

STANFORD INVESTORS COMMITTEE

SEC vs. Stanford International Bank, Ltd., et al (No. 09-298)
United States District Court, Northern District of Texas

November 18, 2011

Greg Andres, Esq.
Deputy Assistant Attorney General, Criminal Division
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001

Re: SEC v. Stanford International Bank, Ltd., et al
Case No.: 3:09-cv-0298-N
and
United States v. Robert Allen Stanford et al.
Case No.: H-09-342

Dear Greg:

We are writing to you as the Official Stanford Investors Committee (the "Committee") appointed by order of the Honorable David C. Godbey, U.S. District Court Judge, in connection with the above-referenced civil case.

As you are aware, on February 16, 2009, the U.S. Court took "exclusive" control of the Stanford Financial Group of Companies ("Stanford") and all assets owned by or traced to those entities regardless of location. Contrary to the U.S. Court's Order assuming control of *all* Stanford's worldwide assets and appointing Ralph Janvey as the Receiver, the government of Antigua and Barbuda ("Antigua") appointed its own Liquidator on February 19, 2009. Since that time, the two competing proceedings have been engaged in an international "turf war" to determine who controls the remaining assets of the Stanford estate, including a variety of legal claims.

Millions of dollars have been spent litigating these jurisdictional issues—all at the expense of the victims—and funds that should be used to pay investor claims continue to be diverted to this costly and unnecessary jurisdictional dispute. The most significant of the assets being fought over are bank accounts containing approximately \$330 million in the U.K., Switzerland, and Canada. As you know, these accounts were frozen in mid-2009 at the request of the Department of Justice ("DOJ") pursuant to multinational criminal asset forfeiture treaties.

According to the Plea Agreement signed in August 2009 by James Davis, Stanford's former Chief Financial Officer, the funds currently held in the aforementioned accounts are the proceeds of criminal activity. As such, the Committee urges the DOJ to *immediately* begin the process to repatriate these funds to the U.S. for prompt distribution to all legitimate Stanford

victims, regardless of citizenship or residency status.

The continued delay in Allen Stanford's criminal prosecution has had a devastating effect on the Stanford estate and the victims' recovery. We are approaching the three-year mark since the Stanford entities were taken into Receivership, and thousands of innocent investors have suffered greatly, with no recourse to date, and with no end in sight. Unlike the *Madoff* case, where significant assets and recoveries have been identified and recovered for the benefit of the victims, the Stanford legal proceedings have been abject failures. Although we remain hopeful that substantial litigation recoveries may eventually be achieved, virtually no recoveries have been obtained to date, and no distributions to Stanford's long-suffering victims appear likely in the near future.

Members of the Committee had previously been assured by representatives of your Department that the above referenced foreign accounts were "locked down," and would remain frozen in order to eventually pay victims' claims. To our dismay, and despite such assurances by the DOJ, the new Antiguan Liquidators¹ were recently successful in obtaining access to \$20 million of the funds held in the U.K. The Liquidators sought these funds in order to finance their jurisdictional battles with the U.S. Receiver, and for what we consider other improper purposes.

We are aware the DOJ opposed the U.K. Court's decision allowing the Antiguan Liquidators to access the previously frozen assets, and are very disappointed that decision has not been appealed as members of the Committee discussed with your staff in a meeting in Washington last August. As stated in that meeting, those funds should have been utilized to pay investor claims, not enrich the Antiguan Liquidators and their professionals while they attempt to wrestle control of a U.S. government-initiated Receivership.

We hope you agree it is grossly unfair for Stanford investors to finance (with the funds obtained from the U.K. accounts) the Antiguan Liquidator's latest litigation strategy—seeking recognition in the U.S. District Court as a Foreign Bankruptcy Proceeding under Chapter 15 of the U.S. Bankruptcy Code in order to serve as the worldwide liquidators of all Stanford assets, and for such liquidation to proceed under Antiguan law. A hearing on this matter is scheduled before the U.S. District Court on December 21, 2011. We hope the DOJ will adamantly oppose the request for recognition of the Antiguan proceeding, which has not only challenged the authority of the U.S. Courts, but has also fought for—and won—control of assets claimed by the DOJ for compensation of the victims.

We do not believe the Antiguan Liquidators would be pursuing control of the Stanford estate if that did not involve obtaining access to hundreds of millions of dollars currently frozen by your Department. Those assets were obtained by criminal activity and the DOJ could, and *should*, end this fight over the last remaining assets by immediately initiating the repatriation process.

Thousands of U.S. citizens lost their retirement funds to Stanford. Thousands more investors from countries around the world were also victimized. No Antiguan citizens lost

¹ Vantis Recovery Systems was originally appointed by Antigua's Financial Services Regulatory Commission ("FSRC") to serve as the Liquidator of Stanford International Bank ("SIB"). Due to improprieties related to their handling of the SIB liquidation, the Eastern Caribbean Court of Appeals removed Vantis in June 2010. Grant Thornton was appointed in May 2011.

their savings. The battle for control over assets belonging to the Stanford investors—not the Antiguan Liquidators—has gone on for far too long, and for all the wrong reasons. Please do not allow the victims of this crime to continue to be harmed by allowing their assets to remain in jeopardy.

The Committee welcomes the opportunity to further discuss this urgent issue with you, either in person or via teleconference.

Respectfully,



Peter D. Morgenstern
On Behalf of the Stanford Investors Committee

cc: Attorney General Eric Holder
Assistant Attorney General Lanny A. Breuer
Deputy Chief, Criminal Fraud Section, Kathleen McGovern

ABOUT THE STANFORD INVESTORS COMMITTEE

The Stanford Investors Committee was appointed by the Honorable David C. Godbey in the U.S. District Court for the Northern District of Texas on Aug. 10, 2010. The Committee consists of seven members representing a cross-section of Stanford investors, and is empowered to bring certain legal claims on behalf of Stanford investors and the Receivership estate. The Committee's primary interest is to maximize recoveries for the victims within the shortest time period. The Committee works cooperatively where possible with the Receiver, and has commenced dozens of lawsuits against third parties alleged to be complicit in the fraud, or who illegally obtained proceeds of the fraud.

MEMBERS OF THE STANFORD INVESTORS COMMITTEE

Peter Morgenstern, Attorney	Angela Shaw, Stanford Investor	Ed Snyder, Attorney
Jaime Pinto Tabini, Attorney	Dr. John Wade, Stanford Investor	Edward Valdespino, Attorney
	John Little, Court Appointed Examiner	