

# STANFORD FINANCIAL GROUP RECEIVERSHIP

## Statement Regarding Proposed Release of Certain Accounts under \$250,000

March 4, 2009

On March 4, 2009, the Receiver filed a motion with the Court asking the Court to sign an order approving the release of customer accounts having a balance of less than \$250,000 as of the end of February 2009, subject to certain exceptions described below. The motion requests that the order become effective Monday, March 9, 2009. For a copy of the motion, [click here](#).

The motion proposes that the following categories of accounts not be released, even if the February month-end balance was less than \$250,000:

- accounts owned by shareholders, directors, and certain employees (identified by the Receiver in his sole discretion) of any Defendant or any entity owned or controlled by the Defendants (collectively, "Stanford");
- accounts owned for the benefit of Stanford;
- accounts that contain investment assets managed by Stanford;
- accounts that secure unpaid balances owed by customers or non-purpose loans made to customers; or
- accounts that are related to accounts in categories 1 through 4 by social security number, address or other similar indicators.

The accounts proposed to be released are custodied at Pershing LLC, the clearing firm for the vast majority of Stanford accounts. The motion proposes that accounts be released in accordance with the process the Receiver will publish not later than March 9, 2009 on the Receivership's website. The motion also requests that the Court specifically reserve the Receiver's right to pursue claims against the owners of the released accounts if it is determined subsequently that they participated in the fraud or received proceeds from fraudulent products or activities.

Customers may generally determine the value in their accounts as of February month-end based on the account statements mailed to all customers in early March 2009, or through on-line access if their account has on-line access.

Based on his review to date of the financial condition of the Stanford entities, the Receiver believes that Stanford probably will not be able to continue operating as a broker dealer. Accordingly, customers will not be able to gain access to their accounts through Stanford. The Receiver and his team have been working with clearing agents, brokers and other interested parties, including but not limited to Pershing, to determine the most expeditious

process for allowing customers to transfer their accounts to other institutions so that they can have access to and control over their accounts once the Court has authorized their release.

By March 9, 2009, the Receiver will publish on the Receivership's website information concerning the specific steps customers with released accounts must follow to transfer their accounts to other brokers and thereby gain access to funds in their accounts.

The Receiver continues to consider whether other categories of accounts may be released, including the small number of Stanford accounts custodied at JP Morgan Clearing Corporation. In doing so, the Receiver is balancing the hardship on account holders of a continued hold 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.

The Receiver regrets the hardship and delay that may result from the temporary account freeze and the transfer process.