

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

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Case No.: 3-09-CV-0298-N
	§	
STANFORD INTERNATIONAL BANK, LTD., ET AL.,	§	
	§	
Defendants.	§	

**RECEIVER'S MOTION FOR APPROVAL OF THIRD INTERIM FEE APPLICATION
AND BRIEF IN SUPPORT**

BAKER BOTTS L.L.P.
910 Louisiana
Houston, Texas 77002
(713) 229-1234
(713) 229-1522 (Facsimile)

THOMPSON & KNIGHT LLP
1722 Routh Street
Dallas, Texas 75201
(214) 969-1700
(214) 969-1751 (Facsimile)

**ATTORNEYS FOR RECEIVER
RALPH S. JANVEY**

TABLE OF CONTENTS

TABLE OF AUTHORITIES ii

REQUEST FOR APPROVAL OF FEES INCURRED FROM JUNE 1, 2009 THROUGH AUGUST 31, 2009 2

A. The Court should approve the payment of all reasonable and necessary professional fees and expenses. 2

B. The fees and expenses are reasonable and necessary in light of the extraordinary complexity and difficulties of this case..... 4

 1. Krage & Janvey L.L.P..... 5

 2. Baker Botts L.L.P. 8

 3. Thompson & Knight LLP 20

 4. FTI Inc..... 23

 5. Ernst & Young..... 26

 6. Financial Industry Technical Services, Inc. 28

 7. Strategic Capital Corporation..... 32

 8. Pierpont Communications Inc. 33

 9. 3-4 South Square..... 34

 10. Roberts & Co..... 35

 11. Altenburger..... 36

 12. Osler, Hoskin & Harcourt LLP 36

 13. Dudley, Topper and Feuerzeig, LLP 37

CONCLUSION..... 37

CERTIFICATE OF CONFERENCE..... 40

CERTIFICATE OF SERVICE 41

TABLE OF AUTHORITIES

	Page(s)
<i>Curtis v. Bill Hanna Ford, Inc.</i> , 822 F.2d 549 (5th Cir. 1987).....	3
<i>Johnson v. Georgia Highway Express, Inc.</i> , 488 F.2d 714 (5th Cir. 1974).....	3, 4
<i>SEC v. Fifth Ave. Coach Lines, Inc.</i> , 364 F. Supp. 1220 (S.D.N.Y. 1973).....	3, 4
<i>SEC v. Megafund Corp.</i> , No. 3:05-CV-1328-L, 2008 WL 2839998 (N.D. Tex. June 24, 2008)	3
<i>SEC v. W.L. Moody & Co., Bankers (Unincorporated)</i> , 374 F. Supp. 465 (S.D. Tex. 1974), <i>aff'd</i> , 519 F.2d 1087 (5th Cir. 1975).....	3, 4

**RECEIVER'S MOTION FOR APPROVAL OF THIRD INTERIM FEE APPLICATION
AND BRIEF IN SUPPORT**

Ralph S. Janvey, the Court-appointed Receiver in this action, seeks the Court's approval to pay invoices for interim fees and expenses of \$8,864,327.34¹ to the thirteen firms that rendered professional services on behalf of the Receivership Estate for the thirteen-week period of June 1 through August 31, 2009. Despite many unanticipated additional activities required of the professionals, these fees and expenses are less than what the Receiver projected in the first and second interim fee applications.

The firms providing these services have continued to discount their fees by at least 20% each (representing an overall reduction of \$2.6 million for this period) for the benefit of the Stanford investors and other claimants. The work of the professionals is described in detail in this motion and is supported by the attached invoices. The information contained in the invoices demonstrates the necessity for the professionals' services and the reasonableness of their fees and expenses for a case of this complexity and difficulty.

As the Receivership progresses, the Receiver is able to plan and execute his duties in a more deliberate and selective manner. This is because the Receiver's control over the Estate has reduced the risk of sudden loss of assets, there are fewer situations requiring emergency action, and the Receiver and his team now possess a great deal more information of much higher quality and reliability. Fees and expenses have consequently been reduced, as expected, by more

¹ The professional firms' fees and expenses for this period total \$11,080,409.17. At the hearing on September 10, 2009, the Court ruled that the Receiver's fee applications would be approved, subject to a 20% hold back. At a future date when the results obtained for the Estate are more certain, the Receiver will be permitted to reapply for the amount of the hold back, which for this application is \$2,216,081.83. The amount the Receiver requests in fees and expenses for each firm herein has been reduced by the 20% hold back, although the invoices in the Appendix reflect the fees and expenses incurred without the hold back.

than 65% per week as compared to the initial fee application and 21% per week as compared to the second fee application.

**REQUEST FOR APPROVAL OF FEES
INCURRED FROM JUNE 1, 2009 THROUGH AUGUST 31, 2009**

The Amended Order Appointing Receiver directs and authorizes the Receiver to retain and compensate professionals in connection with the administration of the Receivership Estate:

[T]he Receiver is specifically directed and authorized to perform the following acts and duties:

Enter into such agreements in connection with the administration of the Receivership Estate, including, but not limited to, the employment of such managers, agents, custodians, consultants, investigators, attorneys, and accountants as Receiver judges necessary to perform the duties set forth in this Order and to compensate them from the Receivership Assets.

Amended Order Appointing Receiver (Doc. 157) ¶ 5(h).

The Order further directs the Receiver to “[f]ile with this Court requests for approval of reasonable fees to be paid to the Receiver and any person or any entity retained by him and interim and final accountings for any reasonable expenses incurred and paid.” *Id.* ¶ 5(m). Accordingly, the Receiver files this Motion and requests that the Court approve the fees and expenses billed by the retained professionals for work from June 1 through August 31, 2009.

A. The Court should approve the payment of all reasonable and necessary professional fees and expenses.

Courts examining a request for fees and expenses incurred by a receiver must determine whether the time spent, services performed, expenses incurred, and hourly rates

charged are reasonable and necessary under the factors set forth by the Fifth Circuit.² *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974).

This examination of reasonableness and necessity should take into account all circumstances surrounding the receivership. *See SEC v. W.L. Moody & Co., Bankers (Unincorporated)*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff'd*, *SEC v. W.L. Moody & Co.*, 519 F.2d 1087 (5th Cir. 1975). Because all receiverships are different, a court's analysis of the fees and expenses must be tailored to the particular case. *Id.* Recent cases in this district focus primarily on the complexities of the case, the difficulties encountered by the receiver, and the results obtained for defrauded investors. *See SEC v. Megafund Corp.*, Civil Action No. 3:05-CV-1328-L, 2008 WL 2839998, at *2 (N.D. Tex. June 24, 2008).

The complexity and difficulty associated with the receivership are highly relevant factors in determining the reasonableness of professional fees. *See SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973) (awarding interim fees and expenses to law firm for role in receivership and noting that it involved wide variety of complex legal matters requiring the time, competence, and diverse resources of a law firm of high caliber). Courts examine the credentials, experience, reputation, and other professional qualities required to carry out a court's orders when assessing the reasonableness of the rates charged for services to a receivership. *See W.L. Moody & Co.*, 374 F. Supp. at 481 (holding that a court should give

² These factors are: (1) the time and labor required for the litigation; (2) the novelty and complication of the issues; (3) the skill required to properly litigate the issues; (4) whether the attorney was precluded from other employment by the acceptance of this case; (5) the attorney's customary fee; (6) whether the fee is fixed or contingent; (7) whether the client or the circumstances imposed time limitations; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of the attorney; (10) the "undesirability" of the case; (11) the nature and length of the attorney-client relationship; and (12) awards in similar cases. *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974). In applying these factors, "the district court must explain the findings and the reasons upon which the award is based. However, it is not required to address fully each of the 12 factors." *Curtis v. Bill Hanna Ford, Inc.*, 822 F.2d 549, 552 (5th Cir. 1987) (citation omitted).

“considerable weight” to “a receiver’s abilities, as required by the tasks of the receivership”). When the receivership commands full time and prevents the professionals from accepting other engagements, the fee award should reflect it. *See id.* at 483-84, 486 (discussing as a factor in determining reasonable compensation the fact that the receiver “devoted more than full time” to the matter and was prevented “from undertaking any other full time assignment”). The Court should consider the usual and customary fees charged and the evidence presented to support the application for fees. *See Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. at 1222 (fees awarded in full because based on law firm’s usual hourly rate and supported by meticulous records).

All of the factors considered in these opinions weigh heavily in favor of approving the request for fees and expenses in this case. This case is one of the largest and most complex of its kind. It requires a wide variety and depth of knowledge in both domestic and international law, and fulltime attention from key professionals on the Receiver’s team.

B. The fees and expenses are reasonable and necessary in light of the extraordinary complexity and difficulties of this case.

The Receiver requests approval of fees and expenses for the thirteen firms that have rendered services to the Estate from June 1 through August 31. As noted above, these firms have agreed to substantial discounts of their customary fees, and the amounts requested reflect those discounts. As a result, the fees charged by the firms to the Receivership Estate have been reduced by at least 20% each for a total discount of \$2.6 million for this period, bringing the total voluntary discount of charges during the life of the Receivership to almost \$9.5 million. These discounts reflect substantial reductions of the rates the firms understood they would receive at the outset of this engagement. *See Johnson*, 488 F.2d at 717-19 (fee quoted to client is factor for court to consider in calculating fee award).

The time spent, services performed, hourly rates charged, and expenses incurred were reasonable and necessary, and indeed essential, for the Receiver to perform his Court-ordered duties. Each of these professional firms was selected because it possesses special expertise required to fulfill the Court's orders. *See id.* at 718.

In response to prior objections by the SEC and Examiner, firms working on a variety of different matters instituted billing conventions that permitted them to calculate the amount of time devoted to particular issues.³ That data is summarized in this application and is reflected in the firms' invoices.

1. KRAGE & JANVEY L.L.P.

During the period covered by this application, the Receiver and other professionals at Krage & Janvey addressed day-to-day operational and administrative needs of the Estate as well as strategic decisions to maximize assets and reduce claims against the Estate. The Receiver and other members of his firm directed, supervised, and coordinated the activities of team members in the fulfillment of his Court-ordered duties. Their services fall into the following categories and the percentages indicate the approximate proportion of total fees related to each category.

(1) Estate Administration (39%): During the period covered by this application, Krage & Janvey responded, both in writing and by telephone, to well over a hundred email inquiries daily regarding actions required by the Amended Order Appointing Receiver. Outstanding leases (as both a landlord and a tenant), insurance, taxes, employee issues, wire transaction processes, maintenance, security, and coordinating and planning for Stanford

³ In accordance with the Court's instructions, beginning September 1, 2009 the firms' invoices will further identify the amount of time each professional spends on individual tasks each day.

ongoing operations and wind down commanded significant time and attention from the Receiver and his firm.

(2) Preservation and liquidation of assets (38%): Krage & Janvey has been responsible for the supervision and ultimate decision-making, subject to Court approval, regarding the preservation and disposition of property owned and leased by the Estate. During this period, the Receiver filed motions for the approval of procedures to dispose of five aircraft, several private equity investments, coin and bullion, two yachts, and to wrest control of very marketable real estate from parties in possession thereof so it can be liquidated. The Stanford office in Tupelo, Mississippi was finally closed, and the contents thereof were disposed of or shipped to Stanford's headquarters in Houston. The preservation and liquidation of assets requires the ongoing resolution of issues related to acquiring possession and control of property, insurance, storage, transport, valuation, marketing, security, and chain of custody for all property.

(3) Litigation supervision (13%): Krage & Janvey receives all pleadings filed in this case and select pleadings from related cases filed in other U.S. jurisdictions. The Receiver and his colleagues review every pleading drafted on behalf of the Receivership and provide substantive input prior to filing. Litigation on the following subjects, among others, warranted attention from Krage & Janvey during this period: the liquidation of Estate assets, the attempted disqualification of the Receiver's counsel, the account freeze, the Receiver's authority to pursue clawback claims, the bulk transfer of released accounts, bankruptcy, the Antiguan Liquidators' petition for recognition, insurance proceeds, and a landlord-tenant dispute. The Receiver also participated in the hearing before this Court regarding clawback claims.

(4) Claims analysis (3%): Krage & Janvey analyzed the proper characterization and treatment for various categories of claims, including those by vendors who provided goods and services to Stanford, foreign investors, and coin purchasers.

(5) Communications (3%): Krage & Janvey drafted, reviewed and approved materials for the Receivership website and press releases on subjects ranging from bankruptcy, accounts with Stanford Trust Company, and liquidation of domestic and foreign assets, to employee expense reimbursements, and aircraft.

(6) Foreign litigation supervision (2%): Krage & Janvey continued to exercise significant oversight over foreign litigation by directing the actions of foreign counsel, and reviewing and editing briefs and proposed orders, and executing affidavits. During this period there were several filing deadlines and hearings in foreign courts regarding the Antiguan Liquidators' efforts to secure control and possession of Estate assets, resulting in judgments from courts in Canada and the United Kingdom.

(7) Examiner coordination (2%): Krage & Janvey attorneys received numerous inquiries from the Examiner on a wide range of subjects, gathered data, and responded in writing and in conferences to those requests. The firm also provided substantive input on the Receiver's response to the Examiner's Report and Recommendations No. 1 regarding clawback claims.

The fees charged by Krage & Janvey include all compensation being paid for Mr. Janvey's services as the Receiver as well as for the services of the firm's lawyers during the applicable period. A bill for Krage & Janvey's services from June 1 through August 31, 2009 is attached as Exhibit A, Appdx. 1-68. The Receiver requests approval of payment to Krage & Janvey for \$135,062.40 in fees and \$2,982.56 in expenses.

2. **BAKER BOTTS L.L.P.**

Baker Botts continued in its role as lead counsel to the Receiver, advising on day-to-day operational and administrative needs of the Estate as well as strategic decisions to maximize assets and reduce claims against the Estate. Baker Botts's services fall into the following categories and the percentages indicate the approximate proportion of total fees related to each category.

(1) Litigation (*SEC v. Stanford International Bank, Ltd.*) (35%): As the Receiver's lead trial counsel, Baker Botts has primary responsibility for representing the Receiver and entities in Receivership in litigation arising from the subject matter of the SEC's civil action. During the period covered by this application, more than 300 docket entries were made in the SEC's case. Specific filings that required significant attention from Baker Botts included the SEC's Emergency Motion to Amend the Receivership Order, seeking to rescind the Receiver's authority to pursue clawback claims; the Receiver's Interim Report of Account Freeze, Application Process, and Partial Account Freezes; and the Receiver's amended complaints, and evidence in support thereof, naming relief defendants in the clawback actions. Baker Botts also completed briefing on the Receiver's motion to approve procedures for the sale of real property, filed two motions to show cause, and drafted responses to many motions for relief from the Court's orders. Baker Botts participated in hearings before the Court on several of these issues. There are also ten other related actions pending in this Court alone; during this period the Receiver filed motions to abate in four of those. The Receiver filed two notices of appeal and secured an extension of the freeze order in the Fifth Circuit; numerous cross appeals and the appeal of an order denying intervention were also filed by other parties.

(2) Brokerage & Trust (11%): Baker Botts attorneys with expertise in the legal issues related to the operation of brokerage and trust companies continued to analyze new information as it became available regarding these aspects of the Stanford network.

Baker Botts attorneys collaborated with the Receiver, other professionals and the Examiner to develop and implement, and to continue executing previously developed, account release and transfer protocols for Stanford Group Company (“SGC”) brokerage accounts. Baker Botts initiated communication with SGC accountholders through direct correspondence, emails, telephone and the Receiver’s website to communicate the status of SGC accounts and account release and transfer procedures. In addition, Baker Botts attorneys prepared and sent numerous account release stipulations in the form previously approved by the Court. Baker Botts attorneys worked with other Receivership representatives and the Examiner to execute, without stipulation, partial and complete releases of SGC customer accounts. Baker Botts, in collaboration with Receivership staff, regularly reported to the Examiner on account release progress, and Baker Botts attorneys responded to many specific accountholder inquiries presented by the Examiner.

Baker Botts attorneys worked together with other Receivership representatives and Pershing to develop protocols necessary to execute a “bulk transfer” of approximately 3,500 SGC customer accounts that have been released but not transferred. In connection with these bulk transfer procedures, Baker Botts attorneys and other Receivership representatives initiated discussions with several potential transferee brokerage firms. After selecting Dominick & Dominick LLC (“Dominick”) as the replacement brokerage firm for the approximately 3,500 SGC accounts, Baker Botts attorneys drafted an account transfer agreement to establish the terms and conditions of the bulk transfer. In the process of drafting the account transfer agreement, Baker Botts attorneys engaged in several discussions and negotiations with Dominick. In

addition, Baker Botts attorneys and other professionals consulted with representatives from the Financial Industry Regulatory Authority (“FINRA”) to discuss the bulk transfer process and the requisite approvals necessary to effectuate such a transfer. Pursuant to FINRA guidelines, Baker Botts attorneys drafted several communications to be sent to each SGC customer whose account is subject to the proposed bulk transfer. Baker Botts attorneys drafted and filed a motion and other court documents (see Doc. No. 747) seeking the Court’s authorization of the proposed bulk transfer and responded to numerous inquiries from the Examiner with regard to the proposed transfer.

Baker Botts attorneys continued to collaborate with the Receiver and other professionals to implement previously developed Stanford Trust Company (“STC”) customer account release and transfer protocols and procedures. In connection with transferring these accounts, Baker Botts attorneys were required to review trust instruments and successor trustee and account transfer documentation received from customers to ensure compliance with requirements of trust instruments on a trust-by-trust basis as required by applicable law. They also communicated with successor trustee/custodian institutions to facilitate transfer of STC accounts and to obtain required transfer documentation pursuant to transfer protocols. For certain trust accounts, Baker Botts attorneys communicated with counsel for STC customers when a successor trustee was required to be appointed by the court.

Additionally, Baker Botts attorneys worked with Receivership representatives to develop the procedures required to transfer or close many STC customers’ individual retirement accounts (“IRAs”), which required attention to various tax matters specific to IRAs. This process required the Receiver to draft several communications to STC IRA customers to notify them of the IRA transfer or distribution process and to give, when applicable, the STC IRA

customers the opportunity to make certain tax elections in connection with the distribution of their IRA assets. Baker Botts attorneys drafted documentation of STC customer claims against the Estate related to the purchase of Stanford International Bank, Ltd. (“SIBL”) CDs. Baker Botts initiated communication with STC customers to communicate the status of accounts and account release and transfer procedures, and responded to numerous STC customer emails and phone calls. They also responded to several inquiries from the Examiner regarding the STC IRA transfer or distribution process.

Baker Botts attorneys continued to respond to subpoenas and other document requests received from multiple State and Federal regulatory agencies concerning the brokerage and trust businesses. They communicated regularly with state regulators and representatives from the SEC regarding the status of STC and SGC customer accounts, and they responded to inquiries from state criminal enforcement agencies investigating STC and former STC employees. Baker Botts attorneys continued to supplement prior document requests as additional information became available.

Baker Botts attorneys engaged in numerous communications with investors in investment funds for which Stanford Capital Management was the general partner, providing investment information and evaluating successor general partner candidates.

(3) Cross-border Receivership (8%): Baker Botts has directed the Receiver’s efforts to respond to the actions of the Antiguan Liquidators to exclude the Receiver from recognition in Antigua, Canada, England and Switzerland (and to attempt to seize control over funds in some of those jurisdictions). Those efforts have continued and, during this period: (a) an Antiguan appellate court granted to the Receiver the right to appeal an adverse ruling as to recognition in Antigua; (b) an English court ruled in cross-applications in favor of the Antiguan

Liquidators, and the Receiver has appealed; and (c) a Canadian court heard argument, granted the Receiver's application for recognition, and denied the Liquidators' application for recognition.

Baker Botts lawyers worked with lawyers in these foreign jurisdictions to provide factual information and evidence developed through many hundreds of hours of investigation by lawyers and forensic accountants, and drafted briefs and affidavits. This period of time included work on pleadings and evidence for a hearing in London, and strategizing at that hearing, as well as coordination of matters related to the Antiguan appeal. The firm's lawyers also worked in coordination with Canadian counsel in the preparation and filing of evidence and instruments for a multi-day hearing held at the end of August. Baker Botts coordinated and reviewed filings which must be responsive to different legal standards and the different factual contexts in all four jurisdictions.

Beginning August 1, 2009, Baker Botts has separately tracked time spent on Canada litigation matters, United Kingdom litigation matters, and Antigua litigation matters. Those submatters represent 1%, 1%, and <1% of Baker Botts's invoice, respectively.

(4) Document production (5%): Baker Botts worked with the Receiver and his team to provide various state and federal authorities – including the SEC; Department of Justice; United States Attorney for the Southern District of Texas; Federal Bureau of Investigation; United States Postal Inspector; Internal Revenue Service; and Department of Labor – with information and documents as requested in connection with their investigations of the Defendants.

In addition, Baker Botts coordinated the Receiver's responses to over 25 domestic and international securities and banking regulatory agency investigations. In responding to these

various requests, Baker Botts participated in numerous telephone conferences and meetings with governmental and regulatory agency representatives; identified and gathered relevant documentation and information and prepared it for production; and coordinated with FTI and other members of the Receiver's team to identify the records requested.

(5) Labor and employment (5%): Baker Botts continued to advise and assist the Receiver with legal requirements associated with the wind down of the Stanford employee benefits plans and programs.

The majority of Baker Botts attorneys' time and attention related to labor and employment issues centered on the termination of the Stanford 401(k) plan. The firm advised the Receiver on the legal requirements associated with the termination; assisted with the preparation of the documentation necessary to effect the termination; and provided support to Stanford human resource personnel with the administrative tasks required to shut down the plan. In addition, Baker Botts attorneys began preparing the filing, which is expected to be made by year-end, required to request a favorable determination letter from the IRS as to the plan's tax qualified status as of the termination date.

Following termination of the Stanford medical and other welfare benefits plans, Baker Botts attorneys continued to advise the Receiver regarding compliance issues and related communication issues. Baker Botts also assisted the Receiver with the process of terminating certain insurance contracts under an executive benefits plan, from which the Estate received the cash surrender value of such cancelled policies.

Baker Botts attorneys continued to respond as needed to the Department of Labor's on-going criminal investigation aimed at determining third-party pension and other plans that may have invested trust assets in SIBL CDs, which investigation involves information

located in Houston, Baton Rouge, and other U.S. locations. Baker Botts attorneys also continued to review and respond to requests for information from the Department of Labor with respect to on-going audits and investigations related to the Stanford benefit plans and several wage and hour back-pay claims. Related to these actions, Baker Botts assisted the Receiver with the correction of late contributions to the 401(k) plan which were made prior to the Receiver's appointment by the Court. This task required Baker Botts attorneys to review and advise the Receiver concerning the calculation of interest due to the plan as a result of the late contributions, along with allocation among the impacted participant accounts.

Baker Botts employment lawyers continued to assist Baker Botts brokerage and trust attorneys with research on the legal requirements in a number of different jurisdictions to appoint successor trustees for trust accounts in connection with their potential release.

(6) Litigation (general) (5%): The Receiver, defendants, entities under Receivership and their agents are also parties to litigation other than the SEC's main case and Baker Botts has primary responsibility for those cases filed since February. At present, at least 40 cases have been filed in state and federal courts outside this District and in violation of the Order and Amended Order Appointing Receiver. During the period covered by this application, a request for an MDL transfer of several class actions was filed, a new federal case and ten new state cases were filed; at present there have been seven cases requiring attention from Baker Botts attorneys filed in Louisiana alone. Several other pending cases required attention because plaintiffs filed amended complaints, refused or otherwise failed to seek an agreed stay, or the court order staying the case requires the parties to file regular status reports.

Early in the Receivership many parties filed lawsuits because they were unaware of this Court's litigation injunction and upon notice, most readily agreed to a stay. Most of those

who have recently filed suits have done so with full knowledge of this Court's injunction and several appear determined to violate its terms by actively prosecuting their cases in other jurisdictions. Every such suit requires the expenditure of Estate resources to enforce this Court's orders.

(7) Receivership corporate (4%): Baker Botts has continued to serve as day-to-day legal counsel to the Receiver. This work has included assisting the Receiver in coordinating efforts of other members of his team, including Strategic Capital Corporation, FTI Consulting, Inc., Ernst & Young LLP, Financial Industry Technical Services, Inc., CB Richard Ellis, Pierpont Communications Inc., Park Hill Group and several law firms. The firm's lawyers participated in daily meetings and telephone calls with the Receiver, other members of his team, Stanford creditors, current and former Stanford employees, and other parties with claims against the Receivership Estate regarding requests for information from the Receiver, the status of claims, and other issues. The firm's lawyers reviewed findings and analysis regarding the operation of the Receivership, recommended courses of action regarding same, and reviewed correspondence to the Receiver and coordinated responses thereto. Baker Botts lawyers assisted with the daily operations of the Receivership by reviewing and coordinating payment of expenses and other obligations of the Receiver as well as pre-Receivership obligations of Stanford entities, and negotiating various contracts for services needed by the Receivership.

Baker Botts has continued to review strategies for reducing costs and monetizing assets, including assisting in the wind down of the Receivership Estate's remaining operations. Baker Botts has reviewed and analyzed offers to purchase various Estate assets and is working with other members of the Receiver's team to develop a protocol for liquidating Receivership Estate assets.

(8) Private equity (4%): The Stanford entities had private equity investments in 40 different ventures as diverse as travel services, health care software, precious metals, antiques, children's toys, and a pizza chain. Baker Botts continued to work with the Receiver and his team to review and respond to legal issues related to these holdings. This work included the evaluation of rights and responsibilities with respect thereto; communications with portfolio companies and counsel regarding the status of investments; evaluation of various investment holdings for potential sale to third parties; and review and negotiation of offers from third parties to purchase certain private equity holdings. Baker Botts prepared and filed a motion requesting the Court's approval of the Receiver's potential retention of a private equity advisor as well as motions to liquidate holdings in IOF Investment Interests and Midway CC Hotel Partners.⁴

(9) Tax (4%): Baker Botts drafted submissions to the IRS in connection with a Collection Due Process (CDP) hearing held during this period. Baker Botts attorneys also participated in the CDP hearing, which was related to approximately \$226.6 million of taxes and penalties which the IRS has asserted against Allen Stanford.

(10) Insurance (4%): Baker Botts analyzed various insurance policies to address coverage issues, and, on behalf of the Receiver, provided notices of claims to insurance carriers under policies providing primary and excess Directors and Officers liability coverage and Financial Institution Crime and Professional Indemnity coverage. Baker Botts worked with Thompson & Knight in analyzing and preparing the Receiver's response to motions and briefing filed by Allen Stanford, Laura Pendergest-Holt, and others seeking access to insurance proceeds, in order to protect this significant Estate asset. Baker Botts also conferred with counsel for the

⁴ This Court granted the motions related to IOF and Midway. In September, Allen Stanford filed a notice of appeal of that order. This is but one of many examples of conduct that thwarts the Receiver's efforts to liquidate assets, decrease carrying costs, and increase value for claimants. Such litigation initiated by defendants, investors, and third parties increases the fees and expenses required to enforce and execute this Court's orders.

individual Defendants and for the insurance companies regarding the Receiver's position with respect to these insurance policies.

(11) Real estate (3%): The Estate owns and leases a significant amount of commercial and residential real property throughout the United States. Baker Botts attorneys have had primary responsibility for analyzing legal documents to establish ownership and identify the terms of mortgages and leases, evaluating these properties, advising the Receiver of their most advantageous disposition, and drafting instruments or court papers to effectuate the Receiver's instructions.

In regard to real property owned by the Estate, Baker Botts developed procedures for the sale of that property with an eye towards selling the property expeditiously while also maximizing value. Its attorneys assisted in the preparation of motions and related pleadings seeking approval of these procedures, and conducted discussions with entities opposed to these procedures in an attempt to negotiate a resolution of disputed issues. Specifically, the real estate attorneys assisted in drafting a consolidated reply to the following responses filed to the Receiver's motion to approve real property sales procedures: Defendant Laura Pendergest-Holt's Notice of Opposition; the Stanford Condominium Owners Association's Response; the Examiner's Brief in Response; Trustmark's Response; and R. Allen Stanford, et al.'s Opposition. Baker Botts attorneys also participated in discussions with the attorneys for Farmers & Merchants Bank and Wells Fargo Bank, N.A. to address the concerns raised in those secured creditors' responses to the Receiver's motion to approve real property sales procedures. Baker Botts attorneys coordinated with outside professionals to prepare broker opinions of value for the Davis properties in Baldwin, Mississippi to determine whether there is any equity in those properties or whether to grant Farmers & Merchants Bank their requested relief from the TRO to

foreclose its interest in those properties. To facilitate the sale of real property, Baker Botts attorneys negotiated listing, consulting, and brokerage agreements with outside professionals for the marketing and sale of Stanford properties, and drafted form contracts to be used in connection with those sales. Real estate attorneys at Baker Botts also supported the litigation team when appropriate. This included assisting with the preparation of motions to show cause directed at parties in possession of Estate real property. Finally, Baker Botts attorneys ensured that the Receiver is properly managing and preserving the value of the Estate's real property by addressing legal issues related to tenants' leases (such as sending default letters to tenants who have failed to pay rent) and coordinating the payment of property taxes, insurance, and maintenance.

In regard to real property leased by the Estate, Baker Botts, among other things, negotiated and drafted settlement agreements with landlords. These settlements are structured to maximize value to the Estate, as they contain agreements from landlords to credit the value of personal property and/or security deposits toward the landlords' administrative claims, and in some cases contain agreements capping landlords' rejection claims in accordance with Section 502(b)(6) of the Bankruptcy Code. When appropriate, Baker Botts attorneys negotiated with landlords regarding the amount of their administrative claims and coordinated payment of cash settlements with FTI.

(12) Aviation (2%): At the inception of this action, the Receivership Estate was in possession of six aircraft. During the period covered by this application, attorneys from Baker Botts with expertise in aircraft sales, leasing, financing, and registration completed settlements with a secured lender relating to five of the aircraft. This settlement resulted in the return of \$4.8 million in cash collateral to the Receiver and full discharge of the related debt. These attorneys

further obtained the release of several aircraft liens filed on these five aircraft by fuel and maintenance providers. With regard to the sixth aircraft, which is still in the Receiver's possession, Baker Botts attorneys assisted in relocating the aircraft to a commercial facility in an effort to reduce Receivership expenses and worked with an aircraft broker to facilitate the aircraft's eventual sale. Baker Botts attorneys also addressed legal issues related to the eventual sale of the Stanford hanger and closing of the Stanford Aviation Department.

(13) Switzerland (2%): Baker Botts worked with Swiss counsel in connection with the liquidation by Swiss officials of Stanford's Swiss subsidiary and also worked with Swiss counsel on issues related to the Swiss liquidators' sale of Stanford assets. In addition, during this period the Antiguan Liquidators sought recognition under a truncated procedure in order to exert control over assets and information in Switzerland. Responding rapidly to that proceeding, Baker Botts worked with Swiss lawyers to obtain the dismissal of that request and its transfer to an appropriate forum, the Swiss financial markets regulator. The firm has, working with Swiss counsel, made the necessary filing in opposition, and has provided for Swiss counsel the appropriate factual and U.S. legal information and analysis for inclusion in that filing. The firm has also worked with Swiss counsel to seek clarification of the status of Receivership funds maintained in Switzerland.

(14) Several areas of Estate operations are ongoing, but are stable and/or winding down and require less time and attention. These include: Banking (1%) (identifying, gaining control and maintaining bank accounts and investment accounts, in various banks and jurisdictions); Coin & bullion operations (1%) (previous investigation, research, negotiation, and valuation culminated in filing a joint motion with the Examiner for approval of procedures to dispose of coin & bullion claims); Disclosures and communications (1%) (Baker Botts provided

assistance and advice to the Receiver regarding the dissemination of information to, and responses to inquiries from, customers, employees, the media, and the public through the Receivership web site, press releases, email and telephone calls); Examiner (1%) (responding to requests for information and attempting to reach consensus on substantive motions with the Examiner); Latin America (1%) (Baker Botts has collaborated as necessary with Thompson & Knight regarding operations and assets in Latin America, including the possible sale of the Stanford Bank of Panama, and securing the assets of that entity); Motion to Disqualify (1%) (Baker Botts attorneys researched and drafted pleadings opposing the disqualification of the Receiver's chosen counsel).

A bill for Baker Botts's services for June 1 through August 31, 2009 is attached as Exhibit B, Appdx. 69-444. The Receiver requests approval of payment to Baker Botts for \$2,860,973.20 in fees and \$136,238.26 in expenses.

3. THOMPSON & KNIGHT LLP ("T&K")

T&K continued to provide legal expertise, advice, and representation to the Receivership in areas such as finalizing office closures, pre-Receivership litigation, asset preservation, and supervision of the Receiver's efforts to secure and recover assets in Latin America. T&K's services fall into the following five categories and the percentages indicate the approximate proportion of total fees related to each category.

(1) Latin American Matters (60%): T&K has a substantial presence in Latin America — including offices in Mexico City and Monterrey — and its attorneys have considerable experience in counseling clients with Latin American interests. This experience has been invaluable to the Receiver, who is overseeing an Estate with entities, business operations, and assets spread across Mexico, Venezuela, Ecuador, Panama, Peru, Guatemala, and Colombia. Having qualified attorneys who are present in and around these locales, and are familiar with the

legal, commercial, and regulatory issues particular to each of them, has resulted in significant efficiencies for the Estate.

As a result, the Receiver gave T&K primary responsibility for investigating, advising the Receiver on, and executing decisions regarding Latin American litigation, asset analysis and recovery, office closures, legal requirements, and government and regulatory activities. In particular, T&K has taken steps to secure legal recognition of the Receiver's authority and jurisdiction over Estate assets in Latin America. T&K also advised the Receiver regarding the impact of, and action required by, foreign laws in each country where assets are located.

During this period the firm's professionals continued their work related to the closure of several of Stanford's Latin American offices. Diverse assets including real estate, furniture, electronics, artwork, equipment, and vehicles had to be secured, inventoried, appraised, insured, stored, and in some cases, liquidated. T&K attorneys conducted negotiations and advised the Receiver regarding how best to maximize the value of these assets for the Estate.

T&K also represented the Receiver in meetings with government and regulatory officials in Mexico, Ecuador, Panama, Peru, and Venezuela regarding Receivership operations and the sale of assets in those locales. For example, T&K attorneys conducted meetings with Panamanian officials and potential buyers in order to effectuate the sale of Stanford Bank of Panama, which is currently under the control and supervision of Panamanian government regulators. The firm's professionals also coordinated and advised the Receiver regarding the eventual sale of Stanford's brokerage and trust businesses in Panama, Ecuador, and Peru, and analyzed the relative benefits to the Estate for several offers to purchase these and other

institutional assets. T&K also continued to take action to locate, preserve, and maximize Estate assets in the face of the government appropriation and sale of the Stanford Bank of Venezuela.

(2) General Receivership matters (36%): T&K supported the day-to-day operations of the Receivership by providing information and legal guidance for several court filings, including those related to the Receiver's clawback claims. In addition, T&K has had primary responsibility for the analysis of existing insurance coverage for all Stanford entities and counseled the Receiver on issues related to this coverage. T&K attorneys with expertise in insurance law provided considerable guidance to the Receiver related to the Estate's interest in the proceeds of Stanford's D&O insurance policy, in order to ensure the protection of this significant Estate asset. T&K attorneys also met with the Examiner to discuss the interests of Stanford's Latin American customers.

(3) General Litigation (2%): T&K has had primary responsibility for supervising litigation that was pending against the Estate at the time the Receivership was instituted, including appearing on behalf of the Receiver, securing stays, completing discovery, and negotiating settlements. During this period T&K attorneys negotiated towards a favorable settlement for the Estate in a trademark lawsuit brought by Stanford University. T&K also provided guidance regarding new claims asserted and lawsuits filed against the Estate during the pendency of the Receivership and provided substantive input on select court papers filed on behalf of the Receiver in this action.

(4) Office closure and related liquidation of assets (1%): T&K worked with other professionals in closing domestic Stanford offices in Texas, New York, Florida, and Tennessee. These closures required action to supervise and facilitate employee access, vendor access, termination of leases and utilities, transfer of possession to landlords, removal of assets, and

transfer of records to the Houston offices. T&K attorneys also provided analysis and advice to the Receiver regarding the value and proper disposition of assets in the closed offices. As a result of T&K's and other professionals' efforts during the periods covered by the first and second fee application, the time spent on this submatter during the current period was significantly reduced. Substantially all of the Stanford domestic offices are now closed, and the liquidation of related assets is well under way. This will result in both a significant cost savings to the Estate and an increase in funds available for distribution.

(5) Bankruptcy matters (1%): T&K attorneys conducted legal research, advised the Receiver, and provided substantive input on court papers filed on the Receiver's behalf regarding bankruptcy issues, such as recognition of foreign proceedings under Chapter 15. T&K attorneys also provided the Receiver with guidance concerning issues related to bankruptcy law that he faces as the Receivership progresses.

A bill for Thompson & Knight's services for June 1 through August 31, 2009 is attached as Exhibit C, Appdx. 445-548. The Receiver requests approval of payment to Thompson & Knight for \$542,409.16 in fees and \$34,783.34 in expenses.

4. FTI INC.

FTI continued to provide forensic investigation, accounting, financial, and technological support services to the Receivership. FTI's services fall into the following categories and the percentages indicate the approximate proportion of total fees related to each category. Many of the specific tasks described below were relevant to more than one category.

(1) Clawback litigation analysis (52%): FTI assisted the Receiver and his team with an on-going thorough analysis of Stanford bank accounts in the U.S. and Canada. FTI was able to determine that the accounts which received new CD sales proceeds were the same accounts from which purported SIBL CD redemptions and interest payments, financial advisor

commissions, loans, and bonuses were paid. FTI also established that the Stanford network generated only minimal revenue from any operations other than CD sales; rather it operated as a classic Ponzi scheme, whereby purported “profits” paid to investors or employees were, in fact, new sales proceeds. FTI is continuing its work to classify payments to customers that represent the redemption of principal versus payment of interest. As a result of FTI’s work in this area, the Receiver has identified hundreds of millions in Receivership assets which, if recovered, would represent the largest asset of the Receivership Estate.

(2) Account review process (22%): FTI previously collaborated in the development, implementation and performance of the “Self Certification” process for account holders who applied for the release of individual Stanford Group Company accounts. That work was ongoing as more account holders completed applications, and resulted in the release of approximately 2,000 accounts. During the period covered by this application, FTI also implemented and performed a similar process for accountholders who had not applied for the release of their accounts. That process has resulted in the release of approximately 1,400 additional Stanford Group Company accounts. FTI also analyzed account activity with respect to Stanford Coin and Bullion, in order to ultimately enable distributions to the individual investors where appropriate. FTI has also continued the review of all relevant money transfers worldwide.

(3) Cash management (11%): During this period, even four months into the Receivership, FTI identified new bank accounts held in the name of Allen Stanford. FTI continued to supervise and assist with the transfer of bank and investment account balances to the Receivership’s control and possession. Additionally, time incurred in this category also included the monitoring and management of all Receivership assets, not just those traditionally

defined as “cash.” This included the sale of Receivership assets owned by various Stanford Financial companies.

(4) General Receivership matters (6%): FTI provided information and data to other members of the Receiver’s team who must respond to inquiries from the Court-appointed Examiner, former employees, customers, and other claimants, including requests from the Stanford Victims’ Coalition for information to be used at Congressional hearings.

(5) General litigation (5%): FTI analyzed Stanford electronic and hard copy documents for use as evidence and assisted with the preparation of declarations for filing in litigation in the U.S., Canada and the U.K. FTI was also instrumental in searching for documents that are responsive to third party subpoenas directed at all Stanford entities. At the request of the U.S. government, an FTI employee appeared at Allen Stanford’s detention hearing⁵ and FTI prepared an affidavit for Leroy King’s extradition hearing.

(6) Government document production (4%): During the first several months of the Receivership, FTI processed and loaded select electronic data into its proprietary electronic document review tool and provided solutions to review email accounts, user shares, hard drives, and other electronic media while maintaining a preservation schedule. During the period covered by this application, FTI has used those tools and solutions to process additional Estate records and email and has responded to ongoing requests from state and federal government agencies. For example, during this period when the criminal indictment was unsealed and James Davis pleaded guilty, the DOJ made several requests for information from the Receiver’s team, as did the SEC, FBI, IRS and Postal Inspector.

⁵ FTI complied with the Department of Justice’s request and did not charge the hours incurred to attend the detention hearing.

A bill for FTI's services from June 1 through August 31, 2009 is attached as Exhibit D, Appdx. 549-721. The Receiver requests approval of payment to FTI for \$2,643,694.40 in fees and \$257,819.41⁶ in expenses.

5. ERNST & YOUNG ("EY")

EY continued to provide forensic accounting and investigative support services to the Receiver. EY's services fall into the following categories, with percentages indicating the approximate proportion of total fees related to each category.

(1) Preparation of financial statements/research on corporate organization (58%):

EY has identified 149 Stanford entities which appear to have been operative. In order to inform the Receiver's decisions regarding the location, control, and disposition of Estate assets, EY has continued to engage in the following activities related to these 149 entities: analyzing inter-company assets and liabilities, private equity assets, inventory, loans and advances, accounts receivable, customer deposits, prepaid accounts, fixed assets, and accounts payable; reviewing corporate documents recovered from offices closed in Memphis, Tupelo and Baldwin, Mississippi; creating combined balance sheets; and creating consolidated financial statements.

EY continues to research information related to an additional 130+ entities that appear to have been incorporated or chartered, but for which corporate records have yet to be found. Documentation may exist in foreign jurisdictions, may be under the control of the

⁶ FTI's invoice for this period includes detailed information regarding expenses at Appendix 704-21. FTI's team is comprised of the professionals within the firm who are the best suited to this particular engagement. They possess the forensic skill, expertise and knowledge required to conduct the investigation and resolve the problems presented by information kept in numerous, geographically dispersed locations in more than 200 accounting, finance, and operational systems that did not centrally report. Most of these individuals reside outside Texas, in Atlanta, Los Angeles, Chicago, and other locations, and thus the majority of expenses relate to airfare and hotel accommodations. All of the professionals' travel has been necessary, to secure and preserve evidence and chain of custody at Stanford offices throughout the U.S., to analyze and process information housed at Stanford headquarters in Houston, and also to transport evidence to FTI labs where highly specialized equipment is available and the professionals completed some of their forensic investigation.

Antiguan Liquidators, or may be located in client files in the custody of Hunton & Williams. It is essential that the Receiver gain an understanding of these entities, as they may represent Estate assets and liabilities.

(2) Tax (39%): The Receiver assigned EY the task of leading all tax support efforts for the Receivership at the federal, state, local, and foreign jurisdictional levels in order to preserve the Receiver's claims to assets. EY has advised the Receiver that the IRS will require separate tax filings for each Stanford entity at least through 2009. To this end, EY has (i) analyzed notices of delinquent taxes and prepared responses to such notices; (ii) analyzed and reconciled K-1s including consultation with the Receiver and other advisors to validate the investments and assist in identification of any assets; (iii) reviewed previous year's tax returns and is currently handling sales and use audits for refund claims of over \$700,000 with the state of Florida and the state of Texas; (iv) handled preparation and review for over 20 federal returns and over 100 state returns for various Stanford entities for filing in the fourth quarter of 2009; (v) analyzed data related to income, property (including handling of assessments and disposition of assets), sales and use, and franchise taxes to facilitate future tax compliance; (vi) identified intercompany transfers/activities to assist with determining taxable activities, possible areas of tax refunds and various receivables listed on the tax returns; and (vii) respond to any tax queries the Receiver or other advisors may have regarding the Stanford entities and their related tax filings.

(3) Real estate (2%): EY analyzed the Estate's domestic and international fixed assets for mortgage and notes payable compatibility. EY also analyzed assets from the available financial statement information and property tax summaries to assist with the identification of real property held by Stanford entities that could be considered for liquidation.

(4) General Receivership matters (1%): Time billed to this category includes the supervision and coordination of EY's work by the lead partner on the matter who communicates with the Receiver and other team members regarding the scope of work and tasks required of EY.

An invoice for EY's professional services from June 1 through August 31, 2009 is attached as Exhibit E, Appdx. 722-73. The Receiver requests approval of payment to EY for \$680,280.80 in fees and \$17,472.80⁷ in expenses.

6. FINANCIAL INDUSTRY TECHNICAL SERVICES, INC. ("FITS")

For more than seven months, the Receiver has been responsible for the operation of the Stanford broker dealer and Stanford Trust Company, both of which were heavily involved in selling SIBL certificates of deposit. Throughout this period thousands of accounts, owned by thousands of customers, have required ongoing service. The Receivership has benefitted, both qualitatively and quantitatively, because FITS was able and willing to supervise a small number of Stanford employees who remain employed by the Receivership. The alternatives – relying on Stanford employees alone, or replacing all Stanford employees with outside professionals – would sacrifice quality control and/or increase costs dramatically.

⁷ EY's invoice for this period includes detailed information regarding expenses at Appendix 765-73. EY's team is comprised of the forensic and tax professionals within the firm who are the best suited to this particular engagement. They possess the skill, expertise and knowledge required to conduct the investigation, compile financial statements, review corporate documents and assemble ownership information, and prepare tax returns for the Stanford entities, both domestic and foreign, many of which were unknown to the SEC and Receiver at the beginning of the Receivership. These professionals have historical backgrounds beginning at the inception of the Receivership, thereby providing savings to the Receiver because new personnel do not have to be brought up to speed. Virtually all of EY's expenses relate to transportation, meals, and lodging for those professionals who reside outside of Houston. For this engagement, EY professionals traveling to Houston were required to stay in hotels adjacent to the Stanford headquarters, where EY had contracted for very competitive rates. This arrangement also negated the need for rental cars.

First, a significant aspect of FITS's role on the Receiver's team has been to oversee and supervise the day-to-day activities of the brokerage business which has required FITS personnel to be physically on site at Stanford headquarters in Houston. The FITS professionals on this project have expert knowledge in broker dealer, registered investment advisor, trust and clearing firm management and operations and firsthand experience in all aspects of Pershing's clearance systems and operations. FITS has operated with the minimum amount of FITS personnel by leveraging the skills of the remaining Stanford employees to reduce costs to the Receivership. FITS's "real world" experience made this possible and its efforts have directly resulted in the identification and recovery of a significant amount of assets for the Receivership. FITS has maintained a core team of senior personnel throughout the project on site and available locally seven days a week and twenty-four hours a day, as needed, without substitutions and relocation of staff.

Second, another major aspect of FITS's role has been to not only assess, research, analyze, and organize the books and records of the Stanford Trust Company ("STC") but also to perform the day to day tasks required to continue its operations and ultimate wind down. At the inception of the Receivership, STC's records were disorganized and in many cases absent. Only one STC employee has been available to assist the Receiver's team (from a remote location). Every inquiry related to trust operations and customer account issues (identification and release) has to be processed by FITS. This includes: answering all customer questions (phone and email), tracking and processing all transactions through the SEI processing system, researching and analyzing requests from legal and FTI regarding customer accounts, reconciling bank accounts, identifying cash flows, reviewing all customer accounts to ensure interest is posted

correctly, closing accounts on the SEI system, liquidating proprietary account holdings, providing support for all court motions, and interfacing with regulators.

Some of the specific tasks FITS has engaged in during the period covered by this application included:

- analyzing client accounts for CD proceeds;
- analyzing records related to commissions, forgivable loans, and PARS payments;
- developing procedures for the partial release of IRA accounts;
- facilitating the transfer of released customer accounts;
- providing information responsive to third party subpoenas;
- providing information responsive to requests from government agencies, such as the SEC, DOJ, and state regulators;
- providing information responsive to requests from clients regarding statements, fees, and coins;
- providing information responsive requests from the Examiner;
- providing information responsive to requests from former financial advisors;
- providing information responsive to requests from FINRA;
- creating protocols and procedures for transferring accounts to successor trustees;
- executing transfers of trust accounts to successor trustees;
- drafting detailed procedures and necessary controls for liquidation of assets that could not be transferred to new trustees⁸;

⁸ The Trust account transfer process is very arduous. The client must secure a successor trustee and work with them to produce the appropriate documentation to move the trust account out of Stanford Trust Company.

Each transfer requires numerous communications between the Receiver's team and the client or the successor Trustee to assure that the proper approvals are in place in order to move the trust consistent with the trust document. The process for assigning a new trustee is often ambiguous and clients

- reconciling physical CD information to SEI records;
- analyzing newly available information secured in the Baton Rouge office;
- consolidating and liquidating Stanford Proprietary Trading Accounts;
- processing the release of accounts pursuant to stipulations with Stanford customers and facilitating action by Pershing;
- processing customer stipulations;
- developing processes to identify accounts eligible for bulk transfer;
- reviewing private limited partnerships managed and/or sold by SCM/SGC, securing funds, communicating with limited partners and selecting a general partner for the Beta and Alternative Income limited partnerships; and
- analyzing FA compensation structure.

FITS's services fall into the following six categories and the percentages indicate the approximate proportion of total fees and expenses related to each category: (1) trust matters (40%); (2) brokerage firm matters (23%); (3) account review process matters (31%); (4) Latin American matters (4%); (5) Examiner matters (1%); and SEC litigation matters (1%).

A bill for FITS's services from June 1 through August 31, 2009 is attached as Exhibit F, Appdx. 774-902. The Receiver requests approval of payment to FITS for \$510,552.00 in fees⁹ and \$81,193.73 in expenses¹⁰.

frequently must seek a court order to have a new trustee assigned. Other trusts are too small for most trustee banks to consider accepting. In those cases, customers must seek a court order changing the terms of the trust to allow it to be transferred to a simpler account, like a brokerage account.

⁹ FITS's invoice for this period includes detailed records for each timekeeper's daily tasks at Appendix 775-811 & 860-75. FITS's team is comprised of only five individuals, none of whom reside in Texas. They were selected because they possess the skill, expertise and knowledge required to advise the Receiver on day to day and historical operations of the Stanford broker dealer entity and to provide analysis of the client base and accounts held by the broker dealer, registered investment adviser and trust company.

¹⁰ FITS's invoice for this period includes detailed information regarding expenses at Appendix 812-56 & 876-900. Virtually all of FITS's expenses relate to transportation, meals, and lodging for the five professionals who must travel to Stanford headquarters in Houston from Virginia and New York to investigate, supervise and execute functions necessary to the wind down and continued operations of the

7. STRATEGIC CAPITAL CORPORATION (“SCC”)

All services rendered to the Receivership by SCC were performed by its CEO, Malcolm Lovett. In the last fifteen years, Mr. Lovett has served as a financial advisor, chief restructuring officer, or independent director in more than twenty complex Chapter 11 cases in the Northern and Southern Districts of Texas. Prior to this, for approximately 20 years, Mr. Lovett served as a senior executive officer of two New York Stock Exchange Member Firms.

SCC continued to provide a broad range of services necessary for coordination of the wind down and liquidation of the Stanford financial services operations to the Receivership. SCC advised the Receiver on various operational issues, in areas such as

- private equity valuations;
- insurance coverage and renewals for real and personal property;
- real estate leases, sales, administrative claims, and property management issues;
- Latin American brokerage operations, release of accounts and asset sales;
- protocols and release of customer accounts;
- cash disbursement and treasury management;
- termination of executory contracts;
- wind down of Stanford benefits and qualified plans (including Antiguan retirement plan);
- claims of employees and vendors;
- coins and bullion;
- record retention and requests for information from government agencies, customers, and the Examiner;
- bulk transfer of customer accounts; and

Stanford entities. The Receivership has had the benefit of highly competitive rates that FITS is able to negotiate with hotels because of the frequency with which its professionals travel.

- accounts payable

A bill for SCC's services from June 1 through August 31, 2009 is attached as Exhibit G, Appdx. 903-20. The Receiver requests approval of payment to SCC for \$65,757.44 in fees.

8. PIERPONT COMMUNICATIONS INC.

Pierpont continued to assist the Receiver and his team in communicating with all parties affected by the Receivership. Pierpont served the Receiver by reviewing, sorting, and when appropriate forwarding to other professionals, all correspondence received via the Receivership email address (more than 1,300 inbound emails during this period). Pierpont also performed the important function of monitoring worldwide news coverage regarding the Receivership. This work is necessary in order to keep the Receiver abreast of developments of importance to the Estate, and of the sentiment of all individuals affected by the Stanford fraud. It is essential that the Receiver be made aware of such issues so that he may take them into account in deciding how to best fulfill his duty to ensure his actions result in a benefit to the Stanford victims. The monitoring of communications and media coverage is also necessary so that the Receiver can be sure that the Stanford victims are being correctly informed regarding Receivership issues of importance to them.

Pierpont's services fall into two categories — handling investor/claimant correspondence regarding the claims process, and general communications — each of which accounted for approximately half of Pierpont's time. Pierpont's specific tasks included:

- Monitoring emails sent to the Receiver's email address. Pierpont reviewed each email; tracked changes in the volume and focus of the emails over time; responded to investors or claimants with relevant information regarding account review, claims process, and trust account issues; and forwarded certain emails to the Receiver's legal team for response or handling.

- Monitoring media coverage of Stanford and the Receivership. Pierpont prepared a media coverage report for the Receiver's team twice each day informing them of coverage related to the Receiver or the Defendants, including investigative reporting on the Stanford entities.
- Preparing statements for media distribution. Pierpont drafted and edited statements addressing issues relevant to the Receivership, including key filings and hearings, in order to increase customer understanding of the Receiver's positions.
- Handling all media requests. Pierpont received more than 40 requests for interviews or comments from the Receiver during this period. Each of these requests was communicated to the Receiver's team, along with a recommendation on how to handle the request.

A bill for Pierpont's services from June 1 through August 31, 2009 is attached as Exhibit H, Appdx. 921-58. The Receiver requests approval of payment to Pierpont for \$42,057.60 in fees and \$4,731.48 in expenses.¹¹

9. 3-4 SOUTH SQUARE

Stuart Isaacs QC, Felicity Toube, and Georgina Peters have continued to represent the Receiver in matters in England. First, during the period covered by this application, the Antiguan Liquidators' request for recognition as exclusive representatives of SIBL (and the Receiver's opposition and counter-application for recognition) was heard at trial in June, with judgment issued in July. The court ruled in favor of the Antiguan Liquidators and the Receiver has perfected an appeal, which is to be heard in November. In addition, 3-4 South Square has been helpful in dealing with the impact of the Antiguan Liquidators' contest of, and successful attacks (in whole or in part) on other English court orders obtained by or at the request of U.S. government agencies. Lastly, the barristers have worked to achieve the release of funds from the English jurisdiction.

¹¹ Pierpont's services have been discontinued effective September 15th in accordance with the Court's instructions.

In addition, these barristers collaborated with the Receiver's Antiguan counsel and assisted with drafting court papers and briefing in support of an application for permission to appeal the Antiguan court's judgment refusing to acknowledge this Court's orders, and prepared for and participated in related hearings before the Antigua Court of Appeals.

Bills for 3-4 South Square's services from June 1 through August 31, 2009 are attached as Exhibit I, Appdx. 959-95. The Receiver requests approval of payment to Isaacs, Toube, and Peters for \$282,801.18 in fees¹² and \$2,669.27 in expenses.¹³

10. ROBERTS & CO.

Sir Clare K. Roberts, the principal of Roberts & Co., has continued during this period to serve the Receiver in Antigua, where he has participated in successful efforts to appeal the Antiguan judgment regarding the liquidation of SIBL (such appeals are not granted as a matter of right); analyzing and reporting on cases related to Stanford filed in Antigua; filing requests for restrictions on all Stanford real estate in Antigua; and investigating legal issues related to Estate assets in Antigua.

A bill for Roberts & Co.'s services for June 1 through August 31, 2009 is attached as Exhibit J, Appdx. 996-98. The Receiver requests approval of payment to Roberts & Co. for \$25,760.00 in fees and \$1,400.26 in expenses.

¹² Three of the professional firms submitted invoices for fees and expenses in foreign currency. The exchange rates published by the Wall Street Journal on August 31, 2009 were used to calculate these amounts in U.S. dollars. Those rates are: (1) 0.9132 for Canadian dollars (Osler); (2) 0.9442 for Swiss francs (Altenburger); and (3) 1.628 for British pounds (3-4 South Square). See http://online.wsj.com/mdc/public/page/2_3021-forex-20090831.html?mod=mdc_pastcalendar.

¹³ This expense figure takes into account the fact that the Receiver's Second Interim Fee Application already included \$7,797.80 in hotel and airfare expenses incurred by Mr. Isaacs during the month of June. (Doc. 669, p. 33 n. 3.)

11. ALTENBURGER

Altenburger is a Swiss law firm that continued to advise the Receiver on the following categories of issues; the percentages indicate the approximate proportion of total fees related to each category for the time period covered by this fee application.

(1) International Receivership matters (87%): During this period Altenburger professionals participated in meetings with Swiss governmental officials, including the Swiss federal prosecutor's office, regarding the Stanford entities, and filed oppositions to the Antigua Liquidators' recognition applications. Significant work was devoted, and significant benefit achieved, in preparing additional submissions to the Swiss financial markets regulator, FINMA, in respect of recognition questions. The Swiss authorities have not yet adjudicated the Receiver's authority over Estate assets and the Antigua Liquidators' objections thereto.

(2) Liquidation and sale of real estate of Stanford Group Suisse (Ltd.) (13%): The firm's lawyers attended meetings with and drafted correspondence to the Swiss federal liquidators of the entity, and maintained information from the liquidation to permit the Receiver to know the status of affairs in Switzerland.

A bill for Altenburger's services from June 1 through August 31, 2009 is attached as Exhibit K, Appdx. 999-1025. The Receiver requests approval of payment to Altenburger of \$71,003.84 in fees and \$2,758.95 in expenses.

12. OSLER, HOSKIN & HARCOURT LLP

Osler continued to serve as the Receiver's local counsel and representative in proceedings in three Canadian provinces. During this period, the firm successfully defended against a request by an intervenor to obtain funds from the Canadian pool of funds in an Ontario court, prepared and conducted a hearing on competing recognition applications in Quebec, and finally represented the Receiver in Ontario litigation involving the Ontario Attorney General and

Estate funds located in Ontario. As a result of Osler's efforts, on September 11, 2009 the Receiver scored a significant victory for the Estate when the Montreal Superior Court ruled that the Receiver – and not the Antigua Liquidators – is entitled to control of the Stanford Entities' Canadian assets.

A bill for Osler's services from June 1 through August 31, 2009 is attached as Exhibit L, Appdx. 1026-78. The Receiver requests approval of payment to Osler for \$444,467.05 in fees and \$16,599.00 in expenses.

13. DUDLEY, TOPPER AND FEUERZEIG, LLP

Dudley, Topper and Feuerzeig continued to represent the interests of the Estate in the U.S. Virgin Islands during this period in regard to the potential sale of trailers and unassembled steel structures. A bill for Dudley, Topper and Feuerzeig's services from June 1, through August 31, 2009 is attached as Exhibit M, Appdx. 1079-80. The Receiver requests approval of payment to Dudley, Topper and Feuerzeig for \$844.80 in fees and \$14.42 in expenses.

CONCLUSION

The fees and expenses requested by the Receiver are necessarily substantial, but have decreased significantly as the Receivership has progressed. The weekly fees and expenses incurred for the period covered by this applications are barely one-third of those requested in the first application, and more than 21% lower than those requested in the second application. After consulting with each of the primary professionals, the Receiver expects to continue reducing professional fees where it is appropriate to do so consistent with his duties. Per this Court's instructions, the Receiver has conferred at length with the SEC and the Examiner on a cost estimate providing greater detail into these anticipated fees.

The fees requested herein were both appropriate and necessary to carrying out the Amended Order Appointing Receiver. Accordingly, the Receiver requests that the Court enter an order approving \$8,864,327.34 of the fees and expenses incurred from June 1 through August 31, 2009, and that the Receiver be permitted to seek payment of the \$2,216,081.83 hold back for this period at a later date.

Dated: October 2, 2009

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

Richard B. Roper, III
Texas Bar No. 17233700
richard.roper@tklaw.com
THOMPSON & KNIGHT LLP
1722 Routh Street
Dallas, Texas 75201
(214) 969-1700
(214) 969-1751 (Facsimile)

Kevin M. Sadler
Texas Bar No. 17512450
kevin.sadler@bakerbotts.com
One Shell Plaza
910 Louisiana
Houston, Texas 77002
(713) 229-1234
(713) 229-1522 (Facsimile)

1500 San Jacinto Center
98 San Jacinto Blvd.
Austin, Texas 78701-4039
(512) 322-2500
(512) 322-2501 (Facsimile)

Timothy S. Durst
Texas Bar No. 00786924
tim.durst@bakerbotts.com
2001 Ross Avenue
Dallas, Texas 75201
(214) 953-6500
(214) 953-6503 (Facsimile)

ATTORNEYS FOR RECEIVER RALPH S. JANVEY

CERTIFICATE OF CONFERENCE

Counsel for the Receiver conferred with the parties to this case. Counsel for the Receiver conferred with David Reece, counsel for the SEC, who stated that the SEC opposes this motion and the relief sought herein. Counsel for the Receiver attempted to confer with Jeff Tillotson, counsel for Laura Pendergest-Holt, but has not yet received a response on this motion or the relief sought herein. Counsel for the Receiver attempted to confer with David Finn, counsel for James Davis, but has not yet received a response on this motion or the relief sought herein. Counsel for the Receiver conferred with Ruth Schuster, counsel for R. Allen Stanford, who stated that Mr. Stanford will take a position on the motion and relief sought herein after reviewing the motion and detailed invoices filed in support thereof. Counsel for the Receiver conferred with John Little, Court-appointed Examiner, who opposes this motion and the relief sought herein. Counsel for the Receiver conferred with Manuel P. Lena, Jr. counsel for the United States (IRS) who stated that the IRS takes no position on this motion or the relief sought herein. The motion, therefore, is opposed.

/s/ Kevin M. Sadler

Kevin Sadler

CERTIFICATE OF SERVICE

On October 2 2009, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served the Court-appointed Examiner, all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Kevin M. Sadler

Kevin M. Sadler

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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STANFORD INTERNATIONAL BANK, LTD., ET AL.,

Defendants.

§
§
§
§
§
§
§
§
§
§

Case No.: 3-09-CV-0298-N

**ORDER GRANTING RECEIVER’S MOTION FOR APPROVAL
OF THIRD INTERIM FEE APPLICATION**

Before the Court is the Receiver’s Motion for Approval of Third Interim Fee Application and Brief in Support Thereof. Having considered the motion, responses and objections thereto, the Receiver’s reply, the evidence presented, and arguments of counsel, if any, the Court finds that the time spent, services performed, hourly rates charged, and expenses incurred by the Receiver and his retained professionals were reasonable and necessary for the Receiver to perform his Court-ordered duties. The Court, having reviewed the Motion, is of the opinion that the Motion be and is hereby GRANTED.

It is therefore ORDERED that:

Payment in the amount of \$8,864,327.34 for work performed from June 1 through August 31, 2009 is approved.

This amount represents 80% of the fees and expenses incurred during this period, with a 20% hold back of \$2,216,081.83. The Receiver may apply for payment of this hold back amount at a later date.

Signed this ____ day of _____, 2009.

DAVID C. GODBEY,
UNITED STATES DISTRICT COURT JUDGE