

personally involved in, FTI's forensic accounting and cash tracing activities for the Stanford Entities. The purposes of FTI's work have been, in part, to (a) determine the roles the various Stanford Entities played in the fraud alleged by the SEC and specifically in the sale and redemption of Stanford International Bank ("SIB") certificates of deposit ("CDs"); (b) identify the source(s) of income and cash flows for the various Stanford Entities; and (c) trace those funds to determine how they were allocated and disbursed throughout the Stanford Entities.

4. This declaration is being made in connection with the Stanford Victims Coalition's ("SVC") request to the SEC to direct the Securities Investor Protection Corporation ("SIPC") to initiate a liquidation of Stanford Group Company ("SGC") under the Securities Investor Protection Act ("SIPA") to compensate SGC customers whose funds were lost through SGC.

5. Allen Stanford ("Stanford") was the sole owner of Stanford Group Holdings which is in turn the sole owner of Stanford Group Company ("SGC"). SGC is an SEC-registered broker dealer and SIPC Member with offices throughout the United States. Stanford was also the owner of Stanford International Bank Limited, an offshore bank chartered in Antigua, West Indies; Stanford Trust Company ("STC"), a financial institution chartered in the state of Louisiana where customer accounts were established to hold custody of SIB CDs sold to SGC customers; and, Stanford Financial Group Company ("SFGC"), which provided shared services, including treasury and investment services to the Stanford Entities. Additionally, Stanford also, directly or indirectly, owned more than 130 separate entities which together with SGC, STC, SFGC and SIB comprised a single, commonly-owned financial services network called the Stanford Financial Group, ("SFG"), which was headquartered in Houston, Texas.

6. Stanford, along with a close band of confidantes, controlled SFG (of which SGC, STC, SFGC and SIB were a part). These confidantes included James Davis as CFO for SFGC and SIB, and Laura Pendergest Holt, Chief Investment Officer for SFGC.

7. SIB was nothing like a typical commercial bank. SIB had one principal financial product—certificates of deposit—and one principal source of funds—customer deposits from CD purchases.

8. Most, and perhaps all, of the Stanford Entities, were part of the Ponzi scheme alleged by the SEC or derived benefit from it. The U.S. Stanford entities

that were the most closely involved with the sale and redemption of SIB CDs were SGC and STC. Registered representatives of SGC sold SIB CDs to investors, and STC held custody of SIB CDs sold by SGC to customers who held IRA accounts at STC.

9. The substantial majority of funds received or utilized by the Stanford Entities, in particular SGC and SFGC, were proceeds from the sale of SIB CDs.

10. SGC customer funds sent by wire transfer and intended to purchase SIBL CDs did not go to Stanford International Bank in Antigua. Once the funds were received they were managed by SFGC personnel in the U.S.

11. SGC customer funds were routed through bank accounts in the name of SIB or STC and then disbursed by SFGC personnel among the Stanford Entities, including SGC.

12. A majority of the funds deposited into the operating bank accounts in the name of SGC at Trustmark National Bank came from sources traceable to SIB accounts that were funded almost exclusively by customer deposits intended to purchase SIB CDs. Without income related to SIB CDs, SGC would have been insolvent from at least 2004 forward (and likely before). Referral fees and CD related compensation constituted the majority of SGC's revenue in each year from 2004 thru 2008. Even when this CD related compensation is considered with other income received by SGC in the ordinary course of business, SGC showed negative cash flows from operations in each year from 2004 thru 2008. The only reason SGC's financial statements did not reflect negative cash flows is because SGC received millions of dollars in capital contributions, which consisted primarily of SIB CD funds.

13. The substantial majority of funds used to pay loans, bonuses, "Performance Appreciation Rights Plan" ("PAR") payments and commissions to SGC financial advisors who sold the SIB CDs were the proceeds from the sale of the SIB CDs.


14. CD funds not used to pay interest, redemptions and operating expenses of the Stanford entities, including commissions for the SGC financial advisors, up-front bonuses used to recruit the financial advisors and PAR payments for the financial advisors were either placed in speculative investments (many of them illiquid, such as private equity deals), diverted to other Stanford entities "on behalf of the 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.).

15. At least from 2004 until the SEC complaint was filed on February 17, 2009, SGC customer funds intended for the purchase of SIB CDs were used to make purported interest and redemption payments on pre-existing CDs because SIB did not have sufficient assets, reserves, and investments available to cover the total customer deposit liabilities, redemptions, and interest payments.

16. Notwithstanding SIB's insolvency, sales of CDs by SGC continued until February 16, 2009 when the SEC and the U.S. Court intervened.

17. I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read "Karyl Van Tassel", written over a horizontal line.

Karyl Van Tassel, CPA
FTI Consulting, Inc.

Executed this 15 day of February, 2011