
CERTAIN UNDERWRITERS AT LLOYD’S OF
LONDON, *et al.*,

Plaintiffs,

v.

PAUL D. WINTER, *et al.*,

Defendants.

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§ Civil Action No. 3:15-cv-1997
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CLAUDE F. REYNAUD, *et al.*,

Plaintiffs

v.

CERTAIN UNDERWRITERS AT LLOYD’S OF
LONDON, *et al.*,

Defendants.

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§ Civil Action No. 3:14-CV-3731
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**APPENDIX IN SUPPORT OF EXPEDITED REQUEST FOR ENTRY OF
SCHEDULING ORDER¹ AND TO STAY RELATED LITIGATION AND
MOTION TO APPROVE PROPOSED SETTLEMENT WITH CERTAIN
UNDERWRITERS AT LLOYD’S OF LONDON, LEXINGTON INSURANCE CO.,
AND ARCH SPECIALTY INSURANCE CO., TO ENTER THE BAR ORDER, TO
ENTER THE COVERAGE ACTION JUDGMENT AND BAR ORDER, TO ENTER
THE THIRD-PARTY COVERAGE ACTIONS JUDGMENTS AND
BAR ORDERS, AND FOR THE MOVANTS’ ATTORNEYS’ FEES**

Ralph S. Janvey, in his capacity as the court appointed receiver for Stanford International Bank, Ltd., et al. (the “Receiver”) and the Official Stanford Investors Committee (the “Committee”), file this appendix (the “Appendix”) in support of the *Expedited Request for Entry of Scheduling Order and to Stay Related Litigation and Motion to Approve Proposed Settlement with Certain Underwriters at Lloyd’s of London, Lexington Insurance Co., and Arch*

¹ Movants request that the Court promptly enter the Scheduling Order, without waiting the twenty-one (21) days contemplated by Local Rule 7.1(e) for interested parties to respond to this Motion, because such Scheduling Order does not constitute a final approval of the Settlement Agreement. Instead, the proposed Scheduling Order approves the notice and objection procedure for approval, temporarily stays certain litigation that would be affected by the settlement, and sets a final hearing.

Specialty Insurance Co., to Enter the Bar Order, to Enter the Coverage Action Judgment and Bar Order, to Enter the Third-Party Coverage Actions Judgments and Bar Orders, and for the Movants' Attorneys' Fees (the "Motion").

EXHIBIT	DESCRIPTION	APP. NOS.
APPENDIX MATERIALS		
1	Settlement Agreement	1-107
2	Amendment to Settlement Agreement	108-116
3	Directors' and Officers' Liability and Company Indemnity Policy, Number 576/MNK 558900	117-163
4	Financial Institutions Crime and Professional Indemnity Policy, Number 576/MNA 851300	164-250
5	Excess Blended 'Wrap' Policy, number 576/MNA 831400	251-273
6	Declaration of Michael J. Kuckelman	274-283
7	Declaration of Ralph S. Janvey, Esq.	284-288
8	Declaration of John J. Little, Esq.	289-294
9	Order Approving Attorneys' Fees	295-302

DATE: June 27, 2016

Respectfully submitted,

/s/Kathryn A. Lewis

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**COUNSEL FOR THE OFFICIAL STANFORD
INVESTORS COMMITTEE**

CERTIFICATE OF SERVICE

On June 27, 2016, 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/Kathryn A. Lewis

EXHIBIT 1

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the “Agreement”) is made and entered into by and among (i) Ralph S. Janvey, solely in his capacity as court appointed Receiver for Stanford International Bank, Ltd., et al. (the “Receiver”); (ii) the Official Stanford Investors’ Committee (the “Committee”); and (iii) Certain Underwriters at Lloyd’s of London,¹ Arch Specialty Insurance Co., and Lexington Insurance Company (collectively referred to as “Underwriters”) (the Receiver, the Committee, and Underwriters are each referred to in this Agreement individually as a “Party” and together as the “Parties”);

WHEREAS, on February 16, 2009, the Securities and Exchange Commission (“SEC”) filed Civil Action No. 3:09-cv-00298-N, *Securities and Exchange Commission v. Stanford International Bank, Ltd., et al.*, (N.D. Tex.) (the “SEC Action”), alleging that Robert Allen Stanford, James M. Davis, Laura Pendergest-Holt, Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, and Stanford Financial Group (the “Stanford Defendants”) had engaged in a fraudulent scheme affecting tens of thousands of customers from over one hundred countries;

WHEREAS, in an order dated February 16, 2009, in the SEC Action (Doc. 10), the United States District Court for the Northern District of Texas assumed exclusive jurisdiction and took possession of the assets, monies, securities, properties, real and personal, tangible and intangible, of whatever kind and description, wherever located, and the legally recognized privileges (with respect to the entities) of the Stanford Defendants and all entities they owned or controlled (the “Receivership Assets”), and the books and records, client lists, account statements, financial and accounting documents, computers, computer hard drives, computer

¹ Certain Underwriters at Lloyd’s of London refers to Lloyd’s of London Syndicates 2987, 2488, 1084, 1886, 4000, 1183, and 1274.

disks, internet exchange servers, telephones, personal digital devices and other informational resources of or in possession of the Stanford Defendants, or issued by the Stanford Defendants and in possession of any agent or employee of the Stanford Defendants (the “Receivership Records”);

WHEREAS, in an order dated February 16, 2009, in the SEC Action (Doc. 10), Ralph S. Janvey was appointed Receiver for the Receivership Assets and the Receivership Records (collectively, the “Receivership Estate”) with the full power of an equity receiver under common law as well as such powers as are enumerated in that order, as amended by an order in that same matter, dated March 12, 2009 (Doc. 157), and as further amended by an order entered in that same matter, dated July 19, 2010 (Doc. 1130);

WHEREAS, Ralph Janvey has served as Receiver continuously since his appointment and continues to serve in that capacity;

WHEREAS, John J. Little, Esq., was appointed to serve as Examiner (the “Examiner”) by an order entered in the SEC Action, dated April 20, 2009 (Doc. 322), to assist the Court in considering the interests of the worldwide investors in any financial products, accounts, vehicles or ventures sponsored, promoted or sold by any defendants in the SEC Action;

WHEREAS, John Little has served as Examiner continuously since his appointment and continues to serve in that capacity;

WHEREAS, the Committee was created pursuant to an order entered in the SEC Action, dated August 10, 2010 (Doc. 1149) (the “Committee Order”), to represent the customers of Stanford International Bank, Ltd., who, as of February 16, 2009, had funds on deposit at Stanford International Bank, Ltd. and/or were holding certificates of deposit issued by Stanford International Bank, Ltd.;

WHEREAS, by the Committee Order, the Examiner was named as the initial Chairperson of the Committee;

WHEREAS, the Examiner has served as Chairperson of the Committee continuously since his appointment and continues to so serve;

WHEREAS, Lloyd's Syndicates 2987, 2488, and 1886 and Arch Specialty Insurance Company subscribe to the Directors' and Officers' Liability and Company Indemnity Policy No. 576/MNK558900 (the "D&O Policy");

WHEREAS, Lloyd's Syndicates 2987, 2488, 1084, 1886, 4000, and 1183 and Arch Specialty Insurance Company subscribe to the Financial Institutions and Professional Indemnity Policy No. 576/MNA851300 (the "PI Policy");

WHEREAS, Lloyd's Syndicates 2987, 2488, 1886, 1084, 1274, and 4000, Lexington Insurance Company, and Arch Specialty Insurance Company subscribe to the Excess Blended "Wrap" Policy No. 576/MNA831400 (the "Excess Policy"), which sits above or is in excess to the D&O Policy and the PI Policy;

WHEREAS, the Receiver has made multiple claims for coverage (the "Direct Claims") under the D&O, PI, and Excess Policies (collectively, the "Policies" or "Insurance Policies");

WHEREAS, the Receiver and the Committee have filed numerous lawsuits against Underwriters' Insureds (all such claims, including but not limited to the Receiver's and the Committee's claims against the individuals identified in Exhibit A and those claims identified in Exhibit B, are referred to collectively, as the "Indirect Claims") who sought or may seek coverage under the Policies and which coverage was, or might have been, pursued directly by Underwriters' Insureds or by the Receiver or the Committee, through assignment or otherwise;

WHEREAS, Underwriters and the Receiver are parties to a lawsuit, *Underwriters v. Janvey*, No. 3:09-cv-1736 (N.D. Tex.), concerning their respective rights and obligations relating to the Policies (the “Coverage Action”);

WHEREAS, Underwriters dispute that coverage exists under the Policies for the Indirect Claims and have been and are party to numerous lawsuits relating to certain individuals’ claims for coverage under the Policies;

WHEREAS, the Policies provide for certain policy limits, and the Parties dispute issues of coverage, the legal effect of the provisions governing the Policies’ limits, and the amount of the Policies’ remaining limits;

WHEREAS, the Receiver has sought to intervene or has intervened in certain of the “Third-Party Coverage Actions” (as defined below);

WHEREAS, Underwriters each expressly deny any and all allegations by the Receiver or anyone else of wrongdoing, fault, liability or damages whatsoever, pursuant to the Insurance Policies or otherwise, and are entering into this Agreement to avoid the burden, expense, and risks of litigation;

WHEREAS, the Receiver has conducted an investigation into the facts and the law relating to the Indirect Claims and the Direct Claims (the “Indirect Claims” and the “Direct Claims” are referred to, collectively, as the “Claims for Coverage”), and after considering the results of that investigation and the benefits of this Agreement, as well as the burden, expense, and risks of litigation, has concluded that the Agreement is fair, reasonable, adequate, and in the overall best interests of the Receivership Estate; the Claimants; the individuals, entities, and/or customers who, as of February 16, 2009, had funds on deposit at Stanford International Bank, Ltd., or were holding certificates of deposit issued by Stanford International Bank, Ltd. (the

“Stanford Investors”), and/or who had an interest in any financial products, services, accounts, vehicles, or ventures that the Stanford Entities sponsored, issued, promoted or sold; any other interested party; and all Persons affected by the Stanford Entities;

WHEREAS, the Committee has conducted an investigation into the facts and the law relating to the Indirect Claims it is prosecuting, and after considering the results of that investigation and the benefits of this Agreement, as well as the burden, expense, and risks of litigation, has concluded that the Agreement is fair, reasonable, adequate, and in the overall best interests of the Receivership Estate; the Claimants; the Stanford Investors and/or other Persons who had an interest in any financial products, services, accounts, vehicles, or ventures that the Stanford Entities sponsored, issued, promoted or sold; any other interested party; and all Persons affected by the Stanford Entities;

WHEREAS, the Parties desire to fully, finally, and forever compromise and effect a global settlement and discharge of all claims, disputes, and issues between Underwriters and the Receiver and Committee pursuant to the terms outlined herein, including that Underwriters would have no further obligation to Underwriters’ Insureds or to Stanford Investors;

WHEREAS, the Parties have engaged in extensive, good faith, arm’s-length negotiations, including participation by the Receiver and his counsel, representatives of Underwriters and Underwriters’ counsel, and the Examiner in three days of mediation with Jed Melnick, Esq. of JAMS, leading to this Agreement;

WHEREAS, absent this Agreement, the Parties would have faced years of litigation in a variety of different civil actions, substantial litigation costs, and uncertainty as to the outcome of such litigation;

WHEREAS, the Examiner, both in his capacity as Chairperson of the Committee and in his capacity as the Court-Appointed Examiner, participated in the negotiation of the Agreement;

WHEREAS, the Examiner, in his capacity as Examiner, has reviewed this Agreement and, as evidenced by his signature hereon, has approved this Agreement and will recommend that this Agreement be approved by the Court and implemented;² and

WHEREAS, the Receiver has reviewed and approved this Agreement, as evidenced by his signature hereon;

WHEREAS, the Examiner and the Committee have reviewed and approved this Agreement, as evidenced by the Examiner's signature hereon;

NOW, THEREFORE, in consideration of the agreements, covenants and releases set forth herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. Agreement Date

1. This Agreement shall take effect once all Parties have signed the Agreement, and as of the date of execution by the last Party to sign the Agreement (the "Agreement Date").

II. Terms Used in this Agreement

The following terms, as used in this Agreement, the Bar Order, and the Judgment and Bar Orders, have the following meanings:

2. "Attorneys' Fees" means those fees awarded to the Receiver's and Committee's counsel from the Settlement Amount pursuant to order of the Court on motion by the Receiver.

3. "Claim" means a Person's potential or asserted right to receive funds from the Receivership Estate.

² The Examiner has also executed this Agreement to confirm his obligation to post Notice on his website, as required herein, but is not otherwise individually a party to the Agreement.

4. “Claimant” means any Person who has submitted a Claim to the Receiver or to the Joint Liquidators. Where a Claim has been transferred to a third party and such transfer has been acknowledged by the Receiver, the transferee is a Claimant, and the transferor is not a Claimant unless the transferor has retained a Claim that has not been transferred. Where the Receiver has disallowed a Claim and the disallowance has become Final, then the submission of the disallowed Claim does not make the Person who submitted it a Claimant.

5. “Confidential Information” means the communications and discussions in connection with the negotiations that led to this Agreement. Confidential Information also includes the existence and terms of this Agreement, but only until the filing of this Agreement and related documents with the Court.

6. “Court” means the United States District Court for the Northern District of Texas, Judge David C. Godbey currently presiding.

7. “Distribution Plan” means the plan hereafter approved by the Court for the distribution of the Settlement Amount (net of any attorneys’ fees or costs that are awarded by the Court) to Stanford Investors who, as of the date of the approval of the Distribution Plan, have had their Claims allowed by the Receiver (“Allowed Claims”).

8. “Settlement Effective Date” means the date on which the last of all of the following have occurred:

a. entry in the SEC Action of a bar order including findings under Federal Rule of Civil Procedure 54(b) and in substantially the form attached hereto as Exhibit C (the “Bar Order”);

b. entry in the Coverage Action of a judgment and bar order in substantially the form attached hereto as Exhibit D (the “Coverage Action Judgment and Bar Order”);

c. entry in each of the Third-Party Coverage Actions of a judgment and bar order in substantially the form attached hereto as Exhibit E (the “Third-Party Coverage Action Judgment and Bar Order”); and

d. the Bar Order, the Coverage Action Judgment and Bar Order, and each Third-Party Coverage Action Judgment and Bar Order have all become Final.

9. “Final” means unmodified after the final conclusion of, or expiration of any right of any Person to pursue, any and all possible forms and levels of appeal, reconsideration, or review. The Bar Order including findings under Federal Rule of Civil Procedure 54(b) will become final as set forth in this paragraph as though such order was entered as a judgment at the end of the case, and the continuing pendency of the SEC Action shall not be construed as preventing such an order from becoming final.

10. “Forum” means any court, adjudicative body, tribunal, or jurisdiction, whether its nature is federal, foreign, state, administrative, regulatory, arbitral, local, or otherwise.

11. “Hearing” means a formal proceeding in open court before the Court.

12. “Interested Parties” means the Receiver, the Receivership Estate, the Committee, the members of the Committee, the Claimants, the Examiner, the Stanford Investors, and Underwriters’ Insureds.

13. “Joint Liquidators” means the liquidators appointed by the Eastern Caribbean Supreme Court in Antigua and Barbuda to take control of and manage the affairs and assets of Stanford International Bank, Ltd.

14. “Notice” means a communication, in substantially the form attached hereto as Exhibit F, describing (a) the material terms of this Agreement; (b) the rights and obligations of the Interested Parties with regard to this Agreement; (c) the deadline for the filing of objections

to the Agreement, the Bar Order, the Coverage Action Judgment and Bar Order, and each Third-Party Coverage Action Judgment and Bar Order; (d) the date, time and location of the Hearing to consider final approval of this Agreement, the Bar Order, the Coverage Action Judgment and Bar Order, and each Third-Party Coverage Action and Bar Order.

15. “Person” means any individual, entity, governmental authority, agency or quasi-governmental person or entity, worldwide, of any type, including, without limitation, any individual, partnership, corporation, estate, trust, association, proprietorship, organization, or business, regardless of location, residence, or nationality.

16. “Receivership Released Parties” means the Receiver, the Examiner, the Committee, and each of their counsel. Receivership Released Parties also includes each of the foregoing persons’ respective past, present, and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, agents, attorneys, trustees, general and limited partners, lenders, insurers and reinsurers, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest but only in the capacity in which they allegedly would incur liability or potential liability that is derivative of or related to their relationship with the Receiver, the Examiner, the Committee, or their counsel.

17. “Releasor” means any Person granting a release of any Settled Claim.

18. “Settled Claims” means any action, cause of action, suit, liability, claim, right of action or demand whatsoever, whether or not currently asserted, known, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that a Releasor

ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, for, upon, arising from, relating to, or by reason of any matter, cause, or thing whatsoever, that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Policies; (ii) the Stanford Entities; (iii) any actual or potential claim of coverage under the Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Direct Claims, the Stanford Investor Claims, or any claim asserted against any of Underwriters' Insureds or any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant; (iv) any certificate of deposit, CD, depository account, or investment of any type with any one or more of the Stanford Entities; (v) any one or more of the Underwriters' relationship with any one or more of Underwriters' Insureds; (vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; and (ix) all matters that were asserted in, could have been asserted in, or relate to the SEC Action, the Coverage Action, the Indirect Claims, the Coverage Action, the Third-Party Coverage Actions, the Stanford Investor Claims, or any proceeding concerning the Stanford Entities pending or commenced in any Forum. "Settled Claims" specifically includes, without limitation, all claims each Releasor does not know or suspect to exist in his, her, or its favor at the time of release, which, if known by that Person, might have affected their decisions with respect to this Agreement ("Unknown Claims"). Each Releasor expressly waives, releases, and relinquishes any and all provisions, rights, and benefits conferred by any law or principle, in the United States or elsewhere, which governs or limits the release of unknown or unsuspected claims, including, without limitation, California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM

OR HER MUST HAVE MATERIALLY AFFECTED HIS OR
HER SETTLEMENT WITH THE DEBTOR.

Each Releasor acknowledges that he, she, or it may hereafter discover facts different from, or in addition to, those which such Releasor now knows or believes to be true with respect to the Settled Claims, but nonetheless agrees that this Agreement, including the releases granted herein, is and will remain binding and effective in all respects. Unknown Claims include contingent and non-contingent claims, whether or not concealed or hidden, without regard to the subsequent discovery or existence of different or additional facts. These provisions concerning unknown and unsuspected claims and the inclusion of Unknown Claims in the definition of Settled Claims were separately bargained for and are an essential element of this Agreement.

19. “Settlement Amount” means Sixty-Five Million Dollars (\$65,000,000.00) in United States currency.

20. “Stanford Entities” means Stanford International Bank, Ltd.; Stanford Group Company; Stanford Capital Management, LLC; Stanford Financial Group; Stanford Trust Company; the Stanford Financial Building Inc.; the entities listed in Exhibit H to this Agreement; any entity of any type that was owned or controlled by Robert Allen Stanford, James M. Davis, Laura Pendergest-Holt, Gilbert Lopez, Mark Kuhrt, Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, Stanford Financial Group, Stanford Trust Company, the Stanford Financial Building Inc., or the entities listed in Exhibit H, on or before February 16, 2009.

21. “Stanford Investor Claims” means any action, lawsuit, claim, or proceeding brought by any Stanford Investor against Underwriters, Underwriters Released Parties, or Underwriters’ Insureds arising out of, in connection with, or in any way relating to (i) the Stanford Entities; (ii) any certificate of deposit, CD, depository account, or investment of any

type with any one or more of the Stanford Entities; (iii) any one or more of the Underwriters' relationship with any one or more of Underwriters' Insureds; or (iv) any matter that relates to the SEC Action, the Indirect Claims, the Coverage Action, and the Third-Party Coverage Actions, or any proceeding concerning the Stanford Entities pending or commenced in any Forum.

22. "Taxes" means any and all taxes, whether federal, state, local, or other taxes related to this Agreement or the Settlement Amount, and costs incurred in connection with such taxation including, without limitation, the fees and expenses of tax attorneys and accountants.

23. "Third-Party Coverage Actions" means those lawsuits between Underwriters and Underwriters' Insureds relating to the Policies and/or the Stanford Entities identified in Exhibit J.

24. "Underwriters Released Parties" means Underwriters and each of their respective past, present, and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, receivers, agents, attorneys, trustees, general and limited partners, lenders, insurers and reinsurers, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest, and all Persons acting by, through, or under any of them. Notwithstanding the foregoing, "Underwriters Released Parties" shall not include any Person, other than Underwriters, against whom, as of the Agreement Date, the Receiver or the Committee is asserting a claim or cause of action in any Forum, and also shall not include any Person who becomes employed by, related to, or affiliated with Underwriters after the Agreement Date and whose liability, if any, arises solely out of or derives solely from their

actions or omissions before becoming employed by, related to, or affiliated with Underwriters. For clarification, and without limiting the generality of the foregoing sentence, neither “Underwriters” nor “Underwriters Released Parties” shall be construed to include any of the Persons identified on Exhibit A, any of the Persons who are identified in Exhibit B, or any of the Persons who are parties to the proceedings identified in Exhibit B.

25. “Underwriters’ Insureds” means any Person insured under any of the Policies, including (1) any Persons who were, now are, or shall be directors or officers of any of the Stanford Entities; (2) any Persons who were foreign titled equivalents of directors and officers in U.S. corporations of any of the Stanford Entities; (3) employees of any of the Stanford Entities; (4) the lawful spouse or domestic partner of any director, officer, or employee of any of the Stanford Entities, solely to the extent that such Person is a party to any Claim solely in his or her capacity as spouse or domestic partner; (5) the estates, heirs, legal representatives or assigns of any director, officer, or employee of any of the Stanford Entities; and (6) the Stanford Entities.

III. Delivery and Management of Settlement Amount

26. Delivery of Settlement Amount: Thirty days after the Settlement Effective Date, Underwriters shall deliver the Settlement Amount to the Receiver by wire transfer in accordance with wire transfer instructions provided by the Receiver for purposes of receiving the payment.

IV. Use of Settlement Amount

27. Management and Distribution of Settlement Amount: If and when the Settlement Amount is delivered to the Receiver pursuant to the terms of this Agreement, the Receiver shall receive and take custody of the Settlement Amount and shall maintain, manage and distribute the Settlement Amount in accordance with the Distribution Plan and under the supervision and direction and with the approval of the Court. The Receiver shall be responsible

for all Taxes, fees and expenses that may be due with respect to the Settlement Amount or the management, use, administration or distribution of the Settlement Amount.

28. No Liability: Underwriters and the Underwriters Released Parties shall have no liability, obligation, or responsibility whatsoever with respect to the investment, management, use, administration, or distribution of the Settlement Amount or any portion thereof, including, but not limited to, the costs and expenses of such investment, management, use, disbursement, or administration of the Settlement Amount, and any Taxes arising therefrom or relating thereto.

V. Motion for Scheduling Order and Final Bar Order and Judgment

29. Motion: Within fifteen (15) days after the Agreement Date, the Receiver shall submit to the Court in the SEC Action, the Coverage Action, and the Third-Party Coverage Actions a motion requesting entry of an order substantially in the form attached hereto as Exhibit I (the “Scheduling Order”) (a) preliminarily approving the Agreement; (b) approving the content and plan for publication and dissemination of Notice; (c) setting the date by which any objection to this Agreement must be filed; (d) staying the Coverage Action and the Third-Party Coverage Actions during the Court’s consideration of the Agreement (as more particularly described in Exhibit I); and (e) scheduling a Hearing to consider final approval of the Agreement and entry of the orders required by Paragraph 8 of this Agreement. With respect to the content and plan for publication and dissemination of Notice, the Receiver will propose that Notice in substantially the form attached hereto as Exhibit F, be sent via electronic service to all counsel of record (who are deemed to have consented to electronic service) for any Person who is, at the time of the Notice, a party in any matter in (i) MDL No. 2099, *In re: Stanford Entities Securities Litigation* (N.D. Tex.) (the “MDL”); (ii) the SEC Action; (iii) the Indirect Claims; and (iv) the Third-Party Coverage Actions. The Receiver will further propose that notice be sent via facsimile transmission and/or first class mail to any other counsel of record for any

other Person who is, at the time of service, a party in any case included in the foregoing sentence, and via electronic mail, first class mail or international delivery service to all Interested Parties not served via one of the other foregoing methods, except that the Receiver is not required to individually provide notice to any Person who is an Underwriters' Insured but is not included in any of the following groups: Stanford Investors; Claimants; or parties to one or more of the MDL, the SEC Action, the Indirect Claims, and the Third-Party Coverage Actions. The Receiver will further propose that notice be posted on the websites of the Receiver and the Examiner along with complete copies of this Agreement, including all exhibits. The Receiver will further propose that Notice in substantially the form attached hereto as Exhibit G be published once in the national edition of *The Wall Street Journal* and once in the international edition of *The New York Times*. In advance of filing the motion papers to accomplish the foregoing, the Receiver shall provide Underwriters with a reasonable opportunity to review and comment on such motion papers.

30. Notice Preparation and Dissemination: The Receiver shall be responsible for the preparation and dissemination of the Notice pursuant to this Agreement and as directed by the Court. In the absence of intentional refusal by the Receiver to prepare and disseminate Notice pursuant to this Agreement or a court order, no Interested Party or other Person shall have any recourse against the Receiver with respect to any claims that may arise from or relate to the Notice process. In the case of intentional refusal by the Receiver to prepare and disseminate Notice pursuant to this Agreement or a court order, Underwriters shall not have any claim against the Receiver other than the ability to seek specific performance. The Parties do not intend to give any other Person any right or recourse against the Receiver in connection with the Notice process.

31. No Recourse Against Underwriters: No Interested Party or any other Person shall have any recourse against the Underwriters or the Underwriters Released Parties with respect to any claims that may arise from or relate to the Notice process.

32. Motion Contents: In the motion papers referenced in Paragraph 29 above, the Receiver shall request that the Court, *inter alia*:

- a. approve the Parties' settlement as set out in this Agreement;
- b. enter in the SEC Action a Bar Order in substantially the form attached hereto as Exhibit C;
- c. enter in the Coverage Action a judgment and bar order in substantially the form attached hereto as Exhibit D; and
- d. enter in each of the Third-Party Coverage Actions, a judgment and bar order in substantially the form attached hereto as Exhibit E.

33. Parties to Advocate: The Parties shall take all reasonable steps to advocate for and encourage the Court to approve the terms of this Agreement.

34. No Challenge: No Party shall challenge the approval of the Agreement, and no Party will encourage or assist any Interested Party in challenging the Agreement.

VI. Withdrawal and Termination

35. Right to Withdraw and Terminate: The Parties represent and acknowledge that the following were necessary to the Parties' agreement to this settlement, are each an essential term of this Agreement, and that the Agreement would not have been reached in the absence of these terms: (a) Court approval of the Agreement without amendment or revision; (b) entry by the Court of the Bar Order in the SEC Action in substantially the form attached hereto as Exhibit C; (c) entry in the Coverage Action of a judgment and bar order in substantially the form attached hereto as Exhibit D; (d) entry in each of the Third-Party Coverage Actions

identified in Exhibit J of a judgment and bar order in substantially the form attached hereto as Exhibit E; and (e) all such approvals, judgments, and orders becoming Final, pursuant to Paragraphs 8 and 9 of this Agreement. If the Court refuses to provide the approvals, judgments, and orders described in this paragraph or if the final result of any appeal from the approvals, judgments, and orders is that any of the approvals, judgments, or orders are not affirmed, in their entirety and without modification or limitation, then any Party can withdraw its agreement to the settlement and terminate this Agreement by providing written notice thereof. In the event that any Party withdraws its agreement to the settlement and terminates this Agreement as allowed in this paragraph, this Agreement will be null and void and of no further effect whatsoever (except for the provisions identified in paragraph 36, which shall survive), shall not be admissible in any ongoing or future proceedings for any purpose whatsoever (except as necessary to enforce the provisions identified in paragraph 36, which survive termination), and shall not be the subject or basis for any claims by any Party against any other Party (except for claims to enforce the provisions identified in paragraph 36, which survive termination). If any Party withdraws from this Agreement pursuant to the terms of this paragraph, then each Party shall be returned to such Party's respective position immediately prior to such Party's execution of the Agreement, except that the Parties will remain bound by the provisions identified in paragraph 36, which survive termination. For clarity, if the Agreement is terminated pursuant to this paragraph, then any agreement that arose or is alleged to have arisen in connection with or related to the November 16, 2015 Mediator's Proposal sent to the Parties by Jed Melnick and Simone Lechuk, will likewise be considered to have been terminated and any such agreement will thus be unenforceable.

36. Limitation: The following paragraphs of this Agreement shall survive termination of the Agreement: 35, 36, and 66.

VII. Distribution Plan

37. Duties: The Receiver, with the approval and guidance of the Court, shall be solely responsible for preparing, and filing a motion seeking approval of and implementing the Distribution Plan including, without limitation, receiving, managing and disbursing the Settlement Amount. The Receiver owes no duties to Underwriters or Underwriters Released Parties in connection with the distribution of the Settlement Amount or the Distribution Plan, and if the Receiver complies with all orders issued by the Court relating to the Distribution Plan, neither Underwriters or Underwriters Released Parties may assert any claim or cause of action against the Receiver in connection with the distribution of the Settlement Amount or the Distribution Plan. In no event will the Receiver or the Receivership Estate be liable to Underwriters or Underwriters Released Parties for damages or the payment or re-payment of funds of any kind as a result of any deficiency associated with the distribution of the Settlement Amount or the Distribution Plan.

38. No Responsibility: Underwriters and the Underwriters Released Parties shall have no responsibility, obligation, or liability whatsoever with respect to the terms, interpretation or implementation of the Distribution Plan; the management, investment or disbursement of the Settlement Amount or any other funds paid or received in connection with the Agreement; the payment or withholding of Taxes that may be due or owing by the Receiver or any recipient of funds from the Settlement Amount; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with this Agreement; any

losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters.

VIII. Releases, Covenant Not to Sue, and Permanent Injunction

39. Release of Underwriters and Underwriters Released Parties: As of the Settlement Effective Date, the Receiver on behalf of the Receivership Estate (other than the natural persons listed in Paragraph 20 of this Agreement) and the Committee, fully, finally, and forever release, relinquish, and discharge, with prejudice, all Settled Claims against Underwriters and the Underwriters Released Parties.

40. Release of Receivership Released Parties: As of the Settlement Effective Date, Underwriters fully, finally, and forever release, relinquish, and discharge, with prejudice, all Settled Claims against the Receivership Released Parties.

41. No Release of Obligations Under Agreement: Notwithstanding anything to the contrary in this Agreement, the releases and covenants contained in this Agreement do not release the Parties' rights and obligations under this Agreement or bar the Parties from enforcing or effectuating this Agreement.

42. Covenant Not to Sue: Effective as of the Agreement Date, the Receiver and the Committee covenant not to, directly or indirectly, or through a third party, institute, reinstitute, initiate, commence, maintain, continue, file, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute against any of Underwriters or the Underwriters Released Parties any action, lawsuit, cause of action, claim, investigation, demand, complaint, or proceeding, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, concerning the Settled Claims, whether in a court or any other Forum. Effective as of the Agreement Date, Underwriters covenant not to, directly or indirectly, or through a third party, institute, reinstitute, initiate, commence, maintain, continue,

file, encourage, solicit, support, participate in, collaborate in, or otherwise prosecute against any of the Receivership Released Parties any action, lawsuit, cause of action, claim, investigation, demand, complaint, or proceeding, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, concerning the Settled Claims, whether in a court or any other Forum. Notwithstanding the foregoing, however, the Parties retain the right to sue for alleged breaches of this Agreement. Further, notwithstanding the foregoing, the Coverage Action and the Third-Party Coverage Actions will remain open pending consideration and Final Approval of the Agreement (though during that time, the Coverage Action and the Third-Party Coverage Actions will be stayed for all activities other than those activities necessary to obtain approval of the Agreement).

43. Nothing in this Agreement is intended to release the Receiver or the Committee's claims in the proceedings identified in Exhibit B to the Agreement, or prevent, bar, restrain, or enjoin the continuation of such proceedings by the Receiver or the Committee, except as is otherwise provided by paragraph 44.

IX. Dismissal of Certain Claims by the Receiver and the Committee

44. As soon as is practicable following the Settlement Effective Date, the Receiver and the Committee each agree to dismiss, pursuant to this Agreement, their respective claims against the individuals identified in Exhibit A, on the condition that the obligation to dismiss claims against any individual will not arise until such individual agrees to a joint dismissal of all claims between or among the individual, on the one hand, and the Receiver and the Committee, on the other hand, including the dismissal of any and all claims by such individual against the Receiver or the Committee, with each party to bear his, hers, or its own costs and attorneys' fees, and, with respect to Daniel Bogar, Bernerd Young, Jason Green, Gilbert Lopez, Mark Kuhrt, and Jay Comeaux, further agrees that such dismissal shall not (i) prevent or preclude the

Receiver or the Committee from receiving from the SEC, DOJ, or any other governmental or regulatory authority, whether directly or indirectly, any funds obtained by the SEC, DOJ, or any other governmental or regulatory authority from such individual; or (ii) prevent or preclude the Receiver or the Committee from obtaining ownership of, by assignment or otherwise, or pursuing collection of any judgment obtained by the SEC, DOJ, or any other governmental or regulatory authority against such individual. For any individual identified in Exhibit A who fails or refuses to so agree, the Receiver and the Committee may continue to pursue their claims against such individual.

45. Within ten (10) days of receiving the Settlement Amount from Underwriters, the Receiver agrees to file a notice in *Janvey v. Hamric, et al.*, 3:13-cv-775, in the United States District Court for the Northern District of Texas stating that the judgment against the Estate of Robert S. Winter has been fully and completely satisfied. Within ten (10) days of receiving the Settlement Amount from Underwriters, the Receiver agrees to file a notice in *Janvey v. Maldonado*, 3:14-cv-2826, in the United States District Court for the Northern District of Texas stating that the judgment against Patricia Maldonado has been fully and completely satisfied, on the condition that Ms. Maldonado has, within ten (10) days of the entry of the Scheduling Order, filed a motion in the U.S. Court of Appeals for the Fifth Circuit to stay her appeal of said judgment until the earlier of the Settlement Effective Date or any termination of the Agreement pursuant to paragraph 35, and further on condition that Ms. Maldonado dismisses her appeal of said judgment within five (5) days of the Settlement Effective Date.

46. The Receiver and the Committee do not agree to dismiss and will not, pursuant to this Agreement, dismiss or release any Indirect Claims against any Person other than the individuals identified in Exhibit A. Without limiting the generality of the foregoing sentence,

neither the Receiver nor the Committee will, pursuant to this Agreement, dismiss or release any of the claims identified in Exhibit B. For purposes of clarification, nothing in this paragraph permits the Receiver to pursue any settlement, judgment, or claim against Underwriters or Underwriters Released Parties or otherwise limits the scope of the releases provided in this agreement.

47. This Agreement does not prevent or preclude the SEC, DOJ, or any other governmental or regulatory authority, or any of their assignees from pursuing, enforcing or collecting any judgments entered against, or settlements agreed to by, any of the individuals identified in Exhibit A. Further, this Agreement does not prevent or preclude the Receiver or the Committee from receiving from the SEC, DOJ, or any other governmental or regulatory authority, whether directly or indirectly, any funds obtained by the SEC, DOJ, or any other governmental or regulatory authority from any of the individuals identified in Exhibit A. Nor does this Agreement prevent or preclude the Receiver or the Committee from cooperating with any claim or investigation by the SEC, DOJ, or any other governmental or regulatory authority against, into, or related to the any of the individuals identified in Exhibit A. Nor does this Agreement prevent or preclude the Receiver or the Committee from obtaining ownership of, by assignment or otherwise, or pursuing collection of any judgment obtained by the SEC, DOJ, or any other governmental or regulatory authority from any of the individuals identified in Exhibit A. For purposes of clarification, however, nothing in this paragraph shall serve as a basis for the SEC, DOJ, or any other governmental agency, or any of their assignees, to pursue any settlement, judgment, or claim against Underwriters or Underwriters Released Parties; limits the scope of the releases provided in this Agreement; or otherwise limits the bar, restraint, and injunction of claims against Underwriters and Underwriters Released Parties provided in the

Bar Order to be entered in the SEC Action or the Judgments and Bar Orders to be entered in the Coverage Action or the Third-Party Coverage Actions.

X. Representations and Warranties

48. No Assignment, Encumbrance or Transfer: The Receiver represents and warrants that he has not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised the Settled Claims against Underwriters or the Underwriters Released Parties. Underwriters represent and warrant that they have not, in whole or in part, assigned, encumbered, sold, pledged as security, or in any manner transferred or compromised the Settled Claims against the Receiver or the Receivership Released Parties.

49. Authority: Each person executing this Agreement or any related documents represents and warrants that he or she has the full authority to execute the documents on behalf of the entity each represents and that they have the authority to take appropriate action required or permitted to be taken pursuant to this Agreement to effectuate its terms.

XI. No Admission of Fault or Wrongdoing

50. The settlement between the Parties, this Agreement, and the negotiation thereof shall in no way constitute, be construed as, or be evidence of an admission or concession of any violation of any statute or law; of any fault, liability or wrongdoing; or of any infirmity in the claims or defenses of the Parties with regard to any of the complaints, claims, allegations or defenses asserted or that could have been asserted in the Coverage Action, the Indirect Claims, the Third-Party Coverage Actions, or any other proceeding in any Forum. The settlement and this Agreement are a resolution of disputed claims in order to avoid the risk and expense of protracted litigation. The settlement, this Agreement, and evidence thereof shall not be used, directly or indirectly, in any way, in the Coverage Action, the Indirect Claims, the Third-Party

Coverage Actions, the SEC Action, or in any other proceeding, other than to enforce the terms of this Agreement.

XII. Confidentiality

51. Confidentiality: Except as necessary to obtain court approval of this Agreement, to provide the Notices as required by this Agreement, or to enforce the terms of this Agreement, the Parties will keep confidential and shall not publish, communicate, or otherwise disclose, directly or indirectly, in any manner whatsoever, Confidential Information to any Person except that (i) a Party may disclose Confidential Information pursuant to a legal, professional, or regulatory obligation, court order, or lawfully issued subpoena, but only after providing prompt notice to the other Parties so that, to the extent practicable, each Party has the time and opportunity, before disclosure of any Confidential Information, to seek and obtain a protective order preventing or limiting disclosure; and (ii) a Party may disclose Confidential Information based on specific written consent from the other Parties. Notwithstanding anything else in this Agreement or otherwise, such consent may be transmitted by e-mail.

XIII. Miscellaneous

52. Final and Complete Resolution: The Parties intend this Agreement to be and constitute a final, complete, and worldwide resolution of all matters and disputes between (1) the Receiver and the Interested Parties, on the one hand, and Underwriters, on the other hand, and (2) Underwriters, on the one hand, and Underwriters' Insureds, on the other hand. This Agreement, including its exhibits, shall be interpreted to effectuate this purpose. The Parties agree not to assert in any Forum that the other Party violated Rule 11 of the Federal Rules of Civil Procedure, or litigated, negotiated, or otherwise engaged in conduct in bad faith or without a reasonable basis in connection with the Coverage Action, the Indirect Claims, the Third-Party Coverage Actions, or this Agreement.

53. Binding Agreement: As of the Agreement Date, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. No Party may assign any of its rights or obligations under this Agreement without the express written consent of the other Parties.

54. Incorporation of Recitals: The Recitals contained in this Agreement are essential terms of this Agreement and are incorporated herein for all purposes.

55. Disclaimer of Reliance: Each Party represents and acknowledges that in negotiating and entering into this Agreement the Party has not relied on, and has not been induced by, any representation, warranty, statement, estimate, communication, or information, of any nature whatsoever, whether written or oral, by, on behalf of, or concerning any other Party, any agent of any other Party, or otherwise, except as expressly set forth in this Agreement. To the contrary, each Party represents and acknowledges that the Party is relying solely on the express terms contained within this Agreement. Each Party represents and acknowledges that the Party consulted with the Party's own legal counsel and advisors, has considered the advantages and disadvantages of entering into this Agreement, and has relied solely on the Party's own judgment and advice of the Party's legal counsel in negotiating and entering into this Agreement.

56. Third-Party Beneficiaries: This Agreement is not intended to and does not create rights enforceable by any Person other than the Parties (or their respective successors and assigns, as provided in Paragraph 53 of this Agreement), except that if this Agreement provides that a Person is released or should not be sued as a consequence of a covenant not to sue or agreement to dismiss a claim or claims, then such Person may enforce the release or covenant not to sue or agreement to dismiss a claim or claims as it relates to said Person. For the

avoidance of doubt, the Parties disclaim any intent that this Agreement provides any direct or indirect benefit or enforceable right in the defendants who are parties to the proceedings identified in Exhibit B (except for those defendants individually identified in Exhibit A, whose limited rights of enforcement are described in the foregoing sentence).

57. Negotiation, Drafting, and Construction: The Parties agree and acknowledge that they each have reviewed and cooperated in the preparation of this Agreement, that the Parties jointly drafted this Agreement, and that any rule, presumption, or burden of proof that would construe this Agreement, any ambiguity, or any other matter, against the drafter shall not apply and is waived. The Parties are entering into this Agreement freely, after good faith, arm's-length bargaining, with the advice of counsel, and in the absence of coercion, duress, and undue influence. The titles and headings in this Agreement are for convenience only, are not part of this Agreement, and shall not bear on the meaning of this Agreement. The words "include," "includes," or "including" shall be deemed to be followed by the words "without limitation." The words "and" and "or" shall be interpreted broadly to have the most inclusive meaning, regardless of any conjunctive or disjunctive tense. Words in the masculine, feminine, or neuter gender shall include any gender. The singular shall include the plural and vice versa. "Any" shall be understood to include and encompass "all," and "all" shall be understood to include and encompass "any."

58. Cooperation: The Parties agree to execute any additional documents reasonably necessary to finalize and carry out the terms of this Agreement. In the event a third party or any Person other than a Party at any time challenges any term of this Agreement, including the Bar Order in the SEC Action and the Judgment and Bar Orders in the Coverage Action and the Third-Party Coverage Actions, the Parties agree to cooperate with each other, including using

reasonable efforts to make documents or personnel available as needed to defend any such challenge. Further, the Parties shall reasonably cooperate to defend and enforce each of the orders required under Paragraph 8 of this Agreement.

59. Notice: Any notices, documents, or correspondence of any nature required to be sent pursuant to this Agreement shall be transmitted by both e-mail and overnight delivery to the following recipients, and will be deemed transmitted upon receipt by the overnight delivery service.

If to Underwriters:

Neel Lane
Manuel Mungia
Matthew Pepping
Akin Gump Strauss Hauer & Feld LLP
300 Convent Street
Suite 1600
San Antonio, Texas 78205-3732
nlane@akingump.com
mmungia@akingump.com
mpepping@akingump.com

If to the Receiver:

Michael J. Kuckelman
Stephen J. Torline
Kathryn A. Lewis
Kuckelman Torline Kirkland & Lewis
10740 Nall Avenue, Suite 250
Overland Park, Kansas 66211
mkuckelman@ktklattorneys.com
storline@ktklattorneys.com
klewis@ktklattorneys.com

and

Ralph S. Janvey
2100 Ross Ave.
Suite 2600
Dallas, Texas 75201
rjanvey@jkjllp.com

and

Kevin M. Sadler
Baker Botts LLP
1001 Page Mill Road
Building One, Suite 200
Palo Alto, California 94304-1007
Kevin.sadler@bakerbotts.com

If to the Committee:

John J. Little
Little Pedersen Fankhauser, LLP
901 Main Street, Suite 4110
Dallas, Texas 75202
jlittle@lpf-law.com

Each Party shall provide notice of any change to the service information set forth above to all other Parties by the means set forth in this paragraph.

60. Choice of Law: This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas applicable to contracts executed in and to be performed in that jurisdiction, without regard to the choice of law principles of Texas or any other jurisdiction.

61. Mandatory, Exclusive Forum Selection Clause: Any dispute, controversy, or claim arising out of or related to this Agreement, including breach, interpretation, effect, or validity of this Agreement, whether arising in contract, tort, or otherwise, shall be brought exclusively in the United States District Court for the Northern District of Texas. With respect to any such action, the Parties irrevocably stipulate and consent to personal and subject matter jurisdiction and venue in such court, and waive any argument that such court is inconvenient, improper, or otherwise an inappropriate forum.

62. United States Currency: All dollar amounts in this Agreement are expressed in United States dollars.

63. Timing: If any deadline imposed by this Agreement falls on a non-business day, then the deadline is extended until the next business day.

64. Waiver: The waiver by a Party of any breach of this Agreement by another Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

65. Exhibits: The exhibits annexed to this Agreement are incorporated by reference as though fully set forth in this Agreement.

66. Integration and Modification: This Agreement sets forth the entire understanding and agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations, and communications, whether oral or written, with respect to such subject matter. Without limiting the generality of the foregoing, this Agreement supersedes and replaces any agreement that arose, or is alleged to have arisen, in connection with or related to the November 16, 2015 Mediator's Proposal sent to the Parties by Jed Melnick and Simone Lelchuk. Neither this Agreement, nor any provision or term of this Agreement, may be amended, modified, revoked, supplemented, waived, or otherwise changed except by a writing signed by all of the Parties.

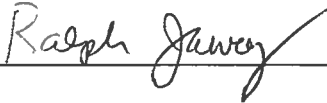
67. Agreed Changes: Notwithstanding any other provision of this Agreement, the Parties may consent, but are not obligated to consent, to substantive changes made by the Court to the Scheduling Order, the Notice, the Bar Order, the Coverage Action Judgment and Bar Order, the Third-Party Coverage Action Judgments and Bar Orders, or other filings. Any such consent must be in writing and signed by all Parties or must be agreed to by all Parties on the record in open court.

68. Counterparts: This Agreement may be executed in one or more counterparts, each of which for all purposes shall be deemed an original but all of which taken together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS HEREOF, the Parties have executed this Agreement signifying their agreement to the foregoing terms.

Ralph Janvey, in his capacity as the Receiver
for the Stanford Receivership Estate



John J. Little, in his capacity as Examiner

Official Stanford Investors Committee

By: John J. Little
Title: Chairman

Certain Underwriters' at Lloyds London

By: Gary Mann
Title: Senior Claims Adjuster at Brit Global
Specialty

Lexington Insurance Company

By: Andy Tucker
Title: Vice President Casualty Claims

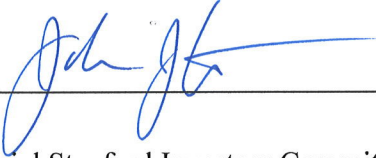
Arch Specialty Insurance Company

By: Jeremy Salzman
Title: Vice President/Claims Counsel

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By: Gary Mann
Title: Senior Claims Adjuster at Brit Global
Specialty

Lexington Insurance Company

By: Andy Tucker
Title: Vice President Casualty Claims

Arch Specialty Insurance Company

By: Jeremy Salzman
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Certain Underwriters' at Lloyds London

By: Gary Mann
Title: Senior Claims Adjuster at Brit Global Specialty

Lexington Insurance Company



By: Andy Tucker
Title: ~~Vice President Casualty Claims~~ CLAIMS COORDINATOR, FINANCIAL LINES CLAIMS

Arch Specialty Insurance Company

By: Jeremy Salzman
Title: Vice President/Claims Counsel

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Ralph Janvey, in his capacity as the Receiver
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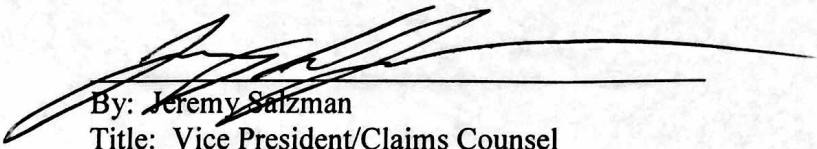
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By: Andy Tucker
Title: Vice President Casualty Claims

Arch Specialty Insurance Company



By: Jeremy Salzman
Title: Vice President/Claims Counsel

EXHIBIT A

**LIST OF DEFENDANTS WHO WILL BE DISMISSED ON FULFILLMENT OF
CONDITIONS IDENTIFIED IN PARAGRAPH 44 OF AGREEMENT:**

1. Rebecca Hamric
2. Glen Rigby
3. Linda Wingfield
4. Gilbert Lopez
5. Mark Kuhrt
6. Luis Garcia
7. Henry Amadio
8. Daniel Bogar
9. Bernerd Young
10. Jay Comeaux
11. Jason Green
12. Suzanne Hamm
13. Jack Staley
14. Claude Reynaud

EXHIBIT B

**NON-EXCLUSIVE LIST OF INDIRECT CLAIMS UNAFFECTED BY SETTLEMENT
AND NOT TO BE RELEASED PURSUANT TO SETTLEMENT:**

1. *Janvey v. Alguire, et al.*, No. 3:09-cv-0724 (N.D. Tex.) (except for Jason Green)*
2. *Janvey & OSIC v. Alvarado, et al.*, No. 3:10-cv-2584 (N.D. Tex.) (as to Mauricio Alvarado only)
3. *Janvey v. Hamric, et al.*, No. 3:13-cv-775 (N.D. Tex.) (as to Laura Holt only)
4. *Janvey, et al. v. Greenberg Traurig, LLP, et al.*, No. 3:12-cv-4641 (N.D. Tex.)
5. *Janvey & OSIC v. Bogar, et al.*, No. 3:14-cv-3635 (N.D. Tex.) (as to Osvaldo Pi only)
6. *Janvey & OSIC v. Rodriguez-Tolentino, et al.*, No. 3:10-cv-2290 (N.D. Tex.)
7. *Janvey v. Nanes*, No. 3:15-cv-3171 (N.D. Tex.)
8. *Janvey v. Rincon*, No. 3:11-cv-1659 (N.D. Tex.)
9. *Janvey & OSIC v. Breazeale, Sachse, & Wilson, et al.*, No. 3:11-cv-329 (N.D. Tex.) (as to J.D. Perry only)
10. *Janvey & OSIC v. Vingerhoedt and SANO Education Trust*, No. 3:11-cv-291 (N.D. Tex.)
11. *Janvey v. Conzelman and Johnson*, No. 3:11-cv-2788 (N.D. Tex.)
12. *Janvey & OSIC v. Tonarelli*, No. 3:10-cv-1955 (N.D. Tex.)
13. *Janvey & OSIC v. Giusti*, No. 3:11-cv-292 (N.D. Tex.)
14. *Janvey & OSIC v. Romero*, No. 3:11-cv-297 (N.D. Tex.)
15. *Janvey v. Wieselberg, et al.*, No. 3:10-cv-1394 (N.D. Tex.)
16. *Janvey v. Stanford*, No. 11-cv-1199 (N.D. Tex.)
17. *Janvey & OSIC v. Proskauer Rose LLP, et al.*, 3:13-cv-477 (N.D. Tex.)
18. *Janvey v. Hughes*, No. 1:15-ap-90312 (Bankr. M.D. Tenn.)
19. *In re: Charles Hughes*, No. 1:15-bk-02164 (Bankr. M.D. Tenn.)
20. *In re: Charles Brickey*, No. 11-26722 (Bankr. W.D. Tenn.)
21. *In re: Thomas Sjoblom*, No. 14-00329 (Bankr. D.D.C.)

22. *In re: Peter Romero*, No. 15-23570 (Bankr. D. Md.)

23. *Troice v. Willis of Colorado, Inc., et al.*, No. 09-1274 (N.D. Tex.)

24. *Janvey v. Willis of Colorado, Inc., et al.*, No. 13-3980 (N.D. Tex.)

* -- The director/officer/employee defendants named in *Janvey v. Alguire*, Case No. 3:09-CV-0724-N (N.D. Tex.) who are not to be dismissed or released pursuant to the Agreement, includes but is not limited to:

- i. Jeffrey E. Adams
- ii. Paul Adkins
- iii. Jeannette Aguilar
- iv. James R. Alguire
- v. Peggy Allen
- vi. Orlando Amaya
- vii. Victoria Anctil
- viii. Tiffany Angelle
- ix. Susana Anguiano
- x. James F. Anthony
- xi. Sylvia Aquino
- xii. Juan Araujo
- xiii. Monica Ardesi
- xiv. George Arnold
- xv. John Michael Arthur
- xvi. Patricio Atkinson
- xvii. Mauricio Aviles
- xviii. Donal Bahrenburg

- xix. Brown Baine
- xx. Timothy Bambauer
- xxi. Isaac Bar
- xxii. Elias Barbar
- xxiii. Stephen R. Barber
- xxiv. Jonathan Barrack
- xxv. Robert Barrett
- xxvi. Jane E. Bates
- xxvii. Timothy W. Baughman
- xxviii. Marie Bautista
- xxix. Oswaldo Bencomo
- xxx. Teral Bennett
- xxxi. Lori Bensing
- xxxii. Andrea Berger
- xxxiii. Marc H. Bettinger
- xxxiv. Norman Blake
- xxxv. Stephen G. Blumenreich
- xxxvi. Michael Bober
- xxxvii. Nigel Bowman
- xxxviii. Brad Bradham
- xxxix. Fabio Bramanti
- xl. Fernando Braojos
- xli. Alexandre Braune
- xlii. Charles Brickey
- xliii. Alan Brookshire

- xliv. Nancy Brownlee
- xlv. Richard Bucher
- xlvi. George Cairnes
- xlvii. Fausto Callava
- xlviii. Robert Bryan Cannon
- xlix. Frank Carpin
 - i. Rafael Carriles
 - ii. Scott Chaisson
 - iii. James C. Chandley
 - iiii. Naveen Chaudhary
 - liv. Jane Chernovetzky
 - lv. Susana Cisneros
 - lvi. Ron Clayton
 - lvii. Neal Clement
 - lviii. Christopher Collier
 - lix. Michael Conrad
 - lx. Bernard Cools-Lartigue
 - lxi. Don Cooper
 - lxii. Jose Cordero
 - lxiii. Oscar Correa
 - lxiv. James Cox
 - lxv. John Cravens
 - lxvi. Ken Crimmins
 - lxvii. Shawn M. Cross
 - lxviii. James Cross

- lxix. Patrick Cruickshank
- lxx. Greg R. Day
- lxxi. William S. Decker
- lxxii. Michael DeGolier
- lxxiii. Andres Delgado
- lxxiv. Pedro Delgado
- lxxv. Ray Deragon
- lxxvi. Arturo R. Diaz
- lxxvii. Ana Dongilio
- lxxviii. Matthew Drews
- lxxix. Carter W. Driscoll
- lxxx. Abraham Dubrovsky
- lxxxii. Torben Garde Due
- lxxxiii. Sean Duffy
- lxxxiii. Christopher Shannon Elliotte
- lxxxiv. Neil Emery
- lxxxv. Thomas Espy
- lxxxvi. Jordan Estra
- lxxxvii. Jason Fair
- lxxxviii. Nolan Farhy
- lxxxix. Evan Farrell
- xc. Marina Feldman
- xc. Ignacio Felice
- xcii. Bianca Fernandez
- xciii. Freddy Fiorillo

- xciv. Lori J. Fischer
- xcv. Rosalia Fontanals
- xcvi. James Fontenot
- xcvii. Juliana Franco
- xcviii. John Fry
- xcix. Roger Fuller
 - c. Attlee Gaal
 - ci. Miguel A. Garces
 - cii. Gustavo A. Garcia
 - ciii. David Braxton Gay
 - civ. Gregg Gelber
 - cv. Mark Gensch
 - cvi. Gregory C. Gibson
 - cvii. Michael D. Gifford
 - cviii. Eric Gildhorn
 - cix. Luis Giusti
 - cx. Steven Glasgow
 - cxii. John Glennon
 - cxiii. Susan Glynn
 - cxiiii. Larry Goldsmith
 - cxv. Ramiro Gomez-Rincon
 - cxvi. Joaquin Gonzalez
 - cxvii. Juan Carlos Gonzalez
 - cxviii. Russell Warden Good
 - cxix. John Gear

- cxix. Stephen Greenhaw
- cxx. Mark Groesbeck
- cxxi. Billy Ray Gross
- cxxii. Vivian Guarch
- cxxiii. Donna Guerrero
- cxxiv. John Gutfranski
- cxxv. Rodney Hadfield
- cxxvi. Gary Haindel
- cxxvii. Jon Hanna
- cxxviii. Dirk Harris
- cxxix. Virgil Harris
- cxxx. Kelley L. Hawkins
- cxxxii. Charles Hazlett
- cxxxiii. Roberto T. Helguera
- cxxxiiii. Luis Hermosa
- cxxxv. Daniel Hernandez
- cxxxvi. Martine Hernandez
- cxxxvii. Patrica Herr
- cxxxviii. Alfredo Herraes
- cxxxix. Helena M. Herrero
- cxxxix. Steven Hoffman
- cxli. Robert Hogue
- cxli. John Holliday
- cxlii. Nancy J. Huggins
- cxliii. Charles Hughes

- cxliv. Wiley Hutchins, Jr.
- cxlv. David Innes
- cxlvi. Marcos Iturriza
- cxlvii. Charles Jantzi
- cxlviii. Allen Johnson
- cxlix. Susan K. Jurica
- cl. Marty Karvelis
- cli. Faran Kassam
- clii. Joseph L. Klingen
- cliii. Robert A. Kramer
- cliv. David Wayne Krumrey
- clv. Bruce Lang
- clvi. Grady Layfield
- clvii. James LeBaron
- clviii. Jason LeBlanc
- clix. William Leighton
- clx. Mayra C. Leon De Carrero
- clxi. Robert Lenoir
- clxii. Humberto Lepage
- clxiii. Francois Lessard
- clxiv. James C. Li
- clxv. Gary Lieberman
- clxvi. Jason Likens
- clxvii. Trevor Ling
- clxviii. Christopher Long

- clxix. Robert Long, Jr.
- clxx. Humberto Lopez
- clxxi. Luis Felipe Lozano
- clxxii. David Lundquist
- clxxiii. Michael MacDonald
- clxxiv. Anthony Makransky
- clxxv. Megan R. Malanga
- clxxvi. Manuel Malvaez
- clxxvii. Maria Manerba
- clxxviii. Michael Mansur
- clxxix. Iris Marcovich
- clxxx. Janie Martinez
- clxxxi. Claudia Martinez
- clxxxii. Aymeric Martinoia
- clxxxiii. Bert Deems May, Jr.
- clxxxiv. Carol McCann
- clxxxv. Francesca McCann
- clxxxvi. Douglas McDaniel
- clxxxvii. Matthew McDaniel
- clxxxviii. Pam McGowan
- clxxxix. Gerardo Meave-Flores
- cx. Lawrence Messina
- cxci. Nolan N. Metzger
- cxcii. William J. Metzinger
- cxciii. Donald Miller

- cxciv. Trenton Miller
- cxcv. Hank Mills
- cxcvi. Brent B. Milner
- cxcvii. Peter Montalbano
- cxcviii. Alberto Montero
- cxcix. Rolando H. Mora
- cc. David Morgan
- cci. Shawn Morgan
- ccii. Jonathan Mote
- cciii. Carroll Mullis
- cciv. Spencer Murchison
- ccv. Jon Nee
- ccvi. Aaron Nelson
- ccvii. Gail Nelson
- ccviii. Russell C. Newton, Jr.
- ccix. Norbert Nieuw
- ccx. Lupe Northam
- ccxi. Scott Notowich
- ccxii. Monica Novitsky
- ccxiii. Kale Olson
- ccxiv. John D. Orcutt
- ccxv. Walter Orejuela
- ccxvi. Alfonso Ortega
- ccxvii. Zack Parrish
- ccxviii. Tim Parsons

- ccxix. William Peerman
- ccxx. Beatriz Pena
- ccxxi. Ernesto Pena
- ccxxii. Roberto Pena
- ccxxiii. Roberto A. Pena
- ccxxiv. Dulce Perezmora
- ccxxv. Saraminta Perez
- ccxxvi. Tony Perez
- ccxxvii. James D. Perry
- ccxxviii. Lou Perry
- ccxxix. Brandon R. Phillips
- ccxxx. Randall Pickett
- ccxxxi. Eduardo Picon
- ccxxxii. Edward Prieto
- ccxxxiii. Christopher Prindle
- ccxxxiv. A. Steven Pritsios
- ccxxxv. Arturo Prum
- ccxxxvi. Maria Putz
- ccxxxvii. Judith Quinones
- ccxxxviii. Sumeet Rai
- ccxxxix. Michael Ralby
- ccxl. Leonor Ramirez
- ccxli. Nelson Ramirez
- ccxlii. David Rappaport
- ccxlili. Charles Rawl

- ccxliv. Syed H. Razvi
- ccxlv. Kathleen M. Reed
- ccxlvi. Steven Restifo
- ccxlvii. Walter Ricardo
- ccxlviii. Giampiero Riccio
- ccxlix. Jeffrey Ricks
- ccl. Juan C. Riera
- ccli. Alan Riffle
- cclii. Randolph E. Robertson
- ccliii. Steve Robinson
- ccliv. Timothy D. Rogers
- cclv. Eddie Rollins
- cclvi. Peter R. Ross
- cclvii. Rocky Roys
- cclviii. Thomas G. Rudkin
- cclix. Julio Ruelas
- cclx. Nicholas P. Salas
- cclxi. Tatiana Saldivia
- cclxii. John Santi
- cclxiii. Christopher K. Schaefer
- cclxiv. Louis Schaufele
- cclxv. John Schwab
- cclxvi. Harvey Schwartz
- cclxvii. William Scott
- cclxviii. Haygood Seawell

cclxix. Leonard Seawell
cclxx. Morris Serrero
cclxxi. Doug Shaw
cclxxii. Nick Sherrod
cclxxiii. Jon C. Shipman
cclxxiv. Jordan Sibling
cclxxv. Rochelle Sidney
cclxxvi. Brent Simmons
cclxxvii. Edward Simmons
cclxxviii. Peter Siragna
cclxxix. Steve Slewitzke
cclxxx. Nancy Soto
cclxxxii. Paul Stanley
cclxxxii. Sanford Steinberg
cclxxxiii. Heath Stephens
cclxxxiv. William O. Stone Jr.
cclxxxv. David M. Stubbs
cclxxxvi. Mark V. Stys
cclxxxvii. Timothy W. Summers
cclxxxviii. Paula S. Sutton
cclxxxix. William Brent Sutton
ccxc. Ana Tanur
ccxci. Juan Carlos Terrazas
ccxcii. Scot Thigpen
ccxciii. Christopher Thomas

ccxciv. Mark Tidwell
ccxcv. Yliana Torrealba
ccxcvi. Jose Torres
ccxcvii. Al Trullenque
ccxcviii. Audrey Truman
ccxcix. Roberto Ulloa
ccc. Eric Urena
ccci. Miguel Valdez
cccii. Nicolas Valera
ccciii. Tim Vanderver
ccciv. Jaime Vargas
cccv. Pete Vargas
cccvi. Ettore Ventrice
cccvii. Mario Vieira
cccviii. Evely Villalon
cccix. Maria Villanueva
cccx. Chris Villemarette
cccxi. Daniel Vitrian
cccxi. Charles Vollmer
cccxi. James Weller
cccxiv. Bill Whitaker
cccxv. Donald Whitley
cccxvi. David Whittemore
cccxvii. Charles Widener
cccxviii. John Whitfield Wilks

cccix. Thomas Woolsey

cccxx. Michael Word

cccxxi. Ryan Wrobleske

cccxxii. Ihab Yassine

cccxxiii. Leon Zaidner

EXHIBIT C

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

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 3:09-CV-0298-N
	§	
STANFORD INTERNATIONAL BANK,	§	
LTD., <i>et al.</i> ,	§	
	§	
Defendants.	§	

FINAL BAR ORDER

Before the Court is the Expedited Request for Entry of Scheduling Order and Motion to Approve Proposed Settlement with Certain Underwriters at Lloyd’s of London,¹ Arch Specialty Insurance Company, and Lexington Insurance Company (collectively “Underwriters”), to Enter the Bar Order, to Enter the Final Judgments and Bar Orders, and for Attorneys’ Fees (the “Motion”), filed by Ralph S. Janvey, in his capacity as court-appointed Receiver for Stanford International Bank, Ltd. et al. (the “Receiver”). Docket No. [CITE]. The Motion concerns an Agreement (the “Agreement”)² among and between Underwriters, the Official Stanford Investors Committee, and the Receiver. Underwriters and the Receiver are parties to *Certain Underwriters at Lloyd’s of London, et al. v. Ralph S. Janvey, et al.*, Civil Action No. 3:09-CV-01736 (the “Coverage Action”). The Court-appointed Examiner signed the Agreement as Examiner solely to evidence his support and approval of the Agreement and to confirm his

¹ “Certain Underwriters at Lloyd’s of London” means Lloyd’s of London Underwriting Members in Syndicates 2987, 2488, 1886, 1084, 4000, 1183, and 1274.

² The term “Agreement” refers to the Settlement Agreement that is attached as Exhibit [CITE] of the Appendix to the Motion.

obligations to post the Notice on his website, but is not otherwise individually a party to the Coverage Action or the Agreement.

Following notice and a hearing, and having considered the filings and heard the arguments of counsel, the Court hereby GRANTS the Motion.

I. INTRODUCTION

On February 16, 2009, this Court appointed Ralph S. Janvey to be the Receiver for the Stanford Entities. Docket No. 10, *Securities and Exchange Commission v. Stanford International Bank, Ltd.*, No. 3:09-cv-298 (N.D. Tex.) (the “SEC Action”). Following his appointment, the Receiver made claims for coverage (the “Direct Claims”) under three insurance policies issued by Underwriters to the Stanford Entities: (1) Financial Institutions Crime and Professional Indemnity Policy, Policy Number 576/MNA851300 (the “PI Policy”); (2) Directors’ and Officers’ Liability and Company Indemnity Policy, Policy Number 576/MNK558900 (the “D&O Policy”); and (3) Excess Blended Wrap Policy, Policy Number 576/MNA831400 (the “Excess Policy,” and collectively with the PI Policy and the D&O Policy, the “Insurance Policies” or the “Policies”).

The Insurance Policies provide for certain limits of the amount of coverage available. The Parties dispute the available limits, the legal effect of the provisions governing the Policies’ limits, and the amount of the Policies’ remaining limits.

Underwriters dispute there is coverage for the Direct Claims and filed the Coverage Action, seeking a declaration of no coverage under the Insurance Policies. The Receiver counterclaimed, alleging, *inter alia*, breach of contract, breach of the duty of good faith and fair dealing, bad faith under the Texas Insurance Code, and violation of the Texas Deceptive Trade Practices Act.

Underwriters filed a motion for judgment on the pleadings, (Doc. 50, Coverage Action), to which the Receiver responded, (Doc. 58, Coverage Action), and which the Court denied, (Doc. 93, Coverage Action). Underwriters and the Receiver engaged in written discovery and electronic discovery, reviewing and analyzing voluminous Stanford documents maintained by the Receivership. Numerous depositions were taken in the United States, London, and Mexico.

In addition to the Coverage Action, the Insurance Policies are or may be implicated in numerous other disputes. The Receiver and the Committee filed numerous lawsuits against Underwriters' Insureds (the "Indirect Claims"),³ who in turn made or may make claims for coverage under the Policies. Stanford Investors⁴ also made numerous claims against Underwriters Insureds (the "Stanford Investor Claims"),⁵ who in turn made or may make claims for coverage under the Insurance Policies. Underwriters contend that the Insurance Policies do not provide coverage for the Indirect Claims or the Stanford Investor Claims, and they are involved in numerous lawsuits relating to the various claims for coverage under the Policies (the "Third-Party Coverage Actions").⁶ Nonetheless, pursuant to the Policies and as permitted by this Court's prior order (Docket No. 831), Underwriters have paid approximately \$30.3 million for the defense costs of various of Underwriters' Insureds. The Receiver has intervened or sought to intervene in the Third-Party Coverage Actions.

³ The term "Underwriters' Insureds" is defined in Paragraph 25 of the Agreement. The term "Indirect Claims" is defined on page 3 of the Agreement.

⁴ The term "Stanford Investors" is defined on pages 4-5 of the Agreement.

⁵ The term "Stanford Investor Claims" is defined in Paragraph 21 of the Agreement.

⁶ The term "Third- Party Coverage Actions" is defined in Paragraph 23 of the Agreement and Exhibit J to the Agreement.

The litigated resolution of the Coverage Action and the Third-Party Coverage Actions would likely cost millions of dollars and the outcome is uncertain. Recognizing the uncertainties, risks, and costs of litigation, the Receiver and Underwriters entered into formal, mediated settlement negotiations beginning in June 2015. In addition to the Receiver and Underwriters, the Examiner participated in the settlement discussions, ensuring that the perspective of the Committee—which the Court appointed to “represent[] in this case and related matters” the “customers of SIBL who, as of February 16, 2009, had funds on deposit at SIBL and/or were holding certificates of deposit issued by SIBL” (Docket No. 1149)—would be heard in connection with any proposed settlement involving the Insurance Policies. Following the last day of mediation, the parties continued their negotiations and arrived at a settlement which the Agreement documents.

Under the terms of the Agreement, Underwriters will pay \$65 million to the Receivership Estate, which (less attorneys’ fees and expenses) will be distributed to Stanford Investors with allowed claims. In return, Underwriters seek global peace with respect to all claims that have been asserted, or could have been asserted, against Underwriters arising out of, in connection with, or relating to: the events leading to this Receivership, the Coverage Action, the Third-Party Coverage Actions, the Indirect Claims, and the Stanford Investor Claims; all matters that were or could have been asserted in the Coverage Action, the Third-Party Coverage Actions, the Indirect Claims, and the Stanford Investor Claims; the Insurance Policies; Underwriters’ relationship with the Stanford Entities;⁷ and any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any person who has ever had any affiliation with any of the

⁷ The term “Stanford Entities” is defined in Paragraph 20 of the Agreement and Exhibit H to the Agreement.

Stanford Entities. Accordingly, the Settlement is conditioned on the Court's approval and entry of this Final Bar Order.

On _____, 2016, the Receiver filed the Motion. [ECF No. ____]. The Court thereafter entered a Scheduling Order on _____, 2016 [ECF No. ____], which, *inter alia*, authorized the Receiver to provide notice of the Agreement, established a briefing schedule on the Motion, and set the date for a hearing. On _____, 2016, the Court held the scheduled hearing. For the reasons set forth herein, the Court finds that the terms of the Agreement are adequate, fair, reasonable, and equitable, and that it should be and is hereby **APPROVED**. The Court further finds that entry of this Final Bar Order is appropriate.

II. ORDER

It is hereby **ORDERED, ADJUDGED, AND DECREED** as follows:

1. Terms used in this Final Bar Order that are defined in the Agreement, unless expressly otherwise defined herein, have the same meaning as in the Agreement.
2. The Court has "broad powers and wide discretion to determine the appropriate relief in [this] equity receivership," including the authority to enter the Final Bar Order. *SEC v. Kaleta*, 530 F. App'x 360, 362 (5th Cir. 2013) (internal quotations omitted). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Bar Order.
3. The Court finds that the methodology, form, content and dissemination of the Notice: (i) were implemented in accordance with the requirements of the Scheduling Order; (ii) constituted the best practicable notice; (iii) were reasonably calculated, under the circumstances, to apprise all interested Persons of the Agreement, the releases therein, and the injunctions provided for in this Final Bar Order and in the Final Judgments and Bar Orders to be entered in

the Coverage Action and the Third-Party Coverage Actions; (iv) were reasonably calculated, under the circumstances, to apprise all interested Persons of the right to object to the Agreement, this Final Bar Order, and the Final Judgments and Bar Orders to be entered in the Coverage Action and the Third-Party Coverage Actions, and to appear at the Final Approval Hearing; (v) were reasonable and constituted due, adequate, and sufficient notice; (vi) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vii) provided to all Persons a full and fair opportunity to be heard on these matters.

4. The Court finds that the Agreement was reached following substantial litigation and an extensive investigation of the facts and resulted from vigorous, good faith, arm's-length, mediated negotiations involving experienced and competent counsel. The competing claims in the Coverage Action and the Third-Party Coverage Actions involve complex legal and factual issues that would require a substantial amount of time and expense to litigate, with uncertainty as to the outcome. The range of possible outcomes includes that there may be no coverage of any kind under the Insurance Policies, that there may be less coverage than the amount provided for in the Agreement, or that there may be more coverage than the amount provided for in the Agreement. In any event, the proceeds of the Insurance Policies represent a finite pool of resources. In the absence of the Agreement, the proceeds of the Insurance Policies, to whatever extent they are available, would be dissipated through mere happenstance, rather than through consideration of equity or fairness.

5. Further, it is clear that Underwriters would never agree to the terms of the Agreement unless they were assured of "total peace" with respect to all claims that have been, or could be, asserted against Underwriters arising from, in connection with, or relating to the actual

or alleged insurer-insured relationship between Underwriters, on the one hand, and Underwriters' Insureds, the Stanford Entities, and the Stanford Investors, on the other hand.

6. The injunction against any such claims against Underwriters is therefore a necessary and appropriate order ancillary to the relief obtained for the Stanford Entities, and by extension, the victims of the Stanford Ponzi scheme, pursuant to the Agreement. *See Kaleta*, 530 F. App'x at 362 (entering bar order and injunction against investor claims as "ancillary relief" to a settlement in an SEC receivership proceeding).

7. Pursuant to the Agreement and upon motion by the Receiver, this Court will approve a Distribution Plan that will fairly and reasonably distribute the net proceeds of the Settlement Amount (less attorneys' fees and expenses) to Stanford Investors who have claims approved by the Receiver. The Court finds that the Receiver's claims process and the Distribution Plan contemplated in the Agreement have been designed to ensure that all Stanford Investors have received an opportunity to pursue their claims through the Receiver's claims process previously approved by the Court (ECF No. 1584).

8. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

9. Accordingly, the Court finds that the Agreement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against Underwriters, Underwriters' Insureds, the Stanford Entities, the Receiver, or the Receivership Estate. The settlement, the terms of which are set forth in the Agreement, is hereby fully and finally approved. The Parties are directed to implement and consummate the Agreement in accordance with its terms and provisions and this Final Bar Order.

10. Based on the considerations outlined herein, the Court further finds that the Agreement and this Order are fair, just, and equitable, notwithstanding the fact that some individuals who may qualify as Underwriters' Insureds will no longer be in a position to seek insurance coverage from Underwriters for Stanford-related claims against them that are not resolved by the Agreement.

11. Pursuant to the provisions of Paragraph 39 of the Agreement, as of the Settlement Effective Date, Underwriters and the Underwriters Released Parties shall be completely released, acquitted, and forever discharged from all Settled Claims by the Receiver or the Committee, including any action, cause of action, suit, liability, claim, right of action, or demand whatsoever, whether or not currently asserted, known, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the Receivership Estate, the Committee, the Claimants, Underwriters' Insureds, the Stanford Investors, and the Persons, entities and interests represented by those Persons ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, for, upon, arising from, relating to, or by reason of any matter, cause, or thing whatsoever, that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Insurance Policies; (ii) the Stanford Entities; (iii) any certificate of deposit, CD, depository account, or investment of any type with any one or more of the Stanford Entities; (iv) any one or more of Underwriters' relationships with any one or more of the Stanford Entities; (v) any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant;

(vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; and (ix) all matters that were or could have been asserted in SEC Action, the Coverage Action, the Indirect Claims, the Stanford Investor Claims, and/or the Third-Party Coverage Actions, or any proceeding concerning the Stanford Entities pending or commenced in any Forum.

12. Pursuant to the provisions of Paragraph 40 of the Agreement, as of the Settlement Effective Date, the Receivership's Released Parties shall be completely released, acquitted, and forever discharged from all Settled Claims by Underwriters.

13. Notwithstanding anything to the contrary in this Final Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Agreement or bar the Parties from enforcing or effectuating the terms of the Agreement.

14. The Court hereby permanently bars, restrains and enjoins the Receiver, the Receivership Estate, the Committee, the Claimants, the Stanford Investors, Underwriters' Insureds, the Interested Parties, and all other Persons or entities, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstating, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against any of the Underwriters or any of the Underwriters Released Parties, any action, lawsuit, cause of action, claim, investigation, demand, complaint, or proceeding of any nature, including but not limited to litigation, arbitration, or other proceeding, in any Forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, that in any way relates to, is based upon, arises from, related to, or is connected with (i) the Insurance Policies; (ii) the Stanford Entities; (iii) any certificate of deposit, CD, depository account, or investment of

any type with any one or more of the Stanford Entities; (iv) any one or more of Underwriters' relationships with any one or more of the Stanford Entities; (v) any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant; (vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; (ix) the Stanford Investor Claims; and (x) all matters that were or could have been asserted in SEC Action, the Coverage Action, the Indirect Claims, the Stanford Investor Claims, and/or the Third-Party Coverage Actions, or any proceeding concerning the Stanford Entities pending or commenced in any Forum.

15. Underwriters and the Underwriters Released Parties have no responsibility, obligation, or liability whatsoever with respect to the content of the Notice; the notice process; the Distribution Plan; the implementation of the Distribution Plan; the management, investment, disbursement, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Agreement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Agreement or this Final Bar Order.

16. The Court finds entry of the bar order in exchange for the payment of the Settlement Amount in accordance with the terms of the Agreement is fair and reasonable based

on at least the following considerations: (i) Underwriters are entitled to exhaust policy limits by settling with one but not all insureds; (ii) the insurance proceeds represent a finite pool of resources available to satisfy claims against Underwriters' Insureds; (iii) there is a substantial dispute over the amount of the proceeds available under the Insurance Policies; (iv) the proceeds of the Insurance Policies may be less than the Settlement Amount, in which case the Agreement would result in the exhaustion of the proceeds under the Insurance Policies; (v) in the absence of a global settlement and bar order, Underwriters would be unwilling to pay the Settlement Amount and thus allowing any Person to retain the right to litigate the questions of coverage and available policy limits could work to the detriment of all persons interested in the Insurance Policies; (vi) in the absence of a settlement, the potential beneficiaries of the Insurance Policies might recover substantially less than is being made available pursuant to the Insurance Policies; (vii) the Settlement Amount is fair and equitable taking into account the merits of the claims and potential claims released and Underwriters' defenses to those claims and potential claims; and (viii) the Agreement represents a fair and reasonable balancing of the various interests implicated by the Insurance Policies and disputes and controversies related thereto.

17. Nothing in this Final Bar Order or the Agreement and no aspect of the Agreement or negotiation thereof is or shall be construed to be an admission or concession of any violation of any statute or law, of any fault, liability or wrongdoing, or of any infirmity in the claims or defenses of the Parties with regard to any of the complaints, claims, allegations or defenses in the Coverage Action, the Indirect Claims, the Stanford Investor Claims, the Third-Party Coverage Actions, or any other proceeding.

18. Nothing in this Final Bar Order is intended to release the Receiver or the Committee's claims in the proceedings identified in Exhibit B to the Agreement, or prevent, bar, restrain, or enjoin the continuation of such proceedings by the Receiver or the Committee.

19. Underwriters are hereby ordered to deliver the Settlement Amount (\$65,000,000) as described in Paragraphs 19 and 26 of the Agreement. Further, the Parties are ordered to act in conformity with all other provisions the Agreement.

20. Without in any way affecting the finality of this Final Bar Order, the Court retains continuing and exclusive jurisdiction over the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Agreement, the Scheduling Order, and this Final Bar Order, including, without limitation, the injunctions, bar orders, and releases herein, and to enter orders concerning implementation of the Agreement, the Distribution Plan, and any payment of attorneys' fees and expenses to the Receiver's counsel.

21. The Court expressly finds and determines, pursuant to Federal Rule of Civil Procedure 54(b), that there is no just reason for any delay in the entry of this Final Bar Order, which is both final and appealable, and immediate entry by the Clerk of the Court is expressly directed.

22. This Final Bar Order shall be served by counsel for the Receiver, via email, first class mail or international delivery service, on any person or entity that filed an objection to approval of the Agreement, or this Final Bar Order.

Signed on _____, 2016

DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE

Committee, and the Receiver. Underwriters and the Receiver are parties to *Certain Underwriters at Lloyd's of London, et al. v. Ralph S. Janvey, et al.*, Civil Action No. 3:09-CV-01736 (the "Coverage Action"). The Court-appointed Examiner signed the Agreement as Examiner solely to evidence his support and approval of the Agreement and to confirm his obligations to post the Notice on his website, but is not otherwise individually a party to the Coverage Action or the Agreement.

Following notice and a hearing, and having considered the filings and heard the arguments of counsel, the Court hereby GRANTS the Motion.

I. INTRODUCTION

On February 16, 2009, this Court appointed Ralph S. Janvey to be the Receiver for the Stanford Entities. Docket No. 10, *Securities and Exchange Commission v. Stanford International Bank, Ltd., et al.*, No. 3:09-cv-298 (N.D. Tex.) (the "SEC Action"). Following his appointment, the Receiver made claims for coverage (the "Direct Claims") under three insurance policies issued by Underwriters to the Stanford Entities: (1) Financial Institutions Crime and Professional Indemnity Policy, Policy Number 576/MNA851300 (the "PI Policy"); (2) Directors' and Officers' Liability and Company Indemnity Policy, Policy Number 576/MNK558900 (the "D&O Policy"); and (3) Excess Blended Wrap Policy, Policy Number 576/MNA831400 (the "Excess Policy," and collectively with the PI Policy and the D&O Policy, the "Insurance Policies" or the "Policies").

The Insurance Policies provide for certain limits of the amount of coverage available. The Parties dispute the available limits, the legal effect of the provisions governing the Policies' limits, and the amount of the Policies' remaining limits.

Underwriters dispute there is coverage for the Direct Claims and filed the Coverage Action, seeking a declaration of no coverage under the Insurance Policies. The Receiver counterclaimed, alleging, *inter alia*, breach of contract, breach of the duty of good faith and fair dealing, bad faith under the Texas Insurance Code, and violation of the Texas Deceptive Trade Practices Act. Underwriters filed a motion for judgment on the pleadings, (Doc. 50), to which the Receiver responded, (Doc. 58), and which the Court denied, (Doc. 93). Underwriters and the Receiver engaged in written discovery and electronic discovery, reviewing and analyzing voluminous Stanford documents maintained by the Receivership. Numerous depositions were taken in the United States, London, and Mexico.

In addition to the Coverage Action, the Insurance Policies are or may be implicated in numerous other disputes. The Receiver and the Committee filed numerous lawsuits against Underwriters' Insureds (the "Indirect Claims"),³ who in turn made or may make claims for coverage under the Policies. Stanford Investors⁴ also made numerous claims against Underwriters Insureds (the "Stanford Investor Claims"),⁵ who in turn made or may make claims for coverage under the Insurance Policies. Underwriters contend that the Insurance Policies do not provide coverage for the Indirect Claims or the Stanford Investor Claims, and they are involved in numerous lawsuits relating to the various claims for coverage under the Policies (the "Third-Party Coverage Actions").⁶ Nonetheless, pursuant to the Policies and as permitted by

³ The term "Underwriters' Insureds" is defined in Paragraph 25 of the Agreement. The term "Indirect Claims" is defined on page 3 of the Agreement.

⁴ The term "Stanford Investors" is defined on pages 4-5 of the Agreement.

⁵ The term "Stanford Investor Claims" is defined in Paragraph 21 of the Agreement.

⁶ The term "Third- Party Coverage Actions" is defined in Paragraph 23 of the Agreement and Exhibit J to the Agreement.

this Court's prior order (Docket No. 831, SEC Action), Underwriters have paid approximately \$30.3 million for the defense costs of various of Underwriters' Insureds. The Receiver has intervened or sought to intervene in the Third-Party Coverage Actions.

The litigated resolution of the Coverage Action and the Third-Party Coverage Actions would likely cost millions of dollars and the outcome is uncertain. Recognizing the uncertainties, risks, and costs of litigation, the Receiver and Underwriters entered into formal, mediated settlement negotiations beginning in June 2015. In addition to the Receiver and Underwriters, the Examiner participated in the settlement discussions, ensuring that the perspective of the Committee—which the Court appointed to “represent[] in this case and related matters” the “customers of SIBL who, as of February 16, 2009, had funds on deposit at SIBL and/or were holding certificates of deposit issued by SIBL” (Docket No. 1149, SEC Action)—would be heard in connection with any proposed settlement involving the Insurance Policies. Following the last day of mediation, the parties continued their negotiations and arrived at a settlement which the Agreement documents.

Under the terms of the Agreement, Underwriters will pay \$65 million to the Receivership Estate, which (less attorneys' fees and expenses) will be distributed to Stanford Investors with allowed claims. In return, Underwriters seek global peace with respect to all claims that have been asserted, or could have been asserted, against Underwriters arising out of, in connection with, or relating to: the events leading to this Receivership, the Coverage Action, the Third-Party Coverage Actions, the Indirect Claims, and the Stanford Investor Claims; all matters that were or could have been asserted in the Coverage Action, the Third-Party Coverage Actions, the Indirect Claims, and the Stanford Investor Claims; the Insurance Policies; Underwriters' relationship with

the Stanford Entities;⁷ and any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any person who has ever had any affiliation with any of the Stanford Entities. Accordingly, the Settlement is conditioned on the Court's approval and entry of this Final Judgment and Bar Order.

On _____, 2016, the Receiver filed the Motion. [ECF No. ____]. The Court thereafter entered a Scheduling Order on _____, 2016 [ECF No. ____], which, *inter alia*, authorized the Receiver to provide notice of the Agreement, established a briefing schedule on the Motion, and set the date for a hearing. On _____, 2016, the Court held the scheduled hearing. For the reasons set forth herein, the Court finds that the terms of the Agreement are adequate, fair, reasonable, and equitable, and that it should be and is hereby **APPROVED**. The Court further finds that entry of this Final Judgment and Bar Order is appropriate.

II. ORDER

It is hereby **ORDERED, ADJUDGED, AND DECREED** as follows:

1. Terms used in this Final Judgment and Bar Order that are defined in the Agreement, unless expressly otherwise defined herein, have the same meaning as in the Agreement.

2. As this case is related to the equitable receivership proceedings in the SEC Action, the Court has "broad powers and wide discretion to determine the appropriate relief in [this] equity receivership," including the authority to enter the Final Judgment and Bar Order. *SEC v. Kaleta*, 530 F. App'x 360, 362 (5th Cir. 2013) (internal quotations omitted). Moreover,

⁷ The term "Stanford Entities" is defined in Paragraph 20 of the Agreement and Exhibit H to the Agreement.

the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Judgment and Bar Order.

3. The Court finds that the methodology, form, content and dissemination of the Notice: (i) were implemented in accordance with the requirements of the Scheduling Order; (ii) constituted the best practicable notice; (iii) were reasonably calculated, under the circumstances, to apprise all interested Persons of the Agreement, the releases therein, and the injunctions provided for in this Final Judgment and Bar Order, the Final Bar Order to be entered in the SEC Action, and the Final Judgments and Bar Orders to be entered in the Third-Party Coverage Actions; (iv) were reasonably calculated, under the circumstances, to apprise all interested Persons of the right to object to the Agreement, this Final Judgment and Bar Order, the Final Bar Order to be entered in the SEC Action, and the Final Judgments and Bar Orders to be entered in the Third-Party Coverage Actions, and to appear at the Final Approval Hearing; (v) were reasonable and constituted due, adequate, and sufficient notice; (vi) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vii) provided to all Persons a full and fair opportunity to be heard on these matters.

4. The Court finds that the Agreement was reached following substantial litigation and an extensive investigation of the facts and resulted from vigorous, good faith, arm's-length, mediated negotiations involving experienced and competent counsel. The competing claims in the Coverage Action and the Third-Party Coverage Actions involve complex legal and factual issues that would require a substantial amount of time and expense to litigate, with uncertainty as to the outcome. The range of possible outcomes includes that there may be no coverage of any kind under the Insurance Policies, that there may be less coverage than the amount provided for

in the Agreement, or that there may be more coverage than the amount provided for in the Agreement. In any event, the proceeds of the Insurance Policies represent a finite pool of resources. In the absence of the Agreement, the proceeds of the Insurance Policies, to whatever extent they are available, would be dissipated through mere happenstance, rather than through consideration of equity or fairness.

5. Further, it is clear that Underwriters would never agree to the terms of the Agreement unless they were assured of “total peace” with respect to all claims that have been, or could be, asserted against Underwriters arising from, in connection with, or relating to the actual or alleged insurer-insured relationship between Underwriters, on the one hand, and Underwriters’ Insureds, the Stanford Entities, and the Stanford Investors, on the other hand.

6. The injunction against any such claims against Underwriters is therefore a necessary and appropriate order ancillary to the relief obtained for the Stanford Entities, and by extension, the victims of the Stanford Ponzi scheme, pursuant to the Agreement. *See Kaleta*, 530 F. App’x at 362 (entering bar order and injunction against investor claims as “ancillary relief” to a settlement in an SEC receivership proceeding).

7. Pursuant to the Agreement and upon motion by the Receiver in the SEC Action, this Court will approve a Distribution Plan that will fairly and reasonably distribute the net proceeds of the Settlement Amount (less attorneys’ fees and expenses) to Stanford Investors who have claims approved by the Receiver. The Court finds that the Receiver’s claims process and the Distribution Plan contemplated in the Agreement have been designed to ensure that all Stanford Investors have received an opportunity to pursue their claims through the Receiver’s claims process previously approved by the Court (Docket No. 1584, SEC Action).

8. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

9. Accordingly, the Court finds that the Agreement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having authority over, or asserting a claim against Underwriters, Underwriters' Insureds, the Stanford Entities, the Receiver, or the Receivership Estate. The settlement, the terms of which are set forth in the Agreement, is hereby fully and finally approved. The Parties are directed to implement and consummate the Agreement in accordance with its terms and provisions and this Final Judgment and Bar Order.

10. Based on the considerations outlined herein, the Court further finds that the Agreement and this Order are fair, just, and equitable, notwithstanding the fact that some individuals who may qualify as Underwriters' Insureds will no longer be in a position to seek insurance coverage from Underwriters for Stanford-related claims against them that are not resolved by the Agreement.

11. Pursuant to the provisions of Paragraph 39 of the Agreement, as of the Settlement Effective Date, Underwriters and the Underwriters Released Parties shall be completely released, acquitted, and forever discharged from all Settled Claims by the Receiver or the Committee, including any action, cause of action, suit, liability, claim, right of action, or demand whatsoever, whether or not currently asserted, known, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the Receivership Estate, the Committee, the Claimants, Underwriters' Insureds, the Stanford Investors, and the Persons, entities and interests represented by those Persons ever had, now has, or hereafter can, shall, or

may have, directly, representatively, derivatively, or in any other capacity, for, upon, arising from, relating to, or by reason of any matter, cause, or thing whatsoever, that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Insurance Policies; (ii) the Stanford Entities; (iii) any certificate of deposit, CD, depository account, or investment of any type with any one or more of the Stanford Entities; (iv) any one or more of Underwriters' relationships with any one or more of the Stanford Entities; (v) any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant; (vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; and (ix) all matters that were or could have been asserted in SEC Action, the Coverage Action, the Indirect Claims, the Stanford Investor Claims, and/or the Third-Party Coverage Actions, or any proceeding concerning the Stanford Entities pending or commenced in any Forum.

12. Pursuant to the provisions of Paragraph 40 of the Agreement, as of the Settlement Effective Date, the Receivership's Released Parties shall be completely released, acquitted, and forever discharged from all Settled Claims by Underwriters.

13. Notwithstanding anything to the contrary in this Final Judgment and Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Agreement or bar the Parties from enforcing or effectuating the terms of the Agreement.

14. The Court hereby permanently bars, restrains and enjoins the Receiver, the Receivership Estate, the Committee, the Claimants, the Stanford Investors, Underwriters' Insureds, the Interested Parties, and all other Persons or entities, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually,

from directly, indirectly, or through a third party, instituting, reinstating, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against any of the Underwriters or any of the Underwriters Released Parties, any action, lawsuit, cause of action, claim, investigation, demand, complaint, or proceeding of any nature, including but not limited to litigation, arbitration, or other proceeding, in any Forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, that in any way relates to, is based upon, arises from, related to, or is connected with (i) the Insurance Policies; (ii) the Stanford Entities; (iii) any certificate of deposit, CD, depository account, or investment of any type with any one or more of the Stanford Entities; (iv) any one or more of Underwriters' relationships with any one or more of the Stanford Entities; (v) any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant; (vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; (ix) the Stanford Investor Claims; and (x) all matters that were or could have been asserted in SEC Action, the Coverage Action, the Indirect Claims, the Stanford Investor Claims, and/or the Third-Party Coverage Actions, or any proceeding concerning the Stanford Entities pending or commenced in any Forum.

15. Underwriters and the Underwriters Released Parties have no responsibility, obligation, or liability whatsoever with respect to the content of the Notice; the notice process; the Distribution Plan; the implementation of the Distribution Plan; the management, investment, disbursement, allocation, or other administration or oversight of the Settlement Amount, any

other funds paid or received in connection with the Agreement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Agreement; or any losses, attorneys' fees, expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Agreement or this Final Judgment and Bar Order.

16. The Court finds entry of the bar order in exchange for the payment of the Settlement Amount in accordance with the terms of the Agreement is fair and reasonable based on at least the following considerations: (i) Underwriters are entitled to exhaust policy limits by settling with one but not all insureds; (ii) the insurance proceeds represent a finite pool of resources available to satisfy claims against Underwriters' Insureds; (iii) there is a substantial dispute over the amount of the proceeds available under the Insurance Policies; (iv) the proceeds of the Insurance Policies may be less than the Settlement Amount, in which case the Agreement would result in the exhaustion of the proceeds under the Insurance Policies; (v) in the absence of a global settlement and bar order, Underwriters would be unwilling to pay the Settlement Amount and thus allowing any Person to retain the right to litigate the questions of coverage and available policy limits could work to the detriment of all persons interested in the Insurance Policies; (vi) in the absence of a settlement, the potential beneficiaries of the Insurance Policies might recover substantially less than is being made available pursuant to the Insurance Policies; (vii) the Settlement Amount is fair and equitable taking into account the merits of the claims and potential claims released and Underwriters' defenses to those claims and potential claims; and

(viii) the Agreement represents a fair and reasonable balancing of the various interests implicated by the Insurance Policies and disputes and controversies related thereto.

17. Nothing in this Final Judgment and Bar Order or the Agreement and no aspect of the Agreement or negotiation thereof is or shall be construed to be an admission or concession of any violation of any statute or law, of any fault, liability or wrongdoing, or of any infirmity in the claims or defenses of the Parties with regard to any of the complaints, claims, allegations or defenses in the Coverage Action, the Indirect Claims, the Stanford Investor Claims, the Third-Party Coverage Actions, or any other proceeding.

18. Nothing in this Final Judgment and Bar Order is intended to release the Receiver or the Committee's claims in the proceedings identified in Exhibit B to the Agreement, or prevent, bar, restrain, or enjoin the continuation of such proceedings by the Receiver or the Committee.

19. Underwriters are hereby ordered to deliver the Settlement Amount (\$65,000,000) as described in Paragraphs 19 and 26 of the Agreement. Further, the Parties are ordered to act in conformity with all other provisions the Agreement.

20. Without in any way affecting the finality of this Final Judgment and Bar Order, the Court retains continuing and exclusive jurisdiction over the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Agreement, the Scheduling Order, and this Final Judgment and Bar Order, including, without limitation, the injunctions, bar orders, and releases herein, and to enter orders concerning implementation of the Agreement, the Distribution Plan, and any payment of attorneys' fees and expenses to the Receiver's counsel.

21. This Final Judgment and Bar Order shall be served by counsel for the Receiver, via email, first class mail or international delivery service, on any person or entity that filed an objection to approval of the Agreement, or this Final Judgment and Bar Order.

22. Each party is to bear its own costs. All relief not expressly granted herein is denied. The Clerk of the Court is directed to enter Judgment in conformity herewith.

Signed on _____, 2016

DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE

obligations to post the Notice on his website, but is not otherwise individually a party to this action or the Agreement.

Following notice and a hearing, and having considered the filings and heard the arguments of counsel, the Court hereby GRANTS the Motion.

I. INTRODUCTION

On February 16, 2009, this Court appointed Ralph S. Janvey to be the Receiver for the Stanford Entities. Docket No. 10, *Securities and Exchange Commission v. Stanford International Bank, Ltd., et al.*, No. 3:09-cv-298 (N.D. Tex.) (the “SEC Action”). Following his appointment, the Receiver made claims for coverage (the “Direct Claims”) under three insurance policies issued by Underwriters to the Stanford Entities: (1) Financial Institutions Crime and Professional Indemnity Policy, Policy Number 576/MNA851300 (the “PI Policy”); (2) Directors’ and Officers’ Liability and Company Indemnity Policy, Policy Number 576/MNK558900 (the “D&O Policy”); and (3) Excess Blended Wrap Policy, Policy Number 576/MNA831400 (the “Excess Policy,” and collectively with the PI Policy and the D&O Policy, the “Insurance Policies” or the “Policies”).

The Insurance Policies provide for certain limits of the amount of coverage available. The Parties dispute the available limits, the legal effect of the provisions governing the Policies’ limits, and the amount of the Policies’ remaining limits.

Underwriters dispute there is coverage for the Direct Claims and filed *Certain Underwriters at Lloyd’s of London, et al. v. Ralph S. Janvey, et al.*, Civil Action No. 3:09-CV-1736 (the “Coverage Action”), seeking a declaration that the Receiver is not entitled to coverage under the Insurance Policies. The Receiver counterclaimed, alleging, *inter alia*, breach of contract, breach of the duty of good faith and fair dealing, bad faith under the Texas Insurance

Code, and violation of the Texas Deceptive Trade Practices Act. Underwriters filed a motion for judgment on the pleadings, (Doc. 50, Coverage Action), to which the Receiver responded, (Doc. 58, Coverage Action), and which the Court denied, (Doc. 93, Coverage Action). Underwriters and the Receiver engaged in written discovery and electronic discovery, reviewing and analyzing voluminous Stanford documents maintained by the Receivership. Numerous depositions were taken in the United States, London, and Mexico.

In addition to the Coverage Action, the Insurance Policies are or may be implicated in numerous other disputes. The Receiver and the Committee filed numerous lawsuits against Underwriters' Insureds (the "Indirect Claims"),³ who in turn made or may make claims for coverage under the Policies. Stanford Investors⁴ also made numerous claims against Underwriters Insureds (the "Stanford Investor Claims"),⁵ who in turn made or may make claims for coverage under the Insurance Policies. Underwriters contend that the Insurance Policies do not provide coverage for the Indirect Claims or the Stanford Investor Claims, and they are involved in numerous lawsuits relating to the various claims for coverage under the Policies (the "Third-Party Coverage Actions"), including this lawsuit.⁶ Nonetheless, pursuant to the Policies and as permitted by this Court's prior order (Docket No. 831, SEC Action), Underwriters have paid approximately \$30.3 million for the defense costs of various of Underwriters' Insureds. The Receiver has intervened or sought to intervene in the Third-Party Coverage Actions.

³ The term "Underwriters' Insureds" is defined in Paragraph 25 of the Agreement. The term "Indirect Claims" is defined on page 3 of the Agreement.

⁴ The term "Stanford Investors" is defined on pages 4-5 of the Agreement.

⁵ The term "Stanford Investor Claims" is defined in Paragraph 21 of the Agreement.

⁶ The term "Third- Party Coverage Actions" is defined in Paragraph 23 of the Agreement and Exhibit J to the Agreement.

The litigated resolution of the Coverage Action and the Third-Party Coverage Actions would likely cost millions of dollars and the outcome is uncertain. Recognizing the uncertainties, risks, and costs of litigation, the Receiver and Underwriters entered into formal, mediated settlement negotiations beginning in June 2015. In addition to the Receiver and Underwriters, the Examiner participated in the settlement discussions, ensuring that the perspective of the Committee—which the Court appointed to “represent[] in this case and related matters” the “customers of SIBL who, as of February 16, 2009, had funds on deposit at SIBL and/or were holding certificates of deposit issued by SIBL” (Docket No. 1149, SEC Action)—would be heard in connection with any proposed settlement involving the Insurance Policies. Following the last day of mediation, the parties continued their negotiations and arrived at a settlement which the Agreement documents.

Under the terms of the Agreement, Underwriters will pay \$65 million to the Receivership Estate, which (less attorneys’ fees and expenses) will be distributed to Stanford Investors with allowed claims. In return, Underwriters seek global peace with respect to all claims that have been asserted, or could have been asserted, against Underwriters arising out of, in connection with, or relating to: the events leading to this Receivership, the Coverage Action, the Third-Party Coverage Actions, the Indirect Claims, and the Stanford Investor Claims; all matters that were or could have been asserted in the Coverage Action, the Third-Party Coverage Actions, the Indirect Claims, and the Stanford Investor Claims; the Insurance Policies; Underwriters’ relationship with the Stanford Entities;⁷ and any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any person who has ever had any affiliation with any of the

⁷ The term “Stanford Entities” is defined in Paragraph 20 of the Agreement and Exhibit H to the Agreement.

Stanford Entities. Accordingly, the Settlement is conditioned on the Court's approval and entry of this Final Judgment and Bar Order.

On _____, 2016, the Receiver filed the Motion. [ECF No. ____]. The Court thereafter entered a Scheduling Order on _____, 2016 [ECF No. ____], which, *inter alia*, authorized the Receiver to provide notice of the Agreement, established a briefing schedule on the Motion, and set the date for a hearing. On _____, 2016, the Court held the scheduled hearing. For the reasons set forth herein, the Court finds that the terms of the Agreement are adequate, fair, reasonable, and equitable, and that it should be and is hereby **APPROVED**. The Court further finds that entry of this Final Judgment and Bar Order is appropriate.

II. ORDER

It is hereby **ORDERED, ADJUDGED, AND DECREED** as follows:

1. Terms used in this Final Judgment and Bar Order that are defined in the Agreement, unless expressly otherwise defined herein, have the same meaning as in the Agreement.

2. As this case is related to the equitable receivership proceedings in the SEC Action, the Court has "broad powers and wide discretion to determine the appropriate relief in [this] equity receivership," including the authority to enter the Final Judgment and Bar Order. *SEC v. Kaleta*, 530 F. App'x 360, 362 (5th Cir. 2013) (internal quotations omitted). Moreover, the Court has jurisdiction over the subject matter of this action, and the Receiver is the proper party to seek entry of this Final Judgment and Bar Order.

3. The Court finds that the methodology, form, content and dissemination of the Notice: (i) were implemented in accordance with the requirements of the Scheduling Order; (ii) constituted the best practicable notice; (iii) were reasonably calculated, under the circumstances,

to apprise all interested Persons of the Agreement, the releases therein, and the injunctions provided for in this Final Judgment and Bar Order, the Final Bar Order to be entered in the SEC Action, and the Final Judgments and Bar Orders to be entered in the Coverage Action and the other Third-Party Coverage Actions; (iv) were reasonably calculated, under the circumstances, to apprise all interested Persons of the right to object to the Agreement, this Final Judgment and Bar Order, and the Final Bar Order to be entered in the SEC Action, the Final Judgments and Bar Orders to be entered in the Coverage Action and the other Third-Party Coverage Actions, and to appear at the Final Approval Hearing; (v) were reasonable and constituted due, adequate, and sufficient notice; (vi) met all applicable requirements of law, including, without limitation, the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vii) provided to all Persons a full and fair opportunity to be heard on these matters.

4. The Court finds that the Agreement was reached following substantial litigation and an extensive investigation of the facts and resulted from vigorous, good faith, arm's-length, mediated negotiations involving experienced and competent counsel. The competing claims in the Coverage Action and the Third-Party Coverage Actions involve complex legal and factual issues that would require a substantial amount of time and expense to litigate, with uncertainty as to the outcome. The range of possible outcomes includes that there may be no coverage of any kind under the Insurance Policies, that there may be less coverage than the amount provided for in the Agreement, or that there may be more coverage than the amount provided for in the Agreement. In any event, the proceeds of the Insurance Policies represent a finite pool of resources. In the absence of the Agreement, the proceeds of the Insurance Policies, to whatever

extent they are available, would be dissipated through mere happenstance, rather than through consideration of equity or fairness.

5. Further, it is clear that Underwriters would never agree to the terms of the Agreement unless they were assured of “total peace” with respect to all claims that have been, or could be, asserted against Underwriters arising from, in connection with, or relating to the actual or alleged insurer-insured relationship between Underwriters, on the one hand, and Underwriters’ Insureds, the Stanford Entities, and the Stanford Investors, on the other hand.

6. The injunction against any such claims against Underwriters is therefore a necessary and appropriate order ancillary to the relief obtained for the Stanford Entities, and by extension, the victims of the Stanford Ponzi scheme, pursuant to the Agreement. *See Kaleta*, 530 F. App’x at 362 (entering bar order and injunction against investor claims as “ancillary relief” to a settlement in an SEC receivership proceeding).

7. Pursuant to the Agreement and upon motion by the Receiver in the SEC Action, this Court will approve a Distribution Plan that will fairly and reasonably distribute the net proceeds of the Settlement Amount (less attorneys’ fees and expenses) to Stanford Investors who have claims approved by the Receiver. The Court finds that the Receiver’s claims process and the Distribution Plan contemplated in the Agreement have been designed to ensure that all Stanford Investors have received an opportunity to pursue their claims through the Receiver’s claims process previously approved by the Court (Docket No. 1584, SEC Action).

8. The Court further finds that the Parties and their counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure.

9. Accordingly, the Court finds that the Agreement is, in all respects, fair, reasonable, and adequate, and in the best interests of all Persons claiming an interest in, having

authority over, or asserting a claim against Underwriters, Underwriters' Insureds, the Stanford Entities, the Receiver, or the Receivership Estate. The settlement, the terms of which are set forth in the Agreement, is hereby fully and finally approved. The Parties are directed to implement and consummate the Agreement in accordance with its terms and provisions and this Final Judgment and Bar Order.

10. Based on the considerations outlined herein, the Court further finds that the Agreement and this Order are fair, just, and equitable notwithstanding the fact that some individuals who may qualify as Underwriters' Insureds will no longer be in a position to seek insurance coverage from Underwriters for Stanford-related claims against them that are not resolved by the Agreement.

11. Pursuant to the provisions of Paragraph 39 of the Agreement, as of the Settlement Effective Date, Underwriters and the Underwriters Released Parties shall be completely released, acquitted, and forever discharged from all Settled Claims by the Receiver or the Committee, including any action, cause of action, suit, liability, claim, right of action, or demand whatsoever, whether or not currently asserted, known, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that the Receiver, the Receivership Estate, the Committee, the Claimants, Underwriters' Insureds, the Stanford Investors, and the Persons, entities and interests represented by those Persons ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, for, upon, arising from, relating to, or by reason of any matter, cause, or thing whatsoever, that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Insurance Policies; (ii) the Stanford Entities; (iii) any certificate of deposit, CD, depository account, or investment of

any type with any one or more of the Stanford Entities; (iv) any one or more of Underwriters' relationships with any one or more of the Stanford Entities; (v) any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant; (vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; and (ix) all matters that were or could have been asserted in SEC Action, the Coverage Action, the Indirect Claims, the Stanford Investor Claims, and/or the Third-Party Coverage Actions, or any proceeding concerning the Stanford Entities pending or commenced in any Forum.

12. Pursuant to the provisions of Paragraph 40 of the Agreement, as of the Settlement Effective Date, the Receivership's Released Parties shall be completely released, acquitted, and forever discharged from all Settled Claims by Underwriters.

13. Notwithstanding anything to the contrary in this Final Judgment and Bar Order, the foregoing releases do not release the Parties' rights and obligations under the Agreement or bar the Parties from enforcing or effectuating the terms of the Agreement.

14. The Court hereby permanently bars, restrains and enjoins the Receiver, the Receivership Estate, the Committee, the Claimants, the Stanford Investors, Underwriters' Insureds, the Interested Parties, and all other Persons or entities, whether acting in concert with the foregoing or claiming by, through, or under the foregoing, or otherwise, all and individually, from directly, indirectly, or through a third party, instituting, reinstating, intervening in, initiating, commencing, maintaining, continuing, filing, encouraging, soliciting, supporting, participating in, collaborating in, or otherwise prosecuting, against any of the Underwriters or any of the Underwriters Released Parties, any action, lawsuit, cause of action, claim,

investigation, demand, complaint, or proceeding of any nature, including but not limited to litigation, arbitration, or other proceeding, in any Forum, whether individually, derivatively, on behalf of a class, as a member of a class, or in any other capacity whatsoever, that in any way relates to, is based upon, arises from, related to, or is connected with (i) the Insurance Policies; (ii) the Stanford Entities; (iii) any certificate of deposit, CD, depository account, or investment of any type with any one or more of the Stanford Entities; (iv) any one or more of Underwriters' relationships with any one or more of the Stanford Entities; (v) any actual or potential claim of coverage under the Insurance Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Stanford Investor Claims, or any claim asserted against any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant; (vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; (ix) the Stanford Investor Claims; and (x) all matters that were or could have been asserted in SEC Action, the Coverage Action, the Indirect Claims, the Stanford Investor Claims, and/or the Third-Party Coverage Actions, or any proceeding concerning the Stanford Entities pending or commenced in any Forum.

15. Underwriters and the Underwriters Released Parties have no responsibility, obligation, or liability whatsoever with respect to the content of the Notice; the notice process; the Distribution Plan; the implementation of the Distribution Plan; the management, investment, disbursement, allocation, or other administration or oversight of the Settlement Amount, any other funds paid or received in connection with the Agreement, or any portion thereof; the payment or withholding of Taxes; the determination, administration, calculation, review, or challenge of claims to the Settlement Amount, any portion of the Settlement Amount, or any other funds paid or received in connection with the Agreement; or any losses, attorneys' fees,

expenses, vendor payments, expert payments, or other costs incurred in connection with any of the foregoing matters. No appeal, challenge, decision, or other matter concerning any subject set forth in this paragraph shall operate to terminate or cancel the Agreement or this Final Judgment and Bar Order.

16. The Court finds entry of the bar order in exchange for the payment of the Settlement Amount in accordance with the terms of the Agreement is fair and reasonable based on at least the following considerations: (i) Underwriters are entitled to exhaust policy limits by settling with one but not all insureds; (ii) the insurance proceeds represent a finite pool of resources available to satisfy claims against Underwriters' Insureds; (iii) there is a substantial dispute over the amount of the proceeds available under the Insurance Policies; (iv) the proceeds of the Insurance Policies may be less than the Settlement Amount, in which case the Agreement would result in the exhaustion of the proceeds under the Insurance Policies; (v) in the absence of a global settlement and bar order, Underwriters would be unwilling to pay the Settlement Amount and thus allowing any Person to retain the right to litigate the questions of coverage and available policy limits could work to the detriment of all persons interested in the Insurance Policies; (vi) in the absence of a settlement, the potential beneficiaries of the Insurance Policies might recover substantially less than is being made available pursuant to the Insurance Policies; (vii) the Settlement Amount is fair and equitable taking into account the merits of the claims and potential claims released and Underwriters' defenses to those claims and potential claims; and (viii) the Agreement represents a fair and reasonable balancing of the various interests implicated by the Insurance Policies and disputes and controversies related thereto.

17. Nothing in this Final Judgment and Bar Order or the Agreement and no aspect of the Agreement or negotiation thereof is or shall be construed to be an admission or concession of

any violation of any statute or law, of any fault, liability or wrongdoing, or of any infirmity in the claims or defenses of the Parties with regard to any of the complaints, claims, allegations or defenses in the Coverage Action, the Indirect Claims, the Stanford Investor Claims, the Third-Party Coverage Actions, or any other proceeding.

18. Nothing in this Final Judgment and Bar Order is intended to release the Receiver or the Committee's claims in the proceedings identified in Exhibit B to the Agreement, or prevent, bar, restrain, or enjoin the continuation of such proceedings by the Receiver or the Committee.

19. Underwriters are hereby ordered to deliver the Settlement Amount (\$65,000,000) as described in Paragraphs 19 and 26 of the Agreement. Further, the Parties are ordered to act in conformity with all other provisions the Agreement.

20. Without in any way affecting the finality of this Final Judgment and Bar Order, the Court retains continuing and exclusive jurisdiction over the Parties for purposes of, among other things, the administration, interpretation, consummation, and enforcement of the Agreement, the Scheduling Order, and this Final Judgment and Bar Order, including, without limitation, the injunctions, bar orders, and releases herein, and to enter orders concerning implementation of the Agreement, the Distribution Plan, and any payment of attorneys' fees and expenses to the Receiver's counsel.

21. This Final Judgment and Bar Order shall be served by counsel for the Receiver, via email, first class mail or international delivery service, on any person or entity that filed an objection to approval of the Agreement, or this Final Judgment and Bar Order.

22. Each party is to bear its own costs. All relief not expressly granted herein is denied. The Clerk of the Court is directed to enter Judgment in conformity herewith.

Signed on _____, 2016

DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE

EXHIBIT F

**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

**NOTICE OF SETTLEMENT AND BAR ORDER
PROCEEDINGS; OF OUTSTANDING CLAIM DEADLINE;
AND OF PROCEDURES FOR SUBMITTING PROOFS OF CLAIM**

PLEASE TAKE NOTICE that, on the one hand, the Court-appointed Receiver for the Stanford Receivership Estate (“Receiver”) and the Official Stanford Investors Committee (“Committee”), and, on the other hand Certain Underwriters at Lloyd’s, London,¹ Arch Specialty Insurance Company, and Lexington Insurance Company (collectively, “Underwriters”), have reached an agreement (the “Agreement”) to settle all claims asserted or that could have been asserted against Underwriters or the other Underwriters Released Parties.²

PLEASE TAKE FURTHER NOTICE that the Receiver has requested that the Court approve the Agreement and enter bar orders permanently enjoining Interested Parties,³ including Stanford Investors and Claimants, from pursuing claims they may possess, against Underwriters or the other Underwriters Released Parties.

¹ Certain Underwriters at Lloyd’s, London include Syndicates 2987, 2488, 1084, 1886, 4000, 1183, and 1274.

² “Underwriters Released Parties” means Underwriters and each of their respective past, present, and future directors, officers, legal and equitable owners, shareholders, members, managers, principals, employees, associates, representatives, distributees, receivers, agents, attorneys, trustees, general and limited partners, lenders, insurers and reinsurers, names, direct and indirect parents, subsidiaries, affiliates, related entities, divisions, partnerships, corporations, executors, administrators, heirs, beneficiaries, assigns, predecessors, predecessors in interest, successors, and successors in interest, and all persons acting by, through, or under any of them. Underwriters Released Parties specifically includes any of Underwriters’ Insureds. Notwithstanding the foregoing, “Underwriters Released Parties” shall not include any Person, other than Underwriters, against whom, as of the Agreement Date, the Receiver or the Committee is asserting a claim or cause of action in any Forum, and also shall not include any Person who becomes employed by, related to, or affiliated with Underwriters after the Agreement Date and whose liability, if any, arises solely out of or derives solely from their actions or omissions before becoming employed by, related to, or affiliated with Underwriters. For clarification, and without limiting the generality of the foregoing sentence, neither “Underwriters” nor “Underwriters Released Parties” shall be construed to include any of the Persons identified on Exhibit A to the Agreement, any of the Persons who are identified in Exhibit B to the Agreement, or any of the Persons who are parties to the proceedings identified in Exhibit B to the Agreement.

³ “Interested Party” means the Receiver, the Receivership Estate, the Committee, the members of the Committee, the Claimants, the Examiner, the Stanford Investors, and Underwriters’ Insureds. “Stanford Investors” means the individuals, entities, and/or customers who, as of February 16, 2009, had funds on deposit at Stanford International Bank, Ltd., or were holding certificates of deposit issued by Stanford International Bank, Ltd.

PLEASE TAKE FURTHER NOTICE that the Settlement Amount is Sixty-Five Million US Dollars (\$65,000,000.00). The Settlement Amount, less any fees and costs awarded by the Court to the attorneys for the Receiver (“Net Settlement Amount”), will be deposited with and distributed by the Receiver pursuant to a Distribution Plan hereafter to be approved by the Court in the Stanford receivership proceeding, *SEC v. Stanford Int’l Bank, Ltd., et al.*, (Case No. 3:09-cv-0298-N) (the “SEC Action”).

This matter may affect your rights and you may wish to consult an attorney.

The material terms of the Agreement are as follows:

- a) Underwriters will pay \$65 million, which will be deposited with the Receiver as required pursuant to the Agreement;
- b) The Receiver and the Committee will fully release Underwriters and the Underwriters Released Parties from Settled Claims,⁴ e.g. claims arising from or relating to Allen Stanford, the Stanford Entities, or any conduct by Underwriters or Underwriters’ Released Parties relating to Allen Stanford or the Stanford Entities;
- c) The Agreement requires entry of a Judgment and Bar Order in *Underwriters v. Janvey*, No. 3:09-cv-1736 (N.D. Tex.) and the Third-Party Coverage Actions;⁵ and entry of a Bar Order in the SEC Action, each of which permanently enjoins Interested Parties and other Persons, including all Stanford Investors and Claimants, from bringing or continuing any legal proceeding and/or asserting, encouraging, assisting, or prosecuting any cause of action arising from, relating to, or in connection with the Settled Claims or the Insurance Policies against Underwriters or the Underwriters Released Parties, including claims for contribution, breach of contract, bad faith, and statutory violations;

⁴ “Settled Claim” means any action, cause of action, suit, liability, claim, right of action, or demand whatsoever, whether or not currently asserted, known, suspected, existing, or discoverable, and whether based on federal law, state law, foreign law, common law, or otherwise, and whether based on contract, tort, statute, law, equity or otherwise, that a Releasor ever had, now has, or hereafter can, shall, or may have, directly, representatively, derivatively, or in any other capacity, for, upon, arising from, relating to, or by reason of any matter, cause, or thing whatsoever, that, in full or in part, concerns, relates to, arises out of, or is in any manner connected with (i) the Policies; (ii) the Stanford Entities; (iii) any actual or potential claim of coverage under the Policies in connection with the SEC Action, the Receivership, the Indirect Claims, the Direct Claims, the Stanford Investor Claims, or any claim asserted against any of Underwriters’ Insureds or any Stanford Defendant or any other Person who has ever had any affiliation with any Stanford Defendant; (iv) any certificate of deposit, CD, depository account, or investment of any type with any one or more of the Stanford Entities; (v) any one or more of the Underwriters’ relationship with any one or more of Underwriters’ Insureds; (vi) the Coverage Action; (vii) the Third-Party Coverage Actions; (viii) the Indirect Claims; and (ix) all matters that were asserted in, could have been asserted in, or relate to the SEC Action, the Coverage Action, the Indirect Claims, the Coverage Action, the Third-Party Coverage Actions, the Stanford Investor Claims, or any proceeding concerning the Stanford Entities pending or commenced in any Forum. “Settled Claims” specifically includes, without limitation, all claims each Releasor does not know or suspect to exist in his, her, or its favor at the time of release, which, if known by that Person, might have affected their decisions with respect to this Agreement (the “Unknown Claims”).

⁵ The “Third-Party Coverage Actions” are identified in paragraph 23 of the Agreement and Exhibit J to the Agreement.

- d) Following the entry of the proposed judgments and bar orders, Underwriters will have no further obligations or liability arising under, relating to, or in connection with the Policies to any of Underwriters' Insureds,⁶ Stanford Investors, Claimants, or any other Person;
- e) With limited exceptions that are identified in the Agreement, neither the Agreement nor the proposed judgments and bar orders affect the Receiver's or Committee's pursuit of their claims against Underwriters' Insureds, nor do the Agreement or proposed judgments and bar orders affect the pursuit of claims against Underwriters' Insureds by any other person;
- f) The Receiver will disseminate notice of the Agreement (*i.e.* this Notice) to Interested Parties, through one or more of the following: mail, email, international delivery, CM/ECF notification, facsimile transmission, and/or publication on the Examiner (www.lpf-law.com/examiner-stanford-financial-group/) and Receiver (<http://www.stanfordfinancialreceivership.com>) web sites and newspaper publication;
- g) The Receiver will develop and submit to the Court for approval a plan for disseminating the Settlement Amount ("Distribution Plan"); and
- h) Under the Distribution Plan, once approved, the Net Settlement Amount will be distributed by the Receiver, under the supervision of the Court, to Stanford Investors who have submitted Claims that have been allowed by the Receiver.

Attorneys for the Receiver seek a fee award not to exceed fourteen million dollars (\$14 million), and attorneys for the Committee seek a fee award not to exceed one hundred thousand dollars (\$100,000).

Copies of the Settlement Agreement; the Expedited Request for Entry of Scheduling Order and Motion to Approve Proposed Settlement with Certain Underwriters at Lloyd's of London, Arch Specialty Insurance Company, and Lexington Insurance Company, to Approve the Proposed Notice of Settlement with Certain Underwriters at Lloyd's of London, Arch Specialty Insurance Company, and Lexington Insurance Company, to Enter the Bar Order, to Enter the Final Judgments and Bar Orders, and for the Receiver's Attorneys' Fees (the "Motion"); and other supporting papers may be obtained from the Court's docket in the SEC Action (ECF No. ___), and are also available on the websites of the Receiver (<http://www.stanfordfinancialreceivership.com>) and the Examiner (www.lpf-law.com/examiner-stanford-financial-group/). Copies of these documents may also be requested by email, by

⁶ "Underwriters' Insureds" means any Person who is insured under any of the insurance policies Underwriters issued to the Stanford Entities, including (1) any Persons who were, now are, or shall be directors or officers of any of the Stanford Entities; (2) any Persons who were foreign titled equivalents of directors and officers in U.S. corporations of any of the Stanford Entities; (3) employees of any of the Stanford Entities; (4) the lawful spouse or domestic partner of any director, officer, or employee of any of the Stanford Entities, solely to the extent that such Person is a party to any Claim solely in his or her capacity as spouse or domestic partner; (5) the estates, heirs, legal representatives or assigns of any director, officer, or employee of any of the Stanford Entities; and (6) the Stanford Entities.

sending the request to stanfordsettlement@kttlattorneys.com; or by telephone, by calling Molly Hogan at 913-951-8610.

The final hearing on the Motion is set for [_____], 2016 (the “Final Approval Hearing”). Any objection to the Agreement, the Motion, the Judgments and Bar Orders, the Final Bar Order, or the request for approval of the Receiver’s attorneys’ fees must be filed, in writing, with the Court in the SEC Action no later than [insert date of 21st day before Final Approval Hearing]. Any objections not filed by this date will be deemed waived and will not be considered by the Court. Those wishing to appear and present objections at the Final Approval Hearing must include a request to appear in their written objections.

EXHIBIT G

To be published once in the national edition of *The Wall Street Journal* and once in the international edition of *The New York Times*:

PLEASE TAKE NOTICE that the court-appointed Receiver for Stanford International Bank, Ltd. (“SIBL”) has reached an agreement to settle all claims asserted or that could have been asserted against Certain Underwriters’ at Lloyd’s of London, Arch Specialty Insurance Co., and Lexington Insurance Company (collectively “Underwriters”) relating to or in any way concerning SIBL or Underwriters’ insurance policies issued to SIBL and other Stanford Entities. As part of the settlement, the Receiver has requested orders which permanently enjoin all Persons, including Stanford Investors (*i.e.* the individuals, entities, and/or customers who had funds on deposit at SIBL or were holding certificates of deposit issued by SIBL as of February 16, 2009) from bringing any legal proceeding or cause of action arising from or relating to the Stanford Entities or Underwriters’ insurance policies issued to SIBL and the other Stanford Entities against Underwriters or the other Underwriters Released Parties.

Complete copies of the settlement agreement with Underwriters, the proposed bar orders, and other settlement documents are available on the Receiver’s website <http://www.stanfordfinancialreceivership.com>. All Persons who wish to object must file written objections with the Court on or before _____, 2016.

EXHIBIT H

16NE Huntingdon, LLC
20/20 Ltd.
Antigua Athletic Club Limited
The Antigua Sun Limited
Apartment Household, Inc.
Asian Village Antigua Limited
Bank of Antigua Limited
Boardwalk Revitalization, LLC
Buckingham Investments A.V.V.
Caribbean Aircraft Leasing (BVI) Limited
Caribbean Airlines Services Limited
Caribbean Airlines Services, Inc.
Caribbean Star Airlines Holdings Limited
Caribbean Star Airlines Limited
Caribbean Sun Airlines Holdings, Inc.
Casuarina 20 LLC
Christiansted Downtown Holdings, LLC
Crayford Limited
Cuckfield Investments Limited
Datcom Resources, Inc.
Devinhouse, Ltd.
Deygart Holdings Limited
Foreign Corporate Holdings Limited
Guardian International Investment Services
No. One, Inc.
Guardian International Investment Services
No. Three, Inc.
Guardian International Investment Services
No. Two, Inc.
Guardian One, Ltd.
Guardian Three, Ltd.
Guardian Two, Ltd.
Guiana Island Holdings Limited
Harbor Key Corp.
Harbor Key Corp. II
Idea Advertising Group, Inc.
International Fixed Income Stanford Fund, Ltd.
The Island Club, LLC
The Islands Club, Ltd.
JS Development, LLC
Maiden Island Holdings Ltd.
Miller Golf Company, L.L.C.
Parque Cristal Ltd.
Pelican Island Properties Limited
Pershore Investments S.A.
Polygon Commodities A.V.V.
Porpoise Industries Limited
Productos y Servicios Stanford, C.A.
R. Allen Stanford, LLC
Robust Eagle Limited
Sea Eagle Limited
Sea Hare Limited
SFG Majestic Holdings, LLC
SG Ltd.
SGV Asesores C.A.
SGV Ltd.
Stanford 20*20, LLC
Stanford 20/20 Inc.
Stanford Acquisition Corporation
Stanford Aerospace Limited
Stanford Agency, Inc. [Louisiana]¹
Stanford Agency, Inc. [Texas]
Stanford Agresiva S.A. de C.V.
Stanford Aircraft, LLC
Stanford American Samoa Holding Limited
Stanford Aviation 5555, LLC
Stanford Aviation II, LLC
Stanford Aviation III, LLC
Stanford Aviation Limited
Stanford Aviation LLC
Stanford Bank (Panama), S.A.
Stanford Bank Holdings Limited
Stanford Bank, S.A, Banco Comercial
Stanford Capital Management, LLC
Stanford Caribbean Investments, LLC
Stanford Caribbean Regional Management
Holdings, LLC
Stanford Caribbean, LLC
Stanford Casa de Valores, S.A.
Stanford Cobertura, S.A. de C.V.
Stanford Coins & Bullion, Inc.
The Stanford Condominium Owners'
Association, Inc.
Stanford Corporate Holdings International, Inc.
Stanford Corporate Services (BVI) Limited
Stanford Corporate Services (Venezuela), C.A.

Stanford Corporate Services, Inc.	Stanford Group Peru, S.A., Sociedad Agente de Bolsa
Stanford Corporate Ventures (BVI) Limited	Stanford Group Venezuela Asesores de Inversion, C.A
Stanford Corporate Ventures, LLC	Stanford Group Venezuela, C.A.
Stanford Crecimiento Balanceado, S.A. de C.V.	Stanford Holdings Venezuela, C.A.
Stanford Crecimiento, S A. de C.V.	Stanford International Bank Holdings Limited
Stanford Development Company (Grenada) Ltd	Stanford International Bank Limited
Stanford Development Company Limited	Stanford International Holdings (Panama) S.A
Stanford Development Corporation	Stanford International Management Ltd.
Stanford Eagle, LLC	Stanford International Resort Holdings, LLC
Stanford Family Office, LLC	Stanford Investment Advisory Services, Inc.
The Stanford Financial Group Building, Inc.	Stanford Leasing Company, Inc.
Stanford Financial Group Company	Stanford Management Holdings, Ltd.
Stanford Financial Group Global Management, LLC	Stanford Real Estate Acquisition, LLC
Stanford Financial Group (Holdings) Limited	Stanford S.A. Comisionista de Bolsa
Stanford Financial Group Limited	Stanford Services Ecuador, S.A.
Stanford Financial Group Ltd.	Stanford South Shore Holdings, LLC
Stanford Financial Partners Advisors, LLC	Stanford Sports & Entertainment Holdings, LLC
Stanford Financial Partners Holdings, LLC	Stanford St. Croix Marina Operations, LLC
Stanford Financial Partners Securities, LLC	Stanford St. Croix Resort Holdings, LLC
Stanford Financial Partners, Inc.	Stanford St. Croix Security, LLC
Stanford Fondos, S.A. de. C.V.	Stanford Trust Company
The Stanford Galleria Buildings, LP	Stanford Trust Company Administradora de Fondos y Fideicomisos S.A.
Stanford Galleria Buildings Management, LLC	Stanford Trust Company Limited
Stanford Gallows Bay Holdings, LLC	Stanford Trust Holdings Limited
Stanford Global Advisory, LLC	Stanford Venture Capital Holdings, Inc.
Stanford Group (Antigua) Limited	The Sticky Wicket Limited
Stanford Group (Suisse) AG	Sun Printing & Publishing Limited
Stanford Group Aruba, N.V.	Sun Printing Limited
Stanford Group Bolivia	Torre Oeste Ltd.
Stanford Group Casa de Valores, S.A.	Torre Senza Nome Venezuela, C.A.
Stanford Group Company	Trail Partners, LLC
Stanford Group Company Limited	Two Islands One Club (Grenada) Ltd
Stanford Group Holdings, Inc.	Two Islands One Club Holdings Ltd
Stanford Group Mexico, S.A. de C.V.	

¹ Locations in brackets are included to differentiate between legal entities with the same name but different locations or other identifying information.

² Locations in parentheses are included in the legal name of an entity or other identifying information.

EXHIBIT I

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

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 3:09-CV-0298-N
	§	
STANFORD INTERNATIONAL BANK,	§	
LTD., <i>et al.</i> ,	§	
	§	
Defendants.	§	

SCHEDULING ORDER

Before the Court is the Expedited Request for Entry of Scheduling Order and Motion to Approve Proposed Settlement with Certain Underwriters at Lloyd’s of London, Arch Specialty Insurance Company, and Lexington Insurance Company (collectively “Underwriters”), to Enter the Bar Order, to Enter the Final Judgments and Bar Orders, and for Attorneys’ Fees (the “Motion”) filed by Ralph S. Janvey, in his capacity as court-appointed Receiver for Stanford International Bank, Ltd. et al. (the “Receiver”). Docket No. [CITE]. The Motion concerns a proposed settlement (the “Agreement”) among and between the Receiver, the Official Stanford Investors Committee, and Underwriters. Capitalized terms not otherwise defined in this order shall have the meaning assigned to them in the Agreement.

In the Motion, the Receiver seeks the Court’s approval of the terms of the Agreement, including entry of a bar order in the SEC Action (the “Bar Order”), and a final judgment and bar order in *Underwriters v. Janvey*, No. 3:09-cv-1736 (N.D. Tex.) (the “Coverage Action”) and the

Third-Party Coverage Actions.¹ After reviewing the terms of the Agreement and considering the arguments presented in the Motion, the Court preliminarily approves the Agreement as adequate, fair, reasonable, and equitable. Accordingly, the Court enters this scheduling order to (i) provide for notice of the terms of the Agreement, including the proposed Bar Order in the SEC Action and the proposed Judgments and Bar Orders in the Coverage Action and the Third-Party Coverage Actions; (ii) set the deadline for filing objections to the Agreement, the Bar Order, the Judgment and Bar Orders, or the request for approval of the Receiver's attorneys' fees; (iii) set the deadline for responding to any objection so filed; and (iv) set the date of the Final Approval Hearing regarding the Agreement, the Bar Order in the SEC Action and the proposed Judgments and Bar Orders in the Coverage Action and the Third-Party Coverage Actions, and the Receiver's request for attorneys' fees, as follows:

1. Preliminary Findings on Potential Approval of the Agreement: Based upon the Court's review of the terms of the Agreement, the arguments presented in the Motion, and the Motion's accompanying appendices and exhibits, the Court preliminarily finds that the settlement and Agreement are fair, reasonable, and equitable; have no obvious deficiencies; and are the product of serious, informed, arm's-length negotiations. The Court, however, reserves a final ruling with respect to the terms of the Agreement until after the Final Approval Hearing referenced below in Paragraph 2.

2. Final Approval Hearing: The Final Approval Hearing will be held before the Honorable David C. Godbey in the United States District Court for the Northern District of Texas, United States Courthouse, 1100 Commerce Street, Dallas, Texas 75242, in Courtroom 1505, at __:__.m. on _____, which is a date at least ninety (90) calendar days after entry of

¹ The "Third-Party Coverage Actions" are identified in Paragraph 23 and Exhibit J to the Agreement.

this Scheduling Order. The purposes of the Final Approval Hearing will be to: (i) determine whether the terms of the Agreement should be approved by the Court; (ii) determine whether the Bar Order attached as Exhibit C to the Agreement should be entered by the Court in the SEC Action; (iii) determine whether the Final Judgment and Bar Order attached as Exhibit D to the Agreement should be entered by the Court in the Coverage Action; (iv) determine whether the Final Judgment and Bar Order attached as Exhibit E to the Agreement should be entered by the Court in the Third-Party Coverage Actions; (v) rule upon any objections to the Agreement, Bar Order, or the Judgments and Bar Orders; (vi) rule upon the Receiver's request for approval of attorneys' fees; and (vii) rule upon such other matters as the Court may deem appropriate.

3. Notice: The Court approves the form of Notice attached as Exhibit F to the Agreement and finds that the methodology, distribution, and dissemination of Notice described in the Motion (i) constitute the best practicable notice; (ii) are reasonably calculated, under the circumstances, to apprise all interested Persons of the Agreement, the releases therein, and the injunctions provided for in the Bar Order and the Judgments and Bar Orders; (iii) are reasonably calculated, under the circumstances, to apprise all interested Persons of the right to object to the Agreement, the Bar Order, or the Judgments and Bar Orders, and to appear at the Final Approval Hearing; (iv) constitute due, adequate, and sufficient notice; (v) meet all requirements of applicable law, including the Federal Rules of Civil Procedure, the United States Constitution (including Due Process), and the Rules of the Court; and (vi) will provide to all Persons a full and fair opportunity to be heard on these matters. The Court further approves the form of the publication Notice attached as Exhibit G to the Agreement. Therefore:

a. The Receiver is hereby directed, no later than twenty-one (21) calendar days after entry of this Scheduling Order, to cause the notice in substantially the same form

attached as Exhibit F to the Agreement (the “Notice”) to be sent via electronic service to all counsel of record for any Person who is, at the time of Notice, a party in any case included in MDL No. 2099, *In re: Stanford Entities Securities Litigation* (N.D. Tex.) (the “MDL”), the SEC Action, the Indirect Claims, or the Third-Party Coverage Actions. The Receiver is further directed to cause the Notice to be sent via facsimile transmission and/or first class mail to any other counsel of record for any other Person who is, at the time of service, a party in any case included in the foregoing sentence, and via electronic mail, first class mail or international delivery service to all Interested Parties not served via one of the other foregoing methods, except that the Receiver is not required to individually provide notice to any Person who is an Underwriters’ Insured but who is not included in any of the following groups: Stanford Investors, Claimants, or parties to one or more of the MDL, the SEC Action, the Indirect Claims, and the Third-Party Coverage Actions (such persons will be deemed to have received notice by one or more of the notice methods described in subparagraphs (b) or (c) of this paragraph).

b. The Receiver is hereby directed, no later than twenty-one (21) calendar days after entry of this Scheduling Order, to cause the notice in substantially the same form attached as Exhibit G to the Agreement to be published once in the national edition of *The Wall Street Journal* and once in the international edition of *The New York Times*.

c. The Receiver is hereby directed, no later than twenty-one (21) calendar days after entry of this Scheduling Order, to cause the Agreement, the Motion, this Scheduling Order, the Notice, and all exhibits and appendices attached to these documents, to be posted on the Receiver’s website (<http://stanfordfinancialreceivership.com>). The Examiner is hereby directed, no later than twenty-one (21) calendar days after entry of this Scheduling Order, to cause the Agreement, the Motion, this Scheduling Order, the Notice, and all exhibits and

appendices attached to these documents, to be posted on the Examiner's website (<http://lpf-law.com/examiner-stanford-financial-group>).

d. The Receiver is hereby directed promptly to provide the Agreement, the Motion, this Scheduling Order, the Notice, and all exhibits and appendices attached to these documents, to any Person who requests such documents via email to Molly Hogan, a paralegal at Kuckelman Torline Kirkland & Lewis, LLC, at Stanfordsettlement@kttlattorneys.com, or via telephone by calling Molly Hogan at 913-951-5652. The Receiver may provide such materials in the form and manner that the Receiver deems most appropriate under the circumstances of the request.

4. Objections and Appearances at the Final Approval Hearing: Any Person who wishes to object to the terms of the Agreement, the Bar Order, the Judgments and Bar Orders, or the Receiver's request for approval of the Receiver's attorneys' fees, or who wishes to appear at the Final Approval Hearing, must do so by filing an objection, in writing, with the Court in the SEC Action (3:09-CV-0298-N), by ECF or by mailing the objection to the Clerk of the United States District Court for the Northern-District of Texas, 1100 Commerce Street, Dallas, Texas 75242, no later than [insert date of 21st day before Final Approval Hearing], 2016. All objections filed with the Court must:

- a. contain the name, address, telephone number, and (if applicable) an email address of the Person filing the objection;
- b. contain the name, address, telephone number, and email address of any attorney representing the Person filing the objection;
- c. be signed by the Person filing the objection, or his or her attorney;
- d. state, in detail, the basis for any objection;

e. attach any document the Court should consider in ruling on the Agreement, the Bar Order, the Judgments and Bar Orders, or the Receiver's request for approval of the Receiver's attorneys' fees; and

f. if the Person filing the objection wishes to appear at the Final Approval Hearing, make a request to do so.

No Person will be permitted to appear at the Final Approval Hearing without filing a written objection and request to appear at the Final Approval Hearing as set forth in subparts (a) through (f) of this Paragraph. Copies of any objections filed must be served by ECF, or by email or first class mail, upon each of the following:

Daniel McNeel Lane, Jr.
Email: nlane@akingump.com
Manuel Mungia
Email: mmungia@akingump.com
Matthew Pepping
Email: mpepping@akingump.com
Akin Gump Strauss HAuer & Feld LLP
300 Convent Street
Suite 1600
San Antonio, Texas 78205-3732

and

Michael J. Kuckelman
Email: mkuckelman@kttlattorneys.com
Stephen J. Torline
Email: storline@kttlattorneys.com
Kathryn A. Lewis
Email: klewis@kttlattorneys.com
Kuckelman Torline Kirkland & Lewis LLP
10740 Nall Avenue
Suite 250
Overland Park, Kansas 6611
(913) 948-8610

and

John J. Little
Little Pedersen Fankhauser LLP
901 Main Street, Suite 4110
Dallas, Texas 75202
214.573.2307
214.573.2323 fax
Email: jlittle@lpf-law.com

and

Ralph Janvey
2100 Ross Ave
Suite 2600
Dallas, TX 75201
E-mail: rjanvey@jkjllp.com

and

Kevin Sadler
Baker Botts
1001 Page Mill Road
Building One, Suite 200
Palo Alto, California 94304-1007
Email: kevin.sadler@bakerbotts.com

Any Person filing an objection shall be deemed to have submitted to the jurisdiction of this Court for all purposes of that objection, the Agreement, the Bar Order, and the Judgments and Bar Orders. Potential objectors who do not present opposition by the time and in the manner set forth above shall be deemed to have waived the right to object (including any right to appeal) and to appear at the Final Approval Hearing and shall be forever barred from raising such objections in this action or any other action or proceeding. Persons do not need to appear at the Final Approval Hearing or take any other action to indicate their approval.

5. Responses to Objections: Any Party to the Agreement may respond to an objection filed pursuant to Paragraph 4 by filing a response in the SEC Action no later than

[insert date of 7th day before the Final Approval Hearing], 2016. To the extent any Person filing an objection cannot be served by action of the Court's CM/ECF system, a response must be served to the email and/or mailing address provided by that Person.

6. Adjustments Concerning Hearing and Deadlines: The date, time, and place for the Final Approval Hearing, and the deadlines and date requirements in this Scheduling Order, shall be subject to adjournment or change by this Court without further notice other than that which may be posted by means of ECF in the MDL, the SEC Action, the Coverage Action, the Indirect Claims, and the Third-Party Coverage Actions.

7. Retention of Jurisdiction: The Court shall retain jurisdiction to consider all further applications arising out of or connected with the Agreement.

8. Entry of Injunction: If the Agreement is approved by the Court, the Court will also enter the Bar Order in the SEC Action and the Judgments and Bar Orders in the Coverage Action and the Third-Party Coverage Actions. If entered, each order will permanently enjoin all Persons, including Stanford Investors and Claimants, from pursuing Settled Claims against Underwriters and/or Underwriters' Released Parties.

9. Stay of Proceedings: The Coverage Action and the Third-Party Coverage Actions are hereby stayed except to the extent necessary to give effect to the Agreement. The Receiver's and the Committee's claims against the defendants identified in Exhibit A to the Agreement are hereby stayed; where such defendants are included in cases with defendants not identified in Exhibit A to the Agreement, the stay shall only apply to the claims against the defendants identified in Exhibit A to the Agreement. With respect to the stays, they shall expire on the earlier of the Settlement Effective Date or the date of any termination of the Agreement pursuant to Paragraph 35 of the Agreement.

10. Use of Order: Under no circumstances shall this Scheduling Order be construed, deemed, or used as an admission, concession, or declaration by or against the Receiver, the Committee, or Underwriters of any fault, wrongdoing, breach or liability. Nor shall the Order be construed, deemed, or used as an admission, concession, or declaration by or against the Receiver, the Committee, or Underwriters that their claims lack merit or that the relief requested is inappropriate, improper, or unavailable, or as a waiver by any party of any defenses or claims he or she may have. Neither this Scheduling Order, nor the proposed Agreement, or any other settlement document, shall be filed, offered, received in evidence, or otherwise used in these or any other actions or proceedings or in any arbitration, except to give effect to or enforce the Agreement or the terms of this Scheduling Order.

11. Entry of this Order: This Scheduling Order shall, be entered separately on the dockets in the SEC Action, the Indirect Claims, the Third-Party Coverage Actions, and the Coverage Action.

IT IS SO ORDERED.

Signed on _____, 2016

DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE

EXHIBIT J

1. *Certain Underwriters at Lloyd's of London v. Alvarado*, No. 3:13-cv-2226 (N.D. Tex.)
2. *Certain Underwriters at Lloyd's of London v. Winter*, No. 3:15-cv-1997 (N.D. Tex.)
3. *Haymon v. Certain Underwriters of Lloyd's of London*, No. 3:14-cv-3731 (N.D. Tex.)
4. *Pendergest-Holt v. Certain Underwriters at Lloyd's of London*, No. 3:09-cv-3712 (S.D. Tex.)

EXHIBIT 2

AMENDMENT TO SETTLEMENT AGREEMENT

THIS AMENDMENT TO SETTLEMENT AGREEMENT (the “Amendment”) is made and entered into by and among (i) Ralph S. Janvey, solely in his capacity as court appointed Receiver for Stanford International Bank, Ltd., et al. (the “Receiver”); (ii) the Official Stanford Investors’ Committee (the “Committee”); and (iii) Certain Underwriters at Lloyd’s of London,¹ Arch Specialty Insurance Co., and Lexington Insurance Company (collectively referred to as “Underwriters”) (the Receiver, the Committee, and Underwriters are each referred to in this Agreement individually as a “Party” and together as the “Parties”);

WHEREAS, on June 3, 2016, the Parties entered into a Settlement Agreement (“Agreement”);

WHEREAS, the Parties desire to amend the Agreement with respect to the identity of the Third-Party Coverage Actions as that term is used in the Agreement and to extend the deadline for filing a motion to approve the Agreement and the settlement contemplated therein;

NOW, THEREFORE, in consideration of the agreements set forth herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. Third-Party Coverage Actions

1. Paragraph 23 of the Agreement is amended as follows: “Third-Party Coverage Actions” means those lawsuits between Underwriters and Underwriters’ Insureds relating to the Policies and/or the Stanford Entities identified in Amended Exhibit J, which is attached to the Amendment.

¹ Certain Underwriters at Lloyd’s of London refers to Lloyd’s of London Syndicates 2987, 2488, 1084, 1886, 4000, 1183, and 1274.

II. Deadline for Filing Motion to Approve Agreement

2. The Parties agree that the deadline for filing the motion required by Paragraph 29 of the Agreement is extended to July 1, 2016.

III. No Other Changes Intended

3. No changes to the Agreement are intended by this Amendment other than those expressly set forth herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS HEREOF, the Parties have executed this Amendment signifying their agreement to the foregoing terms.

Ralph Janvey, in his capacity as the Receiver
for the Stanford Receivership Estate



John J. Little, in his capacity as Examiner

Official Stanford Investors Committee

By: John J. Little
Title: Chairman

Certain Underwriters' at Lloyds London

By: Gary Mann
Title: Senior Claims Adjuster at Brit Global
Specialty

Lexington Insurance Company

By: Andy Tucker
Title: Claims Coordinator, Financial Lines
Claims

Arch Specialty Insurance Company

By: Jeremy Salzman
Title: Vice President/Claims Counsel

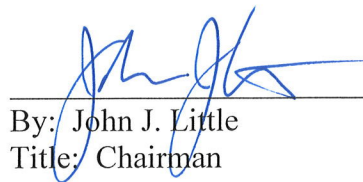
IN WITNESS HEREOF, the Parties have executed this Amendment signifying their agreement to the foregoing terms.

Ralph Janvey, in his capacity as the Receiver
for the Stanford Receivership Estate

John J. Little, in his capacity as Examiner



Official Stanford Investors Committee



By: John J. Little
Title: Chairman

Certain Underwriters' at Lloyds London

By: Gary Mann
Title: Senior Claims Adjuster at Brit Global
Specialty

Lexington Insurance Company

By: Andy Tucker
Title: Claims Coordinator, Financial Lines
Claims

Arch Specialty Insurance Company

By: Jeremy Salzman
Title: Vice President/Claims Counsel

IN WITNESS HEREOF, the Parties have executed this Amendment signifying their agreement to the foregoing terms.

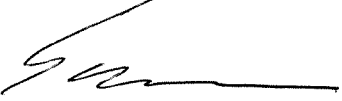
Ralph Janvey, in his capacity as the Receiver
for the Stanford Receivership Estate

John J. Little, in his capacity as Examiner

Official Stanford Investors Committee

By: John J. Little
Title: Chairman

Certain Underwriters' at Lloyds London



By: Gary Mann
Title: Senior Claims Adjuster at Brit Global
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Lexington Insurance Company

By: Andy Tucker
Title: Claims Coordinator, Financial Lines
Claims

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Ralph Janvey, in his capacity as the Receiver
for the Stanford Receivership Estate

John J. Little, in his capacity as Examiner

Official Stanford Investors Committee

By: John J. Little
Title: Chairman

Certain Underwriters' at Lloyds London

By: Gary Mann
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By: Andy Tucker
Title: Claims Coordinator, Financial Lines
Claims

Arch Specialty Insurance Company

By: Jeremy Salzman
Title: Vice President/Claims Counsel

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Ralph Janvey, in his capacity as the Receiver
for the Stanford Receivership Estate

John J. Little, in his capacity as Examiner

Official Stanford Investors Committee

By: John J. Little
Title: Chairman

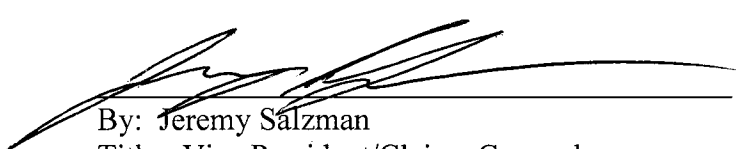
Certain Underwriters' at Lloyds London

By: Gary Mann
Title: Senior Claims Adjuster at Brit Global
Specialty

Lexington Insurance Company

By: Andy Tucker
Title: Claims Coordinator, Financial Lines
Claims

Arch Specialty Insurance Company

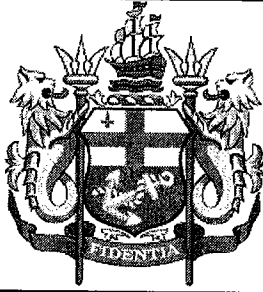


By: Jeremy Salzman
Title: Vice President/Claims Counsel

AMENDED EXHIBIT J

1. *Certain Underwriters at Lloyd's of London v. Alvarado*, No. 3:13-cv-2226 (N.D. Tex.)
2. *Certain Underwriters at Lloyd's of London v. Winter*, No. 3:15-cv-1997 (N.D. Tex.)
3. *Haymon v. Certain Underwriters of Lloyd's of London*, No. 3:14-cv-3731 (N.D. Tex.)

EXHIBIT 3



Lloyd's Policy

We, Underwriting Members of the Syndicates whose definitive numbers and proportions are shown in the Table attached hereto (hereinafter referred to as 'the Underwriters'), hereby agree, in consideration of the payment to Us by or on behalf of the Assured of the Premium specified in the Schedule, to insure against loss, including but not limited to associated expenses specified herein, if any, to the extent and in the manner provided in this Policy.

The Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, and therefore each of the Underwriters (and his Executors and Administrators) shall be liable only for his own share of his Syndicate's proportion of any such Loss and of any such Expenses. The identity of each of the Underwriters and the amount of his share may be ascertained by the Assured or the Assured's representative on application to Lloyd's Policy Signing Office, quoting the Lloyd's Policy Signing Office number and date or reference shown in the Table.

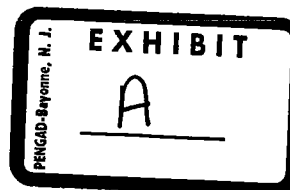
If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

In Witness whereof the General Manager of Lloyd's Policy Signing Office has signed this Policy on behalf of each of Us.

LLOYD'S POLICY SIGNING OFFICE
General Manager

If this policy (or any subsequent endorsement) has been produced to you in electronic form, the original document is stored on the Insurer's Market Repository to which your broker has access.

J(A) NMA2421 (3/1/95) Form approved by Lloyd's Market Association



ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

TEXAS COMPLAINTS NOTICE

<p>IMPORTANT NOTICE To obtain information or make a complaint: You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at: 1-800-252-3439 You may write to the Texas Department of Insurance:</p> <p>P. O. Box 149104 Austin, TX 78714-9104 Fax: (512) 475-1771 Web: http://www.tdi.state.tx.us E-mail: ConsumerProtection@tdi.state.tx.us</p> <p>PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.</p> <p>ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.</p>	<p>AVISO IMPORTANTE Para obtener informacion o para someter una queja: Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al: 1-800-252-3439 Puede escribir al Departamento de Seguros de Texas:</p> <p>P. O. Box 149104 Austin, TX 78714-9104 Fax: (512) 475-1771 Web: http://www.tdi.state.tx.us E-mail: ConsumerProtection@tdi.state.tx.us</p> <p>DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).</p> <p>UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.</p>
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07/07
LSW1022A

ATTACHING TO AND FORMING PART OF LLOYD'S POLICY NO: 576/MNK558900

DIRECTORS' AND OFFICERS' LIABILITY AND COMPANY INDEMNITY POLICY

NOTICE:

PLEASE READ THIS POLICY CAREFULLY.

THIS POLICY ONLY COVERS CLAIMS MADE DURING THE POLICY PERIOD.

**PAYMENTS BY THE UNDERWRITERS UNDER THIS POLICY, INCLUDING
PAYMENTS OF COSTS, CHARGES AND EXPENSES, WILL REDUCE THE LIMIT OF
LIABILITY.**

INDEX

NOTICE

SCHEDULE.

ARTICLE I. INSURING CLAUSES.

ARTICLE II. EXTENSIONS.

ARTICLE III. DEFINITIONS.

ARTICLE IV. EXCLUSIONS.

ARTICLE V. LIMITS OF LIABILITY.

ARTICLE VI. SETTLEMENTS AND DEFENCE.

ARTICLE VII. CLAIMS NOTIFICATION.

ARTICLE VIII. GENERAL CONDITIONS.

ARTICLE IX. SUBROGATION.

ARTICLE X. ACTION AGAINST UNDERWRITERS.

ARTICLE XI. LAW OF CONSTRUCTION AND INTERPRETATION.

ARTICLE XII. ASSISTANCE AND CO-OPERATION IN THE EVENT OF LOSS.

SCHEDULE

- Item A. The Company: Section One: Stanford Financial Group Company
 Section Two: Stanford Group Company

 (hereinafter referred to as the Parent Company) and any
 Subsidiary and as more fully defined in the policy wording
- Principal Address: Section One: 1000 Airport Boulevard
 St John's
 Antigua
 West Indies

 Section Two: 5050 Westheimer
 Houston
 Texas 77056
 United States of America
- Item B. Policy Period: From 15 August 2008 (hereinafter
 referred to as the Inception Date)

 To 15 August 2009 (hereinafter
 referred to as the Expiry Date)

 both days at 12.01 a.m. Local Standard Time at the above
 address
- Item C. Limit of Liability: USD 5,000,000 in the aggregate each Policy Period, to apply
 separately in respect of Sections One and Two
- Item D. Retentions: USD NIL each Director or Officer each Claim under
 Insuring Clause A.

 USD NIL in the aggregate all Directors and Officers
 each Claim under Insuring Clause A

 USD 250,000 each Claim under Insuring Clause B. and/or
 Insuring Clause C
- Item E. Premium: Section One: USD 127,277.62 being this Policy's
 proportion of USD 137,884.08
 (which includes this policy's proportion of
 USD 1272.77 in respect of TRIA)
 Plus taxes as per attached schedule.

Section Two: USD 104,650.72 being this Policy's
Proportion of USD 113,371.60
(which includes this Policy's Proportion of
USD 1046.51 in respect of TRIA)
Plus taxes as per attached schedule.

Item F. Consolidated Assets of the Company: USD 9,656,896,449

Item G. Prior and Pending Date: 11 September 1991 in respect of Stanford International
Bank Limited and Bank of Antigua Limited, but
1 January 1999 in respect of all other companies

Item H. Optional Extension Period: (1) 150% (2) 365 days.

Item I. The following Endorsements are included in this Policy at issuance:

As attached hereto

Dated in London: 25 August 2008

In consideration of the payment of the premium, in reliance on the proposal form and subject to all of the provisions of this Policy, the Underwriters, the Directors and Officers and the Company agree as follows.

ARTICLE I. INSURING CLAUSES

- A. The Underwriters shall pay, on behalf of the Directors and Officers, Loss resulting from any Claim first made during the Policy Period for a Wrongful Act.
- B. The Underwriters shall pay, on behalf of the Company, Loss which the Company is required or permitted by law to pay as indemnification to any of the Directors and Officers resulting from any Claim first made during the Policy Period for a Wrongful Act.
- C. The Underwriters shall pay on behalf of the Company, Loss sustained by the Company resulting from any Claim first made during the Policy Period against the Company for a Wrongful Act.

ARTICLE II. EXTENSIONS

It is understood and agreed that these extensions shall not in any way increase the Limit of Liability set forth in Item C. of the Schedule.

- A. Legal Representation Expenses.

The Underwriters shall pay on behalf of the Directors and Officers the cost of legal representation incurred with the prior written consent of the Underwriters arising out of attendance of any Director or Officer at any official investigation, examination, enquiry or other proceeding ordered or commissioned during the Policy Period by any official body or institution that is empowered to investigate the affairs of the Directors and Officers where the Directors and Officers act in a capacity covered by this Policy.

- B. Optional Extension Period
 - A. The Parent Company shall have the right, upon payment of an additional premium calculated at that percentage shown in Item H.(1) of the Schedule of the total premium for this Policy, to an extension of the coverage granted by this Policy with respect to any Claim first made during the period of time set forth in Item H.(2) of the Schedule after the Policy expiration date or, in the event of cancellation by the Parent Company, after the effective date of cancellation, but only with respect to any Wrongful Act committed before such date.
 - B. As a condition precedent to the right to purchase the Optional Extension Period, the total premium for this Policy must have been paid. The right to purchase the Optional Extension Period shall terminate unless written notice together with full payment of the premium for the Optional Extension Period is given to Underwriters within 30 days after the Policy expiration date. If such notice and premium payment is not so given to Underwriters, there shall be no right to purchase the Optional Extension Period.

- C. In the event of the purchase of the Optional Extension Period the entire premium therefore shall be deemed earned at its commencement.
- D. In the event the Optional Extension Period is purchased, it shall terminate forthwith on the effective date of any contract of insurance or indemnity which replaces the coverage afforded by this Policy through the Optional Extension Period either in whole or in part, and in the event the Optional Extension Period is so terminated, Underwriters shall refund pro rata any unearned premium for the unexpired period of such extension.
- E. The exercise of the Optional Extension Period shall not in any way increase the Limit of Liability of Underwriters.

ARTICLE III. DEFINITIONS

The following terms whenever used in this Policy shall have the meanings indicated.

- A. "Associated Company" shall mean any entity in which at the time of the Wrongful Act the Parent Company directly or indirectly holds not less than 10% or more than 50% of the voting rights.
- B. "Claim" means any:
 - 1. written demand for monetary or non-monetary damages; or
 - 2. any judicial or administrative proceeding initiated against any of the Directors and Officers or the Company in which they may be subjected to a binding adjudication of liability for damages or other relief, including any appeal therefrom.
- C. "Company" shall mean:
 - (1) all entities listed in Item A of the Schedule, and
 - (2) any Subsidiary, and
 - (3) any entity with whom the Company merges during the Policy Period subject to the provisions of Clause B. of Article VIII., and
 - (4) any newly acquired or created companies that are 100% owned by R. Allen Stanford and whose assets do not exceed 25% of the Consolidated Assets shown in Item F. of the Schedule; any of such newly acquired or created companies whose assets exceed 25% of the Consolidated Assets shown in Item F. of the Schedule shall be subject to the provisions of Clause B. of Article VIII, and
 - (5) all entities listed in the attached Addendum Number 1.
- D. "Costs, Charges and Expenses" shall mean all reasonable and necessary legal fees and expenses incurred by the Directors and Officers or by the Company in defence of any

Claim provided, however, Costs, Charges and Expenses shall not include salaries, wages, overhead or benefit expenses associated with the Directors and Officers or employees of the Company.

- E. "Director(s) and/or Officer(s)" shall mean any persons who were, now are, or shall be directors or officers of the Company and shall include:
- (1) foreign titled equivalents of directors and officers in the U.S. Corporation.
 - (2) employees of Ansbacher solely whilst acting in their capacity as directors or officers of Stanford Group (Suisse) A.G.
 - (3) employees of the Company solely whilst acting in a supervisory or managerial capacity.
 - (4) the lawful spouse or domestic partner of any such director or officer or employee solely to the extent that such person is a party to any Claim solely in his or her capacity as spouse or domestic partner of any such director or officer or employee and solely for the purposes of any Claim seeking damages recoverable from marital community property, property jointly held by any such director or officer or employee and spouse or domestic partner, or property transferred from any such director or officer or employee to the spouse or domestic partner.
 - (5) employees of the Company, if named as a co-defendant with a director or officer of the Company to the extent that the Claim does not involve a Claim of the type excluded under **ARTICLE IV. EXCLUSIONS P.**
 - (6) the estates, heirs, legal representatives or assigns of any such director or officer or employee or spouse thereof, solely in the event of their death, incapacity or bankruptcy.
- F. "Loss" means damages, judgments, settlements and Costs, Charges and Expenses and punitive or exemplary damages, where the applicable law in that jurisdiction allows coverage for punitive or exemplary damages, incurred by any of the Directors or Officers or the Company, but Loss shall not include:
1. that portion of any multiplied damages award which exceeds the amount multiplied;
 2. taxes, criminal or civil fines or penalties imposed by law;
 3. matters deemed uninsurable under the law pursuant to which this Policy shall be construed;
- With respect to the coverage for punitive or exemplary damages, where the Directors or Officers or the Company are able to demonstrate in good faith that punitive or exemplary damages are insurable under any applicable law, Underwriters shall not challenge that interpretation of insurability.
- G. "Subsidiary" shall mean any entity in which at the time of the Wrongful Act the Parent Company directly or indirectly

- (1) holds a majority of the voting rights, or
- (2) is a member and has the right to appoint or remove a majority of its board of directors, or
- (3) is a member and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights,

subject to the provisions of Clause B. of Article VIII.

H. "Wrongful Act":

- (a) For the purposes of **ARTICLE I. INSURING CLAUSES A. and B.**, "Wrongful Act" shall mean any actual or alleged error, act, omission, misstatement, misleading statement, neglect or breach of duty or negligent act by, or any other matter claimed against, the Directors and Officers whilst acting in their capacity as
 - (1) directors or officers of the Company, or
 - (2) directors or officers or trustees of any not-for-profit entity, including a charity or trade association, with the knowledge and consent of the Company, or
 - (3) directors or officers of any for-profit entity, (in accordance with the Schedule of Outside Positions ('For-Profit' Entities) - Addendum Number 2 attached); any additional outside positions to be agreed by the Leading Underwriter prior to inception of such additional cover) where such Directors or Officers serve with such for-profit entity with the knowledge and consent of the Company, or
 - 4) directors or officers of any Associated Company domiciled outside the United States of America and its subsidiaries domiciled outside the United States of America where such Directors and Officers serve at the specific request and direction of the board of directors of the Company.
- (b) For the purposes of **ARTICLE I. INSURING CLAUSES C.**, "Wrongful Act" shall mean any actual or alleged error, omission, misstatement, misleading statement, neglect, breach of duty or act by the Company

I. "Money Laundering" means:

- (i) the concealment, or disguise, or conversion, or transfer, or removal of Criminal Property, (including concealing or disguising its nature, source, location, disposition, movement or ownership or any rights relating thereto); or
- (ii) the entering into or becoming in any way concerned in an arrangement which is known or suspected to facilitate (by whatever means) the acquisition, retention, use or control of Criminal Property by or on behalf of another person; or
- (iii) the acquisition, use or possession of Criminal Property; or

- (iv) any act which constitutes an attempt, conspiracy or incitement to commit any act or acts mentioned in the foregoing paragraphs (i), (ii) or (iii); or
 - (v) any act which constitutes aiding, abetting, counselling or procuring the commission of any act or acts mentioned in the foregoing paragraphs (i), (ii) or (iii).
- J. Criminal Property means property which constitutes a benefit obtained from or as a result of or in connection with criminal conduct or represents such a benefit (in whole or part and whether directly or indirectly) which the Directors or Officers or the Company (or any person or entity acting on their behalf) knows or suspects or reasonably should have known or suspected that it constitutes or represents such a benefit.
- K. Criminal Conduct means conduct which constitutes (or would constitute) an offence in any part of the world.
- L. "Optional Extension Period" means the period described in **ARTICLE II. EXTENSIONS B. A.**
- M. "Interrelated Wrongful Acts" means Wrongful Acts which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.
- N. "Fungi" as utilised herein, shall mean any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.

ARTICLE IV. EXCLUSIONS

The Underwriters shall not be liable to make any payment for Loss resulting from any Claim

- A. for any actual or alleged bodily injury, sickness, disease, death, damage to or destruction of any tangible property including loss of use thereof, invasion of privacy, wrongful entry, eviction, false arrest, false imprisonment, malicious prosecution, assault, battery, emotional distress, libel, slander, defamation or loss of consortium.
- B. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any Wrongful Act, or any circumstance which may give rise to a Claim, which has been the subject of any notice given prior to the inception date under any prior policy.
- C. insured under any other existing valid Directors and Officers Liability policy or policies, regardless of whether or not Loss in connection with such Claim is collectable or recoverable under such other Directors and Officers Liability policy or policies; provided, however, this exclusion shall not apply to the amount of Loss which is in excess of the amount of any retention and the limit of liability of such other policy or policies.
- D. for which the Directors and Officers are entitled to indemnification from any entity other than the Company regardless of whether actual indemnification has been made provided however this exclusion shall not apply to the amount of Loss which is in excess of the amount of any such indemnification.

- E. brought by or at the behest of the Company or by or on behalf of any other Director or Officer except and to the extent that
- (i) such Claim is in the form of a crossclaim, third party claim or otherwise for contribution or indemnity which is part of and results directly from a Claim which is covered under this Policy, or
 - (ii) such Claim is brought derivatively by a security holder of the Company who, when such Claim is first made, is acting independently of the Directors and Officers and the Company, or
 - (iii) such Claim is brought by the examiner, trustee, receiver, liquidator, etc. in a bankruptcy proceeding
 - (iv) such Claim is brought by a former Director, Officer or employee that has not been affiliated with the Company for four years or longer
- F. brought by any entity or its directors, officers or trustees in which the Directors and Officers act in a director or officer or trustee capacity covered under this Policy, except and to the extent that such Claim is in the form of a crossclaim, third party claim or otherwise for contribution or indemnity which is part of and results directly from a Claim which is covered under this Policy.
- G. brought against a Director or Officer whilst acting in a capacity as a trustee or fiduciary or administrator of any employer-sponsored pension or superannuation scheme or superannuation programme established in whole or in part for the benefit of any of the Directors and Officers or employees of the Company including any actual or alleged breach of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 in the United States of America or any amendments thereto or similar provisions of any federal, state or local statutory law or common law.
- H. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, actual or alleged seepage, pollution or contamination of any kind, provided, however, this exclusion shall not apply to:
- (1) the coverage afforded through **ARTICLE I. INSURING CLAUSES. A.** to the extent any Claim is brought derivatively by a security holder of the Company who, when such Claim is first made, is acting independently of the Company and all of the Directors and Officers, and
 - (2) Costs, Charges and Expenses incurred with the Underwriters' prior written consent. The maximum aggregate Limit of Liability of the Underwriters under this clause H(2) shall not exceed USD 150,000.
- I. brought about or contributed to in fact by:
- (a) any dishonest, fraudulent or criminal act or omission by the Directors or Officers or the Company, or

- (b) any personal profit or advantage gained, by any of the Directors and Officers or the Company to which they were not legally entitled

as determined by a final adjudication.

- J. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, any Wrongful Act occurring subsequent to the time that the earliest of the following events take place.
 - (1) Another entity or individual holds a majority of the voting rights in the Parent Company.
 - (2) Another entity or individual is a member of the Parent Company and has the right to appoint or remove a majority of its board of directors.
 - (3) Another entity or individual has the right to exercise a dominant influence over the Parent Company
 - (i) by virtue of the creation of provisions contained in the Parent Company's Memorandum of Association or Articles of Association, or
 - (ii) by virtue of the creation of a control contract.
 - (4) Another entity or individual is a member of the Parent Company and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the Parent Company.
 - (5) The merger of the Parent Company into another company such that the Parent Company is not the surviving entity.
- K. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any litigation prior to or pending at the Prior and Pending Date set forth in Item G. of the Schedule, or any fact, circumstance, situation, transaction or event underlying or alleged in such litigation, regardless of the legal theory upon which such Claim is predicated.
- L. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way relating to any act, error or omission in connection with the performance of any professional services by or on behalf of the Company for the benefit of any other entity or person.

Provided however that the foregoing exclusion shall not be applicable to any derivative or shareholder class action against the Directors and Officers alleging failure to supervise those who performed or failed to perform such professional services.

- M. in respect of Stanford Group Casa de Valores S.A. and/or their Directors or Officers:

based upon, arising out of, directly or indirectly resulting from or in consequence, or in any way involving:

- i. any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 1st June 1998, or
 - ii. any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 1st June 1998 which together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.
- N. brought against any Director or Officer whilst serving on the boards of outside positions in the Schedule of Outside Positions ('For-Profit' Entities) attached, based upon, arising out of, directly or indirectly result from or in consequence of, or in any way involving;
1. any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 31st October 2000, or
 2. any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 31st October 2000, which, together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts
- O. based upon, arising out of, directly or indirectly from or in consequence of, or in any way involving their services as a director, officer or employee of any entity other than the Company, provided, however, this Exclusion shall not apply to Loss resulting from any Claim to the extent that such Claim is based on:
- (1) the service of one of the Directors and Officers as a director or officer of any not-for-profit entity, including a charity or trade association, with the knowledge and consent of the Company, or
 - (2) the service of one of the Directors and Officers as a director or officer of any Associated Company domiciled outside the United States of America and its subsidiaries domiciled outside the United States of America where such Directors and Officers serve at the specific request and direction of the board of directors of the Company, or
 - (3) the service of one of the Directors and Officers as a director or officer of any for-profit entity where such service is:
 - (i) with the knowledge and consent of the Board of Directors of the Company, and
 - (ii) the outside positions of any for-profit entity have previously been agreed by Underwriters to be included hereunder and a Schedule of outside positions have been attached hereto
 - (iii) such Loss is not indemnified by such for-profit entity or any of its insurers.
- P. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving actual or alleged:
1. wrongful dismissal, discharge or termination of employment whether actual or constructive;

2. breach of any oral or written employment contract or quasi-employment contract;
 3. employment related misrepresentations;
 4. violation of any federal, state or local law concerning employment or discrimination in employment, including the Americans with Disabilities Act of 1992, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Law of 1964 (as amended) the Pregnancy Discrimination Act of 1978, the Civil Rights Act of 1866, the Family and Medical Leave Act of 1993, the Older Workers Benefit Protection Act of 1990, the Fifth and Fourteenth Amendments of the United States Constitution, or any rule or regulation promulgated thereunder;
 5. sexual or other harassment in the workplace;
 6. wrongful deprivation of career opportunity, employment or promotion;
 7. wrongful discipline or evaluation; or
 8. failure to adopt adequate employment or workplace policies and procedures.
- Q. directly or indirectly arising out of, resulting as a consequence of, or related to the manufacture, mining, processing, distribution, testing remediation, removal, storage, disposal, sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.
- R. directly or indirectly arising out of, resulting from or in any way related to Fungi whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.
- S. based upon, arising from, or in any way attributable to lead or lead containing products.
- T. arising directly or indirectly as a result of or in connection with any act or acts (or alleged act or acts) of Money Laundering or any act or acts (or alleged act or acts) which are in breach of and/or constitute an offence or offences under any money laundering legislation (or any provisions and/or rules or regulations made by any Regulatory Body or Authority thereunder)

Notwithstanding the foregoing Exclusion, Underwriters shall pay Costs, Charges and Expenses in the event of an alleged act or alleged acts until such time that it is determined that the alleged act or alleged acts did in fact occur. In such event the Directors and Officers and the Company will reimburse Underwriters for such Costs, Charges and Expenses paid on their behalf.

- U. In respect of **ARTICLE I. INSURING CLAUSES C** only, based upon, arising out of, directly or indirectly resulting from any actual or alleged liability assumed under any contract or agreement except to the extent that liability would have attached to the Company in the absence of such contract or agreement.

- V. In respect of Banco Galicia de Venezuela, CA and Banco Comercial C.A. and/or their Directors or Officers:

based upon, arising out of, directly or indirectly resulting from or in consequence of or in any way involving:

- (1) any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 14th February 2005 , or
- (1) any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 14th February 2005 which, together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.

Any Wrongful Act pertaining to any Director or Officer shall not be imputed to any other person for the purposes of determining the applicability of the Exclusions.

ARTICLE V. LIMITS OF LIABILITY

- A. The Underwriters shall be liable to pay Loss resulting from any Claim in excess of the applicable Retention as set forth in Item D. of the Schedule up to the Limit of Liability as set forth in Item C. of the Schedule. The Underwriters shall pay Loss only upon the final disposition of any Claim except as provided for under Article VI.
- B. The Limit of Liability as set forth in Item C. of the Schedule shall be the maximum aggregate Limit of Liability of the Underwriters for all Loss payable under this Policy and payment of Loss shall reduce the Limit of Liability as set forth in Item C. of the Schedule.
- C. More than one Claim involving the same Wrongful Act shall be deemed to constitute a single Claim and shall be deemed to have been made at the earliest of the following times:
 - (1) The time at which the earliest Claim involving the same Wrongful Act is first made.
 - (2) The time at which the Claim involving the same Wrongful Act shall be deemed to have been made pursuant to Clause B. of Article VII.
- D. In the event a Claim is covered in part more than one of the the Retentions set forth in Item D. of the Schedule shall be applied separately to that part of the Loss resulting from such Claim covered by each Insuring Clause and the sum of the Retentions so applied shall constitute the Retention applicable to such Claim provided, however, the total Retention as finally determined shall in no event exceed the largest of the Retentions applicable to Insuring Clauses that are applicable to such Claim.
- E. The Retention applicable to Insuring Clause B shall apply to Loss resulting from any Claim if indemnification by the Company is required by law or is legally permissible to the fullest extent permitted by law, regardless of whether or not actual indemnification is made, unless the Company is unable to make indemnification by reason of its insolvency.
- F. Costs, Charges and Expenses shall be part of and not in addition to the Limit of Liability as shown under Item C. of the Schedule, and payment of such Costs, Charges and Expenses shall reduce the Limit of Liability as shown under Item C. of the Schedule.

ARTICLE VI. SETTLEMENTS AND DEFENCE

- A. No settlement of Loss shall be made without the Underwriters' prior written consent, such consent not to be unreasonably withheld.
- B. It shall be the duty of the Directors and Officers or the Company and not the duty of the Underwriters to defend Claims, provided that no Costs, Charges or Expenses shall be incurred without the Underwriter's prior written consent, such consent not to be unreasonably withheld. In the event of such consent being given, and subject to all other terms and provisions of the Policy including but not limited to Article V. of this Policy, the Underwriters shall pay Costs, Charges and Expenses no more than once every 60 days.

ARTICLE VII. CLAIMS NOTIFICATION

- A. As a condition precedent to their liability under this Policy the Underwriters shall be given written notice of any Claim as soon as practicable but in no event later than 60 days after the end of the Policy Period.
- B. If during the Policy Period the Company's General Counsel or Corporate Risk Manager first become aware of a Wrongful Act and written notice of such Wrongful Act is given to the Underwriters as soon as practicable during the Policy Period then any Claim arising from such Wrongful Act shall be deemed for the purposes of this Policy to have been made at the time such written notice was first given.

In respect of **ARTICLE VII. CLAIMS NOTIFICATION B** only, reference to 'Company's' shall mean:

- (a) Stanford Financial Group Company in respect of all Section One entities
 - (b) Stanford Group Company in respect of all Section Two entities.
- C. Notification of a claim shall be made to Underwriters via Arthur Washington of Mendes & Mount, 750 Seventh Avenue, New York, New York 10019-6829.

ARTICLE VIII. GENERAL CONDITIONS

- A. Representation Clause:

It is understood that the representations contained in the proposal form are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy.

The proposal form shall be construed as a separate application for coverage by each of the Directors and Officers. With respect to the statements contained in the proposal form, no statement or knowledge possessed by any Director or Officer shall be imputed to any other Director or Officer for the purpose of determining the availability of the coverage granted by this Policy.

Notwithstanding the foregoing, this policy shall be non-rescindable with respect to the coverage afforded under **ARTICLE I. INSURING CLAUSES A**.

B. Acquisitions Clause:

In the event the Company merges with another entity such that the Company is the surviving entity or acquires a Subsidiary the coverage granted by this Policy shall attach in respect of such entity or Subsidiary for Wrongful Acts subsequent to the date of such merger or acquisition. If the assets of that Subsidiary or the other entity exceed 30% of the Consolidated Assets of the Company as set forth in Item F. of the Schedule (exceeding 25% with respect to **ARTICLE III. DEFINITIONS C(4)**) such coverage is conditional upon:

- (1) full information as the Underwriters may reasonably require being given to the Underwriters by the Company within 60 days from the date of such merger or acquisition, and
- (2) the Company accepting any special terms, conditions, exclusions or additional premium charge as may be required by the Underwriters in connection with such merger or acquisition.

C. Cessation of Subsidiaries Clause:

In the event any entity ceases to be a Subsidiary after the Inception Date the coverage granted by this Policy shall continue to apply with respect to Claims made during the Policy Period for Wrongful Acts committed whilst such entity was a Subsidiary.

D. Cancellation Clause:

1. By acceptance of this Policy, the Directors and Officers and the Company hereby confer the exclusive power and authority to cancel this Policy on their behalf to the Parent Company. Such entity may cancel this Policy by surrender thereof to Underwriters, or by mailing to Underwriters written notice stating when not less than 30 days thereafter such cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Delivery of such written notice shall be equivalent to mailing. If this Policy is cancelled pursuant to this condition 1, underwriters shall retain the customary short rate proportion of the premium hereon.
2. This Policy may not be cancelled by Underwriters unless it is cancelled for non payment of premium. In the event of the non payment of premium this Policy shall be cancelled in accordance with the Premium Payment Clause (LSW3000 amended), as attached.

Payment or tender of any unearned premium by Underwriters shall not be a condition precedent to the effectiveness of cancellation.

E. Joint Insured Provision:

If the first named entity listed in Item A. of the Schedule ceases for any reason to be covered under this Policy, then the entity next named therein shall thereafter be considered as the first named entity for all the purposes of this Policy.

ARTICLE IX. SUBROGATION

In the event of any payments of Loss under this Policy the Underwriters shall be subrogated to the extent of such payments to all of the Directors' and Officers' and the Company's rights of recovery therefor against any person or entity. The Directors and Officers and the Company shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights.

ARTICLE X. ACTION AGAINST UNDERWRITERS

No action shall lie against the Underwriters unless, as conditions precedent thereto, the Directors and Officers and the Company shall have fully complied with all of the terms of this Policy and the amount of the Directors' and Officers' and the Company's obligation to pay shall have been fully and finally determined.

ARTICLE XI. LAW OF CONSTRUCTION AND INTERPRETATION

This Policy shall be governed by and construed in accordance with the laws of Texas.

ARTICLE XII. ASSISTANCE AND CO-OPERATION IN THE EVENT OF LOSS

The Directors and Officers and the Company agree to provide the Underwriters with such information, assistance and co-operation as the Underwriters and/or their counsel may reasonably request, and they further agree that they shall not take any action which in any way increases the Underwriters' exposure for Loss under this Policy resulting from any Claim.

PJG 97 (Amended)

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

ADDENDUM NUMBER 1

Section One:

16 NE Hugingdom
Antigua Athletic Club Limited
The Antigua Sun Limited
Apartment Household Inc.
Bank of Antigua Limited (including Bank on Wheels)
Bank of Antigua – Oficina de Representacion Mexico Group Ltd.
Buckingham Investments A.V.V.
Caribbean Aircraft Leasing (BVI) Limited (date of incorporation 08/09/05)
Caribbean Airline Services Limited – Antigua (date of incorporation 02/11/05)
Caribbean Airline Services Inc. – US
Caribbean Star Airlines, Limited
Caribbean Star Airlines Holdings, Limited
Caribbean Sun Airlines, Inc.
Caribbean Sun Airlines Holdings, Inc.
Casuarina 20 LLC
Christiansted Downtown Holdings, LLC
Datcom Resources, Inc.
Devinhouse Limited
Guiana Island Holdings Limited
Foreign Corporate Holdings Limited (IBC)
Harbor Key Corp. II
Idea Advertising Group, Inc.
International Administration, Inc.
Management and Advisory International, Inc.
Maiden Island Holdings Ltd Parque Cristal Limited
Polygon Commodities A.V.V.
Porpoise Industries Limited
Product y Servicios Stanford, C.A.
Sea Eagle Limited (IBC)
Stanford 20/20 Inc.
Stanford Acquisition Corporation
Stanford American Samoa Holdings, Limited
Stanford Aerospace Limited
Stanford Aircraft, LLC
Stanford Aviation LLC
Stanford Aviation II, Inc.
Stanford Aviation III, Inc.
Stanford Aviation 5555 LLC
Stanford Aviation Limited
Stanford Bank Holdings Limited
Stanford Bank, S.A., Banco Comercial (formerly known as Banco Galicia de Venezuela, CA., or Banco Comercial C.A.)
Stanford Casa de Valores , S.A.
Stanford Caribbean Limited
Stanford Carribbean, LLC
Stanford Carribbean Investments, LLC

Stanford Coins and Bullion, Inc.
Stanford Corporate Holdings International, Inc.
Stanford Corporate Services, Inc.
Stanford Corporate Services (Venezuela), C.A.
Stanford Corporate Ventures LLC
Stanford Corporate Ventures (BVI) Limited (date of incorporation 21/07/04)
Stanford Development Corporation
Stanford Development Company Limited
Stanford Development (Grenada) Ltd.
Stanford Funds Administrator, LLC
Stanford Global Advisory, LLC
Stanford Group Mexico, S.A. de C.V.
Stanford Group Mexico, (Monterrey) S.A. de C.V.
Stanford Group Mexico, (Puebla) S.A. de C.V.
Stanford Group (Antigua) Limited
Stanford Group Aruba N.V.
Stanford Group (Suisse) AG
SFG Majestic Holding, LLC
Stanford Financial Group Company
Stanford Financial Group Limited (IBC)
Stanford Financial Group Global Management, LLC
Stanford Financial Group (Holdings) Limited
Stanford Financial Partners Holdings, LLC
Stanford Fondos S.A. de C.V.
Stanford Foundation, Inc.
Stanford St. Croix Ventures, LLC
Stanford Trust Company Limited (Colombia)
The Pavillion Antigua (dba of The Sticky Wicket Limited)
Stanford Group Distribuidora de Fondos de Inversion S.A. de C.V. (date of incorporation 24/06/05)
Stanford Eagle LLC
The Stanford Financial Group Building, Inc.
Stanford Galleria Buildings LP (date of incorporation 15/09/05)
Stanford Galleria Buildings Management LLC (date of incorporation 15/09/05)
Stanford International Bank Limited (IBC)
Stanford International Bank Limited Representative Office (Canada)
Stanford International Bank Holdings Limited
Stanford International Holdings (Panama) S.A.
Stanford Bank (Panama) S.A.
Stanford Leasing Company, Inc.
Stanford Real Estate Acquisition, LLC
Stanford Trust Holdings Limited
Stanford Trust Company Limited (dba Stanford Fiduciary Investor Services, Inc.)
.
The Sticky Wicket Limited
Sun Printing and Publishing Limited
Sun Printing Limited
Torre Senza Nome Venezuela
The Islands Club, LLC
Two Islands One Club (Antigua) Ltd
Two Islands One Club (Grenada) Ltd
Two Islands One Club Holdings Ltd
R. Allen Stanford, LLC
Robust Eagle Limited

Stanford Services Ecuador S.A.
Stanford Trust Company Limited (IBC)
Stanford Financial Group Ltd

Section Two:

International Fixed Income Stanford Fund Limited
Stanford Agency, Inc. (Louisiana)
Stanford Agency, Inc. (Texas)
Stanford Bolsa y Banca S.A. (Colombia)
Stanford Family, Office LLC
Stanford Group Casa de Valores S.A.
Stanford Group Company
Stanford Group Peru, S.A. Sociedad Intermediaria de Valores
Stanford Group Company Limited
Stanford Group Holdings, Inc.
Stanford Group Venezuela, C.A.
Stanford Holdings Venezuela, C.A.
Stanford International Management, Limited
Stanford Management Holdings, Ltd.
Stanford Investment Advisory Services, Inc
SG Ltd.
SGV Asesores, C.A.
Stanford Group Venezuela Asesores de Inversion, C.A.
SGV Ltd.
Stanford Trust Company
Stanford Trust Company Administradora de Fondos y Fideicomisos S.A
Stanford Venture Capital Holdings, Inc
Torre Oeste Ltd
Stanford Capital Management, LLC
Stanford Family Office, LLC

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

SCHEDULE OF OUTSIDE POSITIONS
(‘For-Profit’ Entities)

<u>OUTSIDE COMPANY</u>	<u>STANFORD DIRECTOR</u>
American Samoa Telecom, LLC	Danny Bogar Osvaldo Pi
Elandia Solutions, Inc.	Danny Bogar
GoAntiques, Inc.	Danny Bogar Jay Comeaux
Daytek Formerly known as Miller Golf Company, LLC	Danny Bogar
Telecom Wireless Solutions, Inc.	James Davis
Oasis Bank Holding Corp	A.J Rincon
St Joseph Hospital Foundation – Houston	Mauricio Alvarado
Louisiana State University Law Center – Board of Trustees – Baton Rouge Louisiana	Mauricio Alvarado
Virgin Island Hotel Association Boards	Janise Robinson
Phoenixbay, Inc aka Open Network OFN	Charles Weisner
The River Visual and Performing Arts Center	Patricia Maldonado
USFR (US Farm & Ranch)	Skip Barnette Michael Henne
Reignmaker	Skip Barnette Michael Henne
OFN/Phoenix Bay	Frederick Fram

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

FIDUCIARY LIABILITY COVERAGE ENDORSEMENT

In consideration of the premium charged for this Policy, it is hereby understood and agreed that:

1. **ARTICLE I. INSURING CLAUSES** is amended by the addition of the following:
 - D. Underwriters shall pay on behalf of the Assureds Loss resulting from any Claim first made against any Assureds during the Policy Period for a Wrongful Act constituting Breach of Fiduciary Duty in the operation of any Employee Pension Benefit Plan or Other Plan as specified in Item J of the Schedule.
 - E. Underwriters shall pay on behalf of the Assureds Loss resulting from any Claim first made against any Assureds during the Policy Period for a Wrongful Act in the Administration of any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule.
2. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS** is amended by the addition of the following:
 - O. "Assureds" shall mean:
 1. the Company (including Stanford Financial Group Company, Stanford Group Company and Stanford Trust Company);
 2. any Employee Pension Benefit Plan;
 3. any Employee Welfare Benefit Plan;
 4. any Other Plan as specified in Item J of the Schedule
 5. all persons who were, now are, or shall be directors, officers or employees of the Company, any Employee Pension Benefit Plan or any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule.
 - P. "Administration" shall mean giving counsel to employees of the Company, interpreting and handling records in connection therewith, or effecting enrollment or cancellation of employees of the Company.
 - Q. "Breach of Fiduciary Duty" shall mean the violation of any of the responsibilities, obligations or duties imposed under ERISA or the common law or statutory law of any other jurisdiction governing such Employee Pension Benefit Plan or Other Plan as specified in Item J of the Schedule but shall not include any willful violation of ERISA, common law or statutory law of any jurisdiction.
 - R. "Employee Pension Benefit Plan" means any pension plan, whether subject to regulation under Title I of ERISA or subject to qualification under Section 401 of the Internal Revenue Code, sponsored solely by the Company for the benefit of the Company's directors, officers and employees.

- S. "Employee Welfare Benefit Plan" means any welfare plan, whether subject to regulation under Title I of ERISA or subject to qualification under Section 401 of the Internal Revenue Code, sponsored solely by the Company for the benefit of the Company's directors, officers and employees.
3. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS B.** is deleted and the following is substituted therefor:
- B. "Claim" means any:
1. written demand for monetary or non-monetary damages; or
 2. judicial or administrative proceeding initiated against any of the Assureds in which they may be subjected to a binding adjudication of liability for damages or other relief, including any appeal therefrom.
4. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS D.** is deleted and the following is substituted therefor:
- D. "Costs, Charges and Expenses" shall mean reasonable and necessary legal fees and expenses incurred by the Assured in defence of any Claim provided however Costs, Charges and Expenses shall not include salaries, wages, overhead or benefit expenses
5. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS F.** is deleted and the following is substituted therefor:
- F. "Loss" means damages, judgements, settlements and Costs, Charges and Expenses, and punitive or exemplary damages where the applicable law in that jurisdiction allows coverage for punitive or exemplary damages, incurred by any of the Assureds in connection with any Claim but Loss shall not include:
1. that portion of any multiplied damages award which exceeds the amount multiplied; or
 2. taxes, criminal or civil fines or penalties imposed by law; or
 3. matters deemed uninsurable under the law pursuant to which this Policy shall be construed;

With respect to the coverage for punitive or exemplary damages, where the Assured are able to demonstrate in good faith that punitive or exemplary damages are insurable under any applicable law, Underwriters shall not challenge that interpretation of insurability.

6. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS H.** is deleted and replaced with the following:
 - H. Wrongful Act shall mean any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by any of the Assureds, individually or collectively.

7. For purposes of the coverage provided by this endorsement only, **ARTICLE III. DEFINITIONS J.** is deleted and replaced with the following:
 - J. "Criminal Property" means property which constitutes a benefit obtained from or as a result of or in connection with criminal conduct or represents such a benefit (in whole or part and whether directly or indirectly) which the Assureds (or any person or entity acting on their behalf) knows or suspects or reasonably should have known or suspected that it constitutes or represents such a benefit.

8. For purposes of the coverage provided by this endorsement only, **ARTICLE IV. EXCLUSIONS T** is deleted and the following substituted therefore:
 - T arising directly or indirectly as a result of or in connection with any act or acts (or alleged act or acts) of Money Laundering or any act or acts (or alleged act or acts) which are in breach of and/or constitute an offence or offences under any money laundering legislation (or any provisions and/or rules or regulations made by any Regulatory Body or Authority thereunder)

Notwithstanding the foregoing Exclusion, Underwriters shall pay Costs, Charges and Expenses in the event of an alleged act or alleged acts until such time that it is determined that the alleged act or alleged acts did in fact occur. In such event the Assureds will reimburse Underwriters for such Costs, Charges and Expenses paid on their behalf.

9. For purposes of the coverage provided by this endorsement only, **ARTICLE IV. EXCLUSIONS I.** is deleted and the following substituted therefore:
 - I. brought about or contributed to in fact by:
 - (a) any dishonest, fraudulent or criminal act or omission by the Assured, or
 - (b) any personal profit or advantage gained by any of the Assured to which they were not legally entitledas determined by a final adjudication.

10. For purposes of the coverage provided by this endorsement only, **ARTICLE IV. EXCLUSIONS** is amended by the addition of the following:
 - W. for failure to collect contributions owed to any Employee Pension Benefit Plan, any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule (unless such failure is the result of negligence by any of the Assureds)

- or for the return of any contributions to any employer if such amounts are or could be chargeable to any Employee Pension Benefit Plan, any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule;
- X. for benefits paid or payable to a participant or beneficiary of any Employee Pension Benefit Plan, any Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule if such benefits are paid or may be lawfully paid from the funds of any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule;
- Y. arising out of the failure to comply with any law concerning Workmen's Compensation, Unemployment Insurance, Social Security or Disability Benefits;
- Z. based upon or attributable to any failure or omission to effect and maintain insurance or bonding for the property or assets of any Employee Welfare Benefit Plan, any Employee Pension Benefit Plan or Other Plan as specified in Item J of the Schedule;
- AA. for bankruptcy of or suspension of payment by any bank or banking firm or any broker or dealer in securities or commodities;
- BB. based upon or attributable to conflicts of interests, acting in bad faith, gaining in fact any profit or advantage to which one is not legally entitled or intentional non-compliance with any statute or regulation committed by the Assureds or by a person whose actions the Assureds are legally responsible;
- CC. arising out of or in any way involving any Claim which is directly or indirectly for the benefit of any insurance carrier or bond carrier of the Assureds or any affiliate of the Assureds, regardless of in whose name such Claim is actually made;
- DD. based upon or attributable to or arising from any prior and/or pending civil or criminal litigation, administrative proceeding or Claim as of the date specified in Item G of the Schedule involving the Assureds, and any matters arising out of such prior and/or pending litigation, proceeding or Claim or any fact, circumstance or situation underlying or alleged in such litigation, proceeding or Claim;
- EE. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule that provides benefits or services to persons who are not directors, officers and/or employees of the Company whether or not such plan also provides benefits or services to directors, officers and/or employees of the Company, including but not limited to any multi-employer plan as defined in ERISA; or
- FF. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the liability of others assumed by any Assureds under any written or oral contract or agreement; provided, however, this exclusion shall not apply to the extent that:

1. any Assureds would have been liable in the absence of the contract or agreement; or
 2. the liability was assumed in accordance with or under the agreement or declaration of trust pursuant to which any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule was established.
- GG. in respect of Stanford Group Casa de Valores S.A. and their directors , officers and employees only, based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
- (1) any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 1st June 1998, or
 - (2) any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 1st June 1998 which together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.
- II. in respect of Banco Galicia de Venezuela, CA and Banco Comercial C.A. and their directors, officers and employees only, based upon, arising out of, directly or indirectly resulting from or in consequence of or in any way involving:
- (1) any Wrongful Act actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 14th February 2005 , or
 - (2) any Wrongful Act occurring on or subsequent to 12.01 a.m. Local Standard Time on 14th February 2005 which, together with a Wrongful Act occurring prior to such date would constitute Interrelated Wrongful Acts.
11. For purposes of the coverage provided by this endorsement only, **ARTICLE IV. EXCLUSIONS G.** is deleted and replaced as follows:
- G. brought against the Assured whilst acting in a capacity as a trustee or fiduciary or administrator of any employer-sponsored pension or superannuation scheme, superannuation programme or Other Plan as specified in Item J of the Schedule established in whole or in part for the benefit of any of the directors and officers or employees of the Company including any actual or alleged breach of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 in the United States of America or any amendments thereto or similar provisions of any federal, state or local statutory law or common law unless coverage is provided under **ARTICLE I. INSURING CLAUSES D. OR E.**
12. For purposes of the coverage provided by this endorsement only, **ARTICLE V. LIMITS OF LIABILITY,** is amended by the addition of the following:
- G. Claims under **ARTICLE I. INSURING CLAUSES D. and INSURING CLAUSES E.** shall be subject to the combined Sub-Limit of Liability set forth in Item C. of the Schedule. The Sub-Limit of Liability set forth in Item C. of the

Schedule shall be a part of and not in addition to the aggregate Limit of Liability set forth in Item C. of the Schedule, and any payments made with respect to Claims under **ARTICLE I. INSURING CLAUSES D.** and **ARTICLE I. INSURING CLAUSES E.** shall reduce the aggregate Limit of Liability set forth in Item C. of the Schedule.

13. For purposes of the coverage provided by this endorsement only, Item C. of the Schedule is deleted and the following is substituted therefor:

Item C. Aggregate Limit of Liability: USD 5,000,000 in the aggregate for the Policy Period, separately in respect of Sections One and Two
Sub-Limit of Liability: USD 5,000,000 in the aggregate all Claims under Insuring Clause I.D and Insuring Clause I.E. combined for all Claims under Sections One and Two combined

14. For purposes of the coverage provided by this endorsement only, Item D. of the Schedule is deleted and the following is substituted therefor:

Item D.	Retentions:	USD NIL	each Directors or Officer each Claim under Insuring Clause A.
		USD NIL	in the aggregate all Directors and Officers each Claim under Insuring Clause A
		USD 250,000	each Claim under Insuring Clause B. and/or Insuring Clause C and/or Insuring Clause D and/or Insuring Clause E.

15. For purposes of the coverage provided by this endorsement only, **ARTICLE VIII. GENERAL CONDITIONS** is amended by the addition of the following:

- F. Termination of Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule.

In the event the Company terminates any Employee Pension Benefit Plan, Employee Welfare Benefit Plan or Other Plan as specified in Item J of the Schedule after the Inception Date of this Policy, coverage with respect to such terminated plan shall continue to apply but solely in respect of Loss arising out of Wrongful Acts committed or allegedly committed prior to the termination date of such plan.

16. For purposes of the coverage provided by this endorsement only, **ARTICLE VI. SETTLEMENTS AND DEFENSE B.** is deleted and the following is substituted therefor:

- B. It shall be the duty of the Assureds and not the duty of the Underwriters to defend Claims, provided that no Costs, Charges or Expenses shall be incurred without the Underwriter's prior written consent, such consent not to be unreasonably

withheld. In the event of such consent being given, and subject to all other terms and provisions of the Policy including but not limited to Article V. of this Policy, the Underwriters shall pay Costs, Charges and Expenses no more than once every 60 days.

17. For purposes of the coverage provided by this endorsement only, Item J is added to the Schedule as follows:

Item J:
401(K) Plan
Life AD and D Ltd Std
Medical Benefits Plan
Antiguan Savings Plan

18. For the purposes of the coverage provided by this endorsement only, **ARTICLE VII. CLAIMS NOTIFICATION B** is deleted and replaced as follows:

If during the Policy Period the Assured's General Counsel or Corporate Risk Manager first become aware of a Wrongful Act and written notice of such Wrongful Act is given to the Underwriters as soon as practicable during the Policy Period then any Claim arising from such Wrongful Act shall be deemed for the purposes of this Policy to have been made at the time such written notice was first given.

In respect of **ARTICLE VII. CLAIMS NOTIFICATION B** only, reference to 'Assured's' shall mean:

- (a) Stanford Financial Group Company in respect of all Section One entities
- (b) Stanford Group Company in respect of all Section Two entities.

19. For the purposes of the coverage provided by this endorsement only, **ARTICLE IX. SUBROGATION** is deleted and replaced as follows:

In the event of any payments of Loss under this Policy the Underwriters shall be subrogated to the extent of such payments to all of the Assureds rights of recovery therefor against any person or entity. The Assured shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights.

20. For the purposes of the coverage provided by this endorsement only, **ARTICLE ARTICLE X. ACTION AGAINST UNDERWRITERS** is deleted and replaced as follows:

No action shall lie against the Underwriters unless, as conditions precedent thereto, the Assured shall have fully complied with all of the terms of this Policy and the amount of the Assureds obligation to pay shall have been fully and finally determined.

21. For the purposes of the coverage provided by this endorsement only, the following paragraph appearing at the end of **ARTICLE IV. EXCLUSIONS**,

Any Wrongful Act pertaining to any Director or Officer shall not be imputed to any other person for the purposes of determining the applicability of the Exclusions.

is deleted and replaced as follows:

Any Wrongful Act pertaining to any Assured shall not be imputed to any other person for the purposes of determining the applicability of the Exclusions.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS REMAIN UNALTERED.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
THE POLICY SCHEDULE

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

NMA2918
08/10/2001

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
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**U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NEW & RENEWAL BUSINESS ENDORSEMENT**

This Endorsement is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted and agreed with effect from inception that the Terrorism exclusion to which this Insurance is subject, shall not apply to any "insured loss" directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA").

The coverage afforded by this Endorsement is only in respect of any "insured loss" of the type insured by this Insurance directly resulting from an "act of terrorism" as defined in TRIA. The coverage provided by this Endorsement shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate, or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates. The Terrorism exclusion, to which this Insurance is subject, applies in full force and effect to any other losses and any act or events that are not included in said definition of "act of terrorism".

This Endorsement only affects the Terrorism exclusion to which this Insurance is subject. All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

Furthermore the Underwriter(s) will not be liable for any amounts for which they are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on the Underwriter's liability for payment for terrorism losses.

In consideration of the foregoing, Underwriters have allocated an amount of USD 1,512.55 to the coverage afforded by this Endorsement. Such amount being part of the overall premium charged for this Policy.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
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PREMIUM PAYMENT CLAUSE

The Insured undertakes that premium will be paid in full to Insurers by 29 September 2008.

If the premium due under this policy has not been so paid to Insurers by the above date Insurers shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of the cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk, but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of the termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than 15 days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Insurer (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

Notice of Cancellation in writing for the purposes of the PPC LSW3000 shall be notice in writing to the Group's Compliance Officer at The Willis Building, 51 Lime Street, London, EC3M 7DQ and delivered by registered post or received and acknowledged personally by the Compliance Officer. The notice will only be accepted if the risk is properly identified, and includes at least the name of the assured, the Willis slip reference number, the class of business and any other information which will enable the risk to be readily identified. Further, for the avoidance of doubt, a notice of cancellation sent by e-mail to the Company shall not constitute notice in writing for the purposes of the application of LSW3000.

11/01
LSW3000 (Amended)

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
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U.S.A.

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD)

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:-

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability), not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct(Limited) applies.

This policy*

does not apply:-

- I. Under any Liability Coverage, to injury, sickness, disease, death or destruction
 - (a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect of bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
 - (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this endorsement:

“hazardous properties” include radioactive, toxic or explosive properties; **“nuclear material”** means source material, special nuclear material or byproduct material; **“source material”**, **“special nuclear material”**, and **“byproduct material”** have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; **“spent fuel”** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; **“waste”** means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; **“nuclear facility”** means

- (a) any nuclear reactor,
 - (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
 - (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
 - (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
- “nuclear reactor”** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word **“injury”** or **“destruction”** includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

*NOTE:- As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

17/3/60
N.M.A. 1256

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
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U.S.A.

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE-LIABILITY-DIRECT
(Approved by Lloyd's Underwriters' Non-Marine Association)

For attachment (in addition to the appropriate Nuclear Incident Exclusion Clause - Liability - Direct) to liability insurances affording worldwide coverage.

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

13/2/64
N.M.A. 1477

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
 IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
 SECTION TWO: STANFORD GROUP COMPANY AND AS MORE FULLY SET OUT IN
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U.S.A.

NEW SHORT RATE CANCELLATION TABLE ENDORSEMENT

NOTWITHSTANDING anything to the contrary contained herein and in consideration of the premium for which this insurance is written it is agreed that in the event of cancellation thereof by the Assured the earned premium shall be computed as follows:-

SHORT RATE CANCELLATION TABLE

A. For Insurances written for one year:-

Days Insurance in force	Per cent. of One Year Premium	Days Insurance in force	Per cent. of One Year Premium
1	5	154 - 156	53
2	6	157 - 160	54
3 - 4	7	161 - 164	55
5 - 6	8	165 - 167	56
7 - 8	9	168 - 171	57
9 - 10	10	172 - 175	58
11 - 12	11	176 - 178	59
13 - 14	12	179 - 182 (6 months) .	60
15 - 16	13	183 - 187	61
17 - 18	14	188 - 191	62
19 - 20	15	192 - 196	63
21 - 22	16	197 - 200	64
23 - 25	17	201 - 205	65
26 - 29	18	206 - 209	66
30 - 32 (1 month)	19	210 - 214 (7 months)	67
33 - 36	20	215 - 218	68
37 - 40	21	219 - 223	69
41 - 43	22	224 - 228	70
44 - 47	23	229 - 232	71
48 - 51	24	233 - 237	72
52 - 54	25	238 - 241	73
55 - 58	26	242 - 246 (8 months)	74
59 - 62 (2 months) .	27	247 - 250	75
63 - 65	28	251 - 255	76
66 - 69	29	256 - 260	77
70 - 73	30	261 - 264	78
74 - 76	31	265 - 269	79
77 - 80	32	270 - 273 (9 months)	80
81 - 83	33	274 - 278	81
84 - 87	34	279 - 282	82
88 - 91 (3 months)	35	283 - 287	83
92 - 94	36	288 - 291	84

95 - 98	37	292 - 296	85
99 - 102	38	297 - 301	86
103 - 105	39	302 - 305 (10 months)	87
106 - 109	40	306 - 310	88
110 - 113	41	311 - 314	89
114 - 116	42	315 - 319	90
117 - 120	43	320 - 323	91
121 - 124 (4 months)	44	324 - 328	92
125 - 127	45	329 - 332	93
128 - 131	46	333 - 337 (11 months)	94
132 - 135	47	338 - 342	95
136 - 138	48	343 - 346	96
139 - 142	49	347 - 351	97
143 - 146	50	352 - 355	98
147 - 149	51	356 - 360	99
150 - 153 (5 months)	52	361 - 365 (12 months)	100

- B. For Insurances written for more or less than one year:-
1. If insurance has been in force for 12 months or less, apply the standard short rate table for annual insurances to the full annual premium determined as for an insurance written for a term of one year.
 2. If insurance has been in force for more than 12 months;
 - a. Determine full annual premium as for an insurance written for a term of one year.
 - b. Deduct such premium from the full insurance premium, and on the remainder calculate the *pro rata* earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance was originally written.
 - c. Add premium produced in accordance with items (a) and (b) to obtain earned premium during full period insurance has been in force.

N.M.A. 45.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
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SERVICE OF SUIT CLAUSE (U.S.A)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon Mendes and Mount, 750 Seventh Avenue, New York, NY 10019-6829, and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA 1998 (24/4/86) Form approved by Lloyd's Underwriters' Non-Marine Association.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
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NMA LINES CLAUSE

This Insurance, being signed for 92.3077 % of 100.0000% insures only that proportion of any loss, whether total or partial, including but not limited to that proportion of associated expenses, if any, to the extent and in the manner provided in this Insurance.

The percentages signed in the Table are percentages of 100.0000% of the amount(s) of Insurance stated herein.

NMA 2419

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
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TEXAS SURPLUS LINES CLAUSE

“THIS insurance contract is with an insured not licensed to transact insurance in this state and is issued as a surplus lines coverage pursuant to the Texas insurance statutes. The State Board of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and this insurer is not a member of the Property and Casualty Insurance Guaranty Association created under Article 1. 14.2, Insurance Code, requires payment of 4.85 percent tax on gross premium.”

04/98
LSW 1023

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
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PREMIUM PAYMENT TERMS:

Where any date on which the Premium is due to be paid falls on a weekend or Public Holiday, presentation to Insurers or their agents on the next working day will be deemed to comply with the relevant premium payment requirement. For the purposes of this clause, Public Holiday shall mean any public or statutory holiday in any territory through which the Premium must pass between the Company and Insurers or their agents.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNK558900
IN THE NAME OF SECTION ONE: STANFORD FINANCIAL GROUP COMPANY,
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(RE)INSURERS LIABILITY:

(Re)Insurers Liability Clause LMA3333 (21/06/07)

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Willis Global Taxation Schedule - Calculations

FOREIGN DIRECT INSURANCE TAXATION LEGISLATION - PREMIUM SPLIT										
This is Willis FINEX proposed apportionment of Premium only, calculated on a pro rata basis, and utilizing rates that Willis FINEX believe to be correct as at the date of issue of the document version.										
The purpose of this document is to assist Underwriters in establishing an apportionment of Premium for taxation and legislative reporting purposes.										
This timetable in no way changes Underwriters responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.										
PLEASE REMEMBER THAT TAX RATES AND PROCEDURES WILL CHANGE IF THERE IS A LOCAL BROKER INVOLVED IN THE PLACING CHAIN IN ANY OF THESE TERRITORIES										
Note (1)	Where tax percentage is "0", Underwriters have agreed to the application of the <i>de minimis</i> provision.									
Note (2)	Where the policy is NOT addressed to a Swiss location, Swiss Tax will not be applied and the premium for Swiss locations will be included in "Others".									
Note (3)	In the absence of a US Broker in the placing chain, US locations will be considered written on a "Directly Procured" basis.									
Note (4)	Underwriters warrant that others do not include any territories that have tax and/or F.I.C. regulatory (F.I.L. Code) reporting requirements.									
INSURED NAME:	Stanford Financial Group Company Stanford Group Company									
POLICY NO.:	MNX589									
100% Gross Premium	251,255.68									
COUNTRY	Allocation Basis	Allocation %	Premium	Tax %	Tax Amount	Incl.	Who Bears the Cost?	Payable to (Market "Registered to pay Tax")	Payable to (Market Not "Registered to pay Tax")	
ANTIGUA	867	29.251%	73,494.80	-3.00	-2,204.84	Y	Underwriters	Local Auth.	Not due	
CANADA (QUE)	6	0.202%	507.54	-3.35	-17.00	Y	Underwriters	Local Auth.	Insured to settle on Urs behalf	
CANADA (QUE) - RST	6	0.202%	507.54	9.00	45.68	Y	Insured	Underwriters	Insured to settle locally	
CANADA (Excise Tax)	6	0.202%	507.54	10.00	50.75	Y	Insured	Local Auth.	Local Auth.	
COLOMBIA	184	6.208%	15,597.95	0.00	0.00	Y	N/A	N/A	N/A	
MEXICO	105	3.543%	8,901.99	0.00	0.00	Y	N/A	N/A	N/A	
NETHERLANDS (GIT)	7	0.236%	592.96	0.00	0.00	Y	N/A	N/A	N/A	
ST KITTS & NEVIS	6	0.202%	507.54	5.00	25.38	Y	Insured	Local Auth.	Local Auth.	
U.S.A. (OTHERS) - see note (3)	1,133	38.225%	96,042.48	SL	0.00	Y	Insured	Local Auth. (Directly Procured)	Must use SL approved insurers	
U.S. VIRGIN ISLANDS - see note (3) (Licen)	58	1.957%	4,917.07	-3.00	-245.85	Y	Underwriters	Local AFRO Municipal Tax	N/A	
OTHERS - see note (4)	598	20.174%	50,693.35	0.00	0.00	Y	N/A	N/A	N/A	
TOTAL	2,964	100.000%	251,255.68		DO NOT TOTAL	Y				



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61044 10/09/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
38.4615	2987	TE781H08A000	
15.3846	1886	08BA210805QA	
19.2308	2488	AKDS68GD9752	
15.5769	2623	J3106K08ANDF	
3.6539	623	J3106K08ANUL	
TOTAL LINE	No. OF SYNDICATES		
92.3077	5		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

BUREAU USE ONLY
 NUX5 72 10607

RISK CODE: D4

Page 1 of 1



One Lime Street London EC3M 7HA

EXHIBIT 4



Lloyd's Policy

We, Underwriting Members of the Syndicates whose definitive numbers and proportions are shown in the Table attached hereto (hereinafter referred to as 'the Underwriters'), hereby agree, in consideration of the payment to Us by or on behalf of the Assured of the Premium specified in the Schedule, to insure against loss, including but not limited to associated expenses specified herein, if any, to the extent and in the manner provided in this Policy.

The Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, and therefore each of the Underwriters (and his Executors and Administrators) shall be liable only for his own share of his Syndicate's proportion of any such Loss and of any such Expenses. The identity of each of the Underwriters and the amount of his share may be ascertained by the Assured or the Assured's representative on application to Lloyd's Policy Signing Office, quoting the Lloyd's Policy Signing Office number and date or reference shown in the Table.

If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

In Witness whereof the General Manager of Lloyd's Policy Signing Office has signed this Policy on behalf of each of Us.

LLOYD'S POLICY SIGNING OFFICE
General Manager

If this policy (or any subsequent endorsement) has been produced to you in electronic form, the original document is stored on the Insurer's Market Repository to which your broker has access.

J(A) NMA2421 (3/1/95) Form approved by Lloyd's Market Association





**FINANCIAL INSTITUTIONS CRIME AND PROFESSIONAL
INDEMNITY POLICY FOR**

STANFORD FINANCIAL GROUP COMPANY AND

STANFORD GROUP COMPANY

And as set out herein

**15th August, 2008 to 15th August, 2009
both days at 12.01 a.m. Local Standard Time as set out herein**

POLICY NUMBER: 576/MNA851300

**Willis Limited,
51 Lime Street,
London, EC3M 7DQ.**

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNAA851300 IN THE NAME OF STANFORD FINANCIAL GROUP COMPANY, STANFORD GROUP COMPANY AND AS PER POLICY

TEXAS COMPLAINTS NOTICE

<p>IMPORTANT NOTICE To obtain information or make a complaint: You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at: 1-800-252-3439 You may write to the Texas Department of Insurance:</p> <p>P. O. Box 149104 Austin, TX 78714-9104 Fax: (512) 475-1771 Web: http://www.tdi.state.tx.us E-mail: ConsumerProtection@tdi.state.tx.us PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance. ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.</p>	<p>AVISO IMPORTANTE Para obtener informacion o para someter una queja: Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al: 1-800-252-3439 Puede escribir al Departamento de Seguros de Texas:</p> <p>P. O. Box 149104 Austin, TX 78714-9104 Fax: (512) 475-1771 Web: http://www.tdi.state.tx.us E-mail: ConsumerProtection@tdi.state.tx.us DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI). UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.</p>
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07/07
 LSW1022A

TEXAS SURPLUS LINES CLAUSE

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued as a surplus lines coverage pursuant to the Texas insurance statutes. The State Board of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage and this insurer is not a member of the Property and Casualty Insurance Guaranty Association created under Article 1.14.2, Insurance Code, requires payment of 4.85 percent on gross premium.

LSW1023

POLICY NO 576/MNA851300

WHEREAS the Insured (or "Assured") named in the Schedule or Declaration for each Section of the Policy, has made to Us, who have hereunto subscribed our Names (hereinafter called "the Underwriters" or "the Underwriter") a Proposal Form or Application(s), which it is agreed shall form the basis of this Insurance, and has paid or promised to pay the premiums specified in the Schedule or Declaration for each Section of the Policy, all provisions of the said Schedule or Declaration and the Proposal Form or Application(s) being hereby incorporated in and forming part of this Policy.

NOW WE THE UNDERWRITERS hereby undertake and agree, subject to the following terms, exclusions, limitations and conditions, to indemnify the Insured (or "Assured"), as stated in the Schedule or Declaration for each Section of this Policy, in excess of the amounts of the deductibles stated to be applicable, such

- (i) direct financial loss sustained by the Insured (or "Assured") as set forth in Sections 1 and 2 of the Policy or
- (ii) liability covered by Section 3 of this Policy arising out of Claims first made against the Insured (or "Assured")

where:

- (a) such direct financial loss is sustained on or subsequent to any Retroactive Date (if any) provided for herein and is first discovered by the first named Insured's (or "Assured's") General Counsel or Corporate Risk Manager during the period of the Policy and
- (b) such liability arises out of any act or omission occurring on or subsequent to any Retroactive Date (if any) provided for herein and from any Claim(s) made against the Insured (or "Assured") of which the first named Insured's (or "Assured's") General Counsel or Corporate Risk Manager first become aware during the Policy Period

and subject always to the Underwriters' or the Underwriter's limits of liability as set forth herein.

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TERMS AND CONDITIONS APPLICABLE ONLY TO SECTIONS 1 AND 2 OF THIS POLICY

US Terrorism Risk Insurance Act of 2002 as amended New & Renewal Business Endorsement

TERMS AND CONDITIONS APPLICABLE TO ALL SECTIONS

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Choice of Law Clause (in respect of any Insured's / Assured's operations in the United States of America)
NMA Lines Clause
Special Cancellation Clause
Premium Payment Clause
(Re)Insurers Liability Clause

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

Schedule of Insureds / Assureds 1 Applicable to all Sections of this Policy

Part One:

16 NE Hugingdom
Antigua Athletic Club Limited
The Antigua Sun Limited
Apartment Household Inc.
Bank of Antigua Limited (including Bank on Wheels)
Bank of Antigua – Oficina de Representacion Mexico Group Ltd.
Buckingham Investments A.V.V.
Caribbean Aircraft Leasing (BVI) Limited (date of incorporation 08/09/05)
Caribbean Airline Services Limited – Antigua (date of incorporation 02/11/05)
Caribbean Airline Services Inc. – US
Caribbean Star Airlines, Limited
Caribbean Star Airlines Holdings, Limited
Caribbean Sun Airlines, Inc.
Caribbean Sun Airlines Holdings, Inc.
Casuarina 20 LLC
Christiansted Downtown Holdings, LLC
Datcom Resources, Inc.
Devinhouse Limited
Guiana Island Holdings Limited
Foreign Corporate Holdings Limited (IBC)
Harbor Key Corp. II
Idea Advertising Group, Inc.
International Administration, Inc.
Management and Advisory International, Inc.
Maiden Island Holdings Ltd.
Parque Cristal Limited
Polygon Commodities A.V.V.
Porpoise Industries Limited
Productos y Servicios Stanford, C.A.
Sea Eagle Limited (IBC)
Stanford 20/20 Inc.
Stanford Acquisition Corporation
Stanford American Samoa Holdings, Limited
Stanford Aerospace Limited
Stanford Aircraft, LLC
Stanford Aviation LLC
Stanford Aviation II, Inc.
Stanford Aviation III, Inc.
Stanford Aviation 5555 LLC
Stanford Aviation Limited
Stanford Bank Holdings Limited
Stanford Bank, S.A., Banco Comercial (formerly known as Banco Galicia de Venezuela, CA., or Banco Comercial C.A.)
Stanford Casa de Valores, S.A.
Stanford Caribbean Limited
Stanford Carribbean, LLC
Stanford Carribbean Investments, LLC
Stanford Coins and Bullion, Inc.
Stanford Corporate Holdings International, Inc.
Stanford Corporate Services, Inc.
Stanford Corporate Services (Venezuela), C.A.
Stanford Corporate Ventures LLC

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

Stanford Corporate Ventures (BVI) Limited (date of incorporation 21/07/04)
Stanford Development Corporation
Stanford Development Company Limited
Stanford Development (Grenada) Ltd.
Stanford Funds Administrator, LLC
Stanford Global Advisory, LLC
Stanford Group Mexico, S.A. de C.V.
Stanford Group Mexico, (Monterrey) S.A. de C.V.
Stanford Group Mexico, (Puebla) S.A. de C.V.
Stanford Group (Antigua) Limited
Stanford Group Aruba N.V.
Stanford Group (Suisse) AG
SFG Majestic Holding, LLC
Stanford Financial Group Company
Stanford Financial Group Limited (IBC)
Stanford Financial Group Global Management, LLC
Stanford Financial Group (Holdings) Limited
Stanford Financial Partners Holdings, LLC
Stanford Fondos S.A. de C.V.
Stanford Foundation, Inc.
Stanford St. Croix Ventures, LLC
Stanford Trust Company Limited (Colombia)
The Pavillion Antigua (dba of The Sticky Wicket Limited)
Stanford Group Distribuidora de Fondos de Inversion S.A. de C.V. (date of incorporation 24/06/05)
Stanford Eagle LLC
The Stanford Financial Group Building, Inc.
Stanford Galleria Buildings LP (date of incorporation 15/09/05)
Stanford Galleria Buildings Management LLC (date of incorporation 15/09/05)
Stanford International Bank Limited (IBC)
Stanford International Bank Limited Representative Office (Canada)
Stanford International Bank Holdings Limited
Stanford International Holdings (Panama) S.A.
Stanford Bank (Panama) S.A.
Stanford Leasing Company, Inc.
Stanford Real Estate Acquisition, LLC
Stanford Trust Holdings Limited
Stanford Trust Company Limited (dba Stanford Fiduciary Investor Services, Inc.)
The Sticky Wicket Limited
Sun Printing and Publishing Limited
Sun Printing Limited
Torre Senza Nome Venezuela
The Islands Club, LLC
Two Islands One Club (Antigua) Ltd
Two Islands One Club (Grenada) Ltd
Two Islands One Club Holdings Ltd
R. Allen Stanford, LLC
Robust Eagle Limited
Stanford Services Ecuador S.A.
Stanford Trust Company Limited (IBC)
Stanford Financial Group Ltd

Schedule of Insureds / Assureds 2 Applicable to all Sections of this Policy

Part Two:

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

International Fixed Income Stanford Fund Limited
Stanford Agency, Inc. (Louisiana)
Stanford Agency, Inc. (Texas)
Stanford Bolsa y Banca S.A. (Colombia)
Stanford Group Casa de Valores S.A.
Stanford Group Company
Stanford Group Peru, S.A. Sociedad Intermediaria de Valores
Stanford Group Company Limited
Stanford Group Holdings, Inc.
Stanford Group Venezuela, C.A.
Stanford Holdings Venezuela, C.A.
Stanford International Management, Limited
Stanford Management Holdings, Ltd.
Stanford Investment Advisory Services, Inc
SG Ltd.
SGV Asesores, C.A.
Stanford Group Venezuela Asesores de Inversion, C.A.
SGV Ltd.
Stanford Trust Company
Stanford Trust Company Administradora de Fondos y Fideicomisos S.A
Stanford Venture Capital Holdings, Inc
Torre Oeste Ltd
Stanford Capital Management, LLC
Stanford Family Office, LLC

SECTION 1: FINANCIAL INSTITUTION CRIME INSURANCE

Based on Standard Form No. 24, Revised to January, 1986 and
Standard Form 14 Revised to October, 1987

DECLARATIONS FOR SECTION 1 ONLY OF THIS POLICY

Policy No.: 576/MNA851300

These Declarations along with this Section 1 of the Policy with any endorsements shall be deemed to constitute two separate contracts as follows:

- (i) between Underwriters and all entities which are referred to in Item 1(a) below as part of the **Insured** and
- (ii) between Underwriters and all entities which are referred to in Item 1(b) below as part of the **Insured**.

Item 1. Insured (herein called Insured):

- (a) **Stanford Financial Group Company** and other entities set forth in the attached 'Schedule of Insureds / Assureds 1' and the Subsidiaries, associated, allied and affiliated companies of any of the foregoing (and the interests of such Subsidiaries, associated, allied and affiliated companies as such interests may appear) which now exist or hereafter may be constituted or acquired in accordance with General Agreement B (Additional Offices or Employees – Consolidation, Merger or Purchase of Assets - Notice) and any and all Employee Welfare, Benefit, Pension, Stock Option and Profit Sharing Plans owned, controlled, operated or related to any entity referred to above.

Principal Address: 1000 Airport Boulevard
St John's
Antigua
West Indies.

- (b) **Stanford Group Company**, and other entities set forth in the attached 'Schedule of Insureds / Assureds 2' and the Subsidiaries, associated, allied and affiliated companies of any of the foregoing (and the interests of such Subsidiaries, associated, allied and affiliated companies as such interests may appear) which now exist or hereafter may be constituted or acquired in accordance with General Agreement B (Additional Offices or Employees – Consolidation, Merger or Purchase of Assets – Notice) and any and all Employee Welfare, Benefit, Pension, Stock Option and Profit Sharing Plans owned, controlled, operated or related to any entity referred to above.

Principal Address: 5050 Westheimer
Houston
Texas 77056
USA

In applying the terms, conditions and limitations of each such contract, "Insured" when used in this Section 1 of the Policy shall be construed in accordance with the separate contracts referred to in (a) and (b) above. The "first named Insured" for the purposes of such separate contracts shall be taken to refer to Stanford Financial Group Company for (a) above and Stanford Group Company for (b) above.

Item 2. Policy Period:

From 15th August, 2008 to 15th August, 2009, both days at 12:01 a.m. Local Standard Time at the address stated for the Insured in Item 1.

Item 3. The Aggregate Liability of the Underwriter during the Policy Period shall be

For all entities combined referred to in Item 1(a) above:

USD 10,000,000 **applicable to both this Section 1 and Section 2 of this Policy combined and, in addition for all entities combined referred to in Item 1(b) above:**

USD 10,000,000 **applicable to both this Section 1 and Section 2 of this Policy combined,**

The above being referred to hereinafter as the "Aggregate Limit of Liability"

Item 4. Subject to Subsections 4 and 11 hereof, the Single Loss Limit of Liability is: USD 5,000,000

and the Single Loss Deductible is: USD 250,000

Provided, however, that if any lesser Single Loss or Deductible (referred to respectively hereinafter as, "Sub-limit" or "Sub-deductible") amounts than those in Item 3 or 4 above are inserted below, those amounts shall be controlling. Any amount set forth below shall be part of and not in addition to amounts set forth above.

If one Sub-limit is applicable to more than one Insuring Agreement, then the amount of such Sub-limit shall be the total amount available under this Section 1 of the Policy to indemnify the Insured for all loss or losses concerning said combined Insuring Agreements and for any court costs and attorneys' fees incurred in connection with said loss or losses.

Amount applicable to:	Single Loss Limit of Liability	Single Loss Deductible
Coverage under Insuring Agreement (A) (Fidelity) for Claims Expenses	USD 100,000	USD 1,000
Insuring Agreement (G) (Cash Letter and Data Processing Material in Transit and Extra Expenses)		
Paragraph (a) (Data Processing Material and Extra Expenses)	USD 5,000,000	USD 10,000
Paragraph (b) (Cash Letter):	USD 1,000,000	USD 1,000
Insuring Agreement (H) (Stop Payment Order Liability)	USD 1,000,000	USD 250
Insuring Agreement (I) (Lost Instrument Bonds)	USD 5,000,000	USD 25,000

Insuring Agreement (J) (Fraudulent Real Property Mortgage)	USD 2,500,000	USD 50,000
Insuring Agreement (K) (Extortion Threats to Property):	USD 1,000,000	Nil
Insuring Agreement (L) (Extortion Threats to Persons):	USD 1,000,000	Nil
Coverage in respect of automated mechanical devices as allowed for by Exclusion (k) and (l)	USD 500,000 per device	USD 15,000

Item 5. The liability of the Underwriter is subject to the terms of the following riders attached hereto:

Texas Surplus Lines Clause LSW1023
 Texas Complaints Notice LSW1022A (07/07)
 Service of Suit (Policy Disputes) Clause NMA1998 (amended)
 Choice of Law Clause (in respect of any Insured's / Assured's operations in the United States of America)
 Overseas Clause NMA 1483 (amended)
 NMA Lines Clause (NMA2419)
 Special Cancellation Clause NMA2975 (Amended)
 Premium Payment Clause LSW3000 (Amended)
 US Terrorism Risk Insurance Act of 2002 as amended New & Renewal Business Endorsement (LMA5052)
 (Re)Insurers Liability Clause LMA3333 (21/06/07)

Item 6. The Insured by the acceptance of this Section 1 of the Policy gives notice to the Underwriter terminating or cancelling prior bond(s) or policy(ies) No.(s)

576/MMA851300

such termination or cancellation to be effective as of the time this Section 1 of the Policy becomes effective.

Item 7. Premium: For all insurance afforded to the Company in Item 1.(a) above for both Sections 1 and 2 combined

USD 76,652.10 being this policy's proportion of USD 83,317.50 (100% per annum), inclusive of USD 3,832.61 being this policy's proportion of USD 4,165.88 for US Terrorism Risk Insurance Act of 2002 Extension

For all insurance afforded to the Company in Item 1.(b) above for both Sections 1 and 2 combined

USD 25,550.70 being this policy's proportion of USD 27,772.50 (100% per annum) inclusive of USD 1,277.54 being this policy's proportion of USD 1,388.63 for US Terrorism Risk Insurance Act of 2002 Extension

Dated In London: the 25th day of JULY, 2008.

The Underwriter, in consideration of an agreed premium, and in reliance upon all statements made and information furnished to the Underwriter by the Insured in applying for this Section 1 of the Policy, and subject to the Declarations, Insuring Agreements, General Agreements, Conditions and Limitations and other terms of this Section 1 of the Policy, agrees to indemnify the Insured for:

INSURING AGREEMENTS

FIDELITY

Loss resulting directly from dishonest, malicious or fraudulent acts committed by an Employee acting alone or in collusion with others.

Notwithstanding the foregoing, however, it is agreed that with regard to Loans and Trading, this Section 1 of the Policy covers only loss resulting directly from dishonest or fraudulent acts committed by an Employee with the intent to make and which results in financial benefit for the Employee or those in collusion with such Employee.

As used throughout this Insuring Agreement:

"financial benefit" does not include any Employee benefit earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions but the amount of any loss shall nevertheless include any such items received by such Employee which derive from any specific dishonest or fraudulent transaction in which such Employee was involved with the intent to make other financial benefit than such items..

"Trading" means trading or other dealings in securities, commodities, futures, options, foreign or Federal Funds, currencies, foreign exchange and the like.

Claims Expenses

The Underwriter shall also indemnify the Insured under this Insuring Agreement for necessary and reasonable expense incurred and paid by the Insured, after written approval by the Underwriter, in preparing any valid and collectible claim for loss covered under this Insuring Agreement

PHYSICAL LOSS OR DAMAGE

- (B) (1) (a) Loss of Property (other than as insured by paragraph (b) below) resulting directly from physical loss of, or physical damage to, or physical destruction of Property located anywhere worldwide by any means or
- (b) Physical loss of Property by hold-up or robbery, whilst such Property is in the possession of any customer of the Insured, or of any representative of such customer, within the premises of the Insured, whether or not the Insured is legally liable for the loss thereof, subject always to Subsection 10 of this Section 1 of the Policy, and excluding in any event loss caused by such customer or representative.
- (2) Loss of or damage to
 - (a) furnishings, fixtures, supplies or equipment within an office of the Insured covered under this Section 1 of the Policy resulting directly from larceny or theft in, or by burglary or robbery of, such office, or attempt thereat, or by vandalism or malicious mischief, or
 - (b) such office resulting from larceny or theft in, or by burglary or robbery of such office or attempt thereat, or to the interior of such office by vandalism or malicious mischief,provided that
 - (i) the Insured is the owner of such furnishings, fixtures, supplies, equipment, or office or is liable for such loss or damage, and
 - (ii) the loss is not caused by fire.

FORGERY OR ALTERATION

- (C) Loss resulting directly from
- (1) Forgery or alteration of, on or in any Negotiable Instrument (except an Evidence of Debt), Acceptance, Withdrawal Order, receipt for the withdrawal of Property, Certificate of Deposit or Letter of Credit, stock redemption forms, stock transfer forms or money orders or orders upon public treasuries or any similar written, typed or printed instruments of the same character or nature to the foregoing, other than Documents of Title
 - (2) transferring, paying or delivering any funds or Property or establishing any credit or giving any value on the faith of any written instructions or advices directed to the Insured and authorizing or acknowledging the transfer, payment, delivery or receipt of funds or Property, which instructions or advices purport to have been signed or endorsed by any customer of the Insured or by any financial institution (or by an Employee empowered to transfer customers funds such as lending officers, trust officers, private banking officers and trading) but which instructions or advices either bear a signature which is a Forgery or have been altered without the knowledge and consent of such customer or financial institution. Telegraphic, cable or teletype instructions or advices, as aforesaid, exclusive of transmissions of electronic funds transfer systems, sent by a person other than the said customer or banking institution purporting to send such instructions or advices shall be deemed to bear a signature which is a Forgery.
 - (3) payment of any Promissory Notes which are forged or fraudulently altered or Promissory Notes bearing forged endorsements (the word "Payment" of a promissory note means the discharge of said promissory note and DOES NOT include the purchase, discount, sale, loan or advance of or on said promissory note.
 - (4) forgery or fraudulent alteration of, on or in any life assurance documentation including any
 - (a) request made for change of beneficiary in any policy issued by the Insured
 - (b) policy loan agreement made with the Insured
 - (c) assignment to the Insured of any of its policies.
 - (d) death certificate

A mechanically reproduced facsimile signature is treated the same as a handwritten signature.

SECURITIES

- (D) Loss resulting directly from the Insured or any Custodian acting on behalf of the Insured having, in good faith, for the Insured's account or for the account of others,
- (1) acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of, any original
 - (a) Certificated Security or Uncertificated Security,
 - (b) Document of Title,
 - (c) deed, mortgage or other instrument conveying title to, or creating or discharging a lien upon, real property,
 - (d) Certificate of Origin or Title or Certificate of Deposit,
 - (e) Evidence of Debt,
 - (f) corporate, partnership or personal Guarantee,
 - (g) Security Agreement,

- (h) Instruction, or
- (i) Statement of Uncertificated Security
- (j) assignment, transfer, power of attorney, stock power or guarantee presented in connection with the transfer, pledge or release from pledge of any Uncertificated Security and which transfers, pledges or releases from pledge or purports to transfer, pledge or release from pledge such Uncertificated Security,
- (k) (including original counterparts) negotiable or non-negotiable written agreements, other than as set forth in (a) to (j) above, having value which value is, in the ordinary course of business, transferable by delivery of such agreements with any necessary endorsement or assignment,

which

- (i) bears a signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent, registrar, acceptor, surety, guarantor, or of any person signing in any other capacity which is a Forgery, or
 - (ii) is altered, or
 - (iii) is lost or stolen;
- (2) guaranteed in writing or witnessed any signature upon any transfer, assignment, bill of sale, power of attorney, Guarantee, endorsement or any items listed in (a) through (h) above;
- (3) acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of any item listed in (a) through (d) above which is a Counterfeit.

A mechanically reproduced facsimile signature is treated the same as a handwritten signature.

Actual physical possession of the items listed in (a) through (i) above by the Insured, its correspondent bank or other authorized representative, is a condition precedent to the Insured's having relied on the faith of such items.

Coverage afforded under this Insuring Agreement for loss sustained by the Assured when Custodians are acting on behalf of the Assured is subject always to Subsection 9 of this Section 1 of the Policy.

COUNTERFEIT CURRENCY

- (E) Loss resulting directly from the receipt by the Insured, in good faith, of any Counterfeit Money of any country whatsoever.

FRAUDULENT RETENTION OF FUNDS

- (F) Loss by reason of the fraudulent retention by a third party recipient of Covered Funds misdirected or erroneously transferred by the Insured or caused by the Insured to have been transferred

Special Definitions

Covered Funds means funds owned by the Insured, held by the Insured in any capacity or for which the Insured is legally liable.

Condition Precedent

It is a condition precedent to coverage hereunder that the Insured exhaust every reasonable course of action to secure recovery of such funds.

CASH LETTER AND DATA PROCESSING MATERIAL IN TRANSIT AND EXTRA EXPENSE

(G) (a) **Data Processing Material and Extra Expenses**

Loss other than as provided for in (b) below, by reason of loss of or damage to, or destruction of Data Processing Material from any cause while in transit to or from offices or premises of the Insured to which this Section of the Policy applies and any premises where data processing services are performed for the Insured by any person or organisation performing data processing services under a contract with the Insured, such person or organisation being hereafter referred to as the "Processor".

This Insuring Agreement (G)(a) shall also apply to Data Processing Material forwarded under the terms of an agreement between the Insured and any of its correspondent banks or any federal reserve bank directly to any Processor for processing for the Insured.

As used in this Insuring Agreement (G)(a):

(1) "Loss" shall mean:

(i) the net US Dollar amount remaining unreconciled 60 days after the Insured shall have learned that Data Processing Material has not arrived at its destination in the usual course of business and after the Insured shall have exerted diligent effort to attempt the most complete possible reconstruction of such missing Data Processing Material, less any net unreconciled gain to the Insured represented by funds unaccounted for in any other manner and presumably the results of deposits by customers where records representing such deposit items are presumed to be part of the lost Data Processing Material. There shall be no liability under this Insuring Agreement (G)(a) for items which would not have been collectible if presented in normal course.

(ii) the reasonable expenses incurred by the Insured in the exercise of due diligence and despatch in order to effect reconstruction as nearly as practicable of the lost, damaged or destroyed Data Processing Material immediately following such loss, damage or destruction, or the essential data or information contained therein, including expenses of using facilities of others if necessary for the expeditious reconstruction of Data Processing Material, but not including wages paid to regular Employees of the Insured except overtime wages paid to such Employees while working in an effort to establish or reduce the amount of Loss as defined herein. If any of the work of effecting such reconstruction is performed by any other person or organisation, the cost to the Insured of such part of the work shall be deemed insured hereunder.

(2) "Data Processing Material" shall mean cheques, drafts, acceptances, withdrawal orders, deposit tickets, money orders and such other instruments or documents as the Insured is required to transmit or deliver to any location for processing.

(b) **Cash Letter**

Loss other than as provided for in (a) above,

(i) by reason of any item or items enclosed with a Cash Letter being lost from any cause whatsoever while in transit during the course of collection, presentation or payment between any office of the Insured and any place worldwide. In the event any bank on which an item is drawn returns such item to the Insured, such item shall be deemed to be in transit until the item is received by the Insured and

- (ii) by reason of telephone expenses, wages paid to extra Employees or overtime wages to regular Employees, incurred by the Insured in identifying the depositors of lost items and/or in assisting depositors in obtaining duplicates of items in such Cash Letter.

It is a condition of paragraph (b) of this Insuring Agreement that the Insured shall make and retain a photographic record of the front (face) of each item bearing not more than one endorsement and of the front (face) and back of each item bearing more than one endorsement. The Insured shall be deemed to have complied with this condition in the event that no photographic record is available owing to mechanical failure of the photographic equipment used in making such photograph, damage to or destruction of the film from any cause, failure of the film to reveal a readable picture of such item or because of error or omission on the part of any Employee of the Insured.

Special Definition

"Cash Letter" means any letter dispatched by the Insured or any correspondent bank or the Central Bank of any Country or branch thereof, itemising by separate amounts all cheques, promissory notes, drafts, or any other non-negotiable item enclosed therewith, which shall have been accepted by the Insured for deposit, payment or collection.

STOP PAYMENT ORDER LIABILITY

- (H) Sums which the Insured shall become obligated to pay by reason of the liability imposed upon the Insured by law for damages:
 - (a) for having either complied with or failed to comply with any written notice of any depositor of the Insured or any authorised representative of such depositor to stop payment of any cheque or draft made or drawn by such depositor or any authorised representative of such depositor, or
 - (b) for having refused to pay any cheque or draft made or drawn upon by any depositor of the Insured or any authorised representative of such depositor.

LOST INSTRUMENT BOND

- (I) The Underwriter agrees that if the Insured shall, during the policy period, become principal on any bonds required as a pre-requisite to the reissuing or duplicating of any securities which, during the policy period, shall have been lost or damaged or destroyed as a result of any casualty or event not covered by this Section 1 of the Policy, the Underwriter will, at the Underwriter's option, either
 - (a) become surety upon such bonds without premium charge, it being surety ship necessary to replace securities in value not to exceed USD 5,000,000 as respects any one casualty or event, such value to be the value of the securities on the date of execution of such bonds, or
 - (b) will reimburse the Insured for the premium on such bonds, computed at the regular annual rate, such reimbursement, however, not to exceed USD 5,000,000 (Five Million Dollars).

If, at the request of the Underwriter, the Insured or any customer of the Insured shall become principal on any bonds or shall give any undertaking as a pre-requisite to the reissuing or duplicating of securities for the loss of which the Underwriter is liable under this Section 1 of the Policy, the Underwriter agrees to indemnify the Insured or such customers against any loss which the Insured or such customers may sustain by reason of having become principal upon any such bonds or having given any such undertakings.

FRAUDULENT REAL PROPERTY MORTGAGE

- (J) Loss resulting directly from the Insured having in good faith and in the course of business in connection with any Loan, accepted or received or acted upon the faith of any real property mortgages, real property deeds of trust or like instruments pertaining to realty or assignments of such mortgages, deeds of trust or instruments, which prove to have been defective by reason of the signature thereon of any person having been obtained through trick, artifice, fraud or false pretences or the signature on the recorded deed conveying such real property to the mortgagor or grantor of such mortgage or deed of trust having been obtained by or on behalf of such mortgagor or grantor through trick, artifice, fraud or false pretences.

EXTORTION – THREATS TO PROPERTY

- (K) Loss by reason of the surrender of Property away from an office of the Insured as a result of a threat communicated to the Insured to do damage to the premises or property of the Insured located anywhere, provided, however, that prior to the surrender of such Property, (a) the person receiving the threat has made a reasonable effort to report the extortionist's demand to an associate and (b) a reasonable effort has been made to report the extortionist's demand to the Federal Bureau of Investigation, or foreign equivalent thereof, and to local law enforcement authorities.

EXTORTION – THREATS TO PERSONS

- (L) Loss by reason of the surrender of Property away from an office of the Insured as a result of a threat communicated to the Insured to do bodily harm to:
- (i) a director, officer, trustee, Employee or partner of the Insured or to the proprietor (if the Insured be a sole proprietorship); or
 - (ii) a relative or invitee of any person enumerated in (i) above

who was, or allegedly was, kidnapped anywhere, provided that prior to the surrender of such Property, (a) the person receiving the threat has made a reasonable effort to report the extortionist's demand to an associate and (b) a reasonable effort has been made to report the extortionist's demand to the Federal Bureau of Investigation, or foreign equivalent thereof, and to local law enforcement authorities.

GENERAL AGREEMENTS

NOMINEES

- A. Loss sustained by any nominee organized by the Insured for the purpose of handling certain of its business transactions and composed exclusively of its Employees shall, for all the purposes of this Section 1 of the Policy and whether or not any partner of such nominee is implicated in such loss, be deemed to be loss sustained by the Insured.

ADDITIONAL OFFICES OR EMPLOYEES - CONSOLIDATION, MERGER OR PURCHASE OF ASSETS - NOTICE

- B. If the Insured shall, while this Section 1 of the Policy is in force, establish any additional offices, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another institution, such offices shall be automatically covered hereunder from the date of such establishment without the requirement of notice to the Underwriter or the payment of additional premium for the remainder of the policy period.

If the Insured shall, while this Section 1 of the Policy is in force, consolidate or merge with, or purchase or acquire assets or liabilities of, another institution, the Insured shall not have such coverage as is afforded under this Section 1 of the Policy for loss which

- (a) has occurred or will occur in the offices or premises of such institution, or
- (b) has been caused or will be caused by an employee or employees of such institution, or
- (c) has arisen or will arise out of the assets or liabilities

acquired by the Insured as a result of such consolidation, merger or purchase or acquisition of assets or liabilities unless the Insured shall

- (i) give the Underwriter written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action and
- (ii) obtain the written consent of the Underwriter to extend the coverage provided by this Section 1 of the Policy to such additional offices or premises, employees and other exposures, and
- (iii) upon obtaining such consent, pay to the Underwriter an additional premium.

Notwithstanding the foregoing,

1. newly acquired or created entities with assets which do not account for more than 15% of the consolidated assets of the group of Insureds [Item 1(a) and 1(b) of the Declarations collectively], one of which Insureds has effected such creation or acquisition, shall be automatically included herein as Insureds within such group of Insureds who effected such acquisition or creation (Item 1(a) or 1(b) of the Declarations as applicable) from the date of such acquisition or creation, and
2. 120 days automatic coverage is provided herein for all newly acquired or created entities with assets which account for more than 15% of the consolidated assets of the group of Insureds [Item 1(a) and 1(b) of the Declarations collectively], one of which Insureds has effected such creation or acquisition, to allow for presentation of information and agreement as provided for in (i) to (iii) above. During the 120 days, such newly acquired or created entities shall be considered Insureds within such group of Insureds who effected such acquisition or creation (Item 1(a) or 1(b) of the Declarations as applicable).

CHANGE OF CONTROL - NOTICE

- C. When the General Counsel or Corporate Risk Manager of the first named Insured learn of a change in control, the Insured shall give written notice to the Underwriter within 60 days.

As used in this General Agreement, control means the power to determine the management or policy of a controlling holding company of the Insured by virtue of voting stock ownership. A change in ownership of voting stock which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of ten per cent (10%) or more of such stock shall be presumed to result in a change of control for the purpose of the required notice.

Failure to give the required notice shall result in termination of coverage for any loss involving a transferee, to be effective upon the date of the stock transfer.

REPRESENTATION OF INSURED

- D. The Insured represents that the information furnished in the application for this Section 1 of the Policy is complete, true and correct. Such application constitutes part of this Section 1 of the Policy. Such representations shall not be taken as a warranty of the truth of such information but as representation that the information is true to the best of the knowledge and belief of the person making such representation after diligent enquiry.

Any intentional misrepresentation, omission, concealment or any incorrect statement of a material fact, in the application or otherwise, shall be grounds for the rescission of this Section 1 of the Policy.

JOINT INSURED

- E. If two or more Insureds are covered under this Section 1 of the Policy, the first named Insured shall act for all Insureds. Payment by the Underwriter to the first named Insured of loss sustained by any Insured shall fully release the Underwriter on account of such loss. If the first named Insured ceases to be covered under this Section 1 of the Policy, the Insured next named shall thereafter be considered as the first named Insured. Knowledge possessed or discovery of any loss in excess of USD100,000 by the first named Insured's General Counsel or Corporate Risk Manager shall constitute knowledge or discovery by all Insureds for all purposes of this Section 1 of the Policy. The liability of the Underwriter for loss or losses sustained by all Insureds shall not exceed the amount for which the Underwriter would have been liable had all such loss or losses been sustained by one Insured.

NOTICE OF LEGAL PROCEEDINGS AGAINST INSURED - ELECTION TO DEFEND

- F (a) Collectible Loss

The Underwriter shall indemnify the Insured against court costs and reasonable attorneys' fees incurred and paid by the Insured in defending any suit or legal proceeding brought against the Insured to enforce the Insured's liability or alleged liability on account of any loss, claim or damage which, if established against the Insured, would constitute a collectible loss under this Section 1 of the Policy in excess of any Deductible amount. Such indemnity shall be part of the Aggregate Limit of Liability and the Sub-limit for the applicable Insuring Agreement(s).

However, if multiple causes of action are alleged in any such suit or legal proceeding, some of which causes of action, if established against the Insured, would not constitute a collectible loss under this Section 1 of the Policy, then the Insured shall bear for its own expense the court costs and attorneys' fees incurred in the defence of those alleged causes of action which if so established would not constitute such collectible loss.

- (b) Reimbursement of Excess Payment

If the Underwriter pays court costs and attorneys' fees in excess of their proportionate share of such costs and fees the Insured shall promptly reimburse the Underwriter for such excess.

- (c) Reduction of Aggregate Limit or Sub-limit
Court costs and attorneys' fees indemnified to the Insured under this General Agreement F shall be part of and not in addition to the Aggregate Limit of Liability or applicable Sub-limit and payments made under this Section 1 of the Policy including payments of court costs and attorneys' fees shall reduce the amount of the Aggregate Limit of Liability or Sub-limit shown in Item 3 of the Declarations for this Section 1 of the Policy.
- (d) Notice of Legal Proceedings
The Insured shall promptly give notice to the Underwriter of any suit or legal proceeding referred to in paragraph (a) above and shall furnish copies of all pleadings and other papers therein at the request of the Underwriters.
- (e) Election to Defend
The defence by the Underwriter shall be in the Insured's name through attorneys selected with the mutual consent of the Insured and the Underwriter.
- (f) Payment of Court Costs and Attorneys' Fees
The Underwriter shall not be liable to indemnify the Insured for court costs and attorneys' fees until after final judgment or settlement of any suit or legal proceeding.

CONDITIONS AND LIMITATIONS

DEFINITIONS

Subsection 1.

As used in this Section 1 of the Policy:

- (a) Acceptance means a draft which the drawee has, by signature written thereon, engaged to honor as presented.
- (b) Certificate of Deposit means an acknowledgment in writing by a financial institution of receipt of Money with an engagement to repay it.
- (c) Certificate of Origin or Title means a document issued by a manufacturer of personal property or a governmental agency evidencing the ownership of the personal property and by which ownership is transferred.
- (d) Certificated Security means a share, participation or other interest in property of or an enterprise of the issuer or an obligation of the issuer, which is:
 - (1) represented by an instrument issued in bearer or registered form;
 - (2) of a type commonly dealt in on securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment; and
 - (3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- (e) Counterfeit means an imitation which is intended to deceive and to be taken for the actual valid original.
- (f) Custodian means any central depository or other entity carrying out custodial services for the Assured under a written agreement.
- (g) Document of Title means a bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers and must purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass.

- (h) Employee means
- (1)
 - (a) an officer or other employee of the Insured, while employed in, at, or by any of the Insured's offices or premises covered hereunder and a guest student pursuing studies or duties in any of said offices or premises or
 - (b) student interns pursuing studies or duties in serving office whilst under the supervision of the Insured;
 - (c) a Partner of any Insured referred to in Item 1(b) of the Declarations
 - (2) an attorney retained by the Insured and an employee of such attorney while either is performing legal services for the Insured;
 - (3) a person provided by an employment contractor to perform employee duties for the Insured under the Insured's supervision at any of the Insured's offices or premises covered hereunder;
 - (4) an employee of an institution merged or consolidated with the Insured prior to the effective date of this Section 1 of the Policy; and
 - (5) each natural person, partnership or corporation authorized by the Insured to perform services as data processor of checks or other accounting records of the Insured (not including preparation or modification of computer software or programs), herein called Processor. (Each such Processor and the partners, officers and employees of such Processor shall, collectively, be deemed to be one Employee for all the purposes of this Section 1 of the Policy, excepting, however, paragraph (f) of Subsection 12. A Federal Reserve Bank or clearing house shall not be construed to be a processor.)
 - (6) any natural person performing employee duties under the Insured's supervision; and
 - (7) any Employee in (1) to (6) above for a period of 60 days after their retirement or termination of employment, provided such termination was not as a result of any dishonest or fraudulent act.
 - (8) retired officers, directors or employees retained as consultants and any other consultants retained under a written contract or agreement.
 - (9) any employee who the Insured is unable to identify by name, but whose act(s) has caused a loss covered under this policy, provided that the evidence submitted proves beyond reasonable doubt that the loss was due to the act of such employee
 - (10) for the purposes only of Insureds referred to in Item 1(b) of the Declarations for this Section 1 of the Policy, a person who is a registered representative or a registered principal associated with an Insured except as:
 - (i) sole proprietor
 - (ii) sole stockholder
 - (iii) director or a trustee of an Insured who is not performing acts coming within the scope of the usual duties of an officer or an employee, or
 - (iv) partner
 - (11) a Custodian and the employees of such while either is carrying out services for or on behalf of the Insured, subject to subsection 9 herein. Each custodian shall be deemed to be a separate Employee for all purposes of this Policy.
- (i) Evidence of Debt means an instrument, including a Negotiable Instrument, executed by a customer of the Insured and held by the Insured which in the regular course of business is treated as evidencing the customer's debt to the Insured.

- (j) Financial Interest in the Insured of the Insured' general partner(s), or limited partner(s), committing dishonest or fraudulent acts covered by this Section 1 of the Policy or concerned or implicated therein, means:
- (1) as respects general partners the value of all right, title and interest of such general partner(s), determined as of the close of business on the date of discovery of loss covered by this Section 1 of the Policy, in the aggregate of:
- (a) the "net worth" of the Insured, which, for the purposes of this Section 1 of the Policy, shall be deemed to be the excess of its total assets over its total liabilities, without adjustment to give effect to loss covered by this Section 1 of the Policy, (except that credit balances and equities in proprietary accounts of the Insured, which shall include capital accounts of partners, investment and trading accounts of the Insured, participations of the Insured in joint accounts and accounts of partners which are covered by agreements providing for the inclusion of equities therein as partnership property, shall not be considered as liabilities) with securities, spot commodities, commodity future contracts in such proprietary accounts and all other assets market to market or fair value and with adjustment for profits and losses at the market of contractual commitments for such proprietary accounts of the Insured; and
- (b) the value of all other Money, securities and property belonging to such general partner(s), or in which such general partner(s) have a pecuniary interest, held by or in the custody of and legally available to the Insured as set-off against loss covered by this Section 1 of the Policy,
- provided, however, that if such "net worth" adjusted to give effect to loss covered by this Section 1 of the Policy and such value of all other Money, securities and property as set forth in (i)(1)(b) preceding, plus the amount of coverage afforded by this Section 1 of the Policy on account of such loss, is not sufficient to enable the Insured to meet its obligations, including its obligations to its partners other than to such general partner(s), then the Financial Interest in the Insured, as above defined, of such general partner(s) shall be reduced in an amount necessary, or eliminated if need be, in order to enable the Insured upon payment of loss under this Section 1 of the Policy, to meet such obligations, to the extent that such payment will enable the Insured to meet such obligations, without any benefit accruing to such general partner(s) from such payment, and
- (2) as respects limited partners, the value of such limited partner's(') investment in the Insured.
- (k) Forgery means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
- (l) Guarantee means a written undertaking obligating the signer to pay the debt of another to the Insured or its assignee or to a financial institution from which the Insured has purchased participation in the debt, if the debt is not paid in accordance with its terms.
- (m) Insured means the Insured referred to in Item 1 of the Declarations.
- (n) Instruction means a written order to the issuer of an Uncertificated Security requesting that the transfer, pledge, or release from pledge of the Uncertificated Security specified be registered.
- (o) Letter of Credit means an engagement in writing by a bank or other person made at the request of a customer that the bank or other person will honour drafts or other demands for payment upon compliance with the conditions specified in the Letter of Credit.
- (p) Loan means all extensions of credit by the Insured and all transactions creating a creditor relationship in favor of the Insured and all transactions by which the Insured assumes an existing creditor relationship.
- (q) Money means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.

- (r) Negotiable Instrument means any writing
 - (1) signed by the maker or drawer; and
 - (2) containing any unconditional promise or order to pay a sum certain in Money and no other promise, order, obligation or power given by the maker or drawer; and
 - (3) which is payable on demand or at a definite time; and
 - (4) which is payable to order or bearer.
- (s) Partner means a natural person who
 - (1) is a general partner of the Insured, or
 - (2) is a limited partner and an Employee [as defined in Subsection 1(h) 1(c)] of the Insured
- (t) Property means Money, Certificated Securities, Uncertificated Securities, Negotiable Instruments, Certificates of Deposit, Documents of Title, Acceptances, Evidences of Debt, Security Agreements, Withdrawal Orders, Certificates of Origin or Title, Letters of Credit, insurance policies, abstracts of title, deeds and mortgages on real estate, revenue and other stamps, tokens, unsold state lottery tickets, books of account and other records whether recorded in writing or electronically, gems, jewellery, precious metals in any form, and tangible items of personal property which are not hereinbefore enumerated.
- (u) Security Agreement means an agreement which creates an interest in personal property or fixtures and which secures payment or performance of an obligation.
- (v) Statement of Uncertificated Security means a written statement of the issuer of an Uncertificated Security containing:
 - (1) A description of the issue of which the Uncertificated Security is a part;
 - (2) the number of shares or units:
 - (a) transferred to the registered owner;
 - (b) pledged by the registered owner to the registered pledgee;
 - (c) released from pledge by the registered pledgee;
 - (d) registered in the name of the registered owner on the date of the statement; or
 - (e) subject to pledge on the date of the statement;
 - (3) the name and address of the registered owner and registered pledgee;
 - (4) a notation of any liens and restrictions of the issuer and any adverse claims to which the Uncertificated Security is or may be subject or a statement that there are none of those liens, restrictions or adverse claims; and
 - (5) the date:
 - (a) the transfer of the shares or units to the new registered owner of the shares or units was registered;
 - (b) the pledge of the registered pledgee was registered, or
 - (c) of the statement, if it is a periodic or annual statement.
- (w) Uncertificated Security means a share, participation or other interest in property of or an enterprise of the issuer or an obligation of the issuer, which is:
 - (1) not represented by an instrument and the transfer of which is registered upon books maintained for that purpose by or on behalf of the issuer;
 - (2) of a type commonly dealt in on securities exchanges or markets; and
 - (3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- (x) Withdrawal Order means a non-negotiable instrument, other than an Instruction, signed by a customer of the Insured authorizing the Insured to debit the customer's account in the amount of funds stated therein.

EXCLUSIONS

Subsection 2.

This Section 1 of the Policy does not cover:

- (a) loss resulting directly or indirectly from forgery or alteration, except when covered under Insuring Agreements (A), (C), (D) or (J)
- (b) loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;
 - (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
 - (2) any Act of Terrorism.

For the purpose of this exclusion an Act of Terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

- (c) loss resulting directly or indirectly from the effects of nuclear fission or fusion or radioactivity; provided, however, that this paragraph shall not apply to loss resulting from industrial uses of nuclear energy;
- (d) loss resulting directly or indirectly from any acts of any person who is a member of the board of directors of the Insured or a member of any equivalent body by whatsoever name known unless such person is also employed as a salaried, pensioned or elected official or an Employee of the Insured. This Exclusion shall not apply to acts of a director when performing acts coming within the scope of the usual duties of an Employee, or while acting as a member of any committee duly elected or appointed by resolution of the board of directors of the Insured to perform specific, as distinguished from general, directorial acts on behalf of the Insured;
- (e) loss resulting directly or indirectly from the complete or partial non-payment of, or default upon, any Loan or transaction involving the Insured as a lender or borrower, or extension of credit, including the purchase, discounting or other acquisition of false or genuine accounts, invoices, notes, agreements or Evidences of Debt, whether such Loan, transaction or extension was procured in good faith or through trick, artifice, fraud or false pretenses, except when covered under Insuring Agreements (A), (C), (D) or (J);
- (f) loss of property contained in customers' safe deposit boxes, except when the Insured is legally liable therefor and the loss is covered under Insuring Agreement (A);
- (g)
 - (i) loss through cashing or paying forged or altered travelers' checks or travelers' checks bearing forged endorsements, except when covered under Insuring Agreement (A); or
 - (ii) loss of unsold travelers' checks or unsold money orders placed in the custody of the Insured with authority to sell, unless (a) the Insured is legally liable for such loss and (b) such checks or money orders are later paid or honored by the drawer thereof, except when covered under Insuring Agreement (A);
- (h) loss caused by an Employee, except when covered under Insuring Agreement (A) or when covered under Insuring Agreement (B);

- (i) loss resulting directly or indirectly from any parting of title to money or property including the debiting or crediting of any account by reason of any trick, artifice, fraud, false representation or other fraudulent devices except when covered under Insuring Agreements (A), (C), (D), (F) or (J)
- (j) shortage in any teller's cash due to error, regardless of the amount of such shortage, and any shortage in any teller's cash which is not in excess of the normal shortage in the teller's cash in the office where such shortage shall occur shall be presumed to be due to error;
- (k) loss resulting directly or indirectly from the use or purported use of credit, debit, charge, access, convenience, identification or other cards
 - (1) in obtaining credit or funds, or
 - (2) in gaining access to automated mechanical devices which, on behalf of the Insured, disburse Money, accept deposits, cash checks, drafts or similar written instruments or make credit card loans, or
 - (3) in gaining access to point of sale terminals, customer-bank communication terminals, or similar electronic terminals of electronic funds transfer systems,whether such cards were issued, or purport to have been issued, by the Insured or by anyone other than the Insured, except when covered under Insuring Agreement (A);
- (l) loss (including loss of Property) involving automated mechanical devices which, on behalf of the Insured, disburse Money, accept deposits, cash checks, drafts or similar written instruments or make credit card loans,
 - (1) as a result of damage to such automated mechanical devices from vandalism or malicious mischief perpetrated from outside any office or premises, or perpetrated to the interior of a building of any premises to which the public has access and which is not permanently staffed by an Employee whose duties are those usually assigned to a bank teller
 - (2) as a result of failure of such automated mechanical devices to function properly, or
 - (3) through misplacement or mysterious unexplainable disappearance while such Property is located within any such automated mechanical devices,except when covered under Insuring Agreement (A);
- In no event shall the Underwriter be liable under this Section 1 of the Policy for loss (including loss of Property) to any customer of the Insured or to any representative of such customer while such person is on any premises to which the public has access and which is not permanently staffed by an Employee whose duties are those usually assigned to a bank teller,
- (m) loss through the surrender of Property away from an office of the Insured as a result of a threat
 - (1) to do bodily harm to any person, except loss of Property in transit provided that when such transit was initiated there was no knowledge by the Insured of any such threat, or
 - (2) to do damage to the premises or property of the Insured,except when covered under Insuring Agreements (A), (B), (G), (K) or (L);
- (n) loss resulting directly or indirectly from payments or withdrawals from an account involving erroneous credits to such account, unless such payments or withdrawals are physically received by such depositor or representative of such depositor who is within the office of the Insured at the time of such payment or withdrawal, or except when covered under Insuring Agreements (A) or (F);
- (o) loss resulting directly or indirectly from payments or withdrawals against items which are not finally paid for any reason, including but not limited to Forgery or any other fraud, except when covered under Insuring Agreement (A) or (H);

- (p) loss resulting directly or indirectly from counterfeiting, except when covered under Insuring Agreements (A), (D) or (E);
- (q) loss of any tangible item of personal property which is not specifically enumerated in the paragraph defining Property and for which the Insured is legally liable, if such property is specifically insured by other insurance of any kind and in any amount obtained by the Insured, and in any event, loss of such property occurring more than 60 days after the Insured shall have become aware that it is liable for the safekeeping of such property, except when covered under Insuring Agreements (A) or (B)(1)(b);
- (r) loss of Property while in the mail, except when covered under Insuring Agreements (A) or (G);
- (s) loss of potential income not realized by the Insured, including but not limited to interest and dividends;
- (t) damages of any type for which the Insured is legally liable, except compensatory damages and damages covered under Insuring Agreement (H), but not multiples thereof, arising directly from a loss covered under this Section 1 of the Policy;
- (u) indirect or consequential loss of any nature except as insured by Insuring Agreement (H);
- (v) loss resulting from any violation by the Insured or by any Employee
 - (1) of law regulating (i) the issuance, purchase or sale of securities, (ii) securities transactions upon security exchanges or over the counter market, (iii) investment companies, or (iv) investment advisers, or
 - (2) of any rule or regulation made pursuant to any such law,unless it is established by the Insured that the act or acts which caused the said loss involved fraudulent or dishonest conduct which would have caused a loss to the Insured in a similar amount in the absence of such laws, rules or regulations;
- (w) loss resulting directly or indirectly from the failure of a financial or depository institution, or its receiver or liquidator, to pay or deliver, on demand of the Insured, funds or Property of the Insured held by it in any capacity, except when covered under Insuring Agreements (A) or (B)(1)(a);
- (x) loss :
 - (i) arising out of or in connection with any circumstances or occurrences which the Insured has notified to the Insurer on any other insurance affected prior to the inception of this Policy;
 - (ii) arising out of or in connection with any circumstances or occurrences known to the Insured at inception of this Policy which could reasonably be expected to give rise to Loss of more than USD100,000 under this Section 1 of the Policy.

Solely for the purposes of knowledge as required by point (ii) above, the term "Insured" shall mean:
the first named Insured's General Counsel or Corporate Risk Manager.

- (y) loss arising out of the acts or omissions, including knowing instructions, decisions, approvals or condoning of any acts or omissions by R. Allen Stanford but only up to the monetary value of his ownership of the entity incurring such loss. Coverage is provided over and above such value, the Deductible only applying to such coverage if and to the extent that, the Deductible exceeds such value.

(z) **loss sustained by any Insured referred to in Item 1(b) of the Declarations**

- (1) resulting directly or indirectly from transactions in a customer's account whether authorised or unauthorised, except the unlawful withdrawal and conversion of Money, securities or precious metals, directly from a customer's account by an Employee, provided such unlawful withdrawal and conversion is covered under Insuring Agreement A.
- (2) resulting directly or indirectly from any dishonest or fraudulent act or acts committed by any entity which is a securities, commodities, money, mortgage, real estate, loan, insurance, property management, investment banking broker, agent or other representative of the same general character.
- (3) caused directly or indirectly by a Partner of any Insured referred to in Item 1(b) of the Declarations, unless the amount of such loss exceeds the Financial Interest in such Insured of such Partner and the Deductible amount applicable to this Section 1 of this Policy, and then for the excess only.
- (4) resulting directly or indirectly from:
 - (i) any loan or transaction in the nature of a loan or extension of credit, directly or indirectly to or for the benefit of an Insider; or
 - (ii) any false or genuine accounts, invoices, notes, agreements or other Evidences of Debt purchased, discounted or otherwise acquired by the Insured, directly or indirectly from an Insider; or
 - (iii) payment or withdrawals to or for the benefit of an Insider and involving items which are not finally paid for any reason, including, but not limited to, forgery or any other fraud

and notwithstanding exclusions (e) and (o) of this Section 1 of the Policy.

As used in this Exclusion (z)(6), "Insider" shall mean:

- (a) any person who is or was a director or officer of the Insured or relative thereof or
 - (b) a shareholder who directly or indirectly or beneficially owns or owned more than 5% of the shares of the Insured, or
 - (c) any proprietorship, partnership, corporation or other business or entity in which any such person, relative or shareholder has or had any direct, indirect or beneficial financial interest.
- (aa) loss sustained by Stanford Bank, S.A., Banco Comercial (formerly known as Banco Galicia de Venezuela, CA., or Banco Comercial C.A.), prior to 12.01 a.m. Local Standard Time on 14th February 2005 or arising out of or in any way involving any act or omission committed or alleged to have been committed prior to such date or transaction, casualty or event occurring or allegedly occurring prior to such date.

DISCOVERY

Subsection 3.

This Section 1 of the Policy applies to loss discovered by the first named Insured's General Counsel or Corporate Risk Manager during the policy period. Discovery occurs when the first named Insured's General Counsel or Corporate Risk Manager first becomes aware of facts which would cause a reasonable person to assume that a loss in excess of USD100,000 of a type covered by this Section 1 of the Policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the first named Insured's General Counsel or Corporate Risk Manager receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a loss in excess of USD100,000 under this Section 1 of the Policy.

LIMIT OF LIABILITY

Subsection 4.

Aggregate Limit of Liability

The Underwriter's total liability for all losses discovered during the policy period shown in Item 2 of the Declarations and including court costs and attorneys' fees shall not exceed the Aggregate Limit of Liability shown in Item 3 of the Declarations or amendments thereto. The Sub-limit of any Insuring Agreement(s) is part of and not in addition to the Aggregate Limit of Liability and the total liability of the Underwriters for all losses, including court costs and attorneys' fees, concerning such Insuring Agreement(s) is limited to the amount of the Sub-limit, irrespective of the total amount of such loss or losses.

The Aggregate Limit of Liability shall be reduced by the amount of any payment made under the terms of this Section 1 of the Policy.

Upon exhaustion of the Aggregate Limit of Liability by such payments:

- (a) The Underwriter shall have no further liability for loss or losses regardless of when discovered and whether or not previously reported to the Underwriter, and
- (b) The Underwriter shall have no obligation under General Agreement F to indemnify the Insured for any court costs and attorneys' fees nor to continue the defense of the Insured in the event of the Underwriters' election to conduct the defence of any suit or legal proceedings, and upon notice by the Underwriter to the Insured that the Aggregate Limit of Liability has been exhausted, the Insured shall assume all responsibility for its defense at its own cost.

The Aggregate Limit of Liability shall not be increased or reinstated by any recovery made and applied in accordance with paragraphs (a), (b) and (c) of Subsection 7. In the event that a loss of Property is settled by the Underwriter through the use of a lost instrument bond, such loss shall not reduce the Aggregate Limit of Liability.

In addition to the Aggregate Limit of Liability being reduced, the Sub-limit of any applicable Insuring Agreement(s) stated in the Declarations of this Section 1 of the Policy shall be reduced by the amount of any payment made in connection with said Insuring Agreement(s). Upon exhaustion of the Sub-limit applicable to said Insuring Agreement(s) by such payments,

- (a) The Underwriter shall have no further liability under said Insuring Agreement(s) of this Section 1 of the Policy for any loss or losses regardless of when discovered and whether or not previously reported to the Underwriter, and

- (b) The Underwriter shall have no obligation under General Agreement F to indemnify the Insured for any court costs and attorneys' fees incurred in connection with said loss or losses, nor to continue the defense of the Insured in the event of the Underwriters' election to conduct the defence of any suit or legal proceedings in connection with said loss or losses, and upon notice by the Underwriter to the Insured that the Sub-limit has been exhausted, the Insured shall assume all responsibility for its defense at its own cost.

If by reason of payments made under this Section 1 of the Policy, the Aggregate Limit of Liability is reduced to an amount less than the amount stated for any Sub-limit in Item 4 of the Declarations of this Section 1 of the Policy then the amount of any such Sub-limit shall be accordingly reduced so that the total amount available under such Sub-limit for any loss or losses, including court costs and attorneys' fees, does not exceed the reduced amount remaining available under the Aggregate Limit of Liability.

Neither the Aggregate Limit of Liability nor any Sub-limit shall be reinstated in whole or in part by any recovery effected subsequent to any payment made under this Section 1 of the Policy.

Regardless of the number of years this Section 1 of the Policy shall continue in force or any subsequent renewals or replacements and the number of premiums which shall be payable or paid, the liability of the Underwriter shall not be cumulative in amounts from year to year or from period to period.

If a loss is covered under more than one Insuring Agreement the maximum payable with respect to such loss shall not exceed the largest amount available under any one Insuring Agreement.

In the event that a loss of Property discovered during the policy period set forth in Item 2 of the Declarations for this Section 1 of the Policy is settled by the Underwriter through the use of a lost instrument bond or indemnity agreement, such loss, to the extent that the Underwriter is not called upon to pay under said lost instrument bond or indemnity agreement or otherwise remains unpaid by the Underwriter, shall not reduce the Aggregate Limit of liability or any applicable Sub-limit remaining for the payment of any loss or losses. However, any payment by the Underwriter under such lost instrument bond or indemnity agreement shall be deemed to be a payment under this Section 1 of the Policy.

The exhaustion or reduction of the Aggregate Limit of Liability or any Sub-limit shall not affect the Underwriter's obligations in connection with any lost instrument bond or indemnity agreement issued prior to the exhaustion or reduction of the Aggregate Limit of Liability of any applicable Sub-limit.

Single Loss Limit of Liability

Subject to the Aggregate Limit of Liability, the Underwriter's liability for each Single Loss shall not exceed the applicable Single Loss Limit of Liability shown in Item 4 of the Declarations. If a Single Loss is covered under more than one Insuring Agreement or Coverage Extension, the maximum payable shall not exceed the largest applicable Single Loss Limit of Liability.

Single Loss Defined

Single Loss means all covered loss, including court costs and attorneys' fees incurred by the Underwriter under General Agreement F, resulting from

- (a) any one act or series of related acts of burglary, robbery or attempt thereof, in which no Employee is implicated, or
- (b) any one act or series of related unintentional or negligent acts or omissions on the part of any person (whether an Employee or not) resulting in damage to or destruction or misplacement of Property, or
- (c) all acts or omissions other than those specified in (a) and (b) preceding, caused by any person (whether an Employee or not) or in which such person is implicated, or
- (d) any one casualty or event not specified in (a), (b) or (c) preceding.

The meaning of 'Single Loss' to be applied, as set forth in subparagraphs (a) to (d) inclusive shall be that which includes the highest amount of loss.

NOTICE/PROOF - LEGAL PROCEEDINGS AGAINST UNDERWRITER

Subsection 5.

- (a) At the earliest practicable moment, after discovery of any loss under this Section 1 of the Policy by the first named Insured's General Counsel or Corporate Risk Manager which exceeds or has the potential to exceed USD 100,000, the Insured shall give the Underwriter notice thereof via Willis Limited, FINEX – Claims Department, 51 Lime Street, London, EC3M 7DQ, United Kingdom.
- (b) Within 6 months after such discovery, the Insured shall furnish to the Underwriter proof of loss, duly sworn to, with full particulars.
- (c) Lost Certificated Securities listed in a proof of loss shall be identified by certificate or bond numbers if such securities were issued therewith.
- (d) If any limitation embodied in this Section 1 of the Policy is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.
- (e) this Section 1 of the Policy affords coverage only in favour of the Insured. No suit, action or legal proceedings shall be brought hereunder by any one other than the named Insured.

VALUATION

Subsection 6.

Any loss of Money, or loss payable in Money, shall be paid, at the option of the Insured, in the Money of the country in which the loss was sustained or in the United States of America dollar equivalent thereof determined at the rate of exchange at the time of payment of such loss.

Securities

The Underwriter shall settle in kind its liability under this Section 1 of the Policy on account of a loss of any securities or, shall pay to the Insured the cost of replacing such securities, determined by the market value thereof at the time of such settlement. However, if, prior to such settlement the Insured shall be compelled by the demands of a third party or by market rules to purchase equivalent securities, and gives written notification of this to the Underwriter, the cost incurred by the Insured shall be taken as the value of those securities. In case of a loss of subscription, conversion or redemption privileges through the misplacement or loss of securities, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such securities cannot be replaced or have no quoted market value, or if such privileges have no quoted market value, their value shall be determined by agreement or arbitration.

If the applicable coverage of this Section 1 of the Policy is subject to a Deductible Amount and/or the Aggregate Limit of Liability and/or the Sub-limit remaining for payment of any loss or losses is not sufficient in amount to indemnify the Insured in full for the loss of securities for which claim is made hereunder, the liability of the Underwriter under this Section 1 of the Policy is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount recoverable under the applicable Insuring Agreement of this Section 1 of the Policy.

Books of Account and Other Records

In case of loss of, or damage to, any books of account or other records used by the Insured in its business, the Underwriter shall be liable under this Section 1 of the Policy only if such books or records are actually reproduced and then for not more than the cost of the blank books, blank pages or other materials plus the cost of labour for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such books and other records.

In case of loss of, or damage to, any Property other than Money, securities, books of account or other records, or damage covered under Insuring Agreement (B), the Underwriter shall not be liable for more than the actual cash value of such Property, or of items covered under Insuring Agreement (B). The Underwriter may, at its election, pay the actual cash value of, replace or repair such Property. Disagreement between the Underwriter and the Insured as to the cash value or as to the adequacy of repair or replacement shall be resolved by arbitration.

Set-Off

Any loss covered under this Section 1 of the Policy shall be reduced by a set-off consisting of any amount owed to the Employee causing the loss if such loss is covered under Insuring Agreement (A).

ASSIGNMENT - SUBROGATION - RECOVERY - COOPERATION

Subsection 7.

- (a) In the event of payment under this Section 1 of the Policy, the Insured shall deliver, if so requested by the Underwriter, an assignment of such of the Insured's rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.
- (b) In the event of payment under this Section 1 of the Policy, the Underwriter shall be subrogated to all of the Insured's rights of recovery therefor against any person or entity to the extent of such payment.
- (c) Recoveries, whether effected by the Underwriter or by the Insured, shall be applied net of the expense of such recovery first to the satisfaction of the Insured's loss which would otherwise have been paid but for the fact that it is in excess of either the Single or Aggregate Limit of Liability, secondly, to the Underwriter as reimbursement of amounts paid in settlement of the Insured's claim, and thirdly, to the Insured in satisfaction of any Deductible Amount. Recovery on account of loss of securities as set forth in the second paragraph of Subsection 6 or recovery from reinsurance and/or indemnity of the Underwriter shall not be deemed a recovery as used herein.
- (d) Upon the Underwriter's request and at reasonable times and places designated by the Underwriter the Insured shall
 - (1) submit to examination by the Underwriter and subscribe to the same under oath; and
 - (2) produce for the Underwriter's examination all pertinent records; and
 - (3) cooperate with the Underwriter in all matters pertaining to the loss.
- (e) The Insured shall execute all papers and render assistance to secure to the Underwriter the rights and causes of action provided for herein. The Insured shall do nothing after discovery of loss to prejudice such rights or causes of action.

LIMIT OF LIABILITY UNDER THIS SECTION 1 OF THE POLICY AND PRIOR INSURANCE

Subsection 8.

With respect to any loss covered by this Section 1 of the Policy which is recoverable or recovered in whole or in part under any other bonds or policies issued by the Underwriter to the Insured or to any predecessor in interest of the Insured and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Underwriter under this Section 1 of the Policy and under such other bonds or policies shall not exceed, in the aggregate, the amount carried hereunder on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss if the latter amount be the larger.

If the coverage of this Section 1 of the Policy supersedes in whole or in part the coverage of any other bond or policy of insurance issued by an Insurer other than the Underwriter and terminated, cancelled or allowed to expire, the Underwriter, with respect to any loss sustained prior to such termination, cancellation or expiration and discovered within the period permitted under such other bond or policy for the discovery of loss thereunder, shall be liable under this Section 1 of the Policy only for that part of such loss covered by this Section 1 of the Policy as is in excess of the amount recoverable or recovered on account of such loss under such other bond or policy, anything to the contrary in such other bond or policy notwithstanding

OTHER INSURANCE OR INDEMNITY

Subsection 9.

Coverage afforded hereunder shall apply only to the amount by which any loss exceeds.

- (i) any valid and collectible insurance or indemnity obtained by the Insured, or by one other than the Insured on Property subject to exclusion (q).
- (ii) the amount of any such loss of Property which the Insured is able to recover and does recover by all legal means from any transportation company, or another entity on whose premises the loss occurred or which employed the person causing the loss or the messenger conveying the Property involved.

OWNERSHIP

Subsection 10.

This Section 1 of the Policy shall apply to loss of property (1) owned by the Insured, (2) held by the Insured in any capacity, or (3) for which the Insured is legally liable. This Section 1 of the Policy shall be for the sole use and benefit of the Insured named in the Declarations.

DEDUCTIBLE AMOUNT

Subsection 11.

The Underwriter shall be liable hereunder, only for the amount by which any Single Loss, as defined in Subsection 4, exceeds the Single Loss Deductible amount for the Insuring Agreement or Coverage Extension applicable to such loss, subject to the Aggregate Limit of Liability and the applicable Single Loss Limit of Liability.

If a loss is covered under more than one Insuring Agreement or Coverage Extension the largest Deductible Amount of any one Insuring Agreement or Coverage Extension shall be applicable to such loss.

The Insured shall, in the time and in the manner prescribed in this Section 1 of the Policy, give the Underwriter notice of any loss of the kind covered by the terms of this Section 1 of the Policy, whether or not the Underwriter is liable therefor, and upon the request of the Underwriter shall file with it a brief statement giving the particulars concerning such loss.

TERMINATION OR CANCELLATION

Subsection 12.

This Section 1 of the Policy terminates as an entirety upon occurrence of any of the following:-

- (a) as to any Insured immediately upon the taking over of such Insured by a receiver or other liquidator or by State or Federal officials, or
- (b) as to any Insured immediately upon the taking over of such Insured by another institution, or
- (c) immediately upon exhaustion of the Aggregate Limit of Liability, or
- (d) immediately upon expiration of the policy period as set forth in Item 2 of the Declarations
- (e) in the event of non-payment of the premium herein, as set out in the Premium Payment Clause (LSW3000 (Amended)) attached hereto.

In the event of termination as provided for in (a) or (b) the Underwriter shall return any unearned premium calculated at a pro rata. In the event of termination as provided for in (e), Underwriters shall retain the pro rata proportion of the premium hereon.

- (f) This Section 1 of the Policy terminates as to any dishonest or fraudulent acts or omissions of any Employee or any partner, officer or employee of any Processor (as defined in Definitions 1(h)(5) only) 30 days after the first named Insured's General Counsel or Corporate Risk Manager learn of any dishonest or fraudulent act committed by such person at any time, whether in the employment of the Insured or otherwise, whether or not of the type covered under Insuring Agreement (A), against the Insured or any other person or entity, without prejudice to the loss of any Property then in transit in the custody of such person, or (b) 15 days after the receipt by the Insured of a written notice from the Underwriter of its desire to cancel this bond as to such person. Notwithstanding the foregoing, this paragraph shall not apply to any such dishonest or fraudulent act committed prior to employment with the Insured and involving property valued at less than USD 10,000

Termination of this Section 1 of the Policy as to any Insured terminates liability for any loss sustained by such Insured which is discovered after the effective date of such termination.

If any entity which is an Insured hereunder is a Federal Savings and Loan Association or State chartered association insured by the Federal Savings and Loan Insurance Corporation, no cancellation of this Section 1 of the Policy in its entirety, by the Underwriter, shall take effect prior to the expiration of 10 days from the receipt by the Federal Home Loan Bank of which such Insured is a member, of written notice of such cancellation unless an earlier date of cancellation is approved by said Federal Home Loan Bank.

The Underwriters will mark their records to indicate that the National Association of Securities Dealers, Inc. is to be notified promptly concerning the cancellation or substantial modification of this Section 1 of the Policy, affecting any Insured referred to in Item 1(b) of the Declarations for this Section 1 of the Policy whether such cancellation or modification is at the request of the Insured or the Underwriter, and will use their best efforts to so notify said Association but failure to so notify said Association shall not impair or delay the effectiveness of any such cancellation or modification.

SECTION 2: ELECTRONIC AND COMPUTER CRIME

Based on Standard Form LSW973

WHEREAS the Insured, named in the Schedule for this Section of the Policy, has made to Us, who have hereunto subscribed our Names (hereinafter in this Section of the Policy called "the Underwriters") a Proposal Form, which it is agreed shall form the basis of this Section of the Policy, and has paid or promised to pay the premiums specified in the Schedule for this Section of the Policy, all provisions of the said Schedule and the Proposal Form being hereby incorporated in and forming part of this Section of the Policy.

NOW WE THE UNDERWRITERS hereby undertake and agree, subject to the following terms, exclusions, limitations and conditions, to indemnify the Insured, as stated in the Schedule for this Section of the Policy, in excess of the amounts of the deductibles stated to be applicable, such direct financial loss sustained by the Insured on or subsequent to the Retroactive Date (if any) and discovered by the first named Insured's General Counsel or Corporate Risk Manager during the period of the Policy and subject always to the Policy Limits as stated in the Schedule Section of the Policy.

LSW 973 (01/98) (Amended)

SECTION 2: ELECTRONIC AND COMPUTER CRIME INSURANCE

Based on Standard Form LSW973

SCHEDULE FOR SECTION 2 OF THIS POLICY

ITEM 1. Policy No.: 576/MNA851300

This Schedule, along with this Section 2 of the Policy with any endorsements shall be deemed to constitute two separate contracts as follows:

- (i) between Underwriters and all entities which are referred to in Item 2(a) below as part of the Insured and
- (ii) between Underwriters and all entities which are referred to in Item 2(b) below as part of the Insured.

ITEM 2. Name of Insured:

- (a) Stanford Financial Group Company and other entities set forth in the attached 'Schedule of Insureds / Assureds 1' and the Subsidiaries, associated, allied and affiliated companies of any of the foregoing (and the interests of such Subsidiaries, associated, allied and affiliated companies as such interests may appear) which now exist or hereafter may be constituted or acquired in accordance with General Conditions B, "Additional Offices, Computer Systems – Consolidation, Merger or Purchase of Assets – Notice" and any and all Employee Welfare, Benefit, Pension, Stock Option and Profit Sharing Plans owned, controlled, operated or related to any entity referred to above.

Principal Address: 1000, Airport Boulevard
St John's
Antigua, West Indies,

- (b) Stanford Group Company, and other entities set forth in the attached 'Schedule of Insureds / Assureds 2' and the Subsidiaries, associated, allied and affiliated companies of any of the foregoing (and the interests of such Subsidiaries, associated, allied and affiliated companies as such interests may appear) which now exist or hereafter may be constituted or acquired in accordance with General Conditions B, "Additional Offices, Computer Systems – Consolidation, Merger or Purchase of Assets – Notice and any and all Employee Welfare, Benefit, Pension, Stock Option and Profit Sharing Plans owned, controlled, operated or related to any entity referred to above.

Principal Address: 5050 Westheimer
Houston
Texas 77056, USA

In applying the terms, conditions and limitations of each such contract, "Insured" when used in this Section 2 of the Policy shall be construed in accordance with the separate contracts referred to in (a) and (b) above. The "first named Insured" for the purposes of such separate contracts shall be taken to refer to Stanford Financial Group Company for (a) above and Stanford Group Company for (b) above.

ITEM 3. Policy Period:

From 15th August, 2008 to 15th August, 2009, both days at 12:01 a.m. Local Standard Time at the address stated for the **Insured** in Item 2 above

ITEM 4. Retroactive Date:

For Stanford Bank, S.A., Banco Comercial (formerly known as Banco Galicia de Venezuela, CA., or Banco Comercial C.A.), referred to in Item 2(a) above, 14th February 2005.

ITEM 5. Premium:

Included in the combined Premium shown for this and Section 1 of this Policy in the Declarations for Section 1.

ITEM 6. Proposal Form dated:

All as held on file by Willis Limited, which are deemed seen and accepted by Underwriters (including Significant Changes letter (Barbara Fortin) dated 23rd June 2006 updating Significant Changes letter (Barbara Fortin) dated 12th July 2005).

The Proposal Form together with any correspondence relative thereto signed by or on behalf of the Insured shall be the basis of the Insurance.

ITEM 7. Aggregate Policy Limit:

Except in respect of Insuring Agreement 10 (Verification & Reconstitution Costs), the Aggregate Policy Limit for all entities combined referred to in Item 2(a) above shall be:

USD 10,000,000 applicable to both this Section 2 and Section 1 of this Policy combined and, in addition for all entities combined referred to in Item 2(b) above:

USD 10,000,000 applicable to both this Section 2 and Section 1 of this Policy combined, The above being referred to hereinafter as the "Aggregate Limit of Liability"

For Insuring Agreement 10 (Verification & Reconstitution Costs), the Aggregate Limit of Liability shall be sub-limited to USD2,500,000 separately for each group of entities in Items 2(a) and 2(b) above, which sub-limit shall form part of and not be in addition to each of the above USD10,000,000 Aggregate Limit of Liability.

ITEM 8. Single Loss Limit:

Except in respect of Insuring Agreement 10 (Verification & Reconstitution Costs), the limit of Underwriter's liability under the Policy for any Single Loss, subject to the Aggregate Policy Limit and subject to General Condition G, shall be:

USD 5,000,000.

In respect of Insuring Agreement 10 (Verification & Reconstitution Costs), the limit of Underwriter's liability under the Policy for any Single Loss subject to the Aggregate Policy Limit and subject to General Condition G, shall be:

USD 2,500,000

ITEM 9. Single Loss Deductible:

Except in respect of Insuring Agreement 10 (Verification & Reconstitution Costs) and except for Stanford Group Company the Single Loss Deductible is: USD 250,000

The Single Loss Deductible for Stanford Group Company is: USD 1,000,000

which shall not exceed USD 2,000,000 in the aggregate for both Sections 1 and 2 of this Policy combined and which shall apply to the amount by which any Single Loss exceeds

USD 10,000

The Single Loss Deductible for Insuring Agreement 10 (Verification & Reconstitution Costs) shall be

NIL

ITEM 10. Service of Suit:

Per NMA1998 (amended) and NMA1483 (amended) as attached

ITEM 11. Loss to be Notified to:

The Underwriters per: Willis Limited,
FINEX – Claims Department,
51 Lime Street,
London EC3M 7DQ,
UK

Dated In London: the 25th day of JULY, 2008.

The Underwriter, in consideration of an agreed premium, and in reliance upon all statements made and information furnished to the Underwriter by the Insured in applying for this Section 2 of the Policy, and subject to the Declarations, Insuring Agreements, General Agreements, Conditions and Limitations and other terms of this Section 2 of the Policy, agrees to indemnify the Insured for:

I. INSURING AGREEMENTS

INSURING AGREEMENT 1 - COMPUTER SYSTEMS

By reason of the Insured having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value as the direct result of

- (a) the fraudulent input of Electronic Data directly into:
 - 1. the Insured's Computer System, or
 - 2. a Service Bureau's Computer System, or
 - 3. any Electronic Funds Transfer System, or
 - 4. a Customer Communication System; or
- (b) the fraudulent modification or the fraudulent destruction of Electronic Data stored within or being run within any of the above systems or during Electronic Transmission to the Insured's Computer System or a Service Bureau's Computer System; or
- (c) the fraudulent input of Electronic Data through a Telephone Banking System directly into the Insured's Computer System

The words, "fraudulent input" in (a) above shall include such input by means of internet.

INSURING AGREEMENT 2 - ELECTRONIC COMPUTER PROGRAMS

By reason of the Insured having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value as the direct result of the fraudulent preparation or the fraudulent modification of Electronic Computer Programs.

INSURING AGREEMENT 3 - ELECTRONIC DATA AND MEDIA

- A. By reason of the malicious alteration or destruction or corruption or attempt thereof of Electronic Data by any person while the Electronic Data are stored within the Insured's Computer System or a Service Bureau's Computer System or while recorded upon Electronic Data Processing Media within the offices or premises of the Insured or while in transit anywhere, provided that the Insured is the owner of such Electronic Data or Electronic Data Processing Media or is legally liable for such loss or damage.
- B. By reason of Electronic Data Processing Media being lost, damaged or destroyed as the direct result of robbery, burglary, larceny, theft, misplacement, mysterious unexplainable disappearance or malicious act or corruption while the Electronic Data Processing Media is lodged or deposited within offices or premises located anywhere, or while in transit anywhere, such transit to begin immediately upon receipt of such Electronic Data Processing Media by said person or entity effecting the transit and to end immediately upon delivery to the designated recipient or its agent, provided that the Insured is the owner of such Electronic Data Processing Media or is legally liable for such loss or damage.
- C. By reason of the malicious alteration or destruction or corruption of Electronic Computer Programs while stored within the Insured's Computer System or a Service Bureau's Computer System or while recorded upon Electronic Data Processing Media within any offices or premises or while in transit anywhere provided that the Insured is the owner of such Electronic Computer Programs or is legally liable for such loss or damage.

INSURING AGREEMENT 4 - COMPUTER VIRUS

- A. By reason of the Insured having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value as the direct result of the destruction or modification or corruption or attempt thereof of the Insured's Electronic Data or Electronic Computer Programs due to a Computer Virus caused by any person while such Electronic Data or Electronic Computer Programs are stored within the Insured's Computer System or a Service Bureau's Computer System.
- B. the destruction or modification or corruption or attempt thereof of the Insured's Electronic Data or Electronic Computer Programs as the result of a Computer Virus caused by any person while such Electronic Data are stored within the Insured's Computer Systems or a Service Bureau's Computer System.

INSURING AGREEMENT 5 - ELECTRONIC AND TELEFACSIMILE COMMUNICATIONS

By reason of the Insured having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value on the faith of any electronic communications directed to the Insured authorizing or acknowledging the transfer, payment, delivery or receipt of funds or property which communications were transmitted or appear to have been transmitted

1. through an Electronic Communication System, or
2. by Telefacsimile, telex, TWX or similar means of communication

directly into the Insured's Computer System or to the Insured's Communications Terminal and fraudulently purport to have been sent by a customer, Automated Clearing House, an office of the Insured, or another financial institution but which communications were either not sent by said customer, Automated Clearing House, an office of the Insured or financial institution or were fraudulently modified during physical transit of Electronic Data Processing Media to the Insured's Computer System or to the Insured's Communications Terminal.

SPECIAL CONDITION

All Telefacsimile, telex, TWX or similar means of communication referred to in paragraph 2 above must be Tested or subject to a call-back to an authorized person other than the individual initiating the transfer request and any such Telefacsimile must also bear a Forged Signature or Fraudulent Alteration.

INSURING AGREEMENT 6 - ELECTRONIC TRANSMISSIONS

By reason of a customer of the Insured, an Automated Clearing House or another financial institution having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value

1. on the faith of any electronic communications purporting to have been directed by the Insured to its customer, an Automated Clearing House or a financial institution authorizing or acknowledging the transfer, payment, delivery or receipt of funds or property which communications were transmitted or appear to have been transmitted through an Electronic Communication System, or by Tested Telefacsimile, Tested Telex, Tested TWX or similar means of Tested communication directly into a Computer System or a Communications Terminal of said customer, Automated Clearing House or financial institution and fraudulently purport to have been sent by the Insured but which communications were either not sent by the Insured or were the direct result of the fraudulent modification of Electronic Data during physical transit of Electronic Data Processing Media from the Insured or during Electronic Transmission from the Insured's Computer System or the Insured's Communications Terminal; or
2. as the direct result of the fraudulent input, the fraudulent modification or the fraudulent destruction of Electronic Data stored within or being run within the Insured's Computer System or during Electronic Transmission from the Insured's Computer System into the customer's Computer System while the Insured is acting as a Service Bureau for said customer; and

for which loss the Insured is legally liable to the customer, the Automated Clearing House or the financial institution.

INSURING AGREEMENT 7 - ELECTRONIC SECURITIES

By reason of a Central Depository having transferred, paid or delivered any funds or property or debited any account of the Insured on the faith of any electronic communications purporting to have been directed by the Insured to the Central Depository authorizing the transfer, payment or delivery of said funds or property or the debiting of the Insured's account in connection with the purchase, sale, transfer or pledge of an Electronic Security which communications were transmitted or appear to have been transmitted

1. through an Electronic Communication System, or
2. by Tested Telefacsimile, Tested Telex, Tested TWX or similar means of Tested communication

directly into a Computer System or a Communications Terminal of said Central Depository and fraudulently purport to have been sent by the Insured to the Central Depository but which communications were either not sent by the Insured to the Central Depository or were fraudulently modified during physical transit of Electronic Data Processing Media from the Insured or during Electronic Transmission from the Insured's Computer System or the Insured's Communications Terminal to the Central Depository and for which loss the Insured is legally liable to the Central Depository.

INSURING AGREEMENT 8 - VOICE INITIATED INSTRUCTIONS

- A. By reason of the Insured having transferred any funds or delivered any property on the faith of any voice initiated instructions directed to the Insured authorizing the transfer of funds or delivery of any property in a Customer's account to other financial institutions for the credit to persons allegedly designated by the Customer and which instructions were made over the telephone to those Employees of the Insured specifically authorized to receive said instructions at the Insured's offices and fraudulently purport to have been made by a person authorized and appointed by a Customer to request by telephone the transfer of such funds or delivery of such property but which instructions were not made by said Customer or by any officer, director, partner or employee of said Customer or were fraudulently made by an officer, director, partner or employee of said Customer whose duty, responsibility or authority did not permit him to make, initiate, authorize, validate or authenticate Customer voice initiated instructions.
- B. By reason of the Insured having transferred any funds or delivered any property on the faith of any voice initiated instructions purportedly communicated between the Insured's offices authorizing the transfer of funds or delivery of any property in a Customer's account between the Insured's offices or to other financial institutions for the credit to persons allegedly designated by the Customer and which instructions were purportedly made over the telephone between the Insured's offices to those Employees of the Insured specifically authorized to receive said inter-office instructions by telephone, and fraudulently purport to have been made by an Employee of the Insured authorized to request by telephone such transfer of funds or delivery of property but which fraudulent acts were committed by a person, other than an Employee of the Insured, who intended to cause the Insured or the Customer to sustain a loss or to obtain financial gain for himself or any other person.

SPECIAL DEFINITION

"Customer" as used in this Insuring Clause means

- (i) any corporate, partnership or trust customer or similar business entity or
- (ii) any private natural person customer

having a written or electronic agreement with the Insured for customer voice initiated funds transfers, which agreement, in the case of (i) above, shall be in the form of a corporate resolution containing a list of individuals authorized to initiate and authenticate voice initiated funds transfers, which list must specify the telephone numbers as well as monetary limits for all initiators/authenticators. Such written or electronic agreement shall also outline the terms and conditions under which the service is provided including a limitation of liability by the Insured.

SPECIAL CONDITION

All voice initiated instructions purportedly received from a Customer for the transfer of funds or property must be Tested or subject to a call-back to an authorized person other than the individual initiating the transfer request.

INSURING CLAUSE 9 COMPUTER EXTORTION

By reason of loss resulting from the Insured having surrendered any funds or property to a person other than an Employee of the Insured where said person has gained or alleges to have gained unauthorised access to the Insured's Computer System and threatens to

- (a) cause the Insured to transfer, pay or deliver any funds or property by means of the Insured's Computer System; or
- (b) sell or disclose confidential security codes to another person or party, which disclosure will enable the recipient of such confidential security codes to cause the Insured to transfer, pay or deliver any funds or property by means of the Insured's Computer System; or
- (c) cause damage to or destruction of the Insured's Electronic Computer Programs or Insured's Electronic Data while stored within the Insured's Computer Systems by
 - (1) the introduction of a Computer Virus into the Insured's Computer System, or
 - (2) the activation of a Computer Virus that such person has allegedly introduced into the Insured's Computer System but where such Computer Virus is inactive at the time said threat is communicated to the Insured;

provided however that before surrendering any funds or property the Insured makes every reasonable effort to conduct an investigation which provides a reasonable basis for concluding said threat is technologically credible and the Insured reports said threat to the police or local law enforcement authorities having jurisdiction over such matters and reasonably complies with their recommendations, instructions or suggestions under the circumstances.

INSURING CLAUSE 10 VERIFICATION & RECONSTITUTION COSTS

By reason of expenses incurred and/or fees paid by the Assured, all with the prior approval of Underwriters, such approval not to be unreasonably withheld or delayed, for the verification and reconstitution of Electronic Computer Programs, which Electronic Computer Programs have been fraudulently modified so as to give rise to a loss or potential loss under this Policy.

II. DEFINITIONS APPLICABLE TO THIS SECTION ONLY OF THE POLICY

- (a) "Automated Clearing House" means any corporation or association which operates an electronic clearing and transfer mechanism for the transfer of preauthorized recurring debits and credits between financial institutions on behalf of the financial institutions' customers.
- (b) "Central Depository" means any clearing corporation, including,
 - (i) any clearing system including the global custody services of any bank; or
 - (ii) any clearing corporation or company; or
 - (iii) any Federal Reserve Bank of any country; or
 - (iv) any depository approved by the UK Securities and Futures Authorityor any recognised place of safe deposit where as the direct result of an electronic clearing and transfer mechanism entries are made on the books reducing the account of the transferor, pledgor or pledgee and increasing the account of the transferee, pledgee or pledgor by the amount of the obligation or the number of shares or rights transferred, pledged or released.
- (c) "Communications Terminal" means any teletype, teleprinter, video display terminal, telefacsimile machine personal computer or similar device capable of sending and/or receiving information electronically, whether or not equipped with a keyboard or mouse.

- (d) "Computer System" means a computer and/or personal computer and all input, output, processing, storage and communication facilities including related communication or open systems networks which are connected to such a device, as well as the device's off-line media libraries.
- (e) "Computer Virus" means a set of unauthorised instructions, programmatic or otherwise, that propagate themselves through the Insured's Computer System and/or networks which instructions were maliciously or fraudulently introduced by a person other than by an identifiable Employee.
- (f) "Customer Communication System" means those communications systems as declared in the Proposal Form and as may be added during the Policy Period which provide customers of the Insured with direct access to the Insured's Computer System.
- (g) "Electronic Communication System" means any electronic communication system or similar automated communication systems which operates to transfer property between financial institutions or between financial institutions and their customers including, without prejudice to the generality of the foregoing electronic communication operations by Fedwire, Clearing House Interbank Payment System (CHIPS), Society for Worldwide Interbank Financial Telecommunication (SWIFT), Clearing House Automated Payment System (CHAPS), Bankers Automated Clearing System (BACS) the funds transfer system for the transfer of preauthorised recurring debits and credits of an Automated Clearing House Association which is a member of the National Automated Clearing House Association and similar automated communication systems as declared in the Proposal Form and as may be added during the Policy Period.
- (h) "Electronic Computer Programs" means computer programs, i.e., facts or statements converted to a form usable in a Computer System to act upon Electronic Data.
- (i) "Electronic Data" means facts or information converted to a form usable in a Computer System and which is stored on Electronic Data Processing Media for use by computer programs.
- (j) "Electronic Data Processing Media" means tapes or discs or other bulk media, whether magnetic or optical, on which Electronic Data are recorded.
- (k) "Electronic Funds Transfer Systems" means those systems which operate automated teller machines or point of sale terminals and include any shared networks or facilities for said system in which the Insured participates.
- (l) "Electronic Security" means a share, participation or other interest in property of or an enterprise of the issuer or an obligation of the issuer which
 1. is a type commonly dealt in upon securities exchanges or markets; and
 2. is either one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations; and
 3. (a) is not represented by an instrument, or
 - (b) is part of a master or global certificate, or
 - (c) represents a paper certificate that has been surrendered by a financial institution and which paper certificates has been combined into a master depository note and the paper certificates are immobilizedand such security is shown as an electronic entry on the account of the transferor, pledgor or pledgee on the books of a Central Depository.
- (m) "Electronic Transmission" means the transmission of Electronic Data through data communication lines including by satellite links, radio frequency, infrared links or similar means used for the transmission of Electronic Data.
- (n) "Employee" shall be deemed to refer to those employees in respect of whom cover is afforded under Section 1 of this Policy by virtue of the Definition of Employee in Section 1 of this Policy (Definition (g))

- (o) "Evidences of Debt" means instruments executed by a customer of the Insured and held by the Insured which in the regular course of business are treated as evidencing the customer's debt to the Insured including records of charges and accounts receivable.
- (p) "Forged Signature" means the handwritten or digital signing of the name of another genuine person or a copy of said person's signature without authority and with intent to deceive; it does not include the signing in whole or in part of one's own name, with or without authority, in any capacity, for any purpose.
- (q) "Fraudulent Alteration" means the material alteration to a Telefacsimile for a fraudulent purpose by a person other than the person who signed and prepared the instrument.
- (r) "Insured" means the Insured referred to in Item 2 of the Schedule.
- (s) "Insured's Computer System" means those Computer Systems operated by the Insured and which are either owned by or leased to the Insured or are declared in the Proposal Form and as may be added during the Policy Period.
- (t) "Service Bureau" means a natural person, partnership or corporation authorized by written or electronic agreement to perform data processing services using Computer Systems.
- (u) "Service Bureau's Computer System" means those Computer Systems operated by a Service Bureau and which are either owned or leased to a Service Bureau.
- (v) "Telefacsimile" means a system for transmitting written documents by means of electronic signals over telephone lines to equipment maintained by the Insured within a specially secured area for the purpose of reproducing a copy of said document.
- (w) "Telephone Banking System" means a telephone banking communications system as declared in the proposal form and as may be added during the Policy Period which provides customers of the Insured with direct access to the Insured's Computer System via an automated touch tone telephone service and which requires the use of a Tested code in order to effect any banking transactions but does not mean a private branch exchange, voice mail processor, automated call attendant or a computer system with a similar capacity used for the direction or routing of telephone calls in a voice communications network.
- (x) "Tested" means a method of authenticating the contents of a communication by affixing thereto a valid test key which has been exchanged between the Insured and a customer, Automated Clearing House, Central Depository, another financial institution or between the offices of the Insured for the purpose of protecting the integrity of the communication in the ordinary course of business.

III. EXCLUSIONS

This Section 2 of the Policy does not cover:

- (a) Loss resulting from any of the perils covered by the Insured's Financial Institution Bond.
- (b) Loss caused by an identifiable director or Employee of the Insured or by a person or persons in collusion with said director or Employee of the Insured.

Prior knowledge by any Employee that a fraudulent act by a person or persons, not in the employ of the Insured, has been or will be perpetrated, shall for the intent and purpose of this Policy be deemed to be collusion should said Employee wilfully or deliberately withhold this knowledge from the Insured. The withholding of knowledge from the Insured by an Employee because of a threat to do bodily harm to any person or to do damage to the premises or property of the Insured shall not be deemed to be or to constitute collusion.
- (c) Loss of the Insured's potential income, including but not limited to interest and dividends.
- (d) Indirect or consequential loss of any nature except as provided by Insuring Agreement 10.

- (e) Liability assumed by the Insured by agreement under any contract unless such liability would have attached to the Insured even in the absence of such agreement.
- (f) Any fees, costs and expenses incurred by the Insured
 1. in establishing the existence of or amount of loss covered under this Policy except as provided for in Insuring Agreement 10; or
 2. as a party to any legal proceeding except as provided by General Condition E.
- (g) loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;
 - (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
 - (2) any Act of Terrorism.

For the purpose of this exclusion an Act of Terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

- (h)
 1. Any loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss, or
 2. Any legal liability of whatsoever nature,
directly or indirectly caused by, or contributed to by or arising from
 - (i) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, or
 - (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

- (i) Loss as a result of a threat
 1. to do bodily harm to any person, except loss of Electronic Data Processing Media or Electronic Data or Electronic Computer Programs in transit provided that when such transit was initiated there was no knowledge by the Insured of any such threat, or
 2. to do damage to the premises or property of the Insured except as provided by Insuring Clause 9.
- (j) Loss of Electronic Data, Electronic Data Processing Media or Electronic Computer Programs except as valued under General Condition I.
- (k) Loss resulting directly or indirectly from
 1. written instructions or advices, or
 2. telegraphic or cable instructions or advices, or
 3. instructions or advices by voice over telephone, unless such instructions are covered under Insuring Agreement 8, or
 4. Telefacsimile instructions or advices unless said Telefacsimile instructions or advices are covered under Insuring Agreements 5, 6 or 7.
- (l) Loss resulting directly or indirectly from forged, altered or fraudulent negotiable instruments, securities, documents or written instruments used as source documentation in the preparation of Electronic Data or manually keyed in a data terminal.
- (m) Loss of negotiable instruments, securities, documents or written instruments except as converted to Electronic Data and then only in that converted form.
- (n) Loss resulting directly or indirectly from the accessing of any confidential information including but not limited to trade secret information, computer programs or customer information but this exclusion shall not apply to loss caused by the use of any such information to commit a dishonest, fraudulent or malicious act insured herein.
- (o) Loss resulting from mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, Electronic Data Processing Media failure or breakdown or any malfunction or error in programming or errors or omissions in processing.
- (p) Loss resulting directly or indirectly from the fraudulent preparation, fraudulent modification, alteration or destruction of Electronic Computer Programs unless covered under Insuring Agreements 2, 3 or 4.
- (q) Loss by reason of the input of Electronic Data at an authorized electronic terminal of an Electronic Funds Transfer System or a Customer Communication system by a customer or other person who had authorized access to the customer's authentication mechanism.
- (r) Loss resulting from fraudulent features contained in Electronic Computer Programs developed for sale to or that are sold to multiple customers at the time of their acquisition from a vendor or consultant. However, this exclusion will only apply if Underwriters within 60 days of notification by the Insured have been notified of a loss sustained by another multiple customer, such loss having been discovered prior to a loss hereunder and resulting from the same fraudulent features.
- (s) Loss resulting directly or indirectly from any Computer Virus unless covered under Insuring Agreement 4 or Insuring Agreement 9.
- (t) Any loss
 1. sustained prior to the Retroactive Date or any loss involving any act, transaction, or event which occurred or commenced prior to the Retroactive Date, or
 2. of more than USD 100,000 discovered prior to the inception date of the policy period stated in the Schedule which could reasonably be expected to give rise to a loss under this Section 2 of the Policy, or
 3. discovered subsequent to the termination of the Policy, or

4. notified to a prior insurer.

For the purposes of this Exclusion, "discovered" shall mean discovered by the first named Insured's General Counsel or Corporate Risk Manager.

- (u) Loss resulting directly or indirectly from a Telephone Banking System or from or arising out of the authorized or unauthorized use of a private branch exchange, voice mail processor, automated call attendant or a computer system with a similar capacity used for the direction or routing of telephone calls in a voice communications network or a cellular phone system, unless covered under Insuring Agreement 1(c).
- (v)
 - (i) Loss, cost or expense directly or indirectly arising out of, resulting from or in any way related to Fungi whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.
"Fungi" as used in this Exclusion shall mean any fungus or mycota or any byproduct or type or infestation produced by such fungus or mycota, including but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.
 - (ii) Loss, cost or expense directly or indirectly arising out of, resulting as a consequence of, or related to, the manufacture, mining, processing, distribution, testing, remediation, removal, storage, disposal, sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.
 - (ii) Loss in connection with any claim based upon, arising from, or in any way attributable to lead or products containing lead.
- (w) Loss arising out of the acts or omissions, including knowing instructions, decisions, approvals or condoning of any acts or omissions by R. Allen Stanford but only up to the monetary value of his ownership of the entity incurring such loss. Coverage is provided over and above such value, the Deductible only applying to such coverage if and to the extent that, the Deductible exceeds such value.

IV. GENERAL CONDITIONS APPLICABLE TO SECTION 2 ONLY OF THIS POLICY

A. NOMINEES

Loss sustained by any nominee organized by the Insured for the purpose of handling certain of its business transactions and composed exclusively of its officers, clerks or other employees shall, for all the purposes of this Policy, be deemed to be loss sustained by the Insured.

B. ADDITIONAL OFFICES, COMPUTER SYSTEMS – CONSOLIDATION, MERGER OR PURCHASE OF ASSETS – NOTICE

If the Insured shall, while this Policy is in force, establish any additional offices or add to the Insured's Computer System, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another institution, such offices or addition to the Insured's Computer System shall be automatically covered hereunder from the date of such establishment without the requirement of notice to Underwriters or the payment of additional premium for the remainder of the policy period.

If the Insured shall, while the Policy is in force, consolidate or merge with, purchase or acquire assets or liabilities of, another institution, the Insured shall not have such coverage as is afforded under this Section 2 of the Policy for loss which:

- (a) has occurred or will occur in such offices, or premises; or
- (b) has arisen or will arise out of the assets or liabilities;

acquired by the Insured as a result of such consolidation, merger or purchase or acquisition of assets or liabilities;

unless the Insured shall:

- (i) give Underwriters written notice of the proposed consolidation, merger or purchase of assets or liabilities prior to the proposed effective date of such action; and
- (ii) obtain the written consent of Underwriters to extend the coverage provided by this Policy to such additional offices, or premises or other exposures; and
- (iii) upon obtaining such consent, pay to Underwriters an additional premium.

Notwithstanding the foregoing,

1. newly acquired or created entities with assets which do not account for more than 15% of the consolidated assets of the group of Insureds [Item 2(a) and 2(b) of the Schedule collectively], one of which Insureds has effected such creation or acquisition, shall be automatically included herein as Insureds within such group of Insureds who effected such acquisition or creation (Item 2(a) or 2(b) of the Schedule as applicable) from the date of such acquisition or creation, and
2. 120 days automatic coverage is provided herein for all newly acquired or created entities with assets which account for more than 15% of the consolidated assets of the group of Insureds [Item 2(a) and 2(b) of the Schedule collectively], one of which Insureds has effected such creation or acquisition, to allow for presentation of information and agreement as provided for in (i) to (iii) above. During the 120 days, such newly acquired or created entities shall be considered Insureds within such group of Insureds who effected such acquisition or creation (Item 2(a) or 2(b) of the Schedule as applicable).

C. CHANGE OF CONTROL - NOTICE

When the first named Insured's General Counsel or Corporate Risk Manager learns of a change of control, it shall give written notice to Underwriters within 60 days.

As used in this General Condition, control means the power to determine the management or policy of a controlling holding company or the Insured by virtue of voting stock ownership. A change in ownership of voting stock which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of ten percent (10%) or more of such stock shall be presumed to result in a change of control for the purpose of the required notice.

Failure to give the required notice shall result in termination of coverage for any loss involving a transferee, to be effective upon the date of the stock transfer.

D. JOINT INSURED

If two or more Insureds are covered under this Section 2 of the Policy, the first named Insured shall act for all Insureds. Payment by Underwriters to the first named Insured of loss sustained by any Insured shall fully release Underwriters on account of such loss. If the first named Insured ceases to be covered under Section 2 of the Policy, the Insured next named shall thereafter be considered as the first named Insured. Knowledge possessed or discovery of any loss in excess of USD100,000 by the first named Insured's General Counsel or Corporate Risk Manager shall constitute knowledge or discovery by all Insureds for all purposes of this Section 2 of the Policy. The liability of Underwriters for a loss or losses sustained by all Insureds shall not exceed the amount for which Underwriters would have been liable had all such loss or losses been sustained by one Insured. Underwriters shall not be liable for loss sustained by one Insured to the advantage of any other Insured.

E. COURT COSTS, ATTORNEYS' FEES AND ELECTION BY UNDERWRITERS TO DEFEND

Underwriters shall indemnify the Insured against court costs and reasonable attorneys' fees incurred and paid by the Insured in defending any suit or legal proceeding brought against the Insured with respect to which the Insured establishes that the act or acts which were committed would entitle the Insured to recovery under an Insuring Agreement of this Section of the Policy in excess of any deductible if any loss resulted therefrom. Court costs and attorneys' fees indemnified to the Insured shall be part of and not in addition to the Aggregate Policy Limit under Item 7 of the Schedule for this Section of the Policy or, if applicable, the lesser amounts under Item 8 of the Schedule for this Section of the Policy.

The Insured shall promptly give notice to Underwriters of the institution of any such suit or legal proceeding and at the request of Underwriters shall furnish them with copies of all pleadings and other papers therein. At Underwriters' election the Insured shall permit Underwriters to conduct the defense of such suit or legal proceeding, in the Insured's name, through attorneys of Underwriters' selection. In such event, the Insured shall give all reasonable information and assistance which Underwriters shall deem necessary to the defense of such suit or legal proceeding.

If Underwriters pay court costs and attorneys' fees in excess of their proportionate share of such costs and attorneys' fees, the Insured shall promptly reimburse Underwriters for such excess.

F. DISCOVERY

This Section of the Policy applies to loss discovered by the first named Insured's General Counsel or Corporate Risk Manager during the Policy Period. Discovery occurs when the first named Insured's General Counsel or Corporate Risk Manager first become aware of facts which would cause a reasonable person to assume that a loss in excess of USD100,000 of a type covered by this Section of the Policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details may not then be known.

Discovery also occurs when the first named Insured's General Counsel or Corporate Risk Manager receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a loss in excess of USD100,000 under this Section 2 of the Policy.

G. POLICY LIMITS

Aggregate Policy Limit

Underwriters' total liability under this Section of the Policy for all losses discovered during the policy period shown in Item 3 of the Schedule shall not exceed the Aggregate Policy Limit shown in Item 7 of the Schedule for this Section of the Policy. The Aggregate Policy Limit shall be reduced by the amount of any payment made under the terms of this Section of the Policy.

Upon exhaustion of the Aggregate Policy Limit by such payments:

- (a) Underwriters shall have no further liability under this Section of the Policy for loss or losses regardless of when discovered and whether or not previously reported to Underwriters, and
- (b) Underwriters shall have no obligation under General Condition E of this Section of the Policy to pay court costs and attorneys' fees or to continue the defense of the Insured, and upon notice by Underwriters to the Insured that the Aggregate Policy Limit has been exhausted, the Insured shall assume all responsibility for its defense at its own cost.

The Aggregate Policy Limit shall not be increased or reinstated by any recovery made and applied in accordance with General Condition J.

Single Loss Limit

Subject to the Aggregate Policy Limit remaining available for the payment of loss, Underwriters' liability under this Section of the Policy for any Single Loss shall not exceed the applicable Single Loss Limit shown in Item 8 of the Schedule. If a Single Loss is covered under more than one Insuring Agreement or Coverage Extension, the maximum payable under this Section of the Policy shall not exceed the largest applicable Single Loss Limit.

Single Loss Defined

Single Loss means all covered loss, including court costs and attorneys' fees incurred by the Insured or Underwriters under General Condition E, resulting from

- (a) any one act or series of related acts or attempts thereat, or
- (b) all acts or omissions other than those specified in (a) preceding, caused by any person or in which such person is implicated, or
- (c) any one casualty or event not specified in (a) or (b) preceding.

The meaning of 'Single Loss' to be applied, as set forth in subparagraphs (a) to (c) inclusive shall be that which includes the highest amount of loss.

H. NOTICE/PROOF - LEGAL PROCEEDINGS AGAINST UNDERWRITERS

- (a) At the earliest practicable moment, after discovery of any loss under this Section 2 of the Policy by the first named Insured's General Counsel or Corporate Risk Manager which exceeds or has the potential to exceed USD100,000, the Insured shall give Underwriters notice thereof.
- (b) Within six (6) months after such discovery, the Insured shall furnish to Underwriters proof of loss, duly sworn to with full particulars.
- (c) If any limitation embodied in this Section of the Policy is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.
- (d) This Section 2 of the Policy affords coverage only in favor of the Insured. No suit, action or legal proceedings shall be brought hereunder by any one other than the named Insured.

I. VALUATION

Money

Any loss of money, or loss payable in money which is covered by this Section of the Policy, shall be paid, at the option of the Insured, in the money of the country in which the loss was sustained or in the United States of America dollar equivalent thereof determined at the rate of exchange at the time of payment of such loss.

Securities

Underwriters shall settle in kind their liability under this Section of the Policy on account of a loss of any security, including Electronic Securities, or, at the option of the Insured, shall pay to the Insured the cost of replacing such security, determined by the market value thereof at the time of such settlement. In case of a loss of subscription, conversion or redemption privileges through the loss of any security, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such security cannot be replaced or has no quoted market value, or if such privileges have no quoted market value, their value shall be determined by agreement or arbitration.

If the applicable coverage of this Section of the Policy is subject to a Deductible Amount and/or is not sufficient in amount to indemnify the Insured in full for the loss of any security for which claim is made hereunder, the liability of Underwriters under this Section of the Policy is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount of such applicable coverage.

Electronic Data Processing Media, Electronic Data and Electronic Computer Programs

In case of loss of, or damage to, Electronic Data Processing Media used by the Insured in its business, Underwriters shall be liable under this Section of the Policy only if such items are actually reproduced by other Electronic Data Processing Media of the same kind or quality and then for not more than the cost of the blank media plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such Electronic Data Processing Media, subject, of course, to the applicable Limit of Indemnity.

In case of loss of Electronic Data or Electronic Computer Programs which is covered by this Section of the Policy, Underwriters shall be liable under this Section of the Policy only if such Electronic Data or Electronic Computer Programs are actually reproduced by other Electronic Data or Electronic Computer Programs of the same kind or quality and then for not more than the cost of labor for the actual transcription or copying of data or programs which shall have been furnished by the Insured in order to reproduce such Electronic Data or Electronic Computer Programs subject, of course, to the applicable Limit of Indemnity.

However, if such Electronic Data cannot be reproduced and said Electronic Data represents securities, or financial instruments having a value, including Evidences of Debt, then the loss will be valued as indicated in the Securities and Other Property paragraphs of this Section.

Other Property

In case of loss of, or damage to, any property other than money, securities or Electronic Data Processing Media, Underwriters shall not be liable under this Section of the Policy for more than the actual cash value of such property. Underwriters may, at their election, pay the actual cash value of, replace or repair such property. Disagreement between the Underwriters and the Insured as to the cash value or as to the adequacy of repair or replacement shall be resolved by arbitration.

J. ASSIGNMENT - SUBROGATION - RECOVERY - CO-OPERATION

- (a) In the event of payment under this Section of the Policy, the Insured shall deliver, if so requested by Underwriters, an assignment of such of the Insured's rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.
- (b) In the event of payment under this Section of the Policy, Underwriters shall be subrogated to all of the Insured's rights of recovery therefor against any person or entity to the extent of such payment.
- (c) Recoveries, whether effected by Underwriters or by the Insured, shall be applied net of the expenses of such recovery first to the satisfaction of the Insured's loss which would otherwise have been paid but for the fact that it is in excess of either the Single Loss Limit or Aggregate Policy Limit of this Section of the Policy, secondly, to Underwriters as reimbursement of amounts paid in settlement of the Insured's claim, and thirdly, to the Insured in satisfaction of any Deductible Amount. Recovery on account of loss of securities as set forth in General Condition I or recovery from reinsurance and/or indemnity of Underwriters shall not be deemed a recovery as used herein.
- (d) Upon Underwriters' request and at reasonable times and places designated by Underwriters the Insured shall
 - 1. submit to examination by Underwriters and subscribe to the same under oath; and
 - 2. produce for Underwriters' examination all pertinent records; and
 - 3. co-operate with Underwriters in all matters pertaining to the loss.
- (e) The Insured shall execute all papers and render assistance to secure to Underwriters the rights and causes of action provided for herein. The Insured shall do nothing after discovery of loss to prejudice such rights or causes of action.

K. OTHER INSURANCE OR INDEMNITY

It is agreed that in the event of loss, this Section of the Policy, insofar as it covers loss also covered by other insurance or indemnity, shall only pay the amount by which such loss (not exceeding the Aggregate Limit of Indemnity or any applicable Sub-Limit stated herein) exceeds the amount

- (i) of the Deductible herein, or
- (ii) paid or due under such other insurance or indemnity

whichever of (i) or (ii) be the greater.

As excess insurance this Section of the Policy shall not apply or contribute to the payment of any loss until the amount of such other insurance or indemnity shall have been exhausted by reason of paid losses.

L. OWNERSHIP

This Section of the Policy shall apply to loss of property and loss of Electronic Data Processing Media and Electronic Data owned by the Insured, held by the Insured in any capacity or for which the Insured is legally liable. This Section of the Policy shall be for the sole use and benefit of the Insured named in the Schedule.

M. DEDUCTIBLE AMOUNT/NOTICE OF LOSS WITHIN DEDUCTIBLE

Underwriters shall be liable hereunder only for the amount by which any Single Loss exceeds the Single Loss Deductible shown in Item 9 of the Schedule or other insurance or indemnity as provided in General Condition K above, subject to the Single Loss Limit for such Insuring Agreement or Coverage Extension and the Aggregate Policy Limit remaining available for the payment of the loss.

If a Loss is covered under more than one Insuring Agreement or Coverage Extension the largest Deductible amount of any one Insuring Agreement or Coverage Extension shall be applicable to such Loss.

The Insured shall, in the time and in the manner prescribed in this Section of the Policy, give Underwriters notice of any loss of the kind covered by the terms of this Section of the Policy, whether or not Underwriters are liable therefor, and upon the request of Underwriters shall file with it a brief statement giving particulars concerning such loss.

N. TERMINATION OR CANCELLATION

This Section of the Policy shall be deemed terminated or cancelled as an entirety

- (a) in the event of non-payment of the premium herein, as set out in the Premium Payment Clause (LSW3000 (Amended) attached hereto or
- (b) as to any Insured immediately upon the taking over of such Insured by a receiver or other liquidator or by State or Federal officials, or
- (c) as to any Insured immediately upon the taking over of such Insured by another institution, or
- (d) immediately upon exhaustion of the Aggregate Policy Limit, or
- (e) immediately upon expiration of the policy period as set forth in Item 3 of the Schedule.

Underwriters shall, on request, refund to the Insured the unearned premium, computed pro-rata, if this Policy be terminated or cancelled, unless for non-payment of premium, for which event Underwriters shall retain the pro rata proportion of the premium hereon.

This Section of the Policy shall be deemed terminated or cancelled as to any Service Bureau

- (a) as soon as the first named Insured's General Counsel or Corporate Risk Manager shall learn of any dishonest or fraudulent act committed by any partner, director, officer or employee of any such Service Bureau at any time against the Insured or any other person or entity, without prejudice to the loss of any property then in transit in the custody of such person, or

- (b) fifteen (15) days after the receipt by the Insured of a written notice from Underwriters of their desire to terminate or cancel this Section of the Policy as to such person.

Termination of this Section of the Policy as to any Insured terminates liability for any loss sustained by such Insured which is discovered after the effective date of such termination.

O. ACTION AGAINST SERVICE BUREAU OR CUSTOMER

This Section of the Policy does not afford coverage in favor of any Service Bureau or customer as aforesaid, and upon payment to the Insured by the Underwriters on account of any loss through fraudulent or dishonest acts committed by any of the partners, directors, officers or employees of such Service Bureau or customer whether acting alone or in collusion with others, an assignment of such of the Insured's rights and causes of action as they may have against such Service Bureau or customer by reason of such acts so committed shall, to the extent of such payment, be given by the Insured to the Underwriters, or to one of the Underwriters designated by Underwriters, and the Insured shall execute all papers necessary to secure to the Underwriters, or to one of the Underwriters designated by Underwriters, the rights herein provided for.

P. FRAUD

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Section of the Policy shall become void and all claims thereafter shall be forfeited; except to the extent that the **Assured** has made a claim in good faith and upon discovering the claim to be fraudulent, withdraws it immediately. No statement made by or on behalf of the Insured, whether contained in the Proposal Form or otherwise, shall be deemed to be a warranty of anything except that it is true to the best of the knowledge and belief of the person making the statement.

SECTION 3:

**FINANCIAL INSTITUTIONS
PROFESSIONAL INDEMNITY**

THIS IS A **CLAIMS** MADE AND REPORTED POLICY SECTION. SUBJECT TO ITS TERMS, THIS SECTION OF THE POLICY APPLIES ONLY TO ANY **CLAIM** FIRST MADE DURING THE **POLICY PERIOD** PROVIDED SUCH **CLAIM** IS REPORTED TO UNDERWRITERS AS SOON AS PRACTICABLE BUT IN NO EVENT LATER THAN 60 DAYS AFTER THE END OF THE **POLICY PERIOD**. AMOUNTS INCURRED AS **COSTS, CHARGES AND EXPENSES** SHALL REDUCE AND MAY EXHAUST THE LIMIT OF LIABILITY FOR THIS SECTION AND ARE SUBJECT TO THE RETENTIONS. THIS SECTION OF THE POLICY DOES NOT PROVIDE FOR ANY DUTY BY UNDERWRITERS TO DEFEND THE **ASSUREDS** OR ANY ENTITY COMPRISING THE **COMPANY**.

FIPI94 (AMENDED)

**DECLARATIONS FOR THIS SECTION 3 OF THIS
FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY POLICY**

Policy No.: 576/MNA851300

These Declarations along with the completed and signed **Applications** and this Section 3 of the Policy with any endorsements shall be deemed to constitute two separate contracts as follows:

- (i) between Underwriters and all entities which are referred to in Item A1 below as part of the **Company** and
- (ii) between Underwriters and all entities which are referred to in Item A2 below as part of the **Company**.

Item A. Company **1.** **Stanford Financial Group Company** and other entities set forth in the attached 'Schedule of Insureds / Assureds 1' and the **Subsidiaries**, associated, allied and affiliated companies of any of the foregoing (and the interests of such **Subsidiaries**, associated, allied and affiliated companies as such interests may appear) which now exist or hereafter may be constituted or acquired in accordance with General Condition B (Adjustment Clause), Definitions D (Company) and Definitions M (Subsidiary) and any and all Employee Welfare, Benefit, Pension, Stock Option and Profit Sharing Plans owned, controlled, operated or related to any entity referred to above.

Principal Address: 1000 Airport Boulevard
 St John's
 Antigua
 West Indies.

2. **Stanford Group Company**, and other entities set forth in the attached 'Schedule of Insureds / Assureds 2' and the **Subsidiaries**, associated, allied and affiliated companies of any of the foregoing (and the interests of such **Subsidiaries**, associated, allied and affiliated companies as such interests may appear) which now exist or hereafter may be constituted or acquired in accordance with General Condition B (Adjustment Clause), Definitions D (Company) and Definitions M (Subsidiary) and any and all Employee Welfare, Benefit, Pension, Stock Option and Profit Sharing Plans owned, controlled, operated or related to any entity referred to above.

Principal Address: 5050 Westheimer
 Houston
 Texas
 77056
 USA

In applying the terms, conditions and limitations of each such contract, "**Company**" when used in this Section of the Policy shall be construed in accordance with the separate contracts referred to in (i) and (ii) above. The **Parent Company** for the purposes of such separate contracts shall be Stanford Financial Group Company for (1) above and Stanford Group Company for (2) above.

Item B. Policy Period: **From 15th August, 2008 to 15th August, 2009**, both days at 12:01 a.m. Local Standard Time at the address stated for the **Company** in Item A above.

Item C. Limit of Liability:

For all entities combined referred to in Item A1 above:

USD 5,000,000 each single **Claim** but
USD 10,000,000 in the aggregate annually,
inclusive of costs and expenses but sub-limited to USD 2,000,000 in the
aggregate in respect of coverage for the legal work provided by the licensed
attorneys of Stanford Financial Group Company on behalf of any company
owned one hundred per cent (100%) by R. Allen Stanford and not otherwise
covered by this Policy.

and, separately for all entities combined referred to in Item A2 above:

USD 5,000,000 each single **Claim** but
USD 10,000,000 in the aggregate annually,
inclusive of costs and expenses.

Item D. Retention:

USD 250,000 each **Claim** including **Costs, Charges and Expenses** (except
for Caribbean Sun Airlines, Inc. Caribbean Airlines Services, Inc. Stanford
Corporate Services, Inc. Stanford Development Corporation, Stanford Eagle,
LLC, Stanford Financial Group Company, Stanford Aviation, LLC, Stanford
Aviation II, LLC, Stanford Aviation III, LLC, Stanford Aviation 5555, LLC,
Stanford Aircraft, LLC, Stanford Capital Management, LLC, Stanford Coins &
Bullion, Inc, Stanford Family Office, LLC, Stanford Financial Group Building,
Inc, Stanford Leasing Company, Inc, Stanford Venture Capital Holdings, Inc,
SFG Majestic Holdings, LLC, Stanford Corporate Holdings International, Inc,
Stanford Funds Administrator, LLC, Stanford Galleria Buildings, LP Stanford
Galleria Buildings Management, LLC, Apartment Household, Inc, Casuarina
20, LLC, Harbor Key Corp. II, Stanford St. Croix Ventures, LLC, Stanford
Real Estate Acquisition, LLC, Stanford Caribbean Investments, LLC, R. Allen
Stanford, LLC, Stanford Financial Group Global Management, LLC, Stanford
Global Advisory, LLC, Stanford 20*20, LLC, Stanford Caribbean, LLC,
Christiansted Downtown Holdings, LLC, 16 NE Hungingdom, Stanford
Financial Group, Ltd (IBC), Stanford International Bank, Ltd (IBC), Bank of
Antigua, Ltd, Stanford Trust Company, Ltd (IBC), Stanford Group (Antigua)
Ltd. and Stanford Group Company).

The Single Loss Deductible for Caribbean Sun Airlines, Inc. Caribbean
Airlines Services, Inc. Stanford Corporate Services, Inc. Stanford
Development Corporation, Stanford Eagle, LLC, Stanford Financial Group
Company, Stanford Aviation, LLC, Stanford Aviation II, LLC, Stanford Aviation
III, LLC, Stanford Aviation 5555, LLC, Stanford Aircraft, LLC, Stanford Capital
Management, LLC, Stanford Coins & Bullion, Inc, Stanford Family Office,
LLC, Stanford Financial Group Building, Inc, Stanford Leasing Company, Inc,
Stanford Venture Capital Holdings, Inc, SFG Majestic Holdings, LLC,
Stanford Corporate Holdings International, Inc, Stanford Funds Administrator,
LLC, Stanford Galleria Buildings, LP Stanford Galleria Buildings
Management, LLC, Apartment Household, Inc, Casuarina 20, LLC, Harbor
Key Corp. II, Stanford St. Croix Ventures, LLC, Stanford Real Estate
Acquisition, LLC, Stanford Caribbean Investments, LLC, R. Allen Stanford,
LLC, Stanford Financial Group Global Management, LLC, Stanford Global
Advisory, LLC, Stanford 20*20, LLC, Stanford Caribbean, LLC, Christiansted
Downtown Holdings, LLC, 16 NE Hungingdom, Stanford Financial Group, Ltd
(IBC), Stanford International Bank, Ltd (IBC), Bank of Antigua, Ltd, Stanford
Trust Company, Ltd (IBC), Stanford Group (Antigua) Ltd. and Stanford Group
Company) is:

USD 750,000 each **Claim** including **Costs, Charges and Expenses**

Item E. Insured Percentage: 100% of **Loss**.

Item F. Premium:

For all insurance afforded to the Company in Item A1 above:

USD 55,303.77 being this policy's proportion of USD 60,112.80 (100% per annum)

For all insurance afforded to the Company in Item A2 above:

USD 371,950.48 being this policy's proportion of USD 404,294.00 (100% per annum)

Item G. Premium for
Optional Extension
Period:

(1) 175% of the premium for the **Company** in F above

(2) 365 days

Item H. Notification pursuant
To Clause VI shall be
given to:

Willis Limited,
FINEX – Claims Department,
51 Lime Street,
London EC3M 7DQ,
UK

Item I. Date of
Application:

All as held on file by Willis Limited, which are deemed seen and accepted by Underwriters (including Significant Changes letter (Barbara Fortin) dated 23rd June 2006 updating Significant Changes letter (Barbara Fortin) dated 12th July 2005).

Dated In London: the 25th day of JULY, 2008.

SECTION 3: FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY INSURANCE

In consideration of the payment of the premium, in reliance on the statements in the **Application** and subject to all of the provisions of this Section 3 of the Policy, Underwriters and the **Assureds** agree as follows.

I. **INSURING CLAUSE**

Underwriters shall reimburse the **Assureds** for **Loss** resulting from any **Claim** first made during the **Policy Period** for a **Wrongful Act** in the performance of **Professional Services**.

II. **DEFINITIONS**

The following terms whenever used in this Section 3 of the Policy in boldface type shall have the meanings indicated.

A. **Application** means:

- (1) the applications for this Policy or any policy of which this Policy is a renewal, and
- (2) any materials submitted therewith, which shall be retained on file by Underwriters or Willis Limited and be deemed attached hereto, as if physically attached hereto.

B. **Assureds** means the **Company** and the **Directors, Officers and Employees**.

C. **Claim** means any written demand for monetary or non-monetary damages or other relief (including injunctive relief) or judicial or administrative proceeding (including any appeal therefrom) initiated against any of the **Assureds** in which they may be subjected to a binding adjudication of liability for damages or such relief.

D. **Company** means:

- A. all entities referred to in Item A of the Declarations for this Section 3 of the Policy
- B. any **Subsidiary**
- C. any company owned one hundred per cent (100%) by R. Allen Stanford and not otherwise covered by this Section 3 of the Policy but solely in respect of the legal work provided by the licensed attorneys of Stanford Financial Group Company.

E. **Corporate Takeover** means:

- (1) the acquisition by any person or entity of more than 50% of the outstanding securities of the **Parent Company** representing the present right to vote for the election of directors, or
- (2) the merger of the **Parent Company** into another entity such that the **Parent Company** is not the surviving entity, or
- (3) the consolidation of the **Parent Company** with another entity, or the acquisition of substantially all of the assets of the **Parent Company** by another entity, or
- (4) the appointment of a conservator, receiver or administrator to manage the affairs of the **Parent Company**, or
- (5) the **Parent Company** ceasing to be privately held.

F. Costs, Charges and Expenses means reasonable and necessary legal fees and expenses and cost of attachment or similar bonds incurred by the **Assureds** in defense or appeal of any **Claim**, but shall not include:

- (1) directors' fees, salaries, wages, overhead or benefit expenses associated with directors, officers or employees of the **Company**, or
- (2) any amounts incurred in defense of any **Claim** for which any other insurer has a duty to defend.

G. Directors, Officers and Employees means

- (1) all persons who were, now are, or shall be directors, officers or employees of the **Company**
- (2) employees of Ansbacher solely whilst acting in their capacity as directors, officers or employees of Stanford Group (Suisse) A.G.
- (3) licensed attorneys of Stanford Financial Group Company not otherwise covered by this Section 3 of the policy, in respect of legal work, including but not limited to legal opinions provided to third parties, provided on behalf of any company owned one hundred per cent (100%) by R. Allen Stanford.

including their estates, heirs, legal representatives or assigns in the event of their death, incapacity or bankruptcy.

H. Interrelated Wrongful Acts means **Wrongful Acts** which have as a common nexus any fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions or common originating cause.

I. Loss means damages, settlements, **Costs, Charges and Expenses** and amounts payable under Restitution Orders incurred by any of the **Assureds**, but shall not include:

- (1) punitive or exemplary damages or that portion of any multiplied damages award which exceeds the amount multiplied except:
 - (a) exemplary damages awarded for defamation; and
 - (b) punitive damages to the extent permitted to be insured by law in the jurisdiction in which the claim is brought;
- (2) taxes, criminal or civil fines or penalties imposed by law except when incurred by any third party or third parties as a result of any **Wrongful Act(s)**; or
- (3) matters deemed uninsurable under the law pursuant to which this Policy shall be construed

Subparagraph (3) above shall not be construed to apply to multiple damages.

For the purposes of this Definition, "Restitutionary Order" means an order made by a court or a regulatory authority pursuant to which the **Assured** are required to pay to the such court or regulatory agency or a Claimant compensation to the extent of the financial loss suffered by the Claimant as a result of the Insured acts or omissions, provided always that:

- (i) it is the Claimant who has suffered the financial loss; **and**
- (ii) if any amount is required to be paid to a regulatory agency, such agency is required to pay the said amount to the Claimant

For the purposes of this Definition Claimant means any third party to whom the Insured owed a legal duty.

Restitutionary Order does **not** mean an order pursuant to which the Insured are required to pay to any party any profits or fees or commissions or other charges which have accrued or been paid (or are owing or payable) to the Insured.

- J. Parent Company** means the entity identified as such in Item A of the Declarations for this Section 3 of the Policy.
- K. Policy Period** means the period from the effective date and hour of this Policy to the Policy expiration date and hour as set forth in Item B. of the Declarations for this Section 3 of the Policy, or its earlier cancellation date and hour, if any.
- L. Professional Services** means activities allowed under the law and regulations governing services provided:
- (1) by the **Assureds** or
 - (2) by any entity or person for whose activities the **Company** may be vicariously liable
- which are performed for or on behalf of any client or customer of the **Company** regardless of whether a fee is charged for such services and regardless of whether the **Company** commenced providing such services on or after the effective date of this policy.
- M. Subsidiary** means any corporate entity while more than 50% of the outstanding securities representing the present right to vote for the election of such entity's directors are owned directly or indirectly by one or more of the entities comprising the **Company**, if such entity:
- (1) was so owned prior to the inception date of this Policy and was insured under a policy issued by Underwriters of which this Policy is a renewal; or
 - (2) was so owned on the inception date of this Policy and is named in the **Application**; or
 - (3) becomes so owned after the inception date of this Policy **provided** the provisions of Clause VII B are fulfilled.
- N. Wrongful Act** means any actual or alleged negligent error, negligent omission or negligent act or breach of trust or of constructive trust or of fiduciary duty or breach of professional duty in rendering or failing to render **Professional Services**.

III. EXCLUSIONS

Underwriters shall not be liable under this Section 3 of the Policy to make any payment in connection with any **Claim**:

- A.** for bodily injury, sickness, disease or death of any person or damage to or destruction of tangible property (including loss of use thereof), but this Exclusion shall not apply:
- (i) to documents held by the **Assured** in any capacity unless such loss or destruction is insured under Section 1 of this Policy; or
 - (ii) loss of tangible property of any third party as a result of advice given as part of the provision of or failure to provide **Professional Services**.
- B.** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
- (1) any **Wrongful Act** or any fact, circumstance or situation which has been the subject of any notice given prior to the **Policy Period** under any other policy and which at any time prior to inception of this policy could reasonably have been considered likely to give rise to a **Claim** of more than USD100,000 under this Section 3 of the Policy, or

- (2) any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** which has been the subject of such notice, would constitute **Interrelated Wrongful Acts**;
- C. to the extent that the **Loss** resulting from such **Claim** can be directly recovered by the **Assured** (or could be so recovered but for the existence of this Section of the Policy) under any other existing valid policy of insurance, except for the amount by which such **Loss** exceeds (i) the amount so recoverable under such other policy and (ii) the retention, excess or deductible provided under this policy;
- D. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, actual or alleged seepage, pollution or contamination of any kind;
- E. brought about or contributed to in fact by any dishonest, fraudulent, or criminal act or omissions or any personal profit or advantage gained by any of the **Directors, Officers and Employees** to which they were not legally entitled, provided, however, no **Wrongful Act** shall be imputed to any other person for the purpose of determining the applicability of this Exclusion.
- F. against any of the **Directors, Officers and Employees** of any **Subsidiary**, or against any **Subsidiary** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:
- (1) any **Wrongful Act** occurring prior to the date such entity became a **Subsidiary** or subsequent to the date such entity ceased to be a **Subsidiary**, or
- (2) any **Wrongful Act** occurring while such entity was a **Subsidiary** which, together with a **Wrongful Act** occurring prior to the date such entity became a **Subsidiary**, would constitute **Interrelated Wrongful Acts**;
- G. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving, any **Wrongful Act** actually or allegedly committed subsequent to a **Corporate Takeover**;
- H. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any employee pension, welfare, benefit or retirement plan or trust sponsored, established or maintained in whole or in part for the benefit of any of the employees of the **Company** except those as set forth in Item A of the Declarations for this Section 3 of the Policy;
- I. for legal liability assumed by the **Company** under the terms, conditions or warranties of any contract or agreement, or by virtue of any waiver or release from liability of any third party, except to the extent that liability would have attached to any of the **Assureds** in the absence thereof. This Exclusion shall not apply to:
- (i) liability which accrues as a result of a joint and several liability clause in a joint engagement;
- (ii) breach of a contractual duty to exercise reasonable skill and care giving rise to liability on the part of the **Assured** which would otherwise be covered under I. Insuring Clause.

- J.** for legal liability arising by virtue of the **Company** purchasing or participating in any loan or transaction in the nature of a loan not originating with the **Company**, or for that portion of any **Claim** representing the principal amount plus interest of any loan or extension of credit originating with the **Company**;
- K.** made against any of the **Assureds** by or at the behest of any federal or state government, governmental body or governmental agency, except when acting solely in the capacity of a customer or client of the **Company** or on behalf of a customer or client of the **Company**.
- L.** by or on behalf of or at the behest of any security holder of the **Company** when such **Claim** is in any way related to any interest in such security;
- M.** (1) for depreciation (or failure to appreciate) in value for any investment including securities, commodities, currencies, leased products or service, options and futures transactions unless caused by a **Wrongful Act** of the **Assured**, or
(2) as the result of any actual guarantee or warranty provided by or on behalf of any of the **Assureds** as to the performance of any such investment.
- N.** where, and to the extent that, the **Loss** by reason of such **Claim** represents the return by the **Assureds** of excessive fees, commissions, costs or other charges;
- O.** for liability of the **Assured** in the capacity of insurer or reinsurer under any policy of insurance or reinsurance.
- P.** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any actual or attempted merger, purchase or acquisition of another entity by the **Company** or any purchase or sale transactions in the shares of the **Company** except to the extent that any of the **Assureds** is acting upon the specific prior instructions of a customer or client of the **Company**;
- Q.** based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the bankruptcy of, insolvency of, or suspension of payment by any bank or banking firm, insurance company, broker or dealer in securities or commodities or any other financial institution.
This Exclusion shall not apply to advice given in providing or failing to provide **Professional Services**.
- R.** for any Intentional **Corporate or Business Policy**.
“**Corporate or Business Policy**” as used in this Exclusion shall mean any policy which has been approved, condoned, ratified or endorsed by two or more members of the ‘**Assured’s Management**’ and which results in:
(a) a financial disadvantage to two or more of the **Assured’s** Clients
and
(b) the **Assured** making a financial gain to which they were not entitled, whether or not such gain was returned.
The “**Assured’s Management**” shall be deemed to be R. Allen Stanford, James Davis and James Stanford.
- S.** arising directly or indirectly as a result of or in connection with any act or acts (or alleged act or acts) which are in breach of and/or constitute an offence or offences under any **Money Laundering** legislation (or any provisions and/or rules or regulations made by any regulatory body or authority thereunder).
The words, “**Money Laundering**” as used in this Exclusion shall mean:
(1) the concealment or disguise or conversion or transfer or removal of **Criminal Property** (including concealing or disguising its nature, source, location, disposition, movement or ownership or any rights relating thereto); or

- (2) the entering into or becoming in any way concerned in an arrangement which is known or suspected to facilitate (by whatever means) the acquisition, retention, use or control of **Criminal Property** by or on behalf of another person; or
- (3) the acquisition, use or possession of **Criminal Property**, or
- (4) any act which constitutes an attempt, conspiracy or incitement to commit any act or acts mentioned in the foregoing paragraphs (1), (2) or (3);
- (5) any act which constitutes aiding or abetting, counselling or procuring any act or acts mentioned in the foregoing paragraphs (1), (2) or (3).

"**Criminal Property**" as used in this Exclusion means property which constitutes a benefit obtained from, or as a result of, or in connection with **Criminal Conduct** or represents such a benefit (in whole or in part and whether directly or indirectly) which the Assured (or any person or entity acting on their behalf) knows or suspects or reasonably should have known or suspected that it constitutes or represents such a benefit.

"**Criminal Conduct**" as used in this Exclusion means conduct which constitutes (or would constitute) an offence in any part of the world.

Any **Money Laundering** committed by one **Assured** shall not be imputed to another.

- T. based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

- (1) any prior and/or pending litigation as of 12.01 a.m. Local Standard Time on 1st January, 1999 or
- (2) any fact, circumstance, situation, transaction or event underlying or alleged in such litigation, regardless of the legal theory upon which such **Claim** is predicated.

- U. directly or indirectly arising out of, resulting from or in any way related to **Fungi** whether or not there is another cause of **Loss** which may have contributed concurrently or in any sequence to a **Loss**.

"**Fungi**" as used in this Exclusion shall mean any fungus or mycota or any byproduct or type or infestation produced by such fungus or mycota, including but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.

- V. directly or indirectly arising out of, resulting as a consequence of, or related to, the manufacture, mining, processing, distribution, testing, remediation, removal, storage, disposal, sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of **Loss** which may have contributed concurrently or in any sequence to a **Loss**.

- W. based upon, arising from, or in any way attributable to lead or lead containing products.

- X. (a) arising out of or in connection with any circumstances or occurrences which have been notified to the Insurer on any other insurance affected prior to the inception of this Policy;
- (b) arising out of or in connection with any circumstances or occurrences known to the **Assured** at inception of this Policy which could reasonably be expected to give rise to **Loss** of more than USD 100,000 under this Policy.

Solely for the purposes of knowledge as required by point (b) above, the term "**Assured**" shall mean:

the first named Assured's General Counsel or Corporate Risk Manager.

- Y. arising out of **Loss**, damage, **Costs, Charges or Expenses** of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the **Loss**;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(2) any **Act of Terrorism**.

For the purpose of this exclusion an **Act of Terrorism** means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes **Loss, damage, Costs, Charges or Expenses** of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

Z. brought against Stanford Bank, S.A., Banco Comercial (formerly known as Banco Galicia de Venezuela, CA or Banco Comercial C.A.), or any of their **Directors, Officers and Employees**, based upon, arising out of, directly or indirectly resulting from or in consequence of or in any way involving:

- (1) any **Wrongful Act** actually or allegedly committed prior to 12.01 a.m. Local Standard Time on 14th February 2005, or
- (2) any **Wrongful Act** occurring on or subsequent to 12.01 a.m. Local Standard Time on 14th February 2005 which, together with a **Wrongful Act** occurring prior to such date would constitute **Interrelated Wrongful Acts**.

ADDITIONAL EXCLUSIONS APPLICABLE TO THIS SECTION 3 OF THE POLICY

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD)

This section of the policy does not apply:-

- I.** Under any Liability Coverage, to injury, sickness, disease, death or destruction
 - (a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- II.** Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect of bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- III.** Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
 - (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

- (c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this Exclusion:

"hazardous properties" include radioactive, toxic or explosive properties; **"nuclear material"** means source material, special nuclear material or byproduct material; **"source material"**, **"special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; **"spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; **"waste"** means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; **"nuclear facility"** means

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; **"nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word **"injury"** or **"destruction"** includes all forms of radioactive contamination of property.

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE-LIABILITY-DIRECT

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

13/2/64 N.M.A. 1477

IV. LIMIT OF LIABILITY, RETENTIONS AND DATE OF CLAIM

For the purposes only of this Section 3 of the Policy:

- A.** Underwriters shall be liable to pay the percentage of **Loss** set forth in Item E. of the Declarations for this Section 3 of the Policy in excess of the amount of the Retention in such Declarations up to the Limit of Liability in such Declarations, it being warranted that the Retention shall be uninsured.
- B.** The amount shown in Item C. of the Declarations for this Section 3 of the Policy shall be the maximum Limit of Liability of Underwriters under this Policy for each single **Claim** and in the aggregate for all such **Claims**.

- C. More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to constitute a single **Claim** and shall be deemed to have been made at the earliest of the following times:
 - 1. the time at which the earliest **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** is first made, or
 - 2. the time at which the **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed to have been made pursuant to Clause VI. B.
- D. A **Claim** is considered to be made at the earliest date first filed with the court of any jurisdiction for the purposes of legal action against the **Assured**.
- E. any payments of **Loss** by the Underwriters shall reduce the Limit of Liability by the amount of such payment(s).
- F. Underwriters shall reimburse **Loss** only upon the final disposition of any **Claim**; provided, however, that Underwriters at their sole discretion may elect to advance **Costs, Charges and Expenses** at any time.

V. SETTLEMENTS AND DEFENSE

For the purposes only of this Section 3 of the Policy:

- A. No settlement shall be made and no **Costs, Charges and Expenses** shall be incurred without Underwriters' consent, such consent not to be unreasonably withheld.
- B. It shall be the duty of the **Assureds** and not the duty of Underwriters to defend **Claims**.

VI. NOTIFICATION

For the purposes only of this Section 3 of the Policy:

- A. The **Assureds** shall, give to Underwriters notice in writing of any **Claim** as soon as practicable but in no event later than 60 days after the end of the **Policy Period**.

Claims shall not be deemed to have been made against the **Assured** until the time when the General Counsel or Corporate Risk Manager of the **Parent Company** shall first become aware that such **Claim** has been made against any **Assured** which the General Counsel or Corporate Risk Manager of the **Parent Company** believes will exceed USD 100,000.
- B. If during the **Policy Period** the **Assureds** first become aware of a specific **Wrongful Act** which the General Counsel or Corporate Risk Manager of the **Parent Company** believes will exceed USD 100,000, and if the **Assureds** during the **Policy Period** give written notice to Underwriters as soon as practicable of:
 - (1) the specific **Wrongful Act**, and
 - (2) the consequences which have resulted or may result therefrom, and
 - (3) the circumstances by which the **Assureds** first became aware thereof,then any **Claim** made subsequently arising out of such **Wrongful Act** shall be deemed for the purposes of this Policy to have been made at the time such notice was first given.
- C. Notice to Underwriters as provided for in this Clause VI. shall be given to the firm shown under Item H. of the Declarations for this Section 3 of the Policy.

VII. GENERAL CONDITIONS

The following Conditions apply only to this Section 3 of the Policy and references to "this Policy" shall be taken to refer to this Section 3 of this Policy:

A. Warranty Clause

The particulars and statements contained in the **Application**, a copy of which is deemed attached hereto, as if physically attached hereto, are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy.

By acceptance of this Policy the **Assureds** agree:

- (1) that the statements in the **Application** are their representations, that they shall be deemed material to the acceptance of the risk or the hazard assumed by Underwriters under this Policy and that this Policy is issued in reliance upon the truth of such representations. However, such representations shall not be taken as being a warranty of the truth of such statements and particulars except that after diligent enquiry by the Assured, they are true to the best of the knowledge and belief of the person making them; and
- (2) that in the event that the **Application** contains misrepresentations made with the actual intent to deceive, or contains misrepresentations which materially affect either the acceptance of the risk or the hazard assumed by Underwriters under this Policy, this Policy in its entirety shall be void and of no effect whatsoever, and
- (3) that this Policy shall be deemed to be a single unitary contract and not a severable contract of insurance or a series of individual contracts of insurance with each of the **Assureds**.

B. Adjustment Clause

- (1) This Policy is issued and the premium computed on the basis of the information submitted to Underwriters as part of the **Application**. In the event the **Company** acquires any other entity or acquires substantially all of the assets of another entity, or merges with another entity such that the **Company** is the surviving entity, or creates or acquires a **Subsidiary** as defined in Clause II.M. (3) after the inception of this Policy, no coverage shall be afforded for any **Loss** in any way involving the assets acquired or the assets, liabilities, directors, officers or employees of the entity acquired or merged with, or such **Subsidiary** unless:

- (a) written notice of such transaction or event is given to Underwriters by the **Parent Company**, and
- (b) the **Parent Company** provides Underwriters with such information in connection therewith as Underwriters may deem necessary, and
- (c) the **Assureds** accept any special terms, conditions, exclusions or additional premium charge as may be required by Underwriters, and
- (d) Underwriters, at their sole discretion, agree to provide such coverage.

Notwithstanding the foregoing,

1. newly acquired or created entities with assets which do not account for more than 15% of the consolidated assets of the group of **Assureds** [Item A.1 and A.2 of the Declarations collectively], one of which **Assureds** has effected such creation or acquisition, shall be automatically included herein as **Assureds** within such group of **Assureds** who effected such acquisition or creation (Item A.1 or A.2 of the Declarations as applicable) from the date of such acquisition or creation, and

2. 120 days automatic coverage is provided herein for all newly acquired or created entities with assets which account for more than 15% of the consolidated assets of the group of **Assureds** [Item A.1 and A.2 of the Declarations collectively], one of which **Assureds** has effected such creation or acquisition, to allow for presentation of information and agreement as provided for in (a) to (d) above. During the 120 days, such newly acquired or created entities shall be considered **Assureds** within such group of **Assureds** who effected such acquisition or creation (Item A.1 or A.2 of the Declarations as applicable) of **Assureds**.
- (2) In the event any entity ceases to be a **Subsidiary** after the inception date of this Policy, or of any policy issued by Underwriters of which this Policy is a renewal or replacement, this Policy, subject to its terms, shall continue to apply to such entity and any of the **Directors, Officers and Employees** who were directors, officers or employees of such **Subsidiary** with respect to **Claims** first made during the **Policy Period** for **Wrongful Acts** committed or allegedly committed prior to the time such entity ceased to be a **Subsidiary**.

C. Cancellation Clause

- (1) By acceptance of this Policy, the **Assureds** hereby agree that they may not cancel this Policy, except that such Policy will be cancelled immediately in respect of an **Director, Officer or Employee** as to any subsequent act, error or omission on the part of such **Director, Officer or Employee**, as soon as any **Assured** (not in collusion with such person) shall learn of any dishonest or fraudulent act or omission on the part of such **Director, Officer or Employee**.
- (2) This Policy may only be cancelled by Underwriters in the event of non payment herein, as set out in the Premium Payment Clause (LSW3000 (Amended) attached hereto, by mailing to Willis Limited notice of cancellation, to be effective 14 days after receipt by Willis Limited of such notification. The mailing of such notice shall be sufficient notice and the effective date of cancellation shall become the end of the **Policy Period**. Delivery of such written notice by Underwriters shall be equivalent to mailing. If the foregoing notice period is in conflict with any governing law or regulation, then such period shall be amended to afford the minimum notice period permitted thereunder.
- (3) If this Policy is cancelled pursuant to (2) hereinabove, Underwriters shall retain the pro rata proportion of the premium hereon. Payment or tender of any unearned premium by Underwriters shall not be a condition precedent to the effectiveness of cancellation.

D. Company Authorization Clause

By acceptance of this Policy the **Assureds** agree that the **Parent Company** will act on their behalf with respect to the giving of all notices to Underwriters, the receiving of notices from Underwriters, the payment of the premium and the receipt of any return premium.

E. Joint Assured Provision

If two or more **Assureds** are covered under this Section 3 of the Policy, the **Parent Company** shall act for all **Assureds**. Payment by Underwriters of a **Loss** to the **Parent Company** shall fully release Underwriters on account of such **Claim**. If the **Parent Company** ceases to be covered under this Section 3 of the Policy, the **Assured** next named shall thereafter be considered as the **Parent Company** for the purposes of this provision. Knowledge possessed or discovery of any **Claim** in excess of USD 100,000 by the General Counsel and Corporate Risk Manager of the **Parent Company** shall constitute knowledge or discovery by all **Assureds** for all purposes of this Section 3 of the Policy. The liability of Underwriters for a **Claim** or **Claims** made against all **Assureds** shall not exceed the amount for which Underwriters would have been liable had all such **Claim** or **Claims** been made against one **Assured**. Underwriters shall not be liable for **Claims** made against one **Assured** to the advantage of any other **Assured**.

VIII OPTIONAL EXTENSION PERIOD

- A** The **Parent Company** shall have the right, upon payment of an additional premium calculated at that percentage shown in Item G(1) of the Declarations of the total premium for this Section 3 of the Policy, to an extension of the coverage granted by this Section of the Policy with respect to any **Claim** first made during the period of time set forth in Item G(2) of the Declarations after the Policy expiration date, but only with respect to any **Wrongful Act** committed before such date.
- B** As a condition precedent to the right to purchase the **Optional Extension Period**, the total premium for this Policy must have been paid. The right to purchase the **Optional Extension Period** shall terminate unless written notice together with full payment of the premium for the **Optional Extension Period** is given to Underwriters within 30 days after the Policy expiration date. If such notice and premium payment is not so given to Underwriters, there shall be no right to purchase the **Optional Extension Period**.
- C** In the event of the purchase of the **Optional Extension Period**, the entire premium therefor shall be deemed earned at its commencement.
- D** Notwithstanding anything contained in Clause VIII. C above, in the event the **Optional Extension Period** is purchased it shall terminate forthwith on the effective date of any contract of insurance or indemnity which replaces the coverage afforded through this Section of the Policy through the **Optional Extension Period** either in whole or in part, and in any event if the **Optional Extension Period** is so terminated, Underwriters shall refund pro rata any unearned premium for the unexpired period of such extension.
- E** the exercise of the **Optional Extension Period** shall not in any way increase the Limit of Liability of Underwriters.

"**Optional Extension Period**" means the period described in General Conditions VIII.A.

IX. ASSISTANCE, COOPERATION, SUBROGATION AND RECOVERIES

- A.** The **Assureds** agree to provide Underwriters with such information, assistance and cooperation as Underwriters or their counsel may reasonably request, and they further agree that they shall not take any action which in any way increases Underwriters' exposure under this Policy.
- B.** In the event of any payments under this Policy, Underwriters shall be subrogated to the **Assureds'** rights of recovery therefor against any person or entity.
- The **Assureds** shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights including the execution of such documents as are necessary to enable Underwriters effectively to bring suit in their name, and shall provide all other assistance and cooperation which Underwriters may reasonably require.
- C.** All recoveries from third parties for payments made under this Policy shall be applied (after first deducting the costs and expenses incurred in obtaining such recovery) in the following order of priority:
- (1) the **Assureds** shall first be reimbursed for the amount by which their legal liability exceeds the amounts paid under this Policy; and

- (2) Underwriters shall then be reimbursed for the amount of their liability under this Policy, and
- (3) any remaining sum shall be applied towards reimbursement of the Retention borne by the **Assureds** under this Policy.

X. ENTIRE AGREEMENT

By acceptance of this Policy, the **Assureds** agree that this Policy embodies all agreements existing between them and Underwriters or any of their agents relating to this insurance. Notice to any agent or knowledge possessed by any agent or other person acting on behalf of Underwriters shall not effect a waiver or a change in any part of this Policy or stop Underwriters from asserting any right under the terms of this Policy, nor shall the terms be waived or changed except by written endorsement or rider issued by Underwriters to form a part of this Policy.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

CONDITIONS APPLICABLE ONLY TO SECTIONS 1 AND 2 OF THIS POLICY

The following terms and conditions apply only to Sections 1 and 2 of this Policy.

**U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NEW & RENEWAL BUSINESS ENDORSEMENT**

This Endorsement is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

In consideration of inclusive premium of USD 5,554.51 paid, it is hereby noted and agreed with effect from inception that the Terrorism exclusion to which this Insurance is subject, shall not apply to any "insured loss" directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002" as amended ("TRIA").

The coverage afforded by this Endorsement is only in respect of any "insured loss" of the type insured by this Insurance directly resulting from an "act of terrorism" as defined in TRIA. The coverage provided by this Endorsement shall expire at 12:00 midnight December 31, 2007, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates. The Terrorism exclusion, to which this Insurance is subject, applies in full force and effect to any other losses and any act or events that are not included in said definition of "act of terrorism".

This Endorsement only affects the Terrorism exclusion to which this Insurance is subject. All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

Furthermore the Underwriter(s) will not be liable for any amounts for which they are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on the Underwriter's liability for payment for terrorism losses.

22/12/05
LMA5052
Form approved by Lloyd's Market Association

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

CONDITIONS APPLICABLE TO ALL SECTIONS OF THIS POLICY

The following terms and conditions apply to all Sections of this Policy:

SERVICE OF SUIT (POLICY DISPUTES)

USA (NMA1998 Amended)

In respect of any Insured's operations in the United States of America, it is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that services of process in such suit may be made upon Mendes & Mount, Attn Arthur Washington, 750 Seventh Avenue, New York, New York 10019-6829, USA and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

CHOICE OF LAW CLAUSE

In respect of any Insured's / Assured's operations in the United States of America, it is hereby agreed that this insurance shall be governed by the laws of Texas, in accordance with the English text as it appears in this Policy.

OVERSEAS (N.M.A. 1483 Amended)

In respect of any **Assured's** operations outside of the United States of America, It is hereby agreed that:-

- (1) this insurance shall be governed by the law of Antigua, in accordance with the English text as it appears in this Policy, whose courts shall have jurisdiction in any dispute arising hereunder; and
- (2) any summons, notice or process to be served upon the Underwriters for the purpose of instituting any legal proceedings against them in connection with this insurance may be served upon

Mr George W.Bennet,

Of

Bryson & Co Ltd, Long Street, P.O.Box 162, St Johns, Antigua.

who has authority to accept service on their behalf.

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

NMA LINES CLAUSE

This Insurance, being signed for 92.0000% of 100.0000% insures only that proportion of any loss, whether total or partial, including but not limited to that proportion of associated expenses, if any, to the extent and in the manner provided in this Insurance.

The percentages signed in the Table are percentages of 100.0000% of the amount(s) of Insurance stated herein.

NMA 2419

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

SPECIAL CANCELLATION CLAUSE

In the event that an Underwriter:

- a) ceases underwriting; or
- b) is the subject of an order or resolution for winding up or formally proposes a scheme of arrangement; or
- c) has its authority to carry on insurance business withdrawn,
- d) has its financial strength rating reduced by A.M.Best's, Standard & Poor's or equivalent rating agency to less than A-

the Insured may terminate that Underwriter's participation on this risk forthwith by giving notice and the premium payable to that Underwriter shall be pro rata to the time on risk. In the event there are any notified, reserved or paid losses or circumstances, premium shall be deemed fully earned. Any return of premium shall also be subject to a written full release of liability from the Insured.

NMA2975 (amended)
30/05/03

PREMIUM PAYMENT CLAUSE

The Insured undertakes that premium will be paid in full to underwriters by 14th October 2008.

If the premium due under this policy has not been so paid to Underwriters by the above date (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of the cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of the termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than 15 days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminated at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

Notice of Cancellation in writing for the purposes of the PPC LSW3000 shall be notice in writing to the Group's Compliance Officer at 51 Lime Street, London, EC3M 7DQ, and delivered by registered post or received and acknowledged personally by the Compliance Officer. The notice will only be accepted if the risk is properly identified, and includes at least the name of the assured, the Willis slip reference number, the class of business and any other information which will enable the risk to be readily identified. Further, for the avoidance of doubt, a notice of cancellation sent by e-mail to the Company shall not constitute notice in writing for the purposes of the application of LSW3000.

11/01
LSW3000 (Amended)

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

(RE)INSURERS LIABILITY CLAUSE

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333
21 June 2007

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

Endorsement 1

It is hereby understood and agreed that, with effect from inception being, 15th August 2008 at 12:01am Local Standard Time at the Principal Address of the Insured, this policy of insurance shall be deemed to be a contract of 100% reinsurance of ASSA, Compañía de Seguros, S.A. insurance policy in respect of Stanford Bank (Panama) S.A. only.

Underwriters' liability hereunder shall not be increased by virtue of this Endorsement.

Nil Additional Premium is due in respect of this Endorsement.

All other terms, conditions and exceptions remain unchanged.

The following conditions shall apply in respect of this Reinsurance Agreement

- 1) Local insurance policy, referred to above, to mirror, other than in respect of premium, choice of law and jurisdiction, the same terms, conditions and exclusions as provided by this policy.
- 2) NMA 2738, as attached
- 3) NMA 2774, as attached.

CLAIMS CONTROL CLAUSE (LM4)

Notwithstanding anything to the contrary contained in this Reinsurance it is a condition precedent to Reinsurers' liability under this Reinsurance that:

- (a) The Reinsured shall give to the Reinsurer(s) written notice as soon as reasonably practicable, but in no event later than 14 days, of any claim made against the Reinsured in respect of the business reinsured hereby or of its being notified of any circumstances which could give rise to such a claim.
- (b) The Reinsured shall furnish the Reinsurer(s) with all information known to the Reinsured in respect of claims or possible claims notified in accordance with (a) above and shall thereafter keep the Reinsurer(s) fully informed as regards all developments relating thereto as soon as reasonably practicable.
- (c) The Reinsurer(s) shall have the right at any time to appoint adjusters and/or representatives to act on their behalf to control all investigations, adjustments and settlements in connection with any claim notified to the Reinsurer(s) as aforesaid.
- (d) The Reinsured shall co-operate with the Reinsurer(s) and any other person or persons designated by the Reinsurer(s) in the investigation, adjustment and settlement of such claim.

1/1/97
NMA2738

NON - PROPORTIONAL FACULTATIVE REINSURANCE CLAUSE (LM6)

In consideration of the premium charged, and subject to the terms and conditions of this Contract as set out in the slip and its attachments and/or endorsements applicable thereto, this Contract reinsures the Reinsured's interest in those payments made within the terms and conditions of the Original Policy exceeding the Excess amount as set out in the slip up to the Limit amount as set out in the slip. In the event of inconsistencies between the Original Policy and this Contract, this Contract shall prevail. If the Reinsured shall make a claim knowing the same to be false or fraudulent as regards amount or otherwise, this Contract shall become void and all claims hereunder shall be forfeited.

6/9/97
NMA2774

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

OVERSEAS JURISDICTION CLAUSE

(Approved by Lloyd's Underwriters' Non - Marine Association)

It is hereby agreed that:

- (1) this insurance shall be governed by the law of Panama, whose Courts shall have jurisdiction in any dispute arising hereunder; and
- (2) any summons, notice or process to be served upon the Underwriters for the purpose of instituting any legal proceedings against them in connection with this insurance may be served upon:

McLarens Young Intl Panama SA

Street address

Torre Video Ave
Calle 50 Esquina Calle 68
San Francisco
Panama City
5

Postal address

PO Box 816-3120
Panama 5

of Panama who have authority to accept service on their behalf.

23/7/64
N.M.A. 1483

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

Endorsement 2

It is hereby understood and agreed that, with effect from inception being, 15th August 2007 at 12:01am Local Standard Time at the Principal Address of the Insured, this policy of insurance shall be deemed to be a contract of 100% reinsurance of MAPFRE Seguros Generales de Colombia S.A. insurance policy in respect of Bolsa y Banca S.A. and Stanford Trust Company (Antigua) - Colombian Representative office.

Underwriters' liability hereunder shall not be increased by virtue of this Endorsement.

Nil Additional Premium is due in respect of this Endorsement.

All other terms, conditions and exceptions remain unchanged.

The following conditions shall apply in respect of this Reinsurance Agreement

- 1) Local insurance policy, referred to above, to mirror, other than in respect of premium, choice of law and jurisdiction, the same terms, conditions and exclusions as provided by this policy.
- 2) NMA 2738, as below.
- 3) NMA 2774, as attached.

CLAIMS CONTROL CLAUSE (LM4)

Notwithstanding anything to the contrary contained in this Reinsurance it is a condition precedent to Reinsurers' liability under this Reinsurance that:

- (a) The Reinsured shall give to the Reinsurer(s) written notice as soon as reasonably practicable, but in no event later than 14 days, of any claim made against the Reinsured in respect of the business reinsured hereby or of its being notified of any circumstances which could give rise to such a claim.
- (b) The Reinsured shall furnish the Reinsurer(s) with all information known to the Reinsured in respect of claims or possible claims notified in accordance with (a) above and shall thereafter keep the Reinsurer(s) fully informed as regards all developments relating thereto as soon as reasonably practicable.
- (c) The Reinsurer(s) shall have the right at any time to appoint adjusters and/or representatives to act on their behalf to control all investigations, adjustments and settlements in connection with any claim notified to the Reinsurer(s) as aforesaid.
- (d) The Reinsured shall co-operate with the Reinsurer(s) and any other person or persons designated by the Reinsurer(s) in the investigation, adjustment and settlement of such claim.

1/1/97
NMA2738

NON - PROPORTIONAL FACULTATIVE REINSURANCE CLAUSE (LM6)

In consideration of the premium charged, and subject to the terms and conditions of this Contract as set out in the slip and its attachments and/or endorsements applicable thereto, this Contract reinsures the Reinsured's interest in those payments made within the terms and conditions of the Original Policy exceeding the Excess amount as set out in the slip up to the Limit amount as set out in the slip. In the event of inconsistencies between the Original Policy and this Contract, this Contract shall prevail. If the Reinsured shall make a claim knowing the same to be false or fraudulent as regards amount or otherwise, this Contract shall become void and all claims hereunder shall be forfeited.

6/9/97
NMA2774

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

OVERSEAS JURISDICTION CLAUSE

(Approved by Lloyd's Underwriters' Non - Marine Association)

It is hereby agreed that:

- (1) this insurance shall be governed by the law of Colombia, whose Courts shall have jurisdiction in any dispute arising hereunder; and
- (2) any summons, notice or process to be served upon the Underwriters for the purpose of instituting any legal proceedings against them in connection with this insurance may be served upon:

Crawford Colombia Ltda

Street address

Carrera 13 No 71-69

Bogota

DC 94754

Postal address

PBX 348 19 55

Bogota

of Colombia who have authority to accept service on their behalf.

23/7/64

N.M.A. 1483

ATTACHING TO AND FORMING PART OF POLICY NUMBER 576/MNA851300

Endorsement 3

It is hereby noted and agreed that employees of PROCESA (a subsidiary First Data Corporation) are deemed to be an Employee of the Assured as defined under Section 1 of this policy and in respect of Insuring Agreement (A) Fidelity only.

It is also agreed that in the event of loss, this Section of the Policy, insofar as it covers loss also covered by other insurance or indemnity, shall only pay the amount by which such loss (not exceeding the Aggregate Limit of Indemnity or any applicable Sub-Limit stated herein) exceeds the amount

- (i) of the Deductible herein, or
- (ii) paid or due under such other insurance or indemnity

whichever of (i) or (ii) be the greater.

As excess insurance this extension of the Policy shall not apply or contribute to the payment of any loss until the amount of such other insurance or indemnity shall have been exhausted by reason of paid losses.

MEMORANDA ATTACHING TO AND FORMING PART OF POLICY NO. 576/MNA851300

Memorandum no. 1

Any fraudulent claims clause contained within the Policy Wording shall override any fraudulent claims clause appearing on the Policy Jacket or its Schedule. In which case, any fraudulent claims clause appearing on such Policy Jacket or its Schedule is deleted.

Memorandum no. 2

Where any date on which the Premium is due to be paid falls on a weekend or Public Holiday, presentation to Insurers or their agents on the next working day will be deemed to comply with the relevant premium payment requirement. For the purposes of this clause, Public Holiday shall mean any public or statutory holiday in any territory through which the Premium must pass between the Insured and Insurers or their agents.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Willis Global Taxation Schedule - Calculations

FOREIGN DIRECT INSURANCE TAXATION LEGISLATION - PREMIUM SPLIT

This is Willis FINEX proposed apportionment of Premium only, calculated on a pro rata basis, and utilizing rates that Willis FINEX believe to be correct as at the date of issue of the document version.
 The purpose of this document is to assist Underwriters in establishing an apportionment of Premium for taxation and legislative reporting purposes.
 This procedure in no way changes Underwriters responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.
PLEASE REMEMBER THAT TAX RATES AND PROCEDURES WILL CHANGE IF THERE IS A LOCAL BROKER INVOLVED IN THE PLACING CHAIN IN ANY OF THESE TERRITORIES

Note (1)	Where tax percentage is "0%", Underwriters have agreed to the application of the <i>de minimis</i> provision.
Note (2)	Where the policy is NOT addressed to a Swiss location, Swiss Tax will not be applied and the premium for Swiss locations will be included in "Others".
Note (3)	In the absence of a US Broker in the placing chain, US locations will be considered written on a "Directly Procured" basis.
Note (4)	Underwriters warrant that others' do not include any territories that have taxation and/or Lloyds regulatory (FTI Code) reporting requirements.
INSURED NAME:	Stanford Financial Group Company Stanford Group Company
POLICY NO:	MNA8513
100% Gross Premium	575,496.80

COUNTRY	Allocation Basis	Allocation %	Premium	Tax %	Tax Amount	Incl	Who Bears the Cost?	Payable to "Registered to pay Tax"	Payable to "Registered to pay Tax"
ANTIGUA	867	29.251%	168,338.57	-3.00	-5,050.16	Y	Underwriters	Local Auth.	Not due
CANADA (QUE)	6	0.202%	1,162.50	-3.35	-38.94	Y	Underwriters	Local Auth.	Insured to settle on URS behalf
CANADA (QUE) - RST	6	0.202%	1,162.50	9.00	104.63	Y	Insured	Underwriters	Insured to settle locally
CANADA (Excise Tax)	6	0.202%	1,162.50	10.00	116.25	Y	Insured	Local Auth.	Local Auth.
COLOMBIA	184	6.208%	35,726.84	0.00	0.00	Y	N/A	N/A	N/A
MEXICO	105	3.543%	20,389.85	0.00	0.00	Y	N/A	N/A	N/A
NETHERLANDS (GIT)	7	0.236%	1,358.17	0.00	0.00	Y	Insured	Local Auth.	Local Auth.
ST KITTS & NEVIS	6	0.202%	1,162.50	5.00	58.13	Y	Insured	Local Auth.	Local Auth.
U.S.A. (OTHERS) - see note (3)	1,133	38.225%	219,983.65	SL	0.00	Y	Insured	Local Auth. (Directly Procured)	Must use SL approved insurers
U.S. VIRGIN ISLANDS - see note (3) (Licenses)	58	1.957%	11,262.47	-5.00	-563.12	Y	Underwriters	Local AFIO/Municipal Tax	N/A
OTHERS - see note (4)	598	20.176%	116,112.25	0.00	0.00	Y	N/A	N/A	N/A
TOTAL	2,964	100.000%	575,496.80		DO NOT TOTAL	Y			

Willis FINEX

(Data held and maintained by FINEX - Refer to Steve Mumery)

Version 1.12
 Released: 05-08-2008



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61055 19/09/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
20.00	2987	TE783E08A000	
20.00	2488	AKFG68GB3388	
16.00	1886	08BA210807TA	
18.00	1084	21782A08AA	
12.00	4000	00944N08AA	
6.00	1183	CFA058238C08	
TOTAL LINE	No. OF SYNDICATES		
92.00	6		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

EFFECTIVE FROM: 15 AUG 2008

BUREAU USE ONLY
 NUX5 72 13628

RISK CODE: BB

Page 1 of 1



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61057 19/09/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
20.00	2987	TE782V08A000	
20.00	2488	AKEG68GB3388	
16.00	1886	08BA210807TB	
18.00	1084	21782A08AB	
12.00	4000	00944N08AB	
6.00	1183	CFJ058239C08	
TOTAL LINE	No. OF SYNDICATES		
92.00	6		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

EFFECTIVE FROM: 15 AUG 2008

BUREAU USE ONLY
 NUX5 72 13628

RISK CODE: F2

Page 1 of 1



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61058 19/09/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
20.00	2987	TE783E08A000	
20.00	2488	AKFT68GB3388	
16.00	1886	08BA210807TA	
18.00	1084	21782A08AC	
12.00	4000	00944N08AC	
6.00	1183	CFA058238C08	
TOTAL LINE	No. OF SYNDICATES		
92.00	6		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

EFFECTIVE FROM: 15 AUG 2008

BUREAU USE ONLY
 NUX5 72 13628

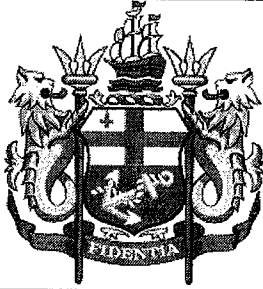
RISK CODE: 7T

Page 1 of 1



One Lime Street London EC3M 7HA

EXHIBIT 5



Lloyd's Policy

We, Underwriting Members of the Syndicates whose definitive numbers and proportions are shown in the Table attached hereto (hereinafter referred to as 'the Underwriters'), hereby agree, in consideration of the payment to Us by or on behalf of the Assured of the Premium specified in the Schedule, to insure against loss, including but not limited to associated expenses specified herein, if any, to the extent and in the manner provided in this Policy.

The Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, and therefore each of the Underwriters (and his Executors and Administrators) shall be liable only for his own share of his Syndicate's proportion of any such Loss and of any such Expenses. The identity of each of the Underwriters and the amount of his share may be ascertained by the Assured or the Assured's representative on application to Lloyd's Policy Signing Office, quoting the Lloyd's Policy Signing Office number and date or reference shown in the Table.

If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

In Witness whereof the General Manager of Lloyd's Policy Signing Office has signed this Policy on behalf of each of Us.

LLOYD'S POLICY SIGNING OFFICE
General Manager

If this policy (or any subsequent endorsement) has been produced to you in electronic form, the original document is stored on the Insurer's Market Repository to which your broker has access.

J(A) NMA2421 (3/1/95) Form approved by Lloyd's Market Association



Attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

TEXAS COMPLAINTS NOTICE

IMPORTANT NOTICE	AVISO IMPORTANTE
<p>To obtain information or make a complaint:</p> <p>You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:</p>	<p>Para obtener informacion o para someter una queja:</p> <p>Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:</p>
<p>1-800-252-3439</p>	<p>1-800-252-3439</p>
<p>You may write to the Texas Department of Insurance:</p>	<p>Puede escribir al Departamento de Seguros de Texas:</p>
<p>P. O. Box 149104</p>	<p>P. O. Box 149104</p>
<p>Austin, TX 78714-9104</p>	<p>Austin, TX 78714-9104</p>
<p>Fax: (512) 475-1771</p>	<p>Fax: (512) 475-1771</p>
<p>Web: http://www.tdi.state.tx.us</p>	<p>Web: http://www.tdi.state.tx.us</p>
<p>E-mail: ConsumerProtection@tdi.state.tx.us</p>	<p>E-mail: ConsumerProtection@tdi.state.tx.us</p>
<p>PREMIUM OR CLAIM DISPUTES:</p>	<p>DISPUTAS SOBRE PRIMAS O RECLAMOS: Si</p>
<p>Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.</p>	<p>tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).</p>
<p>ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.</p>	<p>UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.</p>

07/07
 LSW1022A

TEXAS SURPLUS LINES CLAUSE

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued as a surplus lines coverage pursuant to the Texas insurance statutes. The State Board of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage and this insurer is not a member of the Property and Casualty Insurance Guaranty Association created under Article 1.14.2, Insurance Code, requires payment of 4.85 percent on gross premium.

LSW1023

THE SCHEDULE

Policy Number: 576/MNA831400

Name of the Assured:

Stanford Financial Group Company and Stanford Group Company and as more fully set out in the Primary Policies applicable to Sections 1 – 5 inclusive

Address of the Assured:

5050 Westheimer
Houston
Texas
77056
USA

Or as may be stated in the Primary Policies

Period of Insurance:

From: 15th August 2008

To: 15th August 2009

both days at 12.01 a.m. Local Standard Time at the Address of the Assured stated above or as may be stated in the Primary Policy

Limit(s) of Liability:

As more fully set out herein

Interest:

- (i) Excess Financial Institutions Crime, referred to as 'Section 1' herein
- (ii) Excess Electronic and Computer Crime, referred to as 'Section 2' herein
- (iii) Excess Financial Institutions Professional Indemnity, referred to as 'Section 3' herein
- (iv) Excess Directors and Officers and Company Reimbursement Liability Insurance (including Excess Fiduciary Liability and Excess Entity Liability), referred to as 'Section 4' herein
- (v) Excess Employment Practices Insurance, referred to as 'Section 5' herein

All as more fully set out herein

Premium:

USD 483,734.43 being this policy's proportion of USD 597,203.00 (100% amount) (Inclusive of USD 7,543.12 being this policy's proportion of USD 9,312.50 for TRIA) plus taxes applicable as per the attached tax schedule.

Premium is split between sections as follows:

Sections 1 and 2

USD 137,902.50 part of USD 170,250 (100%) including 5% (USD 6,895.12 part of USD 8,512.50) TRIA allocation

Section 3

USD 257,541.93 part of USD 317,953 (100%)

Section 4

USD 64,800.00 part of USD 80,000 (100%) including 1% (USD 648.00 part of USD 800.00) TRIA allocation

Section 5

USD 23,490.00 part of USD 29,000 (100%)

Dated in London: 25th July 2008

EXCESS BLENDED 'WRAP' POLICY

Underwriters shall indemnify or reimburse or pay on behalf of the Assured, any loss or losses first discovered and/or any claim or claims first made against the Assured during the Period of Insurance hereon up to this Policy's amount of liability (as hereinafter specified) in the aggregate, the excess of the Underlying Policy(ies) limits (as hereinafter specified) in the aggregate, the latter amount being the subject of Policy(ies) (as hereinafter specified) or any Policy(ies) issued in substitution or renewal thereof for the same amount effected by the Assured and hereinafter referred to as "the Underlying Policy(ies)"

The word 'indemnify' as used above shall apply only to Excess Insurance hereunder in respect of Sections 1 and 2 of Policy Number 576/MMA851300 and 576/MMK559000. The word 'reimburse' as used above shall apply only to Excess Insurance hereunder in respect of Sections 3 of Policy Number 576/MMA851300 and the words 'pay on behalf of' shall apply only to Excess Insurance hereunder in respect of Policy Numbers 576/MMK558900"

This Policy's amount of liability: USD 45,000,000 each and every loss / any one claim but USD 90,000,000 in the annual aggregate over all Sections combined

Underlying Policy(ies) limits: As set out in Endorsement Number 1 attached hereto

Underlying Policy(ies) Number(s):

Sections 1, 2 and 3	576/MNA851300
Section 4	576/MNK558900
Section 5	576/MNK559000

1. Liability to pay under this Policy shall not attach unless and until the Underwriters of the Underlying Policy(ies) shall have paid or have admitted liability or have been held liable to pay, the full amount of their indemnity inclusive of costs and expenses.
2. It is a condition of this Policy that the Underlying Policy(ies) shall be maintained in full effect during the currency of this Policy except for any reduction of the aggregate limits contained therein solely by payment of any loss or losses and/or any claim or claims and/or legal costs and expenses incurred in defence or settlement of such losses and/or claims.
3. (a) Subject to the Limit(s) of Liability herein, the insurance afforded by this Policy for any loss or claim or legal costs and expenses applies to the amount of such loss or claim or legal costs or expenses which exceeds the applicable Limit of Indemnity or Limit of Liability or Sum Insured remaining (after any reduction by payment of previous loss(es), claim(s) or legal costs and expenses) under the applicable Underlying Policy.

(b) Where the Limit of Indemnity or Limits of Liability or Sum Insured of any of the Underlying Policies is exhausted by payment of loss(es), claim(s) or legal costs and expenses, this Policy shall continue to apply to any loss(es) and/or claim(s) and/or legal costs and expenses thereafter as if it were such Underlying Policy, subject to:
 - (i) the Deductible, Retention or Excess provisions of such Underlying Policy;
 - (ii) the remaining Limit(s) of Liability of this Policy.
4. In the event of a loss and/or claim arising to which the Underwriters hereon may be liable to contribute, no costs shall be incurred on their behalf without their consent being first obtained (such consent not to be unreasonably withheld). No settlement of a loss and/or claim shall be effected by the Assured for such a sum as will involve this Policy without the consent of Underwriters hereon.

5. Any claim(s) made against the Assured and/or the discovery by the Assured of any loss(es) or any circumstances of which the Assured becomes aware during the subsistence hereof which are likely to give rise to such a claim and/or loss, shall, if it appears likely that such claim(s) and/or loss(es) plus costs and expenses incurred in the defence or settlement of such claim(s) and/or loss(es) may exceed the indemnity available under the Policy(ies) of the Primary and Underlying Excess Insurers, be notified immediately by the Assured in writing to the Underwriters hereon.
6. All recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Assured and the Underwriters provided always that nothing in this Policy shall be construed to mean that loss settlements under this Policy are not payable until the Assured's ultimate net loss has been finally ascertained.
7. Except as otherwise provided herein this Policy is subject to the same terms, exclusions, conditions and definitions as the Policy of the Primary Insurers. No amendment to the Policy of the Primary Insurers during the period of this Policy in respect of which the Primary Insurers require an additional premium or a deductible shall be effective in extending the scope of this Policy until agreed in writing by the Underwriters.

04/00
LSW055 (Amended)

Attaching to and forming part of Policy Number 576/MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

ENDORSEMENT NUMBER. 1

It is hereby understood and agreed that, the 'Underlying Policy(ies) limits', as referred to on page 4 herein, shall read as follows:

SECTION 1 – FINANCIAL INSTITUTIONS CRIME AND SECTION 2 - ELECTRONIC AND COMPUTER CRIME

USD 5,000,000 each and every loss (all as more fully set out in the Primary Policy), limited to USD 10,000,000 in the aggregate for the Policy Period in respect of the entities referred to in Item 1(a) of the Primary Policy Declarations to Section 1 and Item 2(a) of the Primary Policy Declarations to Section 2, both Sections combined

And separately

USD 5,000,000 each and every loss (all as more fully set out in the Primary Policy) limited to USD 10,000,000 in the aggregate for the Policy Period in respect of the entities referred to in Item 1(b) of the Primary Policy Declarations to Section 1 and Item 2(b) of the Primary Policy Declarations to Section 2, both Sections combined

Plus sub-limits as more fully set out in the Primary Policy

SECTION 3 – FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

USD5,000,000 each single claim but USD10,000,000 in the aggregate annually in respect of the entities referred to in Item A1 of the Primary Policy Declarations to Section 3 sub-limited to USD2,000,000 in the aggregate in respect of coverage for legal work provided by the licensed attorneys of Stanford Financial Group Company on behalf of any company owned one hundred per cent (100%) by R. Allen Stanford as more fully set out in the Primary Policy

And separately

USD5,000,000 each single claim but USD10,000,000 in the aggregate annually in respect of the entities referred to in Item A2 of the Primary Policy Declarations to Section 3

SECTION 4 – DIRECTORS AND OFFICERS AND COMPANY REIMBURSEMENT LIABILITY INSURANCE (INCLUDING FIDUCIARY LIABILITY)

USD5,000,000 each claim and in the aggregate each Policy Period in respect of the entities referred to in Section One of the Primary Policy Declarations

And separately

USD5,000,000 each claim and in the aggregate each Policy Period in respect of the entities referred to in Section Two of the Primary Policy Declarations

The above limits being sub-limited to an overall combined limit of USD5,000,000 each claim and in the aggregate in respect of the entities referred to in Section One and Two of the Primary Policy Declarations, in respect of Fiduciary Liability.

Attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

SECTION 5 – EMPLOYMENT PRACTICES INSURANCE

USD 5,000,000 each claim and in the aggregate for the Policy Period

All of the above limits being in Excess of any Retention / Deductibles as more fully set out in the Primary Policies

ALL OTHER TERMS AND CONDITIONS REMAIN UNALTERED

Attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

CONDITIONS APPLICABLE TO SECTIONS 1, 2 AND 3 OF THIS POLICY

SERVICE OF SUIT (POLICY DISPUTES)

USA (NMA1998 Amended)

In respect of any Insured's operations in the United States of America, it is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that services of process in such suit may be made upon Mendes & Mount, Attn Arthur Washington, 750 Seventh Avenue, New York, New York 100196829, USA and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom maybe served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the abovenamed as the person to whom the said officer is authorized to mail such process or a true copy thereof.

CHOICE OF LAW CLAUSE

In respect of any Assured's operations in the United States of America, it is hereby agreed that this insurance shall be governed by the laws of Texas, in accordance with the English text as it appears in this Policy.

OVERSEAS (N.M.A. 1483 Amended)

In respect of any Assured's operations outside of the United States of America, It is hereby agreed that:-

- (1) this insurance shall be governed by the law of Antigua in accordance with the English text as it appears in this Policy, whose courts shall have jurisdiction in any dispute arising hereunder; and
- (2) any summons, notice or process to be served upon the Underwriters for the purpose of instituting any legal proceedings against them in connection with this insurance may be served upon

Mr George W. Bennet,

Of

Bryson & Co Ltd, Long Street, P.O.Box 162, St Johns, Antigua.

who has authority to accept service on their behalf.

Attaching to and forming part of Policy Number 576/MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

CONDITIONS APPLICABLE TO SECTIONS 4 AND 5 OF THIS POLICY

SERVICE OF SUIT CLAUSE (U.S.A.)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 100196829, and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms and conditions remain unchanged.

CHOICE OF LAW CLAUSE

In respect of any Assured's operations in the United States of America, it is hereby agreed that this insurance shall be governed by the laws of Texas, in accordance with the English text as it appears in this Policy.

Attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

CONDITIONS APPLICABLE TO SECTIONS 1,2 AND 4 OF THIS POLICY ONLY

**U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NEW & RENEWAL BUSINESS ENDORSEMENT**

This Endorsement is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

In consideration of an inclusive premium of USD9,312.50 paid, it is hereby noted and agreed with effect from inception that the Terrorism exclusion to which this Insurance is subject, shall not apply to any "insured loss" directly resulting from any "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA").

The coverage afforded by this Endorsement is only in respect of any "insured loss" of the type insured by this Insurance directly resulting from an "act of terrorism" as defined in TRIA. The coverage provided by this Endorsement shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate, or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates. The Terrorism exclusion, to which this Insurance is subject, applies in full force and effect to any other losses and any act or events that are not included in said definition of "act of terrorism".

This Endorsement only affects the Terrorism exclusion to which this Insurance is subject. All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

Furthermore the Underwriter(s) will not be liable for any amounts for which they are not responsible under the terms of TRIA (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on the Underwriter's liability for payment for terrorism losses.

21/12/2007
LMA5091 amended

Attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

CONDITIONS APPLICABLE TO ALL SECTIONS OF THIS POLICY

SPECIAL CANCELLATION CLAUSE

In the event that an Underwriter:

- a) ceases underwriting; or
- b) is the subject of an order or resolution for winding up or formally proposes a scheme of arrangement; or
- c) has its authority to carry on insurance business withdrawn,
- d) has its financial strength rating reduced by A.M.Best's, Standard & Poor's or equivalent rating agency to less than A-

the Insured may terminate that Underwriter's participation on this risk forthwith by giving notice and the premium payable to that Underwriter shall be pro rata to the time on risk. In the event there are any notified, reserved or paid losses or circumstances, premium shall be deemed fully earned. Any return of premium shall also be subject to a written full release of liability from the Insured.

NMA2975 (amended)
30/05/03

PREMIUM PAYMENT CLAUSE

The Insured undertakes that premium will be paid in full to underwriters by 14th October 2008.

If the premium due under this policy has not been so paid to Underwriters by the above date (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of the cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of the termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than 15 days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

Notice of Cancellation in writing for the purposes of the PPC LSW3000 shall be notice in writing to the Group's Compliance Officer at 51 Lime Street, London, EC3M 7DQ and delivered by registered post or received and acknowledged personally by the Compliance Officer. The notice will only be

Attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule.

CONDITIONS APPLICABLE TO ALL SECTIONS OF THIS POLICY

(Continued...)

accepted if the risk is properly identified, and includes at least the name of the assured, the Willis slip reference number, the class of business and any other information which will enable the risk to be readily identified. Further, for the avoidance of doubt, a notice of cancellation sent by email to the Company shall not constitute notice in writing for the purposes of the application of LSW3000.

11/01
LSW3000 (Amended)

NMA LINES CLAUSE

This Insurance, being signed for 81.0000% of 100.0000% insures only that proportion of any loss, whether total or partial, including but not limited to that proportion of associated expenses, if any, to the extent and in the manner provided in this Insurance.

The percentages signed in the Table are percentages of 1000000% of the amount(s) of Insurance stated herein.

NMA 2419

(RE)INSURERS LIABILITY CLAUSE

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

CONDITIONS APPLICABLE TO ALL SECTIONS OF THIS POLICY

(Continued...)

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333

21 June 2007

Memoranda attaching to and forming part of Policy Number 576MNA831400 in the name of Stanford Financial Group Company and Stanford Group Company and as per Policy Schedule

Memorandum no. 1

Losses to be notified to Insurers via:
Willis Limited
Finex – Claims Department,
The Willis Building,
51 Lime Street,
London EC3M 7DQ,
United Kingdom

Memorandum no. 2

Any fraudulent claims clause contained within the Policy Wording shall override any fraudulent claims clause appearing on the Policy Jacket or its Schedule. In which case, any fraudulent claims clause appearing on such Policy Jacket or its Schedule is deleted.

Memorandum no. 3

Assured / Insured terms are synonymous.

Memorandum no. 4

TERRITORIAL LIMITS: Worldwide as per Primary contracts

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Willis Global Taxation Schedule - Calculations

FOREIGN DIRECT INSURANCE TAXATION LEGISLATION - PREMIUM SPLIT

This is Willis FINEX proposed apportionment of Premium only, calculated on a pro rata basis, and utilizing rates that Willis FINEX believe to be correct as at the date of issue of the document version. The purpose of this document is to assist Underwriters in establishing an apportionment of Premium for taxation and legislative reporting purposes. This procedure in no way changes Underwriters responsibilities for making this calculation and/or ensuring that the correct tax rates are applied. PLEASE REMEMBER THAT TAX RATES AND PROCEDURES WILL CHANGE IF THERE IS A LOCAL BROKER INVOLVED IN THE PLACING CHAIN IN ANY OF THESE TERRITORIES

Note (1) Where tax percentage is "0", Underwriters have agreed to the application of the *de minimis* provision.
 Note (2) Where the policy is NOT addressed to a Swiss location, Swiss Tax will not be applied and the premium for Swiss locations will be included in "Others".
 Note (3) In the absence of a US Broker in the placing chain, US locations will be considered written on a "Directly Procured" basis.
 Note (4) Underwriters warrant that others do not include any territories that have taxation and/or Lloyd's regulatory (FIL Code) reporting requirements.

INSURED NAME: Stanford Financial Group Company
 Stanford Group Company
 POLICY NO: MNA8314
 100% Gross Premium \$97,203.00

COUNTRY	Allocation Basis	Allocation %	Premium	Tax %	Tax Amount	Incl	Who Bears the Cost?	Payable to (Market "Registered to pay Tax")	Payable to (Market No "Registered to pay Tax")
ANTIGUA	867	29.251%	174,687.85	-3.00	-5,240.64	Y	Underwriters	Local Auth.	Not due
CANADA (QUE)	6	0.202%	1,206.35	-3.35	-40.41	Y	Underwriters	Local Auth.	Insured to settle on URS behalf
CANADA (QUE) - RST	6	0.202%	1,206.35	9.00	108.57	Y	Insured	Underwriters	Insured to settle locally
CANADA (Excise Tax)	6	0.202%	1,206.35	10.00	120.64	Y	Insured	Local Auth.	Local Auth.
COLOMBIA	184	6.208%	37,074.36	0.00	0.00	Y	N/A	N/A	N/A
MEXICO	105	3.543%	21,158.90	0.00	0.00	Y	N/A	N/A	N/A
NETHERLANDS (GHT)	7	0.236%	1,409.40	0.00	0.00	Y	N/A	N/A	N/A
ST KITTS & NEVIS	6	0.202%	1,206.35	5.00	60.32	Y	Insured	Local Auth.	Local Auth.
U.S.A. (OTHERS) - see note (3)	1,133	38.225%	228,280.85	SL	0.00	Y	Insured	Local Auth. (Directly Procured)	Must use SL approved insurers
U.S. VIRGIN ISLANDS - see note (3) (Licenses)	58	1.957%	11,687.26	-5.00	-584.36	Y	Underwriters	Local AFTO Municipal Tax	N/A
OTHERS - see note (4)	598	20.176%	120,491.68	0.00	0.00	Y	N/A	N/A	N/A
TOTAL	2,964	100.000%	597,203.00		DO NOT TOTAL	Y			



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61150 15/10/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
22.500	2987	TE783E08B000	
22.500	2488	AKFG68GG1229	
15.003	1886	08BA210809XA	
2.997	1084	37941K08AA	
4.500	1274	202122800008	
13.500	4000	00947X08AA	
TOTAL LINE	No. OF SYNDICATES		
81.000	6		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

BUREAU USE ONLY
 NUX5 72 13719

RISK CODE: BB

Page 1 of 1



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61151 15/10/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
22.500	2987	TE782V08B000	
22.500	2488	AKEG68GG1229	
15.003	1886	08BA210809XB	
2.997	1084	37941K08AB	
4.500	1274	202122800008	
13.500	4000	00947X08AB	
TOTAL LINE	No. OF SYNDICATES		
81.000	6		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

BUREAU USE ONLY
 NUX5 72 13719

RISK CODE: F2

Page 1 of 1



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61152 15/10/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
22.500	2987	TE781H08B000	
22.500	2488	AKDA68GG1229	
15.003	1886	08BA210809XC	
2.997	1084	37941K08AC	
4.500	1274	202122800008	
13.500	4000	00947X08AC	
TOTAL LINE	No. OF SYNDICATES		
81.000	6		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

BUREAU USE ONLY
 NUX5 72 13719

RISK CODE: D4

Page 1 of 1



The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE	61154 15/10/2008	BROKER NUMBER	0576
PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE	
22.500	2987	TE783E08B000	
22.500	2488	AKTF68GG1229	
15.003	1886	08BA210809XA	
2.997	1084	37941K08AD	
4.500	1274	202122800008	
13.500	4000	00947X08AD	
TOTAL LINE	No. OF SYNDICATES		
81.000	6		

THE LIST OF UNDERWRITING MEMBERS
 OF LLOYD'S IS IN RESPECT OF 2008
 YEAR OF ACCOUNT

BUREAU USE ONLY
 NUX5 72 13719

RISK CODE: 7T



One Lime Street London EC3M 7HA

EXHIBIT 6

2008 after relocating back to the U.S., I voluntarily placed my U.K. based license on inactive status because I am not actively practicing in the U.K.

4. I am a shareholder in Kuckelman Torline Kirkland & Lewis (“Kuckelman Torline”), a law firm which concentrates its practice in complex litigation, including insurance and subrogation related litigation. I have concentrated my practice in litigation and have focused primarily in complex litigation, commercial litigation, insurance coverage, insurance subrogation, and personal injury litigation, as have my partners.

5. At Kuckelman Torline as well as my predecessor firms, I have handled many complex business, insurance, and subrogation lawsuits seeking to recover hundreds of millions, and in some cases, billions of dollars in damages from third parties.

6. For almost 8 years, I was based in the UK and focused almost exclusively on representing Lloyd’s of London insurers as plaintiffs and as defendants in complex litigation involving insurance coverage in first party matters as well as subrogation. During this time, one of my partners, Kathryn A. Lewis, similarly focused her time almost exclusively on work for Lloyd’s of London insurers.

7. I have represented insurers in first party actions against policy holders. I have represented policy holders in first party actions against insurers. I have represented policy holders and insurers jointly against third parties.

8. I was a member of the Court Appointed Executive Committee in the United States District Court for the Southern District of New York charged with directing the subrogation claims arising out of the 9/11 World Trade Center litigation which resulted in a \$1.2 billion settlement.

9. I am submitting this Declaration in support of the Receiver's and the Official Stanford Investors Committee's Expedited Request for Entry of Scheduling Order and to Stay Related Litigation and Motion to Approve Proposed Settlement with Certain Underwriters at Lloyd's of London, Lexington Insurance Co., and Arch Specialty Insurance Co., to Enter the Bar Order, to Enter the Coverage Action Judgment and Bar Order, to Enter the Third-Party Coverage Actions Judgments and Bar Orders, and for the Movants' Attorneys' Fees (the "Motion").¹ The settlement for which the Motion seeks approval to settle all claims asserted against Certain Underwriters at Lloyd's of London and Arch Specialty Insurance (collectively the "Underwriters") in Civil Action Nos. 3:09-cv-0298-N and 3:09-cv-01736-N (collectively, the "Insurance litigation") for sixty-five million dollars (\$65 million).

10. In the Motion, Movants seek approval of the settlement of the insurance-related issues and claims, including but not limited to the Coverage Action, and the payment of attorneys' fees to Kuckelman Torline.

11. Kuckelman Torline is the lead counsel for the Receiver in the Insurance Coverage Lawsuits. Kuckelman Torline is prosecuting the claims against Underwriters on behalf of the Receiver.

12. Kuckelman Torline was approached by Receiver and his counsel in 2013 to serve as counsel to prosecute the Receivership's insurance-related issues and claims, including the Coverage Action filed by Underwriters seeking a declaration of no coverage.

13. Kuckelman Torline has litigated the coverage matter since being retained on January 10, 2014, and approved by this Court's order dated February 27, 2014 (SEC Action, ECF No. 1976).

¹ Capitalized Terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

14. Even a cursory review in the Court's docket in the Coverage Action reveals the immense amount of work Kuckelman Torline has put into the prosecution of the insurance-related issues and claims, including the Coverage Action, since February 2014. However, the docket and pleadings only reveal the work that is filed with the Court. As discussed further herein, and as the Court is aware, the prosecution of lawsuits of this magnitude and complexity requires a tremendous amount of time and effort to investigate the facts, research the relevant legal issues, coordinate and strategize with counsel and clients regarding the handling of the cases, conduct discovery, prepare the briefs and motions, attempt to negotiate settlements, and prepare cases for summary judgment and/or trial. Counsel has spent thousands of hours investigating and prosecuting insurance-related issues and claims.

15. Underwriters filed multiple motions in both the Coverage Action and the Third-Party Coverage Actions, to which Kuckelman Torline replied, aimed at cutting off coverage to the Receivership Estate.

16. After engaging in motion practice, review of documents and significant discovery practice, the parties agreed to submit to mediation. The first round of mediation was in New York on June 10 and 11, 2015. The mediators were JAMS mediators. JAMS is a well-known mediation group with several offices throughout the U.S. The mediators were Jed Melnick, Esq. and Simone Lelchuk, Esq. JAMS mediators have extensive experience mediating large complex cases and specifically, complicated insurance coverage cases. While the parties participated fully and the mediators pressed the parties on various theories and evaluations, the two-day mediation did not lead to Settlement. It was apparent the various views of the merits of the case were disparate and that it was impossible to settle without further discovery.

17. Following the failed mediation, the parties engaged in extensive discovery. The

parties took several depositions in London, Mexico City, and several locations in the USA. After depositions, the Parties again attempted to resolve the insurance-related issues and claims via mediation with JAMS mediators Melnick and Lelchuk on November 4, 2015.

18. The November 4, 2015 mediation also failed to settle the case. The parties continued to engage in difficult negotiations until ultimately, the parties reached an agreement on a settlement and entered into the Settlement Agreement on June 3, 2016. Without the tireless effort of the Receiver, the Committee, and their counsel in investigating and prosecuting these claims as part of the overall effort to recover money from Underwriters, the settlement could never have been achieved.

19. The Parties invested several months drafting, revising and negotiating the form and terms of the Settlement Agreement, the Bar Order, the Judgment and Bar Order, and the Notice and Scheduling Order, for which the Movants now move for approval.

20. It is my opinion, based upon years of experience prosecuting, trying, and settling complex insurance matters, and my assessment of the relative merits of the claims and defenses in the Coverage Action, that the Insurance Settlement is fair and reasonable and in the best interest of the Receivership and should be approved by the Court. In addition to the risks, uncertainty, delay, and costs associated with continuation of the Coverage Action and related coverage litigation weigh in favor of the Settlement, my assessment of the merits of the Settlement include consideration of the limits of insurance, the existence of competing lawsuits falling within the same insurance policy period that covers the claims in the Coverage, and the risk that erosion of the policies will further deplete funds available to pay the claims.

21. Kuckelman Torline litigated the coverage-related issues and claims pursuant to a contract specifying a thirty-three and one-third percent (33 1/3%) contingency fee agreement

with the Receiver which was approved by the Court on February 27, 2014.

22. While the contract rate of one-third (33 1/3%) was the agreed rate at the outset and in similar cases has been held to be fair and reasonable, the Receiver requested a fee reduction and Kuckelman Torline agreed to voluntarily accept \$14 million (21.5%) provided it was agreed by the Receiver, the Committee, and approved by the Court.

23. In my opinion the fee requested in the Motion is reasonable in comparison to the total net amount to be recovered for the benefit of the Stanford investors. The twenty-one and ½ percent (21.5%) contingency fee was heavily negotiated between Receiver and Kuckelman Torline, and is substantially below the typical market rate contingency fee percentage of 33% to 40% that most law firms would demand to handle cases of this complexity and magnitude.

24. We initially required a larger percentage, i.e. one-third (33 1/3%) in the coverage litigation because of the complexity and magnitude of the lawsuits, the length of the time that it could take to prosecute the cases to conclusion, the thousands of hours Kuckelman Torline would have to invest in these cases, and the risk that there might ultimately be no recovery. Coverage litigation is extraordinarily large and complex, involving voluminous records and electronic data and requiring many years of investigation, discovery, and dispositive motions to get to trial. The lawsuits involve significant financial outlay and risk by Kuckelman Torline, the risk of loss at trial after years of work for no compensation, and an almost certain appeal following any victory at trial. Thus, while it is my opinion that these factors warrant a contingency fee of more than twenty-one and ½ percent (21.5%), we have agreed to reduce our fee given the nature of the case and after substantial negotiation with the Receiver.

25. Kuckelman Torline has devoted a tremendous amount of time and incurred significant expenses in preparing and prosecuting the coverage litigation. Kuckelman Torline has

invested 3,926 hours of uncompensated time prosecuting the coverage litigation to date. This totals \$2.25 million in uncompensated time. The proposed settlement is the result of many years of effort and thousands of hours of work by the Receiver and Kuckelman Torline as described herein. But for the efforts of these parties, and the efforts of Kuckelman Torline described herein, there would be no Settlement. The proposed settlement will net the Receivership estate and the Stanford investors approximately \$51 million they would not have otherwise recovered.

26. As of the date of filing the Motion, the total expenses for the coverage claims and litigation are \$177,114.08.

27. Kuckelman Torline was necessarily prohibited from accepting other work because of the time and resources devoted to Stanford. This case will also be a commercial conflict with certain insurers in the future.

28. Kuckelman Torline undertook an immense amount of work investigating and analyzing the Stanford Ponzi scheme, all of which allowed Kuckelman Torline to formulate, file, and successfully prosecute and settle the claims against Underwriters. But for the diligent efforts of Kuckelman Torline the settlement with Underwriters would never have been achieved.

29. In light of the tremendous time and effort Kuckelman Torline has put into the effort to recover monies for the Stanford Receivership Estate and the investors, it is my opinion that the twenty-one and ½ percent (21.5%) fee that is requested to be paid to Kuckelman Torline is very reasonable. Kuckelman Torline has invested substantial time in this matter over several years to recover money for the benefit of Stanford's investors for no compensation other than a fee only if there was a recovery.

30. The Court has previously found the twenty-five percent (25%) contingency fee to be reasonable in the context of its approval of the Committee-Receiver fee agreement.

31. An award of attorneys' fees of \$14 million, (21.5%) of the recovery from the coverage litigation, as a requested, is reasonable and appropriate considering the significant time, effort, and resources which Kuckelman Torline has invested in litigating the insurance coverage litigation.

Dated: June 27, 2016



Michael J. Kuckelman

EXHIBIT 7

4. In my capacity as the Receiver, I negotiated and executed an agreement to employ Kuckelman Torline Kirkland and Lewis (“Kuckelman Torline”) to handle all insurance-related claims for the Receivership. That Agreement provided for the payment of a contingent fee of One-Third (33 1/3%) of the Net Recovery, defined as the “Recovery . . . after deducting all allowable expenses and disbursements.” [SEC Action, Doc. No. 1953].

5. In my capacity as the Receiver, I have worked closely with Kuckelman Torline to coordinate the prosecution of claims against Underwriters at Lloyd’s of London, Lexington Insurance Company, and Arch Specialty Insurance Co. (collectively, the “Underwriters”) for the benefit of the Receivership Estate and Stanford Investors, including but not limited to the claims asserted in *Underwriters, et al. v. Janvey*, Civil Action No. 3:09-1736 (the “Coverage Action”).

6. In my capacity as the Receiver, I have worked closely with Kuckelman Torline and my other counsel to reach and finalize the \$65 million settlement with Underwriters (the “Insurance Settlement”).

7. I attended and was involved in the mediations and settlement negotiations that ultimately resulted in the Insurance Settlement.

8. I participated in a two-day mediation session addressing the insurance-related issues and claims on June 10-11, 2015. That mediation, conducted in New York City with JAMS mediators, Jed Melnick, Esq. and Simone Lelchuk, Esq., resulted in no settlement. I also participated in a second, one-day mediation with Mr. Melnick and Ms. Lelchuk, on November 4, 2015. Again, no settlement was reached.

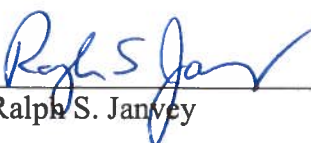
9. Ultimately, after further difficult and protracted negotiations, the parties reached agreement on a settlement and entered into the Settlement Agreement on June 3, 2016.

10. It is my opinion that the Insurance Settlement is fair, reasonable, and adequate, and in the best interests of the Stanford Receivership estate and the Stanford Investors, and should be approved by the Court. My opinion is based upon my active involvement with the Receivership over the past seven years, including overseeing the Receivership's insurance-related claims. It is my opinion that the risks, uncertainty and the length of time it would take to try the coverage issues and claims, and the limited availability of the remaining insurance policy limits to fund recoveries all support the fairness, reasonableness, and adequacy of the Insurance Settlement.

11. For the same reasons the Court previously approved a 25% fee for other counsel representing the Receivership Estate, the Court should find the proposed \$14 million fee award to Kuckelman Torline and the proposed \$100,000 fee to the Receiver's counsel and OSIC's counsel handling the Claude Reynaud litigation to be reasonable and approve them for payment. *See Order Approving Attorneys' Fees in Official Stanford Inv'rs Comm. v. BDO USA, LLP*, No. 3:12-cv-01447-N, Doc. No. 80; *Order Approving Attorneys' Fees in Ralph S. Janvey v. Adams & Reese, LLP*, Civil Action No. 3:12-CV-00495-B [SEC Action, Doc. No. 2231].

12. It is my opinion that the attorneys' fees requested are reasonable in comparison to the total net amount to be recovered for the benefit of the Stanford Investors. The proposed fees are also reasonable and appropriate considering the significant time, effort, and resources which the attorneys have invested in investigating the Stanford insurance-related issues and claims.

Executed on June 27, 2016



Ralph S. Janvey

EXHIBIT 8

3. Over the past twenty years, I have handled a considerable number of complex insurance coverage disputes. I have been recognized by Best Lawyers in America in the area of Insurance Law from 2007 through 2016.

4. By Order dated April 20, 2009, I was appointed by Judge David C. Godbey (the “Court”) to serve as the Examiner in the Stanford Financial Group receivership proceedings. *SEC v. Stanford International Bank, Ltd., et al.*, Civil Action No. 3:09-CV-0298-N, Doc. No. 322 (the “Examiner Order”). Pursuant to the Examiner Order, I was directed to “convey to the Court such information as the Examiner, in his sole discretion, shall determine would be useful to the Court in considering the interests of the investors in any financial products, accounts, vehicles, or ventures sponsored, promoted or sold by any Defendants¹ in this action (the “Investors”).” I have served as the Examiner in the Stanford Financial Group Receivership proceedings continuously since my appointment.

5. By Order dated August 10, 2010, the Court created the Official Stanford Investors Committee (“OSIC”) to represent Stanford Investors in the Stanford Financial Receivership proceedings and all related matters. *SEC v. Stanford International Bank, Ltd., et al.*, Civil Action No. 3:09-CV-0298-N, Doc. No. 1149 (the “OSIC Order”). The OSIC Order defined “Stanford Investors” as “the customers of SIBL who, as of February 16, 2009, had funds on deposit at SIBL and/or were holding certificates of deposit issued by SIBL.” OSIC Order at 2. The OSIC Order conferred upon the OSIC “rights and responsibilities similar to those of a committee appointed to serve in a bankruptcy case.” The OSIC Order appointed me, as Examiner, to serve as a member of OSIC and as its initial Chair. I have served as the Chair of the OSIC since its formation and continue to so serve.

¹ The Defendants include Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, Robert Allen Stanford, James M. Davis, Laura Pendergest-Holt, Stanford Financial Group, The Stanford Financial Group Bldg. Inc. The Receivership encompasses Defendants and all entities they own or control.

6. In my capacity as OSIC Chair, I have worked closely with the Receiver and his counsel to reach and finalize the \$65 million settlement with Certain Underwriters at Lloyd's of London, Lexington Insurance Company, and Arch Specialty Insurance Co. (collectively, "Underwriters") (the "Insurance Settlement").

7. As Chair of OSIC and the Court-Appointed Examiner, I attended and participated in the mediations and settlement negotiations that ultimately resulted in the Insurance Settlement.

8. As OSIC's Chair and the Court-Appointed Examiner, I participated in a two-day mediation session addressing the insurance-related issues and claims on June 10-11, 2015. That mediation, conducted in New York City with JAMS mediator, Jed Melnick, Esq. and Simone Lelchuk, Esq., resulted in no settlement. I also participated in a second, one-day mediation with Mr. Melnick and Ms. Lelchuk, in Dallas, Texas, on November 4, 2015. Again, no settlement was reached.

9. I remained actively involved in discussions with the Receiver and his counsel until the Insurance Settlement was finally reached, with my review and approval, on June 3, 2016.

10. I was consulted concerning, and agreed with, the proposed fee for Kuckelman Torline Kirkland & Lewis ("Kuckelman Torline") of \$14 million, or 21.5% of the \$65 million settlement, in connection with the Insurance Settlement. I also consulted with the Receiver and his counsel regarding the proposed fee of \$100,000 to the attorneys handling the Claude Reynaud litigation, and I agree with that proposed fee award.

11. It is my opinion that the Insurance Settlement is fair, reasonable, and adequate, and in the best interests of the Stanford Receivership estate and the Stanford Investors, and should be approved by the Court. My opinion is based upon my past experience with insurance

coverage disputes, my involvement in the mediations, my analysis of the relevant coverage issues and claims, and my participation in the settlement negotiations. It is my opinion that the risks, uncertainty and the length of time it would take to try the coverage issues and claims, and the limited availability of the remaining insurance policy limits to fund recoveries all support the fairness, reasonableness, and adequacy of the Insurance Settlement.

12. For the same reasons the Court previously approved a 25% fee for other counsel representing the Receiver and OSIC, the Court should find the \$14 million fee to Kuckelman Torline and the \$100,000 fee to the Receiver's and OSIC's attorneys handling the Claude Reynaud litigation to be reasonable and approve them for payment. See Order Approving Attorneys' Fees in *Official Stanford Inv'rs Comm. v. BDO USA, LLP*, No. 3:12-cv-01447-N, Doc. No. 80; Order Approving Attorneys' Fees in *Ralph S. Janvey v. Adams & Reese, LLP*, Civil Action No. 3:12-CV-00495-B [SEC Action, Doc. No. 2231].

13. It is my opinion that the attorneys' fees requested are reasonable in comparison to the total net amount to be recovered for the benefit of the Stanford Investors. The proposed fees are also reasonable and appropriate considering the significant time, effort, and resources which the attorneys have invested in investigating the Stanford insurance-related issues and claims.

Executed on June 27, 2016



John J. Little

EXHIBIT 9

CERTAIN UNDERWRITERS AT LLOYD’S OF
LONDON, *et al.*,

Plaintiffs,

v.

PAUL D. WINTER, *et al.*,

Defendants.

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§ Civil Action No. 3:15-cv-1997-N
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CLAUDE F. REYNAUD, *et al.*,

Plaintiffs

v.

CERTAIN UNDERWRITERS AT LLOYD’S OF
LONDON, *et al.*,

Defendants.

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§ Civil Action No. 3:14-CV-3731-N
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ORDER APPROVING ATTORNEYS’ FEES

Before the Court is the Expedited Request for Entry of Scheduling Order and to Stay Related Litigation and Motion to Approve Proposed Settlement with Certain Underwriters at Lloyd’s of London, Lexington Insurance Company, and Arch Specialty Insurance Co., to Enter the Bar Order, to Enter the Coverage Action Judgment and Bar Order, to Enter the Third-Party Coverage Actions Judgments and Bar Orders, and for the Movants’ Attorneys’ Fees. [ECF No. ____]. This Order addresses the request for approval of a \$14 million attorneys’ fee to Kuckelman Torline Kirkland & Lewis (“Kuckelman Torline”) and \$100,000 to Movants’ counsel in the litigation against Claude Reynaud contained within the Motion. All relief requested in the Motion other than the request for approval of attorneys’ fees was addressed in the Court’s Final Judgment and Bar Order entered on _____, 2016 [ECF No. ____].

With respect to Movants' request for approval of their attorneys' fees, the Court finds that the \$14 million fee to Kuckelman Torline is reasonable and less than the percentage charged and approved by courts in other cases of this magnitude and complexity. The Stanford Receivership's insurance-related issues and claims are extraordinarily complex and time-consuming and have involved a great deal of risk and capital investment by Kuckelman Torline as evidenced by the Declaration of Michael J. Kuckelman, submitted in support of the request for approval of their fees. Both the Motion and the Declaration provide ample evidentiary support for the award of the Receiver's attorneys' fees set forth in this Order.

Trial courts can determine attorneys' fee awards in common fund cases such as this one using different methods. The common fund doctrine applies when a "litigant or lawyer who recovers a common fund for the benefit of persons other than himself or his client is entitled to a reasonable attorney's fee from the fund as a whole." *In re Harmon*, No. 10-33789, 2011 WL 1457236, at *7 (Bankr. S.D. Tex. Apr. 14, 2011) (quoting *Boeing Co. v. Van Gemert*, 444 U.S. 471, 478 (1980)).

One method for analyzing an appropriate award for attorneys' fees is the percentage method, under which the court awards fees based on a percentage of the common fund. *Union Asset Management Holding A.G. v. Dell, Inc.* 669 F.3d 632, 642-43 (5th Cir. 2012). The Fifth Circuit is "amendable to [the percentage method's] use, as long as the *Johnson* framework is utilized to ensure that the fee award is reasonable." *Id.* At 643 (citing *Johnson v. Georgia Hwy. Express, Inc.*, 488 F.2d 714 (5th Cir. 1974)). The *Johnson* factors include: (1) time and labor required; (2) novelty and difficulty of the issues; (3) required skill; (4) whether other employment is precluded; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations; (8) the amount involved and the results obtained; (9) the attorneys' experience,

reputation, and ability; (10) the “undesirability” of the case; (11) the nature and length of the professional relationship with the client; and (12) awards in similar cases. See *Johnson*, 488 F.2d at 717-9.

Thus, when considering fee awards in class action cases “district courts in [the Fifth] Circuit regularly use the percentage method blended with a *Johnson* reasonableness check.” *Id.* (internal citations omitted); see *Schwartz v. TXU Corp.*, No. 3:02-CV-2243-K (lead case), 2005 WL 3148350, at *25 (N.D. Tex. Nov.8, -2005) (collecting cases). While the Fifth Circuit has also permitted analysis of fee awards under the lodestar method, both the Fifth Circuit and district courts in the Northern District have recognized that the percentage method is the preferred method of many courts. *Dell*, 669 F.3d at 643; *Schwartz*, 2005 WL 3148350, at *25. In *Schwartz*, the court observed that the percentage method is “vastly superior to the lodestar method for a variety of reasons, including the incentive for counsel to ‘run up the bill’ and the heavy burden that calculation under the lodestar method places upon the court.” 2005 WL 3148350, at *25. The court also observed that, because it is calculated based on the number of attorney-hours spent on the case, the lodestar method deters early settlement of disputes. *Id.* Thus, there is a “strong consensus in favor of awarding attorneys’ fees in common fund cases as a percentage of the recovery.” *Id.* At *26.

While the Insurance Settlement is not a class action settlement, because the settlement is structured as a settlement with the Receivership Estate, with Bar Orders, and dismissal of certain litigation and Judgments, this Court has analyzed the award of attorneys’ fees to Kuckelman Torline under both the common fund and the *Johnson* approach. Whether analyzed under the common fund approach, the *Johnson* framework, or both, the \$14 million fee sought by the Receiver’s counsel pursuant to their Agreement with the Receiver Movant is reasonable and is

hereby approved by the Court.

Having reviewed the Declaration of Michael J. Kuckelman and the thousands of hours invested in the insurance-related issues and litigation, the Court finds that the proposed \$14 million fee for Kuckelman Torline is a reasonable percentage of the common fund (*i.e.* the \$65 million settlement). “The vast majority of Texas federal courts and courts in this District have awarded fees of 25%-33% in securities class action.” *Schwartz*, 2005 WL 3148350, at *31 (collecting cases). “Indeed, courts throughout this Circuit regularly award fees of 25% and more often 30% or more of the total recovery under the percentage-of-the-recovery method.” *Id.* The requested fee is 21.5% of the settlement, so it is less than the 25%-33% commonly awarded by this Circuit and it is reasonable.

A review of the *Johnson* factors that are discussed at length in the Motion and supported by the Declarations also demonstrates that the proposed \$14 million fee is reasonable and should be approved.

With respect to the time and labor required, Kuckelman Torline invested a tremendous amount of time and labor in this case, as reflected in the Kuckelman Declaration. Kuckelman Torline has spent over two years and thousands of hours investigating and pursuing claims against Underwriters on behalf of the Stanford Receivership Estate and the Stanford Investors.

The issues presented in the insurance litigation were novel, difficult, and complex. Several of the complex legal and factual issues are outlined in the Motion. Given the complexity of the factual and legal issues presented in this case, the preparation, prosecution, and settlement of this case required significant skill and effort on the part of Kuckelman Torline. Although participation in the insurance litigation did not necessarily preclude Kuckelman Torline from accepting other employment, the Declaration reveals that the sheer amount of time and resources

involved in investigating, preparing, and prosecuting the coverage litigation, as reflected by the hours invested by Kuckelman Torline, significantly reduced Kuckelman Torline's ability to devote time and effort to other matters.

The \$14 million fee requested is also well below the typical market rate contingency fee percentage of 33% to 40% that most law firms would demand to handle cases of this complexity and magnitude. *See Schwartz*, 2005 WL 3148350, at *31 (collecting cases and noting that 30% is standard fee in complex securities cases). It is also well below the 33 1/3% contracted for by the Receiver and Kuckelman Torline.

The \$65 million to be paid by Underwriters represents a substantial settlement and value to the Receivership. This factor also supports approval of the requested fee. The Declaration further reflects that Kuckelman Torline has represented numerous Lloyd's of London insurers in complex litigation matters. Thus, the attorneys' experience, reputation, and ability also supported the fee award. The nature and length of the professional relationship between the Receiver and his Counsel further supports the fee award, because Kuckelman Torline was retained to work on only insurance related issues and litigation. Unlike other counsel working for the Receivership on a contingency fee basis, this is Kuckelman Torline's only opportunity to recover its significant time investment.

Finally, awards in similar cases, with which this Court is familiar, as well as those discussed in the *Schwartz* opinion, all support the fee award. The Court also notes that a 25% contingency fee has previously been approved as reasonable by this Court for other counsel representing the Receiver. *See SEC Action ECF No. 2231*. Thus, the Court finds a fee of less than 25% is well within the range of reasonableness for cases of the magnitude and complexity of the insurance related issues and litigation.

For these reasons, the Court hereby approves the award of attorneys' fees in the amount of \$14 million to Kuckelman Torline as requested in the Motion. The Receiver is, therefore, ORDERED to pay Kuckelman Torline Kirkland & Lewis attorneys' fees in the amount of \$14 million upon receipt of the Settlement Amount in accordance with the terms of the Insurance Settlement Agreement.

The Court also finds that the \$100,000 award of attorneys' fees to Movants' counsel in the Reynaud litigation is reasonable and approved for the reasons set forth in the Court's Order Approving Attorneys' Fees in the Breazeale, Sachse & Wilson, LLP litigation. [SEC Action, ECF. No. 2231]. The Receiver is, therefore, ORDERED to pay Movants' counsel in the Reynaud litigation attorneys' fees in the amount of \$100,000 upon receipt of the Settlement Amount.

Signed on _____, 2016

DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE