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

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. STANFORD INTERNATIONAL BANK, LTD., STANFORD GROUP COMPANY, STANFORD CAPITAL MANAGEMENT, LLC, R. ALLEN STANFORD, JAMES M. DAVIS, and LAURA PENDERGEST-HOLT, Defendants.	§ § § § § § § § § § § § §	Case No.: 3-09-CV-0298-N

RECEIVER'S MOTION TO TRANSFER ACCOUNTS

I. INTRODUCTION

Ralph S. Janvey, as Receiver for all defendant-controlled entities and assets, respectfully moves the Court for an order approving the transfer of certain Stanford Group Company ("SGC") customer accounts to Dominick & Dominick, LLC, a Delaware limited liability company ("Dominick"), pursuant to the procedures summarized below. The Receiver must transfer these accounts to eliminate unnecessary monthly expenses of approximately $50,000 as an ongoing Receivership Estate obligation. In addition, the account transfer is in the best interests of the SGC customers who own the accounts at issue.

II. BACKGROUND

As requested by the Receiver, the Court has issued orders authorizing the release of approximately 31,000 previously frozen SGC customer brokerage accounts custodied at Pershing LLC ("Pershing"). (Doc. 117; Doc. 156; Doc. 239; Doc. 394). As a result of these orders, all 31,000 accounts became eligible for transfer from SGC to a new firm of the customer's choice. Holders of these released accounts were notified that they could transfer their accounts at any time, and they were encouraged to do so promptly. Immediately after the Court issued the two release orders, the Receiver published on the Receivership website the Court-approved transfer procedures by which a customer could transfer his or her account. *See* http://www.stanfordfinancialreceivership.com/index.shtml#custaccountrev. In addition, the Receiver's representatives contacted many of these customers by phone and/or email informing them how to transfer their account to a new firm. Notwithstanding the Receiver's efforts to assist SGC customers in transferring their accounts, a significant number of accounts have not yet been transferred due to customer inaction. As of August 25, 2009, approximately 3,500 of the previously released accounts remained at Pershing awaiting transfer. These 3,500 accounts (the "Accounts") hold aggregate assets of approximately $135,430,000. As noted above, by transferring the Accounts to Dominick, the Receiver will reduce monthly Receivership Estate expenses by approximately $50,000. To eliminate these expenses, and for the other reasons explained below, the Receiver now seeks to transfer the Accounts.

Because SGC is winding down operations, it can no longer service the Accounts. After repeated attempts to contact SGC customers to expedite the account transfer, the Receiver and his representatives concluded that it would be in the best interests of both the customers and the Receivership Estate to transfer the Accounts in bulk to a new firm. This bulk transfer will provide SGC customers the opportunity to fully address their investment needs and will decrease monthly administrative burdens and expenses of the Receivership Estate by approximately $50,000. To facilitate an efficient transfer, the Receiver will move the Accounts to a company that not only has the requisite experience and expertise to service the accounts, but that also has an established clearing relationship with Pershing. By transferring the Accounts to a firm associated with Pershing, the Receiver will not incur termination fees or Automated Customer Account Transfer Service ("ACATS") charges and will also eliminate maintenance fees associated with the Accounts, resulting in significant cost savings of approximately $250,000 (in addition to the monthly savings of approximately $50,000) to the Receivership Estate. Transferring the Accounts to a firm that uses Pershing as its clearing firm will facilitate a relatively quick transfer process and maintain consistent client reporting, which will cause little disruption to SGC customers.

Although the Receiver already has provided notice to SGC customers that failure to transfer their accounts will result in a transfer to a firm selected by the Receiver, the Receiver proposes to provide SGC customers a minimum of an additional 30-days notice to transfer their accounts to a firm other than Dominick. If this motion is granted, the Receiver will accommodate each customer who wishes to transfer his or her account to another firm of his choice before the transfer to Dominick is effected. In the event any SGC customer decides at a later date to transfer his or her account away from Dominick, Dominick will transfer the account to a firm selected by the customer.

III. ARGUMENT AND AUTHORITIES

A. The Receivership Order Authorizes the Receiver to Transfer the Accounts, and the Transfer is in the Best Interests of the Receivership Estate

The Receiver's decision to transfer the Accounts is consistent with this Court's directives. *See* Amended Order Appointing Receiver (Doc. 157) (the "Receivership Order") ¶ 5(g) (ordering the Receiver to "minimize expenses"); *id.* at ¶ 15(a)(ii) (permitting a financial institution or person that holds any accounts on behalf of the Defendants to convert or transfer such accounts if "directed in writing by the Receiver or his agents"); *id.* at ¶ 6 (granting the Receiver "the sole and exclusive power and authority to manage and direct the business and financial affairs of the Defendants"). First, transferring the Accounts to Dominick will reduce Receivership Estate expenses. The Receiver and his representatives currently devote significant time, and thus expense, to various tasks associated with the administration of the Accounts. These administrative tasks currently cost the Receivership Estate approximately $50,000 each month. By transferring the Accounts, the Receiver can eliminate these expenses, and his representatives can focus time and effort on other matters related to the Court's primary directives, such as recovering assets for investors. In addition, because Dominick, like SGC, uses Pershing as its clearing firm, Pershing will not charge SGC any ACATS fees, termination fees and other maintenance expenses that Pershing otherwise would charge if the Accounts were transferred to a firm not associated with Pershing. This fact will result in cost savings of approximately $250,000 to the Receivership Estate. Because the transfer will decrease monthly Estate expenses by approximately $50,000 and avoid approximately $250,000 in fees, the transfer will fulfill the Court's charge to minimize expenses and maximize the assets of the Receivership Estate.

Second, the decision to transfer the Accounts is consistent with the Receiver's authority to direct the affairs of SGC. *See id.* at ¶ 6 (granting the Receiver "the sole and exclusive power and authority to manage and direct the business and financial affairs of the Defendants"). Because SGC is winding down its business and no longer operates as a broker-dealer, it cannot fully service the Accounts. The Receiver cannot proffer a good business reason for continuing to hold the Accounts.

Finally, as noted above, the Receivership Order permits any financial institution that holds or maintains accounts or assets on behalf of any Defendant, including SGC, to transfer the assets "in any account maintained in the name of or for the benefit of any defendant or relief defendant in whole or in part" if "directed in writing [to do so] by the Receiver or his agents." *Id.* at ¶ 15(a); ¶ 15(a)(ii). As part of the transfer process, the Receiver will direct Pershing to transfer the Accounts pursuant to the procedures discussed below.

B. The Transfer Will Benefit SGC Customers

As noted above, because SGC is winding down operations it cannot service the Accounts, and customers may only sell or liquidate their account positions at this time. Thus, customers currently cannot place buy orders, change their account assets or otherwise manage their accounts. By transferring the Accounts, SGC customers may address all their investment needs and manage their accounts. In addition, because the Receiver will transfer the Accounts to a broker-dealer that uses Pershing as its clearing firm, the customers will experience little disruption because Pershing will maintain consistent reporting and account statement procedures.

Moreover, the SGC customers face no additional liability or expense in connection with the account transfer. Dominick and the Receiver will enter into an Account Transfer Agreement, substantially in the form attached hereto as Exhibit A, wherein Dominick will agree, among other things, that it will not, directly or indirectly, charge, assess or pass on to the holders of the Accounts any costs incurred or paid by Dominick in connection with the account transfer. In addition, Dominick will agree that it will cooperate with any SGC customer who desires to transfer his or her account to a brokerage firm or financial institution other than Dominick. The Receiver has structured the transfer and arrangement with Dominick to minimize costs to the Receivership Estate and to provide maximum benefit to the SGC customers.

In addition, the transfer to Dominick will benefit the SGC customers because Dominick possesses the experience and expertise necessary to execute the bulk transfer and to service the investment needs of SGC customers. Over the past several months, the Receiver and his representatives considered a number of firms before selecting Dominick. The Receiver's team researched each potential transferee firm and engaged in discussions with the firms they considered to be the best candidates before ultimately determining that the interests of the Receivership Estate and the SGC customers would be served best by retaining Dominick as the transferee firm. Dominick was founded in 1870 and maintains its headquarters in New York. Dominick also has offices in Miami, Atlanta and Basel, Switzerland. Dominick is a full service securities firm registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority and as an investment advisor with the SEC. Dominick has approximately $1.7 billion in customer assets under management. As noted above, Dominick, like SGC, is a Pershing client, which will ensure a relatively straightforward and efficient transfer. Dominick anticipates establishing a help desk to answer questions that SGC customers may have about Dominick's services. The Receiver is confident that Dominick possesses the expertise and experience, as well as excellent customer service, to service the Accounts and to execute the bulk transfer.

C. Summary of Transfer Procedures

As part of the transfer process, the Receivership will send a negative consent letter to each customer whose account will be transferred notifying the account holder of the Receiver's intent to transfer his or her account, subject to the Court's approval. Each customer will have a minimum of 30 days from the date of the negative consent letter to inform the Receiver that he or she does not wish to transfer his or her account to Dominick. If any customer wishes to transfer his account to a firm other than Dominick, the Receiver will transfer such account to a firm selected by the customer. Because both SGC and Dominick use Pershing as their clearing firm, the actual transfer process is relatively straightforward because Pershing will not have to transfer account information to a new clearing firm. We anticipate that approximately one week after the actual transfer process begins, customers will have full access to the Accounts and associated assets.

IV. CONCLUSION AND PRAYER FOR RELIEF

To minimize expenses to the Receivership Estate and to provide SGC customers the opportunity to service their accounts, the Receiver must transfer the Accounts from SGC to Dominick. Accordingly, for the foregoing reasons, the Receiver respectfully requests that the Court issue an Order granting the Receiver's Motion to Transfer Accounts and authorizing the Receiver to transfer the Accounts to Dominick.

Dated: August 28, 2009

Respectfully submitted,

Baker Botts L.L.P.

By: /s/ Kevin M. Sadler

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ATTORNEYS FOR RECEIVER
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CERTIFICATE OF CONFERENCE

Counsel for the Receiver conferred with the parties to this case. Counsel for the Receiver conferred with David B. Reece, counsel for the SEC, who stated that the SEC takes no position on this motion and the relief sought herein. Counsel for the Receiver conferred with Jeff Tillotson, counsel for Laura Pendergest-Holt, who stated that Ms. Pendergest-Holt takes no position on this motion and the relief sought herein. Counsel for the Receiver conferred with Ruth Schuster, counsel for R. Allen Stanford, who stated that Mr. Stanford will take a position after reviewing the filed motion. Counsel for the Receiver conferred with John Little, Court-appointed Examiner, who stated that he is opposed to the motion and the relief sought herein. Counsel for the Receiver conferred with Manuel P. Lena, Jr. counsel for U.S.D.O.J. (IRS) who stated that the IRS is not opposed to the motion or relief sought herein. Counsel for the Receiver attempted to confer with David Finn, counsel for James Davis, but was unsuccessful. Therefore, this motion is opposed.

/ s / Kevin M. Sadler
Kevin Sadler

CERTIFICATE OF SERVICE

On August 28, 2009, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served the Court-appointed Receiver, all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Kevin M. Sadler
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