The Securities and Exchange Commission has concluded that certain individuals who invested money through the Stanford Group Company (SGC) are entitled to the protections of the Securities Investor Protection Act of 1970 (SIPA).

We would like to show you that not only individuals who invested money through SGC are entitled to the protections of the SIPA, but all individuals who invested money through any of the Stanford entities should be entitled to the protections of the SIPA.

## SIPC member "Old Naples Securities" and its non-member affiliate "Old Naples Financial Services"

The SEC has referred to the Old Naples litigation, where the Eleventh Circuit rejected SIPC's application of the bright-line rule as well as the determination that the instruments at issue were not SIPA securities. On the issue of dealing with an affiliate, the court recognized that "[a] claimant is only a 'customer' protected by SIPA in regard to a claim for cash entrusted to a brokerage if he or she 'deposited [the] cash with the debtor' [or SIPC member firm]." The court further observed, however, that determining customer status "does . . . not depend simply on to whom the claimant handed her cash or made her check payable, or even where the funds were initially deposited." The court held that the claimants in that case were customers of the SIPC member because (1) they reasonably believed that they were dealing with the member through their dealings with the non-member affiliate and (2) the owner of both firms had acquired control over customer funds held by the affiliate and used them as if they were funds of the member firm.

## SIPC member "New Times Securities Services (New Times)" and its non-member affiliate "New Age Securities (New Age)"

In May 2000, SIPC initiated liquidation proceedings against New Times Securities Services (New Times), which had a non-member affiliate called New Age Securities (New Age). Similar to the previous liquidations, the New Times case involved an apparently fraudulent scheme by the controlling principal of both New Times and New Age that involved both firms. However, in November 2000, the trustee, with SIPC's approval, requested that the bankruptcy court consolidate the New Times and New Age estates for purposes of the liquidation. According to the trustee, claimants who dealt with New Age should be considered as customers of New Times and could qualify for SIPA protection.

Among the many reasons the trustee discussed in support of the request, he pointed out that although New Times and New Age in many respects operated separately, generally did not commingle their assets, and distributed account statements under their respective names, their owner had promoted them to investors as being indistinguishable. Because the distinctions between New Times and New Age were unclear, claimants either had believed that they were dealing with the member or that any distinction between the firms was meaningless. As the New Times proceeding demonstrates, SIPC recognizes that under certain circumstances a member firm and its non-member affiliate can be consolidated, which may benefit claimants who dealt with the affiliate.

# SIPC member "Stanford Group Company (SGC)" and its non-member affiliates "Stanford International Bank Limited (SIBL)", "Stanford Trust Company (STC)", and "Stanford Fiduciary Investor Services (SFIS)"

The Stanford Trust Company (Louisiana) ("STC"); and the representative offices of Stanford Trust Company (Antigua) that operated in Miami, Houston and San Antonio under the d/b/a "Stanford Fiduciary Investor Services" ("SFIS") had the primary function to funnel investments into the CDs issued by SIBL. The SIBL CDs were sold worldwide by a web of different Stanford promoter companies, including SGC, SFIS and STC.

In case of the "SIPC member SGC", the investigation that has been done by the forensic accountants Karyl Van Tassel (http://sivg.org/resources/SGC_Forensic_Accounting.pdf and http://sivg.org/resources/oig-526.pdf) suggests that there aren't any significant SGC assets. The SGC was a money-losing operation that survived because of the cash transferred to it by SIB and other Stanford entities.

Following some extracts from above reports:

*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, Stanford Trust Company, Stanford Financial Group Company (which provided shared services, including treasury and investment services to the Stanford Entities), etc...*

*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.*

*...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.*

*Without income related to SIB, SGC would have been insolvent from at least 2004 forward (and likely before)...*

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

The SEC made it clears in its ANALYSIS OF SECURITIES INVESTOR PROTECTION ACT COVERAGE FOR STANFORD GROUP COMPANY (see please http://sivg.org/resources/Stanford-SIPC-Analysis-of-SIPA-wAttach.pdf). Following some extracts from above analysis:

*SIPA defines "customer" to include any person who has deposited cash with the debtor for the purpose of purchasing securities.*

*The evidence currently available shows that investors with accounts at SGC who purchased SIBL CDs deposited funds with SIBL for the purpose of purchasing securities. …and SIPA defines "security" as including any "certificate of deposit."*

*The remaining question is whether the investors can be deemed to have deposited their cash with SGC.*

*In In re Old Naples, ... The court held that the investors should be deemed to have deposited cash with the broker-dealer based on evidence supporting the bankruptcy court's findings that (1) the investors "had no reason to know that they were not dealing with" the broker-dealer; and (2) the funds investors deposited with the affiliate "were used by, or at least for," the broker-dealer, who "diverted some of the investors' money from [the affiliate] for personal use, and . . . used much of the money to pay [the broker-dealer's] expenses."*

*The totality of facts and circumstances in this case supports a similar conclusion about the status of the investors with accounts at SGC who purchased SIBL CDs, i.e., that by depositing money with SIBL, investors were effectively depositing money with SGC. Based on the findings of the Receiver and his expert investigators, the separate existence of SIBL, SGC, STC, and their ultimate, sole owner, Stanford should be disregarded.*

*Credible evidence shows that Stanford structured the various entities in his financial empire, including SGC and SIBL, for the principal, if not sole, purpose of carrying out a single fraudulent Ponzi scheme.*

*As the Receiver stated, "[t]here was no real substance to the inter-company contracts and the verbiage contained in the prospectuses, since all of the Stanford entities, SIB[L] included, were part of the same Ponzi scheme, puppets of the same puppeteer."*

*...depositing money with SIBL was, for SGC accountholders, in reality no different than depositing it with SGC.*

*Additionally, as in Old Naples, there are facts that could have led SGC account holders who purchased SIBL CDs through SGC to believe they were depositing cash with SGC for the purpose of purchasing the CDs. Defrauded CD investors have submitted affidavits stating that they were told by their SGC financial advisors that SGC and SIBL were both members of the "Stanford Financial Group," and that Stanford financial advisers frequently referred simply to "Stanford" without clearly distinguishing between SGC and SIBL.*

*Both SGC and SIBL had the word "Stanford" in their names and used the same logo, and SGC provided at least some customers with "advisory statements" bearing that logo that listed their SIBL CD positions.*

*There is also credible evidence that, as in Old Naples, the funds deposited with SIBL were diverted for Stanford's personal use and used to pay the expenses of SGC. The primary source of funding for the empire was SIBL CD proceeds.*

*Once in Stanford's control, he used those funds indiscriminately to support the various Stanford entities and his lavish lifestyle. In particular, he used those funds for the benefit of SGC, by making capital contributions, paying SGC's operational expenses, and paying concessions and bonuses to SGC representatives for selling the CDs. Indeed, SGC could not have remained operational without the inflow from CD proceeds...*

In general, Stanford's investors believed that they were dealing with the member through their dealings with the non-member affiliate. Following some evidences which prove that never was made any differentiation between the entities of Stanford:

(Exhibit A) All Stanford companies were consolidated as a "one company". The following business cards show "different company's name" having the same Address, the same Stanford logo/name, and the same Email-Domain "stanfordeagle.com". Some business cards even show the inscription "MEMBER FINRA/SIPC" or "MEMBER NASD/SIPC".

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*Securities Corp.*
MEMBER NASD/SIPC

(Exhibit B) All Stanford companies were consolidated as a "one company". The following business cards show "different company's name" having the same Stanford logo/name, and the same Email-Domain "stanfordeagle.com". Some business cards even show the inscription "MEMBER FINRA/SIPC" or "MEMBER NASD/SIPC" and/or "A MEMBER OF THE STANFORD FINANCIAL GROUP".

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Asesor Financiero

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STANFORD
GROUP
COMPANY

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MEMBER NASD/SIPC

Remark: almost all above Financial Advisors were registered with the SEC/FINRA. For example: Daniel Hernandez, Manuel Malvaez, David Nanes, Roberto A. Pena, Saraminta Perez, Tony Perez, Judith Quinones, Rocky Roys (Rossana Roys), Pete Vargas, Peggy Allen, Humberto Lepage and Oreste Tonarelli.

Please refer to the FINRA BrokerCheck (http://brokercheck.finra.org/Support/TermsAndConditions.aspx) for more information.

(Exhibit C) A letter with information about the companies which builds the Stanford Financial Group and the services and opportunities of investment offered through Stanford Group Company. Please pay attention to the Header and Footer of the letter which contains the logo/name of Stanford and the Company's name "Stanford Group Company" - MEMBER NASD/SIPC.

STANFORD
PRIVATE WEALTH MANAGEMENT

7 de Febrero de 2007

Presente.-

Estimados Señores

Nos complace dirigimos a usted en atención a su solicitud de información sobre las empresas que conforman el Stanford Financial Group y sobre los servicios y oportunidades de inversión que se ofrecen a través de Stanford Group Company, empresa afiliada corredora de Bolsa en los Estados Unidos de América.

Adjunto a la presente, sírvase encontrar diversos folletos que le darán una cabal idea de nuestras actividades. No dude en contactarse con nosotros en caso de tener alguna pregunta o requerimiento de mayor información.

Agradeciendo el habernos contactado, nos despedimos en espera de sus gratas noticias.

Atentamente,

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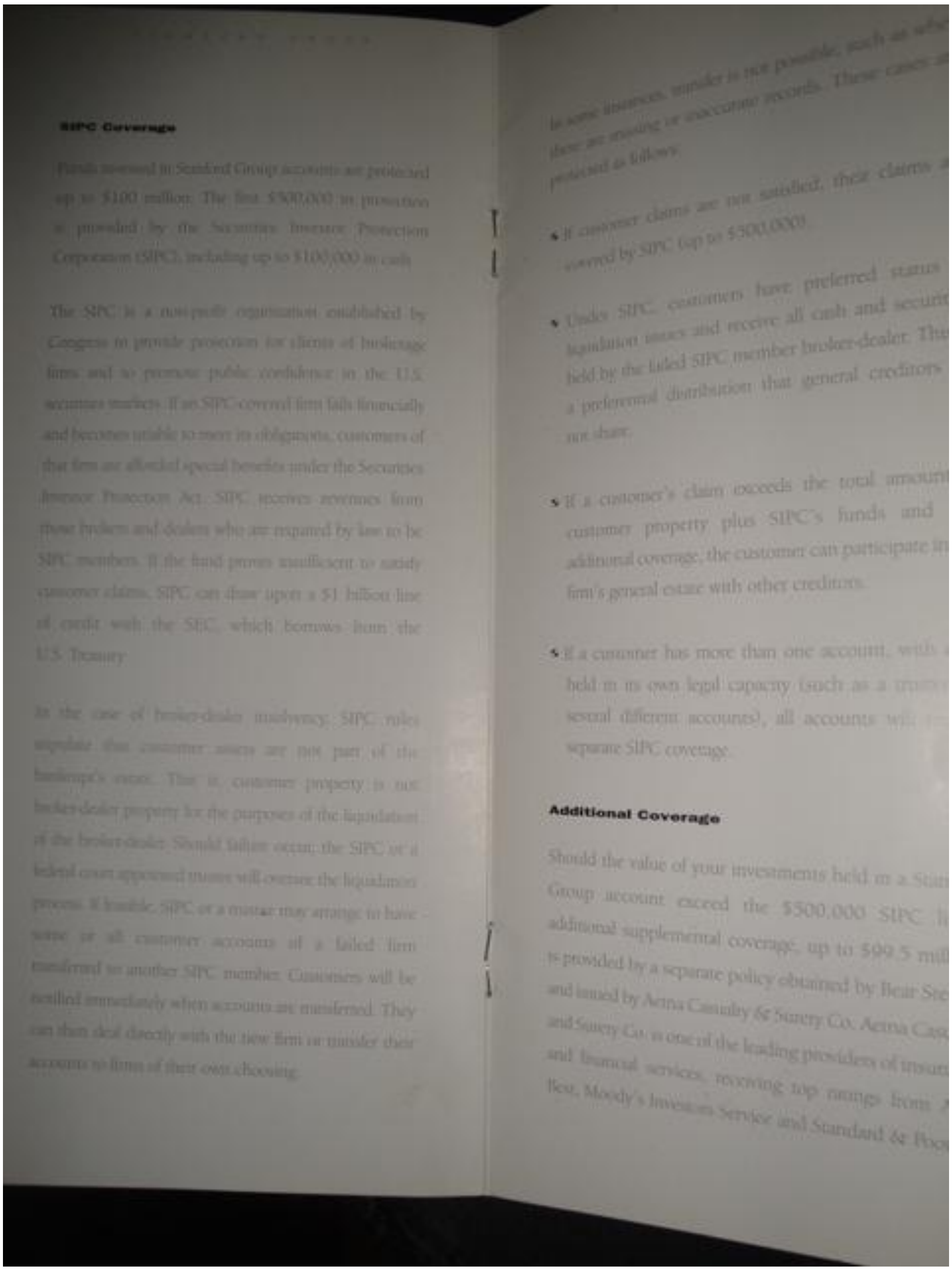
(Exhibit D) Promotional materials showing that funds invested in Stanford Group accounts are protected up to $100 million by the SIPC and the Aetna Casualty & Surety Co.



**SIPC Coverage**

Funds invested in Stanford Group accounts are protected up to $100 million. The first $500,000 in protection is provided by the Securities Investor Protection Corporation (SIPC), including up to $100,000 in cash.

The SIPC is a non-profit organization established by Congress to provide protection for clients of brokerage firms and to promote public confidence in the U.S. securities markets. If an SIPC-covered firm fails financially and becomes unable to meet its obligations, customers of that firm are afforded special benefits under the Securities Investor Protection Act. SIPC receives revenues from those brokers and dealers who are required by law to be SIPC members. If the fund proves insufficient to satisfy customer claims, SIPC can draw upon a $1 billion line of credit with the SEC, which borrows from the U.S. Treasury.

In the case of broker-dealer insolvency, SIPC rules stipulate that customer assets are not part of the bankrupt's estate. That is, customer property is not broker-dealer property for the purposes of the liquidation of the broker-dealer. Should failure occur, the SIPC or a federal court appointed trustee will oversee the liquidation process. If feasible, SIPC or a trustee may arrange to have some or all customer accounts of a failed firm transferred to another SIPC member. Customers will be notified immediately when accounts are transferred. They can then deal directly with the new firm or transfer their accounts to firms of their own choosing.

In some instances, transfer is not possible, such as wh[illegible] there are missing or inaccurate records. These cases a[illegible] protected as follows:

- If customer claims are not satisfied, their claims a[illegible] covered by SIPC (up to $500,000).
- Under SIPC, customers have preferred status [illegible] liquidation issues and receive all cash and securit[illegible] held by the failed SIPC member broker-dealer. Th[illegible] a preferential distribution that general creditors [illegible] not share.
- If a customer's claim exceeds the total amount [illegible] customer property plus SIPC's funds and [illegible] additional coverage, the customer can participate in [illegible] firm's general estate with other creditors.
- If a customer has more than one account, with [illegible] held in its own legal capacity (such as a trust [illegible] several different accounts), all accounts wi[illegible] separate SIPC coverage.

**Additional Coverage**

Should the value of your investments held in a Stan[illegible] Group account exceed the $500,000 SIPC li[illegible] additional supplemental coverage, up to $99.5 mill[illegible] is provided by a separate policy obtained by Bear Ste[illegible] and issued by Aetna Casualty & Surety Co. Aetna Cas[illegible] and Surety Co. is one of the leading providers of insura[illegible] and financial services, receiving top ratings from A[illegible] Best, Moody's Investors Service and Standard & Poo[illegible]

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those brokers and dealers who are required by law to be SIPC members. If the fund proves insufficient to satisfy customer claims, SIPC can draw upon a $1 billion line of credit with the SEC, which borrows from the U.S. Treasury.

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In some instances, transfer is not possible, such as when there are missing or inaccurate records. These cases are protected as follows:

- If customer claims are not satisfied, their claims are covered by SIPC (up to $500,000).

- Under SIPC, customers have preferred status in liquidation issues and receive all cash and securities held by the failed SIPC member broker-dealer. This is a preferential distribution that general creditors do not share.

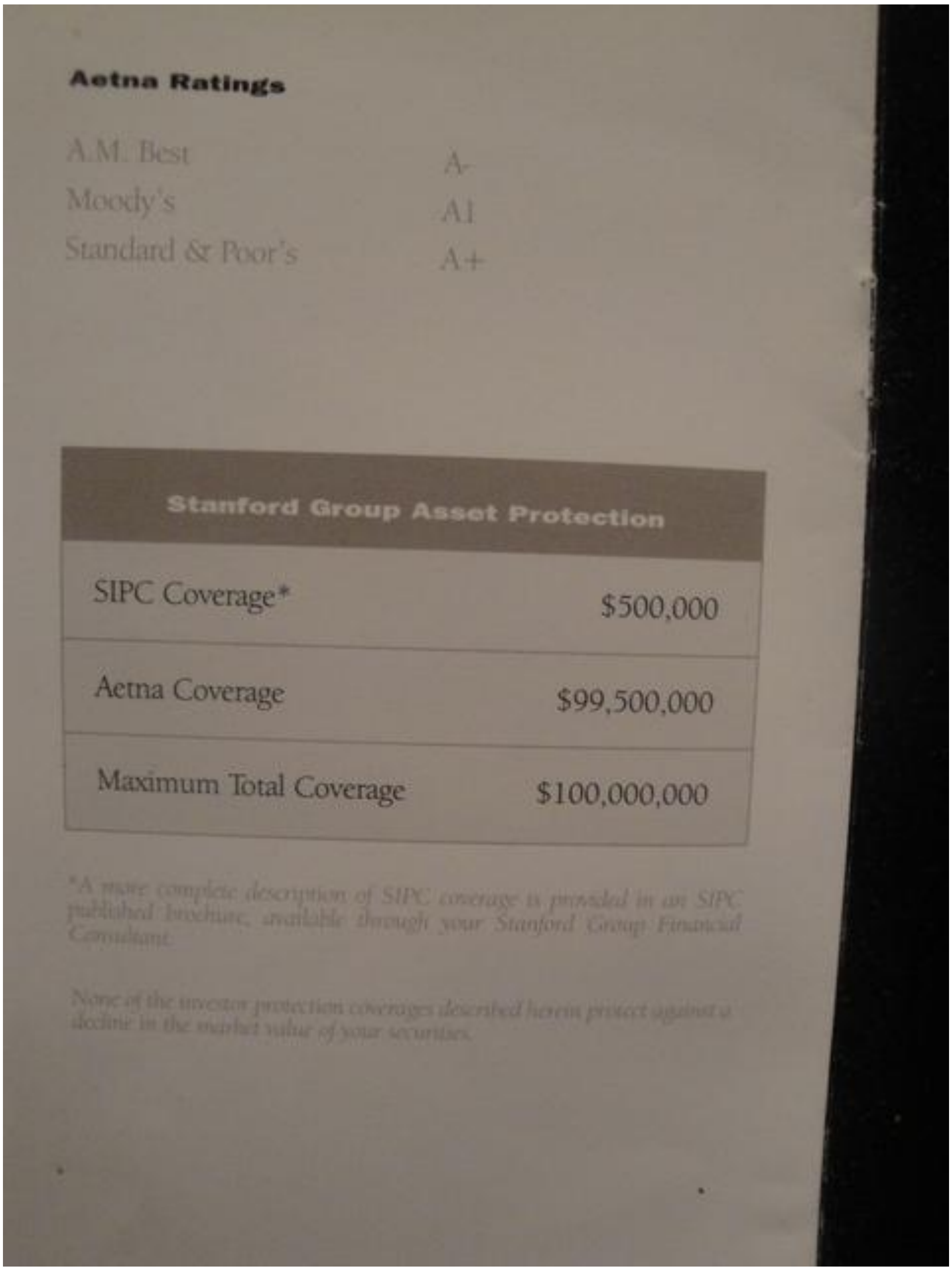
- If a customer's claim exceeds the total amount of customer property plus SIPC's funds and any additional coverage, the customer can participate in the firm's general estate with other creditors.

customer property plus SIPC's funds and any additional coverage, the customer can participate in the firm's general estate with other creditors.

- If a customer has more than one account, with each held in its own legal capacity (such as a trustee for several different accounts), all accounts will receive separate SIPC coverage.

**Additional Coverage**

Should the value of your investments held in a Stanford Group account exceed the $500,000 SIPC limit, additional supplemental coverage, up to $99.5 million, is provided by a separate policy obtained by Bear Stearns and issued by Aetna Casualty & Surety Co. Aetna Casualty and Surety Co. is one of the leading providers of insurance and financial services, receiving top ratings from A.M. Best, Moody's Investors Service and Standard & Poor's.



**Aetna Ratings**

| | |
|---|---|
| A.M. Best | A- |
| Moody's | A1 |
| Standard & Poor's | A+ |

| Stanford Group Asset Protection | |
|---|---|
| SIPC Coverage* | $500,000 |
| Aetna Coverage | $99,500,000 |
| Maximum Total Coverage | $100,000,000 |

*A more complete description of SIPC coverage is provided in an SIPC published brochure, available through your Stanford Group Financial Consultant.

None of the investor protection coverages described herein protect against a decline in the market value of your securities.

Stanford Group clients receive unprecedented levels of personalized service along with the added confidence provided by our asset protection policy. Helping clients reach their financial goals remains our number one priority. That's why we've made a special effort to provide a detailed explanation of the comprehensive protection available to Stanford Group clients.

Stanford Group uses Bear, Stearns Securities Corp. for clearing services and custodianship of client assets. Bear, Stearns Securities Corp. is a wholly owned and guaranteed subsidiary of Bear, Stearns & Co. Inc., a leading international investment banking and securities trading firm.

To conclude, we, the “Stanford International Victims Group” (SIVG), would like to request the Honorable Judge Wilkins to consider the non-member affiliates entities of Stanford in the protections of the SIPA based on above statements.

SIVG has been waiting long time (more than 3 years) for a financial relief and we will appreciate very much that your verdict in the case SEC vs. SIPC (Case No.: 1:11-mc-00678-RLW) could be made as general as possible to include the non-member affiliates entities of Stanford and in this way we might avoid spending more time fighting for our rights.

Sincerely,

SIVG