

**Stanford Financial Group Receivership**  
**Ralph S. Janvey, Receiver**  
2100 Ross Avenue | Suite 2600 | Dallas, TX 75201

August 12, 2009

Mr. Stephen Harbeck  
President and Chief Executive Officer  
Securities Investor Protection Corporation  
805 15th Street, N.W., Suite 800  
Washington, D.C. 20005

Dear Mr. Harbeck:

As the court-appointed Receiver for the Stanford Financial Group of companies, I am writing to request that you advise me of SIPC's position regarding certain issues related to customer accounts at Stanford Group Company ("SGC") and Stanford International Bank Ltd. ("SIBL") and the self-styled "certificates of deposit" ("CDs") issued by SIBL. While my representatives have discussed these issues with SIPC representatives, it would be helpful to all concerned to receive SIPC's views in writing.

Background and Facts

On February 16, 2009, the U.S. District Court for the Northern District of Texas, Dallas Division (the "Court") signed an order appointing me to be the Receiver for SGC, SIBL and certain related entities and persons. The appointment was made in connection with a lawsuit filed the same day by the Securities and Exchange Commission against those entities and persons alleging that they had engaged in certain fraudulent activities. SGC, SIBL and other Stanford entities were all owned and controlled by Robert Allen Stanford.

SGC operated as a registered broker dealer and is a member of SIPC. Prior to February 16, 2009, it had more than 32,000 active customer accounts that held securities worth billions of dollars. The clearing brokers for these accounts were Pershing LLC and J.P. Morgan Clearing Corporation, both of which are also SIPC members. During the relevant time period, the securities of non-Stanford entities owned by customers and held in custody in these accounts at Pershing and J.P. Morgan have remained at the clearing brokers, or have been transferred to accounts at other non-Stanford financial institutions. No question is raised in this letter regarding such securities of non-Stanford entities or regarding any customer-owned cash held in custody at Pershing or J.P. Morgan on behalf of customers. Similarly, no question is raised in this letter regarding any instances of alleged unauthorized purchases of CDs by SGC on behalf of customers.

SIBL was formed under the laws of Antigua and Barbados and purported to operate as a bank, though it was not a bank in the conventional sense. It did not generally make loans to unaffiliated parties, and its operations were required by Antigua law to avoid the provision of

banking services and products to Antiguans. SIBL is not a member of SIPC. The self-styled "CDs" were its primary product. It issued and sold CDs to thousands of customers, and it had CDs outstanding with a face value of more than \$7 billion as of February 16, 2009. However, at that time and today, the fair market value of the assets of SIBL (as well as the fair market value of the assets of SIBL and other Stanford entities on a combined or consolidated basis) is only a small fraction of that amount. The SEC has alleged that the difference in value is the result of the CDs having been issued in a Ponzi scheme operated by the Stanford entities and their controlling persons.

A substantial portion of the CDs were sold to customers of SGC, and a substantial portion of these customers are in the United States. The sales of such CDs were actively solicited by financial advisors employed by SGC. U.S. sales were made pursuant to Regulation D private placements, and in that connection SIBL filed several Forms D with the SEC. SGC received fees from SIBL of as much as 3% on sales of CDs by SGC financial advisors. In many cases, purchases of CDs were effected with funds transferred directly to SIBL from SGC customer accounts at Pershing or J.P. Morgan. Although it appears that SGC did not issue any purchase confirmations when a customer bought a CD through the efforts of an SGC financial advisor, SGC sent letters advising the customer that SGC was receiving a referral fee for the CD sale. An example of such letter (with customer name redacted) is attached as Exhibit A to this letter.

Moreover, although SIBL was in form a separate entity from SGC, the two entities (as well as other Stanford entities) were operated and marketed as an integrated network, with the sale of SIBL CDs as both a central objective and the primary source of revenue for the Stanford companies. SIBL's operations were directed and controlled from the United States by the same persons who directed and controlled SGC and other Stanford entities. For these and other reasons, we believe, and have filed papers recommending to the Court, that the entities should be substantively consolidated for liquidation purposes.<sup>1</sup>

The periodic account statements prepared by Pershing and J.P. Morgan and sent to customers did not, to our knowledge, reflect ownership by customers of SIBL CDs. However, some SGC customers who owned CDs received, in addition to their Pershing or J.P. Morgan statements, consolidated statements from SGC (bearing SGC's name and the legend "Member FINRA/SIPC") that reflected ownership by the respective customer of all accounts, securities and deposits, including SIBL CDs, that had been effected or purchased through SGC and other Stanford entities. An example of such a consolidated statement (with customer name redacted) is attached as Exhibit B to this letter. Some SGC branch offices may have provided other forms of reports that listed CD holdings. Some marketing materials used by the Stanford companies also suggested that SIBL CDs enjoyed the benefit of SIPC protection. See Exhibit C to this letter.

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<sup>1</sup> SIBL has also been placed in liquidation proceedings in Antigua. The liquidators appointed by the Antigua court do not believe that SIBL should be substantively consolidated with other Stanford entities for purposes of liquidation.

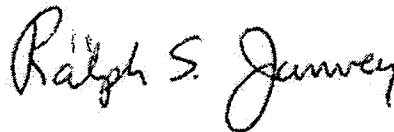
It appears that, in general, neither SGC, Pershing nor J.P. Morgan maintained custody or possession of any physical certificates that evidenced CDs. Instead, these certificates appear to have been physically held by the owner of the CD, by SIBL itself or by another Stanford entity such as Stanford Trust Company (which was not a SIPC member). However, there may have been occasional situations in which a customer's CD was physically held by the customer's financial advisor at SGC.

Question Presented

Please advise me at your earliest convenience whether SIPC believes that SIPC protection is available with respect to amounts paid to purchase SIBL CDs by (i) SGC customers in general or (ii) SGC customers who received account statements from SGC that reflected ownership of SIBL CDs and/or whose SIBL CDs were held in custody for them at SGC. I would appreciate it if you would address these issues both on the assumption that SIBL and SGC will be substantively consolidated for liquidation purposes and, in the alternative, on the assumption that they will not be so consolidated.

If you have questions or need additional information regarding this request, please contact Stephen A. Massad ([stephen.massad@bakerbotts.com](mailto:stephen.massad@bakerbotts.com) or 713-229-1475) at my counsel Baker Botts L.L.P.

Very truly yours,



Ralph S. Janvey  
Receiver for Stanford Financial Group, et al.



EXHIBIT A

September 2, 2008

Mrs. [REDACTED]  
P.O. Box [REDACTED]  
Miami, FL 33231

RE: Notification of Affiliate Referral Fees

Dear Mrs. [REDACTED],

We appreciate the opportunity to serve you and thank you for your recent purchase of a Stanford International Bank Limited ("SIBL") certificate of deposit.

Stanford Group Company ("SGC") recently referred you to SIBL, our affiliate, for this purchase. As disclosed in the SIBL Disclosure Statement for the U.S. Accredited Investor Certificate of Deposit Program, SGC receives a referral fee of 2.75% (annualized) from SIBL, and may receive additional incentive fees for Financial Advisors who refer SGC clients to SIBL. These fees are subject to change annually and are payable to SGC from SIBL. You do not pay any portion of these fees. Further, the principal and interest applicable to your certificate of deposit are not reduced.

***This is a notification only and does not require any response or action from you.*** However, if you should have any objections to SGC's receipt of a referral or incentive fees from SIBL, please notify us in writing at the address listed below. No response by you to this notification shall be deemed by SGC to reflect your consent to its receipt of such fees.

We appreciate your continuing confidence in the Stanford Financial Group of Companies and look forward to serving your needs in the future.

Sincerely,

Jason Green  
President, Private Client Group

Stanford Group Company  
MEMBER FINRA/SIPC

5051 Westheimer, 14th Floor • Houston, Texas 77056 USA  
713.964.8300 Direct • 800.958.0009 Toll Free • 713.964.8360 Fax

EXHIBIT B

[ Note: The above legend on each page says "STANFORD - Stanford Group Company - Member NASD/SIPC" ]

Printed 3/9/2006

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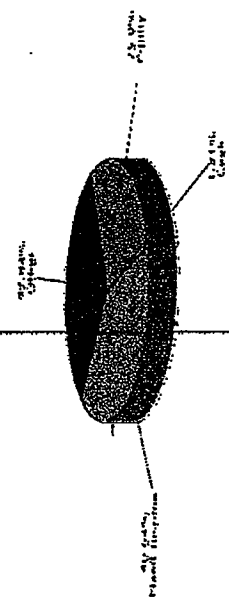
**Stanford Group Company**

The information contained in this consolidated statement is being provided for informational purposes only. We do not recommend this information be used for tax purposes. It does not replace or supercede the account statements provided by the issuing financial institution. We have gathered this information from various sources we believe to be reliable, but we do not offer guarantees as to its accuracy or completeness.

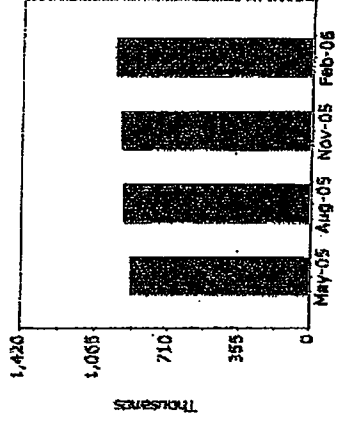
Premiere Wealth Management Services  
February 2006

(713) 964-8330  
@stanfordesgje.com

Asset Allocation Summary



Consolidated Portfolio Value



Total Value  
\$966,681.00

Accounts Summary

Account	Type	Abbreviated Title	This Period	Last Period
187-27458	MFP	ALLEN AND [REDACTED] JTWRQS	\$ 125,739.41	\$ 126,972.47
187-31661	Oth	ALLEN AND [REDACTED] IRA R/O	\$ 78,672.54	\$ 79,218.54
413-03779	Oth	ALLEN AND [REDACTED] JTWRQS	\$ 12,850.90	\$ 14,656.77
413-95705	Oth	ALLEN AND [REDACTED] IRA R/O	\$ 102,443.66	\$ 103,136.24
SIBL		ALLEN AND [REDACTED]	\$ 329,509.47	\$ 327,725.45
OTHER		ALLEN AND [REDACTED]	\$ 317,464.84	\$ 320,671.10
<b>Total Portfolio</b>			<b>\$ 966,680.82</b>	<b>\$ 972,380.57</b>

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Portfolio Appraisal  
 ALLEN AND PARTNERS TWROS  
 Mutual Fund Partners  
 February 2006

Account:	Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
187-27458												
			CASH ACCOUNT BALANCE		41.24	1.00	41.24		.03			
	117.27		CORTLAND GENERAL MONEY MARKET FUND	1.00	117.27	1.00	117.27		.09		.04	.03
			<b>TOTAL CASH AND EQUIV.</b>		<b>156.51</b>		<b>156.51</b>		<b>.13</b>			<b>.04</b>
			<b>EQUITIES</b>									
			Mutual Funds									
			Large Cap Growth									
	682.57	4/5/2004	MARSICO GROWTH FUND	16.25	11,091.83	19.26	13,146.38		10.46	2,054.55	1.37	.01
			Large Cap Value									
	521.05	4/5/2004	JOHN HANCOCK CLASSIC VALUE CL A	21.59	11,247.89	25.53	13,302.29		10.58	2,054.40	51.58	.39
			Mid Cap Growth									
	779.06	1/25/2006	BRIDGEWAY AGGRESSIVE INVESTOR'S II FUND	17.96	13,991.88	17.77	13,843.86		11.01	(148.02)		
			Mid Cap Value									
	550.58	9/16/2004	T ROWE PRICE MID-CAP VALUE FUND INC	22.08	12,158.50	24.32	13,390.04		10.65	1,231.54	88.08	.66

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**Portfolio Appraisal**  
**ALLEN AND [REDACTED] UTWROS**  
**Mutual Fund Partners**  
 February 2006

Account	Quantity	187-27458	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
<b>EQUITIES</b>													
Mutual Funds													
	303.47		4/5/2004	TOUCHSTONE_MID CAP GROWTH FUND CLASS A	22.25	6,752.23	23.33	7,079.91		5.63	327.68		
	249.64		4/4/2005	KEELEY SMALL CAP VALUE FD INC	38.18	9,531.64	47.57	11,875.18		9.44	2,343.54		
	75.70		4/5/2004	AMERICAN EURO PACIFIC GROWTH CLASS F	33.10	2,505.84	43.03	3,257.16		2.59	751.31	54.12	1.66
	299.30		9/16/2004	ALPINE EQUITY TR RLTY INCOME & GROWTH FD C	19.64	5,878.23	24.38	7,296.95		5.80	1,418.72	253.50	3.47
	301.34		9/16/2004	IVY GLOBAL NATURAL RESOURCES FUND-CL A	19.19	5,783.83	28.80	8,678.54		6.90	2,894.71		
	215.76		5/25/2005	PERMANENT PORTFOLIO FD INC	26.76	5,773.08	29.63	6,393.06		5.08	619.98	43.15	.67
<b>TOTAL EQUITIES</b>						<b>84,714.95</b>		<b>98,263.37</b>		<b>78.15</b>	<b>13,548.41</b>		<b>491.80</b>

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Portfolio Appraisal  
 ALLEN AND JTWROS  
 Mutual Fund Partners  
 February 2006

Account:	187-27468																				
Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield										
<b>FIXED INCOME</b>																					
Mutual Funds																					
Intermediate Term Bond																					
869.18	4/5/2004	MANAGERS FDS FREMONT BD FD	10.56	9,178.22	10.35	8,996.00		7.15	(182.22)	345.93	3.85										
Long-Term Bond																					
893.30	2/28/2006	LOOMIS SAYLES BOND FUND RETAIL CLASS	13.99	12,497.31	13.99	12,497.31		9.94		721.79	5.78										
High Yield Bond																					
478.57	3/1/1904	PIONEER GLOBAL HIGH YIELD FD CL A	11.90	5,696.92	12.17	5,824.22		4.63	127.30	424.50	7.29										
<b>TOTAL FIXED INCOME</b>												27,372.45	27,317.53	21.73	(54.92)	1,492.22					
<b>TOTAL PORTFOLIO</b>												112,245.91	125,739.41	100.00	13,493.49	1,984.06					

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Portfolio Appraisal  
 ALLEN IRA R/O  
 February 2006

Account	Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
187-31661	2,969.02		CORTLAND GENERAL MONEY MARKET FUND	1.00	2,969.02	1.00	2,969.02		3.77		1.04	.03
<b>CASH AND EQUIV.</b>												
<b>EQUITIES</b>												
<b>Mutual Funds</b>												
Large Cap Growth	420.17	9/20/2005	MARSICO GROWTH FUND	17.85	7,500.00	19.26	8,092.44		10.29	592.44	.84	.01
Large Cap Value	254.99	9/20/2005	JOHN HANCOCK CLASSIC VALUE CL A	23.92	6,099.63	25.53	6,509.96		8.28	410.33	25.24	.39
Mid Cap Blend	311.26	9/21/2005	THE FAIRHOLME FUND	24.77	7,710.66	26.13	8,133.33		10.34	422.67	90.27	1.11
Mid Cap Growth	190.80	1/25/2006	BRIDGEWAY AGGRESSIVE INVESTOR'S II FUND	17.96	3,426.69	17.77	3,390.44		4.31	(36.25)		
Small Cap Value	142.35	9/20/2005	KEELEY SMALL CAP VALUE FD INC	42.56	6,058.38	47.57	6,771.78		8.61	713.40		
<b>TOTAL CASH AND EQUIV.</b>					<b>2,969.02</b>		<b>2,969.02</b>		<b>3.77</b>		<b>1.04</b>	

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Portfolio Appraisal  
 ALLEN IRA R/O

February 2006

Account:	187-31661										
Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
<b>EQUITIES</b>											
Mutual Funds											
Specialty-Real Estate											
170.57	9/20/2005	ALPINE EQUITY TR RLTY INCOME & GROWTH FD C	22.70	3,872.25	24.38	4,158.60		5.29	286.35	144.48	3.47
Specialty-Natural Res											
152.50	9/20/2005	IVY GLOBAL NATURAL RESOURCES FUND-CL A	26.03	3,969.02	28.80	4,392.06		5.58	423.04		
Mutual Fund											
134.33	9/20/2005	PERMANENT PORTFOLIO FD INC	28.16	3,783.29	29.63	3,980.17		5.06	196.88	26.87	.87
				<b>TOTAL EQUITIES</b>	<b>42,419.92</b>	<b>45,428.78</b>		<b>57.75</b>	<b>3,008.86</b>	<b>287.70</b>	
<b>FIXED INCOME</b>											
Mutual Funds											
Intermediate Government											
926.29	9/20/2005	VANGUARD INFL-PROTECTED SECS	12.56	11,632.83	12.16	11,263.71		14.32	(369.12)	630.81	5.60
Intermediate Term Bond											
1,091.96	9/20/2005	MANAGERS FDS FREMONT BD FD	10.49	11,451.89	10.35	11,301.73		14.37	(150.16)	434.60	3.85
Long-Term Bond											
275.30	11/2/2005	LOOMIS SAYLES BOND FUND RETAIL CLASS	13.68	3,764.61	13.99	3,851.43		4.90	86.82	222.44	5.78

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Portfolio Appraisal  
 ALLEN IRA R/O  
 February 2006

Account:	197-31861										
Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
<b>FIXED INCOME</b>											
		Mutual Funds									
		High Yield Bond									
317.00	9/20/2005	PIONEER GLOBAL HIGH YIELD FD CL A	12.17	3,859.07	12.17	3,857.87		4.90	(1.20)	281.18	7.29
<b>TOTAL FIXED INCOME</b>				30,708.40		30,274.74		38.48	(433.66)	1,569.03	
<b>TOTAL PORTFOLIO</b>				76,097.34		78,672.54		100.00	2,575.20	1,867.77	



Portfolio Appraisal  
 ALLEN AND [REDACTED] JTWR0S

February 2006

Account: 413-03779

Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
6,050.90		CORTLAND GENERAL MONEY MARKET FUND	1.00	6,050.90	1.00	6,050.90		47.09		2.12	.03
<b>EQUITIES</b>											
100.00	2/23/2004	HALLIBURTON CO	30.78	3,078.00	68.00	6,800.00		52.92	3,722.00	60.00	.88
<b>TOTAL CASH AND EQUITY.</b>				<u>6,050.90</u>		<u>6,050.90</u>		<u>47.09</u>		<u>2.12</u>	
<b>TOTAL EQUITIES</b>				<u>3,078.00</u>		<u>6,800.00</u>		<u>52.92</u>	<u>3,722.00</u>	<u>60.00</u>	
<b>TOTAL PORTFOLIO</b>				<u>9,128.90</u>		<u>12,850.90</u>		<u>100.00</u>	<u>3,722.00</u>	<u>62.12</u>	

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Portfolio Appraisal  
 ALLEN [REDACTED] IRA R/O  
 February 2006

Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
<b>CASH AND EQUIV.</b>											
2,529.18		CORTLAND GENERAL MONEY MARKET FUND	1.00	2,529.18	1.00	2,529.18		2.47		.89	.03
<b>TOTAL CASH AND EQUITY.</b>				<u>2,529.18</u>		<u>2,529.18</u>		<u>2.47</u>		<u>.89</u>	
<b>EQUITIES</b>											
<i>Mutual Funds</i>											
895.55	1/18/2002	VAN KAMPEN COMSTOCK CLASS B	15.49	13,867.39	18.18	16,281.17		15.89	2,413.77	160.29	.98
1,752.68	3/22/2004	CALAMOS INV'T TRUST GROWTH & INCOME FD CL B	30.86	54,090.74	35.46	62,150.15		60.67	8,059.41	736.14	1.18
1,292.61	3/19/2004	ING MUT FDS FOREIGN FD CL B	11.93	15,417.11	16.62	21,483.16		20.97	6,066.05		
<b>TOTAL EQUITIES</b>				<u>83,375.24</u>		<u>99,914.48</u>		<u>97.53</u>	<u>16,539.23</u>	<u>896.43</u>	
<b>OTHER</b>											
45,078.00	3/1/1904	QUADRIGA SUPERFUND LP SER A									
<b>TOTAL OTHER</b>											

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**Portfolio Appraisal**  
**ALLEN IRRA R/O**  
 February 2006

Account:	413-66705										
Quantity	Purchase Date	Description	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	% Assets	Unrealized Gain/Loss	Annual Income	% Yield
<b>TOTAL PORTFOLIO</b>											
				85,904.42		102,443.66		100.00	16,539.23	897.32	

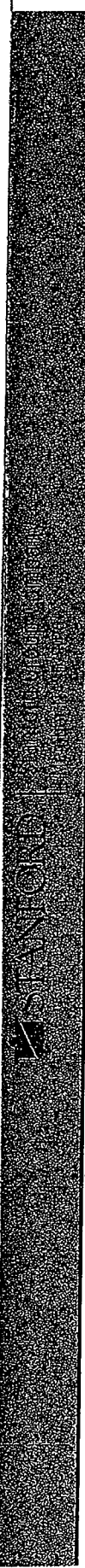




**Portfolio Appraisal**  
**ALLEN AND [REDACTED]**  
**Stanford International Bank**  
February 2006

Account	Description	Maturity Date	Interest Rate	Balance
S00321660	EXPRESS ACCOUNT			
S00321760	USAI FIXED CD	9/28/2007	7.45	216,882.40
S00321950	USAI FIXED CD	3/21/2006	6.40	112,627.07
	<b>Total</b>			<b>329,509.47</b>

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Portfolio Appraisal

ALLEN AND J. [REDACTED]

Other

February 2006

Account	Description	Market Value
AN000176	Equitable (301 611 117)	271,921.84
	<b>Total Annuity</b>	<b>271,921.84</b>
HF000175	Quadrige Superfund A (33,414 units)	45,543.00
	<b>Total Hedge Funds</b>	<b>45,543.00</b>
	<b>Total Other</b>	<b>317,464.84</b>

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STANFORD UNIVERSITY

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12/25

## Stanford Group Company

The information contained in this consolidated statement is being provided for informational purposes only. We do not recommend this information be used for tax purposes. It does not replace or supersede the account statements provided by the issuing financial institution. We have gathered this information from various sources we believe to be reliable, but we do not offer guarantees as to its accuracy or completeness.

