

**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.,	§	
STANFORD GROUP COMPANY,	§	
STANFORD CAPITAL MANAGEMENT, LLC,	§	
R. ALLEN STANFORD, JAMES M. DAVIS, and	§	
LAURA PENDERGEST-HOLT,	§	
	§	
Defendants.	§	

**RECEIVER'S REPLY TO DEFENDANT'S OPPOSITION TO MOTION  
TO APPROVE SALE OF INVESTMENT INTERESTS IN SENESCO**

Ralph S. Janvey, Receiver for Defendants and all Stanford-controlled entities (“Receiver”), files his Reply to the Opposition to Receiver’s Motion to Approve Sale of Investment Interests in Senesco (“Opposition”) filed by Defendant R. Allen Stanford (“Defendant”), and respectfully shows the Court as follows:

**I. INTRODUCTION**

The Receiver has requested the Court’s approval of a proposed sale of investment interests held by Stanford Venture Capital Holdings, Inc. (“SVCH”) and Stanford International Bank, Ltd. (“SIBL” and, together with SVCH, “Stanford”) in Senesco Technologies, Inc. (“Senesco”). Over a period of several years, Stanford invested \$8,000,000 in Senesco, a publicly-traded company on the NYSE Amex Exchange, and the Receivership Estate (the “Estate”) owns a total of 8,707,582 shares of common stock equivalents (excluding warrants). Since the large volume of shares held by the Estate precludes a public market exit, the Receiver

and his private equity advisor, Park Hill Group (“PHG”), have determined that a sale of Stanford’s interests for \$1,780,000 will achieve maximum benefit for, and is in the best interest of, the Estate.

The Opposition filed by Defendant simply rehashes the same baseless objections lodged in his past attempts to obstruct the Receiver’s efforts to sell Estate assets while it is still possible to recover at least some value for investors. In fact, Defendant has advanced identical objections to every proposed sale of holdings contained in the Estate’s private equity investment portfolio (the “Investment Portfolio”). Like before, Defendant contends that (i) the sale exceeds the scope of the Amended Order Appointing Receiver (“Receivership Order”); (ii) the Receiver must retain assets contained in the Investment Portfolio, including Senesco, until a “potential stabilization in the market;” and (iii) the sale of Senesco is not in the best interest of the Estate. The Receiver respectfully requests that the Court overrule Defendant’s objections, as it has done in all past cases concerning the liquidation of holdings in the Investment Portfolio, and approve the proposed sale.

## II. ARGUMENT

The Receivership Order issued by the Court grants the Receiver “the sole and exclusive power and authority to manage and direct the business and financial affairs of the Defendants,” and also charges the Receiver with preserving the value of the Estate while minimizing expenses. Doc. 157 ¶¶ 5(g), 5(j), 6. There is thus no question that, pursuant to the Receivership Order, the Receiver can liquidate assets where the circumstances demonstrate such a liquidation is in the best interest of the Estate.<sup>1</sup>

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<sup>1</sup> In this same vein, Defendant also asserts that the Receiver cannot liquidate any assets of the Estate, including those holdings in the Investment Portfolio, until this case is resolved on the merits. Defendant’s argument that the investors that have been victimized by this Ponzi scheme must also continue to pay the costs of Defendant’s ill-advised private equity investments indefinitely is contrary to the intent of the Receivership Order and ignores the

Here, it is abundantly clear that the Estate's holdings in Senesco should be liquidated. Senesco's current operational and financial problems stem from its early-stage, developmental technology, combined with an inability to raise sufficient capital to fund its significant expenditures in research and development. Currently trading at \$0.33 per share, Senesco's public share price for its common stock has fallen steadily from a height of \$1.91 per share as of June 13, 2008, and has declined by almost 65% since December 31, 2008.<sup>2</sup> According to PHG, substantial doubt exists concerning Senesco's ability to continue as a going concern, and the current \$1,780,000 offer represents the highest dollar value available to the Estate. It is clearly in the best interest of the Estate to monetize its investments in high-risk vehicles, particularly in the face of considerable and ongoing devaluation.

Defendant also asserts that the Receiver must retain all Estate assets, including Senesco, pending a "potential stabilization in the market." Defendant seems content to repeat this argument in every filing with regard to every investment. Defendant, however, fails to address any of the information concerning the current difficulties experienced with the Senesco investment, nor does Defendant provide any evidence suggesting a better outcome is likely—or even possible—in the future. Consequently, Defendant's contention that the Receiver's proposed sale of Senesco violates the terms of the Receivership Order on that ground lacks merit.

Finally, far from being "forced" or "hurried", the Receiver acted with utmost caution and in full compliance with the Receivership Order when deciding to liquidate the Estate's investment interest in Senesco. Underscoring this deliberation, the Receiver sought out

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plethora of evidence adduced in this case. *See, e.g.*, Plea Agreement of James M. Davis, Doc 771; Transcript of Rearrangement, Doc 807.

<sup>2</sup> Defendant's theory that the Receiver's actions are somehow responsible for the performance of Senesco is implausible and unsupported by facts. Senesco is a publicly-traded company, and the Estate simply is a stockholder. Moreover, a review of Senesco's historical public trading prices indicates that the trending decline in Senesco's public stock price began well before the institution of this Receivership.

and relied upon professional financial advice from PHG, a firm specializing in the evaluation of private equity investments.<sup>3</sup> As detailed in its recommendation, PHG, with the assistance of Senesco, contacted numerous potential investors in an effort to locate bidders. After receiving interest from several parties, PHG created a multi-stage auction in order to achieve the maximum price, ultimately resulting in the offer of \$1,780,000. The extensive marketing efforts conducted by PHG provide further evidence that the current offer represents the highest dollar amount available to the Estate for this asset.

### **III. CONCLUSION AND PRAYER FOR RELIEF**

The proposed sale of the Estate's interests in Senesco for \$1,780,000 is the best available means to realize any significant value for this asset. For the foregoing reasons, the Receiver respectfully requests that the Court grant the Receiver's Motion to Approve Sale of Investment Interests in Senesco, and grant any such other relief that the Court may deem just and equitable.

Dated: December 21, 2009

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<sup>3</sup> The Court has expressly authorized and approved the Receiver's retention of PHG to manage the Investment Portfolio and provide recommendations to the Receiver regarding potential sales. Order Granting Receiver's Motion to Appoint Private Equity Advisor, Doc. 911.

Respectfully submitted,

BAKER BOTTS L.L.P.

By: /s/ Kevin M. Sadler

Kevin M. Sadler

Texas Bar No. 17512450

kevin.sadler@bakerbotts.com

Robert I. Howell

Texas Bar No. 10107300

robert.howell@bakerbotts.com

David T. Arlington

Texas Bar No. 00790238

david.arlington@bakerbotts.com

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 SERVICE**

On December 21, 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