

**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 FOURTH INTERIM REPORT REGARDING STATUS OF  
RECEIVERSHIP, ASSET COLLECTION, AND ONGOING ACTIVITIES**

The Receiver hereby submits for the Court’s consideration the following information regarding the status of the Receivership, asset collection efforts, and other ongoing activities. Unless otherwise stated herein, the information in this report is current as of May 31, 2012.<sup>1</sup> The Receiver will supplement this report as circumstances develop or if the information herein materially changes.

**I. OVERVIEW**

During the past several quarters, the Receiver’s unrestricted cash position has remained relatively stable, increasing or decreasing on a quarterly basis by relatively small percentages. Although the Receiver has significantly reduced his operating expenses and overhead to increase efficiency over the course of the Receivership, necessary litigation activities — including those concerning the Joint Liquidators — continue to drive professional fees and expenses. Nevertheless, the Receiver expects his cash position to increase over the coming

<sup>1</sup> A summary of the data in this report is contained in the concurrently filed Appendix. In particular, page 1 of the Appendix provides both summary- and detail-level information regarding the Receivership’s cash flow. Page 2 of the Appendix lists major Receivership assets identified thus far.

several quarters, primarily as a result of his continued litigation activities, the liquidation of Receivership assets, and the Receiver's efforts to collect more than \$18 million in funds currently frozen in Canada (which efforts the Joint Liquidators have actively opposed). Regarding litigation activities, the Receiver anticipates that a Court ruling regarding his pending motion for partial summary judgment against net winners [*see, e.g.*, Case No. 3:09-CV-0724-N, Docs. 615-616] would result in several additional settlements with investors who received net winnings from the Stanford Ponzi scheme. Moreover, the Receiver is awaiting the Fifth Circuit's rulings in both the political committees case [*see* Case No. 3:10-CV-0346-N] and in the broker case [*see* Case No. 3:09-CV-0724-N], which may result in additional millions of dollars being returned to the Estate in the coming quarters.

## **II. CASH INFLOWS & MAJOR RECEIVERSHIP ASSETS**

The total amount of cash collected by the Receiver — including, but not limited to, remaining operating income streams, asset liquidation, and recovery of assets and funds from third parties — was approximately \$220.1 million as of May 31, 2012. The total of all cash on hand was \$111.8 million, which is net of the cash outflows discussed in more detail below in Section III of this report. Of this amount, \$17.3 million was restricted<sup>2</sup> and \$94.5 million was unrestricted.

*Cash Balances & Trailing Revenue:* The cash balances recovered by the Receiver shortly following his appointment on February 17, 2009 totaled approximately \$63.1 million. In addition, the Receivership has collected roughly \$5.2 million in cash associated with income earned prior to the inception of the Receivership.

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<sup>2</sup> This restricted cash includes, *inter alia*, the following: funds held in escrow pursuant to an agreement with Pershing; amounts held in escrow pending resolution of negotiations with regulators concerning Stanford Trust Company; amounts held in escrow pending the outcome of the controversy between the Receiver and Dillon Gage; and amounts subject to potential liens.

**Private Equity:** The Receiver has recovered approximately \$35.8 million in net cash proceeds from the liquidation of private equity investments and expects to receive up to \$500,000 more from closed or pending private equity liquidations. In addition, the Receiver's financial advisor is continuing to market the remaining investments in Stanford's private equity portfolio, which has an estimated value of up to \$7.1 million.

**Real Estate:** The Receiver has recovered approximately \$16.9 million in net cash proceeds from the liquidation of real estate. The Receiver has an additional real estate transaction that recently received Court approval and should result in net cash proceeds of approximately \$1.8 million. Although the Receiver's real estate brokers are continuing to market other properties in Stanford's real estate portfolio, the Receiver is unable to estimate the potential recovery from the liquidation of those properties at this time.

**Watercraft and Airplanes:** The Receiver has recovered approximately \$8.0 million from the disposition of airplanes owned or leased by Stanford and from the sales of the Sea Eagle yacht, the Little Eagle yacht, and the Robust Eagle tugboat.

**Latin American Assets:** The Receiver has been able to liquidate assets in Panama, Ecuador, and Peru, resulting in a recovery of approximately \$12.9 million.<sup>3</sup> Moreover, the Receiver is pursuing the recovery of up to \$10.2 million in additional Latin American assets.

**Miscellaneous Asset Sales:** The Receiver has recovered approximately \$2.0 million from the sale of miscellaneous assets — including, but not limited to, furniture, coins, vehicles, and assorted equipment.

**Litigation:** The Receiver has fraudulent-transfer, unjust-enrichment, and other claims pending against numerous defendants, through which the Receiver seeks the recovery of

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<sup>3</sup> This figure comprises the following: (a) over \$7.7 million in net proceeds from the sale of Stanford Bank (Panama) S.A. and Stanford Casa de Valores; (b) approximately \$612,000 from the sale of the Stanford Peruvian brokerage business; and (c) over \$4.5 million through the liquidation of Stanford Ecuadoran assets.

over \$659.7 million.<sup>4</sup> The Receiver has identified at least an additional \$1.1 million in international litigation claims. Asset recovery litigation is difficult, protracted, and expensive. Nevertheless, such claims are the single largest potential source of funds which may be recovered for the benefit of Stanford's victims. Although the Receiver has thus far received approximately \$13.1 million<sup>5</sup> from settlements and other litigation efforts and has secured an injunction to hold another approximately \$25 million, the amount that the Receiver ultimately is able to collect from defendants is uncertain and may be less than the amounts claimed. The Receiver will continue to work towards appropriate and reasonable settlements, where possible, in order to maximize the net recovery to the Receivership Estate. A comprehensive report regarding the status of the Receiver's many litigation claims is found in the Second Joint Report of the Receiver, the Examiner and the Investors Committee Concerning Pending Litigation. [*See* Doc. 1614.]

***Return of Political Contributions:*** The Receiver has identified approximately \$1.9 million<sup>6</sup> in political contributions made by Allen Stanford and related entities. The Receiver has requested the return of these contributions from over 90 politicians, political action committees, and congressional committees. To date, however, only \$169,535 has been returned.

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<sup>4</sup> For the purposes of this report, the Receiver has excluded the following amounts from this figure: (a) claims for the return of over \$987.1 million in "principal" amounts from net winner defendants; (b) claims against R. Allen Stanford for at least \$1.8 billion; (c) claims against the defendants in *Janvey et al. v. Adams & Reese, LLP, et al.* for unliquidated actual and punitive damages; (d) claims against the defendants in *Janvey et al. v. Proskauer Rose, LLP, et al.* for \$1.8 billion plus punitive damages; and (e) the approximately \$25 million in enjoined funds discussed above.

<sup>5</sup> This figure comprises the following: (a) settlements with 111 investors/investor groups for approximately \$7.9 million (of which approximately \$7,400 will be paid by settling investor defendants via installments through August 2012); (b) a settlement with former employees Aitken and Thacker for \$4.4 million (of which \$150,000 remains to be funded by Thacker); (c) a settlement with Walton Houston Galleria Office, L.P. for \$385,000; (d) a settlement with Buhler and DePierro for approximately \$29,000 relating to a Stanford interest in GoAntiques; (e) approximately \$506,000 collected from an account with Charles Schwab; (f) a settlement with former employee Luke Patterson for \$15,000; and (g) over \$36,000 in other litigation recoveries.

<sup>6</sup> The Receiver has obtained a judgment for the return of approximately \$1.6 million of this amount in *Janvey v. Democratic Senatorial Campaign Committee, Inc., et al.*, which is currently on appeal to the Fifth Circuit.

***Coins and Bullion Inventory:*** The Receiver has approximately \$200,000 in remaining coins and bullion inventory relating to the coins and bullion operations.

***Overseas Cash:*** The Receiver has identified approximately \$335 million in cash, assets, and other investments in foreign accounts, including accounts in Canada, the United Kingdom, and Switzerland. The Receiver cannot ascertain the exact current value of the European assets, which are subject to forfeiture proceedings, because those funds are not currently subject to the Receiver's control or monitoring. The rights to the funds in Canada are the subject of forfeiture proceedings and a related settlement subject to Canadian court approval.

***Other Inflows & Assets:*** The Receivership has collected approximately \$63.0 million through the liquidation of other investment accounts held on behalf of Stanford, including approximately \$5.0 million held on behalf of Stanford Trust Company; \$1.0 million from the liquidation of Bank of Antigua accounts; \$46.7 million through the liquidation of Stanford accounts at Pershing and of various investment funds held on Stanford's behalf; \$5.5 million through the recovery of additional cash balances; and \$4.9 million received via other inflows, including, but not limited to, rental and interest income, cash flows from other liquidated bank accounts, and restricted funds and interest thereon. The Receiver estimates that he may recover up to \$5.5 million in additional assets held in U.S. banks and brokerages.

### III. CASH OUTFLOWS

From February 17, 2009 through May 31, 2012, the total amount of Receivership cash outflows — comprising professional fees and expenses, as well as other types of expenses — was approximately \$108.4 million.

***Expenses Other than Professional Fees:*** The total amount of all payments made by the Receiver for expenses other than professional fees has been approximately \$51.9 million.

This figure comprises the following approximate amounts: \$26.4 million in personnel expenses and other employee expenses; \$3.7 million in insurance expenses; \$3.3 million in taxes; \$1.6 million in general and administrative expenses; \$2.1 million in telecommunications expenses; \$5.0 million in occupancy expenses; \$2.5 million in settled claims; and \$7.3 million in other expenses. These expenses have decreased dramatically as the Receivership has progressed. In particular:

- Personnel expenses and other employee expenses decreased from \$21.0 million in 2009 to \$994,000 in 2011 (a decrease of 95%). This category of expenses includes: salaries for Receivership non-professional staff; payments of certain types of compensation earned by employees prior to the Receivership; payroll processing fees and expenses; employee insurance costs, including healthcare claims from Stanford's prior self-insured program; and settlements of employee claims for reimbursement. From February 2009 through May 2009 alone, \$3.2 million was incurred in connection with the termination of approximately 1,700 employees.
- Insurance expenses decreased from \$2.6 million in 2009 to \$429,000 in 2011 (a decrease of 83%). This category of expenses includes: insurance premiums for real and personal properties located in the United States and the U.S. Virgin Islands; workers' compensation; and general liability insurance.
- General and administrative expenses decreased from \$1.0 million in 2009 to \$167,000 in 2011 (a decrease of 84%). This category of expenses includes: office supplies; trust administration expenses; document duplication costs; and travel and other operational costs.
- Telecommunications expenses decreased from \$1.4 million in 2009 to \$106,000 in 2011 (a decrease of 92%). This category of expenses includes: information hosting, maintenance, support, and other information technology services; phone bills; internet costs; and network expenses relating to, among other things, brokerage and trust operations.
- Occupancy expenses decreased from \$2.8 million in 2009 to \$583,000 in 2011 (a decrease of 79%). This category of expenses includes: utility payments; rental fees associated with office space and storage; watercraft and aviation operating expenses, which have been eliminated; and maintenance fees.
- Other expenses decreased from \$4.8 million in 2009 to \$955,000 in 2011 (a decrease of 80%). This category of expenses includes: security costs associated with the protection of Estate assets and personnel; expenses incurred in relation to

the moving, storage, and appraisal of assets; and other short-term payments, such as coins-consultant fees and reimbursement expenses.

This trend of reduced Receivership expenses is further evidenced by the fact that expenses for the first quarter of 2012 were \$694,000 — as compared to the first three quarters of the Receivership (\$12.4 million, \$13.7 million, and \$6.1 million, respectively), during which time the Receiver was required to shut down numerous Stanford offices, wind down operations, and address significant and necessary administrative, human-resources, litigation, and other matters.

***Professional Fees and Expenses:*** The professional fees and expenses paid to the Receiver and his professionals total approximately \$54.7 million. The majority of this amount (56%) was paid in the first year of the Receivership (\$30.9 million from the first quarter of 2009 through the first quarter of 2010) to wind down operations and institute necessary legal actions to protect and benefit the Estate. At the Court's direction, the Receiver has paid fees and expenses to the Examiner and paid expenses to the Official Stanford Investors Committee for a total of approximately \$1.8 million. Details regarding all professional fees and expenses, as well as amounts currently held back, are contained in the several fee applications submitted to and approved by this Court.

#### **IV. CLAIMS SUBMITTED TO THE RECEIVERSHIP**

On June 8, 2012, the Receiver filed his First Monthly Report Regarding Fees and Expenses Incurred as a Result of the Claims Process. [See Doc. 1618.] As explained in more detail in that report, the Receiver received 1,362 claims via the Court-approved claims process through June 1, 2012. [See Doc. 1618 at 3.] The Receiver previously reported to the Court that he received 10,554 claims via the prior claims process. [See Doc. 1583 at 2.] The Receiver's staff has begun to de-duplicate and reconcile the collective 11,916 claims and, to date, has

determined that there are up to approximately 9,000 unique claims submitted thus far — the overwhelming majority of which are SIBL CD-based claims. Although it is too early in the reconciliation process to precisely determine the true aggregate amount or number of these claims, the Receiver's current estimate of the total claimed amounts submitted prior to the Court-approved claims process is approximately \$2.8 billion. [See Doc. 1583 at 2.] These claims have not been finally reconciled or adjudicated and, therefore, the actual amount of these claims may differ materially from the \$2.8 billion figure.

The Receiver is aware that investors and other creditors are interested in receiving an interim distribution. Before any distribution occurs, however, the Receiver must submit and the Court must approve a distribution plan. The Receiver intends to submit a distribution plan for the Court's consideration as soon as reasonably practicable after the Bar Date of September 1, 2012. The Receiver will confer with at least the SEC, the Examiner, and the Official Stanford Investors Committee with respect to the proposed distribution plan prior to submitting it for Court approval.



Dated: June 22, 2012

Respectfully submitted,

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

By: /s/ Kevin M. Sadler

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**CERTIFICATE OF SERVICE**

On June 22, 2012, 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 the Federal Rules of Civil Procedure.

/s/ Kevin M. Sadler  
Kevin M. Sadler

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**APPENDIX IN SUPPORT OF  
RECEIVER'S FOURTH INTERIM REPORT REGARDING STATUS OF  
RECEIVERSHIP, ASSET COLLECTION, AND ONGOING ACTIVITIES**

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Dated: June 22, 2012

Respectfully submitted,

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

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/s/ Kevin M. Sadler  
Kevin M. Sadler

CASH FLOW FROM FEBRUARY 17, 2009 - MAY 31, 2012 (\$M)		
Total Cash Inflow	\$	220.1
Expenses Other Than Professional Fees		(51.9)
Professional Fees and Expenses		(56.5)
Restricted Cash		(17.3)
<b>Total Unrestricted Cash</b>	<b>\$</b>	<b>94.5</b>

DETAILS OF TOTAL CASH INFLOWS AS OF MAY 31, 2012 (\$M)		
Cash Balances of Stanford Accounts on 2/17/09	\$	63.1
Trailing Revenue		5.2
Private Equity		35.8
Real Estate		16.9
Watercraft and Airplanes		8.0
Latin American Assets		12.9
Miscellaneous Asset Sales		2.0
Litigation		13.1
Return of Political Contributions		0.2
Stanford Trust Company Monies (held as restricted)		5.0
Liquidation of Bank of Antigua Accounts		1.0
Liquidation Of Fund Accounts		25.2
Liquidation of Company Accounts at Pershing		21.5
Recovery of Additional Cash Balances		5.5
Other Inflows		4.9
<b>Total Cash Inflow</b>	<b>\$</b>	<b>220.1</b>

DETAILS OF TOTAL CASH OUTFLOWS AS OF MAY 31, 2012 (\$M)		
Personnel Expenses and Other Employee Expenses	\$	26.4
Insurance Expenses		3.7
Taxes		3.3
General and Administrative Expenses		1.6
Telecommunications Expenses		2.1
Occupancy Expenses		5.0
Settled Claims		2.5
Other Expenses		7.3
Receivership's Professional Fees & Expenses		54.7
Examiner's & Investors Committee's Professional Fees & Expenses		1.8
<b>Total Cash Outflow</b>		<b>108.4</b>

**ESTIMATED VALUE OF MAJOR RECEIVERSHIP ASSETS****AS OF MAY 31, 2012 (\$M)**

Closed or Pending Private Equity Liquidation	\$	0.5
Other Private Equity		7.1
Real Estate Pending Closing		1.8
Latin American Assets		10.2
Domestic Litigation Claims		659.7
International Litigation Claims		1.1
Funds Frozen Pursuant to Injunction		25.0
Available Coin Inventory		0.2
Assets Held in Switzerland, Canada, and the UK		335.0
Assets Held in US Banks and Brokerages		5.5
<b>Estimated Total Major Receivership Assets</b>	<b>\$</b>	<b>1,046.1</b>