



The Eastern Caribbean Supreme Court  
The High Court of Justice Antigua & Barbuda  
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**STANFORD INTERNATIONAL BANK LIMITED – IN  
LIQUIDATION  
HIGH COURT OF ANTIGUA CLAIM NUMBER: ANUHCV  
2009/0149**

**FIRST REPORT OF THE JOINT LIQUIDATORS**

**1 Introduction**

- 1.1 I refer to the appointment of Marcus Wide and Hugh Dickson as the joint liquidators (“the Liquidators”) of Stanford International Bank Limited (“SIB”) on 12 May 2011 by Order of the Honourable Mr. Justice Mario Michel of the High Court of Antigua and Barbuda, in place of Nigel Hamilton-Smith and Peter Wastell (“the Former Liquidators”). In accordance with paragraph 18 of the Order appointing the Liquidators of 12 May 2011, I now submit our first report to the Court.
- 1.2 The mandate of the Liquidators is to gather in and maximize the value of the assets of SIB, to monetise and to distribute such assets under a statutory framework. This requires the Liquidators to conduct a creditor/victim claims adjudication and distribution process.
- 1.3 I note that pursuant to paragraph 18 of the Order of 12 May 2011 that the Court requests the Liquidators provide a report with respect to the liquidation and their preliminary determination of the assets to be realized, the likely recoveries and the extent to which the claims of all creditors/victims of SIB may be met. Whilst this report does provide a summary of the assets to be realised it is simply not possible at this stage of the liquidation to provide any meaningful estimate with regards to the likely distribution to the creditors/victims of SIB.

- 1.4 This report is structured as follows:

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## **2 Highlights to Date**

2.1 In no particular order the notable activities and events since the appointment of the Liquidators include the following:

- 2.1.1. the handover of estate from Former Liquidators and assumption of control of all SIB records in their possession;
- 2.1.2. the formation and active involvement of a creditors' committee to consult with the Liquidators and to provide input on key decisions to be made in the liquidation;
- 2.1.3. the commencement of a process to realise value from the land assets ultimately owned by SIB in Antigua including negotiating and agreeing to the sale of the ECAB Bank Building for EC\$12.25 million (or US\$4.5 million);
- 2.1.4. the opening of productive lines of communication with various stake holders and interested parties including the (i) SEC Receiver, (ii) the SEC Receiverships Investors' Committee, (iii) the United States Department of Justice (the "DoJ"), (iv) the office of the Attorney General of the Canadian Province of Ontario, (v) FINMA, the regulator of financial institutions in Switzerland, and (vi) the Serious Fraud Office (the "SFO") of the UK, and gaining an understanding of the issues that need to be addressed to ensure a co-operative approach and the achievement of the common over-arching goal for the creditors/victims - the optimisation of global recoveries;
- 2.1.5. the obtaining of a freezing order over approximately US\$70 million of assets owned by four Allen Stanford owned companies in Antigua;
- 2.1.6. successfully applying to the Central Criminal Court in London for an order authorising the Liquidators to draw US\$20 million of SIB's assets frozen by the DoJ/SFO in the UK for the purpose of funding the liquidation in order to maximise recoveries for creditors/victims; and
- 2.1.7. detailed review of legal actions and litigation with respect to SIB property.

### 3 Global Asset Recovery Plan

- 3.1 As detailed in the Global Asset Recovery Plan attached at Appendix A, total assets identified to date, and potentially recoverable, are in the region of US\$500 million<sup>1</sup> of which the Liquidators currently control approximately \$65 million. Recoveries could significantly exceed this amount if claims against third parties prove to be successful. However, given the relatively early stage of the liquidation and the recovery efforts it is impossible to forecast what the overall outcome in terms of recoveries for the estate will be and it could be significantly less than the value identified in the Global Asset Recovery Plan.
- 3.2 We note that freezing injunctions obtained by the DoJ over assets in the UK, Switzerland and Canada, have tied up the working capital which would ordinarily be available to an insolvent estate to attempt to generate recoveries through effective marketing of hard assets and real property, or by seeking to recover traced assets or property, or to litigate for damages. Indeed the lack of working capital has presented a significant problem in preventing us from fully conducting the analysis necessary to establish the nature and existence of traceable assets and to properly instruct and fund legal counsel to pursue third party damages claims. This is more fully discussed later in this report.
- 3.3 There is a US equity receiver who was appointed by the US Securities and Exchange Commission ("SEC"), Mr. Ralph Janvey, in Dallas, Texas on 17 February 2009 to gather in and preserve the assets of five Stanford related companies, including the assets of SIB, and those of three insider individuals of the Stanford Group. Historically, this has led to conflict between the two estates.

### 4 Creditor/Victim Claims

- 4.1 The amounts owed to SIB's creditors/victims on the basis of SIB's records are as follows:

Type of Claim	Number of Creditors	TOTALS (US\$)	% of Total
Depositor Balances	21,601	7,251,873,748	99.91%
Employee claims	99	1,049,929	0.01%
Trade creditor claims	38	5,438,240	0.08%
	<b>21,738</b>	<b>7,258,361,917</b>	<b>100%</b>

- 4.2 It is noted that the value of SIB's liabilities owed to holders of Certificates of Deposit ("CDs") of \$7,251,873,748 includes accrued interest. In a case involving apparent financial fraud as in this matter (which would seem to have been operated in the nature of a fraudulent Ponzi scheme), the value of the CDs issued by SIB will likely

<sup>1</sup> With the exception of (a) certain real estate assets located in Antigua of an estimated "as is" value of approximately US\$45 million, and (b) some \$20 million of the reported \$110 million of restrained assets of SIB located in London, England which the Liquidators gained access to as 'living expenses' of the estate by Court Order dated 4 August 2011, none of the estimated US\$500 million in "identified" assets are under the control of the Liquidators.

need to be adjusted to remove any incident of what is sometimes referred to as 'scam interest' or fictitious return. Also, the value of each CD holder's claim may need to be restated to take account of all cash payments received by him or her so as to arrive at a true "net cash in" position for each depositor.

- 4.3 Approximately 99.9% of all creditors of SIB are holders of CDs issued by SIB and appear to be the victims of fraud.

## **5 Key Considerations Impacting the Liquidation Estate**

- 5.1 The pressing issues are substantial. There exist a variety of imminent deadlines to preserve certain rights. This has required not only an immediate and sustained effort from the Liquidators and their staff, but continued efforts from the legal team in every jurisdiction relevant to the estate, since the date of the Liquidators' appointment on 12 May 2011.
- 5.2 There exist frozen assets of SIB in Canada (approximately CAD\$18 million), Switzerland (approximately US\$140 million) and the United Kingdom (reportedly US\$110 million). These frozen assets consist of a mixture of cash deposits, investment securities and investments in hedge funds. The legal team has provided the Liquidators with preliminary assessments of the prospects of success and preliminary estimates of costs in litigating to recover such frozen assets in Canada, Switzerland and the UK, in the event it is determined to be in the best interests of the estate to do so. At present we are hopeful that cross-border co-operation protocols can be developed with the relevant stakeholders to avoid what we see as unnecessary litigation costs over who is to act as the custodian of SIB's restrained assets. Also, we intend to pursue the most efficient manner and means of managing, monetising and distributing these assets to creditors/victims.
- 5.3 It is important that creditors/victims participate in decision making and that will be achieved going forward by consultation through an Interim Advisory Creditors Committee (the "Committee"). The Liquidators have formed the Committee selected from volunteer creditors from seven different countries. The Committee members are representative of a broad spectrum of creditors/victims of SIB, both geographically and in terms of the values of their respective claims against SIB. To date, the Liquidators have held four meetings with the Committee during which the Committee were updated on urgent issues requiring attention in the liquidation and their input was sought on key decisions to be made. The Committee is currently an interim committee as the Liquidators are considering whether to seek the Court's sanction of this arrangement. The membership of the Committee is subject to augmentation and rotation.
- 5.4 The material received from the Former Liquidators, while generally delivered on time, has been lacking in the necessary detailed backup on which we can make sound decisions, thus requiring us to expand the level of due diligence and fact investigation into possible sources of recovery so as to avoid missing limitation periods, filing and other deadlines.

- 5.5 The creditor claims process followed by the Former Liquidators may not comply with applicable Antiguan law and rules of insolvency practice. Claims which were “accepted” are in amounts inconsistent with historical precedents for adjudicating claims in cases of fraudulent financial businesses (or Ponzi schemes). The claims process used by the Former Liquidators, involving more than 4,000 claims having ostensibly been “agreed”, may have to be restated.
- 5.6 We have determined that to generate optimal values from the real property of the estate in Antigua in the currently depressed market, we are likely facing a substantial time frame for value realisation which will involve the need to professionally package, market and, possibly, improve to some extent the properties in question.
- 5.7 To complete the building of a number of civil liability claims against third parties (such as banks or law firms which provided services to SIB and which appear to have facilitated wrongdoing by the directors of SIB) - which early analysis indicate exist – will require, in part, a forensic examination of the records of SIB and other sources of evidence, which will require a significant investment by the estate. Without this investment, certain putative claims of the estate worth potentially more than any other asset may never be pursued.
- 5.8 Until very recently the estate has had very limited liquid assets with which to fund the required expenses of administering the estate and recovering assets. Current income to the estate totals approximately US\$30,000 per month which contributes towards the approximately US\$90,000 it costs to cover the expenses of the Antiguan operation on a minimalist or ‘keep the lights on’ basis.
- 5.9 It is clear that the estate has historically been hampered by the absence of assured access to funding. Fees of the Former Liquidators (and their legal team) of in excess of US\$18 million have been claimed by them as being owed by the estate. A hearing is to be scheduled to take place during October 2011 in which the Court is expected to fix the fees of the Former Liquidators and their advisors. The Liquidators must file the estates’ papers in response to this US\$18 million claim by 1 September 2011.
- 5.10 To date the current Liquidators and their legal team have been funding the cost of running the estate since 12 May 2011. It is clear that this can only be a temporary measure and that without assurance of funding the estate cannot continue to function.
- 5.11 Given the funding issues, the primary focus of the Liquidators to date has been directed towards understanding properly the core issues facing the estate. With that preliminary body of information, the Liquidators have sought access to funding by seeking to recover value from the estate’s assets and by alternative means; while at the same time making sure that existing rights and actions are preserved, and that a representative body of creditors/victims of the estate be given an opportunity to provide input into the decisions arising from this activity.

## **6 Funding**

- 6.1 A significant focus of the Liquidators' efforts and those of their advisors to date has been directed towards accessing liquid assets belonging to the estate with which to fund the liquidation. Funding of the liquidation is key to ensure maximum potential recovery of assets for the creditors/victims.
- 6.2 Following extensive communications between the Liquidators, the SFO and the DoJ that ultimately did not prove successful, the Liquidators, on 10 July 2011, made an urgent application to the Central Criminal Court in London, England to secure access to some of SIB's own frozen funds for the purpose of funding the liquidation. A hearing was held in the Central Criminal Court on 3 August 2011 and, on 4 August 2011, the Court granted the Liquidators' request and agreed to release US\$20 million of SIB's restrained assets in London (see attached copy of the Court's Partial Release of Restrained Assets Order at Appendix B). We would note that the Partial Release of Restrained Assets Order imposes conditions on the drawdown of funds. If the estate succeeds in the ultimate litigation over SIB's restrained assets in London, these conditions will dissolve. While we do not consider it likely that the SFO or the DOJ will appeal the Partial Release of Restrained Assets Order or seek at a later date to restrict drawdown, that possibility cannot be excluded. In addition, the Order provides the Liquidators with the duty and the power to manage the restrained assets of SIB in London. The Court Order does not in itself resolve the broader issue of whether SIB's remaining restrained assets in London of a reported value of approximately \$90 million should be handed over to the DoJ or indeed the Liquidators for use in optimising recoveries for creditors/victims. Discussions with the DoJ and SFO on that issue are on-going.
- 6.3 Until assurance of access to US\$20 million of SIB's restrained liquid assets was achieved very recently, it has been difficult to fully explore the options open to the estate as these in turn require investment by the estate in a proper forensic review of the finances of SIB, and resulting legal analysis of the findings of that review. However, we have, with our legal team, developed some broad prospects for recovery both from real property, known frozen liquid assets of the estate and third party facilitator liability actions. These are outlined in the Global Asset Recovery Plan.
- 6.4 Recognising that the estate could not function without funding, a third party source which expressed interest in funding the estate was identified. The proposed terms of third party funding were assessed and re-negotiated by the Liquidators and approval for the estate to enter into an agreement for funding to be provided on those terms was sought and, subject to a certain condition, obtained from this Court at a hearing on 11 July 2011. The condition placed by the Court on its approval of this proposed third party funding was that, if the Liquidators were unable to recover or raise US\$20 million in liquid cash from assets belonging to the estate itself, within such time as would not prejudice the estate, we were authorised to enter into the proposed funding arrangement with the third party in question. As discussed above the Liquidators were subsequently successful in obtaining the right to draw up to US\$20 million in funds from SIB's assets frozen in the UK. Therefore (a) the condition to this Court's approval of third party funding was not met, in the sense that the estate ultimately established that it could access its own funds in the amount required of US\$20

million, and (b) there is no immediate need for such third party funding on the terms which were then proposed. The significance of the estate being able to access US\$20 million of its own money with which to fund itself, is that there will be no cost to the creditors/victims for this form of funding. Given that the Estate will likely need more than US\$20 million of funding to, in particular, pursue some of its putative substantial value third party liability claims, we are in continuing discussions with the third party funder to see if a supplemental funding arrangement can be left in place as a future option or made available on amended terms to fund specific litigation which might enable assets realised elsewhere in the estate to be distributed sooner.

## **7 Country Summary**

### **A. United Kingdom**

- 7.1 We had extensive communications with the SFO with regards to access to the frozen assets as discussed under the Funding paragraphs above. These discussions broke down and the Central Criminal Court in London had to resolve the issue of the estate accessing its own funds. The Liquidators must next consider the approach to take as to whether or not to apply to have the temporary restraint order removed and to release the balance of the frozen assets to the estate, or to negotiate a protocol with the DoJ to mitigate the cost of multiple claims processes and allow these monies to flow to the estate or for the benefit of creditors/victims. In order to preserve value, there is also a strong need to properly value some of the UK assets of SIB and to manage them, as some of them appear in equity shares of privately held hedge funds. We have now secured the power to manage these assets by the terms of the Partial Release of Restrained Assets Order. Prior to 4 August 2011, these frozen assets were not managed by anyone. This may have led to an erosion of value which is being investigated.

### **B. Switzerland**

- 7.2 As there is a reported US\$140 million of SIB assets frozen in Switzerland, we met with the Swiss criminal investigating magistrate and FINMA, the national regulator of financial institutions in Switzerland, shortly after our appointment. At present it is not clear if the Swiss criminal magistrate will proceed with a criminal asset forfeiture proceeding against the frozen assets. If the magistrate does not pursue criminal asset forfeiture proceedings, the frozen Swiss assets will likely be released for administration inside the Swiss mini-bankruptcy proceeding of SIB currently in place. The Antiguan liquidation of SIB has been formally recognised in Switzerland by an order of FINMA of June 2010; however, FINMA has a duty to ensure that Swiss unsecured creditors are treated equitably by the Antiguan estate of SIB, and that the claims of Swiss secured creditors are resolved before FINMA will release monies to the Liquidators.
- 7.3 The composition of SIB's frozen assets in Switzerland consists of a mixture of cash deposits in banks and a substantial pool of investments in equity shares of privately held hedge funds. As in the UK, these investments are susceptible to erosion absent independent management. The Liquidators have asked FINMA to allow the Liquidators to participate in the management of these assets.

### **C. United States**

- 7.4 We have had meetings in Washington DC with the DoJ to explore the possible release of the foreign criminal asset freeze orders in Canada, Switzerland and the UK, in whole or in part.
- 7.5 We also met with the SEC Receiver's Investors' Committee in Miami, Florida on 16 June 2011 to explore whether we could find common ground with respect to the way the two estates might function co-operatively for the benefit of the creditors/victims. A separate meeting with the SEC Receiver was held in Miami on June 28 2011 and since then we have been in communication with Mr. Janvey and his legal advisors. These meetings and discussions have all been with a view to co-operating to avoid duplicated asset recovery litigation against third parties and to avoid litigation between the two estates. Also we hope to devise a unified claims adjudication process to avoid the cost of multiple and possibly conflicting claims processes. We also hope to establish a common distribution process. On 11 August 2011 we exchanged drafts of two proposed sets of outline terms for a Cross-Border Insolvency Protocol for the two estates to discuss.
- 7.6 Similarly, we have obtained preliminary legal advice with respect to the likelihood of success and the projected cost of prosecuting the US Bankruptcy Code Chapter 15 recognition petition filed by the Former Liquidators. This petition for recognition of the Antiguan liquidation in the United States and its implications/benefits to the estate, will be discussed with the Committee. A decision on whether to proceed with the Chapter 15 Petition will be made soon. As above, the objective will be to prevent duplicate work and to ensure that the party with the best chance of success proceeds with any viable asset recovery or third party liability litigation.

### **D. Canada**

- 7.7 The Ontario Attorney General ("AG") has determined in principle not to forfeit the CAD\$18 million in frozen funds to the Government of Ontario or for an Ontario based victim distribution scheme. Instead, the AG has determined to seek the power to remit the funds to the DoJ on the basis of assurances from the DoJ that the funds will be distributed to the victims of the SIB fraud. We have had communications with the representatives of the AG in Toronto. Based on the advice of our Canadian counsel, we have concerns as to the legal propriety and effectiveness of this arrangement but will look further at it in light of our ongoing negotiations with the DoJ.
- 7.8 On 12 August 2011 the Liquidators filed, in the Supreme Court of Canada, an application to be substituted as the parties pursuing an outstanding request for leave to appeal certain rulings that were adverse to the Antiguan estate of SIB, from the courts of the Province of Quebec. These rulings held that Mr. Janvey be recognised in Canada in preference to the liquidators of the Antiguan estate. These rulings appear to be based, in part, on the Quebec Superior Court's conclusions of professional misconduct on the part of the Former Liquidators. The current Liquidators do not believe that such adverse findings should be allowed to prejudice the SIB estate.



- 7.9 The Liquidators intend to ask the Ontario Court to defer the making of any decision regarding the remittance of the CAD\$18 million in frozen SIB funds by the AG to the DoJ, pending the Liquidators attempt to pursue an appeal of the Quebec orders to the Supreme Court of Canada.

#### **E. Antigua**

- 7.10 The Liquidators discovered that Mr Stanford through a proxy, Andrea Stoelker, had been dissipating real property and certain moveable assets located in Antigua. While these assets are not owned by SIB directly, the Liquidators believe that they represent property acquired with monies traceable to SIB. Stanford Development Company Limited ("SDC") and three other companies ultimately owned by Mr Stanford hold these assets. Urgent steps have been taken by the Liquidators to preserve these assets. Malfeasance proceedings were filed and freezing orders were sought and obtained over the titles to approximately 24 parcels of land and certain other assets.
- 7.11 The freezing order was granted by this Court at an ex-parte hearing on 28 July 2011 (see attached copy of the Court Order at Appendix C). The required hearing for the Court to consider extending the duration of the freeze order from its initial term of 28 days and until the trial of the underlying case, has been set down for 25 August 2011. While we are informed by our legal advisors that this litigation could be a lengthy process, the ultimate objective is to bring all of these assets into the estate as, based on the documents available to date, we are satisfied that we will be able to show that these assets were acquired with SIB money. We thus contend that these assets were acquired with funds for which Mr. Stanford himself has not accounted to the SIB estate and which he diverted to his own use in breach of trust. The assets now frozen in Antigua are reportedly of a 'fire sale' liquidation value of around \$70 million (against which a reported US\$13 million in liabilities apparently owed to local trade creditors will likely need to be deducted).
- 7.12 We have engaged a local real property consultant on an interim basis to provide urgently required assistance with resolving title, land title transfer tax, marketing, and initial valuation issues with regard to the real property owned by SIB. We have recently agreed to the sale of the ECAB Bank building for EC\$12.25 million (approximately US\$4.5 million) and are hopeful that this sale will be completed shortly and the proceeds received by the estate shortly thereafter.
- 7.13 Our initial views with regard to realising the maximum value from the remaining significant landholdings ultimately owned by SIB are that the development of a proper strategy is necessary to maximise returns. This will likely require a long-term approach, packaging and marketing the lands, some limited investment of capital and working with the Antiguan authorities.

### **8 Other Recovery Avenues**

- 8.1 It is clear that we do not have enough information to make a proper analysis with legal counsel with respect to the opportunity to pursue what presents as being a wide portfolio of apparent third party claw-back or facilitator liability claims. This will require full forensic review of the books and records of SIB which can now be undertaken as funding is in place.

- 8.2 We have, however, found some materially large transfers and withdrawals of money from SIB in the period leading up to the failure of SIB which suggest that there are grounds for claw back actions of value in making the estate depositors end up in a more equitable financial position. In other words, “net winners” in the purchase and redemption of SIB CDs may be required to pay back their “winnings” to SIB.
- 8.3 Actions against those third parties (such as SIB’s correspondent banks and law firms), who “aided and abetted” Mr. Stanford’s apparently dishonest breaches of fiduciary duty, may be adversely affected by limitation periods, given that the estate is now more than 2 years old and no actions have been commenced by the Former Liquidators. These actions will likely be strongly contested as the possible claims could be for the total funds flowing through the hands of the “aiders and abettors”, thus potentially representing recoveries of hundreds of millions of dollars. The development and pursuit of claims of this kind represent a long-term commitment of resources and will require both a proper review of records and input from the Committee as such actions may prove costly to pursue and lengthy.
- 8.4 It would be immensely helpful in further assessing the factual basis for such causes of action to have access to the records of SIB in the USA, and the Liquidators are considering both Chapter 15 US Bankruptcy Court recognition relief in the USA and a Cross-Border Insolvency Co-operation Agreement with the SEC Receiver to address that issue.
- 8.5 The work requires assurance of adequate long-term funding to deal with what is likely to be protracted litigation. Clearly the release of the frozen funds goes a long way to providing for this.
- 8.6 As discussed above, there exists the potential for conflicting or overlapping litigation against third parties or “net winners” who invested in SIB’s CDs. The SEC Receiver and his Investors’ Committee have launched some 54 lawsuits to recover value for creditors/victims of the SEC receivership estate. In addition, some nine separate putative class action suits have been brought. In each of the nine putative class action suits one or more members of the SEC Receiverships Investors’ Committee are serving as counsel. Based on a careful analysis of the law we have concerns that the standing of the SEC Receiver and the jurisdiction in which the lawsuits are being pursued are less than optimal for maximising total recoveries in the two estates. It is imperative that an attempt to co-ordinate these actions be undertaken so that the interests of the creditors/victims are best served.

## **9 General Issues to be Considered in Managing the Estate**

- 9.1 Prior to our entry into office on 12 May 2011, there had been extensive litigation over which one of the two estates of SIB should to be recognised abroad – with our estate being recognised in the UK and Switzerland, but not in Canada. The DoJ, as a third stakeholder, and taking the position that criminal asset forfeiture has priority over the rights of insolvency officeholders or their estates, intervened through local law enforcement authorities in the UK and Switzerland and is negotiating its position in Canada where the AG believes it has primacy in that contest.

- 9.2 One issue which the Liquidators have been considering is whether or not the estate should contend, initially, by negotiation, and, if necessary, by litigation, for the restrained assets of SIB in the UK, Switzerland and Canada, given the costs and benefits involved. If a negotiated solution is not available it is likely that the Liquidators will decide to pursue litigation to recover SIB's frozen assets. There are a number of concerns about allowing the DoJ to play a role in this case through the criminal asset forfeiture process. For instance, Mr. Stanford owes the US Internal Revenue Service (the "IRS") US\$226 million on his apparently criminal earnings. The Liquidators are concerned that this IRS claim may be admitted as a claim against any monies recovered by the DoJ, or even have a preferential claim status, and to date the DoJ have been unable to resolve our concerns in that regard or indeed on the wider issues of how a creditor/victim claims process would be administered. Moreover, it is anticipated that any plan of claims adjudication and distribution which may be used by the DoJ will be inconsistent with the mandatory statutory system which we must follow under the law of Antigua.
- 9.3 The DoJ's position is that "repatriation" of the seized monies should be controlled by the DoJ so as to allow the passage of funds to victims of the fraud. This position is on its face reasonable. However, it masks serious issues for the estate and its creditors/victims:
- i. there is no statutory claims administration and adjudication process for the DoJ to follow – rather it is ad hoc;
  - ii. once forfeited, the "victims" have to file a "Petition for Remission" with the Attorney General of the USA;
  - iii. there is no judicial review of decisions of the Attorney General of the USA in respect of Petitions for Remission and it is possible for the DoJ to make arbitrary or inconsistent decisions in the admission of claims particularly on USA policy grounds;
  - iv. many eligible and proper foreign claimants may prefer not to deal with the USA for privacy preservation reasons;
  - v. whilst it is our initial impression that the creditors/victims of both the SEC Receivership and this liquidation are almost identical, it is not clear to which victims the DoJ's process extends to;
  - vi. there is the potential for there to be four different claims processes (or possibly five if SIPC were to start such a procedure). Each process is expensive to run, and entirely duplicative of the Antiguan liquidation, which we have a statutory obligation to run. Each claims process may well end up with claims admitted in different amounts with a differing list of claimants making any effort to ensure an equitable distribution of funds or to avoid double dipping by some claimants virtually impossible;
  - vii. the DoJ must wait to proceed with the finalisation of any criminal asset forfeiture until after the criminal trial of Mr. Stanford, whereas the Liquidators can distribute the assets much earlier than the forfeiture scheme will allow;
  - viii. while less likely, the DoJ could elect not to make any distribution under applicable statutory and regulatory guidelines due to the cost of administration, the numerosity of claimants and/or the potential small pay out per victim; and

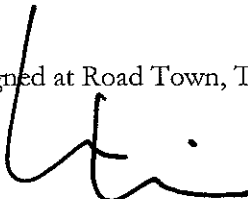
- ix. the DoJ's approach to asset recovery for victims is one dimensional and linear in nature. Their approach involves the gathering of liquid assets and the reportedly intended distribution of such funds to creditor victims. No regard is given under this approach to the need to attempt to optimise and expand recoveries for creditor victims. For instance, if all of the estimated US\$268 million of frozen assets in Canada, Switzerland and the UK are gathered in and distributed under the DoJ approach, no more than 5 cents in the dollar of losses of victims will be repaid (assuming that the adjusted losses are valued at US\$5 billion after deducting fictitious interest). The business of an estate in liquidation is to maximise creditor/victim recoveries to the extent possible. Setting a 5% recovery rate as a goal is not satisfactory.
- 9.4 The actions of the DoJ in freezing assets of SIB outside of the USA and being unwilling to release any part of them has been detrimental to the estate. We have already seen the freezing of such assets resulting in the Former Liquidators not being able to proceed with asset recovery efforts for want of funding which may have resulted in both lost opportunities and missing deadlines. In addition, there has been the cost of the action to release funds.
- 9.5 The largest potential recoveries lie in litigation which, without funding, simply will not be properly investigated forensically even if a contingency fee arrangement can be negotiated.
- 9.6 It is our view that land values can be greatly enhanced with a well-thought-out realisation strategy over several years. Failure to do this will result in deeply discounted "fire sales".
- 9.7 Another difficulty encountered is that international funds transfers of the estate's money are being blocked. We are trying to unravel this process but currently US\$10,000 in funding, released by the SFO under an arrangement with the Former Liquidators, has been trapped by Barclays Bank in New York. As most international US dollar transfers move through the USA this is an area of further frustration and adds yet another layer of complexity and cost to the liquidation.

## **10 Next Steps**

- 10.1 With the support of the Committee it is our intention to pursue:
  - 10.1.1. Cross Border Insolvency Co-operation Protocol with the SEC receiver, Mr Ralph Janvey, to avoid duplication of efforts to recover assets, to ensure that the plaintiff's most likely to succeed pursue those claims, and to see if a simple and unified claims and distribution process can be devised;
  - 10.1.2. our discussions with the DoJ for a more productive use of SIB's own frozen assets and to collaborate regarding a single co-operative claims adjudication and distribution process;
  - 10.1.3. an optimal realisation strategy for all Antiguan real property assets; and
  - 10.1.4. investigate other seemingly viable avenues for recovery such as tracing for concealed assets and as outlined above.

- 10.2 Future reporting – in accordance with the 12 May 2011 Order appointing us, we are required to provide a further report to the Court within 6 months of the date of our appointment. At that time we will provide further details of our progress with the estate's asset realisation strategy and the status of the Liquidators' other investigations to support the pursuit of potential asset recovery or damages claims available to the estate. If there is a reason to we will report to this Court sooner.
- 10.3 At this point, the funds flowing into and out of the estate are 'de-minimus' and as a result we have not prepared the usual statement of receipts and disbursements. However, we expect that our next report to the Court will show significant financial activities which will be fully set out at that time.

Signed at Road Town, Tortola, British Virgin Islands this 12<sup>th</sup> day of August 2011



Marcus A. Wide  
Joint Liquidator

## Appendix A

### Global Asset Recovery Plan

Asset/Jurisdiction	Action	Value to recover
Cash/Investments		
United Kingdom (note 1)	Option 1: Investigations into UK issues. Negotiations with SFO, estate recognized.	Reportedly \$110m
	Option 2: Litigation in Central Criminal Court (and possible appeals therefrom); and Appeal to Supreme Court of Order of the Court of Appeal.	
	Option 3: Resolve with DoJ/SFO (preferred).	
Switzerland (note 1)	Option 1: Wait and see, estate recognized, possibility of no criminal asset forfeiture proceedings.	Approx \$30m
	Option 2: These funds appear to be subject to the claim of a Swiss secured creditor. This claim will be investigated and addressed.	Approx \$110m (additional assets)
	Option 3: Resolve with DoJ and Swiss Prosecutors (preferred).	
United States (note 1)	Option 1: Seek to enter into a Cross-Border Insolvency Co-operation Protocol with US Receiver to avoid duplication of effort and cost, especially between the two estates (preferred)	\$100m plus (for a proposed Joint SIB Distribution Account with Receiver Janvey)
	Option 2: Pursue Chapter 15 recognition application of Antiguan estate as the foreign main proceeding.	

Asset/Jurisdiction	Action	Value to recover
Canada	Option 1: estate not recognized, possible agreement with DoJ and the Ontario AG by negotiation (preferred)	Approx \$18m
	Option 2: Challenge precedence of criminal asset forfeiture process over insolvency and seek standing.	
Latin America	Agree with Bank to release of funds held by SIB on deposit to the estate.	\$3.2m
Real Property - Antigua		
SIB owned directly	Resolve various issues with lot surveys; restrictions; encroachments; and other title issues.	\$50m - 150m
	Proper analysis of development opportunities, and appoint marketing agent(s) with global reach, possibility of investment by estate to maximize value.	
Real Property - Antigua - Indirect ownership - Held by Stanford Development Company Limited ("SDC"); Maiden Island Holdings Limited; Stanford Hotel Properties Limited; and Gilberts Resort Development Holdings Limited (note 2)	In view of attempts to dissipate assets "freeze order" sought and obtained to preserve value. Bring within control of estate by seeking (a) anti-fraud restrictions on land titles from Registrar of Titles; or (b) application for winding up SDC; or (c) claim for dereliction of Directors' duties owed to SIB; or (d) a combination. A freeze order was obtained against these assets.	\$60m - 100m

Asset/Jurisdiction	Action	Value to recover
Other avenues for recovery		
Claw back and fraudulent preferences or fraudulent transfer claims.	Litigation against individual customers of bank and others unjustly enriched by Stanford's fraud. ( co-ordination with US proceedings)	Initial review has identified several transfers of SIB funds totalling in excess of \$100 million in the months preceding the intervention of the Bank. Requires more research.
Aiding and Abetting or Knowingly Facilitating the fraud claims	Potential claims against banks, investment houses, law firms etc ( co-ordination with US proceedings)	Potentially Substantial
Venezuela	Stanford Bank Venezuela ("SBV") was sold to Banco Nacional de Credito for US\$111 million. SBV's share capital likely held by RAS. Investigation of facts required.	Potential recovery actions
Other realisations from South American mini Stanford bankruptcies	Investigations required (Columbia, Ecuador, Mexico).	Unknown
Accounting of balances with Bank of Antigua/ECAB	More investigation required.	Unknown



Asset/Jurisdiction	Action	Value to recover
Balances allegedly owed by Government of Antigua ("GOAB")	Investigation required based on allegations from US authorities and others. Thus far, it appears that SIB is not directly owed money by GOAB – although debt seems to be owed by GOAB to the Bank of Antigua, a former RAS owned bank.	Unknown

Notes –

1. These options are not mutually exclusive and may be taken in conjunction with each other.
2. The “freeze order” still has to be affirmed. Assuming the “freeze order” is affirmed a full hearing on the merits of the Liquidators’ claim will be required before these assets can be taken into the SIB estate.

## APPENDIX B

POCA No. 9 of 2009

IN THE CENTRAL CRIMINAL COURT

Before the Honourable Mrs. Justice Gloster  
4<sup>th</sup> August 2011

IN THE MATTER OF THE PROCEEDS OF CRIME ACT 2002

AND IN THE MATTER OF  
(1) ROBERT ALLEN STANFORD  
(2) JAMES DAVIS  
(3) LAURA PRENDERGEST-HOLT

Defendants

BETWEEN:-

STANFORD INTERNATIONAL BANK LIMITED  
(acting by its Joint Liquidators)

Applicant

-and-

THE DIRECTOR OF THE SERIOUS FRAUD OFFICE

Respondent

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ORDER

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UPON THE APPLICATION OF Stanford International Bank Limited (in liquidation) ("SIB"), acting by its Joint Liquidators ("the Joint Liquidators"),

AND UPON HEARING Counsel for the Applicant and Leading and Junior Counsel for the Respondent,

AND UPON READING the papers filed herein,

IT IS ORDERED that:

1. The Restraint Order of the Court of Appeal dated 25 February 2010 (but effective from 29 July 2009) ("the Restraint Order") be varied to insert the following:

"5A. Notwithstanding the terms of this Order, the Joint Liquidators be permitted to liquidate as necessary and draw down sums from SIB's assets, subject to this Order, ("the Restrained Assets") in order to fund the ongoing liquidation of SIB only upon the following terms:

- (i) The Joint Liquidators may liquidate and draw down the sum of US\$5 million forthwith from the Restrained Assets;
- (ii) 30 days after the drawdown referred to in paragraph 5A(i) above the Joint Liquidators may liquidate and draw down such further sums as they may require to a maximum total amount of US\$20 million (inclusive of the sum drawn down pursuant to paragraph 5A(i) of this Order);
- (iii) The Joint Liquidators shall give the Serious Fraud Office ("SFO") two clear working days' notice before commencing the drawdown of any sum in excess of US\$5 million;
- (iv) All and any funds drawn down by the Joint Liquidators pursuant to this Order will attract simple interest from the drawdown date until such time as the funds are repaid to the Restrained Assets at a rate of 5.4% per annum;
- (v) The Joint Liquidators shall issue a monthly summary to the SFO detailing (a) the funds that have been drawn down, (b) the date when such funds were drawn down, and (c) the purpose of each drawdown. The first such report shall be provided 30 days after the drawdown provided for in paragraph 5A(i) above, and each subsequent report shall be provided every 30 days thereafter. Each report shall be delivered not more than 15 calendar days after the expiry of the relevant 30 day period.
- (vi) As part of the monthly summary provided pursuant to paragraph 5A(v) above, the Joint Liquidators shall provide a summary statement of recoveries in the preceding 30 days setting out:
  - (a) The gross amount of the recovery;
  - (b) A summary of the costs and disbursements incurred in effecting the recovery;
  - (c) A summary of the fees incurred by the Joint Liquidators in effecting the recovery.

The Joint Liquidators shall, so far as practicable, seek the approval of the High Court of Antigua in relation to their fees, costs and disbursements in relation to recoveries

prior to deducting the same for the purposes of calculating the dividend payable pursuant to paragraph 5A(viii) below.

- (vii) Notwithstanding paragraphs 5A(v) and (vi) above, the SFO shall have the right to make reasonable inquiry of the Joint Liquidators' expenditure of the drawn down funds and are entitled to a sufficient answer within 7 days of such an enquiry being received by the Joint Liquidators;
- (viii) The Joint Liquidators will repay the funds drawn down pursuant to this Order on a dividend basis of 10% of the net proceeds realised from any recoveries to SIB's Estate (including, for the avoidance of doubt, any asset which is held within the liquidation estate as at the date of this Order) effected after the date of this Order (excluding recoveries subject to arrangements entered into before the date of this Order). For the avoidance of doubt, in this Order "net proceeds" shall mean:
  - (a) The proceeds of sale or realisation of any asset of SIB, net of the costs of sale and all fees (including, but not limited to the fees of the Joint Liquidators), costs and disbursements incurred in getting in, improving, marketing and/or managing that asset;
  - (b) The amount in any bank account belonging to SIB, net of all fees (including, but not limited to the fees of the Joint Liquidators), costs and disbursements incurred in getting in that bank account;
  - (c) Payments in satisfaction of judgment debts, settlement agreements or otherwise arising from litigation, whether undertaken or otherwise, or in any event that leads to a payment to the liquidation estate, net of all litigation costs and all other fees (including, but not limited to the Joint Liquidators' fees), costs and disbursements incurred in securing such judgment.

In the event that the SFO considers the quantum of fees, costs and disbursements to be unreasonable, the onus shall be on the SFO to raise such concerns pursuant to paragraph 5A(vii) above and, if it not satisfied by the response of the Joint Liquidators, to apply to the Court.

- (ix) This exception to the Restraint Order shall continue until further Order of the Court.

5B. The Joint Liquidators hereby undertake to the Court to use and apply the funds drawn down pursuant to paragraph 5A(i) and (ii) of this Order towards the cost of:

- (i) The prevention of dissipation of assets in which SIB holds or may hold any legal or equitable proprietary claim or in relation to which it otherwise has or may have a valid claim, wheresoever such assets may be situate ("the Assets");

- (ii) The recovery of any Assets;
- (iii) The investigation and, if considered by the Joint Liquidators on the advice of counsel to be viable, the bringing of any claim against third parties for the benefit of the creditors of SIB;
- (iv) The professional marketing of the real property owned legally or beneficially by SIB in Antigua or elsewhere or which may be recovered as Assets, and to make improvements to such properties at the discretion of the Joint Liquidators to enhance their value of marketability;
- (v) The active management of any financial investment in which SIB is or may be entitled, if necessary in conjunction with appropriate asset managers;
- (vi) The fulfilment of all statutory, contractual or judicially imposed obligations of the Joint Liquidators including, but not limited to, paying fees and disbursements owed to professionals employed by the SIB Estate from and after 12 May 2011;
- (vii) The administration of the estate of SIB in the ordinary course of its business;
- (viii) Forensic accounting and asset tracing to search for and seek to preserve and recover any concealed Assets; and
- (ix) The achievement of any other object or purpose set forth in the Action Plan for Recovery Optimisation for Creditors of SIB dated 7 July 2011.

For the avoidance of doubt, funds drawn down by the Joint Liquidators pursuant to this Order shall not be used for the repayment of the US\$1,711,206 previously released from the Restrained Assets to the Joint Liquidators' predecessors, or for payment of the former liquidators' fees or disbursements incurred in respect of SIB's liquidation incurred prior to the appointment of the Joint Liquidators on 12 May 2011.

5C. The Joint Liquidators shall be able to take all steps necessary to liquidate the Restrained Assets in order to realise US\$20 million in cash and to receive the funds detailed in sub-paragraphs 5A(ii) and (iii) of this Order, subject to receipt of advice as to the most effective way of realising such sum, taking into account the current investment profile.

5D. The Restrained Assets shall be managed by the Joint Liquidators, and in connection with the management of the Restrained Assets, the Joint Liquidators shall have the powers and responsibilities set out in Schedule C to this Order."

2. The Restraint Order be further varied to amend Schedule B by inserting the following:

"4. Account Number 18886GA held with Marex Financial Limited"

3. The Restraint Order be further varied to insert the Schedule to this Order as Schedule C to the Restraint Order.
4. The application of the SFO dated 15 March 2011 for repatriation of the Restrained Assets be treated as being before the Court. That application be adjourned to the handing down of reasons for the making of this Order for directions.
5. The costs of and occasioned by this Application be reserved to the handing down of reasons for the making of this Order. For the avoidance of doubt, the Joint Liquidators shall in any event be entitled to draw the costs of and occasioned by this application (to be subject to detailed assessment if not agreed) from the Restrained Assets, in addition to the total sum of US\$20 million referred to in paragraph 1 above. In the event that the costs cannot be agreed, the Joint Liquidators shall be entitled to draw 65% of the amount claimed on account, pending determination.
6. Liberty to apply.

Dated this 4<sup>th</sup> day of August 2011

BY THE COURT



This draft has been agreed between the parties.

Signed:

*Lawrence Ashman LLt.*

On behalf of SIB

Signed:

*P.F.S. Miley*  
*24th August 2011.*

On behalf of Director of the Serious Fraud Office

## SCHEDULE

## "Schedule C

The Joint Liquidators shall have the following powers without prejudice to any existing powers vested in them whether by statute or otherwise:

1. Power to take possession of the Restrained Assets;
2. Power to manage or otherwise deal with the Restrained Assets;
3. Power to realise the Restrained Assets in such manner as they may in their discretion determine to be in the best interests of the creditors of SIB;
4. Power to start, carry on or defend any legal proceedings in respect of the Restrained Assets;
5. Power to realise so much of the Restrained Assets as is necessary to meet their fees, costs and disbursements incurred in connection with the management of the Restrained Assets;
6. Power to hold the Restrained Assets, enter into contracts, sue or be sued, execute powers of attorney, deeds or other instruments or take any other steps in relation to the Restrained Assets which they may determine in their discretion to be in the best interests of the creditors of SIB.

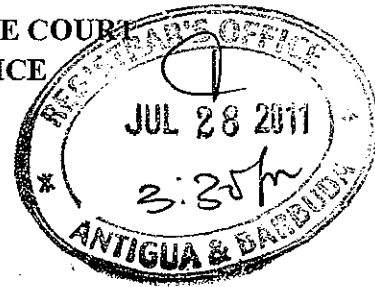
Provided always that the Joint Liquidators prepare and serve on the SFO each 90 days a full report detailing all and any steps taken in respect of the Restrained Assets, in particular notifying the SFO of any costs, fees or disbursements incurred in respect of the Restrained Assets, any investment decisions and any other action taken in connection with the Restrained Assets.

Provided also that the Joint Liquidators shall notify the SFO immediately of any proceedings commenced by either the Joint Liquidators or any third party relating to the Restrained Assets."



## APPENDIX C

THE EASTERN CARIBBEAN SUPREME COURT  
IN THE HIGH COURT OF JUSTICE  
ANTIGUA AND BARBUDA



Claim No. ANUHCV 2011/0478

BETWEEN:

STANFORD INTERNATIONAL BANK LIMITED (IN LIQUIDATION)  
(Acting by and through its Joint Liquidators, Marcus A. Wide and Hugh Dickson)  
Applicant/Claimant  
and

(1) ROBERT ALLEN STANFORD  
(2) ANDREA STOELKER  
(3) STANFORD DEVELOPMENT COMPANY LIMITED  
(4) MAIDEN ISLAND HOLDINGS LIMITED  
(5) GILBERTS RESORT DEVELOPMENT HOLDINGS LIMITED  
(6) STANFORD HOTEL PROPERTIES LIMITED

Respondents/Defendants

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ORDER

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BEFORE: The Honourable Justice Jennifer Remy

DATE: The 28<sup>th</sup> day of July, 2011

ENTERED: The [28<sup>th</sup>] day of July, 2011

UPON READING the Affidavits of Marcus A. Wide sworn on 15<sup>th</sup> July 2011 and 18<sup>th</sup> July, 2011 and the Affidavit of Brian D'Ornellas sworn on 25<sup>th</sup> July, 2011 and the Affidavits of Mark McDonald sworn on 25<sup>th</sup> July, 2011 and 27<sup>th</sup> July, 2011 and the Written Submissions in support filed on the 22<sup>nd</sup> July, 2011 day of July, 2011,

**UPON HEARING** Mr Sydney Bennett QC, Ms Nicolette M. Doherty and Mr Craig Christopher as instructed by the firm of Martin Kenney & Co. of the British Virgin Islands, represented by Mr Jamie James, Mr Andrew Gilliland, acting for the Joint Liquidators represented by William Gunn.

IT IS ORDERED THAT the Application is hereby granted in the terms more particularly set out below as against the 1<sup>st</sup> – 6<sup>th</sup> Respondents.

### **PENAL NOTICE**

**IF YOU (a) ROBERT ALLEN STANFORD, (b) ANDREA STOELKER, (c) STANFORD DEVELOPMENT COMPANY LIMITED (d) MAIDEN ISLAND HOLDINGS LIMITED, (e) GILBERTS RESORT DEVELOPMENT HOLDINGS LIMITED, (f) STANFORD HOTEL PROPERTIES LIMITED OR YOUR AGENTS DISOBEY THESE ORDERS YOU MAY BE HELD TO BE IN CONTEMPT OF COURT AND MAY BE IMPRISONED, FINED OR HAVE YOUR ASSETS SEIZED.**

**ANY OTHER PERSON WHO KNOWS OF THIS ORDER AND DOES ANYTHING WHICH HELPS OR PERMITS EACH AND/OR ALL OF THE DEFENDANTS TO BREACH THE TERMS OF THIS ORDER MAY ALSO BE HELD TO BE IN CONTEMPT OF COURT AND MAY BE IMPRISONED, FINED OR HAVE THEIR ASSETS SEIZED.**

### **THIS ORDER**

1. This freezing order or, alternatively, this Subject Matter Preservation Order ("SMPO"), is made against

- (i) **Robert Allen Stanford** of Barnacle Point, St George, Antigua (but held in pre-trial detention at the Federal Medical Center of the Butner Correctional Complex, Butner, North Carolina under Federal Bureau of Prisons No. 35017-183);
- (ii) **Andrea Stoelker** of Cedar Valley Springs, St. John's, Antigua;

- (iii) **Stanford Development Company Limited** of Ann Rebecca House, Factory Road, St. John's, Antigua;
- (iv) **Maiden Island Holdings Limited** of Ann Rebecca House, Factory Road, St. John's, Antigua;
- (v) **Gilberts Resort Development Holdings Limited** of Ann Rebecca House, Factory Road, St. John's, Antigua; and
- (vi) **Stanford Hotel Properties Limited** of Cort and Cort Chambers, 44 Church Street, St John's, Antigua.

- 2. There will be a further hearing in respect of this Order on the 25th day of August, 2011.
- 3. Unless otherwise stated references in the Order to "Respondents" means all of them. This Order is effective against any Respondent on whom it is served, or who is given notice of it.
- 4. This Order shall expire at 9:00a.m. On the 25<sup>th</sup> day of August, 2011 unless the currency of this Order is continued by a further Order of this Court. The application underlying this Order shall be considered further at the hearing returnable on the 25<sup>th</sup> day of August, 2011.
- 5. **IT IS ORDERED** as follows:
  - i. That this matter be heard on an urgent basis.
  - ii. The First and Second Respondents be restrained, whether by themselves, their servants or agents or any of them or otherwise howsoever from taking,

transferring, leasing, selling or otherwise disposing of, or taking, any of the properties as set out in Schedules A – D attached to this Order.

- iii. (1) The First and Second Respondents be restrained from removing from Antigua any of their assets which are in Antigua up to the value of US\$1,302,711,942. This clause applies to all of the First and Second Respondents' assets — whether or not they are in their own names and whether they are solely or jointly owned, or whether held for them by nominees or in trust for them. For the purposes of this Order, the First and Second Respondents' assets include (but are not limited to) any asset in which they have a legal and/or beneficial interest; and/or the power — directly or indirectly — to dispose or deal with as if it were their own. The First and Second Respondents are to be regarded as having such power if a third party holds or controls the asset in accordance with either or both of the First and Second Respondents' direct or indirect instructions.  
  
(2) If the total value free of charges or other securities of the First or Second Respondents' assets in Antigua and Barbuda exceeds US\$1,302,711,942, the First or Second Respondent may remove any of those assets from Antigua and Barbuda or may dispose of or deal with them so long as the total unencumbered value of the First or Second Respondents' assets still in Antigua and Barbuda remains above US\$1,302,711,942.
- iv. The Third Respondent be restrained and enjoined by itself, its employees, servants or agents or howsoever otherwise from mortgaging, leasing, selling, assigning or otherwise alienating, encumbering, parting or dealing with all, or any part of, the properties listed at Schedule A to this Application, whether by sale, gift, conveyance, pledge, hypothecation or howsoever otherwise until the outcome of the trial of this action or further order, SAVE AND EXCEPT, that the Third Respondent may enter into the sale of any of the properties listed in Schedule A on the conditions that any

such sale(s) be (i) for fair market value to arm's length and *bona fide* purchasers, (ii) in the ordinary course of the Third Respondent's business; (iii) that the Applicant is provided with written notice of any such proposed sale and gives its written approval in the advance of any such sale; (iv) and that any proceeds from any such sales be paid by any purchaser directly into Court;

- v. The Fourth Respondent be restrained and enjoined by itself, its employees, servants or agents or howsoever otherwise from mortgaging, leasing, selling, assigning or otherwise alienating, encumbering, parting or dealing with all or any part of the properties listed at Schedule B to this Application, whether by sale, gift, conveyance, pledge, hypothecation or howsoever otherwise until the outcome of the trial of this action or further order, SAVE AND EXCEPT, that the Fourth Respondent may enter into the sale of any of the properties listed in Schedule B on the conditions that any such sale(s) be (i) for fair market value to arm's length and *bona fide* purchasers, (ii) in the ordinary course of the Fourth Respondent's business; (iii) that the Applicant is provided with written notice of any such proposed sale and gives its written approval in advance of any such sale; (iv) and that any proceeds from any such sales be paid by any purchaser directly into Court.
- vi. The Fifth Respondent be restrained and enjoined by itself, its employees, servants or agents or howsoever otherwise from mortgaging, leasing, selling, assigning or otherwise alienating, encumbering, parting or dealing with all or any part of the properties listed at Schedule C to this Application, whether by sale, gift, conveyance, pledge, hypothecation or howsoever otherwise until the outcome of the trial of this action or further order, SAVE AND EXCEPT, that the Fifth Respondent may enter into the sale of any of the properties listed in Schedule C on the conditions that any such sale(s) be (i) for fair market value to arm's length and *bona fide* purchasers, (ii) in the ordinary course of the Fifth Respondent's business; (iii) that the Applicant is

provided with written notice of any such proposed sale and gives its written approval in advance of any such sale; (iv) and that any proceeds from any such sales be paid by any purchaser directly into Court.

- vii. The Sixth Respondent be restrained and enjoined by itself, its employees, servants or agents or howsoever otherwise from mortgaging, leasing, selling, assigning or otherwise alienating, encumbering, parting or dealing with all or any part of the properties listed at Schedule D to this Application, whether by sale, gift, conveyance, pledge, hypothecation or howsoever otherwise until the outcome of the trial of this action or further order, SAVE AND EXCEPT, that the Sixth Respondent may enter into the sale of any of the properties listed in Schedule D on the conditions that any such sale(s) be (i) for fair market value to arm's length and *bona fide* purchasers, (ii) in the ordinary course of the Sixth Respondent's business; (iii) that the Applicant is provided with notice of any such proposed sale and gives its written approval in advance of such sale; (iv) and that any proceeds from any such sales be paid by any purchaser into Court.
- viii. That the Third to Sixth Respondents (the "Company Respondents") be restrained and enjoined by themselves, their its employees, servants or agents or howsoever otherwise from mortgaging, leasing, selling, assigning or otherwise alienating, encumbering, parting or dealing with any moveable assets found on any of the properties listed in Schedule A to D and that each of the Company Respondents shall prepare a detailed inventory of such moveable assets and provide the same to Applicant's Counsel verified by a director of each of the respective Company Respondent's by Affidavit (the "Inventory" or "Inventories") SAVE AND EXCEPT, that after the provision of the respective inventories any of the Company Respondents may enter into the sale of any moveable assets found on any of the properties listed in Schedules A - D on the conditions that any such sale(s) be (i) for fair market value to arm's length and *bona fide* purchasers, (ii) in the ordinary course of

the relevant Company Respondent's business; (iii) that the Applicant is provided with written notice of any such proposed sale and gives its written approval in advance of such sale; (iv) that any proceeds from any such sales be paid by the purchaser directly into Court; and (v) that the Inventories shall have been provided.

5. The prohibition against the transfer or diminution of assets as set forth above includes the assets listed at Schedule "A" to this Order.
6. The Applicant shall have permission to:
  - (a) serve this Order and associated Court Process outside the jurisdiction as against the First Respondent in the United States of America. The period in which the First Respondent must return the Acknowledgement of Service is 35 days after the date of service of the Statement of Claim and for the Defence 56 days after the service of the Statement of Claim; and
  - (b) If the Applicant is unable to effect service of this order and associated Court Process within Antigua and Barbuda, the Applicant shall have permission to serve this Order and associated Court Process outside the jurisdiction as against the Second Respondent in Jamaica. The period in which the Second Respondent must return the Acknowledgement of Service is 35 days after the date of service of the Statement of Claim and for the Defence 42 days after the service of the Statement of Claim.
7. The Applicant is permitted to serve its Statement of Claim in accordance with CPR Rule 8.2 within 14 days of the date of this Order.

#### **PROVISION OF INFORMATION**

7. Unless Clause [] herein applies, the Respondents must, within 72 hours of service of this Order, and to the best of their respective abilities, each inform the Applicant's lawyers in writing of all their assets within Antigua and Barbuda exceeding US\$2,000 in value (the



"Minimum Value Figure"), whether in their own names or not, and whether solely or jointly owned, and give their value, location and details of all such assets. Where the assets include moveable assets and in particular building materials such as stone for building, marble, timber or fixtures and fitting such as taps, floor tiles, carpet or furniture, the Minimum Value Figure shall apply to the aggregate value of such moveable assets within a particular category.

8. If the provision of any of this information is likely to incriminate the Respondents, or any of them, they may be entitled to refuse to provide it, but it is recommended that the Respondents take legal advice before refusing to provide the information. Wrongful refusal to provide the information is contempt of court and may render the Respondents, or any of them, liable to be imprisoned, fined or have their assets seized. The information to be provided pursuant to this Clause [] of the Order includes:

- (i) All correspondence, documentation, electronic funds transfer records, bank statements and like documentation relating to the transfer or receipt of assets or value of Stanford International Bank Limited, or assets of any company affiliated with Stanford International Bank Limited, or beneficially owned or controlled by the First Respondent within the custody and control of the Respondents to this Order, or capable of being procured by the Respondents to this Order;
- (ii) Details of bank accounts of origin and the destination bank accounts from which, or to which consideration relating to the requisition or disposal of the assets identified in Schedules "A" to "D" of this Order were purchased and/or disposed of by the Respondents; and
- (iii) Whether the Respondents' respective and purported interests in the assets defined in Schedule "A" to D of this Order have been assigned or otherwise transferred, loaned or charged to any third party. If so, full details of the terms of that assignment, transfer, loan or charge and:

- (a) the value and nature of the consideration paid for that assignment;
  - (b) full details of the assignee including anti-money laundering and/or know your client due diligence conducted by any of the Respondents to this Order (including any such due diligence carried out by professional advisors on any of the Respondents' behalf); and
  - (c) full details regarding the identity and location of the beneficial owners of the assignee and of the directors of record of any such assignee, transferee, borrower or chargee if applicable.
9. Within 21 working days after being served with this Order, each of the Respondents must swear and serve on the Applicant's solicitors affidavits setting out and verifying the truth, accuracy and completeness of the above information (the "Disclosure Affidavit(s)"); and in the event that no information is available to the particular Respondent in certain of the information categories in respect of which disclosure has been ordered, a description of the reasons for its non-availability.

#### **EXCEPTIONS TO THIS ORDER**

10. This Order does not prohibit the Respondents from spending \$2,500 a week each towards their ordinary living or commercial operations expenses and also a reasonable sum a week on legal advice and representation. But before spending any money the Respondents must tell the Applicant's legal representatives in writing where the money is to come from.

11. (1) The Respondents may agree with the Applicant's legal representatives that this Order should be varied in any respect, but any such agreement must be in writing.
- (2) This Order does not prohibit the Respondents from dealing with or disposing of any of his assets in the ordinary and proper course of business.
- (3) The Respondents may agree with the Applicant's legal representatives that the above spending limits should be increased or that this Order should be varied in any other respect, but any agreement must be in writing.
- (4) This Order shall cease to have effect if the Respondents make provision for security in the approximate sum of US\$1,302,711,942 or by an alternative method agreed upon with the Applicant's legal representatives.

#### **COSTS**

12. The costs of this Application are reserved to the judge hearing the Application at the hearing returnable on the date set out in clause 2 above.

#### **VARIATION OR DISCHARGE OF THIS ORDER**

13. Anyone served with, or notified of, this Order may apply to the Court at any time to vary or discharge the order (or so much of it as affects that person/company), but they must first serve all of their Affidavit evidence and Written Submissions in support of an application to vary or discharge this Order upon the Applicant's solicitors not less than three (3) clear days before the return date therefore.

#### **INTERPRETATION OF THIS ORDER**

14. A Respondent who is an individual and who is ordered not to do something must not do it himself, or in any other way. He must not do it through others acting on his behalf, or on his instructions, or with his encouragement.
15. A Respondent which is not an individual and which is ordered not to do something must not do itself or by its directors, officers, partners, employees or agents or in any other way.

#### **PARTIES OTHER THAN THE APPLICANT AND THE RESPONDENTS**

16. **Effect of this Order:** It is a contempt of Court for any person notified of this Order knowingly to assist in, or permit a breach of, this Order. Any person doing so may be imprisoned, fined or have their assets seized. In the case of third party companies, their directors may be imprisoned, fined or have their assets seized. If any third party over whom this Court has jurisdiction, and who is notified of the terms of this Order, pays value owed or held by it to any of the Respondents, such third party shall be in violation of the terms hereof. Notwithstanding the forgoing, any such third party obligor or holder of assets is at liberty to pay any value owed by it to any of the Respondents, into Court herein.
17. **Set off by banks:** This Order does not prevent any bank from exercising any right of set-off it may have in respect of any facility which it may have to the Respondents before it was notified of this Order.
18. **Withdrawals by the Respondents:** No bank need enquire as to the application or proposed application of any money withdrawn by the Respondents if the withdrawal appears to be permitted by this Order.
19. **Persons located outside Antigua and Barbuda:** Except as provided below, the terms of this Order do not affect or concern anyone outside the jurisdiction of this Court:

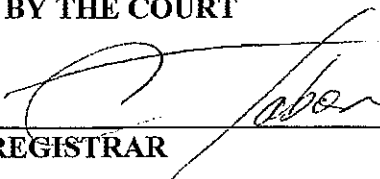
- (i) the Respondents or any of their officers or agents appoint by power of attorney; or
- (ii) any person who:
  - (a) is subject to the jurisdiction of this Court;
  - (b) has been given written notice of this Order at his residence or place of business within the jurisdiction of this Court and;
  - (c) is able to prevent acts or omissions outside the jurisdiction of this Court which constitute or assist in a breach of the terms of this Order; and
- (iii) any person, only to the extent that his Order is declared enforceable by, or is enforced by, a Court in that country or state.

20. **Communications with the Court and with the Applicant's Counsel**

- (i) All communications to the Court about this Order should be sent to: High Court Registry, Parliament Drive, Saint John's, Antigua, Tel: 268-462-3929, Fax: 268-462-3929; **and to**
- (ii) Nicolette M. Doherty, P.O. Box W1161, Island House, Newgate Street, St John's, Antigua, Tel: 268-462-4468/9, Fax: 268-561-1056

**DATED** the 28<sup>th</sup> day of July 2011.

**BY THE COURT**

  
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**REGISTRAR**

**Schedule "A"**

NO.	Registration Sec.	Block	Parcel	Proprietor
1	Cassada Gardens & New Winthropes	42 1894 A	1148	SDC
2	Cassada Gardens & New Winthropes	42 1894 A	1149	SDC
3	Cassada Gardens & New Winthropes	42 1894 A	1164	SDC
4	Cassada Gardens & New Winthropes	42 1894 A	1175	SDC
5	Cassada Gardens & New Winthropes	42 1894 A	1176	SDC
6	Cassada Gardens & New Winthropes	42 1894 A	1177	SDC
7	Cassada Gardens & New Winthropes	42 1894 A	1178	SDC
8	Cassada Gardens & New Winthropes	42 1894 A	1179	SDC
9	Cassada Gardens & New Winthropes	42 1894 A	1200	SDC
10	Cassada Gardens & New Winthropes	42 1894 A	1201	SDC
11	Cassada Gardens & New Winthropes	42 1894 A	1202	SDC
12	Cassada Gardens & New Winthropes	42 1894 A	1204	SDC
13	Barnes Hill & Coolidge	41 2294 A	118	SDC
14	Barnes Hill & Coolidge	41 2294 A	100	SDC
15	Barnes Hill &	41 2294 A	96	SDC

	Coolidge			
16	Barnes Hill & Coolidge	41 2294 A	74	SDC
17	Barnes Hill & Coolidge	41 2294 A	72	SDC
18	Barnes Hill & Coolidge	41 2294 A	71	SDC
19	Barnes Hill & Coolidge	41 2294 A	70	SDC
20	Barnes Hill & Coolidge	41 2294 A	69	SDC
21	Barnes Hill & Coolidge	41 2294 A	57	SDC
22	Barnes Hill & Coolidge	41 2294 A	45	SDC
23	Barnes Hill & Coolidge	41 2294 A	52	SDC
24	Barnes Hill & Coolidge	41 2294 A	54	SDC
25	Barnes Hill & Coolidge	41 2294 A	56	SDC
26	Barnes Hill & Coolidge	41 2195B	307	SDC
27	Barnes Hill & Coolidge	41 2195 B	287	SDC
28	Barnes Hill & Coolidge	41 2094 A	486	SDC
29	Barnes Hill & Coolidge	41 2094 A	487	SDC



**Schedule B**

NO.	Registration Sec.	Block	Parcel	Proprietor
1	Barnes Hill & Coolidge	41 2294 A	113	Maiden Island Holdings Ltd.
2	Crabbs Peninsula & neighbouring Islands	21 2692 A	8	Maiden Island Holdings Ltd.
3	Crabbs Peninsula & neighbouring Islands	21 2692 A	6	Maiden Island Holdings Ltd.
4	Barnes Hill & Coolidge	41 2595 A	2	Maiden Island Holdings Ltd.
5	Crabbs Peninsula & Neighbouring Islands	21 2692 A	5	Maiden Island Holdings Ltd.

**Schedule C**

NO.	Registration Sec.	Block	Parcel	Proprietor
1	Gilberts	22 2890 A	11	Gilberts Resort Dev. Holdings Ltd.

**Schedule D**

NO.	Registration Sec.	Block	Parcel	Proprietor
1	Barnes Hill & Coolidge	41 2195 B	286	Stanford Hotel Proprieties Ltd.

### **Schedule "E"**

#### **Undertakings given to the Court by the Applicant**

1. If the Court later finds that this Order has caused loss to any of the Respondents, and decides that any of the Respondents should be compensated for that loss, the Applicant will comply with any Order the Court may make.
2. The Applicant will serve on the Respondents as soon as practicable:
  - i. copies of the affidavits and exhibits containing any evidence relied upon by the Applicant, and any other documents provided to the court on the making of this application;
  - ii. a note of the hearing; and
  - iii. an application notice for the continuation of the order.
3. Anyone notified of this order will be given a copy of it by the Applicant's legal representatives.
4. The Applicant will pay the reasonable costs of anyone other than the Respondent which have been incurred as a result of this Order including the costs of ascertaining whether that person holds any of the Respondent's assets and if the Court later finds that this Order has caused such person loss and decides that such person should be compensated for that loss; the Applicant will comply with any Order the Court may make.
5. If for any reason this Order ceases to have effect, the Applicant will forthwith take all reasonable steps to inform, in writing, any person or company to whom he has given notice of this Order, or who he has reasonable grounds for supposing may act upon this Order, that it has ceased to have effect.
6. The Applicant will not without the permission of the court seek to enforce this order in any country outside Antigua and Barbuda or seek an order of a similar nature including orders conferring a charge or other security against any of the Respondents or their assets.

**THE EASTERN CARIBBEAN SUPREME COURT  
IN THE HIGH COURT OF JUSTICE  
ANTIGUA AND BARBUDA**

**Claim No. ANUHCv 2011/0478**

**BETWEEN:**

**STANFORD INTERNATIONAL BANK LIMITED (IN LIQUIDATION)**  
**(Acting by and through its Joint Liquidators, Marcus A. Wide and Hugh Dickson)**  
**Applicant/Claimant**  
**and**

**(1) ROBERT ALLEN STANFORD**  
**(2) ANDREA STOELKER**  
**(3) STANFORD DEVELOPMENT COMPANY LIMITED**  
**(4) MAIDEN ISLAND HOLDINGS LIMITED**  
**(5) GILBERTS RESORT DEVELOPMENT HOLDINGS LIMITED**  
**(6) STANFORD HOTEL PROPERTIES LIMITED**

**Respondents/Defendants**

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**ORDER**

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**Nicolette M. Doherty**  
**Craig Christopher**  
**Legal Practitioners for the Applicant**  
**Attorney at Law and Notary Public**  
**PO Box W1661,**  
**Island House, Newgate Street**  
**St John's, Antigua, West Indies.**  
**Telephone: +1 (268) 462-4468/9**  
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