



Trust Company; proceeds from the sale of the Sea Eagle and Little Eagle claimed by R. Allen Stanford's spouse Susan Stanford; Stanford Bank (Panama) S.A. funds previously held by Bank of Antigua; and amounts subject to potential liens.

*Private Equity:* The Receiver has recovered over \$30.4 million<sup>1</sup> in net cash proceeds from the liquidation of private equity investments and is entitled to future payments of an additional \$719,603 in net proceeds relating to such transactions. The Receiver has additional transactions pending Court approval or pending executed agreements that would result in net cash proceeds of approximately \$4.7 million. In addition, the Receiver's financial advisor is continuing to market the remaining investments in Stanford's private equity portfolio. The Receiver is unable to estimate the potential recovery from the liquidation of these remaining investments.

*Coins and Bullion Inventory:* The Receiver has approximately \$1.0 million in coins and bullion inventory relating to the coins and bullion operations. The Receiver has used and will utilize a portion of the inventory to settle some categories of claims asserted by coin claimants and vendors and anticipates liquidation of the remainder pursuant to the Court's Order dated January 5, 2010 [*see* Doc. 943]. The Receiver is also evaluating options to resolve and/or pursue the outstanding accounts receivable.

*Real Estate:* The Receiver has recovered approximately \$6.0 million in net cash proceeds from the liquidation of real estate. The Receiver has additional real estate transactions pending that would result in net cash proceeds of approximately \$4.4 million. The Receiver anticipates recovering an additional approximately \$7.3 million in net cash proceeds from the sales of other real estate properties. Furthermore, the Receiver's real estate brokers are

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<sup>1</sup> This amount is included in the Total Cash Inflow amount stated below.

continuing to market other properties in Stanford's real estate portfolio. The Receiver is unable to estimate the potential recovery from the liquidation of those other properties.

*Yachts and Airplanes:* The Receiver has recovered approximately \$5.0 million from the liquidation of airplanes owned by Stanford and \$2.8 million from the sale of the Sea Eagle and Little Eagle yachts.

*Litigation Claims:* The Receiver has fraudulent-transfer, unjust-enrichment and other claims pending against numerous defendants, which total over \$594.9 million.<sup>2</sup> Asset recovery litigation is difficult, protracted and expensive. Nevertheless, such claims are the single largest potential source of funds which may be recovered from the Stanford Ponzi scheme. Although the Receiver has received approximately \$11.6 million from settlements and other litigation efforts and has secured an injunction to hold another approximately \$25 million, the amount that the Receiver ultimately is able to collect from the defendants is uncertain and in all probability will be less than the amount claimed. The Receiver's claims include:

- *Claims Against Investors*<sup>3</sup>: The Receiver has fraudulent-transfer and unjust-enrichment claims pending against 794 investors/investor groups. These investors received a total of approximately \$1.2 billion in CD proceeds, approximately \$211.7 million of which constitutes amounts received in excess of principal investments (or net gains). The Receiver has entered into settlements with 101 investors/investor groups for a total recovery of approximately \$7.0 million.<sup>4</sup> The

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<sup>2</sup> The portion of this amount attributable to the Receiver's claims against investors includes only net gains sought by the Receiver, as opposed to all CD investment proceeds received by the investors. Although the Receiver is seeking to recover all CD investment proceeds from investor defendants, including purported interest and principal, the Receiver has offered to settle with each of the investors/investor groups for just the amount of net gains they received.

<sup>3</sup> These claims are asserted in the following lawsuits pending before this Court: *Janvey v. Alguire et al.*, Case No. 3:09-CV-0724-N; *Janvey v. Venger et al.*, 3:10-CV-0366-N; *Janvey v. Posada et al.*, Case No. 3:10-CV-0415-N; *Janvey v. Gilbe Corp. et al.*, Case No. 3:10-CV-0478-N; *Janvey v. Buck's Bits Service, Inc. et al.*, 3:10-CV-0528-N; *Janvey v. Johnson et al.*, Case No. 3:10-CV-0617-N; *Janvey v. Barr et al.*, Case No. 3:10-CV-0725-N; *Janvey v. Indigo Trust et al.*, Case No. 3:10-CV-0844-N; *Janvey v. Dokken et al.*, Case No. 3:10-CV-0931-N; and *Janvey v. Fernandez et al.*, Case No. 3:10-CV-1002-N.

<sup>4</sup> Approximately \$366,000 of this amount will be paid by settling investor defendants through installments over time.

Receiver likewise has been willing to work with investor defendants who believe they are not “net winners.” Indeed, after receiving additional information from the investors, the Receiver has dismissed claims against at least 11 investors against whom the Receiver had initially sought to recover approximately \$5.1 million in “excess proceeds.”

- *Claims Against Former Stanford Employees*<sup>5</sup>: The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against 329 former Stanford employees. The claims against the former employees total over \$265 million, which consists of approximately (a) \$114.4 million in Stanford International Bank, Ltd. (“SIBL”) CD commissions, SIBL quarterly bonuses and branch managing director quarterly compensation; (b) \$101.1 million in loans, Performance Appreciation Rights Plan (“PARS”) payments and severance payments; and (c) \$50 million in proceeds from employees’ SIBL CD investments.
- *Janvey v. Aitken and Thacker*, Case No. 3:09-CV-1946-N - The Receiver asserted fraudulent-transfer and unjust-enrichment claims against Christopher Aitken and Stephen Thacker to recover \$11.25 million in payments they received from Stanford for the alleged purchase of “personal goodwill” when Aitken and Thacker joined Stanford just a few months before the Receiver was appointed. The Receiver settled those claims in exchange for Aitken and Thacker’s payment of \$4.4 million.<sup>6</sup>
- *Janvey v. DSCC and NRCC et al.*, Case No. 3:10-CV-00346-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims, seeking the return of over \$1.6 million in political contributions, against the Democratic Senatorial Campaign Committee, the National Republican Congressional Committee, the Democratic Congressional Campaign Committee, the Republican National Committee and the National Republican Senatorial Committee.
- *Janvey v. Barnes et al.*, Case No. 3:10-CV-527-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Ben Barnes and Ben Barnes Group, L.P. (“Barnes”) for the return of more than \$5 million that Stanford paid to Barnes in connection with alleged lobbying services.

<sup>5</sup> These claims are asserted in *Janvey v. Alguire et al.*, Case No. 3:09-CV-0724-N, pending before this Court.

<sup>6</sup> \$335,000 of this settlement has not yet been fully funded. Thus, this amount is not included in the Total Cash Inflow figure.

- *Janvey v. WMSL*, Case No. 3:10-CV-00477-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Wealth Management Services, Ltd. (“WMSL”), a company owned and controlled by former Stanford financial advisor David Nanes, for the return of over \$9.8 million that Stanford paid to WMSL in bonuses and alleged consulting, marketing, branding and other fees.
- *Janvey v. IEM*, Case No. 3:10-CV-00829-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Interim Executive Management, Inc. (“IEM”) for the return of more than \$4 million that Stanford paid to IEM in connection with alleged management consulting services.
- *Janvey v. Reeves*, Case No. 3:09-CV-02151-N - The Receiver has asserted relief-defendant, fraudulent-transfer and conversion claims against Rebecca Reeves to recover at least \$3 million in proceeds Ms. Reeves received from the sale of a house that was part of the Receivership Estate, as well as to recover other funds supplied to her by R. Allen Stanford, in an as-yet undetermined amount.
- *Janvey v. Dillon Gage Inc. of Dallas et al.*, Case No. 3:10-CV-1973-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Dillon Gage Inc. of Dallas and Dillon Gage Inc. (“Dillon Gage”) to recover over \$5.1 million paid to Dillon Gage by the Stanford Parties.
- *Janvey v. Stoelker*, Case No. 3:10-cv-1272-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Andrea Stoelker (“Stoelker”) — the former president of Stanford Financial Group Management LLC and Stanford 20/20, as well as R. Allen Stanford’s girlfriend and/or fiancée — to recover over \$568,000 that Stoelker received.
- *Janvey v. Wieselberg et al.*, Case No. 3:10-cv-1394-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against 77 former employee investors who received over \$27 million in CD Proceeds, collectively, from their own CDs.
- *Janvey v. Merge Healthcare, Inc., et al.*, Case No. 3:10-cv-1465-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Merge Healthcare, Inc. (“Merge”), Emageon, Inc. (“Emageon”), and Amicas, Inc. (“Amicas”) to recover at least \$9 million transferred from SIBL to Merge, Emageon, and Amicas in February 2009.

- *Janvey v. Tonarelli*, Case No. 3:10-cv-1955-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Oreste Tonarelli to recover over \$3.1 million Mr. Tonarelli received from Stanford.
- *Janvey v. Rodriguez-Tolentino et al.*, Case No. 3:10-cv-2290-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Juan Rodriguez-Tolentino, Sonia G. Velez and Wilfrido Velez (collectively, “Rodriguez-Tolentino”) to recover over \$2.3 million Rodriguez-Tolentino received from Stanford.
- *Janvey v. Susan Stanford*, Case No. 3:10-cv-2322-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against R. Allen Stanford’s wife Susan Stanford to recover over \$2.9 million that she received. Moreover, the Receiver asserted an unjust-enrichment claim against Mrs. Stanford for her occupation of, access to, and use of a mansion and other property owned by the Stanford Parties.
- *Janvey v. Failing et al.*, Case No. 3:10-cv-2564-O - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Harry Earl Failing and Harry Earl Failing, PC (collectively, “Failing”) to recover over \$839,000 Failing received from the Stanford Parties.
- *Janvey v. Suarez*, Case No. 3:10-cv-2581-O - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Yolanda Suarez to recover over \$5.1 million Ms. Suarez received from Stanford.
- *Janvey v. Stinson*, Case No. 3:10-cv-2586-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Lena M. Stinson to recover over \$1.6 million Ms. Stinson received from Stanford.
- *Janvey v. Bogar et al.*, Case No. 3:10-cv-2583-N - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Daniel T. Bogar and Brandilyn D. Bogar (collectively, the “Bogars”) to recover over \$3 million the Bogars received from Stanford.
- *Janvey v. Alvarado*, Case No. 3:10-cv-2584-O - The Receiver has asserted fraudulent-transfer and unjust-enrichment claims against Pablo M. “Mauricio” Alvarado to recover over \$2.5 million Mr. Alvarado received from Stanford.
- *Janvey et al. v. Toms et al.*, Case No. 3:11-cv-00018-O - The Receiver and the Official Stanford Investors Committee (the “Investors

Committee”) have asserted fraudulent-transfer and unjust-enrichment claims against David Wayne Toms and David Toms Golf, LLC (collectively, “Toms”) to recover over \$905,000 Toms received from Stanford.

- *Janvey et al. v. The University of Miami*, Case No. 3:11-cv-00041-N - The Receiver and the Investors Committee have asserted fraudulent-transfer and unjust-enrichment claims against The University of Miami (the “University”) to recover over \$6.3 million the University received from Stanford.
- *Janvey et al. v. Inter-American Economic Council*, Case No. 3:11-cv-00044-N - The Receiver and the Investors Committee have asserted fraudulent-transfer and unjust-enrichment claims against the Inter-American Economic Council (“IAEC”) to recover at least \$390,000 IAEC received from Stanford.
- *Janvey et al. v. IMG Worldwide, Inc.*, Case No. 3:11-cv-117-N - The Receiver and the Investors Committee have asserted fraudulent-transfer and unjust-enrichment claims against IMG Worldwide, Inc. (“IMG”) to recover over \$10.5 million IMG received related to golf endorsement fees; fees and title sponsorship for the Stanford International Pro-Am; Vijay Singh’s media placement campaign; and other sponsorship fees for Vijay Singh.
- *Janvey et al. v. Miami Heat Limited Partnership et al.*, Case No. 3:11-cv-158-N - The Receiver and the Investors Committee have asserted fraudulent-transfer and unjust-enrichment claims against Miami Heat Limited Partnership and Basketball Properties, Ltd. (collectively, “Miami Heat”) to recover over \$1.3 million Miami Heat received from Stanford.
- *Janvey et al. v. PGA Tour, Inc.*, Case No. 3:11-cv-226-N - The Receiver and the Investors Committee have asserted fraudulent-transfer and unjust-enrichment claims against PGA Tour, Inc. (“PGA”) to recover over \$12.9 million PGA received from Stanford.

*Cost-Benefit Analysis:* Because of the uncertainties and expense attendant to litigation, the Receiver continues to engage in cost-benefit analyses of his claims to recover amounts from the above third parties. With regard to the Receiver’s claims against the former Stanford employees and investors, an appropriate cost-benefit analysis favors continued prosecution of those claims. The central considerations to the Receiver’s asset recovery claims

are both liability and collectability. The Receiver evaluates both of those considerations on an ongoing basis with respect to each one of his asset recovery lawsuits. Moreover, since September, the Receiver, the Investors Committee, and the Examiner have consulted with each other on at least a weekly basis concerning the prosecution of lawsuits against potential and current defendants, have discussed the most cost-effective method of pursuing such lawsuits, and have met monthly to consider and evaluate these and other matters. [*See, e.g.*, Doc. 1207 (agreed motion regarding prosecution of claims by the Investors Committee).]

With regard to the Receiver's claims against former Stanford employees and investors, such claims are some of the largest sources of potential recovery for the victims of the Stanford fraud, but they represent a significant expense to the Receivership Estate. The initial investigation and development of these claims required significant up front work and expense, most of which consisted of forensic accounting analyses necessary to identify the fraudulent transfers received by the defendants. The majority of the forensic accounting work, however, is now complete. The completion of this initial work has allowed the Receiver to reduce substantially the monthly professional fees and expenses relating to the former employee and investor claims. The Receiver expects to further reduce monthly professional fees relating to these claims over the first half of 2011.

- Fees and expenses for professional services relating to the investor and former employee claims for May 2010 were approximately \$595,000.
- Fees and expenses for professional services relating to the investor and former employee claims for November 2010 were approximately \$206,000.
- The Receiver projects that the monthly professional fees and expenses relating to the investor and former employee claims will steadily decrease over the next

several months and will be less than \$50,000 per month by June 2011.

As the Receiver has worked to achieve this significant reduction in fees and expenses, the Receiver nonetheless has been able to recover and safeguard millions of dollars through settlements and litigation efforts.

- The Receiver has entered into settlements with 101 investors/investor groups, collecting approximately \$7.0 million.
- The Receiver has obtained an injunction over another approximately \$25 million held in the names of former employee defendants.
- The Receiver entered into a settlement with former employees Aitken and Thacker for \$4.4 million, while incurring only approximately \$136,000 in professional fees and expenses relating to the claims against them.
- The Receiver entered into a settlement with its Houston landlord Walton Houston Galleria Office, L.P. for \$385,000 in connection with a dispute relating to Stanford's Houston office. [See Doc. 843.]
- The Receiver entered into a settlement with Buhler & DePierro for \$29,290 relating to Stanford's interest in GoAntiques.
- The Receiver collected \$506,402 from an account held with Charles Schwab.

The Receiver will continue to work towards appropriate and reasonable settlements, where possible, in order to maximize the net recovery to the Receivership Estate.

*Overseas Cash:* The Receiver has identified approximately \$335 million in cash, assets and other investments in foreign accounts, including accounts in Canada, the United Kingdom and Switzerland. Rights to SIBL funds in Canada are the subject of a forfeiture suit brought by the Ontario Ministry of Justice at the request of the United States Government. In

addition, the Canadian Interim Receiver is collecting other funds located in Canada, which will likely be transferred to the Receiver in the United States once this Court has approved a plan of distribution. Funds located in the United Kingdom are the subject of a freeze order obtained by the United Kingdom Ministry of Justice at the request of the United States. However, the Antiguan Liquidators have appealed the freeze order and, to date, there has been no ruling on the appeal. The Receiver cannot predict the outcome.

On June 7, 2010, the Swiss administrative agency exercising jurisdiction issued a decision giving legal recognition to the Antiguan liquidation proceeding, rather than the U.S. Receivership.<sup>7</sup> In light of the law enforcement sponsored freeze on Swiss-held funds and assets, it is unclear what, if any, impact the Swiss administrative agency decision will have on the ultimate disposition of those funds and assets. With respect to the funds and assets subject to law enforcement actions and freezes in the United Kingdom, Canada and Switzerland, the SEC has requested, and the Receiver has agreed, that the Receiver will not incur further significant fees and expenses relating to those funds and assets without first conferring with and obtaining the consent of the SEC and Department of Justice.

*Other Cash Balances.* At the inception of the Receivership, Stanford had available cash balances of \$63.1 million. The Receivership has collected \$5.5 million in cash associated with income earned prior to the inception of the Receivership and collected

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<sup>7</sup> The Receiver is aware of the June 8, 2010 decision from the Eastern Caribbean Supreme Court in the High Court of Justice for Antigua and Barbuda removing the Antiguan Liquidators from office. The Antiguan Liquidators have requested leave to appeal that decision and that leave has been granted, but the effectiveness of the removal has not been stayed. (The Antiguan Liquidators have sought from the appeals court a stay pending appeal; the Receiver has not been informed that any such stay has been granted.) While the court's schedule for hearing the appeal is not certain, the Receiver expects that the court of appeals will hear that appeal during 2011. The Receiver is not taking a position in that appellate proceeding. The Receiver does not yet know how these recent events will impact the foreign litigation regarding overseas cash or the Receiver's settlement agreement with the Antiguan Liquidators regarding these and a broader range of issues.

approximately \$48.6 million through the liquidation of other investment accounts held on behalf of Stanford, including \$4.9 million held on behalf of Stanford Trust Company, \$1.0 million held on behalf of Bank of Antigua and \$42.7 million held through various investment funds on Stanford's behalf. In addition, the Receivership has collected approximately \$3.1 million from other sources, including liquidation of accounts held by James M. Davis, proceeds from sales of assets in connection with settlements of administrative claims and collections of deposits. The Receiver estimates that it will recover approximately \$4.0 million in additional cash balances held on behalf of the Receivership, including \$3.5 million held through a commercial bank in Tennessee and \$500,000 held by Pershing LLP.

*Paradigm Core Alternative Fund, LLC Liquidation:* The Receiver estimates that it will recover approximately \$3.2 million upon liquidation of interests in the Paradigm Core Alternative Fund. The fund has not turned over the full amount of the Receiver's interest. Rather, it is withholding all amounts due to the Receiver until the fund's claim for \$150,000 in expenses is resolved. The parties are working to resolve this dispute amicably, but court action may be required if the Receiver is unable to reach agreement.

*Return of Political Contributions:* The Receiver has identified over \$1.9 million in political contributions made by Allen Stanford and related entities. The Receiver has requested return of these contributions from over 90 politicians, political action committees and congressional committees. Through January 31, 2011, however, only \$111,700 has been returned. A list of the contributions returned/not returned thus far, and the identity of the recipients, can be found at the following URL:

[http://www.stanfordfinancialreceivership.com/documents/Political\\_Contributions\\_09132010.pdf](http://www.stanfordfinancialreceivership.com/documents/Political_Contributions_09132010.pdf).

The Receiver is pursuing recovery of approximately \$1.6 million of these contributions in the *Janvey v. DSCC and NRCC et al.* lawsuit referenced above.

*Stanford Bank (Panama) S.A. and Brokerage Business Sale:* To date, the net proceeds from the sale of Stanford Bank (Panama) S.A. and Stanford Casa de Valores were approximately \$7.2 million. The agreement to sell the interest in Stanford Bank (Panama) S.A. and Stanford Casa de Valores, S.A. also provided for the payment to the Receiver of an additional \$5 million from the Bank of Antigua, the receipt of which is not yet assured. In late 2010, certain assets and liabilities of the Bank of Antigua were transferred to a replacement bank, the Eastern Caribbean Amalgamated Bank. The Receiver has been informed that that bank has not yet provided any assurance that it will make the payment. In addition to the sales proceeds, approximately \$800,000 in Stanford assets located in Stanford Bank (Panama) S.A. has been liquidated and is in the process of being transferred into the Receivership.

*Sale of Peruvian Brokerage Business:* The Receiver has obtained \$612,000 from the sale of the Stanford Peruvian brokerage business. The Receivership may also receive up to \$72,000, less costs, in current ongoing litigation in Peru.

*Sale of Ecuadorian Brokerage Business, Trust and Services Companies:* The Receiver is liquidating Stanford Ecuadorian assets. To date, the Receiver has recovered approximately \$4.3 million through the liquidation of such assets. In addition, the Receiver is negotiating the sale of the Ecuadorian brokerage business and trust company for approximately \$370,000. The Receiver is also negotiating with authorities in Ecuador for the release of an additional \$3.7 million held through Stanford Services Ecuador, S.A. The recovery of these funds is uncertain.

*Liquidation of Assets in Venezuela and Prosecution of Claim Involving Political Risk Policy:* The Receiver is in the process of liquidating seven Stanford entities in Venezuela. The potential for recovery exceeds \$1 million. However, political contingencies and labor claims will bear on the final amount to be recovered. In addition, the Receiver is evaluating the prosecution of a claim to recover under a political risk policy applicable as a result of the Chavez government's appropriation of Stanford Bank of Venezuela.

*Liquidation of Mexican Entities:* The Receiver has engaged Deloitte Mexico as the formal liquidator of the seven Stanford Mexican entities, as required by the CNVB, the Mexican securities and banking regulator. This process should last approximately four more months. Recovery of assets is problematic as a result of labor claims filed by Stanford Mexico financial advisors. However, both as to Mexico and Venezuela, Lloyd's has recognized coverage of these labor claims, subject to a \$250,000 retention. The Receiver estimates that labor claims and costs will exceed this retention amount.

### **Major Pre-Receivership Claims**

The total amount of claims that may be asserted in the Receivership proceeding is estimated to be approximately \$7.6 billion, based on available books and records, claims filed or claims otherwise asserted. These claims include:

*CD Claims:* The Receiver estimates that the outstanding claims for SIBL CD redemptions may be as much as \$7.2 billion.

*State and Local Taxes:* The Receiver estimates that tax liabilities to state and local governments total at least \$1.6 million. In addition, the IRS has so far asserted claims against R. Allen Stanford for \$226 million in unpaid taxes, penalties and interest, and additional

claims are expected. The extent to which the IRS may look to the Receivership for such amounts is unclear, but the Receiver would oppose such efforts.

*Vendor Claims:* Vendors who provided products or services to Stanford related entities prior to the Receivership have filed net claims of \$25.4 million. The Receiver anticipates that additional vendor claims will be filed.

*Employee Claims:* Former Stanford employees have filed net claims for unpaid wages, unpaid commissions and unreimbursed expenses, among other claims, of \$17.3 million. The Receiver anticipates that additional employee claims will be filed.

*Landlord Claims:* Landlords who leased property to Stanford related entities have asserted net claims, including claims for administrative expenses and lease rejection damages, of \$79.3 million. The Receiver anticipates that additional landlord claims will be filed.

### **Receivership Inflows/Payments**

*Total Cash Inflow:* The total amount of cash collected by the Receiver, including remaining operating income streams, asset liquidation and recovery of assets and funds from third parties, totals approximately \$188.3 million.

*Total Payment of Professional Fees and Expenses:* The total amount of professional fees and expenses paid by the Receiver is \$46.2 million, which fees and expenses were incurred from the inception of the Receivership through August 31, 2010. Per the Court's Order from a hearing held on September 10, 2009, approximately \$13.2 million in professional fees and \$1.2 million in out of pocket expenses incurred by the Receiver and his professionals during this period have been held back and not paid. The Receiver will apply for payment of these amounts at the appropriate time, after consulting with the SEC and the Examiner.

The fees and expenses paid to the Examiner total approximately \$942,000 (covering work performed between April 20, 2009 and September 30, 2010). In accordance with the Court's orders, approximately \$39,000 in fees and expenses incurred by the Examiner during the same period have been held back and not paid.

*Total Other Cash Outflow:* The total amount of all other payments made by the Receiver, including expenses relating to Stanford personnel, insurance, taxes, security and other matters, was approximately \$47.4 million. By October 2009, as detailed in the Receiver's Interim Report on Asset Collection and Cost Reduction dated October 28, 2009 [*see* Doc. 855], the Receiver had achieved an over 98% reduction in recurring monthly operating expenses relative to the seven months prior to the Receivership. The average monthly operating expenses for the seven months prior to the Receivership was in excess of \$33.3 million. By August 2010, the Receiver had reduced average operating expenses to less than \$500,000 per month. The Receiver has further reduced operating expenses to \$250,000 for December 2010 and \$280,000 for January 2011.<sup>8</sup>

For the period June 1, 2010 to January 31, 2011, the total amount of payments made by the Receiver, excluding professional fees, was \$4.8 million. Significant categories of these expenses included payroll expense of \$1.6 million; insurance of \$388,000; financial advisor fees of \$563,000; general and administrative expense of \$175,000; occupancy expense of \$747,000; telecommunication expense of \$111,000; and taxes of \$512,000. During this time, the Receiver continued to reduce expenses by winding down multiple Stanford entities, substantially reducing the number and cost of Stanford personnel and taking several steps to improve the operational efficiency of the remaining Receivership entities.

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<sup>8</sup> \$345,000 in annual tax payments were also incurred in January 2011.

### Ongoing Work

The following outlines the general nature of the work the Receiver anticipates performing during the first half of 2011.

*Litigation* - The Receiver anticipates engaging in the following litigation-related activities during the first half of 2011:

- Asset Recovery Litigation - The asset recovery lawsuits that the Receiver is pursuing are outlined above in the section entitled Major Receivership Assets. These cases are in the earliest stage of litigation. The Receiver's activities in these cases over the next six months will consist primarily of responding to defendants' motions to dismiss, preparing and responding to motions for summary judgment, engaging in discovery, negotiating and finalizing settlements with certain defendants, and prosecuting additional claims in conjunction with the Investors Committee.
- Appeals Arising from Main SEC Case - There are two appeals pending before the United States Court of Appeals for the Fifth Circuit that arose out of the SEC's main case.
- Appeal of Injunction - On June 16, 2010, several former Stanford financial advisors served a notice of appeal of the injunction that continued the freeze over their accounts. The financial advisors requested expedited consideration by the Fifth Circuit, which was granted. On December 15, 2010, the Fifth Circuit issued an opinion that fully upheld the injunction. On January 4, 2011, however, certain of the financial advisors filed a petition for rehearing *en banc*. On January 28, 2011, the Receiver filed his response in opposition to such petition. The parties are currently awaiting a ruling by the Fifth Circuit regarding the financial advisors' request. The Receiver will take all necessary action as a result of the Fifth Circuit's ruling.
- Third Party Litigation - There are currently over 50 filed cases in which a Receivership entity or a party associated with the Receivership, such as former financial advisors and former executives, is a defendant. All of these cases are subject to the litigation stay issued by this Court, and the Receiver anticipates minimal work on them over the next several months. The Receiver does expect, however, that his team will have to take some steps to enforce the litigation stay in other courts where the parties are not complying with it voluntarily.

- Foreign Jurisdiction Litigation - The Receiver anticipates limited activity associated with efforts to recover funds and assets subject to law enforcement freezes in Canada, the United Kingdom and Switzerland. As stated above, the SEC has requested, and the Receiver has agreed, that the Receiver will not incur further significant fees and expenses relating to those funds and assets without first conferring with and obtaining the consent of the SEC and Department of Justice.

*Receivership Administration* - The Receiver anticipates engaging in the following activities relating to Receivership Administration during the first half of 2011:

- General Administration and Estate Wind-Down - These activities will include addressing legal issues relating to daily operations, addressing personnel issues, responding to inquiries from customers and creditors, preparing responses to media inquiries, updating disclosures, addressing human resource issues, effecting Stanford corporate entity dissolutions, claims management and distribution, planning, document warehousing and litigation support and responding to requests from the Investors Committee and third party requests for information.
- Administrative Motion Practice - Most of the Receiver's work regarding the SEC's main case during the next several months will consist of motion practice relating to asset liquidation efforts (*i.e.* motions to approve sales) and responses to various motions to intervene or for other relief filed by third parties. Other activities will depend, in part, on anticipated rulings by the Court.
- Government Investigations - These activities will include responding to inquiries from the SEC, DOJ, IRS and state agencies and producing documents to those entities. The Receiver has incurred significant fees and expenses associated with responding to such requests. Although the Receiver continues to receive requests from various federal and state agencies, the Receiver expects a continued reduction in such monthly fees and expenses.
- Wind-Up of Brokerage and Trust Accounts - These activities will include closing out the remaining 467 broker-dealer and 19 trust accounts. Ten of the remaining trust accounts will require action to be taken in the applicable state courts.
- Asset Liquidation - These activities will include continuing liquidation of the coins and bullion inventory, liquidation of real estate holdings, finalizing pending sales of private equity investments, selling additional private equity investments, liquidation of assets and entities

in Latin America (identified above under Major Receivership Assets) and liquidation of other miscellaneous assets, including vehicles, office furniture, firearms, other personalty, *etc.*

*Claims Reconciliation and Distribution Plan* - The Receiver anticipates engaging in the following activities relating to claims reconciliation during 2011:

- Reconciling Claims and Developing a Distribution Process - These activities will include evaluating the potential for and logistics surrounding a distribution of Receivership assets. The Fifth Circuit heavily favors pro rata distributions in Ponzi scheme cases. *SEC v. Forex Asset Mgmt., LLC*, 242 F.3d 325 (5th Cir. 2001). To accomplish any distribution, however, the Receiver must complete at least the steps outlined below, and likely others. These are time-consuming and complex tasks that will involve conferring with the SEC, the Examiner and the Investors Committee. This process will take many months to complete, and it is not clear when a proposed distribution plan will be submitted to the Court. The process will include, but is not limited to, the following tasks:
  - Conferring with the Examiner and Investors Committee regarding drafting a motion to ask the Court to establish a formal process and deadline for submitting claims.
  - Evaluation and selection of the appropriate claims database and processing system for use in the distribution process.
  - Reconciliation of information previously submitted to the Receiver by potential claimants into a formal claims-resolution/distribution database.
  - Working with the Antiguan Liquidators<sup>9</sup> (or their replacements) to obtain any information or data that should be considered in evaluating submitted claims, in order to simplify the process and avoid duplication of payments.
  - Development of the necessary claims verification process.
  - Determination of claim priority criteria.

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<sup>9</sup> *See supra* note 7.

- Extensive evaluation of the Receivership's financial status and projected operational requirements to determine the amount of assets that reasonably can be distributed.

The Receiver is aware that investors and other creditors are interested in receiving an interim distribution. Any distribution will involve significant fees and expenses, and the magnitude of such costs will influence significantly the timing and amount of any distribution. The Receiver will confer with the SEC, the Examiner and the Investors Committee with respect to a cost-benefit analysis of the timing and amount of any distribution.

*Budget and Cost Estimates* - Since September 2009, the Receiver has provided detailed cost estimates of his activities to the SEC and the Examiner. Most recently, following the Court's Order of December 29, 2010 [Doc. 1203], the Receiver provided to the SEC and the Examiner a detailed estimate of the fees and expenses expected to be incurred through June 2011, and met with them to review the estimate. The Receiver will continue this consultative process as he pursues his asset recovery and wind-up activities.

The Receiver will supplement this report as circumstances develop or if the information herein materially changes.<sup>10</sup>

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<sup>10</sup> A summary of the data in this report is contained in the concurrently filed Appendix.

Dated: February 11, 2011

Respectfully submitted,

**BAKER BOTTS L.L.P.**

By: /s/ Kevin M. Sadler \_\_\_\_\_

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**ATTORNEYS FOR RECEIVER  
RALPH S. JANVEY**

**CERTIFICATE OF SERVICE**

On February 11, 2011, 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 the Court-appointed Examiner, 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/ Kevin M. Sadler  
Kevin M. Sadler



Dated: February 11, 2011

Respectfully submitted,

**BAKER BOTTS L.L.P.**

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/s/ Kevin M. Sadler  
Kevin M. Sadler

# **EXHIBIT 1**

<b>CASH FLOW FROM FEBRUARY 17, 2009 - JANUARY 31, 2011 (\$M)</b>	
Total Cash Inflow	\$ 188.3
Total Expenses Other Than Professional Fees	(47.4)
Net Cash Flow Before Prof. Fees and Restricted	140.9
Professional Fees and Expenses	(46.2)
Restricted Cash	(17.6)
<b>Unrestricted Cash</b>	<b>\$ 77.1</b>

<b>TOTAL CASH AT JANUARY 31, 2011 (\$M)</b>	
Unrestricted Cash	\$ 77.1
Restricted Cash	17.6
<b>Total Cash</b>	<b>\$ 94.7</b>

<b>OVERVIEW OF MATERIAL RECEIVERSHIP ASSETS (\$M)</b>	
<b>SIGNIFICANT ASSETS:</b>	
Cash held at other US Banks and Brokerages	\$ 4.0
Paradigm Investment Fund	3.2
Closed Private Equity Future Inflows, Net	0.7
Pending Private Equity, Net	4.7
Coins and Bullion	1.0
Pending Real Estate, Net	4.4
Other Real Estate, Net	7.3
South American Businesses	1.2
<b>Estimated Total of Material Assets</b>	<b>\$ 26.5</b>
<b>ADDITIONAL UNCERTAIN ASSETS:</b>	
<b>PENDING LITIGATION/CLAIMS:</b>	
Total of Litigation Claims Filed	\$ 594.9
Swiss, Canada, UK Cash	335.0
Venezuelan Claims and Assets	1.0
<b>Estimated Total of Additional Uncertain Assets</b>	<b>\$ 930.9</b>
<b>TOTAL POTENTIAL ASSETS</b>	<b>\$ 957.4</b>

<b>DETAIL OF TOTAL CASH INFLOWS</b>	
Cash Balances of Stanford Accounts on 2/17/09	\$ 63.1
Trailing Revenue	5.5
Stanford Trust Company Monies Held as Restricted	4.9
Liquidation of Bank of Antigua Accounts	1.0
Net Proceeds from Sale of:	
Private Equity Investments	30.4
Real Estate	6.0
Sea Eagle And Little Eagle	2.8
Stanford Bank (Panama) S.A.	7.2
Airplanes	5.0
Stanford Peruvian Brokerage	0.6
Political Refunds	0.1
Litigation Settlements and Funds	11.6
Liquidation Of Fund Accounts	42.7
Liquidation Of Ecuadorian Assets	4.3
Other Inflows	3.1
<b>Total Cash Inflow</b>	<b>\$ 188.3</b>