

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

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Case No.: 3-09CV0298-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 MOTION FOR ORDER
AUTHORIZING RELEASE OF CERTAIN CUSTOMER ACCOUNTS**

**I.
INTRODUCTION**

Ralph S. Janvey, as Receiver for Defendants and all Stanford-related entities (collectively “Stanford”), respectfully moves the Court for an order authorizing release of certain customer accounts from the asset hold contained in the Court’s TRO issued on February 17, 2009. The Receiver seeks the Court’s authorization to release Stanford customer accounts located at Pershing LLC (“Pershing”) that have less than \$250,000 in assets as of month-end February 2009, with certain exceptions set forth specifically below, subject to the Receiver’s ability to later pursue claims against the owners of the accounts if it is determined they participated in the fraud or received proceeds of fraudulent products or activities. Considering the hardship that the current hold imposes on the owners of some of these accounts, and

weighing that hardship against the benefits of maintaining the hold, the Receiver respectfully submits that a release of these accounts, limited as mentioned above, is warranted.

II. BACKGROUND

On February 17, 2009, the Securities and Exchange Commission commenced a lawsuit in this Court against R. Allen Stanford, two associates, James M. Davis and Laura Pendergest-Holt, and three of Mr. Stanford's companies, Stanford International Bank, Ltd., Stanford Group Company, and Stanford Capital Management, LLC. The Court entered (1) a Temporary Restraining Order, Order Freezing Assets, Order Requiring an Accounting, Order Requiring Preservation of Documents, and Order Authorizing Expedited Discovery ("TRO"); and (2) an Order Appointing a Receiver, Ralph S. Janvey, over all property, assets, and records of Defendants, and all entities they own or control ("Receivership Order").

The TRO necessarily was broad in scope in order to prevent Defendants from taking assets from accounts they held or managed for customers and to secure proceeds associated with fraudulent products or activities. The TRO froze the assets of Stanford customer accounts such as those held by Pershing.

Defendant Stanford Group Company is a registered broker dealer and investment advisor headquartered in Houston, Texas, with 29 offices located throughout the United States. It was the introducing broker for the Stanford customer accounts held at Pershing. At the time the TRO and Receivership Order were issued, there was no information available to allow the Receiver to immediately identify specific accounts associated with fraudulent activities. Thus, the safest and most appropriate way to implement the Court's order was to place a hold on all accounts at Pershing that were introduced by Stanford.

After the TRO and Receivership Order were entered, however, the Receiver not only began locating and taking control of all receivership estate property, assets and records, but also began developing information necessary to identify categories of customer accounts and determine whether certain categories of accounts should remain subject to the asset hold. For example, shortly after the Court's orders were entered, the Receiver announced on his website that mutual fund assets of Stanford clients held outside of Stanford's custodial relationships with Pershing were not subject to the asset hold.

The Receiver is engaged in an ongoing process to assess whether and to what extent customer accounts subject to the asset hold should be released. At the hearing on March 2, 2009, the Receiver advised the Court that he would make further recommendations to the Court by March 16 regarding the release of certain Stanford customer accounts. The Receiver has now identified a category of accounts that should comprise an initial release. The Receiver expects to make other recommendations regarding additional categories of accounts in the near future.

III. ARGUMENT

A. Accounts to be Released

The Receiver requests that the Court allow the release of customer accounts that have less than \$250,000 in assets as of month-end February 2009, with certain exceptions. Specifically, the Receiver requests authorization to release such accounts unless they: (1) are owned by Stanford shareholders, directors, and certain employees; (2) are owned for the benefit of Stanford companies; (3) contain investment assets managed by Stanford companies; (4) secure unpaid balances owed by customers or non-purpose loans made to customers; or (5) are related to accounts in categories 1 through 4 by social security number, address or other similar

indicators. The Receiver requests that such release be in accordance with the process to be published by the Receiver on the receivership website not later than March 9, 2009.

Based on information available to the Receiver at this time, there are a total of approximately 32,000 accounts for Stanford customers with aggregate net assets in excess of \$6 billion. The accounts proposed to be released total approximately 12,000 and contain aggregate assets of approximately \$500 million.

B. Basis for Release of Identified Accounts

The Receiver's determination of which accounts to release is based on a number of factors. The Receiver recognizes that once accounts are released, it will be more burdensome for the Receiver to pursue and recover claims against those whose accounts were released. This Receivership is at a very early stage; as the investigation continues, more information about fraudulent activities and the accounts associated with those activities will be uncovered. On the other hand, the Receiver is well aware of the hardship that the account hold imposes on a large number of Stanford customers. The hardship likely may be greater for customers with accounts containing assets under \$250,000, as compared to larger accountholders. The hardship of a continued hold on these accounts must be balanced against the benefits of the hold, considering both the likelihood that the accounts are tainted by the fraud and the amount potentially recoverable by the Receiver from those accounts if they are tainted. Based on his investigation to date, the Receiver believes that release of the accounts identified herein represents the most equitable balance of these competing interests.

C. Receiver's Proposed Method for Transfer of Released Accounts

Based on his review to date of the financial condition of the Stanford entities, the Receiver believes that Stanford probably will not be able to continue operating as a broker

dealer. Accordingly, customers will not be able to gain access to their accounts through Stanford. The Receiver and his team have been working with clearing agents, brokers and other interested parties, including but not limited to Pershing, to determine the most expeditious process for allowing customers to transfer their accounts to other institutions so they can have access to and control over their accounts once the Court has authorized their release. The Receiver will publish on its website, by March 9, 2009, information concerning the specific steps customers with released accounts must follow to transfer their accounts to other brokers and thereby gain access to funds in their accounts.

IV. CONCLUSION AND REQUEST FOR RELIEF

Considering the hardship that the current asset hold imposes on customers with accounts containing assets less than \$250,000 as of month-end February 2009, and weighing that hardship against the benefits of the hold, the Receiver respectfully requests that the Court authorize release of such accounts from the asset hold contained in the TRO, unless such accounts (1) are owned by Stanford shareholders, directors, and certain employees; (2) are owned for the benefit of Stanford companies; (3) contain investment assets managed by Stanford companies; (4) secure unpaid balances owed by customers or non-purpose loans made to customers; or (5) are related to accounts in categories 1 through 4 by social security number, address or other similar indicators. The Receiver requests that such release be in accordance with the process to be published by the Receiver on the receivership website not later than March 9, 2009. The Receiver further requests that the Court specifically reserve the Receiver's right to later pursue claims against the owners of the released accounts if it is determined they participated in the fraud or received proceeds from the fraudulent activities. The Receiver further requests all other relief to which he may be entitled.

CERTIFICATE OF CONFERENCE

I hereby certify that on March 4, 2009, counsel for the Receiver contacted the offices of counsel for Defendants who have made appearances and counsel for proposed intervenors who have made appearances concerning the substance of the foregoing motion and the proposed relief. Not all counsel were available. In addition, counsel for some of the parties indicated that they oppose this motion. Accordingly, the parties were unable to reach agreement and the motion is opposed.

/s/ David Arlington
David T. Arlington

CERTIFICATE OF SERVICE

On March 4, 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 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/ David Arlington
David T. Arlington

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ORDER AUTHORIZING RELEASE OF CERTAIN CUSTOMER ACCOUNTS

Came on to be considered the Receiver’s Motion for Order Authorizing Release of Certain Customer Accounts. After considering the Receiver’s motion, all responses thereto, if any, all evidence submitted to the Court and the arguments of counsel, the Court is of the opinion that said motion should be GRANTED in all respects.

IT IS THEREFORE ORDERED THAT the Receiver’s Motion for Order Authorizing Release of Certain Customer Accounts is GRANTED in all respects.

IT IS FURTHER ORDERED THAT the Receiver is authorized to release all Stanford Group Company customer accounts located at Pershing LLC that have less than \$250,000 in assets as of month-end February 2009, unless those accounts: (1) are owned by shareholders, directors, and certain employees (identified by the Receiver in his sole discretion) of the Defendants and all entities owned or controlled by the Defendants (collectively, “Stanford”); (2) are owned for the benefit of Stanford; (3) contain investment assets that are managed by

Stanford; (4) secure unpaid balances owed by customers or non-purpose loans made to customers; or (5) are related to accounts in categories 1 through 4 by social security number, address or other similar indicators, and to do so in accordance with the process to be published by the Receiver on the receivership website not later than March 9, 2009.

IT IS FURTHER ORDERED THAT all Stanford customer accounts not released by this Order remain subject in all respects to this Court's February 17, 2009 Temporary Restraining Order, Order Freezing Assets, Order Requiring an Accounting, Order Requiring Preservation of Documents, and Order Authorizing Expedited Discovery.

IT IS FURTHER ORDERED THAT the release of the above-described accounts is subject to the Receiver's right to pursue claims against customers who have received proceeds from fraudulent activities or products.

IT IS FURTHER ORDERED THAT this Order is not a final adjudication of the Receiver's rights with respect to the released accounts.

Signed and to be effective as of March 9, 2009.

HONORABLE DAVID C. GODBEY
UNITED STATES DISTRICT JUDGE