

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

**IN RE STANFORD ENTITIES §
SECURITIES LITIGATION § CIVIL ACTION NO. 3-09-MD-2099-N**

**SECURITIES AND EXCHANGE §
COMMISSION, §

 Plaintiff, §

v. § CIVIL ACTION NO. 3-09-CV 0298-N

**STANFORD INTERNATIONAL §
BANK, LTD., *et al.*, §

 Defendants. §****

**THIRD JOINT REPORT OF
THE RECEIVER, THE EXAMINER AND THE INVESTORS COMMITTEE
CONCERNING PENDING LITIGATION
(FOR THE QUARTER ENDING SEPTEMBER 30, 2012)**

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CONCERNING PENDING LITIGATION
(FOR THE QUARTER ENDING SEPTEMBER 30, 2012)

The Receiver, the Examiner and the Official Stanford Investors Committee¹ (the “Committee”) respectfully submit this Third Joint Report concerning the status of pending litigation brought by the Receiver and the Committee. This Third Joint Report is submitted pursuant to this Court’s Order dated February 25, 2011 (Civil Action No. 09-298, Doc. No. 1267)² and provides an update regarding the status of asset recovery

¹ The Official Stanford Investors Committee was created by an Order entered by this Court on August 10, 2010 (Civil Action No. 09-298, Doc. No. 1149).

² The Court’s Order dated February 25, 2011 approved of an agreement between the Receiver and the Committee pursuant to which the Committee would assume responsibility for the prosecution of certain fraudulent transfer and other claims. The Order directed the Receiver and the Committee to report to the Court on a quarterly basis concerning the litigation being pursued.

litigation prosecuted by the Receiver and/or the Committee through the quarter ending September 30, 2012.

I. PRELIMINARY STATEMENT

The Receiver, the Examiner and the Committee have previously filed two Joint Reports, respectively addressing pending litigation as of June 30, 2011 (Civil Action No. 09-298, Doc. No. 1416, filed July 27, 2011) and as of March 31, 2012 (Civil Action No. 09-298, Doc. No. 1614, filed June 1, 2012).³ Each of those reports presented a comprehensive review of all pending litigation.

Going forward, on a quarterly basis, the Receiver, the Examiner and the Committee intend to file reports that provide updates, as and where appropriate, as to the status of pending litigation. The instant Third Joint Report is one such quarterly report, and it will not undertake to provide a comprehensive overview as to all pending litigation. In particular, this report does not address certain pending lawsuits that (a) are stayed by the Court's litigation stay; and/or (b) that are not being prosecuted by the Receiver, the Investors Committee, or one of the attorney-members of the Investors Committee.

³ The Report as of March 31, 2012 was filed on June 1, 2012 and contained information pertaining to the various litigation matters that was current through May 31, 2012. See Civil Action No. 09-298, Doc. No. 1614.

II. REQUIRED INFORMATION⁴

A. Settlements Finalized

1. Cases Prosecuted by the Receiver. During the period from March 31, 2012 to September 30, 2012, two settlements were finalized in cases being prosecuted by the Receiver.

In Civil Action No. 10-366 (*Janvey v. Venger, et al.*), the Receiver executed a settlement agreement on or about September 12, 2012, with “net winner” defendant Judy L. Timberlake. The settlement agreement calls for a settlement payment of \$85,543.24 to be paid pursuant to a monthly installment plan beginning in October 2012 and concluding in January 2013.

In Civil Action No. 09-724 (*Janvey v. Alguire, et al.*), the Receiver executed a settlement agreement on or about September 27, 2012 with defendant Matthew R. Drews (a former employee sued by the Receiver), as well as with the bankruptcy trustee for Mr. Drews’s estate. Pursuant to that settlement agreement, on or around September 28, 2012, the Receiver liquidated the holdings in Mr. Drews’s frozen account. The value of the cash or cash equivalents in that account as of October 9, 2012 was \$301,311.61. The Receiver intends to file a motion for approval of this settlement agreement with the Court in the near future, which would allow for disbursement of the funds in the account in accordance with the settlement between the parties. Specifically, \$50,000 of the funds in

⁴ The Court’s Order of February 25, 2011 specified certain information that was to be included in each quarterly report. That information is set forth here.

the account will be transferred to the bankruptcy trustee while all remaining funds will be transferred to the Receiver.

2. Cases Jointly Prosecuted by the Receiver and the Committee.

During the period from March 31, 2012 through September 30, 2012, one settlement was finalized in the cases being jointly prosecuted by the Receiver and the Committee. In Civil Action No. 10-2322 (*Janvey, et al. v. Susan Stanford*), a settlement agreement was executed in early November 2011 and presented to the Court for approval in a motion filed November 12, 2011 (Civil Action No. 10-2322, Doc. No. 13). The Court entered its Order approving the settlement on November 21, 2011 (Civil Action No. 10-2322, Doc. No. 15).

As a result of this settlement, Susan Stanford vacated the home located at 5476 Holly Springs Drive, Houston, Texas 77056 (the "Holly Springs Property") and the Receiver gained possession and control of the Holly Springs Property. Also as a result of this settlement, Mrs. Stanford released her claimed interest in the proceeds of two boats (the "Sea Eagle" and the "Little Eagle") that had been sold by the Receiver and sequestered by an Order issued by Judge Godbey. *See* Civil Action No. 09-298, Doc. 1023.

The Receiver entered into a purchase and sale agreement with regard to the Holly Springs Property, and the motion to confirm such sale was filed on May 23, 2012. *See* Civil Action No. 09-298, Docs. 1604-1605. Judge Godbey entered an Order approving

the sale of the Holly Springs Property on June 21, 2012. Civil Action No. 09-298, Doc. 1627.

The Receiver closed the sale of the Holly Springs Property on August 23, 2012, and received net proceeds from that sale of \$1,813,643.15, after deducting commissions and other closing costs,. See Civil Action No. 09-298, Doc. No. 1695. From those proceeds, counsel for the Committee was entitled to a contingency fee. Those fees are addressed below in Section II.B.

3. **Cases Prosecuted by the Committee.** During the period from March 31, 2012, through September 30, 2012, no settlements were finalized in the cases being prosecuted solely by the Committee.

B. Fees paid to Counsel retained by the Committee.

For the period from March 31, 2012 through September 30, 2012, professional fees were paid to counsel retained by the Committee in connection with the settlement of the lawsuit brought against Susan Stanford (Civil Action No. 10-2322). Upon closing the sale of the Holly Springs Property, the Receivership Estate received net sale proceeds of \$1,813,643.15 after deducting commissions and other closing costs,. Pursuant to the litigation agreement between the Receiver, the Committee and the Committee's counsel,⁵ the Committee's counsel was entitled to 25% of the net sale proceeds as a contingent fee.

⁵ Judge Godbey approved the litigation agreement among the Receiver, the Committee, and the Committee's counsel on February 25, 2011. Civil Action No. 09-298, Doc. No. 1267.

At the request and suggestion of the Receiver and the Examiner, counsel for the Committee agreed to reduce the contingent fee payable to them by approximately \$60,000, by agreeing that the 25% contingent fee was to be calculated after deducting from the net sale proceeds the total fees and expenses incurred by the Receiver in connection with the sale of the Holly Springs Property and litigation with Susan Stanford. After deducting from the net sale proceeds the additional fees and expenses incurred by the Receiver, which totaled approximately \$233,000, Committee counsel was paid a contingent fee of \$395,000 (approximately 21.7% of the net sale proceeds)⁶

C. Fees paid to Experts retained by the Committee.

During the period from March 31, 2012 through September 30, 2012, the Court entered its Order approving an interim application for the payment of fees and expenses to Barry Levine, a forensic accountant retained by the Committee. *See* Civil Action No. 09-298, Doc. No. 1559. Pursuant to that Order, Mr. Levine was paid \$38,463.84. Another \$9,615.96 has been held back by the Court for later determination.

III. UPDATES CONCERNING PENDING LITIGATION

As noted above, this quarterly report does not attempt to provide a comprehensive review of all pending litigation. Instead, this quarterly report is limited to updating the information that was provided in the Joint Litigation Report filed by the Receiver, Examiner and Committee on June 1, 2012 (Civil Action No. 09-298, Doc. No. 1614).

⁶ 25% of the net proceeds (\$1,813,643.15) is \$453,410.77.

On September 24, 2012, Judge Godbey entered an Order applicable to all pending Stanford litigation pursuant to which he referred certain specified matters to the Hon. E. Scott Frost, United States Magistrate Judge. See Civil Action No. 09-MD-2099, Doc. No. 30. The Order delegated to Magistrate Judge Frost two specific types of decisions.

First, the Order assigned to Magistrate Judge Frost *all* pending Stanford litigation matters, excepting only the primary Receivership case (Civil Action No. 09-298), and directed Magistrate Judge Frost to hear and determine the following matters:

- a. whether entry of a scheduling order was appropriate and, if so, the content of that scheduling order;
- b. all discovery disputes, including specifically (i) whether discovery should be stayed until pending motions are resolved, (ii) whether each side should be permitted to take an initial deposition notwithstanding the pendency of any motions, and (iii) whether any category of cases would benefit from the use of standardized discovery requests.

Second, the Order specifically referred to Judge Frost the pending (and for the most part fully briefed) motions to dismiss in seventeen (17) specified cases.⁷ With respect to those motions, the Order directs Magistrate Judge Frost to submit his findings, conclusions and recommendations to Judge Godbey.

⁷ This Quarterly Report will identify the specific motions referred to Magistrate Judge Frost in its discussion of those specific cases.

Magistrate Judge Frost has scheduled a status conference in Dallas on Friday, October 19, 2012 at 2:00 p.m. to address the matters referred to him by Judge Godbey. *See, e.g.*, Civil Action No. 09-724, Doc. No. 867.

IV. FRAUDULENT TRANSFER LITIGATION

A. Receiver's fraudulent transfer actions against Stanford Investors

The Receiver continues to prosecute fraudulent transfer actions against certain Stanford Investors who received proceeds from Stanford CDs that exceeded their original investment.⁸ As of September 30, 2012, there remain 783 of these "net winner" investors/investor groups. The Receiver has entered into settlements with 112 investors/investor groups (some of whom settled prior to the Receiver's filing of fraudulent-transfer claims against them) for a total recovery of approximately \$8.0 million.⁹

1. Orders Denying Motions to Dismiss

Between March 31 and September 30, 2012, the Court entered orders addressing certain preliminary motions that were pending in the "net winner" lawsuits. Those orders are identified below:

Janvey v. Alguire, et al., Civil Action No. 09-724

- On May 21, 2012, the Court denied a Motion to Dismiss filed by Robert J. Bruno. *See* Civil Action No. 09-724, Doc. Nos. 819.

⁸ *The Committee has not taken any role in the prosecution of these lawsuits.*

⁹ \$84,543.24 of this amount is being paid by Timberlake through installments (*see supra* at Section II.A.1).

- On August 16, 2012, the Court denied a Motion filed by Charles White seeking to force the Receiver to pay certain amounts to him. *See* Civil Action No. 09-724, Doc. No. 840.¹⁰

Janvey v. Venger, et al., Civil Action No. 10-366

- On April 27, 2012, the Court denied the Motions to Dismiss filed by (i) Billye S. Halbouty, Joyce S. Erfurdt and Shyrrel L. Stevens, and (ii) Anita Wallace Bolling and Mardell Taylor. *See* Civil Action No. 10-366, Doc. No. 278.
- On May 21, 2012, the Court denied the Motions to Dismiss filed by (i) Daniel A. Campbell and Holly M. Campbell; (ii) Lisa C. Seymour; (iii) John Schwob, Aline C. Schwob, and Schwob Construction Corp.; and (iv) Michael R. Hicks. *See* Civil Action No. 10-366, Doc. No. 280.

Janvey v. Rodriguez-Posada, et al., Civil Action No. 10-415

- On April 27, 2012, the Court denied the Motion to Dismiss filed by Charles W. Thibedeau. *See* Civil Action No. 10-415, Doc. No. 83.

Janvey v. Gilbe Corp., et al., Civil Action No. 10-478

- On May 21, 2012, the Court denied the Motions to Dismiss filed by (i) Ray Guidry and (ii) William T. Edwards MD and PSP Agency. *See* Civil Action No. 10-478, Doc. No. 83.

Janvey v. Buck's Bits Service, Inc., et al., Civil Action No. 10-528

- On May 21, 2012, the Court denied the Motions to Dismiss filed by (i) Donald K. Lawrenz and Joann Lawrenz; (ii) Buck's Bits Service, Inc., Hammerhead Rock Tools, Ltd., Geoffrey N. Buck, and Amy R. Buck; and (iii) John D. Westmoreland, Janis C. Westmoreland and Ivy Pearl Westmoreland. *See* Civil Action No. 10-528, Doc. No. 64.

Janvey v. Johnson, et al., Civil Action No. 10-617

¹⁰ On September 14, 2012, Mr. White filed a petition for writ of mandamus seeking review of the order denying his motion by the 5th Circuit Court of Appeals. The Fifth Circuit entered an order denying that petition on October 16, 2012.

- On May 21, 2012, the Court denied the Motions to Dismiss filed by (i) Billy Bergeron and Bernadette C. Bergeron and (ii) Nancy R. Johnson. *See* Civil Action No. 10-617, Doc. No. 60.

Janvey v. Barr, et al., Civil Action No. 10-725

- On April 27, 2012, the Court denied the Motion to Dismiss filed by the Estate of Michel T. Halbouty *See* Civil Action No. 10-725, Doc. No. 53.
- On May 21, 2012, the Court denied the Motions to Dismiss filed by (i) James C. Barr and Peggy Barr, and (ii) Joe Davis and Karen Davis. *See* Civil Action No. 10-725, Doc. No. 55.

Janvey v. Dokken, et al., Civil Action No. 10-931

- On May 21, 2012, the Court denied the Motions to Dismiss filed by (i) Huell Ham, and (ii) William J. Wohrer and Michelene Wohrer. *See* Civil Action No. 10-931, Doc. No. 94.

Janvey v. Fernandez, et al., Civil Action No. 10-1002

- On May 21, 2012, the Court denied the Motion to Dismiss filed by Dale Lawrenz, Marilyn Lawrenz and Sophie Tebele. *See* Civil Action No. 10-1002, Doc. No. 155.

2. Pending Motions to Dismiss

There remain a number of motions to dismiss filed by “net winners” that are fully briefed and pending a ruling by the Court. Those motions are listed below:

Janvey v. Venger et al., Civil Action No. 10-366

- Doc. No. 60
- Doc. No. 75
- Doc. No. 85
- Doc. No. 92
- Doc. No. 93
- Doc. No. 104
- Doc. No. 128
- Doc. Nos. 129-130

Janvey v. Indigo Trust, et al., Civil Action No. 10-844

- Doc. Nos. 11-13

Janvey v. Dokken, et al., Civil Action No. 10-931

- Doc. No. 34

Janvey v. Fernandez, et al., Civil Action No. 10-1002

- Doc. No. 32
- Doc. No. 57
- Doc. No. 85
- Doc. No. 93
- Doc. No. 94

3. Receiver's "Net Winner" Motion For Partial Summary Judgment

The Receiver's motions for partial summary judgment filed in the various "net winner" actions remain fully briefed and pending decision by the Court.

Listed below are the docket numbers for the Receiver's motions in each of the pending "net winner" cases:

1. Doc. No. 615, *Janvey v. Alguire, et al.*, Civil Action No. 09-724;
2. Doc. No. 145, *Janvey v. Venger, et al.*, Civil Action No. 10-366;
3. Doc. No. 46, *Janvey v. Rodriguez-Posada, et al.*, Civil Action No. 10-415;
4. Doc. No. 46, *Janvey v. Gilbe Corp., et al.*, Civil Action No. 10-478;
5. Doc. No. 30, *Janvey v. Buck's Bits Service, Inc., et al.*, Civil Action No. 10-528;
6. Doc. No. 26, *Janvey v. Johnson, et al.*, Civil Action No. 10-617;
7. Doc. No. 24, *Janvey v. Barr, et al.*, Civil Action No. 10-725;
8. Doc. No. 31, *Janvey v. Indigo Trust, et al.*, Civil Action No. 10-844;
9. Doc. No. 43, *Janvey v. Dokken, et al.*, Civil Action No. 10-931; and
10. Doc. No. 89, *Janvey v. Fernandez, et al.*, Civil Action No. 10-1002.

4. Action v. Libyan Defendants

On June 13, 2012, the 5th Circuit Court of Appeals issued its opinion affirming Judge Godbey's order denying the Receiver's request for an injunction freezing approximately \$54 million. The lawsuit against the Libyan Defendants has returned to Judge Godbey's Court. The defendants filed a motion to dismiss on August 6, 2012. Civil Action No. 11-1177, Doc. Nos. 87, 88. The Receiver filed his response to that motion on September 21, 2012, along with a motion for leave to file a second amended complaint. Civil Action No. 11-1177, Doc. Nos. 102, 103.

Additionally, the Receiver filed a second motion to compel discovery from the defendants on August 10, 2012. The parties are in the process of briefing that motion to compel. *See* Civil Action No. 11-1177, Doc. Nos. 89, 90, 96, 97, 98, 106.

The Receiver is continuing to prosecute this action, as to which the Committee has not taken and does not expect to take an active role.

B. Fraudulent transfer actions brought by the Receiver against former Stanford employees

1. *Janvey v. Alguire, et al.*, Civil Action No. 09-724.¹¹

In this action, the Receiver has filed fraudulent transfer and unjust enrichment claims against 329 former Stanford employees, alleging that these former Stanford employees received over \$215 million in CD proceeds. The Receiver alleges that these CD proceeds were paid to the employees through a variety of mechanisms, including

¹¹ The Receiver has two separate complaints pending in the *Alguire* action. Document Nos. 128 and 129 set forth the Receiver's First Amended Complaint against Certain Stanford Investors. Document Nos. 156 and 157 set forth the Receiver's Second Amended Complaint against Former Stanford Employees.

loans, CD commissions, CD-based quarterly bonuses, PARS¹² payments, quarterly compensation paid to branch managing directors, severance payments, and through the employees' own CDs. The claims made against individual former employees range from \$50,000 to in excess of \$5.8 million.

On June 10, 2010, the Court issued a preliminary injunction freezing the accounts of the former employee defendants (Civil Action No. 09-724, Doc. 456). That Order was appealed to the U.S. Court of Appeal for the Fifth Circuit, which affirmed the District Court's Order in an opinion issued on December 15, 2010. *Janvey v. Alguire*, 628 F.3d 164 (5th Cir. 2010), *opinion withdrawn*, 647 F.3d 585 (5th Cir. 2011). On July 22, 2011, the Fifth Circuit withdrew its December 2010 opinion and issued a substitute opinion. *Janvey v. Alguire*, 647 F.3d 585 (5th Cir. 2011). The substitute opinion was largely identical to the December 2010 opinion (except that the Fifth Circuit held that it did not then have jurisdiction to rule with respect to the arbitration issue), and it reaffirmed the District Court's opinion as to the injunction. 647 F.3d at 603-05.

On August 26, 2011, Judge Godbey issued his ruling denying the various Defendants' motions to compel arbitration. Civil Action No. 09-724, Doc. No. 688. Various former employee defendants filed notices of appeal from that Order. **The appeal from that Order is fully briefed and was argued in the Fifth Circuit Court of Appeals on September 4, 2012. A decision is pending.**

¹² PARS stands for "Performance Appreciation Rights Plan." Only four (4) of the former employees sued in the Alguire action are alleged to have received PARS payments.

On August 30, 2012, the Court entered its Order denying a Motion to Stay filed by David Nanes. Civil Action No. 09-724, Doc. No. 848.

Through September 30, 2012, the Receiver has entered into a settlement with one of the 329 former employee defendants sued in this matter (Drews), as discussed above at section II.A.1. Two of the Receiver's motions to strike and to dismiss counterclaims filed by certain former employees are fully briefed and pending rulings by the Court. *See* Civil Action No. 09-724, Doc. Nos. 559, 825. In addition, there is one motion to dismiss filed by a single former employee, which is fully briefed and pending a ruling by the Court. *See* Civil Action No. 09-724, Doc. No. 577.

The Receiver is continuing to prosecute this action, as to which the Committee does not have an active role.

2. *Janvey v. Aitken and Thacker, Civil Action No. 09-1946.*

The Receiver's lawsuit against Christopher Aitken and Stephen Thacker was settled pursuant to an agreement reached in June 2010. Aitken and Thacker agreed to pay a total of \$4.4 million (out of approximately \$11 million that was transferred to the defendants). Through September 30, 2012, the Receiver has received \$4.335 million of the settlement proceeds; \$65,000 is still owed.

3. *Janvey v. Wealth Management Services, Ltd., Civil Action No. 10-477.*

The Receiver's lawsuit against Wealth Management Services, Ltd. ("Wealth Management") seeks to recover payments in the amount of at least \$9,825,333.00.

On August 30, 2012, the Court entered its Order denying a motion to stay filed by Wealth Management. *See* Civil Action No. 10-477, Doc. No. 21. Pursuant to the Court's

September 10, 2012 Order requiring the parties to confer and to file a joint status report(see Civil Action No. 10-477, Doc. No. 22), the parties conferred and recently filed that report (see Civil Action No. 10-477, Doc. No. 25).

The Receiver is continuing to prosecute this action, as to which the Committee does not have an active role.

4. *Janvey v. Wieselberg, et al.*, Civil Action No. 10-1394.

On July 16, 2010, the Receiver filed a lawsuit against 77 former Stanford employees who had invested in Stanford CDs and received proceeds from those CD investments. **Between March 31 and September 30, 2012, there has been no change in the status of this action.**

There remain a number of motions to dismiss filed by defendants that are fully briefed and pending a ruling by the Court. Those motions are listed below:

- Doc. No. 14
- Doc. No. 15
- Doc. No. 23

Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review these motions to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 10-1394, Doc. No. 40.

In addition, the Receiver's two motions to strike and to dismiss counterclaims filed by certain of the defendants are fully briefed and pending rulings from the Court.

Those motions are listed below:

- Doc. No. 13
- Doc. No. 16

The Receiver is continuing to prosecute this action, as to which the Committee does not have an active role.

5. *Janvey, et al. v. Tonarelli, Civil Action No. 10-1955.*

On September 29, 2010, the Receiver filed a lawsuit against Oreste Tonarelli, the former managing director of Stanford Group Company's Private Clients Group in Miami. The Receiver asserts claims for fraudulent transfer and unjust enrichment and seeks to recover from Mr. Tonarelli more than \$3.1 million.

On July 10, 2012, the Committee moved to intervene and to file an amended complaint. *See* Civil Action No. 10-1955, Doc. No. 13. The Court entered its Order granting the Committee's motion on August 16, 2012. Civil Action No. 10-1955, Doc. No. 16.

Mr. Tonarelli filed a motion to dismiss the amended complaint, or to compel arbitration, on September 17, 2012. Civil Action No. 10-1955, Doc. No. 17. On October 8, 2012, the Receiver and the Committee filed their response to Tonarelli's motion to dismiss and to compel arbitration. Civil Action No. 10-1955, Doc. No. 20. Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss, once it is fully briefed, and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 10-1955, Doc. No. 18.

The Committee has primary responsibility for the prosecution of this action.

6. *Janvey, et al. v. Rodriguez-Tolentino, et al.*, Civil Action No. 10-2290.

The Receiver filed a lawsuit on November 12, 2010 against Juan Rodriguez-Tolentino, Sonia G. Velez, and Wilfrido Velez, alleging claims of fraudulent transfer and unjust enrichment. Juan Rodriguez-Tolentino served as the Chief Operating Officer and then the President of SIB, and was in that position on the day the Receiver was appointed. The Receiver seeks to recover at least \$2.1 million from Mr. Rodriguez-Tolentino. The Receiver also seeks to recover over \$235,000 in CD proceeds from Mr. Rodriguez-Tolentino, Ms. Velez and Mr. Velez, of which approximately \$71,000 are “net gains.”

On July 11, 2012, the Committee filed a motion to intervene and for leave to file an amended complaint in this lawsuit. Civil Action No. 10-2290, Doc. No. 10. The Court granted that motion on July 23, 2012. Civil Action No. 10-2290, Doc. No. 12. The Committee filed its amended complaint on August 28, 2012. Civil Action No. 10-2290, Doc. Nos. 14, 15.

As of September 30, 2012, none of the Defendants have answered or otherwise appeared.

The Committee has primary responsibility for the prosecution of this action.

7. *Janvey, et al. v. Suarez*, Civil Action No. 10-2581.

The Receiver filed a lawsuit on December 17, 2010 against Yolanda Suarez, the Chief of Staff for Stanford Financial Group Company. She also served as the Secretary and a member of the Board of Directors of Stanford Group Holdings, Inc. The Court previously granted the Committee’s motion to intervene (*see* Civil Action No. 10-2581,

Doc. No. 11), and an amended complaint was filed on October 24, 2011 (*see* Civil Action No. 10-2581, Doc. No. 12). The complaint seeks to recover at least \$5.17 million from Ms. Suarez.

Between March 31 and September 30, 2012, there has been no change in the status of this action. A motion to dismiss filed by Ms. Suarez is fully briefed and remains pending a decision by the Court. *See* Civil Action No. 10-2581, Doc. Nos. 13, 14. Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 10-2581, Doc. No. 17.

The Committee has primary responsibility for the prosecution of this action.

8. *Janvey, et al. v. Bogar, et al., Civil Action No. 10-2583.*

The Receiver filed a lawsuit on December 17, 2010 against Daniel T. Bogar and his wife, Brandilyn Bogar, alleging claims of fraudulent transfer and unjust enrichment. Mr. Bogar was the President and CEO of Stanford Group Company. He also served as a managing director and member of the Board of Directors of Stanford Group Holdings, Inc. On April 14, 2011, the Committee appeared as a plaintiff in this action through the joint filing, with the Receiver, of an amended complaint seeking to recover at least \$3.08 million from Mr. and Mrs. Bogar. *See* Civil Action No. 10-2583, Doc. Nos. 11, 12.

Between March 31 and September 30, 2012, there has been no change in the status of this action. A motion to dismiss filed by Mr. and Mrs. Bogar is fully briefed and remains pending a decision by the Court. Civil Action No. 10-2583, Doc.

Nos. 13, 15. Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 10-2583, Doc. No. 20.

The Committee has primary responsibility for the prosecution of this action.

9. *Janvey, et al. v. Alvarado*, Civil Action No. 10-2584.

The Receiver filed a lawsuit on December 17, 2010 against Pablo M. "Mauricio" Alvarado, alleging claims of fraudulent transfer and unjust enrichment. Mr. Alvarado served as General Counsel of Stanford Financial Group Company. Through that complaint the Receiver sought to recover at least \$2.55 million from Mr. Alvarado.

On January 24, 2012, the Receiver filed a motion seeking to extend the time for him to serve process upon Mr. Alvarado. Mr. Alvarado responded to that motion by filing a motion to dismiss the Receiver's complaint for failure to complete service. Both motions were fully briefed. On April 5, 2012, the Court denied Mr. Alvarado's motion to dismiss and granted the Receiver's motion to extend time to complete service or move for substituted service upon Mr. Alvarado. Civil Action No. 10-2584, Doc. No. 20.

The Committee filed a motion to intervene in this lawsuit on June 8, 2012. Civil Action No. 10-2584, Doc. No. 22. On June 22, 2012, the Receiver filed a motion seeking a ruling that he had effectively served Mr. Alvarado with this lawsuit. Civil Action No. 10-2584, Doc. Nos. 23, 24. The Court entered an Order on July 26, 2012 granting the Committee's motion to intervene and finding that the Receiver had adequately served Mr. Alvarado. Civil Action No. 10-2584, Doc. No. 28.

Mr. Alvarado filed a motion to dismiss the action on August 21, 2012. Civil Action No. 10-2584, Doc. No. 30. Pursuant to a joint stipulation between the parties, the plaintiffs' response to that motion to dismiss is not yet due. Civil Action No. 10-2584, Doc. No. 32.

The Committee has primary responsibility for the prosecution of this action.

10. *Janvey, et al. v. Stinson, Civil Action No. 10-2586.*

The Receiver filed a lawsuit on December 17, 2010 against Lena M. Stinson, who served as the Global Director of Compliance for both Stanford Group and Stanford Financial Group Company. On June 15, 2011, the Committee appeared as plaintiff in this action through the joint filing, with the Receiver, of an amended complaint seeking to recover at least \$1.63 million from Ms. Stinson.

On March 14, 2012, Ms. Stinson filed a motion to dismiss the amended complaint on various grounds and, subject to that motion, her answer to the amended complaint. The Receiver and the Committee jointly filed a response to that motion to dismiss on April 4, 2012. Ms. Stinson did not file a timely reply in support of her motion. **The motion to dismiss is fully briefed and is pending a decision by the Court.** See Civil Action No. 10-2586, Doc. Nos. 23, 24. Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 10-2586, Doc. No. 27.

The Committee has primary responsibility for the prosecution of this action.

11. *Ralph S. Janvey and Official Stanford Investors Committee v. Franz Vingerhoedt and SANO Education Trust, Civil Action No. 11-291*

On February 15, 2011, the Receiver and the Committee jointly filed a lawsuit against Franz Vingerhoedt and SANO Education Trust. Mr. Vingerhoedt served as the President of Stanford Caribbean Investments, LLC. He is also the beneficial owner of SANO Education Trust. The Receiver and the Committee seek to recover at least \$9.34 million from Mr. Vingerhoedt and the SANO Education Trust.¹³

On April 17, 2012, the Committee and the Receiver jointly moved for an order authorizing substituted service upon the defendants. Civil Action No. 11-291, Doc. Nos. 7, 8. That motion was granted on April 30, 2012. Civil Action No. 11-291, Doc. No. 9. Both Mr. Vingerhoedt and SANO Education Trust were served shortly thereafter.

On May 22, 2012, Mr. Vingerhoedt filed a motion to dismiss this action. Civil Action No. 11-291, Doc. 11. The Committee and the Receiver have entered into a series of stipulations with Mr. Vingerhoedt extending the time for the filing of a response to that motion to dismiss; accordingly, the response to that motion to dismiss is not yet due.

SANO Education Trust has not appeared in the action, despite adequate service.

The Committee has primary responsibility for the prosecution of this action.

12. *Janvey v. Robert Allen Stanford, Civil Action No. 11-1199*

The Receiver filed an action against Defendant Allen Stanford on June 3, 2011, alleging claims of fraudulent transfer and unjust enrichment. Mr. Stanford is the primary

¹³ The Receiver has sued Mr. Vingerhoedt for additional CD Proceeds in Civil Action No. 09-724 (*Janvey v. Alguire, et al.*), which are not duplicative of the amounts sought in Civil Action No. 11-291.

Defendant in the SEC's pending civil action and has been tried and convicted on criminal charges in Houston, Texas. Mr. Stanford was the sole owner, directly or indirectly, of more than 130 different companies that were part of the Ponzi scheme orchestrated by Mr. Stanford. The Receiver seeks to recover payments made to Mr. Stanford in excess of \$1.8 billion.

Mr. Stanford has been served. On September 27, 2011, Mr. Stanford filed a motion for a temporary stay of this action, to which the Receiver responded on October 18, 2011.

Between March 31 and September 30, 2012, there has been no change in the status of this action. Mr. Stanford's motion to stay is fully briefed and remains pending a decision by the Court. See Civil Action No. 11-1199, Doc. Nos. 9, 11.

The Receiver is primarily responsible for the prosecution of this action, as to which the Committee does not have an active role.

13. *Janvey v. Juan Alberto Rincon*, Civil Action No. 11-1659.

The Receiver filed a lawsuit on July 13, 2011 against Juan Alberto Rincon, who served as Executive Vice President and Chief Financial Officer for Stanford Group Company from 1996 through 2007. Following his departure from Stanford Group Company, he continued to serve as a consultant in connection with its expansion into South America. The Receiver seeks to recover at least \$1.53 million from Mr. Rincon.

Between March 31 and September 30, 2012, there has been no change in the status of this action. Mr. Rincon's motion remains fully briefed and awaiting a ruling by the Court. See Civil Action No. 11-1659, Doc. Nos. 6, 7. Pursuant to Judge

Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-1659, Doc. No. 10.

The Receiver is primarily responsible for the prosecution of this action, as to which the Committee does not have an active role.

**14. *Janvey v. James K. Conzelman and Lionel C. Johnson,*
Civil Action No. 11-2788**

The Receiver filed a lawsuit on October 18, 2011 against James K. Conzelman and Lionel C. Johnson, alleging claims of fraudulent transfer and unjust enrichment. Messrs. Conzelman and Johnson both served as Senior Vice Presidents for Government Affairs for Stanford Financial Group Company during the period from January 2008 through February 2009.

The Receiver seeks to recover at least \$525,000 from Mr. Conzelman and at least \$393,000 from Mr. Johnson. Mr. Conzelman has filed an answer to the Receiver's complaint. Mr. Johnson filed a motion to dismiss the Receiver's complaint, to which the Receiver has responded.

Between March 31 and September 30, 2012, there has been no change in the status of this action. Mr. Johnson's motion remains fully briefed and awaiting a ruling by the Court. See Civil Action No. 11-2788, Doc. Nos. 10, 12. Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-2788, Doc. No. 16.

The Receiver is primarily responsible for the prosecution of this action, as to which the Committee does not have an active role.

C. Fraudulent transfer actions brought by the Receiver and the Committee against former members of the Stanford International Advisory Board

The Receiver and the Committee have jointly filed eight separate actions against former members of the Stanford International Advisory Board, alleging claims of fraudulent transfer and unjust enrichment by the various defendants and entities associated with them. *The Committee is primarily responsible for the prosecution of the actions listed below.* There have been no settlements reached with any of the Defendants in these actions.

1. *Ralph S. Janvey and Official Stanford Investors Committee v. Kenneth C. Allen, Civil Action No. 11-00289*

This action seeks to recover payments made to Kenneth C. Allen in the amount of \$140,000. Mr. Allen has not been served and has not answered or appeared.

On July 24, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-289, Doc. No. 9. The Committee filed a response to that Order on August 23, 2012, Civil Action No. 11-289, Doc. No. 10, and the Court thereafter entered an Order extending the time to complete service for 120 days. Civil Action No. 11-289, Doc. No. 11.

2. *Ralph S. Janvey and Official Stanford Investors Committee v. Alfredo Arizaga, Civil Action No. 11-00290*

This action was filed on February 15, 2011 and seeks to recover payments made to Alfredo Arizaga in the amount of \$132,106. Mr. Arizaga was a member of the Stanford

International Advisory Board. Mr. Arizaga has not been served and has not answered or appeared.

On July 24, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-290, Doc. No. 9. The Committee filed a response to that Order on August 23, 2012, Civil Action No. 11-290, Doc. No. 10, and the Court thereafter entered an Order extending the time to complete service for 120 days. Civil Action No. 11-290, Doc. No. 11.

**3. *Ralph S. Janvey and Official Stanford Investors Committee v. Luis Giusti and Center for Strategic and International Studies, Inc.*,
Civil Action No. 11-00292**

This action was filed on February 15, 2011 and seeks to recover payments made to Luis Giusti and/or the Center for Strategic and International Studies (“CSIS”) of approximately \$2.47 million.¹⁴ Mr. Giusti was a member of the Stanford International Advisory Board and is a Senior Advisor of the CSIS. CSIS filed an answer.

On July 25, 2012, the Court entered an Order directing the Receiver, the Committee, and CSIS to submit a joint status report and proposed scheduling order. Civil Action No. 11-292, Doc. No. 13. The Receiver, the Committee and CSIS submitted a Joint Status Report on August 21, 2012. Civil Action No. 11-292, Doc. No. 14. On that same date, the Committee filed a motion to extend the time to serve Mr. Giusti. Civil Action No. 11-292, Doc. No. 15.

¹⁴ The Receiver has sued Mr. Giusti for additional CD Proceeds in Civil Action No. 09-724 (*Janvey v. Alguire, et al.*), which are not duplicative of the amounts sought in Civil Action No. 11-292.

The Court entered its Order extending the time to serve Mr. Giusti on August 27, 2012. On that same date, the Court entered a Scheduling Order setting the case for trial on the one week trial docket beginning May 13, 2013. Civil Action No. 11-292, Doc. No. 16, 17.

4. *Ralph S. Janvey and Official Stanford Investors Committee v. Mauricio Salgar, Civil Action No. 11-00296*

This action was filed on February 15, 2011 and seeks to recover payments made to Mauricio Salgar in the amount of \$205,000. Mr. Salgar has not been served and has neither appeared nor answered.

On July 24, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-296, Doc. No. 10. The Committee filed a response to that Order on August 23, 2012, Civil Action No. 11-296, Doc. No. 11, and the Court thereafter entered an Order extending the time to complete service for 120 days. Civil Action No. 11-296, Doc. No. 12.

5. *Ralph S. Janvey and Official Stanford Investors Committee v. Peter Romero, Civil Action No. 11-00297*

This action was originally filed on February 15, 2011 and seeks to recover payments made to Peter Romero in the amount of approximately \$980,000. An amended complaint was filed on April 21, 2011.

Between March 31 and September 30, 2012, there has been no change in the status of this action. Mr. Romero's motion to dismiss remains fully briefed and awaiting a ruling from the Court. See Civil Action No. 11-0297, Doc. Nos. 14, 18, 21.

Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-0297, Doc. No. 25.

6. *Ralph S. Janvey and Official Stanford Investors Committee v. Jorge Castaneda, Civil Action No. 11-00299*

This action was filed on February 15, 2011 and seeks to recover payments made to Jorge Castaneda in the amount of \$150,000. Mr. Castaneda has not been served and has neither appeared nor answered.

On July 25, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-299, Doc. No. 9. The Committee filed a response to that Order on August 23, 2012, Civil Action No. 11-299, Doc. No. 10, and the Court thereafter entered an Order extending the time to complete service for 120 days. Civil Action No. 11-299, Doc. No. 11.

7. *Ralph S. Janvey and Official Stanford Investors Committee v. Lee Brown, Civil Action No. 11-00301*

This action was filed on February 15, 2011 and seeks to recover payments made to Lee Brown in the amount of \$350,000. An amended complaint was filed on April 15, 2011.

Between March 31 and September 30, 2012, there has been no change in the status of this action. Mr. Brown's motion to dismiss remains fully briefed and awaiting a decision by the Court. See Civil Action No. 11-0301, Doc. Nos. 8, 10, 11.

8. *Ralph S. Janvey and Official Stanford Investors Committee v. Courtney N. Blackman, Civil Action No. 11-00302*

This action was filed on February 15, 2011 and seeks to recover payments made to Courtney N. Blackman in the amount of \$620,303.51. On September 27, 2011, Mr. Blackman filed a suggestion of bankruptcy, notifying the Receiver and the Committee that he had filed a bankruptcy petition in the Middle District of Florida, Tampa Division.

Between March 31 and September 30, 2012, there has been no change in the status of this action.

D. *Fraudulent transfer actions brought jointly by the Receiver and the Committee against various third parties*

The Receiver and the Committee have jointly filed 23 fraudulent transfer and unjust enrichment actions against various third parties who received transfers from one or more Stanford entities. The actions are grouped, for purposes of this report, into five different categories.

1. *Actions brought against Mr. Stanford's wives and/or girlfriends*

a. *Janvey, et al. v. Rebecca Reeves, Civil Action No. 09-2151*

This action was filed by the Receiver on November 10, 2009 and asserts claims against Rebecca Reeves, a former wife and/or girlfriend of Defendant Allen Stanford. The Court previously granted the Committee's motion to intervene in this action. Civil Action No. 09-2151, Doc. No. 33. The action seeks to recover at least \$3 million in CD proceeds transferred to Ms. Reeves by Mr. Stanford or his entities.

Between March 31 and September 30, 2012, there has been no change in the status of this action. The action remains stayed pursuant to an Order entered October 19, 2011. Civil Action No. 09-2151, Doc. No. 39.

The Committee is primarily responsible for the prosecution of this action.

b. *Janvey, et al. v. Stoelker, Civil Action No. 10-1272*

This action was filed by the Receiver on June 28, 2010 and asserts claims of fraudulent transfer and unjust enrichment against Andrea M. Stoelker. Ms. Stoelker is the former president of Stanford Financial Group Global Management, LLC (“SFGGM”), the former president of Stanford 20/20 (Allen Stanford’s cricket organization), and the girlfriend and/or fiancée of Defendant Allen Stanford. Through this action, the Receiver sought to recover over \$560,000 from Ms. Stoelker.

On April 10, 2012, the Receiver filed a motion to authorize substituted service upon Ms. Stoelker. That motion was granted by the Court on April 17, 2012. Civil Action No. 10-1272, Doc. Nos. 29, 30. On August 16, 2012, the Court entered an Order directing the Receiver to show cause why he had not moved for entry of a default judgment against Ms. Stoelker. Civil Action No. 10-1272, Doc. No. 34. A motion for entry of default judgment was filed by the Receiver on September 17, 2012. Civil Action No. 10-1272, Doc. Nos. 35, 36. The clerk of the court entered a default against Ms. Stoelker on September 18, 2012. Civil Action No. 10-1272, Doc. No. 37.

On September 24, 2012, the Court entered final judgment against Ms. Stoelker. The final judgment awarded the Receiver \$568,206.04, plus attorneys’ fees in the amount

of \$35,748.40, \$405.73 in costs and expenses, and pre-judgment and post-judgment interest. Civil Action No. 10-1272, Doc. No. 42.

The Committee is primarily responsible for further prosecution of this action.

c. *Janvey, et al. v. Susan Stanford, Civil Action No. 10-2322*

This action has been resolved via settlement. Details concerning the settlement are found above at sections II.A.2 and II.B of this Third Joint Report.

2. Actions brought against political parties and consultants

a. *Janvey v. Democratic Senatorial Campaign Committee, Inc., et al., Civil Action No. 10-346*

This action was filed by the Receiver on February 19, 2010 and asserted fraudulent transfer and unjust enrichment claims against five different national political committees, as follows: the Democratic Senatorial Campaign Committee, Inc. (“DSCC”), the Democratic Congressional Campaign Committee, Inc. (“DCCC”), the National Republican Congressional Committee (“NRCC”), the Republican National Committee (“RNC”), and the National Republican Senatorial Committee (“NRSC”) (collectively, the “Committees”). The Receiver sought to recover campaign contributions made by Mr. Stanford, his entities and/or his cohorts to the Committees that totaled in excess of \$1.6 million, as follows: DSCC (\$950,500), DCCC (\$200,000), NRCC (\$238,500), RNC (\$128,500), and NRSC (\$83,345).

On June 22, 2011, the Court entered final judgment against each of the Committees for the following amounts (principal plus prejudgment interest): DSCC (\$1,037,347.05), DCCC (\$218,273.97), NRCC (\$260,291.71), RNC (\$140,241.03), and

NRSC (\$90,960.22). Civil Action No. 10-346, Doc. No. 110. The Court also awarded post-judgment interest. *See id.* On March 6, 2012, the Court entered its Order awarding attorneys' fees and expenses to the Receiver in the amount of \$369,783.37. More particularly, the Court ordered the Democratic Committees to pay \$93,831.00, the Republican Committees to pay \$133,157.70, and the Democratic Committees and the Republican Committees to jointly pay \$142,794.67 to the Receiver in attorneys' fees. Civil Action No. 10-346, Doc. No. 140.

On July 22, 2011, both the Democratic and the Republican Committees filed notices of appeal. **The appeal was fully briefed and argued to the 5th Circuit Court of Appeals on May 1, 2012. No decision has been issued on the appeal.**

The Receiver is primarily responsible for the prosecution of this action, as to which the Committee does not have an active role.

**b. *Janvey, et al. v. Ben Barnes and Ben Barnes Group, L.P.,*
Civil Action No. 10-527**

This action was filed by the Receiver on March 15, 2010 and asserted fraudulent transfer and unjust enrichment claims against Ben Barnes and Ben Barnes Group, L.P. Ben Barnes Group, L.P. is a business consulting and lobbying firm founded by Ben Barnes. The Receiver's complaint seeks to recover transfers to Ben Barnes and to Ben Barnes Group, L.P. from both Allen Stanford individually and from various Stanford entities in an amount that exceeds \$5 million.

The Defendants filed a motion to dismiss the Receiver's complaint on April 12, 2010. On May 14, 2012, the Court entered its Order denying the Defendants' motion to

dismiss. Civil Action No. 10-527, Doc. No. 26. The Court also concluded that the Receiver's motion for a scheduling order was moot, but left open the opportunity for it to be filed again if the parties could not agree upon a scheduling order. On May 29, 2012, both Ben Barnes and Ben Barnes Group, L.P. filed answers to the original complaint. Civil Action No. 10-527, Doc. Nos. 27, 28.

The Committee filed a Motion to Intervene and for Leave to File an Amended Complaint on June 4, 2012. Civil Action No. 10-527, Doc. No. 31. That Motion was granted on June 12, 2012, and an amended Complaint was filed on June 18, 2012. Civil Action No. 10-527, Doc. Nos. 32, 33.

On July 2, 2012, Ben Barnes filed an answer to the amended complaint. Civil Action No. 10-527, Doc. 34. The same day, Ben Barnes Group, L.P. filed an answer to the amended complaint and a third party complaint against Capitol Counsel, L.L.C., Cauthen Forbes & Williams, LLC, Chesapeake Enterprises, Inc., Robert Mitchell Delk, and Synergics Energy Services, LLC. Civil Action No. 10-527, Doc. No. 35. Ben Barnes Group, L.P. alleges in its third party complaint that the various parties it has named received funds originally transferred to it by Stanford entities.

On September 13, 2012, counsel for the Committee wrote the Court requesting that the Court issue an order requiring the parties to submit a joint status report and request for scheduling order. Civil Action No. 10-527, Doc. No. 42. The Court entered an order on September 18, 2012 requiring the parties to submit a joint status report and

scheduling proposal. Civil Action No. 10-527, Doc. No. 43. The parties' joint status report was filed on October 5, 2012. Civil Action No. 10-527, Doc. No. 46.

The Committee is primarily responsible for the prosecution of this action.

c. *Ralph S. Janvey and Official Stanford Investors Committee v. The Inter-American Economic Council, Civil Action No. 11-044*

This action was filed jointly by the Receiver and the Committee on January 6, 2011 and asserted fraudulent transfer and unjust enrichment claims against The Inter-American Economic Council ("IAEC"). In the complaint, the Receiver and the Committee seek to recover payments made to IAEC in the amount of \$390,000. The IAEC was a Washington-area "think tank" that focused upon matters in Latin America. Allen Stanford and his entities provided substantial funding for its operations.

The IAEC appears to be a defunct organization. Upon information and belief its sole source of funding was Stanford.

On July 24, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-044, Doc. No. 10. The Committee filed a response to that Order on August 23, 2012, Civil Action No. 11-044, Doc. No. 11, and the Court thereafter entered an Order extending the time to complete service for 120 days. Civil Action No. 11-044, Doc. No. 12.

The Committee has primary responsibility for the prosecution of this action.

3. Actions arising out of vendor relationships and/or investments

a. *Janvey, et al. v. Interim Executive Management, Inc.*, Civil Action No. 10-829

This action was filed by the Receiver on April 23, 2010. It asserts fraudulent transfer and unjust enrichment claims against Interim Executive Management, Inc. (“IEM”), which purports to be a management consulting firm founded and owned by Tamarin Lindberg.¹⁵ The action seeks to recover payments to IEM of more than \$4 million.

IEM filed a motion to dismiss the action on September 3, 2010; the Receiver filed a brief in response to that motion on September 27, 2010. Civil Action No. 10-829, Doc. Nos. 9, 11. **IEM’s motion to dismiss remains fully briefed and pending a decision by the Court.** Pursuant to Judge Godbey’s Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 10-829, Doc. No. 22.

On July 9, 2012, the Committee filed a motion to intervene and for leave to file an amended complaint. Civil Action No. 10-829, Doc. No. 17. That motion was granted on July 12, 2012, and an amended complaint was filed on August 28, 2012. Civil Action No. 10-829, Doc. Nos. 19, 21.

The Committee is primarily responsible for the prosecution of this action.

¹⁵ To date, the Receiver has been unable to establish what sort of management consulting services were purportedly being provided by IEM.

b. *Janvey v. Merge Healthcare, Inc., et al., Civil Action No. 10-1465*

This action was filed by the Receiver on July 26, 2010. It asserts fraudulent transfer and unjust enrichment claims against Merge Healthcare, Inc., Emageon, Inc., and Amicas, Inc. The Receiver's action seeks to recover a payment of \$9 million from SIBL that was made on February 13, 2009. Emageon was subsequently acquired by Amicas, Inc., which in turn merged with Merge Healthcare in February 2010.

The Receiver filed an Amended Complaint on November 19, 2010. Civil Action No. 10-1465, Doc. No. 7. The defendants filed a motion to dismiss the Amended Complaint on January 10, 2011. Civil Action No. 10-1465, Doc. Nos. 8, 9. The Receiver filed a response to that motion on January 31, 2011, Civil Action No. 10-1465, Doc. Nos. 15, 16, and the defendants filed a reply on February 14, 2011. Civil Action No. 10-1465, Doc. No. 17. **The motion to dismiss remains fully briefed and pending a decision by the Court; however, should the Court grant the motion for leave to file an amended complaint (discussed below), this motion may be superseded by a later motion to dismiss.** Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 10-1465, Doc. No. 27.

On July 9, 2012, the Committee filed a motion to intervene and to file an amended complaint. Civil Action No. 10-1465, Doc. No. 22. The Defendants filed a response opposing the Committee's intervention and the filing of an amended complaint on July 26, 2012. Civil Action No. 10-1465, Doc. No. 25, 26. **The Committee's motion to**

intervene and to file an amended complaint is fully briefed and pending a decision by the Court.

The Committee is primarily responsible for the prosecution of this action.

c. *Janvey v. Dillon Gage Inc. of Dallas, et al., Civil Action No. 10-1973*

This action was filed by the Receiver on September 30, 2010. It asserts fraudulent transfer and unjust enrichment claims against Dillon Gage Inc. of Dallas and Dillon Gage Inc. (collectively, "Dillon Gage"). Dillon Gage was a vendor of coins and bullion that regularly transacted business with Stanford Coins & Bullion ("SCB"). The Receiver's action seeks to recover payment of more than \$5 million from SCB to Dillon Gage between January 23, 2009 and February 16, 2009.

The Receiver's lawsuit against Dillon Gage is closely related to a lawsuit brought by Pre-War Art, Inc. d/b/a Gagosian Gallery ("Gallery") against SCB and Dillon Gage that is pending before Judge Godbey as Civil Action No. 09-559. That action was originally brought on March 25, 2009 by the Gallery alleging breach of contract against both SCB and Dillon Gage with respect to the Gallery's attempted purchase from SCB of 100 gold bars at a price in excess of \$3 million.

On June 9, 2011, the parties to the two actions filed a joint motion to consolidate discovery in the actions. Judge Godbey granted that motion in an Order dated May 18, 2012. Civil Action No. 10-1973, Doc. No. 38.

On February 10, 2012, the Receiver filed a motion for summary judgment on his claims against Dillon Gage. Civil Action No. 10-1973, Doc. Nos. 26, 27, 28. Dillon

Gage filed its response to the motion for summary judgment on June 20, 2012. Civil Action No. 10-1973, Doc. Nos. 40, 41. The Receiver's reply in support of his motion for summary judgment is not due until after certain depositions have been completed. Civil Action No. 10-1973, Doc. No. 49.

On August 24, 2012, Dillon Gage and third party defendants Joseph A. Frisard ("Frisard") and Timothy Scott Terry ("Terry") filed a joint motion to dismiss the third party claims asserted by Dillon Gage against Frisard and Terry. An amended joint dismissal motion was filed on August 31, 2012. Civil Action No. 10-1973, Doc. Nos. 47, 48. On September 7 and September 10, 2012, the Court entered Orders granting the original dismissal motion and the amended dismissal motion. Civil Action No. 10-1973, Doc. Nos. 50, 51.

The Receiver's motion to strike and dismiss counterclaims filed against SCB by Dillon Gage remains fully briefed and awaiting a decision by the Court. Civil Action No. 10-1973, Doc. Nos. 14, 17, 21.

The Receiver remains responsible for this action, as to which the Committee will have no active role.

d. *Ralph S. Janvey and Official Stanford Investors Committee v. Chung Design, LLC, Civil Action No. 11-738*

This action was filed by the Receiver and the Committee on April 1, 2011. It asserts fraudulent transfer and unjust enrichment claims against Chung Design, LLC ("Chung"), which is a graphic design firm in Memphis, Tennessee. The action seeks to recover payments to Chung in excess of \$1.88 million made between 2006 and 2009.

On July 24, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-738, Doc. No. 10. An affidavit of service was filed with the Court on August 20, 2012, and the Committee filed a response to the Court's show cause order on August 23, 2012, Civil Action No. 11-738, Doc. Nos. 11, 12. The Court thereafter entered an Order finding that service upon Chung was timely made. Civil Action No. 11-738, Doc. No. 13. Chung did not answer or otherwise appear. On September 21, 2012, the Committee and the Receiver moved for a clerk's entry of default against Chung. Civil Action No. 11-738, Doc. Nos. 14, 15. The Clerk entered a default against Chung on September 24, 2012. Civil Action No. 11-738, Doc. No, 16.

The Committee has primary responsibility for the prosecution of this action.

4. Actions relating to sports sponsorships and other sports-related transfers

a. *Ralph S. Janvey and Official Stanford Investors Committee v. David Wayne Toms and David Toms Golf, LLC, Civil Action No. 11-018*

This action was filed by the Receiver and the Committee on January 4, 2011. It asserts fraudulent transfer and unjust enrichment claims against David Wayne Toms and David Toms Golf, LLC ("Toms"). Toms is a professional golfer. The action seeks to recover payments to Toms of approximately \$905,000 made in 2007 and 2008 (with approximately half being transferred each year).

Between March 31 and September 30, 2012, there has been no change in the status of this action. A motion to dismiss filed by Toms remains fully briefed and pending a decision by the Court. See Civil Action No. 11-0018, Doc. Nos. 9, 12, 14.

Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-0018, Doc. No. 18.

The Committee has primary responsibility for the prosecution of this action.

b. *Ralph S. Janvey and Official Stanford Investors Committee v. IMG Worldwide, Inc., Civil Action No. 11-0117*

Ralph S. Janvey and Official Stanford Investors Committee v. International Players Championship, Inc., Civil Action No. 11-0293

The action against IMG Worldwide, Inc. ("IMG") was filed by the Receiver and the Committee on January 18, 2011. The complaint against IMG, a global sports management company, asserts fraudulent transfer and unjust enrichment claims relating to golf endorsement fees, fees and title sponsorship for the Stanford International Pro-Am tournament, a media placement campaign for professional golfer Vijay Singh, and other sponsorship fees for Vijay Singh. The Receiver seeks to recover payments to IMG in excess of \$10,556,000 made between 2006 and 2009.

The action against the International Players Championship, Inc. ("IPC"), was filed by the Receiver and the Committee on February 15, 2011. IPC is a subsidiary of IMG that sponsors and operates a golf tournament. The complaint against IPC seeks to recover payments to IPC in excess of \$1.6 million made between 2006 and 2009.

The two cases have been consolidated and a consolidated complaint was filed on April 29, 2011. Civil Action No. 11-117, Doc. No. 17. An amended consolidated complaint was filed on July 20, 2011. Civil Action No. 11-117, Doc. No. 25.

On September 24, 2012, the Court entered an order denying a motion to dismiss filed by IMG and IPC. Civil Action No. 11-117, Doc. No. 33. In its order, the Court found that both the Receiver and the Committee had independent standing to assert the fraudulent transfer and unjust enrichment claims brought against IMG and IPC.

The Committee has primary responsibility for the prosecution of this action.

c. *Ralph S. Janvey and Official Stanford Investors Committee v. Miami Heat Limited Partnership and Basketball Properties, Ltd., Civil Action No. 11-0158*

This action was filed by the Receiver and the Committee on January 25, 2011. An amended complaint was filed on May 16, 2011. The action asserts fraudulent transfer and unjust enrichment claims against Miami Heat Limited Partnership and Basketball Properties, Ltd. (collectively, "Miami Heat Defendants"). The action seeks to recover payments to the Miami Heat Defendants in excess of \$1.3 million made between 2006 and 2008.

Between March 31 and September 30, 2012, there has been no change in the status of this action. The motion to dismiss filed by the Miami Heat Defendants is fully briefed and remains pending a decision by the Court. See Civil Action No. 11-0158, Doc. Nos. 18, 19, 22. Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-0158, Doc. No. 26.

The Committee has primary responsibility for the prosecution of this action.

d. ***Ralph S. Janvey and Official Stanford Investors Committee v. PGA Tour, Inc., Civil Action No. 11-0226***

This action was filed by the Receiver and the Committee on February 7, 2011. An amended complaint was filed on June 27, 2011. The action asserts fraudulent transfer and unjust enrichment claims against PGA Tour, Inc (“PGA”), which organizes and operates professional golf tournaments around the country. The action seeks to recover payments to the PGA in excess of \$13 million made by Stanford Financial Group Company (approximately \$6 million) between 2006 and 2008, and by Stanford Financial Group Global Management (approximately \$7 million) during 2008.

Between March 31 and September 30, 2012, there has been no change in the status of this action. The motion to dismiss filed by the PGA is fully briefed and remains pending a decision by the Court. See Civil Action No. 11-0226, Doc. Nos. 13, 14, 16. Pursuant to Judge Godbey’s Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-0226, Doc. No. 20.

The Committee has primary responsibility for the prosecution of this action.

e. ***Ralph S. Janvey and Official Stanford Investors Committee v. The Golf Channel, Inc., Civil Action No. 11-0294***

This action was filed by the Receiver and the Committee on February 15, 2011, asserting fraudulent transfer and unjust enrichment claims against The Golf Channel, Inc (“Golf Channel”), a cable television channel that focuses upon golf-related programming.

The action seeks to recover payments to Golf Channel in excess of \$5.9 million between 2007 and 2008.

On July 16, 2012, the Court issued an Order requiring the parties to prepare and file a Joint Status Report and scheduling proposal. Civil Action No. 11-294, Doc. No. 18. The parties filed their Joint Status Report on August 10, 2012. Civil Action No. 11-294, Doc. No. 20.

On August 16, 2012, the Committee filed an unopposed Motion for Leave to File an Amended Complaint, which the Court granted on August 22, 2012. Civil Action No. 11-294, Doc. Nos. 21, 22. The Committee filed its Amended Complaint on August 31, 2012, and Golf Channel filed its Answer on September 13, 2012. Civil Action No. 11-294, Doc. Nos. 24, 25.

The Court entered a Scheduling Order on August 24, 2012 that established various pretrial deadlines and set the case for trial on a one-week docket beginning May 13, 2013. Civil Action No. 11-294, Doc. No. 23.

The Committee has primary responsibility for the prosecution of this action.

f. *Ralph S. Janvey and Official Stanford Investors Committee v. ATP Tour, Inc., Civil Action No. 11-0295*

This action was filed by the Receiver and the Committee on February 15, 2011. It asserts fraudulent transfer and unjust enrichment claims against ATP Tour, Inc (“ATP”), which organizes and operates professional tennis tournaments around the world. The action seeks to recover payments to ATP in excess of \$5.0 million between 2004 and 2008.

Between March 31 and September 30, 2012, there has been no change in the status of this action. The motion to dismiss filed by ATP is fully briefed and remains pending a decision by the Court. See Civil Action No. 11-0295, Doc. Nos. 16, 18, 20. Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will review the motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-0295, Doc. No. 23.

The Committee has primary responsibility for the prosecution of this action.

g. *Ralph S. Janvey and Official Stanford Investors Committee v. InsideOut Sports and Entertainment, Civil Action No. 11-760*

This action was filed by the Receiver and the Committee on April 13, 2011. It asserts fraudulent transfer and unjust enrichment claims against InsideOut Sports and Entertainment ("InsideOut"), which organizes and operates various sporting events and athlete appearances. The action seeks to recover payments to InsideOut in excess of \$1.95 million between 2006 and 2009.

On July 24, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-760, Doc. No. 10. The Committee filed a response to the Court's show cause order on August 23, 2012, indicating therein that it had successfully served InsideOut. Civil Action No. 11-760, Doc. No. 13. The Court thereafter entered an Order directing the Committee to file proof of service, which was filed by the Committee on August 24, 2012. See Civil Action No. 11-760, Doc. Nos. 14, 15.

InsideOut has not yet answered or otherwise appeared.

The Committee has primary responsibility for the prosecution of this action.

h. *Ralph S. Janvey and Official Stanford Investors Committee v. Rocketball, Ltd. and Hoops, L.P., Civil Action No. 11-770*

This action was filed by the Receiver and the Committee on April 14, 2011. It asserts fraudulent transfer and unjust enrichment claims against Rocketball, Ltd. (“Rocketball”) and Hoops, L.P. (“Hoops”). Rocketball owns and operates the Houston Rockets franchise of the NBA. Hoops owns and operates the Memphis Grizzlies franchise of the NBA. The action seeks to recover payments to Rocketball and Hoops in excess of \$1.58 million between 2006 and 2008. On August 22, 2011, the Receiver and the Committee filed an amended complaint against both Rocketball and Hoops.

Between March 31 and September 30, 2012, there has been no change in the status of this action. The motion to dismiss filed by Rocketball is fully briefed and remains pending a decision by the Court. See Civil Action No. 11-0770, Doc. Nos. 11, 23, 28. The motion to dismiss filed by Hoops is fully briefed and remains pending a decision by the Court. See Civil Action No. 11-0770, Doc. Nos. 13, 24, 33. Pursuant to Judge Godbey’s Order of September 24, 2012, Magistrate Judge Frost will review the motions to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-0770, Doc. No. 36.

The Committee has primary responsibility for the prosecution of this action.

5. Other fraudulent transfer actions

a. *Ralph S. Janvey and Official Stanford Investors Committee v. The University of Miami, Civil Action No. 11-0041*

This action was filed by the Receiver and the Committee on January 6, 2011. It asserts fraudulent transfer and unjust enrichment claims against The University of Miami (“Miami”) and seeks to recover payments in excess of \$6.37 million.

Miami filed a motion to dismiss the action on September 17, 2012. Civil Action No. 11-0041, Doc. No. 30. The response of the Receiver and the Committee is not yet due.

The Committee has primary responsibility for the prosecution of this action

b. *Janvey, et al. v. Harry Earl Failing and Harry Earl Failing, P.C., Civil Action No. 10-02564*

This action was filed by the Receiver on December 15, 2010, asserting claims for fraudulent transfer, unjust enrichment, and breaches of fiduciary and other duties against Harry Earl Failing and his firm, Harry Earl Failing, P.C. (collectively, “Failing”) The action seeks to recover payments to Failing in excess of \$839,000 between 2006 and 2008. The Committee has previously intervened in the action. Civil Action No. 10-2564, Doc. No. 8.

On July 16, 2012, the Court entered an Order directing the parties to jointly file a status report and scheduling proposal. Civil Action No. 10-2564, Doc. No. 10. On July 30, 2012, the Committee filed an advisory to inform the Court that the Defendant, Harry

Earl Failing, had apparently died. Civil Action No. 10-2564, Doc. No. 12. Because of Mr. Failing's death, no joint status report has been filed.

The Committee has primary responsibility for the prosecution of this action.

c. *Janvey v. Texas A&M University, Civil Action No. 11-1895.*

This action was filed by the Receiver and the Committee on August 3, 2011. It asserts fraudulent transfer and unjust enrichment claims against Texas A&M University ("TAMU") and seeks to recover payments to TAMU in excess of \$4.4 million.

On July 24, 2012, the Court entered an Order to Show Cause why the action should not be dismissed for failure to complete service. Civil Action No. 11-1895, Doc. No. 8. The Committee filed a response to the Court's show cause order on August 23, 2012. Civil Action No. 11-1895, Doc. No. 9. The Court entered an Order on August 24, 2012, extending by 120 days the time within which Texas A&M must be served. *See* Civil Action No. 11-1895, Doc. No. 10.

The Committee is in the process of perfecting service upon TAMU.

The Committee has primary responsibility for the prosecution of this action.

E. **Fraudulent transfer actions brought solely by the Investors Committee**

In addition to the actions identified above that have been brought jointly by the Receiver and the Committee, there are additional fraudulent transfer actions that were filed and are being prosecuted solely by the Committee.¹⁶ No settlements have been

¹⁶ For such actions, the Receiver typically assigns the asserted claims to the Committee for prosecution.

reached in any of the actions brought solely by the Committee. The status of the pending actions is detailed below.

1. *Official Stanford Investors Committee v. Cort & Cort and Cort & Associates, Civil Action No. 11-0298*

This action was filed by the Committee on January 6, 2011. It asserts fraudulent transfer and unjust enrichment claims against Cort & Cort and Cort & Associates (collectively, "Cort & Cort"), two Antigua-based law firms of which Dr. Errol Cort is or has been partner. The action seeks to recover payments to Cort & Cort in excess of \$1.1 million between 2006 and 2009.

Cort & Cort filed a motion to dismiss on July 29, 2011. Civil Action No. 11-298, Doc. Nos. 11, 12, 13. On November 17, 2011, the Court entered an Order granting the Committee leave to conduct certain jurisdictional discovery prior to responding to the motion to dismiss. Civil Action No. 11-298, Doc. No. 23. The Committee then propounded interrogatories, requests for production, and certain deposition notices seeking discovery from Cort & Cort and its principals. Cort & Cort responded to the Committee's written discovery in July 2012.

In early September, 2012, the Committee learned that Cort & Cort had apparently terminated its counsel. On September 13, 2012, the Committee moved for and the Court granted a 60-day extension of time to complete the jurisdictional discovery permitted by the Court. Civil Action No. 11-298, Doc. No. 38. On the same day, Cort & Cort filed a motion to substitute counsel. Civil Action No. 11-298, Doc. No. 39.

The Committee has sole responsibility for the prosecution of this action.

2. ***Official Stanford Investors Committee v. American Lebanese Syrian Associated Charities, Inc., St. Jude Children's Research Hospital/ALSAC; St. Jude Children's Research Hospital; and Le Bonheur Children's Medical Center Foundation, Civil Action No. 11-0303***

This action was filed by the Committee on February 15, 2011. It asserts fraudulent transfer and unjust enrichment claims against American Lebanese Syrian Associated Charities, Inc. ("ALSAC"), St. Jude's Children's Research Hospital/ALSAC (St.Jude/ALSAC), St. Jude's Children's Research Hospital ("St. Jude's"), and Le Bonheur Children's Medical Center Foundation ("Le Bonheur"). ALSAC, St. Jude/ALSAC, and St. Jude's (collectively, the "ALSAC Defendants") are affiliated and inter-related entities that own, operate and finance St. Jude's Children's Research Hospital in Memphis, Tennessee. Le Bonheur owns, operates and finances Le Bonheur Children's Medical Center in Memphis, Tennessee.

The Committee's action seeks to recover payments to the ALSAC Defendants of more than \$11.9 million between 2006 and 2009. With respect to Le Bonheur, the Committee seeks to recover \$1.5 million transferred in \$500,000 increments in 2005, 2006 and 2008.

Between March 31 and September 30, 2012, there has been no change in the status of this action. Motions to dismiss filed by the Defendants remain fully briefed and pending a decision by the Court. See Civil Action No. 11-0303, Doc. Nos. 12, 18, 19, 20, 25 (ALSAC Motion); Doc. Nos. 22, 23, 24, 26, 27 (Le Bonheur Motion). Pursuant to Judge Godbey's Order of September 24, 2012, Magistrate Judge Frost will

review the motions to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-0303, Doc. No. 30.

The Committee has sole responsibility for the prosecution of this action.

3. *Official Stanford Investors Committee v. Chamberlain, Hrdlicka, White, Williams & Martin, L.P., Civil Action No: 11-01025*

This action was filed by the Committee on May 17, 2011. It asserts fraudulent transfer and unjust enrichment claims against Chamberlain, Hrdlicka, White, Williams & Martin, L.P. ("CHWWM"), a law firm that provided certain legal services to various Stanford entities. The action seeks to recover \$582,000 from CHWWM.

On June 21, 2012, the Court entered its Order denying the motion to dismiss filed by CHWWM. Civil Action No. 11-1025, Doc. No. 10. The Court on July 23, 2012 entered an Order directing the Committee and CHWWM to confer with respect to scheduling and to file a joint status report. Civil Action No. 11-1025, Doc. No. 11. The parties timely filed their Joint Status Report on August 15, 2012. Civil Action No. 11-1025, Doc. No. 13.

Judge Godbey's Order of September 24, 2012, specifically identified this case as one in which Magistrate Judge Frost was to review a pending motion to dismiss and make findings, conclusions and recommendations to Judge Godbey. Civil Action No. 11-1025, Doc. No. 14. However, there is no pending motion to dismiss in this case; Judge Godbey entered his order denying the CHWWM motion to dismiss on June 21, 2012.

The Committee has sole responsibility for the prosecution of this action.

**V. THIRD PARTY LIABILITY CASES BROUGHT BY THE RECEIVER
AND/OR THE COMMITTEE**

A. *Janvey v. Adams & Reese, LLP, et al.*, Civil Action No. 12-495

This action was jointly filed on February 16, 2012, by the Receiver and the Committee. The lawsuit alleges claims against two law firms (Adams & Reese, LLP and Breazeale, Sachse & Wilson, LLP), three individual lawyers — one who was also a director of Stanford Trust Company in Louisiana (“STC”) — and two other directors of STC relating to their roles in the promotion of Stanford’s Ponzi scheme, and particularly with respect to their roles in promotion of that part of the scheme that was run through STC.

A motion to dismiss was filed by Defendants Thomas Frazer and Cordell Haymon on April 19, 2012. Civil Action No. 12-495, Doc. No. 7. In May 2012, the Receiver, the Committee and the collected Defendants filed stipulations waiving service of process, extending the deadlines for the Defendants to respond to an amended complaint and for the Receiver and Committee to respond to any motions to dismiss, including the motion to dismiss filed by Frazer and Haymon. Civil Action No. 12-495, Doc. Nos. 12, 18.

The Receiver and the Committee filed an amended complaint on May 25, 2012. Civil Action No. 12-0495, Doc. No. 24. The various defendants all filed motions to dismiss that complaint in late June 2012. *See* Civil Action No. 12-0495, Doc. No. 26 (Defendants Frazer¹⁷ and Haymon); Doc. Nos. 27, 28 and 29 (Defendants Adams and

¹⁷ Defendant Frazer died on July 4, 2012. A Notice of Death was filed on July 9, 2012. Civil Action No. 12-0495, Doc. No. 36.

Reece, LLP, Robert Schmidt, and James Austin); Doc. Nos. 30, 31 and 32 (Defendant Breazele Sachse & Wilson, LLP); and Doc. Nos. 34, 35 (Defendant Claude Reynaud).

The Receiver and the Committee filed responses to the various motions to dismiss on August 16, 2012. *See* Civil Action No. 12-0495, Doc. No. 40 (Response to Motions of Frazer and Haymon); Doc. No. 41 (Response to Motion of Breazele Sachse & Wilson, LLP and Claude Reynaud); Doc. No. 42 (Response to Motion of Adams and Reece, LLP, Robert Schmidt and James Austin). The moving Defendants filed reply briefs on September 28 and October 2, 2012, in support of their motions to dismiss. *See* Civil Action No. 12-0495, Doc. No. 44 (Haymon); Doc. No. 47 (Adams and Reece, LLP, Robert Schmidt and James Austin); Doc. No. 49 (Breazele Sachse & Wilson, LLP); and Doc. No. 52 (Reynaud).

The Receiver and the Committee are jointly prosecuting this action.

B. *Janvey v. Proskauer Rose, LLP, Chadbourne & Park, LLP, and Thomas V. Sjoblom. Civil Action No. 12-644.*

This action was originally filed jointly by the Receiver and the Committee in the U.S. District Court for the District of Columbia on January 27, 2012. The action was transferred on March 1, 2012, to Judge Godbey's court in the Northern District of Texas, Dallas Division, by Order of the U.S. Judicial Panel on Multidistrict Litigation. It is now pending in Judge Godbey's court.

The action alleges claims against two law firms (Proskauer Rose, LLP and Chadbourne & Park, LLP) and one individual lawyer (Thomas V. Sjoblom) arising out of their central roles in the creation, construction, promotion and protection of Stanford's

Ponzi scheme.

On April 23, 2012, the parties filed a stipulation with the Court extending until June 1, 2012 the deadline for the defendants to answer or otherwise respond to the complaint. On May 29, 2012, the parties filed a stipulation with the Court abating defendants' deadline to answer or otherwise respond to the complaint, as the Receiver and the Committee intended to file an amended complaint. Civil Action No. 12-644, Doc. No. 38.

The Receiver and the Committee filed an amended complaint on August 8, 2012. Civil Action No. 12-644, Doc. No. 44. On September 11, 2012, the parties filed a stipulation with the Court establishing a schedule for the filing and briefing of motions to dismiss. Civil Action No. 12-644, Doc. 45.

The Receiver and the Committee are jointly prosecuting this action.

C. *Official Stanford Investors Committee v. BDO USA, LLP, BDO International, Ltd., BDO Global Coordination, B.V., and Brussels Worldwide Services BVBA; Civil Action No. 12-1447*¹⁸

This action was filed by the Committee on May 9, 2012. It alleges claims against various entities affiliated with the international accounting firm BDO arising out of the auditing, tax and other professional services provided by the various defendants to the various entities that played central roles in the Stanford Ponzi scheme. The Committee and the defendants have agreed to a schedule for the filing and briefing of motions to

¹⁸ This action was originally pending before the Hon. Jorge Solis. On September 5, 2012, it was transferred to Judge Godbey's court. Civil Action No. 12-1447, Doc. No. 8.

dismiss, and the Committee expects a stipulated order setting forth this agreement to be filed with the Court before the scheduled status conference on October 19, 2012.

The Committee has sole responsibility for the prosecution of this action.

VI. CLASS CASES BROUGHT BY INVESTOR COMMITTEE COUNSEL

A. *Troice v. Willis of Colorado, Inc., et al.*, Civil Action No. 09-1274

This is a class action filed in 2009 against global insurance broker Willis Group and Texas-based insurance broker Bowen Miclette by a group of Stanford investors from Mexico and Latin America represented by Committee members Ed Snyder of Castillo Snyder P.C. and Ed Valdespino of Strasburger Price, LLP, along with additional counsel from Neligan Foley, LLP. The action seeks certification of a class of all Stanford investors and claims damages on their behalf of \$7.2 billion, with alternative subclasses also alleged. The action alleges that the Defendants aided and abetted Stanford's fraudulent scheme to deceive investors around the world into believing that the SIBL CDs were insured by issuing letters to investors touting said insurance coverage.

On October 27, 2011, the Court granted the various motions to dismiss filed by the Defendants and entered a final judgment against the Plaintiffs. Plaintiffs filed a Notice of Appeal on October 28, 2011. On Plaintiffs' motion, the 5th Circuit Court of Appeals consolidated the *Willis* appeal with two other cases and granted expedited consideration of the consolidated appeals.¹⁹ On March 19, 2012, the 5th Circuit issued its opinion

¹⁹ The 5th Circuit consolidated the SLUSA-related appeals in the *Roland* matter, the *Willis* matter, and the *Proskauer Rose* matter (discussed in more detail below).

reversing the District Court's

In July 2012, the *Willis* defendants file petitions for writ of certiorari to the United States Supreme Court to seek further review of the 5th Circuit's decision, to which the plaintiffs have responded. On October 1, 2012, the United States Supreme Court issued an order inviting the U.S. Solicitor General to file a brief expressing the views of the United States concerning this appeal. It is anticipated that the United States Supreme Court will address the petition after it begins its new term in October 2012.

There are also several related "insurance letter" actions, all of which have been coordinated before the Court. They include *Ranni v. Willis*, Civil Action No. 3:09-CV-2042 (related "insurance letter" case); *MacArthur v. Certain Underwriters at Lloyd's of London, et al.*, Civil Action No. 3:10-CV-00313; and *Rupert v. Winter, et al.*, Civil Action No. 3:10-CV-799 (related "insurance letter" case). Given the pendency of the appeal from the Court's *Roland* decision, there has been little progress in these related insurance cases.

B. *Troice v. Proskauer Rose, LLP, et al.*, Civil Action No. 09-1600

This is a class action filed in 2009 against New York law firms Proskauer Rose and Chadbourne & Parke (and former partner Tom Sjoblom) by a group of Stanford investors represented by Committee members Ed Snyder of Castillo Snyder P.C. and Ed Valdespino of Strasburger Price, LLP, along with additional counsel from Neligan Foley, LLP. The action seeks certification of a class of all Stanford investors and claims damages on their behalf of \$7.2 billion. The action alleges that the Defendants aided and

abetted Stanford's scheme to obstruct investigations by the SEC into Stanford's CD sales program from 2005 through 2009.

The Defendants filed motions to dismiss in late 2009. Those motions were fully briefed. On October 21, 2011, the Court (as it did in the *Willis* matter addressed above) granted the motions to dismiss and entered a final judgment against the Plaintiffs. Plaintiffs filed a Notice of Appeal on October 25, 2011. As noted above, the 5th Circuit consolidated the *Proskauer Rose* appeal with the *Willis* appeal and the *Roland* appeal and granted expedited consideration of the consolidated appeals. On March 19, 2012, the 5th Circuit issued its opinion reversing the District Court's order.

In July 2012, the *Proskauer* defendants file petitions for writ of certiorari to the United States Supreme Court to seek further review of the 5th Circuit's decision, to which the plaintiffs have responded. It is anticipated that the United States Supreme Court will address the petition after it begins its new term in October 2012.

While the consolidated appeal was pending in the 5th Circuit, class counsel for the plaintiffs in *Proskauer Rose* filed several state court lawsuits to preserve the claims asserted in the *Proskauer Rose* action in the event that the 5th Circuit affirmed the District Court's dismissal order. Specifically, class counsel (and Committee member) Ed Snyder, of Castillo Snyder, filed the following lawsuits²⁰ alleging claims against Proskauer Rose, Chadbourne & Park, and Thomas Sjoblom:

²⁰ Each of the listed lawsuits was removed to federal court based upon the alleged applicability of SLUSA. Plaintiffs filed motions to remand in each of the lawsuits.

- a. *Ibarra, et al., v. Proskauer Rose, LLP, et al.*, Civil Action No. 5:12-CV-00082-OLG in the Western District of Texas – San Antonio Division (originally filed in District Court in Bexar County, Texas);
 - b. *Reed, et al., v. Proskauer Rose, LLP, et al.*, Civil Action No. 5:12-CV-00088-OLG, in the Western District of Texas – San Antonio Division (originally filed in District Court in Bexar County, Texas);
 - c. *Gale, et al., v. Proskauer Rose, LLP, et al.*, Civil Action No. 5:12-CV-00079-OLG, in the Western District of Texas – San Antonio Division (originally filed in District Court in Bexar County, Texas);
 - d. *Martin, et al., v. Proskauer Rose, LLP, et al.*, Civil Action No. 4:12-CV-00280, in the Southern District of Texas – Houston Division (originally filed in District Court in Harris County, Texas);
 - e. *Garza, et al., v. Proskauer Rose, LLP, et al.*, Civil Action No. 4:12-CV-00274 in the Southern District of Texas – Houston Division (originally filed in District Court in Harris County, Texas);²¹ and
 - f. *Green, et al., v. Proskauer Rose, LLP, et al.*, Civil Action No. 4:12-CV-00276 in the Southern District of Texas – Houston Division (originally filed in District Court in Harris County, Texas).
- C. ***Frank v. The Commonwealth of Antigua and Barbuda*, Civil Action No. 09- 2165**
***Queyrouze, et al., v. Bank of Antigua*, Civil Action No. 10-00304**

The *Frank* case is a class action case commenced by Peter Morgenstern,²² a member of the Committee, on behalf of all Stanford investors alleging that the Government of Antigua and Barbuda (“Antigua”) aided and participated in the Stanford

²¹ On April 30, 2012, Judge David Hittner granted plaintiffs’ motion to remand the *Garza* action to the 281st District Court in Harris County, Texas, finding that the 5th Circuit’s decision in the consolidated *Roland* appeals rendered removal of *Garza* pursuant to SLUSA improper.

²² At the time these actions were filed, Mr. Morgenstern was a partner with the law firm Morgenstern & Blue, LLP. Mr. Morgenstern is now a member of the law firm Butzel Long, P.C.

fraud, expropriated and misappropriated Stanford assets without paying compensation to Stanford's investors, and was the recipient of significant fraudulent transfers from Stanford and his companies. A separate action (the *Queyrrouze* case) was filed against Antigua, the Eastern Caribbean Central Bank and other banks that purported to take control of the Bank of Antigua, a Stanford owned financial institution that was also seized without the payment of compensation to Stanford's victims whose funds were used to establish that bank.

In both the *Frank* case and the *Queyrrouze* case, Antigua responded by filing motions to dismiss the complaint, arguing that it is not subject to the jurisdiction of the United States District Court for the Northern District of Texas and that the claims are barred by the doctrine of sovereign immunity. See Civil Action No. 09-2165, Doc. No. 43 (*Frank*); Civil Action No. 10-304, Doc. 6 (*Queyrrouze*). The Plaintiffs filed their response to the motions to dismiss on August 20, 2012. Civil Action No. 09-2165, Doc. No. 57 (*Frank*); Civil Action No. 10-304, Doc. 36 (*Queyrrouze*). On September 13, 2012, the Defendants in both matters filed a motion to extend the time for them to file reply briefs in further support of their pending motions to dismiss. Civil Action No. 09-2165, Doc. No. 58 (*Frank*); Civil Action No. 10-304, Doc. 37 (*Queyrrouze*).

The other defendants in the *Queyrrouze* case (Bank of Antigua, Eastern Caribbean Central Bank, Antigua Commercial Bank, St. Kitts-Nevis-Anguilla National Bank, Ltd., Eastern Caribbean Financial Holdings Company, Ltd., National Commercial Bank (SVG, Ltd.), and National Bank of Dominica, Ltd.) have not been served and have not answered

or otherwise appeared in the *Queyrouze* case.

D. *Turk v. Pershing, LLC*, Civil Action No. 09-2199

***Mendez v. Pershing LLC and Lockwood Advisors, Inc.*, Civil Action No. 11-00314**

The *Turk* case is a class action filed in November 2009 against Pershing by Texas and Florida investors who bought SIBL CDs where the funds transferred to, from or through Pershing. Plaintiffs allege that Pershing aided and abetted SGC's failure to register the CDs under Texas and Florida laws. The class is represented by the law firms of Hohman Taube & Summers, LLP; George & Brothers, LLP; and Beasley, Hauser, Kramer, Leonard & Galardi, P.A.

The *Mendez* case is a class action filed in February 2011 against Pershing by Stanford/SGC investors represented by Committee members Ed Snyder of Castillo Snyder P.C.; Peter Morgenstern, of Butzel Long; and Ed Valdespino of Strasburger Price, LLP, along with additional counsel Neligan Foley, LLP. The action seeks certification of a class of Stanford investors who purchased SIBL CDs through broker/dealer SGC and whose funds were wire transferred by Pershing to SIBL to fund the purchase of SIBL CDs between December 27, 2005 and February 16, 2009, with alternative subclasses also alleged. The action alleges that Defendants aided and abetted SGC's violations of the Texas Securities Act and seeks damages of roughly \$500 million.

Both cases were stayed from September 2011 through May 21, 2012 pending the outcome of the *Roland* appeal in the 5th Circuit. Judge Godbey issued orders lifting the stay on May 21, 2012, and directed the parties to file a joint status report addressing

various issues pertinent to both cases. Civil Action No. 09-2199, Doc. No. 73; Civil Action No. 11-314, Doc. No. 16. The parties filed a joint status report on June 8, 2012 that reflected, among other things, their agreement that the two actions should be consolidated into one case. Civil Action No. 09-2199, Doc. No. 74.

On July 2, 2012, the parties filed an agreed motion to consolidate the cases and to permit the filing of an amended, consolidated complaint. Civil Action No. 09-2199, Doc. No. 78. The Court entered its order formally consolidating the cases into the *Turk* case on July 3, 2012. Civil Action No. 09-2199, Doc. No. 80.

Defendants filed a motion to dismiss the amended, consolidated complaint on August 2, 2012. Civil Action No. 09-2199, Doc. Nos. 84, 85. Plaintiffs filed their response to the motion to dismiss on September 24, 2012. Civil Action No. 09-2199, Doc. No. 86. Defendants are due to file a reply brief in support of their motion to dismiss on or before October 15, 2012.

E. *Rotstain v. Trustmark National Bank, et al.*, Civil Action No. 09-2384

This action was filed by Plaintiffs represented by Peter Morgenstern, of Butzel Long, PC,²³ in late 2009 against The Toronto-Dominion Bank, Trustmark National Bank, Bank of Houston, HSBC Bank PLC and SG Private Banking (Suisse) S. A. (Societe Generale) alleging that those financial institutions assisted in the Stanford fraud and are legally responsible to the investors for damages incurred as a result. Plaintiffs also believe that these banks received millions of dollars in fees and charges which may be

²³ Mr. Morgenstern was with the law firm Morgenstern & Blue when this action was filed.

recoverable under a variety of legal theories. The banks responded by filing motions to dismiss the complaint on a variety of jurisdictional and other theories. *See* Civil Action No. 09-2384, Doc. Nos. 28 (HSBC), 31 (Toronto Dominion), 32 (SocGen), 36 (Trustmark) and 39 (Bank of Houston). Plaintiffs filed their response to the various Defendants' motions to dismiss on December 5, 2011, *see* Civil Action No. 09-2384, Doc. Nos. 94, 95, and the various Defendants filed reply briefs in support of their motions on December 22, 2011. *See* Civil Action No. 09-2384, Doc. Nos. 99 (SocGen), 100 (Toronto Dominion), 101 (HSBC), 105 (Trustmark) and 108 (Bank of Houston).

The Defendants' various motions to dismiss remain pending before the Court.

Also on December 5, 2011, the Committee filed a motion to intervene in this action, and a proposed intervenor's complaint, for the purpose of asserting fraudulent transfer claims against the various bank defendants. **The Committee's motion to intervene remains fully briefed and pending before the Court.** *See* Civil Action No. 09-2384, Doc. Nos. 96, 102, 103, 104, 107, 109, 110.

On May 15, 2012, the Receiver filed a motion seeking access to certain documents that Defendant HSBC provided to the Plaintiffs pursuant to an agreed confidentiality order. Civil Action No. 09-2384, Doc. No. 119. HSBC filed a response to that motion and the Receiver filed a reply brief. Civil Action No. 09-2384, Doc. Nos. 121 and 122, respectively. On May 31, 2012, the Court entered its Order granting the Receiver's motion, permitting the Receiver access to the documents, and amended the agreed confidentiality order. Civil Action No. 09-2384, Doc. No. 123.

F. *Official Stanford Investors Committee, Phillip Wilkinson and Horatio Mendez v. Breazeale Sachse & Wilson, LLP, Claude Reynaud, Adams & Reese, LLP, J.D. Perry, Rebecca Hamric, Michael Contorno and Carlos Loumiet, Civil Action No. 11-0329*

This is a combined Committee lawsuit and investor class action filed in February 2011 against various law firms and former officers and directors and employees of Stanford Trust Company of Louisiana (STC) by a group of investors who invested their IRA accounts into the SIBL CDs through STC, presently represented by Committee members Ed Snyder of Castillo Snyder P.C., and Peter Morgenstern, of Butzel Long, along with additional counsel Neligan Foley, LLP.

The action seeks certification of a class of STC IRA investors and claims damages on their behalf of roughly \$300 million. The action alleges that the Defendants aided and abetted Stanford's fraudulent scheme to use STC as the vehicle to get investors to invest their IRA accounts in the SIBL CDs. The Committee, as assignee of claims from the Receiver, has also brought claims against the Defendants for the return of CD proceeds fraudulently transferred to them, as well as against the Director and Officer Defendants for breach of fiduciary duty.

The Committee and the class plaintiffs filed an amended complaint On July 7, 2011. Civil Action No. 11-0329, Doc. No. 19. Certain of the Defendants, including Adams & Reese, filed motions to dismiss on July 21, 2011. *See* Civil Action No. 11-0329, Doc. Nos. 22, 23 (Adams & Reese Motion), Doc. No. 24 (Contorno Motion). Another Defendant filed a motion to dismiss on September 30, 2011. Civil Action No. 11-0329, Doc. Nos. 39, 40 (Fornet Motion). The Committee responded to these motions

to dismiss on October 28, 2011. Civil Action No. 11-0329, Doc. Nos. 45.

On May 18, 2012, the parties entered into and filed a stipulation establishing a schedule for the parties to respond to the amended complaint. Civil Action No. 11-0329, Doc. Nos. 67. Pursuant to that stipulation, the various other Defendants filed motions to dismiss the Complaint. *See* Civil Action No. 11-0329, Doc. Nos. 68, 69, 70 (Breazeale, Sachse & Wilson Motion); Doc. Nos. 71, 72 (Reynaud Motion). The Committee and the class plaintiffs filed their response to the various motions to dismiss on August 10, 2012. Civil Action No. 11-0329, Doc. No. 77. The various Defendants then filed their reply briefs. *See* Civil Action No. 11-0329, Doc. Nos. 79, 80 (Adams & Reece); Doc. No. 86 (Contorno); Doc. No. 87 (Reynaud); and Doc. No. 88 (Breazeale, Sachse & Wilson).

The motions to dismiss are fully briefed and pending a decision from the Court.

G. *Wilkinson v. BDO USA, LLP, BDO International, Ltd., BDO Global Coordination, B.V., and Brussels Worldwide Services BVBA, Civil Action No. 3:11-CV-1115*

This is a class action filed against various entities affiliated with the international accounting firm BDO by a group of Stanford investors represented by Hohman Taube & Summers, LLP, along with Committee members Ed Snyder of Castillo Snyder P.C.; Peter Morgenstern of Butzel Long; and Ed Valdespino of Strasburger Price, LLP. This action seeks certification of a class of all Stanford investors and claims damages on their behalf of \$7.2 billion, with alternative subclasses also alleged. The action alleges that the Defendants aided and abetted Stanford's fraudulent Ponzi scheme and violations of the

Texas Securities Act.

On September 15, 2011, the parties filed a stipulation seeking to stay the case for a period of 120 days because of the pending appeal of the *Roland* decision. The Court granted that stay. On January 6, 2012, the parties sought to extend the stay for an additional period because the *Roland* appeal was still pending. On January 13, 2012, the Court entered its Order staying this action until May 31, 2012. On May 25, 2012, the parties sought to extend the stay for an additional period because the parties' understood that the *Roland* appeal could potentially ascend to the United States Supreme Court. On May 30, 2012, the Court entered its Order staying this action until October 12, 2012. Civil Action No. 11-1115, Doc. No. 41.

In response to continued uncertainty concerning the pending *Roland* appeal, including the United States Supreme Court's recent order seeking the views of the United States on that appeal, the parties have agreed to continue the stay in this action. Plaintiffs' counsel expects a stipulated order setting forth this agreement to be filed with the Court before the scheduled status conference on October 19, 2012.

VII. ADDITIONAL LITIGATION RELATED MATTERS

The Receiver and/or the Committee have entered into tolling agreements with certain other parties relating to their dealings with and roles in the Stanford Ponzi scheme and the assertion of potential claims relating thereto. These parties are not being identified at this time because the tolling agreements contain provisions requiring that they be kept confidential.

Dated: October 16, 2012

Respectfully submitted,

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CERTIFICATE OF SERVICE

On October 16, 2012, I electronically submitted the foregoing document to 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/ John J. Little
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