

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

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

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

Defendants.

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CIVIL ACTION NO. 3-09-CV 0298-N

**APPENDIX IN SUPPORT OF EXAMINER'S RESPONSE
IN OPPOSITION TO RECEIVER'S MOTION FOR APPROVAL
TO RELEASE PORTION OF HOLDBACK**

John J. Little, Examiner, respectfully submits his Appendix in Support of the Examiner's Response in Opposition to Receiver's Motion for Approval to Release Portion of Holdback.

Included in this Appendix are the following:

<u>Ex.</u>	<u>Description</u>	<u>App. Page Nos.</u>
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June 9, 2014

Respectfully submitted,

/s/ John J. Little

John J. Little

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CERTIFICATE OF SERVICE

On June 9, 2014, 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 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

**APPENDIX IN SUPPORT OF EXAMINER'S RESPONSE
IN OPPOSITION TO RECEIVER'S MOTION FOR APPROVAL
TO RELEASE PORTION OF HOLDBACK**

Exhibit A

Excerpt from Transcript of Hearing held September 10, 2009

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1 APPEARANCES CONTINUED:

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24 Proceedings reported by mechanical stenography, transcript
25 produced by computer.

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1 P R O C E E D I N G S

2 SEPTEMBER 10, 2009

3 THE COURT: Be seated. Good afternoon. I'll wake
4 up in a minute.

5 I've read the briefs that have been filed with regard
6 to the Receiver's two applications, and also I've reviewed
7 the Examiner's application.

8 I have not seen any opposition to the Examiner's
9 application. Is that correct?

10 MR. LITTLE: That's correct, Your Honor.

11 THE COURT: Okay. Then that application is
12 granted.

13 Having spent a fair amount of time actually reading
14 the briefs, I don't particularly want to listen to you-all
15 just reiterate what's in there. I certainly will listen
16 to you some, but, as I say, I don't need just an oral
17 presentation of what I've already seen in writing.

18 So having said that, I'm happy to listen first to the
19 Receiver.

20 MR. SADLER: Thank you, Your Honor. May I
21 proceed?

22 THE COURT: Please.

23 MR. SADLER: Good afternoon, Your Honor. Kevin
24 Sadler of Baker Botts here with Mr. Ralph Janvey, the
25 Receiver, and Mr. Richard Roper, Thompson & Knight, as well.

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1 invoices.

2 And I'm sure the airfare, the meals, the lodging, the
3 hotels are expensive. Once again, though, it is work that
4 was absolutely essential, and the resources, the people to
5 put on that, simply didn't exist in Houston.

6 And I know that's likewise the case with Ernst & Young,
7 Your Honor.

8 Are there any other specifics? I'll be happy to -- to
9 address.

10 THE COURT: Do we have the billing information
11 from the outside professionals on travel expenses that
12 enables you to determine who is going where and why?

13 MR. SADLER: I believe in the billing detail for
14 all the professionals, that is included. If it is not,
15 then I have a misapprehension. But I believe that those
16 expenses are explained in that way, who traveled to where.
17 And I believe it's listed in their work records as well.

18 MR. REECE: Your Honor, I'm -- I'm not certain
19 that's the case. There may be references to travel in --
20 in invoice descriptions, but I don't think there's a -- like
21 a listing of who went where and -- and what dates and that
22 sort of thing.

23 MR. SADLER: And let me clarify. Is -- is -- was
24 Your Honor asking about copies of -- of hotel bills, copies
25 of airline receipts? Is that --

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1 THE COURT: No. I got the impression from
2 primarily I believe the Examiner's objections that the
3 billing was more lump sum travel expenses--food, airfare,
4 lodging per diem, total, blank, and that they therefore
5 had no way to assess whether the travel expenses were
6 reasonable and necessary.

7 MR. SADLER: And, Your Honor, what we can do and
8 we're happy to do is relook at those bills. And if there is
9 any detail lacking, we will insist that those professional
10 firms submit that.

11 I know for the law firms, for Baker Botts, for Thompson
12 & Knight, all the travel and who was traveling and where
13 they were traveling is in fact detailed. So any time I went
14 to Houston or Dallas or Mr. Roper went somewhere, went to
15 South America or the various other places he goes, that is
16 detailed.

17 If it's missing in any respect with respect any of the
18 other professionals, we would certainly provide that. We
19 would insist that it be provided.

20 THE COURT: All right.

21 MR. LITTLE: Your Honor, if I may, Mr. Sadler is
22 correct about Baker Botts and Thompson & Knight with respect
23 to their travel. Their invoices, for example, tell me that
24 Mr. Sadler came to Dallas on a particular day to meet with
25 me, and we see his travel expense for that.

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1 We do not see that at all for Ernst & Young or FTI. It
2 is simply a line item, and it's a big line item.

3 For FITS, the entirety of their invoice is one, two,
4 three, four pages. The narrative is seven lines long. It
5 is one paragraph. It looks like a bill that was sent in
6 the Sixties for services rendered with an extraordinarily
7 generic description for \$444,000 in fees.

8 The second page is a chart that simply tells us that
9 Mr. Kurylak worked 424 hours and other folks worked various
10 hours and that each of those six folks has 9-, \$10,000 in
11 travel expense.

12 Well, if in fact these folks have taken over that
13 operation, why are they traveling three months into this
14 deal to do that? Why are we spending \$10,000 to bring Mr.
15 Kurylak, Mr. Coker, Ms. Lewis, et cetera, to this task?

16 And then we have a little chart that breaks up the 444
17 into trust matters, brokerage firm matters, account review,
18 Latin American matters, general Receivership and Examiner
19 matters. I have my own line item, which is very exciting.

20 But we -- we have no detail about what these folks have
21 done. We don't know what any of the individuals have done.
22 We know it's cost \$50,000 in travel expense in the second
23 application, another 50- in the first application.

24 If there are six of them and they have taken over the
25 operations, can't they do it wherever they are? Do we have

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1 to spend a hundred grand to move them around? That's the
2 problem with them, the problem with Ernst & Young and FTI,
3 is we have no detail about any of their expenses. If they
4 have got it, I'd love to look at it.

5 THE COURT: All right. With regard to the -- I
6 want to address first the pending applications and then
7 address going forward.

8 With regard to the pending applications, I am not
9 approving the travel expenses for Ernst & Young and FTI
10 and not approving the fee application regarding FITS. I'm
11 not rejecting it, either. I simply agree with the Examiner
12 that there's not sufficient backup yet to assess those.

13 So assuming that the backup is there, and I would think
14 it likely is, I would anticipate that, in due course, that
15 those would be approved.

16 With regard to the balance of the fee application, I'm
17 approving it. I am going to impose a 20 percent holdback
18 and will continue doing that through the life of the
19 Receivership.

20 Again, just to be clear, I'm not rejecting that 20
21 percent. I am just hanging on to it until we see how
22 everything works out.

23 On a going-forward basis, first let me say I'm
24 sympathetic to the idea that there are administrative
25 activities that the Receiver has to undertake just by

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1 virtue of his role. It's not discretionary. There are
2 some things that have just got to be done, and I
3 understand that.

4 And I understand that when people are resisting what
5 the Receiver wants to do, that it gets more expensive and
6 the Receiver doesn't really have control over whether or not
7 people are resisting. So I do have some sympathy for those
8 issues.

9 I do think, nonetheless, on a going-forward basis, the
10 Receiver and the professionals for the Receiver have got to
11 be cognizant of the overall size of the Receivership Estate
12 as it now exists. It's one thing to dump hundreds of
13 lawyers in a project when you think, if we move quick, we
14 can snag on to billions of dollars.

15 But when that's apparently not the case anymore, I
16 think you have to start looking differently at the operation
17 of the Receivership and the amount of resources that are
18 going to professionals. And, of course, every dollar that
19 goes to the professionals is not available to ultimately
20 be distributed to investors or, in the event the defendants
21 prevail, to be returned back to the defendants. In any
22 event, it's gone to other people.

23 So while, yes, certain things I think just have
24 to be done, the way that they are done, the number of people
25 who are doing them, perhaps is something that a prudent

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1 Receiver would look at in view of the total assets of the
2 Receivership. Undertaking discretionary efforts to try and
3 recover assets from third parties again I think is something
4 that you've got to look at with a cost benefit eye.

5 I do want the Receiver to prepare a budget, if you
6 will, more or less, broken out by different activities and
7 go over that with the SEC and the Examiner.

8 I would think it would be prudent for the professionals
9 to create different client matter billing numbers for each
10 of those activities. Right now I understand that it would
11 be a problem to try and sort through a thousand pages of
12 billings and use different color highlighters and segregate
13 out who did what when and then pay some accountant to add it
14 all up so that you could get a breakout of the legal fees by
15 activities.

16 I think on a going-forward basis, you could certainly
17 do that by creating -- and this may not be the appropriate
18 vocabulary, but creating new client matter numbers for the
19 discrete tasks. So I encourage the Receiver in your
20 consultation with the SEC and the Examiner to think about
21 requiring that from the outside professionals that are
22 performing services.

23 I think also on a going-forward basis, we need to be
24 sure that there's adequate information available to assess
25 the bills. So on a going-forward basis, I need for all of

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1 the outside professionals who bill by the hour to impose
2 what I've heard referred to as the nonclumping rule, meaning
3 they need to identify the amount of time spent on each task
4 during the day instead of listing all the tasks and then
5 collectively noting the total amount of time for that day.

6 Likewise, I think to the extent the professionals
7 have not been maintaining a record of travel expenses that
8 permits review of who went where for what for this trip, I
9 think they need to have that information available,
10 certainly on a going-forward basis.

11 I am approving, as I said, the balance of the fee
12 application which includes the PR firm that the Examiner is
13 unhappy about. I think on a going-forward basis, I am not
14 going to approve any PR firm expenses.

15 To the extent the Examiner thinks he needs -- I'm
16 sorry, the Receiver thinks he needs that kind of assistance,
17 I think that's going to have to be an expense that the
18 Receiver bears. As I say, if you think you need that.

19 But I think in large measure, with the presence of the
20 Examiner, that kind of assistance to the Receiver is not as
21 important as perhaps it was when you first engaged those
22 outside professionals.

23 So with regard to going forward, do the Receiver or
24 the SEC or the Examiner have any question about what it is
25 I'm asking you to do?

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1 MR. SADLER: May I ask for a couple of
2 clarifications?

3 THE COURT: Yes.

4 MR. SADLER: We have that we had planned to file
5 next week a third fee application that will -- will bring us
6 up to date. And so when you're talking about going forward,
7 for example, breaking it out --

8 THE COURT: I'm not referring to that because
9 that's time that's already in the can and I'm not asking
10 you to have folks go back and try and remember, well, did
11 I spend three/tenths of an hour on this conversation or
12 two/tenths. I don't think that's realistic.

13 MR. SADLER: Okay. Thank you. But we will to
14 heart your -- your direction to do that literally on the
15 going-forward basis. September 1 we will -- we will carry
16 it forward then.

17 With respect to the Pierpont organization, they do
18 have -- and I don't have it committed to memory, but they
19 do have some fees and expenses for this period we are about
20 to bill. Is -- will your --

21 THE COURT: That's fine. I'm not talking about
22 that. I'm talking about work or fees to be incurred from a
23 week or now because they may have things they need to wind
24 up --

25 MR. SADLER: Thank you --

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1 THE COURT: -- going forward.

2 MR. SADLER: -- for that clarification.

3 With respect to the different billing matters, I know
4 the law firms have -- have already instituted that. And we
5 will certainly direct the other professionals, to the extent
6 they work on multiple different matters, to create separate
7 subbilling matters. For some, for example, the foreign
8 firms, there may be only one because they may be only
9 working on one thing--litigation in the UK, that -- that
10 sort of thing. But we will very much take to heart --

11 THE COURT: And that's fine.

12 MR. SADLER: And we will obviously address the
13 other issues about travel and those kinds of expenses. But
14 I think my final clarification is, may the Receiver begin
15 making disbursements consistent with Your Honor's limitation
16 as to the two travel, FITS, and the 20 percent?

17 THE COURT: Yes.

18 MR. SADLER: Thank you. Oh, I'm sorry. And I was
19 assuming with respect to the 20 percent that Your Honor is
20 describing as a holdback, that that applies to fees only
21 and -- and not the out-of-pocket expenses.

22 THE COURT: I was assuming it would apply to
23 everything.

24 MR. SADLER: Well, Your Honor, I -- I would
25 request that we limit that holdback to the professional

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1 fees. The -- the expenses are the hard, out-of-pocket
2 costs that all the professionals have disbursed. It's --
3 and I would request if Your Honor would consider limiting
4 the 20 percent holdback simply to the fees and not to the
5 out-of-pocket expenses.

6 THE COURT: I'll think about that while I let the
7 Examiner -- I'm sorry, the SEC and the Examiner say anything
8 that they want to.

9 Mr. Janvey, did you have another thing that you wanted
10 to raise?

11 MR. JANVEY: No, Your Honor.

12 THE COURT: Okay.

13 MR. SADLER: Thank you, Your Honor.

14 THE COURT: All right. Thoughts from the SEC?

15 MR. REECE: Just very briefly, Your Honor.

16 On the -- the client matter number issue that you
17 raised, I don't know if Mr. Sadler is referring to certain
18 breakdowns that have been done in the previous fee
19 applications.

20 I think, in light of the guides we're given today, I
21 think we can work through on how to get activities that
22 allow us all to exactly know what's going on, but I just
23 want to make sure I -- that we probably need more detail
24 than what's been given to the categories in the fee
25 applications.

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1 I don't know if that's what you meant or not,
2 Mr. Sadler.

3 THE COURT: I am happy for you to visit with the
4 Receiver about how best to accomplish that.

5 MR. REECE: Okay. Thank you, Your Honor.

6 THE COURT: And what is your view with regard to
7 the holdback as applied to out-of-pockets? And I understand
8 their concern. They're saying those are hard dollars that
9 are gone out of their bank accounts.

10 MR. REECE: Your Honor, I understand that concern.
11 I think, given the concerns that led us to ask for the --
12 the holdback in the first place, I think we would suggest
13 that it apply to the expenses as well because that allows at
14 the end of the day to examine whether those expenses were --
15 were of value to the Estate.

16 THE COURT: Okay. Anything else from the
17 Examiner?

18 MR. LITTLE: No, Your Honor.

19 THE COURT: All right. I think I agree with the
20 SEC that the 20 percent needs to be across the board so that
21 we do have the chance to look at the expenses as well.

22 Mr. Tillotson?

23 MR. TILLOTSON: Yes, Your Honor. If I may
24 approach just briefly.

25 THE COURT: And I am just, oh, so reluctant to

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1 bring up things that weren't on the agenda today, but I at
2 least want to hear you tell me what it is you want to talk
3 about.

4 MR. SADLER: May I beg the Court's indulgence for
5 just one quick question?

6 THE COURT: Yes.

7 MR. SADLER: And that is, is there a time period
8 that Your Honor has in mind that we can then reapply for
9 this -- this 20 percent?

10 THE COURT: No. Whenever you-all get the backup
11 together and give the SEC and the other folks a chance to
12 look at it and present it, I'm happy for you to do that.

13 MR. SADLER: No. And I did understand Your Honor
14 about the travel expenses and FITS and we're going to --
15 I -- I meant the 20 percent holdback.

16 THE COURT: The 20 percent? I would assume that
17 that would be when all the dust settles. If you want to
18 make a pitch at some point that some portion of that ought
19 to be cut loose because enough time has elapsed that we
20 ought to have confidence with regard to certain billing
21 items, then I would be open to considering that at some
22 point. But not -- not immediately.

23 MR. SADLER: Understood. Thank you, sir.

24 THE COURT: Mr. Tillotson?

25 MR. TILLOTSON: Yes, Your Honor. I'll be brief.

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1 Jeff Tillotson on behalf of the defendant Laura
2 Pendergest-Holt.

3 Your Honor, we have pending before the Court a motion
4 that's docket number 538. It's a motion to clarify that
5 the D&O policy proceeds are not part of the Receivership
6 Estate.

7 The reason I bring it to the Court's attention is that
8 motion is of extraordinary significance to my client and
9 some of the others. Since all of their assets were seized
10 as part of the Receivership order, this is their only way
11 to have access to any funds to pay for defense in this case
12 and the criminal case.

13 I bring it to the Court's attention. I know it's not
14 on the docket. I'm reluctant to do so. However, that
15 motion is now impacting the criminal case. We have filed
16 a motion to stay the criminal case in which my client and
17 others have been indicted.

18 Until that motion is resolved, because it impacts what
19 lawyers can appear, there's a whole side story with respect
20 to the lawyers in that case, Judge Hittner, who is the judge
21 for that case, has asked us to keep him apprised as to the
22 status of this motion for purposes of timing of the criminal
23 case. And --

24 THE COURT: Okay. Let me do this. I will be
25 sure that that gets towards the top of our to-do list.

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1 MR. TILLOTSON: That's all, Your Honor. If
2 there's anything we can do to expedite that, our motion,
3 I just wanted to put that to the Court's attention. We
4 appreciate your consideration on that. Thank you, Your
5 Honor.

6 THE COURT: Okay. All right. Anything else for
7 today?

8 MR. SADLER: Not from the Receiver, Your Honor.
9 Thank you for hearing us.

10 MR. REECE: Not from the SEC.

11 THE COURT: Nothing more? All right. Thank
12 you-all for coming down. The Court will stand in recess.

13 MR. LITTLE: Thank you.

14 (The proceedings were concluded.)
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CERTIFICATION

I certify that the foregoing is a true and correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees format comply with those prescribed by the Court and the Judicial Conference of the United States.

s/Linda J. Robbins

Date: September 11, 2009

**APPENDIX IN SUPPORT OF EXAMINER'S RESPONSE
IN OPPOSITION TO RECEIVER'S MOTION FOR APPROVAL
TO RELEASE PORTION OF HOLDBACK**

Exhibit B

Receiver's 7th Interim Report Regarding Status of Receivership,
Asset Collection, and Ongoing Activities (Doc. 1955)
and Supporting Appendix thereto (Doc. 1956)

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STANFORD INTERNATIONAL BANK, LTD., ET AL.,

Defendants.

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Case No. 3-09-CV-0298-N

**RECEIVER'S 7TH INTERIM REPORT REGARDING STATUS OF
RECEIVERSHIP, ASSET COLLECTION, AND ONGOING ACTIVITIES**

The Receiver hereby submits for the Court's consideration the following information regarding the status of the Receivership, asset collection efforts, and other ongoing activities. Unless otherwise stated herein, the information in this report is current as of December 31, 2013.¹ The Receiver will supplement this report as circumstances develop or if the information herein materially changes.

I. CASH INFLOWS & MAJOR RECEIVERSHIP ASSETS

The total amount of cash collected by the Receiver — including, but not limited to, remaining operating income streams, asset liquidation, and recovery of assets and funds from third parties — was approximately \$240.9 million as of December 31, 2013. After subtracting the fees and expenses discussed in more detail below in Section II of this report, the net cash

¹ A summary of the data in this report is contained in the concurrently filed Appendix. In particular, page 1 of the Appendix provides both summary- and detail-level information regarding the Receivership's cash flow. Page 2 of the Appendix lists major Receivership assets identified thus far.

inflows totaled **113.7 million**. Of this amount, \$3.0 million was restricted cash inflows,² and \$110.7 million was unrestricted cash inflows prior to distribution. The Receiver has thus far distributed \$24.5 million to claimants who filed claims with the Receivership, leaving the Estate with \$86.2 million in unrestricted cash on-hand.

Cash Balances & Trailing Revenue: The cash balances recovered by the Receiver shortly following his appointment on February 17, 2009 totaled approximately \$63.1 million. In addition, the Receivership has collected roughly \$5.5 million in cash associated with income earned prior to the inception of the Receivership.

Private Equity: The Receiver has recovered approximately \$37.6 million in net cash proceeds from the liquidation of private equity investments and expects to receive approximately \$300,000 more from closed or pending private equity liquidations. In addition, the Receiver's financial advisor is continuing to market the remaining investments in Stanford's private equity portfolio, which have an estimated value of up to \$6.6 million.

Real Estate: The Receiver has recovered approximately \$18.7 million in net cash proceeds from the liquidation of real estate. The Receiver's real estate brokers are continuing to market other properties in Stanford's real estate portfolio, and the Receiver estimates up to \$2 million in potential recovery from the liquidation of those properties.

Watercraft and Airplanes: The Receiver has recovered approximately \$8.0 million from the disposition of airplanes owned or leased by Stanford and from the sales of the Sea Eagle yacht, the Little Eagle yacht, and the Robust Eagle tugboat.

² This restricted cash includes, *inter alia*, the following: amounts held in escrow pending the outcome of the controversy between the Receiver and Dillon Gage; funds held in relation to the Bank of Antigua; and amounts subject to potential liens.

Latin American Assets: The Receiver has been able to liquidate assets in Panama, Ecuador, and Peru, resulting in a recovery of approximately \$12.9 million.³ Moreover, the Receiver is pursuing the recovery of up to \$8.4 million in additional Latin American assets.

Miscellaneous Asset Sales: The Receiver has recovered approximately \$2.3 million from the sale of miscellaneous assets — including, but not limited to, furniture, coins, vehicles, and assorted equipment.

Litigation: The Receiver has fraudulent-transfer, unjust-enrichment, and other claims pending against numerous defendants, through which the Receiver seeks the recovery of approximately \$686.4 million.⁴ The Receiver has identified at least an additional \$1.3 million in international litigation claims. Asset recovery litigation is difficult, protracted, and expensive. Nevertheless, such claims are the single largest potential source of funds which may be recovered for the benefit of Stanford's victims. Although the Receiver has thus far received approximately \$20.8 million⁵ from settlements and other litigation efforts (including over \$2.2 million received from the political committee defendants in Case No. 3:10-CV-0346-N) and has secured injunctions to hold another approximately \$27.4 million, the amount that the

³ This figure comprises the following: (a) over \$7.7 million in net proceeds from the sale of Stanford Bank (Panama) S.A. and Stanford Casa de Valores; (b) approximately \$612,000 from the sale of the Stanford Peruvian brokerage business; and (c) over \$4.5 million through the liquidation of Stanford Ecuadoran assets.

⁴ For the purposes of this report, the Receiver has excluded the following amounts from this figure: (a) claims for the return of over \$944.2 million in "principal" amounts from net-winner defendants; (b) claims against R. Allen Stanford for at least \$1.8 billion; (c) claims against the defendants in *Janvey, et al. v. Adams & Reese, LLP, et al.* (Case No. 3:12-CV-0495-N-BL), *Janvey, et al. v. Proskauer Rose, LLP, et al.* (Case No. 3:12-CV-0644-N-BL), *Janvey, et al. v. Greenberg Traurig, LLP, et al.* (Case No. 3:12-CV-4641-N), and *Janvey, et al. v. Proskauer Rose, LLP, et al.* (3:13-CV-0477-N) for actual and punitive damages; (d) the breach of fiduciary duty claims against the defendants in *Janvey v. Alvarado, et al.* (Case No. 3:13-CV-0775-N) and *Janvey v. Comeaux* (Case No. 3:13-CV-4700-N); and (e) the approximately \$27.4 million in enjoined funds discussed elsewhere in this Report.

⁵ This figure comprises the following: (a) settlements with 162 investors/investor groups for \$12,607,813.33; (b) \$2,255,911.23 received from the political committee defendants; (c) a settlement with former employees Aitken and Thacker for \$4.4 million (of which \$30,000 remains to be funded by Thacker); (d) a settlement with Walton Houston Galleria Office, L.P. for \$385,000; (e) a settlement with Buhler and DePierro for \$29,290 relating to a Stanford interest in GoAntiques; (f) \$506,420.35 collected from an account with Charles Schwab; (g) a settlement with former employee Luke Patterson for \$15,000; (h) a settlement with former employee Matthew Drews for \$251,720.17; (i) a settlement with Courtney Blackman for \$45,000; and (j) \$286,889.33 in other litigation recoveries.

Receiver ultimately is able to collect from defendants is uncertain and may be less than the amounts claimed. The Receiver will continue to work towards appropriate and reasonable settlements, where possible, in order to maximize the net recovery to the Receivership Estate. A detailed report regarding the status of the Receiver's many litigation claims is found in the Fifth Joint Report of the Receiver, the Examiner and the OSIC Concerning Pending Litigation (for the Period Ending June 30, 2013) [*see* Doc. 1890].

Return of Political Contributions: The Receiver has identified approximately \$1.9 million in political contributions made by Allen Stanford and related entities. The Receiver has requested the return of these contributions from over 90 politicians, political action committees, and congressional committees. Through December 31, 2013, \$1,770,380 has been returned (including the principal amount of the contributions that were part of the over \$2.2 million received from the political committee defendants discussed above).

Coins and Bullion Inventory: The Receiver has utilized coins in SCB's inventory, when appropriate, to settle claims by SCB claimants. The remaining SCB coin inventory is valued at approximately \$100,000.00.

International Assets: Receivership entities and individuals held more than \$300 million in cash, investments, and other assets in foreign accounts as of the date the Receivership began, including assets held in accounts in Canada, the United Kingdom, and Switzerland. The Receiver cannot ascertain the exact current value of all of these assets, most of which are subject to forfeiture proceedings, because most of those funds are not currently subject to the Receiver's control or direct monitoring. The Receiver has entered into an agreement with the U.S. Department of Justice and the Antiguan Joint Liquidators to work towards the release and distribution of the international assets for the benefit of Stanford investors. The completion of

the agreement with DOJ and the Joint Liquidators is only the first step to actually obtaining custody of the international assets for distribution.

In the past year, the Receiver has worked to successfully obtain court approval in Canada for the release of approximately \$18 million in Stanford assets in Canada that have been the subject of criminal forfeiture proceedings. The Receiver expects to finally obtain custody of these funds in February 2014 for distribution to investors during 2014. The Receiver expects that additional Canadian funds subject to criminal forfeiture proceedings may become available for distribution in the future. The date and timing of such release of funds remains to be determined. The Receiver is currently working to obtain an additional Canadian court approval to distribute an additional \$5 million in Stanford assets held in Canada. If the Receiver obtains that approval on a timely basis, the Receiver anticipates distributing these additional funds also in 2014.

The Receiver is also working closely with the DOJ, the Joint Liquidators, and Swiss criminal and civil authorities to obtain release of Stanford assets in Switzerland. The Receiver estimates that there are approximately \$208 million in Stanford assets in Switzerland. The Receiver is working for the release of those assets through multiple channels, including criminal forfeiture and Swiss insolvency proceedings. Because of the complexity and difficulty involved in the Swiss proceedings, the Receiver does not yet know when the assets in Switzerland will be released for distribution. However, the Receiver is working to ensure that the release of Stanford funds held in Switzerland occurs as expeditiously as possible. To that end, the Receiver's representatives recently traveled to Switzerland to meet with representatives of the Swiss Federal Prosecutor, Swiss Financial Market Supervisory Authority, the Joint Liquidators' Swiss civil and criminal representatives, SGS Liquidators, and US DOJ, with the

goal of coordinating the overlapping civil and criminal proceedings related to the Stanford Swiss assets. Assuming all \$208 million in Swiss Stanford assets are released for distribution, the Receiver anticipates that he will be responsible for distributing approximately \$143 million of the Swiss Stanford assets.

Pursuant to the Receiver's agreement with the DOJ and the Joint Liquidators, the Joint Liquidators are responsible for collecting and distributing the Stanford assets held in the United Kingdom. The Receiver is working in consultation with the Department of Justice and the Joint Liquidators to ensure that the Joint Liquidators are able to move as quickly as possible to distribute the available Stanford assets in the United Kingdom.

Other Inflows & Assets: The Receivership has collected approximately \$71.8 million through the liquidation of other investment accounts held on behalf of Stanford, including approximately \$5.0 million previously held as restricted with respect to Stanford Trust Company; \$47.8 million through the liquidation of Stanford accounts at Pershing and of various investment funds held on Stanford's behalf; \$13.3 million through the recovery of additional cash balances; and \$5.7 million received via other inflows, including, but not limited to, rental and interest income, cash flows from other liquidated bank accounts, and restricted funds and interest thereon. The Receiver estimates that he may recover up to \$500,000 in additional assets held in U.S. banks and brokerages.

II. CASH OUTFLOWS

From February 17, 2009 through December 31, 2013, the total amount of Receivership cash outflows — comprising professional fees and expenses of \$72.5 million, other types of expenses of \$54.7 million, and distributions of \$24.5 million — was approximately \$151.7 million.

Expenses Other than Professional Fees: The total amount of all payments made by the Receiver for expenses other than professional fees was approximately \$54.7 million. This figure comprises the following approximate amounts: \$27.2 million in personnel expenses and other employee expenses; \$3.8 million in insurance expenses; \$3.5 million in taxes; \$1.7 million in general and administrative expenses; \$2.6 million in telecommunications expenses; \$5.5 million in occupancy expenses; \$2.5 million in settled claims; and \$7.9 million in other expenses. As previously explained in the 4th Interim Report [*see* Doc. 1630 at 5-7], monthly and annual expenses have decreased dramatically as the Receivership has progressed.

Professional Fees and Expenses:⁶ As of December 31, 2013, the professional fees and expenses paid to the Receiver and his professionals total approximately \$69.6 million. The largest single portion of this amount was paid in the first year of the Receivership (\$30.9 million from the first quarter of 2009 through the first quarter of 2010).

As directed by the Court, the Receivership Estate has paid the Examiner's expenses and legal fees totaling approximately \$2.2 million through December 31, 2013. Consistent with the fee agreement approved by the Court, the Receivership Estate has paid a total of approximately \$700,000 in attorneys' fees, expert fees, and expenses incurred by the Official Stanford Investors Committee (the "OSIC") through December 31, 2013.

Distributions: The Court has approved \$55 million for distribution to investor CD claimants pursuant to the Receiver's Interim Plan. [*See* Doc. 1877.] The Receiver has thus far filed seven Schedules of Payments to be Made Pursuant to the Interim Plan, and the total amount distributed pursuant to those Schedules is approximately \$24.5 million. The Receiver anticipates filing an eighth Schedule within the next two weeks, with an amount to be distributed

⁶ Details regarding all professional fees and expenses, as well as amounts currently held back, are contained in the several fee applications submitted to and approved by this Court.

of approximately \$5 million. Additional schedules of payments will be submitted by the Receiver on a rolling basis.

Dated: January 15, 2014

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

Kevin M. Sadler
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**ATTORNEYS FOR RECEIVER
RALPH S. JANVEY**

CERTIFICATE OF SERVICE

On January 15, 2014, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the Court. I hereby certify that I have served the Court-appointed Examiner, all counsel and/or pro se parties of record electronically or by another manner authorized by the Federal Rules of Civil Procedure.

/s/ Kevin M. Sadler

Kevin M. Sadler

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STANFORD INTERNATIONAL BANK, LTD., ET AL.,

Defendants.

§
§
§
§
§
§
§
§
§
§

Case No. 3-09-CV-0298-N

**APPENDIX IN SUPPORT OF
RECEIVER'S 7TH INTERIM REPORT REGARDING STATUS OF
RECEIVERSHIP, ASSET COLLECTION, AND ONGOING ACTIVITIES**

Dated: January 15, 2014

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

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/s/ Kevin M. Sadler

Kevin M. Sadler

CASH FLOW FROM 2/17/09 - 12/31/2013 (\$M)		
Total Cash Inflows		\$ 240.9
Expenses Other Than Professional Fees		(54.7)
Professional Fees and Expenses		(72.5)
Net Cash Inflows		\$ 113.7
a. Restricted Cash Inflows	3.0	
b. Unrestricted Cash Inflows Prior to Distribution	110.7	
Distributions		(24.5)
Current Unrestricted Cash on Hand after Distributions		\$ 86.2

DETAILS OF TOTAL CASH INFLOWS AS OF 12/31/2013 (\$M)		
Cash Balances of Stanford Accounts on 2/17/09	\$	63.1
Trailing Revenue		5.5
Private Equity		37.6
Real Estate		18.7
Watercraft and Airplanes		8.0
Latin American Assets		12.9
Miscellaneous Asset Sales		2.3
Litigation		20.8
Return of Other Political Contributions		0.2
Stanford Trust Company Monies Previously Held as Restricted		5.0
Liquidation Of Fund Accounts		25.4
Liquidation of Company Accounts at Pershing		22.4
Recovery of Additional Cash Balances		13.3
Other Inflows		5.7
Total Cash Inflows	\$	240.9

DETAILS OF TOTAL CASH OUTFLOWS AS OF 12/31/2013 (\$M)		
Personnel Expenses and Other Employee Expenses	\$	27.2
Insurance Expenses		3.8
Taxes		3.5
General and Administrative Expenses		1.7
Telecommunications Expenses		2.6
Occupancy Expenses		5.5
Settled Claims		2.5
Other Expenses		7.9
Receivership's Professional Fees & Expenses		69.6
Examiner's Professional Fees & Expenses		2.2
Investors Committee's Expenses		0.7
Distributions		24.5
Total Cash Outflow	\$	151.7

ESTIMATED VALUE OF MAJOR RECEIVERSHIP ASSETS		
As of December 31, 2013 (\$M)		
Closed or Pending Private Equity Liquidation	\$	0.3
Other Private Equity		6.6
Real Estate		2.0
Latin American Assets		8.4
Domestic Litigation Claims		686.4
International Litigation Claims		1.3
Funds Frozen Pursuant to Injunction		27.4
Available Coin Inventory		0.1
Assets Held in Switzerland, Canada, and the UK		166.5
Assets Held in US Banks and Brokerages		0.5
Estimated Total Major Receivership Assets	\$	899.5

**APPENDIX IN SUPPORT OF EXAMINER'S RESPONSE
IN OPPOSITION TO RECEIVER'S MOTION FOR APPROVAL
TO RELEASE PORTION OF HOLDBACK**

Exhibit C

Summary of Receiver's 28 fee applications filed for work
from February 16, 2009 through December 31, 2013

Accumulation of Holdback Amount by Fee Application

2009			
Fee App. No.	Fees/Expenses Sought	Fees/Expenses Awarded	Hold Back
1 (Doc. 384)	\$19,965,146	\$15,972,116	\$3,993,030
2 (Doc. 669)	\$7,601,969	\$6,081,575	\$1,520,394
3 (Doc. 820)	\$11,080,409	\$7,202,266	\$3,878,143
4 (Doc. 914)	\$2,447,222	\$1,590,694	\$856,528
5 (Doc. 1033)	\$6,111,220	\$4,764,753	\$1,346,367
Totals	\$47,205,966	\$35,611,404	\$11,594,462

2010			
Fee App. No.	Fees/Expenses Sought	Fees/Expenses Awarded	Hold Back
6 (Doc. 1084)	\$3,951,302	\$3,161,041	\$790,261
7 (Doc. 1132)	\$4,010,534	\$3,208,427	\$802,107
8 (Doc. 1163)	\$2,360,559	\$1,888,448	\$472,111
9 (Doc. 1183)	\$1,732,099	\$1,385,679	\$346,420
10 (Doc. 1247)	\$1,818,429	\$1,464,044	\$354,385
11 (Doc. 1297)	\$1,446,587	\$1,165,501	\$281,086
Totals	\$15,319,510	\$12,273,140	\$3,046,370

2011			
Fee App. No.	Fees/Expenses Sought	Fees/Expenses Awarded	Hold Back
12 (Doc. 1383)	\$2,247,557	\$1,810,566	\$436,991
13 (Doc. 1443)	\$1,187,686	\$956,260	\$231,426
14 (Doc. 1463)	\$1,473,672	\$1,189,446	\$284,226
15 (Doc. 1480)	\$1,290,580	\$1,038,294	\$252,286
16 (Doc. 1540)	\$1,982,283	\$1,600,030	\$382,253
Totals	\$8,181,778	\$6,594,596	\$1,587,182

2012			
Fee App. No.	Fees/Expenses Sought	Fees/Expenses Awarded	Hold Back
17 (Doc. 1612)	\$1,738,979	\$1,571,849	\$167,129
18 (Doc. 1646)	\$1,159,569	\$1,046,708	\$112,861
19 (Doc. 1696)	\$1,122,431	\$1,012,683	\$109,748
20 (Doc. 1724)	\$911,154	\$821,093	\$90,062
21 (Doc. 1743)	\$1,009,510	\$911,057	\$98,453
22 (Doc. 1783)	\$807,109	\$728,993	\$78,116
Totals	\$6,748,752	\$6,092,382	\$656,369

2013			
Fee App. No.	Fees/Expenses Sought	Fees/Expenses Awarded	Hold Back
23 (Doc. 1855)	\$1,055,493	\$955,062	\$100,431
24 (Doc. 1882)	\$864,542	\$780,771	\$83,771
25 (Doc. 1909)	\$817,286	\$741,644	\$75,642
26 (Doc. 1930)	\$985,253	\$891,766	\$93,487
27 (Doc. 1947)	\$972,639	\$878,883	\$93,756
28 (Doc. 1979)	\$799,472	\$723,986	\$75,486
Totals	\$5,494,684	\$4,972,112	\$522,573

**APPENDIX IN SUPPORT OF EXAMINER'S RESPONSE
IN OPPOSITION TO RECEIVER'S MOTION FOR APPROVAL
TO RELEASE PORTION OF HOLDBACK**

Exhibit D

Open Letter from the Receiver dated February 14, 2014

Stanford Financial Group Receivership

1029 State Highway 6 North | Suite 650-272 | Houston, TX 77079

Phone 866.964.6301

www.stanfordfinancialreceivership.com

February 14, 2014

To All Those Affected by the Stanford Fraud:

It has been five years since the Court appointed me as Receiver to unwind the world-wide Ponzi scheme perpetrated by Allen Stanford and those who aided, abetted and enabled him. I know that these continue to be very difficult times for the thousands of you whose lives were impacted, and in many cases devastated, by the Stanford fraud. Even though my team and I have worked hard and made much progress over the last 5 years, the process of unwinding the fraud and the pace of recovering money have been frustratingly slow. Unfortunately, the costs associated with this process have been substantial. Although many challenges still lie ahead, the entire Receivership team and I are committed to working as hard as we can to recover as much money as we can for the eligible claimants.

Many of the tasks involved in winding down the Stanford enterprise and liquidating assets are substantially complete. In addition, last year, we were able to end a protracted dispute with the liquidators appointed by the Antigua court over control of Stanford-related assets outside the United States. The settlement agreement I reached with the Antigua liquidators, the Securities and Exchange Commission and the U.S. Department of Justice ("DOJ") will allow the Receivership to focus on the distribution of funds already recovered and the recovery of additional assets. That includes distributing funds still being held in Canada and Switzerland and prosecuting lawsuits against hundreds of defendants who profited from or assisted Stanford's Ponzi scheme.

Distribution of Assets

In April 2013, the Court approved my request to distribute up to \$55 million to certain Stanford CD investors ("Initial Distribution"). That process has been underway for several months. Thus far, we have distributed approximately \$25 million to Stanford CD investors, and we expect to distribute another approximately \$5.5 million this month. We are processing claimant certification forms as quickly as we receive them and will continue to file distribution schedules with the Court on a rolling basis as we receive and process additional certification forms.

If you are eligible for, but have not received, a payment under the Initial Distribution, please ensure that you have returned the certification form that the Receivership's claims agent, Gilardi & Co. LLC ("Gilardi") sent to you. The Court's Order authorizing the Initial Distribution requires that you sign and return these forms to us before you can participate

in the distribution. *We cannot list your claim on a distribution schedule or send your payment until we receive signatures on the certification form from all payees listed on your notice of determination.* We are still awaiting signed certification forms relating to over 6,000 claims. The fact that these signed certification forms remain outstanding is the primary reason that a substantial sum remains to be distributed under the Initial Distribution. If you have questions regarding the certification forms, please contact Gilardi at info@stanfordfinancialclaims.com.

Foreign Asset Recovery

Under the settlement agreement with the Antiguan liquidators, I agreed to work with the DOJ and the Antiguan liquidators toward the release and distribution of Stanford assets located outside of the United States for the benefit of Stanford investors. Although concluding the settlement agreement was only the first step to actually obtaining custody of the international assets for distribution, we have already made significant progress in this regard.

After more than four years of difficult litigation and negotiation, I obtained court approval in Canada for the release of approximately \$18 million in Stanford assets that have been the subject of Canadian criminal forfeiture proceedings since 2009. I expect to receive these funds in the coming weeks for distribution to investors during 2014. Moreover, as a result of separate legal proceedings in Canada in January of this year, I obtained approval for the release of approximately \$5 million in additional Stanford assets. I expect to receive and distribute the substantial majority of those funds in February 2014. I also anticipate that additional funds subject to criminal forfeiture proceedings in Canada may be transferred to me in the future. The amount and timing of the release of such funds remains to be determined.

My team and I also are working closely with the DOJ, the Antiguan liquidators, and Swiss criminal and civil authorities to obtain release of Stanford assets in Switzerland with an estimated value of approximately \$208 million. We are working for release of those assets through multiple channels, including criminal forfeiture and Swiss insolvency proceedings. Because of the complexity and difficulty involved in the Swiss proceedings, we do not yet know when the assets in Switzerland will be released for distribution. However, we are attempting to move the process along as quickly as possible. Members of my team met with the DOJ, the Joint Liquidators and Swiss authorities in December 2013 to work toward coordinating the overlapping civil and criminal proceedings related to the Stanford Swiss assets. Assuming all \$208 million in Stanford assets are released for distribution, the Receivership will be responsible for distributing approximately \$143 million of those funds, and the remainder will be distributed through the Antiguan liquidators' claims process.

Asset Recovery Litigation

My team and I are working closely with the Investors Committee to prosecute multiple lawsuits against hundreds of defendants who profited from or assisted the Stanford Ponzi scheme. These lawsuits seek to recover in excess of \$680 million in total.

Asset recovery litigation is difficult, lengthy and expensive. The defendants, many of whom have significant resources, are defending the cases aggressively, and many of the

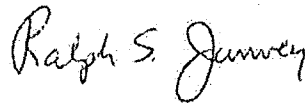
favorable rulings in these cases have already been appealed. Nonetheless, these claims are the single largest potential source of funds which may be recovered for the benefit of the eligible claimants. Although the Receivership has thus far received approximately \$20.8 million from settlements and other litigation efforts and has secured injunctions to hold another approximately \$27.4 million, the amount that the Receivership ultimately is able to collect from defendants is uncertain and very likely will be less than the amounts claimed.

Wherever possible, we will work toward appropriate and reasonable settlements, keeping in mind the costs associated with litigation. It will, however, be necessary to prosecute some of the cases through trial and appeal. In those instances, we will also seek to recover attorney's fees and costs from the defendants. As recoveries are obtained, we will work to get those funds distributed to eligible claimants as quickly as possible.

Conclusion

The Stanford fraud has caused incalculable harm to thousands of people in this country and around the world. And I know that the damage caused by the Stanford fraud can never be fully repaired, no matter how hard my team and I pursue our work in this Receivership. We will continue to work tirelessly to return to eligible claimants as much money as we can and as soon as we can.

Sincerely,



Ralph S. Janvey
Receiver for Stanford Financial
Group of Companies

**APPENDIX IN SUPPORT OF EXAMINER'S RESPONSE
IN OPPOSITION TO RECEIVER'S MOTION FOR APPROVAL
TO RELEASE PORTION OF HOLDBACK**

Exhibit E

Excerpt from Transcript of Hearing held April 4, 2012

Linda J. Langford, CSR, RDR, CRR

Page 1

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

SECURITIES AND EXCHANGE) CIVIL ACTION NO.
COMMISSION,) 3:09-CV-0298-N

Plaintiff,)

VS.) DALLAS, TEXAS

STANFORD INTERNATIONAL BANK,)
LTD., et al.,)

Defendants) APRIL 4, 2012

TRANSCRIPT OF PROCEEDINGS ON
RECEIVER'S MOTION FOR APPROVAL OF REQUEST
TO AMEND FEE STRUCTURE AND HOLDBACK
BEFORE THE HONORABLE DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE

APPEARANCES:

For the Plaintiff: UNITED STATES SECURITIES AND
EXCHANGE COMMISSION
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For the Receiver, MR. KEVIN M. SADLER
Ralph S. Janvey: MR. DAVID ARLINGTON
MR. SCOTT D. POWERS
Baker Botts, LLP
1600 San Jacinto Center
98 San Jacinto Boulevard
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(512) 322-2589

For the Examiner, MR. JOHN J. LITTLE
John J. Little: Little Pedersen Fankhauser, LLP
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Linda J. Langford, CSR, RDR, CRR

Page 2

1 APPEARANCES CONTINUED:

2 For the Investors
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(214) 651-4300

5
6 Court Reporter:

Linda J. Langford, CSR, RDR, CRR
U.S. District Court Reporter
Chambers of Judge David C. Godbey
1100 Commerce Street, Rm. 1504
Dallas, Texas 75242
(214) 748-8068

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10 Proceedings reported by mechanical stenography, transcript
11 produced by computer.

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Linda J. Langford, CSR, RDR, CRR

Page 3

1 P R O C E E D I N G S

2 APRIL 4, 2012

3 THE COURT: Be seated. Good morning.

4 MR. REECE: Good morning.

5 MR. SADLER: Good morning.

6 THE COURT: I don't know exactly how to communi-
7 cate this to y'all, but I get correspondence about this case.
8 That probably doesn't come as a surprise. And I hesitate to
9 just docket all of it on CM/ECF.

10 But let me just say that I have probably a dozen letters
11 about this from investors who, perhaps unsurprisingly, say
12 they haven't gotten a nickel and Mr. Janvey wants a raise
13 and they're not terribly happy about that.

14 Much of them appear to use identical language which
15 makes me think that somewhere on the Internet someone is
16 proposing language and these people are adopting it. I
17 certainly haven't investigated to see. But just so you
18 know, since that's not of record at this point, I have
19 received that correspondence.

20 Having said that, I'm happy to hear from Mr. Sadler if
21 there is anything you want to tell me that's different from
22 what's in your written materials.

23 MR. SADLER: Yes, Your Honor. Thank you.

24 I will have just a very few exhibits for the Court that
25 I'm going to refer to that are not discussed in the written

Linda J. Langford, CSR, RDR, CRR

Page 13

1 that laid out the flow of funds through this Ponzi scheme.

2 So we do know, in contrast to some suggestions, we actually
3 do know where all the money went.

4 Part of the very difficult and expensive problem right
5 now is that by the time Mr. Janvey started work, it had gone
6 two places that were either impossible or quite, quite
7 difficult to recover. And, of course, if it's difficult
8 to recover, that drives up the cost, which again is what
9 the SEC is complaining about.

10 I don't mean to dwell on it, Your Honor, but if the SEC
11 is going to say deny the Receiver's motion because he hasn't
12 collected enough, I think it's fair to point out what Mr.
13 Janvey started with and now to look at what has happened in
14 the last three years, because in the last three years, Your
15 Honor, you know because it is a matter of record what has
16 happened: Mr. Janvey has liquidated, he has sold, he has
17 shut down, he has filed lawsuits.

18 And here is something else about that that was not
19 brought to your attention by any of the objectors. If the
20 argument is you haven't collected enough, then you would
21 think there would be examples that anyone would bring to you
22 that says, here is an asset Mr. Janvey could have recovered
23 and didn't, here's a bank account he could have seized and
24 didn't, here's a lawsuit he could have filed but didn't.

25 Nobody has brought you that example, Your Honor,

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1 because they don't exist. We literally have done every-
2 thing we know how to do to try to marshal the assets.

3 Something else that wasn't brought to your attention
4 that I do think, again, is germane to the objection you're
5 spending too much money, therefore you shouldn't be paid any
6 more, one example is the litigation. Your Honor, we spent
7 probably close to \$4 million just on the -- what I'll call
8 the broker litigation, which is the suing all the insiders
9 and former financial advisors to get back all the
10 compensation they were paid for selling these phony CDs.
11 It's a very expensive piece of litigation.

12 Do we have anything to show for it right now today?
13 Well, we do have the injunction that Your Honor entered
14 almost two years ago. It's been tied up on appeal since
15 then. That's not Mr. Janvey's fault.

16 One of the things that isn't talked about, though, is
17 that the investors with the Receivership are financing that
18 litigation. All the relief we're seeking in that case,
19 Your Honor, is relief that the SEC has all the power,
20 authority, and jurisdiction to pursue. They simply chose
21 not to pursue and left it to the Receiver. And so he's
22 pursued it.

23 So I don't think it is fair for the SEC now to complain
24 when the Receiver is essentially doing things that the SEC
25 was fully capable of doing but chose not to do. That is

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1 just a fact in this record.

2 There is not any example, I don't believe, that the
3 SEC can cite to when they get a chance to talk where they've
4 assisted this Receiver in recovering any material asset in
5 this three years or assisted this Receiver in any material
6 way in any of these lawsuits.

7 We've had to go it alone against a cadre of defense
8 lawyers who are fighting tooth and nail to keep every single
9 dime, just like the brokers litigation. Two years tied up
10 in pursuit of those brokers.

11 The comparable cases we cited to you which I think
12 justify the relief we are requesting really come in two
13 segments. The first are Madoff and MF Global, and I'll
14 speak to that in a moment. But there are two particular
15 ones from SEC receiverships I do want to bring to Your
16 Honor's attention. I don't know why the SEC didn't, but I
17 want to bring them to your attention.

18 The first is an ongoing SEC receivership in a federal
19 court in California. It started about the same time as
20 ours. It's called Private Equity Management case. And I
21 have three documents from that that I want to share with
22 the Court.

23 Exhibit 2 is the Receiver's Notice of Application for
24 Payment of Fees, and it's from at the beginning of this
25 year, that is, 2012.

**APPENDIX IN SUPPORT OF EXAMINER'S RESPONSE
IN OPPOSITION TO RECEIVER'S MOTION FOR APPROVAL
TO RELEASE PORTION OF HOLDBACK**

Exhibit F

Excerpt from Transcript of Hearing held February 24, 2014

Linda J. Langford, CSR, RDR, CRR

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

)	CIVIL ACTION NO.
)	3:09-CV-0298-N
)	
IN RE: STANFORD ENTITIES)	
SECURITIES LITIGATION)	DALLAS, TEXAS
)	
)	
)	FEBRUARY 24, 2014

TRANSCRIPT OF HEARING ON RECEIVER'S MOTION FOR
ORDER APPROVING RECEIVER'S AGREEMENT WITH COUNSEL
TO HANDLE INSURANCE-RELATED LITIGATION and
REQUEST FOR EXPEDITED CONSIDERATION
BEFORE THE HONORABLE DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE

APPEARANCES:

For the Plaintiff:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION BY: MR. DAVID B. REECE Burnett Plaza, Suite 1900 801 Cherry Street, Unit #18 Fort Worth, Texas 76102-6882 (817) 978-6476
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For the Receiver, Ralph S. Janvey:	MR. KEVIN M. SADLER Baker Botts, LLP 1600 San Jacinto Center 98 San Jacinto Boulevard Austin, Texas 78701-4039 (512) 322-2589
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	MR. MICHAEL KUCKELMAN MR. STEPHEN J. TORLINE Kuckelman Torline Kirkland & Lewis 10740 Nall Avenue, Suite 250 Overland Park, Kansas 66211 (913) 948-8610
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18 Proceedings reported by mechanical stenography, transcript
19 produced by computer.

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1 P R O C E E D I N G S

2 FEBRUARY 24, 2014

3 THE COURT: If I can recap for just one second
4 before I so imprudently started before Linda had a chance
5 to get out here, I indicated that I have some concerns and
6 reservations about this proposal and suggested that perhaps
7 the logical place to start would be for Mr. Sadler to
8 explain to me why it's a good deal for the Receivership,
9 and you were just about to start when I noticed Linda was
10 missing.

11 MR. SADLER: Yes, Your Honor. Thank you very
12 much.

13 Let me encapsulate it. I think there may be -- and I
14 do want to answer Your Honor's questions after I speak
15 briefly and I want to invite the Court to hear from Mr. Mike
16 Kuckelman, who is the gentleman we propose to hire and his
17 firm, he is here and prepared to talk to Your Honor about
18 his experience in these matters.

19 Let me encapsulate it in --in three things that perhaps
20 are on the Court's mind, and that is may be why do we need
21 new attorneys, why now, and why is one-third an appropriate
22 arrangement. And so let me first pose those and answer
23 those questions and perhaps, in doing so, I may answer some
24 of the concerns on the Court's mind.

25 Why new attorneys? It came to -- Baker Botts, the

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1 Receiver's lead counsel, has been working on analyzing,
2 reviewing, researching the matters related to the Receiver's
3 potential recovery under these insurance policies for some
4 time.

5 Late last year information came to our attention about
6 the participation of, although we call these Lloyd's
7 policies, there're actually two other insurance companies
8 that have a tiny portion of the participation in the latter
9 two years. And one of the companies that is participating
10 in those policies, their presence in the lawsuit posed an
11 issue for us, Baker Botts, being adverse to them.

12 So we are faced with the situation the Receiver needs
13 to proceed, how best to proceed. Well, what we didn't want
14 to is -- so that's the why new lawyers. We -- we had to
15 step aside.

16 What we didn't want to do is simply hire more counsel
17 or send it perhaps, for example, to Thompson & Knight, which
18 it turns out they couldn't have done either, on an hourly
19 basis to reinvent the wheel, charge the estate money, and
20 get up to speed.

21 And so the answer to that was to reach out and find
22 and retain experienced counsel who, as Mr. Kuckelman and his
23 firm are, are experienced in litigating these complicated
24 insurance disputes and do it on a contingent fee basis, and
25 in so doing, the Estate will not have to pay twice for Mr.

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1 Kuckelman and his firm to get up to speed. They can take
2 all the time in the world they want to get up to speed.
3 And since we're not paying it on an hourly basis, it's not
4 costing the Estate anything. But somebody needs to step
5 in and somebody needs to proceed. So that's the -- that is
6 why now and why new attorneys.

7 With respect to the one-third, and I do want Your Honor
8 to hear from Mr. Kuckelman on this, that is a contingent fee
9 that I submit is less than what's customary. It is one-third
10 flat, no matter how much time they put into it, no matter how
11 many times this thing gets appealed, and we already know in
12 this Receivership that things can go up and down to the Fifth
13 Circuit on insurance issues as -- as happened during the
14 criminal trial and on other issues as has happened in our
15 litigation.

16 So whatever that is, their fee is capped. And as
17 I'm sure Your Honor knows, it is much more common in the
18 contingent-fee world to have stairstep fees of usually a
19 third through trial and then up to 40 percent if it's
20 appealed and then sometimes even greater. But it's capped
21 at a flat one-third.

22 As you know, Your Honor approved for the counsel in the
23 Investor Committee 25 percent to pursue fraudulent transfer
24 cases. And not that those cases are easy, but the level
25 of complexity in these insurance disputes I think is -- is

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1 much, much substantially greater than in other cases, and I
2 think warrants the one-third fee.

3 So that's the why now, that's the why these lawyers,
4 and that's why the one-third is appropriate.

5 Let me pause there and ask Your Honor, have I addressed
6 some of your concerns or could I -- could I hear them so I
7 can better address them?

8 THE COURT: One of the things I heard you say is
9 that -- I'm going to say this sort of in vernacular, and I
10 don't mean it to be necessarily literally true, but this is
11 kind of the gravamen of what I heard you say: Baker Botts
12 spent a bunch of time and the Receiver's money going to
13 school on these insurance claims and then at the end found
14 that they were conflicted out.

15 Did they think about giving some of that money back to
16 the Receiver?

17 MR. SADLER: No, Your Honor, because that money
18 is not -- is not in any way wasted. All the benefit of
19 that work will be transferred and be made available to the
20 contingent-fee counsel. So it's not in any way wasted.

21 THE COURT: But I don't care about that because
22 they're on a contingency. Right? You said that's the
23 reason they're not doing it on an hourly rate. So if it's
24 all good, useful money that's been spent and it's easily
25 transferable, why don't you hire someone by the hour and