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

RALPH S. JANVEY, IN HIS CAPACITY AS COURT-APPOINTED RECEIVER FOR THE STANFORD INTERNATIONAL BANK, LTD., ET AL.	§	
Plaintiff,	§	Case No. 03:09-CV-0724-N
v.	§	
JAMES R. ALGUIRE, ET AL.	§	
Relief Defendants.	§	

RECEIVER'S SUPPLEMENTAL COMPLAINT
AGAINST STANFORD FINANCIAL GROUP ADVISORS

SUMMARY

1. The ultimate purpose of this Receivership is to make the "maximum disbursement to claimants." This requires the Receiver Ralph S. Janvey ("Receiver") to maximize the pool of assets that will be available for distribution. To accomplish this, the Receiver must take control of all assets of the Estate and traceable to the Estate, "wherever located," including money stolen from investors through fraud.

2. The Receiver's investigation to date reveals that CD sales generated substantially all of the income for the Stanford Defendants and the many related Stanford entities. Revenue, let alone any profit, from all other activities and investments was miniscule in comparison. Money that new investors were deceived into paying to purchase CDs funded the Stanford network; lavish offices and appointments; extravagant lifestyles for the individual defendants and their families; employees' salaries; loans, commissions, bonuses, and Performance Appreciation Rights Plan ("PARS") payments (collectively, "CD Proceeds") to the financial

advisors named herein (the "Financial Advisors") for sales of CDs; and purported CD payments in the form of interest and redemptions to unwitting investors. This fraud endured, in part, by incentivizing a sales force with big commissions for selling CDs.

3. However, money stolen from CD purchasers through trickery and deceit retains its character as ill-gotten regardless of where, when, how, and why the Stanford Defendants spent it. When Stanford paid CD Proceeds, including commissions, to the Financial Advisors, he did no more than take money out of investors' pockets and put it into the hands of the Financial Advisors selling the fraudulent CDs. For the more than 20,000 investors who have thus far received little or nothing from their investment in Stanford CDs, money recovered from wherever it resides today is likely the only money they will ever receive in restitution. CD Proceeds — loans, commissions, bonuses, and PARS payments to the Financial Advisors for selling CDs — are little more than stolen money and do not belong to the Financial Advisors who received such funds but belong, instead, to the Receivership Estate.

4. At this stage of the Receivership, the Receiver has identified substantial sums of CD Proceeds paid to the Financial Advisors and, through this Supplemental Complaint, seeks the return of those funds to the Receivership Estate in order to make an equitable distribution to claimants.

5. The CD Proceeds paid by Stanford Defendants to the Financial Advisors for the sale of CDs were not in payment for legitimate services rendered by the Financial Advisors. The Stanford Defendants kept their fraudulent scheme going by employing the Financial Advisors to lure new investors and then divert the investors' funds for the Stanford Defendants' own illicit purposes. The CD Proceeds paid to the Financial Advisors for selling CDs came not from revenue generated by legitimate business activities, but from monies contributed by defrauded

investors. The Financial Advisors received assets traceable to the Stanford Defendants' fraudulent scheme. They have no legitimate ownership interest in these assets; they necessarily hold the assets in trust for the Receivership Estate for the benefit of defrauded investors.

6. The fraudulent CD Proceeds received by the Financial Advisors totaled over $134 million. A substantial portion of the fraudulent proceeds were received into accounts in the name of or controlled by the Financial Advisors in the custody of Pershing LLC ("Pershing").[1] The Financial Advisors named herein include: (1) Financial Advisors who have frozen accounts at Pershing or JP Morgan; and (2) Financial Advisors who do not presently have any frozen accounts.

7. The Receiver seeks an order that: (a) CD Proceeds received directly or indirectly by the Financial Advisors from fraudulent CDs are property of the Receivership Estate held pursuant to a constructive trust for the benefit of the Receivership Estate; (b) each of the Financial Advisors is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds he or she received from fraudulent CDs; (c) the Receiver may withdraw the assets contained in Pershing and JP Morgan accounts in the names of or controlled by the Financial Advisors and add those assets, up to the amounts of fraudulent CD Proceeds received by the Financial Advisors, to the assets of the Receivership Estate; and (d) the Financial Advisors must pay to the Receiver the difference, if any, between the amounts contained in their Pershing and JP Morgan accounts, if any, and the total amount of fraudulent CD Proceeds received.

[1] In some instances, the CD Proceeds were received into accounts in the name of or controlled by the Financial Advisors in the custody of JP Morgan.

JURISDICTION & VENUE

8. This Court has jurisdiction over this action, and venue is proper, under Section 22(a) of the Securities Act (15 U.S.C. § 77v(a)), Section 27 of the Exchange Act (15 U.S.C. § 78aa), and under Chapter 49 of Title 28, Judiciary and Judicial Procedure (28 U.S.C. § 754).

9. Further, as the Court that appointed the Receiver, this Court has jurisdiction over any claim brought by the Receiver to execute his Receivership duties.

10. Further, within 10 days of his appointment, the Receiver filed the original Complaint and Order Appointing the Receiver in 26 United States district courts pursuant to 28 U.S.C. § 754, giving this Court *in rem* and *in personam* jurisdiction in each district where the Complaint and Order have been filed.

11. Further, each of the Financial Advisors who submitted an Application for Review and Potential Release of Stanford Group Company ("SGC") Brokerage Accounts made the following declaration: "By filing this application, I submit to the exclusive jurisdiction of the United States District Court for the Northern District of Texas, Dallas Division and irrevocably waive any right I or any entity I control may otherwise have to object to any action being brought in the Court or to claim that the Court does not have jurisdiction over the matters relating to my account."

12. Further, a number of the Financial Advisors have filed motions to intervene in *SEC v. Stanford International Bank, Ltd., et al.*, Case No. 3:09-cv-298-N. By filing motions to intervene, they have consented as a matter of law to the Court's personal jurisdiction. *See In re Bayshore Ford Trucks Sales, Inc.*, 471 F.3d 1233, 1246 (11th Cir. 2006); *County Sec. Agency v. Ohio Dep't of Commerce*, 296 F.3d 477, 483 (6th Cir. 2002); *Pharm. Research & Mfrs. v.*

Thompson, 259 F. Supp. 2d 39, 59 (D.D.C. 2003); *City of Santa Clara v. Kleppe*, 428 F. Supp. 315, 317 (N.D. Ca. 1976).

THE FINANCIAL ADVISORS

13. The Financial Advisors named in the Appendix in Support of Receiver's Supplemental Complaint against Stanford Financial Group Advisors (the "Appendix"), filed concurrently with this Supplemental Complaint, were employed by SGC as Financial Advisors. The Financial Advisors received CD Proceeds ranging in amounts from approximately $3.3 million to $50,000 to promote the sales of SIB CDs. App. 1-6. Each of these named Financial Advisors received, at a minimum, the amounts associated with his or her name in the Appendix. *See id.* Collectively, these Financial Advisors received more than $134 million in such payments. *Id.* at 6.

14. Each of the named Financial Advisors will be served pursuant to the Federal Rules of Civil Procedure, through their attorney of record, or by other means approved by this Court's order.

STATEMENT OF FACTS

15. On February 16, 2009, the Securities and Exchange Commission commenced a lawsuit in this Court against R. Allen Stanford, two associates, James M. Davis and Laura Pendergest-Holt, and three of Mr. Stanford's companies, Stanford International Bank, Ltd. ("SIB" or "the Bank"), Stanford Group Company, and Stanford Capital Management, LLC (collectively "Stanford Defendants"). On the same date, the Court entered an Order appointing a Receiver, Ralph S. Janvey, over all property, assets, and records of the Stanford Defendants, and all entities they own or control.

I. Stanford Defendants Operated a Fraudulent Ponzi Scheme

16. As alleged by the SEC, the Stanford Defendants marketed fraudulent SIB CDs to investors exclusively through SGC Financial Advisors pursuant to a Regulation D private placement. First Amended Complaint (Doc. 48), ¶ 23.[2] The CDs were sold by Stanford International Bank, Ltd. *Id.*

17. In marketing, selling, and issuing CDs to investors, the Stanford Defendants repeatedly touted the CDs' safety and security and SIB's consistent, double-digit returns on its investment portfolio. *Id.* ¶ 31.

18. In its brochure, SIB told investors, under the heading "Depositor Security," that its investment philosophy is "anchored in time-proven conservative criteria, promoting stability in [the Bank's] certificate of deposit." SIB also emphasized that its "prudent approach and methodology translate into deposit security for our customers." *Id.* ¶ 32. Further, SIB stressed the importance of investing in "marketable" securities, saying that "maintaining the highest degree of liquidity" was a "protective factor for our depositors." *Id.* ¶ 45.

19. In its 2006 and 2007 Annual Reports, SIB told investors that the Bank's assets were invested in a "well-balanced global portfolio of marketable financial instruments, namely U.S. and international securities and fiduciary placements." *Id.* ¶ 44. More specifically, SIB represented that its 2007 portfolio allocation was 58.6% equity, 18.6% fixed income, 7.2% precious metals and 15.6% alternative investments. *Id.*

20. Consistent with its Annual Reports and brochures, SIB trained SGC Financial Advisors, in February 2008, that "liquidity/marketability of SIB's invested assets" was the "most important factor to provide security to SIB clients." *Id.* ¶ 46. In training materials, the Stanford

[2] Unless otherwise stated, citations to Court records herein are from the case styled *SEC v. Stanford Int'l Bank, Ltd., et al.,* Civil Action No. 3-09-CV-0298-N.

Defendants also claimed that SIB had earned consistently high returns on its investment of deposits (ranging from 11.5% in 2005 to 16.5% in 1993). *Id.* ¶ 24.

21. Contrary to the Stanford Defendants' representations regarding the liquidity of its portfolio, SIB did not invest in a "well-diversified portfolio of highly marketable securities." Instead, significant portions of the Bank's portfolio were misappropriated by Defendant Allen Stanford and were either placed in speculative investments (many of them illiquid, such as private equity deals), diverted to other Stanford Entities "on behalf of shareholder" - *i.e.*, for the benefit of Allen Stanford, or used to finance Allen Stanford's lavish lifestyle (*e.g.*, jet planes, a yacht, other pleasure craft, luxury cars, homes, travel, company credit card, etc.). In fact, at year-end 2008, the largest segments of the Bank's portfolio were: (i) at least $1.6 billion in undocumented "loans" to Defendant Allen Stanford; (ii) private equity; and (iii) over-valued real estate. *Id.* ¶¶ 24, 48.

22. In an effort to conceal their fraud and ensure that investors continued to purchase the CD, the Stanford Defendants fabricated the performance of SIB's investment portfolio. *Id.* ¶ 5.

23. SIB's financial statements, including its investment income, were fictional. *Id.* ¶ 37. In calculating SIB's investment income, Defendants Stanford and James Davis provided to SIB's internal accountants a pre-determined return on investment for the Bank's portfolio. *Id.* Using this pre-determined number, SIB's accountants reverse-engineered the Bank's financial statements to reflect investment income that SIB did not actually earn. *Id.*

24. For a time, the Stanford Defendants were able to keep the fraud going by using funds from current sales of SIB CDs to make interest and redemption payments on pre-existing CDs. *See id.* ¶ 1. However, in late 2008 and early 2009, CD redemptions increased to the point

that new CD sales were inadequate to cover redemptions and normal operating expenses. As the depletion of liquid assets accelerated, this fraudulent Ponzi scheme collapsed.

II. The Stanford Defendants Transferred CD Proceeds from the Fraudulent Ponzi Scheme to the Financial Advisors

25. The Stanford Defendants used an elaborate and sophisticated incentive program to keep the Financial Advisors highly motivated to sell SIB CDs to brokerage customers. *Id*. ¶¶ 27-28. The program included high commission rates, bonuses, loans, and PARS payments, all closely tied to maintaining the Stanford Defendants' portfolio of CDs. In 2007, SIB paid SGC and its affiliates more than $291 million in management fees for CD sales, up from $211 million in 2006. *Id*. ¶ 29. As a result of SGC's aggressive sales tactics, a significant percentage of SGC customers bought CDs from SIB. *Id*. ¶ 22.

26. CD Proceeds from the fraudulent Ponzi scheme described above were transferred by the Stanford Defendants to the Financial Advisors solely for the purpose of concealing and perpetuating the fraudulent scheme. Such CD Proceeds were paid to the Financial Advisors from funds supplied by investors who bought the fraudulent CDs. The Financial Advisors did not perform services (or performed only services that were in furtherance of the Ponzi scheme) in exchange for the CD Proceeds. Therefore, the Financial Advisors do not have any rightful ownership interest that could justify their retaining possession of the CD Proceeds, which are properly considered assets of the Receivership Estate. *See SEC v. George*, 426 F.3d 786, 799-800 (6th Cir. 2005) (Assets held by a third party can be considered property of the receivership estate if (1) the assets are traceable to the fraudulent activity and (2) the non-party has no legitimate claim to ownership of the assets.); *CFTC v. Kimberlynn Creek Ranch, Inc.*, 276 F.3d 187, 191-92 (4th Cir. 2002) (recipient of proceeds of fraud had no ownership interest in the funds); *see also Warfield v. Byron*, 436 F.3d 551, 558-60 (5th Cir. 2006) (transfers made from

Ponzi scheme are made with intent to defraud; broker who worked for Ponzi scheme did not provide reasonably equivalent value in return for fraudulent transfers); *In re Randy*, 189 B.R. 425, 438-39 (Bankr. N.D. Ill. 1995) (as illegal services premised on illegal contracts, broker services provided in furtherance of a Ponzi scheme do not provide reasonably equivalent value).

REQUESTED RELIEF

27. This Court appointed Ralph S. Janvey as Receiver for the "assets, monies, securities, properties, real and personal, tangible and intangible, of whatever kind and description, wherever located, and the legally recognized privileges (with regard to the entities), of the Defendants and all entities they own or control," including those of the Stanford Group Company brokerage firm. Order Appointing Receiver (Doc. 10) at ¶¶ 1-2; Amended Order Appointing Receiver (Doc. 157) at ¶¶ 1-2. The Receiver seeks the relief described below in this capacity.

28. Paragraph 4 of the Order Appointing Receiver, entered by the Court on February 16, 2009, authorizes the Receiver "to immediately take and have complete and exclusive control, possession, and custody of the Receivership Estate and to any assets traceable to assets owned by the Receivership Estate." Order Appointing Receiver (Doc. 10) at ¶ 4; Amended Order Appointing Receiver (Doc. 157) at ¶ 4. Paragraph 5(c) of the Order specifically authorizes the Receiver to "[i]nstitute such actions or proceedings [in this Court] to impose a constructive trust, obtain possession, and/or recover judgment with respect to persons or entities who received assets or records traceable to the Receivership Estate." Order Appointing Receiver (Doc. 10) at ¶ 5(c); Amended Order Appointing Receiver (Doc. 157) at ¶ 5(c).

29. One of the Receiver's key duties is to maximize distributions to defrauded investors and other claimants. *See* Amended Order Appointing Receiver (Doc. 157) at ¶ 5(g), (j)

(ordering the Receiver to "[p]reserve the Receivership Estate and minimize expenses in furtherance of maximum and timely disbursement thereof to claimants"); *Scholes v. Lehmann*, 56 F.3d 750, 755 (7th Cir. 1995) (receiver's "only object is to maximize the value of the [estate assets] for the benefit of their investors and any creditors"); *SEC v. TLC Invs. & Trade Co.*, 147 F. Supp. 2d 1031, 1042 (C.D. Cal. 2001); *SEC v. Kings Real Estate Inv. Trust*, 222 F.R.D. 660, 669 (D. Kan. 2004). But before the Receiver can attempt to make victims whole, he must locate and take exclusive control and possession of assets of the Estate or assets traceable to the Estate. Doc. 157 ¶ 5(b).

I. The Receiver is Entitled to Disgorgement of Assets from the Financial Advisors as Relief Defendants

30. As alleged above, the payments received by the Financial Advisors are assets of the Receivership Estate, and the Financial Advisors are named as relief defendants to effect full relief in the marshaling of assets that are the fruit of the underlying fraud. *See SEC v. Colello*, 139 F.3d 674, 676-77 (9th Cir. 1998).

31. Case law amply supports the power of a receiver to seek disgorgement of tainted funds from relief defendants who receive proceeds from a Ponzi scheme.[3] The Financial Advisors who received CD Proceeds in the form of commissions, bonuses, loans, and PARS payments lack legitimate claims to the CD Proceeds because their "services" were rendered in

[3] *SEC v. George*, 426 F.3d 786, 798-99 (6th Cir. 2005); *SEC v. JT Wallenbrock & Assocs.*, 440 F.3d 1109, 1116 (9th Cir. 2006); *SEC v. Infinity Group Co.*, 212 F.3d 180, 193 (3d Cir. 2000); *Quilling v. 3D Marketing, LLC*, No. 3-06-CV-0293-L, 2007 WL 1058217, at *4 (N.D. Tex. Feb. 8, 2007); *SEC v. Alanar, Inc.*, No. 1:05-cv-1102, 2008 WL 1994854, at *5-6 (S.D. Ind. May 6, 2008); *SEC v. Cross Fin. Servs., Inc.,* 908 F. Supp. 718, 730 (C.D. Cal. 1995); *Commodity Futures Trading Comm'n v. Bolze*, No. 3:09-CV-88, 2009 WL 1313249, at *2 (M.D. Tenn. April 1, 2009); *SEC v. AmeriFirst Funding, Inc.*, Civil Action No. 3:07-CV-1188-D, 2008 WL 1959843, at *2 (N.D. Tex. May 5, 2008); *Commodity Futures Trading Comm'n v. Foreign Fund*, 549 F. Supp. 2d 1005, 1008 (M.D. Tenn. 2008); *Commodity Futures Trading Comm'n v. Foreign Fund*, No. 3:04-0898, 2007 WL 1850007, at *5 (M.D. Tenn. June 25, 2007); *SEC v. Dowdell,* No. Civ. A. 3:01-CV-00116, 2002 WL 31357059, at *4-5 (W.D. Va. Oct. 11, 2002); *SEC v. Chem. Trust*, No. 00-8015-CIV, 2000 WL 33231600, at *11-12 (S.D. Fla. Dec. 19, 2000); *SEC v. Better Life Club of Am., Inc.*, 995 F. Supp. 167, 184 (D.D.C. 1998); *SEC v. Infinity Group Co.*, 993 F. Supp. 324, 331 (E.D. Pa. 1998), *aff'd*, 212 F.3d 180 (3d Cir. 2000).

furtherance of the fraud. *See SEC v. Infinity Group Co.*, 993 F. Supp. 324, 331 (E.D. Pa. 1998); *see also SEC v. AmeriFirst Funding, Inc.*, Civil Action No. 3:07-CV-1188-D, 2008 WL 1959843, at *5 (N.D. Tex. May 5, 2008) (relief defendant had no legitimate claim to proceeds of securities fraud despite having provided consulting services to defendant). In *Infinity Group*, a relief defendant claimed to have rendered administrative and clerical services to one of the defendants. 993 F. Supp. at 331. According to the relief defendant, these services constituted consideration for any proceeds she received. *Id.* But the court disagreed:

> [T]o the extent that [the relief defendant] earned any of the funds which were transferred into these trusts, **she did so in the service of the very unlawful offering and sale of securities which is the subject of these proceedings.** It would be contrary to the securities law to allow [the relief defendant] to launder the proceeds of a securities fraud by billing bilked investors for services rendered in furtherance of that fraud. **Illegal consideration is invalid consideration and thus cannot shield ill-gotten gains from disgorgement.**

Id. (emphasis added). Although the Stanford Financial Advisors may have performed "services," the "services" were in furtherance of the Ponzi fraud. As a result, any claim the Financial Advisors have to the ill-gotten CD Proceeds is illegitimate.

32. In order to carry out the duties delegated to him by this Court, the Receiver seeks complete and exclusive control, possession, and custody of the CD Proceeds received by the Financial Advisors.

33. The Financial Advisors cannot establish any legitimate ownership claim to the CD Proceeds. Pursuant to the equity powers of this Court, the Receiver therefore seeks an order (a) establishing that the CD Proceeds received directly or indirectly by the Financial Advisors from fraudulent CDs are property of the Receivership Estate held pursuant to a constructive trust for the benefit of the Receivership Estate; (b) ordering that each of the Financial Advisors is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds he or she received;

(c) allowing the Receiver to withdraw the assets contained in Pershing and JP Morgan accounts in the names of or controlled by the Financial Advisors and add those assets, up to the amounts of CD Proceeds received by the Financial Advisors, to the assets of the Receivership Estate; and (d) ordering the Financial Advisors to pay to the Receiver the difference, if any, between the amounts contained in their Pershing and JP Morgan accounts and the total amount of CD Proceeds received by the Financial Advisors.

II. In the Alternative, the Receiver is Entitled to Disgorgement of Assets Fraudulently Transferred to the Financial Advisors

34. In the alternative, the Receiver is entitled to disgorgement of the CD Proceeds paid to the Financial Advisors because such payments constitute fraudulent transfers under applicable law. The Stanford Defendants transferred the CD Proceeds to the Financial Advisors with actual intent to hinder, delay, or defraud their creditors; as a result, the Receiver is entitled to the disgorgement of those CD Proceeds from the Financial Advisors.

35. The Receiver may avoid transfers made with the actual intent to hinder, delay, or defraud creditors. "[T]ransfers made from a Ponzi scheme are presumptively made with intent to defraud, because a Ponzi scheme is, as a matter of law, insolvent from inception." *Quilling v. Schonsky*, No. 07-10093, 2007 WL 2710703, at *2 (5th Cir. Sept. 18, 2007); *see also Warfield v. Byron*, 436 F.3d 551, 558 (5th Cir. 2006). The uncontroverted facts establish that the Stanford Defendants were running a Ponzi scheme and, to keep the scheme going, paid the Financial Advisors with CD Proceeds taken from unwitting CD investors. The Receiver is, therefore, entitled to disgorgement of the fraudulently transferred CD Proceeds that the Financial Advisors received.

36. Consequently, the burden is on the Financial Advisors to establish an affirmative defense, if any, of good faith and provision of reasonably equivalent value. *See, e.g., Scholes*, 56

F.3d at 756-57 ("If the plaintiff proves fraudulent intent, the burden is on the defendant to show that the fraud was harmless because the debtor's assets were not depleted even slightly."). The Fifth Circuit has held that providing brokerage services in furtherance of a Ponzi scheme does not confer reasonably equivalent value and that a receiver can recover from brokers the commissions they received for recruiting other investors into the scheme. *Warfield*, 436 F.3d at 555, 560. The *Warfield* court eloquently observed that "[i]t takes cheek to contend that in exchange for payments he received, the . . . Ponzi scheme benefited from [the broker's] efforts to extend the fraud by securing new investments." *Id.* at 560 (citing *Randy*, 189 B.R. at 438-39, for the proposition that "as illegal services premised on illegal contracts, broker services provided in furtherance of a Ponzi scheme do not provide reasonably equivalent value"). The Financial Advisors cannot now claim that, in return for furthering the Ponzi scheme and helping it endure, they should be entitled to keep the commissions, bonuses, loans, and PARS payments taken from the very same investors to whom they sold the fraudulent SIB CDs. Because the Financial Advisors cannot meet their burden to establish that they provided reasonably equivalent value for the CD Proceeds, the Receiver is entitled to the disgorgement of those funds.

37. In order to carry out the duties delegated to him by this Court, the Receiver seeks complete and exclusive control, possession, and custody of the CD Proceeds received by the Financial Advisors.

38. The Stanford Defendants, who orchestrated the Ponzi scheme, transferred the CD Proceeds to the Financial Advisors with actual intent to hinder, delay, or defraud their creditors. Pursuant to the equity powers of this Court, the Receiver therefore seeks an order (a) establishing that the CD Proceeds received directly or indirectly by the Financial Advisors from fraudulent CDs are property of the Receivership Estate held pursuant to a constructive trust for the benefit

of the Receivership Estate; (b) ordering that each of the Financial Advisors is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds he or she received; (c) allowing the Receiver to withdraw the assets contained in Pershing and JP Morgan accounts in the names of or controlled by the Financial Advisors and add those assets, up to the amounts of CD Proceeds received by the Financial Advisors, to the assets of the Receivership Estate; and (d) ordering the Financial Advisors to pay to the Receiver the difference, if any, between the amounts contained in their Pershing and JP Morgan accounts and the total amount of CD Proceeds received by the Financial Advisors.

PRAYER

39. The Receiver respectfully requests the following

(a) A summary adjudication that CD Proceeds received directly or indirectly by the Financial Advisors in connection with the sale of fraudulent SIB CDs are subject to a constructive trust for the benefit of the Receivership Estate;

(b) A summary adjudication of the amount of CD proceeds each Financial Advisor received in connection with the sale of fraudulent SIB CDs;

(c) An Order providing that each of the Financial Advisors is liable to the Receivership Estate for an amount equaling the amount of CD Proceeds he or she received from fraudulent CDs;

(d) An Order allowing the Receiver to withdraw the assets contained in the Pershing and JP Morgan accounts in the names of or controlled by the Financial Advisors and add those assets, up to the amounts of CD Proceeds received by the Financial Advisors, to the assets of the Receivership Estate;

(e) An Order requiring the Financial Advisors to pay to the Receiver the difference between the amounts contained in their Pershing and JP Morgan accounts and the total amount of fraudulent CD Proceeds received by the Financial Advisors; and

(f) Such other and further relief as the Court deems proper under the circumstances.

Dated: August 26, 2009

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

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CERTIFICATE OF SERVICE

On August 26, 2009, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the Court. I hereby certify that I will serve the Financial Advisors individually or through their counsel of record, electronically, or by other means authorized by the Court or the Federal Rules of Civil Procedure.

/s/ Kevin M. Sadler
Kevin M. Sadler