

# Stanford INTERNATIONAL VICTIMS GROUP

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SEEKING JUSTICE FOR 21,000 VICTIMS WORLDWIDE

## **The Stanford case:** International Victims Charge America to play Fair

### PRESS RELEASE

In 2009 on the heels of the Madoff fraud, the Ponzi scheme operated by R Allen Stanford was uncovered which has received widespread media coverage in the United States. What has not been widely reported is that only 4,000 of the 21,000 victims worldwide are US citizens. The remaining 17,000, the vast majority, are innocent victims from around the globe, who all have one common cause; to recover their life savings, stolen by the US citizen R Allen Stanford, under the guise of his Stanford Financial Group, based in Houston, Texas, and regulated by the United States Securities and Exchange Commission.

It is now almost three years since R Allen Stanford was charged with fraud and his various enterprises wound-up and sold by the US court appointed receiver Ralph Janvey. Yet to date there has been no distribution of any funds recovered by the receiver, nor even a mechanism created whereby those funds can be fairly distributed equally among all the innocent victims, some of whom have lost their homes and become ill, while others have died waiting. Meanwhile the receiver, his general counsel, Kevin Sadler of Baker Botts, and the other advisors he has engaged are consuming all the available funds they have collected.

Further, in the United States there has been no recognition that anyone but US voters and taxpayers have been harmed by this massive fraud, perpetrated by a US citizen, based in Texas, where officials of the US regulator preferred to spend their time at work watching porn instead of taking the enforcement actions they were charged with, against a business they knew to be a fraud.

The failure of the SEC in detecting the Madoff Ponzi scheme has been well reported and investigated, yet some of those SEC officials who missed Madoff knew as far back as 1997 that Stanford may be a fraud. The Stanford empire was investigated by the SEC on at least four occasions, first in 1997, and they concluded even back then it was likely a massive Ponzi scheme, yet no action was taken, as the SEC did not think there were any American investors, consequently they permitted the fraud to continue and grow exponentially for a further twelve years, abandoning 21,000 innocent investors to their fate, simply because they believed it did not concern US interests. How wrong could they be, and how prejudiced in their negligence and blatant disregard for their duties.

The SEC have been investigated for their failure to detect the Stanford fraud, and heavily criticized. Their own Inspector General has stated that the depth of their failure is unbelievable; and US congressmen have claimed that the debt they owe the Stanford victims is enormous, and demanded that they should act swiftly, so families whose retirement and savings were stolen as a result of greed and government failure can begin to rebuild their lives.

Following the investigation, earlier this year many hundreds of innocent Stanford victims worldwide filed protective claims against the SEC for negligence under the Federal Tort Claims Act. The SEC have had their allotted six months to respond, yet remain unconscionably silent, with no regard for the consequences of their complicity, or the demands of elected officials.

Now the SEC finds themselves and their appointed receiver once again under investigation, for the way they have conducted this receivership.

The Securities and Investors Protection Act was passed by congress to provide a fund to repay innocent victims of US securities fraud, irrespective of their nationality or place of abode. It gave the registered broker/dealers a veneer of respectability and investors the comfort of believing there was a safety net should the worst happen and any of the US financial advisors they trusted turn out to be liars, crooks, or thieves.

It has taken the SEC two years, under considerable political pressure, to instruct SIPC to do the right thing, yet we now learn the number of innocent victims who believed they were eligible for compensation may be limited further, and that SIPC themselves may raid the receivership estate, to recover their losses at the expense of the remaining victims.

Whenever innocent foreign victims of the Stanford fraud have asked for recognition in the United States, invariably they have been told that Stanford operated his fraud from the small Caribbean island of Antigua, and what rights have they to expect that US authorities and officials have any obligation or other moral duty to extend assistance. The tentacles of the Stanford empire stretched halfway around the globe and in each of its outposts was portrayed as a safe, stable, and conservative institution backed by a major Texas based group, regulated in the US, extending equivalent protection to investors worldwide to that benefiting US citizens. Further, R Allen Stanford, the founder and sole shareholder was compared by Forbes to the likes of UBS and Wachovia, who accredited him as one of the United States 400 wealthiest individuals, with a portfolio of \$51bn under management. After the president of the United States, George W Bush, and a raft of US senators and congressmen also lent Stanford their endorsement, how could his credibility possibly be questioned further?

At the request of dissatisfied victims of the Stanford fraud, the courts have recently appointed two very experienced directors of Grant Thornton as joint liquidators of Stanford International Bank, and charged them to recover and distribute, fairly and equally, and in the shortest possible time, the losses stemming from the Stanford Ponzi scheme. Grant Thornton have been recognized as the most proper person to recover losses stemming from the Stanford fraud, with the best chance of success by courts in every jurisdiction worldwide, except in the United States, where the receiver, Ralph Janvey, and his 'official' investors committee, comprising mainly self-interested attorneys, have contrived to establish a network of vested interests which serve primarily to benefit themselves, and through which they have reached an agreement whereby they may charge excessive fees which may run to hundreds of millions of dollars, all at the expense of all the innocent victims. Grant Thornton has strived to reach a workable protocol with Janvey for the benefit the innocent victims, yet the vested interests in the US continue to block any agreement from being reached.

There are frozen funds overseas, to the tune of \$250m that Grant Thornton wish to recover and distribute equally, transparently, and quickly, to all the Stanford victims worldwide, yet they have been further blocked by the United States Department of Justice, who seek to 'repatriate' those funds to the US, to be distributed; how? These are funds that did not originate from the US yet the DoJ insists that US minority interests should once again be given preferential treatment.

The perpetrator of the fraud R Allen Stanford still awaits trial in Texas. Unlike Madoff he has not confessed, but pleads the fifth amendment; has changed attorneys as frequently as changing his socks; claimed incompetence; drug addiction; and now memory loss; what next? His trial has been postponed twice, and is now due to be heard in January 2012, meanwhile many of the initial charges have been dropped, and there are some who believe he may soon be granted bail, and conveniently disappear.

In a recent twist many of the lawsuits that may eventually benefit the victims of this fraud, already delayed two years due to restrictions imposed by the judge appointed by the DoJ to hear the criminal case against Stanford; may now fail entirely, following a ruling by another judge; appointed by the SEC to preside over the civil case, all at the expense of the innocent victims.

Enough is enough. The United States authorities and institutions have failed us all, not just US citizens, and we all deserve to be treated equally. We have all seen our entire life savings stolen by a US citizen who was permitted to operate for years due to the negligence of the US regulator, and we now find US court appointed officers determined to line their pockets at the further expense of the innocent victims, and through political pressure, place US citizens in a preferential position, while the perpetrator of the fraud continues to mock us all.

It may not appear so to the US victims of this fraud but the world is watching just how self-interested and how little regard some officials and citizens of the US appear to have for anyone but themselves.

All 21,000 innocent Stanford victims lost their life savings in this massive fraud. All the foreign victims ask is to be treated with fairness, equality, and with due respect. No more humiliation and injustice. Is it too much to ask that the officials of the world's most powerful, wealthy, and technologically advanced nation show some integrity, accept responsibility for the consequences of their complicity in the Stanford fraud, and make due recompense without further delay to each and every victim regardless of class, creed or citizenship.

Released by Kate Freeman

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