trust accounts.

The Receiver has now obtained the individual trust instruments from STC's offices and thus is in a position to establish transfer procedures in accordance with the individual trust

instruments. As with the Release Orders discussed above, promptly after entry of the order requested hereby, the Receiver will publish on his website the process by which STC customers may transfer their accounts to another financial institution.

The Receiver represented in his First Motion For Order Authorizing Release of Certain Customer Accounts that he expected “to make other recommendations regarding additional categories of accounts in the near future.” As with the Receiver’s second motion mentioned above, this motion contains those further recommendations.

III. ARGUMENT

A. Accounts to be Released

The Receiver requests that the Court allow the release of all STC customer accounts held at SEI, except those accounts that (1) are owned by, or for the benefit of, an individual Defendant or by any person who, based on records available to the Receiver, had any of the following relationships to any Defendant or to any entity owned or controlled by the Defendants: shareholder, member of the board of directors, member of senior management (as determined by the Receiver in his sole discretion) or registered representative or financial advisor who earned commissions or fees based on the CDs or owed loans to Stanford Group Company; (2) are owned by, or for the benefit of, the Stanford companies; (3) based on data available to the Receiver, currently hold a CD or that since February 17, 2005, have purchased, sold or received any interest from a CD; (4) are related by social security number or tax identification number to any Pershing or JP Morgan account currently subject to the asset hold pursuant to March 12 Release Order; or (5) are related to accounts in categories 1 through 4 by social security number or tax identification number, when available. Such releases would be made in accordance with procedures to be published by the Receiver on the receivership website promptly after entry of

the order requested hereby, similar to the procedures published on March 10, 2009 for eligible accounts under \$250,000 and March 12, 2009 for other accounts eligible for release.

Based on information available to the Receiver at this time, there are a total of 1,438 STC customer accounts subject to continued hold with aggregate asset values of approximately \$187 million (excluding any potential realizable value associated with CDs held in the accounts, as discussed in Footnote 2 above). The accounts proposed to be released total 174 and contain aggregate asset values of approximately \$137 million, or 73% of the total market value of all STC accounts. Of the remaining 1,264 accounts, 1,034, or approximately 82% of the remaining accounts, hold virtually no assets other than CDs.

B. Basis for Release of Identified Accounts

The Receiver's determination of which accounts to release is based on a number of factors. The Receiver recognizes that once accounts are released, it will be more burdensome for the Receiver to pursue and recover claims against those whose accounts were released, if that becomes necessary. On the other hand, the Receiver is well aware of the hardship that the account hold imposes on some STC customers. The hardship of a continued hold on these accounts must be balanced against the benefits of the hold, considering both the likelihood that the accounts are tainted by the fraud and the amount potentially recoverable by the Receiver from those accounts if they are tainted.

Although the Receiver's investigation continues and more information regarding fraudulent activities and transactions may be uncovered, the analysis of the accounts described above, in the Receiver's opinion, reflects the most equitable balancing of the interests at issue.

C. Certain Actions Necessary to Facilitate the Transfer of Accounts and Stanford Trust Company's Resignation as Fiduciary

As noted above, STC served in a variety of fiduciary capacities with respect to some STC accounts. The Receiver has determined that due to its financial condition, STC can no longer continue operating as a trust company, trustee or registered investment advisory company. Thus, upon the Court's authorizing the release of the STC accounts, each STC account over which STC serves as a fiduciary must be transferred to a successor fiduciary. In his capacity as receiver, the Receiver has taken actions to comply with this Court's instructions to preserve STC documents and assets and to prevent any STC assets from improperly being transferred out of the Receivership Estate and is now in a position to take certain actions to help facilitate the orderly transfer of STC accounts to financial institutions other than STC and, in the case of certain fiduciary accounts, to a successor fiduciary other than STC. Accordingly, to permit the appointment of a successor fiduciary for each applicable account, the Receiver asks the Court to issue an order declaring that STC be deemed to have resigned or been removed as fiduciary for any and all STC fiduciary accounts in accordance with applicable state law, and that such resignation or removal be accepted by this Court and effective upon the appointment of a successor fiduciary with respect to such account in accordance with either the terms of the governing instrument or applicable state law. In addition, the Receiver desires to take any and all actions, including in some instances filing extensions of time to file income tax returns, necessary or appropriate to facilitate the transfer of fiduciary assets to an appropriate entity or individual that will act as a successor fiduciary. The Receiver further requests that the Court's order confirm that the Receiver will not incur any liability as a result of taking any such actions.

D. Receiver's Proposed Method for Transfer of Released Accounts

As stated above, the Receiver has determined that due to its financial condition, STC likely will not continue operating as a trust company, trustee or registered investment advisory company. Accordingly, as was the case under the previous releases, customers will not have access to their accounts through STC. On March 10 and March 12, 2009, the Receiver published on its website information concerning the specific steps customers with brokerage accounts released under the earlier orders were to follow to transfer their accounts to other brokers and thereby gain access to funds in their accounts. The Receiver will publish similar procedures for STC accounts released pursuant to this motion and, when applicable, the process by which a trust account may be transferred to a successor trustee.

**IV.
CONCLUSION AND REQUEST FOR RELIEF**

Considering the hardship that the current asset hold imposes on STC customers, and weighing that hardship against the benefits of the hold, the Receiver respectfully requests that the Court authorize release of STC accounts from the asset hold contained in the TRO, except those accounts that (1) are owned by, or for the benefit of, an individual Defendant or by any person who, based on records available to the Receiver, had any of the following relationships to any Defendant or to any entity owned or controlled by the Defendants: shareholder, member of the board of directors, member of senior management (as determined by the Receiver in his sole discretion) or registered representative or financial advisor who earned commissions or fees based on CDs or owed loans to Stanford Group Company; (2) are owned by, or for the benefit of, the Stanford companies; (3) based on data available to the Receiver, currently hold a CD or that since February 17, 2005, have purchased, sold or received any interest from a CD; (4) are related by social security number or tax identification number to any Pershing or JP Morgan account

currently subject to the asset hold pursuant to the March 12 Release Order; or (5) are related to accounts in categories 1 through 4 by social security number or tax identification number, when available. The Receiver requests that such release be in accordance with the process to be published by the Receiver on the receivership website promptly after entry of the order requested hereby. The Receiver further requests that the Court issue an order declaring that STC be deemed to have resigned or been removed as fiduciary for any and all STC fiduciary accounts in accordance with applicable state law, and that such resignation or removal be accepted by this Court and effective upon the appointment of a successor fiduciary with respect to such account in accordance with either the terms of the governing instrument or applicable state law. The Receiver further requests that the Court's order confirm that the Receiver may take any and all actions, including the filing of extensions of time to file income tax returns, as may be necessary or appropriate to facilitate the transfer of fiduciary assets to an appropriate entity or individual that will act as a successor fiduciary, and that the Receiver will not incur any liability as a result of taking any such actions. The Receiver also requests that the Court specifically reserve the Receiver's right to later pursue claims against the owners of the released accounts if it is determined they participated in the fraud or received proceeds from the allegedly fraudulent products or activities. The Receiver further requests all other relief to which he may be entitled.

CERTIFICATE OF CONFERENCE

I hereby certify that on April 9, 2009, counsel for the Receiver contacted David Reece with the Securities and Exchange Commission, counsel for Defendant Laura Pendergest-Holt, Jeffrey Tillotson, and counsel for Defendant R. Allen Stanford, Paul Flack. None indicated any opposition to this motion. Accordingly, this motion is unopposed.

/s/ Timothy S. Durst
Timothy S. Durst

CERTIFICATE OF SERVICE

On April 10, 2009 I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Timothy S. Durst
Timothy S. Durst