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REPORT OF INVESTIGATION

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
OFFICE OF INSPECTOR GENERAL**

Case No. OIG-526

**Investigation of the SEC's Response to Concerns
Regarding Robert Allen Stanford's Alleged Ponzi Scheme**

Appendix, Volume V

March 31, 2010

EXHIBIT 145

Stanford/Formal Order Memo/Revisions

4/25/2006 6:44:10 PM

From: (b)(6), (b)(7)c
To: (b)(6), (b)(7)c @SEC.GOV]
Attachments: FO memo 4-25-06.jcm.doc

(b)(6),
(b)(7)c

Attached is the latest version of the formal order memo, with revisions – per Jeff’s comments – that I made this afternoon. As I told you, there are questions throughout (in blue font), which need to be addressed. These are Jeff’s questions, and I inserted them from his markup. Please stop by in the morning and we can go over the questions briefly before you begin to address them.

Thanks.

(b)(6), (b)(7)c

Pages 4 through 11 redacted for the following reasons:

(b)(5), (b)(7)a

EXHIBIT 146

Stanford Group Company (FW-2973)

6/13/2006 1:49:41 PM

From: Cohen, Jeffrey A.

To: Enforcement Action Memos (b)(2) @SEC.GOV

Cc: Addleman, Katherine S. (b)(6), (b)(7)c @sec.gov; (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @sec.gov; Preuitt,

Julie A. (b)(6), (b)(7)c @sec.gov; Prescott, Victoria F. (b)(6), (b)(7)c @sec.gov]

Attachments: Formal Order of Investigation.doc, FO memo 6-12-06.doc, Suncert.doc

Please find, attached, our formal order memorandum, proposed formal order, and the Sunshine Certification in connection with *Stanford Group Company* (FW-2973). Thank you.

Jeff Cohen

ADA/FWDO

(b)(6), (b)(7)c

<<...>> <<...>> <<...>>

Pages 14 through 22 redacted for the following reasons:

(b)(5), (b)(7)a

EXHIBIT 147

Stanford Group Co. (FW-2973)

8/21/2006 3:18:20 PM

From: (b)(6), (b)(7)c
To: (b)(6), (b)(7)c
Cc: Cohen, Jeffrey A. (b)(6), (b)(7)c; Addleman, Katherine S. (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV;
 (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV;
 (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV;
 (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV;
 (b)(6), (b)(7)c @SEC.GOV; (b)(6), (b)(7)c @SEC.GOV

Attachments: FW Responses to HO comments.doc, FO memo 8-21-06.doc, Formal Order of Investigation.doc, Suncert.doc

(b)(6), (b)(7)c

Attached please find the following documents relating to Stanford Group Company (FW-2973):

- (1) Formal Order Memorandum;
- (2) Formal Order of Investigation; and
- (3) Sunshine Certification.

Also attached are Fort Worth's Responses to Comments received from IM, Market Reg, OCIE, GC, and Corp Fin.

Thank you.

(b)(6), (b)(7)c

Enforcement Attorney
United States Securities and Exchange Commission
 801 Cherry Street, Suite 1900
 Fort Worth, TX 76102

(b)(6), (b)(7)c

Pages 25 through 28 redacted for the following reasons:

(b)(5), (b)(7)a

EXHIBIT 148

Pages 30 through 38 redacted for the following reasons:

(b)(5), (b)(7)a

EXHIBIT 149

enabled the bank to achieve double-digit returns on its investments over for past 15 years. As further described below, the bank's claims are improbable and unsubstantiated.

Further, SIB and its advisers have misrepresented to CD purchasers that their deposits are safe because the bank: (i) re-invests client funds primarily in "liquid" financial instruments (the "portfolio"); (ii) monitors the portfolio through a team of 20-plus analysts; and (iii) is subject to yearly audits by Antiguan regulators. Recently, as the market absorbed the news of Bernard Madoff's massive Ponzi scheme, SIB told investors that the bank had no "direct or indirect" exposure to Madoff's scheme.

These assurances are false. SIB's investment portfolio was not invested in liquid financial instruments or allocated in the manner described in its promotional material and public reports. Instead, a substantial portion of the bank's portfolio was invested in illiquid investments, such as private equity and real estate. Further, the vast majority SIB's multi-billion dollar investment portfolio was not monitored by a team of analysts, but rather by two people – Allen Stanford and James Davis. And contrary to SIB's representations, the Antiguan regulator responsible for oversight of the bank's portfolio, the Financial Services Regulatory Commission, does not audit SIB's portfolio or verify the assets SIB claims in its financial statements. Finally, SIB has exposure to losses from the Madoff fraud scheme despite the bank's public assurances to the contrary.

SGC has also failed to disclose material facts to its advisory clients. In December 2008, SGC's clearing broker advised SGC that it would no longer facilitate wire transfer requests to SIB on behalf of existing clients who desire to purchase SIB CDs. The clearing broker decided to stop transferring money to the bank because of suspicions about the bank's purported investment returns and the overall lack of "transparency" into the bank's portfolio of

investments. SGC never disclosed to clients that Pershing refused to transfer client funds to SIB.

During the past several weeks, the Securities and Exchange Commission subpoenaed SIB bank records and witnesses in an effort to account for the \$8 billion of investor funds held by the bank. Among others, the SEC issued subpoenas to Stanford, Davis, and O.Y. Goswick, a SIB board member residing in Texas, who is purportedly responsible for "investments." None of these witnesses appeared for testimony or produced a single document. Further, SIB represented that Juan Rodriguez, SIB's president who resides in Antigua, would voluntarily appear in the United States to give sworn testimony to the SEC and account for investor funds. Mr. Rodriguez failed to appear for testimony. The SEC did, however, take sworn testimony from Stanford Financial Group's Chief Investment Officer and SIB investment committee member (Laura Pendergest-Holt) and a former Senior Investment Officer (the "SIO"). Neither Ms. Pendergest-Holt nor the SIO could account for the \$8 billion entrusted to the bank by its clients. In fact, Pendergest-Holt and the former SIO could only identify Stanford and Davis as people having knowledge and access to the vast majority of SIB's portfolio.

Stanford Allocation Strategy

Stanford's fraudulent conduct is not limited to the sale of CDs. Since 2005, SGC advisers have sold more than \$1 billion of a proprietary mutual fund wrap program called Stanford Allocation Strategy ("SAS"), using materially false and misleading historical performance data. The false data has helped SGC grow the SAS program from less than \$10 million in around 2004 to over \$1 billion, generating fees for SGC/SCM (and ultimately Stanford) in excess of \$25 million. And the fraudulent SAS performance was used to recruit

registered financial advisers with significant books of business, who were then heavily incentivized to re-allocate their clients' assets to SIB's CD program.¹

Emergency Relief Is Appropriate

The SEC has learned that Allen Stanford, on or about February 6, 2009, imposed a "two-month moratorium" on CD redemptions, and instructed SGC advisers that the bank would not honor redemption requests from clients. Moreover, at least one SGC financial adviser misrepresented to a client that the Commission had frozen CD-related accounts for two months. [App. 672-73, 1118]. Finally, last week, SIB's counsel notified the Commission that he was withdrawing as counsel. [App. 1121]. In so doing, SIB's counsel advised the Commission that he and his law firm "disaffirm all prior oral and written representations" regarding Stanford Financial Group and its affiliates. [App. 1122].

The fraudulent scheme is ongoing. SIB is continuing to sell CDs. And SGC/SCM is continuing to sell SAS. Moreover, the vast majority of investor funds have not been accounted for and remain under the control of the Defendants. Investor funds and bank assets need to be located, secured and marshaled by a Receiver for the benefit of investors. Emergency relief is, therefore, necessary and appropriate in this matter.

To protect investors and to halt this fraudulent scheme, the Commission seeks: (1) an *ex parte* temporary restraining order and preliminary injunction against future violations by Defendants; (2) an immediate freeze of all assets of Defendants; (3) an order requiring Defendants to provide an immediate accounting; (4) a repatriation order; (5) an order that Stanford and Davis surrender their passports; (6) an order prohibiting the destruction of records;

¹ In addition to the antifraud violations described above, SIB, SGC and SCM violated Section 7(d) of the Investment Company Act, which prohibits foreign investment companies and their underwriters from selling securities in the U.S. without registering with the Commission. Had SIB complied with the law and registered as an investment company, SIB would have been subject to examination by the Commission.

(7) an order expediting discovery; and (8) the appointment of a Receiver to take control of the assets of the Defendants to marshal and preserve assets for the benefit of the investors defrauded by the Defendants.

II. DEFENDANTS

Stanford International Bank, Ltd. purports to be private international bank domiciled in St. John's, Antigua, West Indies. [App. 527, 859, 887]. SIB claims to serve 30,000 clients in 131 countries and holds \$7.2 billion in assets under management. [App. 538].² SIB's multi-billion portfolio of investments is managed by the SFG's chief financial officer in Memphis, Tennessee. [App. 058, 388, 936]. Unlike a commercial bank, SIB does not loan money. [App. 50, 668, 862, 1011, 1017]. SIB sells the CD to U.S. investors through SGC, its affiliated investment adviser. [App 668].

Stanford Group Company, a Houston-based corporation, is registered with the Commission as a broker-dealer and investment adviser. [App. 585]. SGC has offices located throughout the U.S., including Dallas, Texas. [App. 928, 945]. SGC's principal business consists of sales of SIB-issued securities, marketed as "certificates of deposit." [App. 590, 668]. SGC is a wholly owned subsidiary of Stanford Group Holdings, Inc., which in turn is owned by Robert Allen Stanford ("Stanford"). [App. 46, 586, 942].

Stanford Capital Management, a registered investment adviser [App. 585], took over the management of the SAS program (formerly Mutual Fund Partners) from SGC in early 2007. Stanford Capital Management markets the SAS program through SGC. [App. 679].

Robert Allen Stanford, a U.S. citizen, is the Chairman of the Board and sole shareholder of SIB and the sole director of SGC's parent company. [App. 46, 76, 586, 881-82].

² SIB's Annual Report for 2007 states that SIB has 50,000 clients [App. 859].

James M. Davis, a U.S. citizen and resident of Baldwin, Mississippi and who offices in Memphis, Tennessee and Tupelo, Mississippi, is a director and chief financial officer of SFG and SIB. [App. 80, 881-82].

Laura Pendergest-Holt is the Chief Investment Officer of SIB-affiliate Stanford Financial Group and a member of SIB's investment committee. [App. 31, 74-75, 524]. She supervises a group of analysts in Memphis, Tupelo, and St. Croix who "oversee" performance of SIB's "Tier II" assets. [App. 80-81].

III. STATEMENT OF FACTS

A. The Stanford Empire

Allen Stanford has created a web of affiliated companies that exist and operate under the brand Stanford Financial Group ("SFG"). [App. 926-37]. According to the company's website, SFG is a privately-held group of companies that has in excess of \$50 billion "under advisement." [www.stanfordfinancial.com].

SIB, one of SFG's affiliates, is a private, offshore bank that purports to have an independent Board of Directors, an Investment Committee, a Chief Investment Officer and a team of research analysts. [App. 524, 882, 895]. While SIB is domiciled in Antigua, a small group of SFG employees who maintain offices in Memphis, Tennessee, and Tupelo, Mississippi, purportedly monitor the bank's assets. [App. 80-81, 388].

SIB is operated by a close-nit circle of Stanford's family, friend and their confidants. For example, Davis was Stanford's college classmate at Baylor University in the 1970s. SIB's Board of Directors includes Davis, Stanford, Stanford's father James A. Stanford, and O.Y. Goswick, a Stanford family friend from Mexia, Texas, whose business experience includes cattle-ranching and car sales. [App. 882, 899]. SIB's investment committee, which is purportedly responsible

for the management of the bank's multi-billion dollar portfolio of assets, is comprised of Stanford, Stanford's father, Davis, Goswick and Laura Pendergest-Holt. [App. 524]. Pendergest-Holt, who became acquainted with Davis at their church in Baldwin, Mississippi, joined SFG in 1997, after graduating from Mississippi State University with a master's degree in mathematics. [App. 73]. Prior to joining SFG, Pendergest-Holt had no experience in the financial services or securities industries. [App. 73].³ Based on these relationships, and the fact that Stanford is the sole shareholder of SIB and SGC, it appears that Stanford is subject to little or no independent oversight.

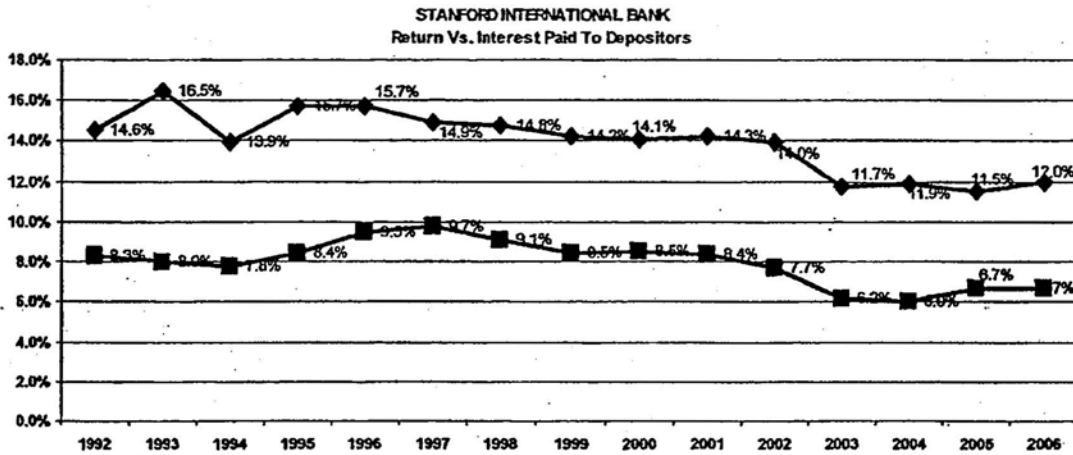
B. Stanford International Bank

As of November 28, 2008, SIB reported \$8.6 billion in total assets. [App. 541]. SIB's primary product is the CD. [App. 74, 403, 590, 668-70].⁴ SIB aggregates customer deposits, and then purportedly re-invests those funds in a "globally diversified portfolio" of assets.

For almost fifteen years, SIB represented that it has experienced consistently high returns on its investment of deposits (ranging from 11.5% in 2005 to 16.5% in 1993):

³ Further, Ken Weeden holds the title of Managing Director-Research and Investments. He supervises a group of "analysts" that work in Memphis and Tupelo. Weeden reports to Pendergest-Holt, who is Weeden's sister-in-law. [App. 588]. Davis' son, and at least one of his college classmates, are research analysts whose responsibilities include, in part, oversight of a small portion of SIB's portfolio of assets.

⁴ SIB sold more than \$1 billion in CDs per year between 2005 and 2007, including sales to U.S. investors. The bank's deposits increased from \$3.8 billion in 2005, to \$5 billion in 2006, and \$6.7 billion in 2007. [App. 856]. SIB markets CDs to investors in the United States exclusively through SGC advisers pursuant to a Regulation D private placement. In connection with the private placement, SIB filed a Form D with the Commission. [App. 668, 906-12].



[App. 345, 670, 1030].

Since 1994, SIB claims that it has never failed to hit targeted investment returns in excess of 10%. [App 407, 590]. And, SIB claims that its “diversified portfolio of investments” lost only \$110 million or 1.3% in 2008. [App. 541]. During the same time period, the S&P 500 lost 39% and the Dow Jones STOXX Europe 500 Fund lost 41%. *Id.*

SIB’s historical returns are improbable, if not impossible. After reviewing SIB’s returns on investment over ten years, a performance reporting consultant hired by Stanford characterized SIB’s performance as “not possible – almost statistically impossible.” [App. 159-150]. Further, in 1995 and 1996, SIB reported identical returns of 15.71%, a remarkable achievement considering the bank’s “diversified investment portfolio.” [App. 345, 670] According to Pendergest-Holt, it is “improbable” that SIB could have managed a “globally diversified” portfolio of investments so that it returned identical results in consecutive years. [App. 106]. Likewise, the above-referenced performance reporting consultant believes that it is “impossible” to achieve identical results on a diversified investment portfolio in consecutive years. [App.

151]. Nonetheless, SIB continues to promote its CDs using these improbable/implausible returns. [App 345, 590, 670].

SIB's consistently high returns of investment have enabled the bank to pay a significantly higher rate on its CD than conventional banks. [App. 531, 533]. For example, SIB offered 7.45% as of June 1, 2005, and 7.878% as of March 20, 2006, for a fixed rate CD based on an investment of \$100,000. [App. 668]. On November 28, 2008, SIB quoted 5.375% on a 3-year Flex CD, while comparable U.S. Banks' CDs paid under 3.2%. [App. 541].

SIB's extraordinary returns have also enabled the bank to pay disproportionately large commissions to SGC for the sale of SIB CDs. [App. 591, 669].⁵ SGC receives a 3% fee from SIB on sales of CDs by SGC advisers. [App. 591]. Financial advisers receive a 1% commission upon the sale of the CDs, and are eligible to receive as much as a 1% trailing commission throughout the term of the CD. [App. 591, 669]. SGC promoted this generous commission structure in its effort to recruit established financial advisers to the firm. [App. 669]. The commission structure also provided a powerful incentive for SGC financial advisers to aggressively sell CDs to United States investors, and aggressively expanded its number of financial advisers in the United States. *Id.*

SIB purportedly managed the investment portfolio from Memphis and Tupelo. SIB's investment portfolio, at least internally, was segregated into three tiers: (a) cash and cash equivalents ("Tier 1"), (b) investments with "outside portfolio managers (25+)" that are monitored by the Analysts ("Tier 2"), and (c) unknown assets under the apparent control of Stanford and Davis ("Tier 3"). [App. 31, 586]. As of December 2008, Tier 1 represented approximately 9% (\$800 million) of the bank's portfolio. [App. 586]. Tier 2, prior to the bank's

⁵ In 2007, SIB paid to SGC and affiliates more than \$291 million in management fees and commissions from CD sales, up from \$211 million in 2006. [App. 869-870].

decision to liquidate \$250 million of investments in late 2008, represented approximately 10% of the portfolio. [App. 586]. And Tier 3 represented 80% of the bank's investment portfolio. [App. 586].

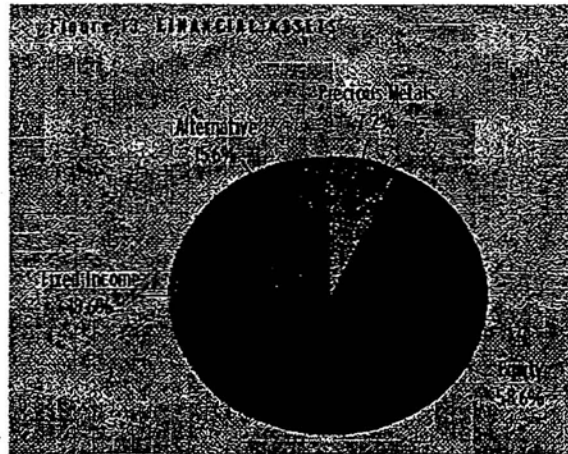
C. SIB's Fraudulent Sale of CDs

1. *SIB Misrepresented that Its Investment Portfolio is Invested Primarily in "Liquid" Financial Instruments.*

In selling the CD, SIB touts the liquidity of its investment portfolio. [App. 85, 352]. For example, in its CD brochure, SIB emphasizes the importance of liquidity, stating, under the heading "Depositor Security," that the bank focuses on "maintaining the highest degree of liquidity as a protective factor for our depositors" and that the bank's assets are "invested in a well-diversified portfolio of highly marketable securities issued by stable governments, strong multinational companies and major international banks." [App. 528].⁶

In its 2007 annual report, which was signed and approved by Stanford and Davis [App. 881], SIB represented that its portfolio was allocated in the following manner: 58.6% equity, 18.6% fixed income, 7.2% precious metals and 15.6% alternative investments. [App. 871]. These allocations were depicted in a pie chart [App. 871], which was approved by Stanford and Davis. [App. 881].

⁶ Likewise, the bank trained SGC advisers that "liquidity/marketability of SIB's invested assets" was the "most important factor to provide security to SIB clients." [App. 1040].



[App. 871]

SIB's investment portfolio is not, however, invested in a "well-diversified portfolio of highly marketable securities issued by stable governments, strong multinational companies and major international banks." Instead, a significant portion of the bank's portfolio is invested in illiquid investments – namely private equity and real estate. [App. 97, 588]. In fact, in 2008, the bank's portfolio included at least 23% private equity. [App. 1123-24]. The bank never disclosed in its financial statements its exposure to private equity and real estate investments.⁷ [App. 504, 871].

Further, on December 15, 2008, Pendergest-Holt met with her team of analysts by teleconference following the bank's decision to liquidate more than 30% of its Tier 2 investments (approximately \$250 million). [App. 587-88]. During the meeting, at least one analyst expressed concern about the amount of liquidations in Tier 2, asking why it was necessary to liquidate Tier 2, rather than Tier 3 assets, to increase SIB's liquidity. *Id.*

⁷ One of the bank's analysts candidly admitted that including private equity and real estate in the Equity allocation "does not make sense." [App. 589].

Pendergest-Holt told the analyst that Tier 3 was primarily invested in private equity and real estate and that Tier 2 was “more liquid” than Tier 3.⁸ [App. 97, 587-88].

2. SIB Misrepresented that Its Multi-Billion Dollar Investment Portfolio is Monitored By a Team of Analysts

Prior to making their investment decision, prospective investors routinely asked how SIB safeguarded and monitored its assets. [App. 37]. In fact, investors frequently inquired whether Allen Stanford could “run off with the [investor’s] money.” *Id.* In response to this question, at least during 2006 and much of 2007, the SIO told investors that SIB had sufficient controls and safeguards in place to protect assets. *Id.* In particular, the SIO was trained by Pendergest-Holt to tell investors that the bank’s multi-billion portfolio was “monitored” by the analyst team in Memphis. *Id.* In communicating with investors, the SIO followed Pendergest-Holt’s instructions, misrepresenting that a team of 20-plus analysts monitored the bank’s investment portfolio. *Id.* In so doing, the SIO never disclosed to investors that the team of analysts only monitor approximately 10% of SIB’s money. *Id.* In fact, Pendergest-Holt trained the SIO “not to divulge too much” about oversight of the bank’s portfolio because that information “wouldn’t leave an investor with a lot of confidence.” *Id.* Likewise, Davis instructed the SIO to “steer” potential CD investors away from information about SIB’s portfolio. [App. 37, 43].

Contrary to the bank’s representation that responsibility for SIB’s multi-billion portfolio was “spread out” among 20-plus people, even Pendergest-Holt and the SIO did not know the whereabouts of the vast majority of SIB’s investment portfolio. [App. 356]. In fact, the only people that Pendergest and the SIO could identify as knowing the whereabouts of the bulk of SIB’s portfolio were Stanford and Davis. [App. 31, 98, 588]. According to Pendergest-Holt, she

⁸ Pendergest-Holt also stated that Tier 3 always included real estate. [App. 588]. Pendergest-Holt’s statements contradict what she had previously stated to SIB’s senior investment adviser. [App. 40, 45].

and her team of analysts have never been privy to Tier 1 or Tier 3 investments. [App. 86, 586]. Similarly, the SIO did not have access to the bank's records relating to Tier 3, even though he was responsible, as the bank's Senior Investment Officer, for "closing" deals with large investors, "overseeing the bank's investment portfolio" and "ensuring that the investment side is compliant with the various banking regulatory authorities." [App. 32, 359]. In fact, in preparing the bank's periodic reports (quarterly newsletters, month reports, mid-year reports and annual reports), Pendergest and one of the analysts send to Davis the performance results for Tier 2 investments. [App. 64]. And Davis calculates the investment returns for the aggregated portfolio of assets. *Id.*

3. SIB Misrepresented that its Investment Portfolio is Overseen by a Regulatory Authority in Antigua that Conducts a Yearly Audit of the Fund's Financial Statements.

SIB told investors that their deposits were safe because the Antiguan regulator responsible for oversight of the bank's investment portfolio, the Financial Services Regulatory Commission (the "FSRC"), audited its financial statements. [App. 391] But, contrary to the bank's representations to investors, the FSRC does not audit or verify the assets SIB claims in its financial statements. [App. 675]. Instead, SIB's accountant, C.A.S. Hewlett & Co., a small local accounting firm in Antigua is responsible for auditing the multi-billion dollar SIB's investment portfolio.⁹ [App. 675, 512, 881]

4. SIB Misrepresented that Its Investment Portfolio is Without "Direct or Indirect" Exposure to Fraud Perpetrated by Bernard Madoff.

In a December 18, 2008, letter to investors and a December 2008 Monthly Report, the bank told CD investors that their money was safe because SIB "had no direct or indirect exposure to any of [Bernard] Madoff's investments." But, contrary to this statement, *at least*

⁹ The Commission attempted several times to contact Hewlett by telephone. No one ever answered the phone.

\$400,000 in Tier 2 was invested in Meridian, a New York-based hedge fund that used Tremont Partners as its asset manager. Tremont invested approximately 6-8% of the SIB assets they indirectly managed with Madoff's investment firm. [App. 1110]. Pendergest-Holt, Davis and Stanford knew about this Madoff exposure. Pendergest-Holt and an analyst were personally notified by Meridian of the Madoff exposure. [App. 1122-1124]. On December 15, 2008, the analyst confirmed the Madoff exposure through a weekly report (entitled "Laura Report") that was typically sent to Pendergest-Holt, Davis and Stanford. The report estimated "a loss of \$400k ... based on the indirect exposure" to Madoff. [App. 1125-1126].

5. Pershing Transparency

On or about December 12, 2008, Pershing, citing suspicions about the bank's investment returns and its inability to get from SIB "a reasonable level of transparency" into its investment portfolio, informed SGC that it would no longer process wire transfers from SGC to SIB for the purchase of the CD. [App. 675]. Since the spring of 2008, Pershing tried unsuccessfully to get an independent report regarding SIB's financials condition. *Id.* On November 28, 2008, SGC's President, Danny Bogar, informed Pershing that "obtaining the independent report was not a priority." *Id.* Between 2006 and December 12, 2008, Pershing sent to SIB 1,635 wire transfers, totaling approximately \$517 million, from approximately 1,199 customer accounts. *Id.*

C. SGC and SCM Misrepresented SAS Performance Results.

From 2004 through 2009, SGC and SCM induced clients, including non-accredited, retail investors, to invest in excess of \$1 billion in its SAS program by touting its track record of "historical performance." [App. 679]. SCM highlighted the purported SAS track record in thousands of client presentation books ("pitch books"). [App. 679-681]. For example, the following chart from a 2006 pitch book presented clients with the false impression that SAS

accounts, from 2000 through 2005, outperformed the S&P 500 by an average of approximately 13 percentage points [App. 757]:

| | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|------------|--------|--------|--------|---------|---------|--------|
| SAS Growth | 12.09% | 16.15% | 32.84% | -3.33% | 4.32% | 18.04% |
| S&P 500 | 4.91% | 10.88% | 28.68% | -22.10% | -11.88% | -9.11% |

SCM used these impressive, but fictitious, performance results to grow the SAS program to over \$1 billion in 2008. [App. 679].¹⁰

The SAS performance results used in the pitch books from 2005 through 2009 were fictional and/or inflated. Specifically, SCM misrepresented that SAS performance results, for 1999 through 2004, reflected “historical performance” when, in fact, those results were fictional, or “back-tested”, numbers that do not reflect results of actual trading. [App. 9-12; App. 682-685]. Instead, SCM, with the benefit of hindsight, picked mutual funds that performed extremely well during years 1999 through 2004, and presented the performance of those top-performing funds to potential clients as if they were actual returns earned by the SAS program.¹¹ [App. 10-

¹⁰ SGC also used the SAS track record to recruit financial advisers away from legitimate advisory firms who had significant books of business. [App. 594; 681] After arriving at Stanford, the newly-hired financial advisers were encouraged and highly incentivized to put their clients’ assets in the SIB CD. [App. 669-670].

¹¹ On occasion, the pitch books included disclaimers describing the back-tested performance as hypothetical. These disclaimers were wholly insufficient because they (i) appeared in only some of the pitch books, (ii) were buried in small text at the back of the document, and (iii) did not adequately dispel the misleading suggestion that the advertised performance represented actual trading. [App. 800-801]

11]. Similarly, SCM used “actual” model SAS performance results for years 2005 through 2006 that were inflated by as much as 4%.¹² [App. 577-582; 681-684; 757].

SCM’s management knew that the advertised SAS performance results were misleading and inflated. [e.g., App. 10-13]. From the beginning, SGC/SCM management knew that the pre-2005 track record was purely hypothetical. [*Id.*]. And, as early as November 2006, SCM investment advisers began to question why their actual clients were not receiving the returns advertised in pitch books. [App. 12-15; 597]. In response to these questions, SCM hired an outside performance reporting expert, to review certain of its SAS performance results. [App. 111]. In late 2006 and early 2007, the expert informed SCM that its performance results for the twelve months ended September 30, 2006 were inflated by as much as 3.4 percentage points. [App. 122-126]. Moreover, the expert informed SCM managers that the inflated performance results included unexplained “bad math” that consistently inflated the SAS performance results over actual client performance.¹³ [App. 123, 152]. Finally, in March 2008, the expert informed SCM managers that the SAS performance results for 2005 were also inflated by as much as 3.25 percentage points.¹⁴ [App. 140-145].

¹² SCM told investors that SAS has positive returns for periods in which actual SAS clients lost substantial amounts. [App. 682-683]. For example, in 2000, actual SAS client returns ranged from negative 7.5% to positive 1.1%. In 2001, actual SAS client returns ranged from negative 10.7% to negative 2.1%. [*Id.*]. And, in 2002, actual SAS client returns ranged from negative 26.6% to negative 8.7%. [*Id.*] These return figures are all gross of SCM advisory fees ranging from 1% to 2.75%. [App. 842] Thus, Stanford’s claims of substantial market out performance were blatantly false. (e.g., a claimed return of 18.04% in 2000, when actual SAS investors lost as much as 7.5%). [App. 682-683].

¹³ During sworn testimony, the expert characterized this “bad math” problem as “fishy,” and could not provide any innocent explanation as to why the supposed mathematical errors worked consistently to the favor of the SAS models. [App. 123].

¹⁴ Despite being informed in early 2007 that its 2006 performance results were materially inflated, SCM continued using inflated results for 2005 until in early 2008 it received irrefutable evidence of the inflated 2005 results. SCM did not inquire into the accuracy of the pre-2005 numbers until the SEC exam staff in early 2009 asked SCM management pointed questions about pre-2005 performance. [App. 131; 681; 684].

Despite their knowledge of the inflated SAS returns, SCM management continued using the pre-2005 track record and never asked the performance expert to audit the pre-2005 performance. [App. 131; 577-582; 681; 684]. In fact, in 2008 pitch books, SCM presented the back-tested pre-2005 performance data under the heading “Historical Performance” and “Manager Performance” along side the audited 2005 through 2008 figures. [App. 794]. SCM’s outside consultant testified that it was “misleading” to present audited performance figures along side back-tested figures. [App. 154].

Finally, SCM compounded the deceptive nature of the SAS track record by blending the back-tested performance with audited composite performance to create annualized 5 and 7 year performance figures that bore no relation to actual SAS client performance. [App. 682; 794]. A sample of this misleading disclosure used in 2008 and 2009 follows:

| Calendar Year Return As of March 2008 | | | | | | | | | | |
|--|--------|--------|--------|-------|--------|--------|---------|---------|--------|--------|
| | YTD | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
| SAS Growth | -7.44% | 12.40% | 14.68% | 8.82% | 16.15% | 32.84% | -3.33% | 4.32% | 18.08% | 22.59% |
| S&P 500 | -9.44% | 5.49% | 15.75% | 4.97% | 10.89% | 28.67% | -22.10% | -11.86% | -9.11% | 21.04% |

| Annualized Returns (not annualized if less than 1 year) | | | | | | |
|--|--------|--------|---------|---------|---------|-----------------|
| | YTD | 1 year | 3 years | 5 years | 7 years | Since Inception |
| SAS Growth | -7.44% | 0.80% | 9.30% | 15.31% | 11.03% | 12.30% |
| S&P 500 | -9.44% | -5.08% | 5.85% | 11.32% | 3.70% | 2.45% |

Other than the fees paid by SIB to SGC/SCM for the sale of the CD, SAS was the second most significant source of revenue for the firm. In 2007 and 2008, SGC/SCM received approximately \$25 million in fees from the marketing of SAS. [App. 680].

IV. LEGAL DISCUSSION AND ARGUMENT

Because the Commission is “not ... an ordinary litigant, but ... a statutory guardian charged with safeguarding the public interest in enforcing the securities laws,” its burden to secure temporary or preliminary relief is less than that of a private party. *SEC v. Management Dynamics, Inc.*, 515 F.2d 801, 808 (2nd Cir. 1975). “[W]hen ‘the public interest is involved in a proceeding of this nature, [the district court’s] equitable powers assume an even broader and more flexible character than when only a private controversy is at stake.’” *FSLIC v. Sahni*, 868 F.2d 1096, 1097 (9th Cir. 1989), citing *FTC v. H.N. Singer, Inc.*, 668 F.2d 1107, 1112 (9th Cir. 1982). For example, the Commission does not need to show irreparable injury or a balance of equities in its favor. *Id.*; see also *SEC v. Unifund SAL*, 910 F.2d 1028, 1035 (2nd Cir. 1990). Nor does the Commission need to demonstrate the lack of an adequate remedy at law, as private litigants must. See *SEC v. Cavanagh*, 155 F.3d 129, 132 (2nd Cir. 1998); *SEC v. Scott*, 565 F. Supp. 1513, 1536 (S.D.N.Y. 1983), aff’d *sub nom.*, *SEC v. Cayman Islands Reins. Corp.*, 734 F.2d 118 (2nd Cir. 1984).

Moreover, the ancillary remedy of a freeze order requires a lesser showing than that needed to obtain injunctive relief. See *SEC v. Gonzalez de Castilla*, 145 F. Supp. 2d 402, 415 (S.D.N.Y. 2001) (“courts may order a freeze even where the SEC has failed to meet the standard necessary to enjoin future violations”). For example, to obtain an asset freeze, the Commission need not show a reasonable likelihood of future violations. *CFTC v. Muller*, 570 F.2d 1296, 1300 (5th Cir. 1978). Instead, when there are concerns that defendants might dissipate assets, a freeze order requires only that the court find some basis for inferring a violation of the federal securities laws. *Unifund Sal*, 910 F.2d at 1041. Similarly, it is well-established that the Court has the authority to grant any form of ancillary relief where necessary and proper to effectuate

the purposes of the federal securities laws. *SEC v. Materia*, 745 F.2d 197, 200 (2d Cir. 1984), *cert. denied*, 471 U.S. 1053 (1985). Included in the court's equitable powers is the authority to appoint receivers. *See, e.g., SEC v. First Fin. Group*, 645 F.2d 429, 439 (5th Cir. 1981).

A. The Defendants Violated the Antifraud Provisions of the Securities Act and Exchange Act.

1. Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder.

Section 17(a) of the Securities Act prohibits the employment of a fraudulent scheme or the making of material misrepresentations and omissions in the offer or sale of a security. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit the same conduct, if committed in connection with the purchase or sale of securities.¹⁵ A violation of these provisions occurs if the alleged misrepresentations or omitted facts were material. Information is material if there is a substantial likelihood that the omitted facts would have assumed significance in the investment deliberations of a reasonable investor. *Basic, Inc. v. Levinson*, 485 U.S. 224 (1988).

Establishing violations of Section 17(a)(1) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder requires a showing of *scienter*. *Aaron v. SEC*, 446 U.S. 680 (1980). However, actions pursuant to Sections 17(a)(2) and (3) of the Securities Act do not require such a showing. *Id.* *Scienter* is the "mental state embracing intent to deceive, manipulate or defraud." *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193 (1976). *Scienter* is established by a showing that the defendants acted intentionally or with severe recklessness. *See Broad v. Rockwell Int'l Corp.*, 642 F. 2d 929 (5th Cir.) *en banc*, *cert. denied* 454 U.S. 965

¹⁵ Even if the investments offered do not exist, the antifraud provisions of the federal securities laws still apply. *SEC v. Lauer*, 52 F.3d 667, 670 (7th Cir. 1995).

(1981). Stanford, Davis, Pendergest-Holt, and the Stanford corporate defendants violated these antifraud provisions.¹⁶

2. Defendants' Fraud Was in Connection with Offer or Sale of Security.

There is little doubt here that the defendants fraud was in connection with the offer, sale or purchase of securities.

a. Defendants' Clients Sold Other Securities in Order to Purchase CDs.

First, even the "scratch the surface" level of evidence able to be compiled in advance of this emergency motion confirms that defendants fraudulent behavior, statements and omissions concerning SIB's CD program coincided with significant – and successful – efforts to lure investors to convert (*i.e.* sell) their existing securities holdings into investments in SIB's CDs. From August 2008 through December 2008 alone, approximately 50 SGC clients liquidated approximately \$10.7 million in stocks, bonds, and other similar securities and invested that money in SIB's CDs. [App. 593]. This sampling, particularly when viewed in light of the heavy incentives SGC gave to its advisers to push SIB's CDs, strongly suggests that the fraudulent behavior outlined above coincided directly with the selling of, at least, millions of dollars in investments that are quintessential securities, such as stock. Accordingly, there can be no serious dispute that Defendants fraudulent conduct was in connection with the offer or sell of securities. *See SEC v. Zandford*, 535 U.S. 813, 825 (2002) (holding that the "in connection with" element is satisfied by "a fraudulent scheme in which the securities transactions and breaches of fiduciary duty coincide").

¹⁶ To the extent the Court concludes that Stanford, Davis and Pendergest-Holt should not be held directly liable for violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, the evidence demonstrates that they are liable for aiding abetting violations of those provisions.

b. The CD is a security.

In addition to fraud in connection with the *selling* of securities, the defendants' fraud was also in connection with the purchase of securities, i.e., SIB's CDs. In fact, SIB itself admits that "[b]y making this offering to Accredited Investors in the United States, SIBL and its officers are subject to certain laws of the United States, including the anti-fraud provisions of the U.S. federal securities laws and similar state laws." [App. 888]

The Supreme Court has emphasized that all notes – including products such as the "certificate of deposits" sold in this case – are presumed to be securities. *Reves*, 494 U.S. at 64. This presumption may be rebutted only by a showing that the note bears a strong resemblance to certain enumerated non-securities such as "the note delivered in consumer financing, the note secured by a mortgage on a home, the short term note secured by a lien on a small business or some of its assets, the note evidencing a "character" loan to a bank customer, short-term notes secured by an assignment of accounts receivable, or a note which simply formalizes an open-account debt incurred in the ordinary course of business. *Reves*, 494 U.S. at 65. To determine whether such resemblance exists, the Supreme Court has applied a "family resemblance test," instructing that it is necessary to analyze the following four factors: (1) the motivation of the parties; (2) the plan of distribution; (3) the reasonable expectations of the investing public; and (4) the existence of factors which would reduce the risk of the instrument. *Id.* Notably, no one factor by itself is dispositive. *Id.*

A comparison of the instruments deemed to be securities in *Reves* to the current CDs demonstrates that there should "be little difficulty in concluding that the notes at issue here are 'securities.'" *Reves*, 494 U.S. at 67.

| Factor | <i>Reves</i> | SIB |
|--|--|--|
| Motivation of Parties | "the Co-Op sold the notes in an effort to raise capital for its general business operations and purchasers bought them in order to earn a profit in the form of interest." <i>Reves</i> , 494 U.S. at 67-68. | SIB sold the notes in an effort to raise capital for its general business operations and purchasers buy them in order to earn a profit in the form of interest. |
| Plan of distribution | Notes were "offered and sold to a broad segment of the public, and that is all we have held necessary to establish the requisite 'common trading' in an instrument." | Notes were offered to a broad segment of the public. |
| Public's Reasonable Expectation | "Advertisements for the notes characterized them as 'investments' ... and there were no countervailing factors that would have led a reasonable person to question this characterization." <i>Reves</i> , 494 U.S. at 68-69. | SIB provides to its U.S. investors, among other things, a document titled "Disclosure Statement U.S. Accredited Investor Certificate of Deposit Program. This document prominently features a page labeled, "SECURITIES INVESTMENT STATEMENT," and refers to the purchase as "an investment decision." |
| Whether some factor such as the existence of another regulatory scheme "significantly reduces the risk of the instrument, thereby rendering application of the Securities Acts unnecessary." | "notes here would escape federal regulation entirely if the [Securities] Acts were held not to apply." <i>Reves</i> , 494 U.S. at 69. | Absent securities laws, no federal regulation over fraudulent statements and omissions made in sale of CDs appears to apply. |

Importantly, the *Reves* Court held that if the seller's purpose is to finance substantial investments and the buyer is interested primarily in the profit the instrument is likely to generate, the instrument is likely to be a security. *Id.* at 66. That is precisely the situation here. Likewise, when the issuer solicits individuals, as compared to solicitations of sophisticated institutions, that indicates "common trading" and weighs in favor of finding the instrument a security. Again, that is the case here, where SIB, acting through its affiliated investment adviser and broker-dealer routinely solicits individuals via retail investments. [App. 593, 668]. Third, the public would reasonably view these instruments as securities investments, particularly where SIB itself

describes them repeatedly as investments and advises clients that the offering of the CDs is subject to the antifraud provisions of the federal securities laws. Importantly, in *Stoiber v. SEC*, 161 F.3d 745, 750 (D.C. Cir. 1998), the D.C. Circuit Court held that courts should consider instruments to be securities on the basis of public expectations, “even where an economic analysis of the circumstances of the particular transaction might suggest that the instruments are not securities as used in that transaction.”¹⁷

The only factor that arguably weighs against the conclusion that the CDs are securities concerns the existence of some other risk-reducing system, given that SIB is subject to some regulatory oversight by the Financial Services Regulatory Commission of Antigua. To put it simply, this putative oversight is irrelevant.¹⁸

First, unlike some earlier lower court decisions, in *Reves*, the United States Supreme Court made it clear that its fourth factor considered the existence of alternate *federal* regulatory system, such as FDIC protection. 494 U.S. at 69. (citation omitted and emphasis added). For example, in evaluating this factor after *Reves*, the Tenth Circuit noted that regulation by a state is not enough. See also *Holloway v. Peat, Marwick, Mitchell & Co.*, 900 F.2d. 1485, 1488 (10th Cir. 1990), *cert. denied*, 498 U.S. 958 (1990) (holding that the Supreme Court in *Reves* clearly required an alternative *federal* regulatory system); see also *Bradford v. Moench*, 809 F. Supp.

¹⁷ In *Stoiber*, the D.C. Circuit Court noted that the Supreme Court in *Reves* described this factor as “a one-way ratchet” that “allows notes that would not be deemed securities under a balancing of the other three factors nonetheless to be treated as securities if the public has been led to believe they are. It does not, however, allow notes which under the other factors would be deemed securities to escape the reach of regulatory laws.” 151 F.2d at 751.

¹⁸ The Commission has noted elsewhere certain facets of the FSRC’s regulatory role. The question is not whether the FSRC carries out those prescribed responsibilities, but whether that oversight – as designed – “virtually guarantees” the full recovery of deposits. In evaluating that question, it is worth noting how the administrator and chief executive of the FSCR was quoted late last week in the press, when he described his agency’s new approach to overseeing SIB’s activities: “it’s not a Friday afternoon cocktail anymore” (emphasis added).

1473, 1483 (D. Utah 1992) (following *Holloway* decision and holding Utah regulatory system cannot serve as risk reducing factor).¹⁹

As the Supreme Court made clear in *Marine Bank*, a certificate of deposit does not invariably fall outside the definition of a 'security' and "each transaction must be analyzed and evaluated on the basis of the content of the instruments in question, the purposes intended to be served, and the factual setting as a whole." *Marine Bank*, 455 U.S. 551 n.11 (1982). Here, the factual setting weighs strongly in favor of subjecting SIB's CDs to the federal securities laws. There simply is nothing here suggesting that the regulatory oversight provided by Antigua comes close to providing the "virtual guarantee" of repayment the holder of the particular CD at issue in *Marine Bank* or *Wolf* had, in contrast to an ordinary long-term debt holder who assumed the risk of the borrower's insolvency. Here, SIB's CDs have no FDIC protection, or any insurance protection from any Antiguan regulatory or government authority.²⁰

Indeed, SIB itself admits in various offering documents that its customers assume the risk of SIB's insolvency, stating in substance that "the ability of SIB to repay principal and interest

¹⁹ The Commission recognizes that several circuits, including the Fifth Circuit, have concluded – prior to *Reves* and under significantly different circumstances – that certain certificates of deposit should not be considered "securities" under the Securities Act and Exchange Act. See *Wolf v. Banco Nacional de Mexico, S.A.*, 739 F.2d 1458 (9th Cir. 1984), *cert. denied*, 469 U.S. 1108 (1985); *Callejo v. Bancomer, S.A.*, 764 F.2d 1101 (5th Cir. 1985); *Tafflin v. Levitt*, 865 F.2d 595 (4th Cir. 1989), *aff'd on other grounds*, 493 U.S. 455 (1990 (Pre-*Reves*)) (holding that certificates of deposit which were regulated by the banking system of Mexico or a state in the United States were not securities.). Due to the emergency nature of this request and because, regardless of how the Court applies *Reves* to SIB's CDs, it is clear that defendants fraudulent conduct was, as discussed above, in connection with the selling of securities, the Commission has not extensively addressed why those pre-*Reves* cases do not control here. Likewise, we have not addressed here the question of whether SIB's products could be considered "investment contracts" covered by the federal securities laws. Should the Court wish additional briefing on that issue, the Commission is prepared to provide it.

It should be noted, however, that the Commission – the primary agency responsible for determining whether the securities laws cover certain instruments – has applied the Securities Act to instruments the offering party claimed were similar to certificates of deposits, despite the existence of certain oversight by a foreign regulator. See *In the Matter of State Bank of Pakistan*, Admin Proc. File No. 3-7727, 1992 SEC Lexis 1041 (May 6, 1992)

²⁰ This lack of refund guarantee is only exacerbated by SIB's attempts to lull investors with various claims of "insurance" that do not provide protection to the investor.

on the CD Deposits is dependent on our ability to successfully operate by continuing to make consistently profitable investment decisions” and “you may lose your entire investment.” [App. 890]. This is precisely the sort of risks the antifraud provisions and other protections of the federal securities laws were designed to address.

3. Defendants Misrepresentations and Omissions Were Material.

The misrepresentations to and information withheld from investors in this case concern, among other things, the disposition of offering proceeds, the security of investment principal, the returns associated with the investment, and the liquidity of the investment. These issues go to the core of an individual’s investment decision. There is a substantial likelihood that these false representations and omissions would have assumed actual significance in the investment deliberations of a reasonable investor. They are therefore material. *See SEC v. Research Automation Corp.*, 585 F.2d 31, 35-36 (2d Cir. 1978) (misleading statements and omissions concerning the use of money raised from investors were material as matter of law); *see also United States v. Siegel*, 717 F.2d 9, 14-15 (2d Cir. 1983) (holding that failure to disclose the misappropriation of more than \$100,000 was a fact which would be important to a stockholder in his decision making).

4. The Defendants Acted With Scienter

In making their material misstatements and omissions, the Defendants acted with *scienter*, which is a mental state embracing intent to deceive, manipulate, or defraud. *Ernst & Ernst v. Hochfelder, et al.*, 425 U.S. 185, 193 (1976).²¹ Here, the misrepresentations go to the core of the investment model marketed to investors. Selling investments marketed as highly

²¹ A violation of Section 17(a)(1) of the Securities Act also requires a showing of scienter. However, the U.S. Supreme Court has held that scienter need not be shown in order to establish violations of Sections 17(a)(2) and (3) of the Securities Act. *Aaron v. SEC*, 446 U.S. 680, 696-97 (1980).

liquid, but which were in fact heavily invested in illiquid private equity and real estate, while knowing that only two people actually knew the portfolio allocation and kept that information under lock and key is, at a minimum, severely reckless. Indeed, this action speaks of a high degree of *scienter*. Moreover, the actions of controlling individuals, and therefore their *scienter*, are attributable to the controlled company. See *SEC v. Manor Nursing Centers, Inc.*, 458 F.2d 1082, 1094 (2d Cir. 1971).

B. Stanförd, SGC and SCM Violated, and Davis and Pendergest-Holt Aided and Abetted Violations of, the Antifraud Provisions of the Investment Advisers Act of 1940.

Through their deceitful and fraudulent conduct in selling the CDs and SAS, Defendants violated the antifraud provisions of the Investment Advisers Act. This is true, even if the Court, for the sake of argument, determines that the defendants' fraud was not in connection with the offer, sale or purchase of securities for purposes of Section 17(a) of the Securities Act or Section 10(b) of the Exchange Act.

I. Section 206 Imposes a Fiduciary Duty on Defendants Prohibiting Defendants Fraudulent Conduct

Sections 206(1) and 206(2) of the Advisers Act (15 U.S.C. §§ 80b-6(1) & 80b-6(2)), prohibit an investment adviser from defrauding any client or prospective client by, directly or indirectly, employing any device, scheme, or artifice to defraud or engaging in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client. While *scienter* is required to establish a violation of Section 206(1), negligence alone is sufficient to establish fraud liability under Section 206(2). See *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195 (1963); *Steadman v. SEC*, 603 F.2d 1126, 1134 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981). Unlike the antifraud provisions of the Securities Act and the Exchange Act, Sections 206(1) and 206(2) of the Advisers Act do not require that the

activity be "in the offer or sale of any securities" or "in connection with the purchase or sale of any security." *SEC v. Lauer*, 2008 WL 4372896, *24 (S.D. Fla. September 24, 2008); Advisers Act Release No. 1092, 6 Fed. Sec. L. Rep. (CCH) ¶ 56,156E, at 44,057-7 to 44,058 (Oct. 8, 1987).

Instead, Section 206 establishes federal fiduciary standards to govern the conduct of investment advisers. *Transamerica Mortgage Advisers, Inc. v. Lewis*, 444 U.S. 11, 17 (1979). The fiduciary duties of investment advisers to their clients include the duty to act for the benefit of their clients, the duty to exercise the utmost good faith in dealing with clients, the duty to disclose all material facts, and the duty to employ reasonable care to avoid misleading clients. *SEC v. Capital Gains Research Bureau, Inc. et al.*, 375 U.S. 180, 194 (1983). An adviser has "an affirmative obligation to employ reasonable care to avoid misleading [his or her] clients." *Id.* *Scienter* is required to establish a violation of Section 206(1) but is not a required element of Section 206(2). *SEC v. Steadman*, 967 F.2d 636, 643 fn.5 (D.C. Cir. 1992) (Section 206(2) violation only requires proof of negligence, not *scienter*).

2. *Stanford, SGC and SCM are Investment Advisers Subject to Heightened Fiduciary Duties.*

The definition of an investment adviser in Section 202(a)(11) of the Advisers Act, 15 U.S.C. § 80b-2(a)(11), includes "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities." SGC/SCM do exactly that on a daily basis. Likewise, Stanford, as control person of both of those entities, satisfies the statutory definition of an investment adviser. See *In re Jay Deforest Moore, et al.*, Investment Advisers Act Rel. No 1548 (Jan. 19, 1996), 61 SEC Docket 544, 545 (charging individual with

direct violations of Sections 206(1) and (2) of the Advisers Act because he “exercised exclusive control over” the firm and, therefore, was the firm’s alter ego).

Likewise, Davis and Pendergest-Holt aided and abetted the Adviser Act violations. Aiding and abetting liability requires a showing of: (1) a primary violation; (2) knowledge or a general awareness of the aider and abettor of having played a role in an overall activity that was improper; and (3) knowing and substantial assistance by the secondary violator of the conduct that constitutes the violation. *Woodward v. Metro Bank of Dallas*, 522 F.2d 84, 94-95 (5th Cir. 1975); *In the Matter of Glen Copeland*, (CCH) ¶83,903, at 87,732 (July 5, 1985); *Investors Research Corp. v. SEC*, 628 F.2d 168, 178 (D.C. Cir.), *cert. denied*, 449 U.S. 919 (1980). Recklessness satisfies the knowledge requirement, especially as to fiduciaries. *See In the Matter of Kemper Financial Services, Inc.*, Investment Company Act Rel. No. 21113 (June 6, 1995); *SEC v. Washington County Utility District*, 676 F.2d 218, 226 (6th Cir. 1982); *Rolf v. Blyth, Eastman Dillon & Co., Inc.*, 570 F.2d 38, 44-47 (2d Cir. 1978), *cert. denied*, 439 U.S. 1039.

Both Davis and Pendergest-Holt knew of the representations made to clients as to the securities that would be purchased to support their CD investment, and in fact, actually trained them to mislead investors. There is no doubt both Davis and Pendergest-Holt knowingly provided substantial assistance to the fraud violations of SBI, SCM and Stanford.

3. *Each of the Defendants Acted with Scienter*

As described in detail above, the defendants intentionally misled their clients. For example, knowing the importance to which investors would assign to the issue of exposure to the Madoff fund, the defendants voluntarily undertook to assure investors that SIB “had no direct or indirect exposure” to any Madoff investments. Pendergest-Holt, Davis and Stanford knew when this statement was made that it was false. In the market environment of December 2008, it is

hard to imagine a more material breach of an investment adviser's heightened duty of care owed to clients.

C. SIB and SGC Failure to Register as an Investment Company Violated Section 7(d) of the Investment Company Act of 1940.

Section 7(d) of the Investment Company Act of 1940 prohibits investment companies organized under the laws of foreign jurisdictions from making a public offering of securities in the United States, except by entry of an order from the Commission permitting registration. *See Investment Funds Institute of Canada* (1996 SEC No. Act. Lexis 334 (March 4, 1996)). Both SIB and SGC (acting as SIB's underwriter) were bound by this requirement and failed to register, which was intended to, and had the effect of, shielding SIB's CD program from Commission oversight.

SIB qualifies as an "investment company" under either a "traditional" or an "inadvertent" investment company analysis. The "traditional" investment company is defined by ICA Section 3(a)(1)(A) as any issuer that holds itself out as primarily engaged, or proposes to be primarily engaged, in the business of investing, reinvesting or trading in securities. SIB's primary business is to manage the deposits of its customers, not any commercial banking activity. Moreover, these customer deposits are invested primarily in securities.²² [App. 867].

Likewise ICA Section 7(d), in addition to prohibiting SIB's offering, prohibits SGC's activities as an underwriter for SIB. SGC acted as an underwriter pursuant to ICA Section 2(40) because of its activities in connection with the sale of SIB's CDs.

²² Alternatively, SIB also qualifies as an "inadvertent" investment company pursuant to ICA Section 3(a)(1)(C)'s definition of "any issuer which is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposed to acquire investment securities having a value exceeding 40 per centum of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis." In every year since 2004, equity investments have accounted for at least 48 percent of SIB's total assets.

V. APPROPRIATE RELIEF

A. Injunctive Relief

In analyzing the need for injunctive relief, courts focus on whether there is a reasonable likelihood that the defendant, if not enjoined, will engage in future illegal conduct. *See, e.g., SEC v. Comserv Corp.*, 908 F.2d 1407, 1412 (8th Cir. 1990); *SEC v. Bonastia*, 614 F.2d 908 (3d Cir. 1980); *SEC v. Commonwealth Chem. Sec., Inc.*, 574 F.2d 90, 100-101 (2d Cir. 1978). In determining the likelihood of future violations, the totality of the circumstances is to be considered. *Murphy*, 626 F.2d at 655. In granting or denying injunctive relief, courts have considered the following factors: (1) the egregious nature of the defendant's actions; (2) the isolated or recurrent nature of the violations; (3) the degree of *scienter* involved; (4) the sincerity of the defendant's assurances, if any, against future violations; (5) the defendant's recognition of the wrongful nature of his conduct;²³ and (6) the likelihood that the defendant's occupation will present opportunities (or lack thereof) for future violations.²⁴ Additionally, other courts consider the defendant's age and health. *See SEC v. Youmans*, 729 F.2d 413 (6th Cir. 1984); *SEC v. Wash. County Util. Dist.*, 676 F.2d 218, 227 n.19 (6th Cir. 1982); *SEC v. Universal Major Indus. Corp.*, 546 F.2d 1044, 1048 (2d Cir. 1976), *cert. denied*, 434 U.S. 834 (1977).

Preliminary and permanent injunctive relief against Defendants are appropriate. Their violations were not merely technical in nature, but, rather, lie at the very heart of the remedial statutes.

²³ This consideration is limited in other circuits by *SEC v. First City Fin. Corp.*, 890 F.2d 1215, 1219 (D.C. Cir. 1989), in which the Court of Appeals said that the "'lack of remorse' is relevant only where defendants have previously violated court orders, *see SEC v. Koenig*, 469 F.2d 198, 202 (2d Cir. 1972), or otherwise indicate that they do not feel bound by the law, *see SEC v. Savoy Indus.*, 587 F.2d 1149, 1168 (D.C. Cir. 1978)."

²⁴ *See SEC v. Carriba Air, Inc.*, 681 F.2d 1318, 1322 (11th Cir. 1982); *see also, SEC v. Bonastia*, 614 F.2d 908, 912 (3d Cir. 1980); *SEC v. Commonwealth Chemical Securities, Inc.*, 574 F.2d 90, 100-101 (2d Cir. 1978).

Moreover, Section 20(a) of the Securities Act and Section 21(d)(1) of the Exchange Act authorize the Commission to seek emergency relief when it appears that a person is engaged or is about to engage in acts or practices in violation of the federal securities laws. 15 U.S.C. § 77t(a), 15 U.S.C. § 78u(d)(1). Defendants fraud is ongoing. A temporary restraining order is appropriate under the circumstances.

B. Ancillary Relief

I. *Asset Freeze*

An order freezing assets is appropriate to ensure that sufficient funds are available to satisfy any final judgment the Court might enter against the Defendants and to ensure a fair distribution to investors. *See, e.g., Manor Nursing Ctrs.*, 458 F.2d at 1106 (freeze of assets pending transfer to trustee); *Unifund, SAL*, 910 F.2d at 1041-42. An asset freeze as to each defendant's assets is appropriate to assure satisfaction of whatever equitable relief the court ultimately may order and to preserve investor funds. *Id.*; *CFTC v. Muller*, 570 F.2d 1296, 1300 (5th Cir. 1978). Additionally, an asset freeze "facilitate(s) enforcement of any disgorgement remedy that might be ordered" and may be granted "even in circumstances where the elements required to support a traditional SEC injunction have not been established." *See SEC v. Unifund Sal*, 910 F.2d 1028, 1041 (2d Cir.) *reh'g. denied*, 917 F.2d 98 (1990). It is well recognized that an asset freeze is sometimes necessary to ensure that a future disgorgement order will not be rendered meaningless. *See, e.g., United States v. Cannistraro*, 694 F. Supp. 62, 71 (D.N.J. 1988), *modified*, 871 F.2d 1210 (3d Cir. 1989); *SEC v. Vaskevitch*, 657 F. Supp. 312, 315 (S.D.N.Y. 1987); *SEC v. R.J. Allen & Assocs., Inc.*, 386 F. Supp. 866, 881 (S.D. Fla. 1974).

The ancillary remedy of a freeze order requires a lesser showing than that needed to obtain injunctive relief. *See SEC v. Gonzalez de Castilla*, 145 F. Supp. 2d 402, 415 (S.D.N.Y.

2001) (“courts may order a freeze even where the SEC has failed to meet the standard necessary to enjoin future violations”). For example, to obtain an asset freeze, the Commission need not show a reasonable likelihood of future violations. *CFTC v. Muller*, 570 F.2d at 1300. This lower standard results from the recognition that injunctive relief raises the possibility of future liability for contempt; an asset freeze only preserves the *status quo*. *Unifund Sal*, 910 F.2d at 1039. Accordingly, when there are concerns that defendants might dissipate assets, a freeze order requires only that the court find some basis for inferring a violation of the federal securities laws. *Unifund Sal*, 910 F.2d at 1041.

Here, there is a clear basis for fearing dissipation of funds. It appears that \$250 million has been liquidated from Tier 2 since December 2008, and the Commission has learned of significant attempts to liquidate the portfolio within the last week. Moreover, not only is there “some basis for inferring a violation of the federal securities laws,” for the reasons set out above, the Commission is more than likely to succeed on the merits of its case for antifraud violations.

2. *Defendants Should Be Ordered to Preserve Relevant Evidence.*

The Commission seeks an order prohibiting the movement, alteration, and destruction of books and records and an order expediting discovery. Such orders are appropriate to prevent the destruction of key documents and to ascertain what additional expedited relief may be necessary.

3. *Expedited Discovery Is Appropriate.*

The Federal Rules of Civil Procedure give District Courts discretion to permit expedited discovery. Defendants are usually given until at least 45 days after the service of a summons and complaint to respond to document requests, Fed. R. Civ. P. 34(b), and 30 days after such service to appear for a deposition, Fed. R. Civ. P. 30(a) or respond to interrogatories, Fed. R. Civ. P. 33(a). But each of these Rules provides that the Court, in its discretion, may shorten these

periods. *See also Gibson v. Bagas Restaurants, Inc.*, 30 Fed. R. Serv. 2d 792, 87 F.R.D. 60 (W.D. Mo. 1980) (accelerated discovery is allowable within the discretion of the Court). Moreover, where urgent relief is sought and expedited discovery is needed to accomplish that result, a court may grant accelerated discovery. *See Notaro v. Koch*, 35 Fed. R. Serv. 2d 580, 95 F.R.D. 403 (S.D.N.Y. 1982). Expedited discovery is required in this case to enable the Commission more fully to develop the evidence prior to the conduct of a preliminary injunction hearing. The Commission should have the opportunity to supplement a complete evidentiary record prior to the preliminary injunction hearing. Also, expedited discovery is vital to determining the scope of the fraud and the whereabouts of investor funds. Accordingly, the Commission requests depositions on notice of 3 days, with notice provided as noted below.²⁵

4. *Alternative Service and Notice Provisions*

Rule 4(f)(3) of the Federal Rules of Civil Procedure provides that the Court may authorize alternative means for service of process in foreign countries. The Commission respectfully requests that the Court authorize service upon the defendants by serving them, in the manner described in the Commission's proposed order, by providing notice and service of process on each Defendant by e-mail transmission and by facsimile.

5. *Accounting*

The Commission seeks an order requiring Defendants and Relief Defendants to make an immediate accounting. An accounting will enable the Commission to determine more accurately the scope of the fraud and disposition of investor funds. It will help ensure the proper distribution of the assets. *See SEC v. Int'l Swiss Invs. Corp.*, 895 F.2d 1272, 1276 (9th Cir. 1990); *Manor Nursing Ctrs.*, 458 F.2d at 1105-06. An accounting is particularly justified

²⁵ This is particularly important here because Defendants have not produced any documents during the investigation, and have failed to comply with lawfully issued subpoenas.

because of Tyler's use of investor funds and the Relief Defendants' receipt of property traceable to Tyler's illicit conduct and to investor funds.

6. *Appointment of a Receiver*

As noted above, the defendants in this case have made every effort to deny access to the records and data necessary to enforce the federal securities laws. In addition, many of the funds appear to be easily transferrable outside the United States. A receiver is necessary here to marshal, liquidate and distribute assets to the victims of the defendants' scheme and especially warranted in light of the Defendants' efforts to shield relevant financial data and other key documents from independent review, the recent effort to remove operations from the United States, and recent large liquidations and lying to investors seeking to redeem their CDs.

7. *An Order For Passport Surrender Are Appropriate.*

An order for repatriation of funds and records sent offshore and still under the control of the defendants is appropriate. There is evidence that funds and records have been transferred overseas. In addition, based on the defendants' frequent foreign travel, the fact that Stanford maintains vast holdings (including residential real estate) in foreign locales, and Stanford's self-proclaimed dual residency, the Commission seeks an order requiring the defendants to surrender their passports to the court. These orders will ensure the efficacy of whatever equitable relief might ultimately be granted. *See R.J. Allen & Assocs., Inc.*, 386 F. Supp. at 881.

8. *A Repatriation Order is Necessary.*

The Commission also seeks a repatriation order requiring the Defendants to return to identified accounts in the United States, all trading proceeds that may be located outside this Court's jurisdiction. Such equitable relief is appropriate where the Commission is seeking disgorgement in its prayer for relief. *SEC v. R.J. Allen & Assoc., Inc.*, 386 F. Supp. 866, 880-

881 (S.D. Fla. 1974).

Respectfully submitted,



STEPHEN J. KOROTASH
Oklahoma Bar No. 5102
J. KEVIN EDMUNDSON
Texas Bar No. 24044020
DAVID B. REECE
Texas Bar No. 242002810
MICHAEL D. KING
Texas Bar No. 24032634
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Texas Bar No. 24007474

U.S. Securities and Exchange Commission
Burnett Plaza, Suite 1900
801 Cherry Street, Unit #18
Fort Worth, TX 76102-6882
(817) 978-6476 (dbr)
(817) 978-4927 (fax)

EXHIBIT 150

Authority to bring injunctive action based upon violation of SRO Rule 4/18/2005 3:47:26 PM

From: Prescott, Victoria F.
To: Cohen, Jeffrey A. (b)(6), (b)(7)c [REDACTED]@SEC.GOV]; (b)(6), (b)(7)c [REDACTED]@SEC.GOV]; (b)(6), (b)(7)c [REDACTED]@SEC.GOV]
Cc: Preuitt, Julie A. (b)(6), (b)(7)c [REDACTED]@SEC.GOV]; (b)(6), (b)(7)c [REDACTED]@SEC.GOV]; (b)(6), (b)(7)c [REDACTED]@SEC.GOV]; (b)(6), (b)(7)c [REDACTED]@SEC.GOV]
Attachments: 2002-14.bx, NY-06752Jan152002.doc

Jeff--

In one of our conversations--either this morning or last Friday--I mentioned the possibility of taking a somewhat novel approach and naming Stanford for violating the NASD Rule pertaining to suitability, which seems easier to prove than our standard 10b-5 approach. Specifically, NASD Rule 2310 "Recommendations to Customers (Suitability)" provides that

"In recommending to a customer the purchase, sale or exchange of any security, a member shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs."

It is hard to see how Stanford the broker-dealer can, on the one hand, claim that it does not know any details about the "CDs," and on the other hand, make a determination that these are suitable investments.

Exchange Act Section 21, dealing with investigations and actions, is helpful with respect to charging violations of NASD rules. Specifically, Section 21 (d)(1) and Section 21 (f). I think we can make a strong argument that it is in the public interest and for the protection of investors to charge Stanford with violations of NASD Rule 2310. I am attaching an action memo and lit release from NY-6752 in which the NERO brought an injunctive action against Credit Suisse First Boston in which the Commission charged a combination of traditional 17(a) type charges with NASD Rule violations. <<...>> <<...>>

Hope this is useful. Thanks again for helping us with this!

Victoria

EXHIBIT 151

Thursday, March 25, 2010 As of 6:25 PM EDT

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AUGUST 27, 2009, 5:09 PM ET

The Stanford Affair: Another Bad Day for Proskauer's

Article

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NO SEAR THE SAY

By Amir Efrati



It's not every day that a well-recognized name in the white-collar defense world — and a former SEC veteran to boot — finds himself in the crosshairs of a major fraud investigation.

But that might be happening to Proskauer Rose's Tom Sjoblom (pictured) in what LB readers know as the Stanford Affair.

Today's development in the case — a guilty plea by Stanford Financial Group's former CFO, James Davis — provided an indication that they may be setting their sights on Sjoblom, who was outside counsel for Stanford International Bank starting in 2005. (A prior post on Sjoblom's troubles is [here](#).)

Sjoblom, who served as an assistant chief litigation counsel in the SEC's enforcement division for 12 years before going into private practice, is mentioned repeatedly in the plea agreement, unveiled today, between DOJ prosecutors and Davis. In the agreement, Davis appears to implicate Sjoblom in a conspiracy to obstruct an SEC investigation into the bank, largely, Davis alleges, by reiterating falsehoods to the SEC. Click [here](#) for the agreement, which is a good read and includes a mention of a "blood oath" ceremony between Stanford CEO Allen Stanford and a Caribbean banking regulator.

For starters, Sjoblom comes across in the agreement as a fervent defender of Stanford International Bank as early as 2006. Davis agreed that the government could prove that in 2006 "Outside Attorney A" (Sjoblom) contacted the SEC, which had started an investigation of the bank, to tell the agency that it had "no basis" to request documents concerning the bank's investment portfolio, and that he "had spent 15 years investigating fraud for the SEC and was 'well-equipped' to recognize the 'hallmarks of fraud.'"

Wes Discov

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About La

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But the allegations relate to events from a couple years later. In late 2008, the plea agreement says, Sjoblom was informed that the bank's CD investment portfolio included a tier of illiquid investments and that it wasn't disclosed to investors. (Much later he learned that the tier, valued at \$6 billion, was mostly fictitious.) Also, Sjoblom learned that the bank's chief investment officer Laura Pendergest-Holt, didn't manage that part of the portfolio.

But Sjoblom, in a meeting in January of this year with SEC lawyers who were investigating the CD investment portfolio, according to the plea, "falsely maintained" that the company's chief executive and chief financial officer didn't "micro-manage" the CD investment portfolio and falsely maintained that Holt would be in the best position to talk about it. Sjoblom then "falsely informed the SEC attorneys at this meeting that [the bank] was 'not a criminal enterprise.'"

Later, in February, Sjoblom allegedly learned at a Miami meeting with Stanford execs that the bank was, according to the plea agreement, likely insolvent because the CD investment portfolio was essentially fictitious. The chief executive, Allen Stanford, later told him that the bank's "assets and financial health had been misrepresented to investors."

A few days later, on Feb. 10, Sjoblom sat by Holt's side as she told SEC lawyers under oath that "she was unaware of the assets and allocations of assets" in the \$6 billion tier, despite the fact that both Holt and Sjoblom had allegedly been given details about the tier in the Miami meeting with Stanford execs. On Feb. 14, Sjoblom resigned from representing the bank and sent a note to the SEC, saying, "I disaffirm all prior oral and written representations made by me and my associates to the SEC staff."


Sjoblom's lawyer, James Cole of Bryan Cave, declined to comment to the Law Blog.

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4:03 pm August 31, 2009

Bianca Rit wrote: Amir Efrati,

I recently came across your The Stanford Affair: Another Bad Day for Proskauer's Tom Sjoblom article. Any time you or your associates need sources for stories concerning employment or staffing issues and trends we would be happy to provide you with an expert from Special Counsel (www.specialcounsel.com). Special Counsel is the largest provider of legal staffing services to corporate legal departments and law firms nationwide, including 99 of the 100 largest law firms in the U.S. You may reach Amanda Burns at (904) 425-6652 ext 301 or at aburns@axia.net.

Regards,

Bianca Rist

AXIA, On Behalf of Special Counsel, a member of the MPS Group (NYSE:MPS)

3:19 pm August 28, 2009

KY Lawyer wrote:

If the allegations in the plea agreement are true, Sjoblom /Outside Attorney A (& inside Atty A) need to lose their law licenses.

2:24 pm August 28, 2009

Clunker Cash wrote:

Man, its too bad someone blew up your car. Obanana would have paid you \$4500 for that thing and you could have gotten a new Hyundai or something cool like that.

9:51 am August 28, 2009

wtf wrote:

EB. Try Lithium.

6:45 am August 28, 2009

Elwiot Bernstein wrote:

MADOFF + STANFORD + DREIER + SATYAM + FISERV + ALBERT HU + The 1031 Tax Group LLC - Edward H. Okun = PROSKAUER ROSE, FOLEY & LARDNER & Schiffrin & Barroway (now Barroway Topaz Kessler Meltzer & Check, LLP) Foley & Lardner partner Patricia J. (Trish) Lane represented FISERV, sue Foley, read on. Investors who have been burned in these scams should start to seek redress from the lawyers who were involved with these scams. I personally have been trying to notify regulators and

via PointOfL:

Claiming Par Over Firing via Law.com

Execution de via SCOTUS

Laboratory A via Law.com

Novell Files I Updated as t via Groklaw

Justices Del via The BLT:

Back to the t via The Volo

Judge Halts via Law.com

7 Factors Be via Law.com

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authorities of a ONE TRILLION DOLLAR scam that is putting states like New York and Florida at huge risk, as well as, companies like Intel, Lockheed, SGI and IBM. The states and companies involved in the fraud fail to acknowledge the risk exposing shareholders and citizens to impending liabilities. Investigators, courts and federal agents ignoring the crimes and evidence, including a car-bombing attempt on my life. I know how Harry Markopolos felt trying to expose Madoff in a world without regulation.

Did I hear Proskauer Rose is involved in Madoff (involved many clients too) and acted as Allen Stanford's attorney. Investors who lost money in these scams should start looking at the law firm Proskauer's assets for recovery. First, Proskauer partner Gregg Mashberg claims Madoff is a financial 9/11 for their clients, if they directed you to Madoff sue them. Then, Proskauer partner Thomas Sjoblom former enforcement dude for SEC and Allen Stanford attorney, declares PARTY IS OVER to Stanford employees and advises them to PRAY, this two days before SEC hearings. Then at hearings, he lies with Holt to SEC saying she only prepared with him but fails to mention Miami meeting at airport hanger. Then Sjoblom resigns after SEC begins investigation and sends note to SEC disaffirming all statements made by him and Proskauer, his butt on fire. If you were burned in Stanford sue Proskauer.

Proskauer Rose, Foley & Lardner and Barroway Topaz Kessler Meltzer & Check, LLP are also in a TRILLION dollar FEDERAL LAWSUIT legally related to a WHISTLEBLOWER CASE also in FEDERAL COURT. Marc S. Dreier, brought in through Raymond A. Joao of Meltzer Lippe after putting 90+ patents of mine in his own name, is also a defendant in the Federal Case.

The Trillion Dollar suit according to Judge Shira Scheindlin is one of PATENT THEFT, MURDER & A CAR BOMBING. For graphics on the car bombing visit <http://www.iviewit.tv>.

The Federal Court cases

United States Court of Appeals for the Second Circuit Docket 08-4873-cv - Bernstein, et al. v Appellate Division First Department Disciplinary Committee, et al. - TRILLION DOLLAR LAWSUIT

Cases @ US District Court - Southern District NY

(07cv09599) Anderson v The State of New York, et al. - WHISTLEBLOWER LAWSUIT

(07cv11196) Bernstein, et al. v Appellate Division First Department Disciplinary Committee, et al.

(07cv11612) Esposito v The State of New York, et al.,

(08cv00526) Capogrosso v New York State Commission on Judicial Conduct, et al.,

(08cv02391) McKeown v The State of New York, et al.,

(08cv02852) Galison v The State of New York, et al.,

(08cv03305) Carvel v The State of New York, et al., and,

(08cv4053) Gizella Weissshaus v The State of New York, et al.

(08cv4438) Suzanne McCormick v The State of New York, et al.

() John L. Petrec-Tolino v. The State of New York

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EXHIBIT 152

Pages 84 through 86 redacted for the following reasons:

(b)(5), (b)(7)a

EXHIBIT 153

RE: one other question

5/6/2009 9:03:23 AM

From: Garber, Kim
To: Adler, Mark A. [REDACTED]@SEC.GOV]

There may be legal theories as to how we could have stopped them from doing business in the US, and we considered a number of approaches along the way, however [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] the case was moving a different direction. FINRA may have had more latitude to do this than did we – and we did refer it to them along the way. Let me know if you have other questions. Thanks.

From: Adler, Mark A.
Sent: Wednesday, May 06, 2009 8:09 AM
To: Garber, Kim
Subject: one other question

In one of the news reports recently, someone is quoted as saying SEC should have said to Stanford that if it doesn't tell us where \$ was going, we should have said we won't accuse you of fraud but you can't do business in US. Any suggestions on a response? Thanks.

EXHIBIT 154

Constant Contact Survey Results

Survey Name: Inspector General Questionnaire

Response Status: Partial & Completed

Filter: None

Feb 26, 2010 1:29:57 AM

1. In what calendar year did you first invest in any CDs offered by the Stanford International Bank, in connection with a referral or recommendation from the Stanford Group Company?

| | Number of Response(s) | Response Ratio |
|--------------|-----------------------|----------------|
| Before 1997 | 6 | 2.8% |
| 1998 | 2 | <1% |
| 1999 | 2 | <1% |
| 2000 | 1 | <1% |
| 2001 | 11 | 5.2% |
| 2002 | 9 | 4.2% |
| 2003 | 7 | 3.3% |
| 2004 | 23 | 10.9% |
| 2005 | 25 | 11.8% |
| 2006 | 33 | 15.6% |
| 2007 | 53 | 25.1% |
| 2008 | 37 | 17.5% |
| 2009 | 2 | <1% |
| No Responses | 0 | 0.0% |
| Total | 211 | 100% |

2. Did you make additional deposits after your initial CD investment? Please summarize the amount of your investments by year.

210 Response(s)

3. At the time of your first investment in the CDs, were you a U.S. citizen or resident?

| | Number of Response(s) | Response Ratio |
|--------------|-----------------------|----------------|
| Yes | 198 | 93.8% |
| No | 13 | 6.1% |
| No Responses | 0 | 0.0% |
| Total | 211 | 100% |

4. Did SGC represent that the returns on your investment in the SIB CDs were guaranteed? Please describe what was said.

210 Response(s)

5. Did SGC represent that your investments in the SIB CDs were safe investments? Please describe what was said.

208 Response(s)

6. Did any SGC representative ever mention the SEC's oversight of SGC in discussing the CDs or attempting to convince you to go forward with the investment? Please describe what was said.

208 Response(s)

7. At the time of your first investment in SIB CDs, did you have an awareness that the SEC Division of Enforcement had conducted an inquiry concerning SGC?

| | Number of Response(s) | Response Ratio |
|----------------|-----------------------|----------------|
| Yes | 1 | <1% |
| No | 210 | 99.5% |
| No Responses | 0 | 0.0% |
| Total | 211 | 100% |
| 113 Comment(s) | | |

8. If, at the time of your investments in SIB CDs, the SEC had filed an action in court against SGC alleging any violation of the federal securities laws and you were aware of such action, would that have affected your decision to invest in SIB CDs?

| | Number of Response(s) | Response Ratio |
|----------------|-----------------------|----------------|
| Yes | 204 | 96.6% |
| No | 7 | 3.3% |
| Other | 1 | <1% |
| No Responses | 0 | 0.0% |
| Total | 211 | 100% |
| 172 Comment(s) | | |

12. Would you agree to provide an affidavit that provides further details about your investments with the SIB CDs?

| | Number of Response(s) | Response Ratio |
|---------------|------------------------------|-----------------------|
| Yes | 203 | 96.2% |
| No | 8 | 3.7% |
| No Responses | 0 | 0.0% |
| Total | 211 | 100% |
| 71 Comment(s) | | |

13. Please provide your personal information. This information will only be provided to the SEC Office of the Inspector General.

| | |
|----------------------------|-----|
| First Name | 201 |
| Last Name | 201 |
| Work Phone | 201 |
| Home Phone | 201 |
| Email Address | 201 |
| Address 1 | 201 |
| Address 2 | 16 |
| City | 201 |
| State/Province (US/Canada) | 201 |
| Postal Code | 201 |
| Country | 201 |

EXHIBIT 155

The following are excerpts of the responses to the questionnaires sent to Stanford investors by the Stanford Victims Coalition at the request of the OIG in February 2010. The identities of the respondents have been removed.

| | |
|--|---|
| | <p>We have lost a substantial proportion of our retirement investments.</p> |
| | <p>My husband and I are some of the many victims who were caught up in this fraud. We are just average, middle class, hard working citizens of Louisiana who have scrimped and saved all our lives in order to have a secure retirement. In one fell swoop our hopes and dreams of that secure retirement were dashed by Allen Stanford. All of the money we had saved for retirement is now gone. We will no longer be able to do the things that we had dreamed of and planned for in our retirement years. My husband has had to return to work at low paying jobs just to make ends meet. We will have to work until we are no longer able just to survive.</p> |
| | <p>I had 3/4 of my investment capital in STANFORD Int'l Bank CD. I am retired with no substantial income other than Social Security payments. I had to put my house up for sale because I can no longer afford it having sustained this terrible loss. <input type="checkbox"/></p> <p><input type="checkbox"/></p> <p>As a widow, this situation leaves me doubly insecure about taking care of living expenses both now and in the future.</p> |
| | <p>I lost my entire 401K that had acquired over 20 years with MetLife. Value over \$300,000.</p> |
| | <p>Any time you lose your hard earned money it hurts. <input type="checkbox"/></p> <p>However, the vast oversight and blatant THEFT in this case beats anything I have ever been through in my life. This is money that I have saved through several years of business, nights working late and skipping vacations I could have taken with my family..... and for someone to just steal it has taken all of my trust away from the banking and investment system for ever. And for the U.S. government to basically hold hands with this man and then turn it's back and do the RIGHT thing for investors is sickening! If I let myself dwell on it I just get mad. Every single investor in the CD's that were sold by a Stanford Group broker in the United States of America deserves to be covered by SIPC to the extent that Madoff's investor's were. <input type="checkbox"/></p> <p>I CANNOT believe that with the total oversight by my government, that anyone associated with the SEC or any other government agency could have the audacity to argue against reimbursement.</p> |
| | <p>We have been living a nightmare now for a year. We are on the brink of total destruction. We live month to month on the kindness of our family. We are trying to hang on to our car our home is up for sale. No luck yet in selling it. We are rapidly running out of funds to pay our bills, buy groceries, and pay our mortgage. If our home doesnt sell very very soon, so that we can pay off credit card debt, car note, and other debts I dont know what we will do for money. With the sale of our home we will be able to stay afloat for about a year before we will be totally destitute. Every month is a struggle just to survive and pay the bills so we can have heat and buy just enough food to make it thru the month. It is a nightmare beyond compare. We have no money to pay for medicine, depression has impacted our lives to the point of needing medication. We are looking at public assistance in about a yr when our funds are gone from the sale of our home. Zero job offers for 60+ year olds.</p> |

| | |
|---|---|
| | We were told that SGC were the oversight responsibility of the SEC, and that the SIBL was under British oversight which was better than the oversight provided by the USA. |
| | We were skeptical at first due to the higher rates offered, but after doing extensive research we were able to find out they were registered with the SEC, and that the higher rates were due to 1. Market exposure (as the portfolio was diversified in stocks, bonds etc.); 2. The fact that they had lower taxes due to their Antigua headquarters. |
| 7. At the time of your first investment in SIB CDs, did you have an awareness that the SEC Division of Enforcement had conducted an inquiry concerning SGC? - Comments | |
| | Answer |
| | Wish I had. |
| | Nothing was disclosed by my FA and I found nothing when researching background of Stanford on the computer. |
| | NO, I did try to investigate using the internet, but could not find any red-flags searching Stanford International Bank, Allen Stanford, etc. |
| | If there was any sort of information available it was not made public. <input type="checkbox"/> Not only did I loose my life savings, but my mother lost her savings as well. <input type="checkbox"/> Now my mother is gone as well. <input type="checkbox"/> <input type="checkbox"/> This has totally destroyed my life, but my mothers life also. RIP |
| | None, or we certainly would not have considered this investment for retirement. |
| | nothing. I told my broker that this represented 50% or more of my retirement ira and he said it was so safe his mother had invested in a cd and promised if he ever saw anything suspicious his mother and I would be the first people taken out. |
| | Had no knowledge of any prior SEC complaints or inquiries. I researched on internet and could find no registered complaints against Stanford. Obviously, would not have invested with Stanford if there was any sign of trouble |
| | We would have not invested if we knew of an any inquiry by the SEC. |
| | There was never a mention of the SEC. |
| | We did online research and even called a regulatory agency to validate their membership (I believe it was SIPC). |
| | I would have liked this information. I TRUSTED my advisor and thought he was looking out for me. |
| | No idea. |
| | Had I any idea, I would never have invested Monet with them. |
| | There was no indication of investigation or questions when I first investigated Stanford Financial Group and the Louisiana Trust Company. My first investment was made in 2003, however, in late 2008 I increased my CD investment by 150% due to the confidence in the SEC audit conducted in 2007 and the approval of the SEC of the SGC. |

| | |
|--|---|
| | We had seen a complaint from a previous employee (maybe on SEC website) and were told it was a disgruntled employee. Literature listed SIPC, member FINRA, regulated by the SEC. No mention of any current investigations by any regulatory agency. |
| | No. I don't even think SHE knew. |
| | No |
| | At all times the advisor said the SIPC covered better than the FDIC because they had more covered and would pay faster with less red tape in the event that the bank would collapse or go bankrupt. He said the FDIC was not as solvent as the SIPC. And they would pay in the event that Lloyd's of London or Traveler's did not. |
| | No. |
| | NO |
| | Yes she did. |
| | No. |
| | No one told us they had been investigated. |
| | No |
| | Yes, with important real state investments that were audited by the USA government and the safest economy in the world, moderate returns but secured investments. |
| | NO |
| | never, simply said if was very safe that CD's were the safest place to put your money and my long term stratedy was to protect those funds I handed over. Out of all of my investments I was told these were the safest, simply because they were CD's and how they could guarantee the results. |
| | NEVER MENTION ANYTHINK ABOUT SEC AT ALL. |
| | No. |
| | No. |
| | Not that I remember |
| | NO |
| | I don't remember this. |
| | I do not recall such a specific statement about SEC oversight. |
| | Yes, we asked about SEC investigation and was told the investigation was complete and fined SGC a very small amount for some "sloppy accounting" and gave them a clean bill of health - everything was fine. |
| | SEC was never discussed |
| | yes, this was standard investigation. All banks have the same investigation. |
| | No |
| | It was my understanding that all brokerage companies are under the oversight of the SEC. I relied upon this and the fact that I was told SGC had been in business for 75 years. I trusted my broker from other investments relationships. |
| | Absolutely, I inquired if the Certificate of Deposits were FDIC insured and fully overviewed by the SEC with routine SEC required periodic report filings and routine SEC audits -- they assured they were! They stated alternative managed stock fund investments offered were also fully SEC compliant meeting required routine filing requiremnets/audits! |

| | |
|--|--|
| | No |
| | Not that I recall |
| | Yes, there was discussion of the SEC audit in 2007. Since the SEC looked at brokers paperwork and conducted the audit in the Stanford Financial offices the brokers were convinced the SEC had approved the SIB. The brokers then said Stanford had SEC approval and confidently sold the CD's. This was the reason I invested late in 2008. |
| | NEVER - if our family had known that we would have NEVER invested with Stanford!!!! NEVER!!! - |
| | Certainly he had mentioned that SGC came under the SEC regulation like all other Brokage Houses,□ and he even said they carried more insurance than□ most Brokage Houses. He said his father had□ invested 1 million dollars in these CD's and if they were not completely safe he would never have let him do it. He said these CDs were a SGC product. |
| | No mention was ever made of any SEC oversight of SGC |
| | No |
| | I do not remember but I felt it was a safe investment and my SGC advisor also was heavily invested in the CDs. |
| | He represented that SGC and the CD's were under the same restrictions and oversight that any other brokerage house and with the SIPC and FINRA label on all the marketing material, I assumed he was correct. |
| | NO ONE EVER MENTIONED ANYTHING ABOUT THE SEC!!! Time and time again, we told our broker to NOT put our retirement money into anything risky! |
| | Never. |
| | No, SEC was never mentioned. |
| | Not that I recall. |
| | not that I recall |
| | No |
| | No, I did not even know what SEC stood for |
| | Not that I recall. |
| | No, but the prospectus strongly suggested oversight by the SEC |
| | WE talked about other safe money places, he indicated this was the best place for me to go.He talked about how many other clients were investing because of the safety and better returns. I told he many times that is was money I could not afford to lose and told him MANY times after I had invested and he assured me I was in the right place. |
| | no |
| | I don't remember them mentioning the SEC. |
| | In 2007, I was told that SGC was like any other broker, regulated by the SEC and always 'passed with flying colors'. That Allen Stanford was featured on CNBC for his expertise. I asked if SGC would be inspected here in the US, even though the CDs were at their bank. I was told yes. All of the above pertained to my CD purchases. |
| | No |

| | |
|--|--|
| | He did mention that the SEC had investigated the Miami office but were basically given a clean bill of health. He used this as a sales tool. |
| | He pointed to seal of SIPC logo and told us that This similar deposit guarantee as FDIC |
| | My broker never said anything about the SEC, just said the CD was through the Stanford Group Company and it was a good investment. I trusted him and didn't know anything was wrong. |
| | No |
| | When we heard of any question of the safety of the CD's in Nov or Dec of 2009, we were told the complaints came from former employees of Stanford who were disgruntled and our investments were safe. |
| | No. No mention of prior problems or sec oversight |
| | Yes, the broker went as far to say that the SEC had found an error on their brochure and they were fined \$10,000.00 for the error. Stanford had to redo their brochure. This gave us a lot of comfort knowing that they were being watched. |
| | No but the material provided me showed it was an accredited investor offering and that the offering had been registered with the SEC |
| | No. SIB met all international banking laws, regulations and audit requirements that are more stringent than U.S. regulations. |
| | No, he never mentioned above |
| | I asked if SEC had any oversight of these CD's and was told that Lloyds of London provided a better oversight situation than the U.S. Federal gov. would. |
| | No |
| | Yes ^{(b)(6), (b)(7)c} my agent from the Stanford Office in Mexico for investments always told me that my CDs were secured and insured by Lloyds Bank of England. |
| | No, nothing was said about the SEC oversight. |
| | Was under SEC regulation |
| | He only told us that Stanford was a good, reliable investment firm and that he was going to watch our money for us. He said that they were governed by financial regulations. |
| | No, not that I recall. SEC and SIPC were not discussed during the SIB CD sales discussions. Incidentally, my financial advisor was brand new to Stanford in 2007, as was I. He 'brought' me over from our previous firm and never divulged any previous wrong doing by Stanford. Whether he had knowledge or not or prior investigations, I will never know. |
| | No mention of the SEC was ever made. |
| | Yes, I was going to put the money with Buffet Berkshire Hathaway. They said this was better and that it would be guaranteed and Berkshire is not. |
| | NO. We were always told how well Stanford Company was doing. In fact, our quarterly statements always reflected how our investments outperformed the Market. When the Market began to slide, we were strongly encouraged by our FA to put our money in a safe place – SIB CD's. |

| | |
|--|---|
| | <p>AGAIN, if my family had known this we would have NEVER invested with Stanford. My husband is an attorney and would research Stanford monthly and NOTHING EVER was a red flag. It seems as though his whole life was covered up by our own govt. there was nothing but praise by our congressmen, senators and our own President Bush how wonderful his company and man was and the safest sound company.</p> |
| | <p>If I had I certainly would not have done any transactions with them.</p> |
| | <p>Absolutely not nor did my SGC advisor. Had I know I would never have invested. The SEC should have let the investment community know of their investigations. They did not and we invested well after their findings of problems.</p> |
| | <p>After countless hours of due diligence before making my decision to invest in the CD's, the first time I EVER heard ANYTHING negative about RAS, was the day of the take over by the FED's. This fact is the most disturbing to me and my family, as we would have ALL our money if we had EVER seen or heard anything remotely negative about RAS or his company. A fact that was well hidden by our government agencies,</p> |
| | <p>If we had known that the government was investigating Stanford, we WOULD NOT have put our money into the CDs. Why didn't the SEC stop the sale sooner? If we had listened to our broker, he would have wanted to put our bonds and insurance maturity into CDs. Thank you, God, that we didn't do that!!!</p> |
| | <p>absolutely not, I would never have put money in the CD if I had known they were being looked at.</p> |
| | <p>He did not mention any issues. He did talk about the group that was in charge of the bank and want a good job they were doing with the funds and how comfortable he was with the bank</p> |
| | <p>It was never mentioned.</p> |
| | <p>If I had known this, there is NO doubt in my mind that I would not have invested. This information would have been in direct conflict with what I was told.</p> |
| | <p>If the SEC's inquiry of STC or SIB had been mentioned or publicly mentioned I would not have invested in STC.</p> |
| | <p>This would have convinced us to invest elsewhere!</p> |
| | <p>I had attempted to exercise caution by going to various governmental and non-governmental web-sites before switching to Stanford and before purchasing CD's and found no negative comments. This was in 2005-2007.</p> |
| | <p>If I had known of any SEC investigation currently or in the past, I would never have invested with Stanford.</p> |
| | <p>This was not highly publicized.</p> |
| | <p>Our FAs are actually claiming (in response to our lawsuit) that they didn't, either!</p> |
| | <p>They NEVER told me this point. I would not have invested otherwise.</p> |

| | |
|--|--|
| | This was not mentioned. I only learned about the SEC inquiry after the implosion. |
| | If I had known of such a thing I NEVER would have invested with Stanford. NEVER. |
| | Absolutely none until Feb. 2009 |
| | We were never ever told of any SEC activity or any dissatisfaction of any former employees of SGC. We were led to believe by our financial advisor that SGC had a 40 year history of reliability and respectability. And SGC had an impeccable record and had received many awards and commendations one even from President Bush commending Allen Stanford for his exemplary conduct in the business community. |
| | if this would have been made public or at least to the current owners at hand, none of this would have happened..... |
| | If I had know about it I wouldn't have invested. I invested for income and wanted no serious risk. I'm retired on a fixed income. |
| | We fully researched our decision to invest and never found any mention of any investigation or even a whiff of impropriety leveled against Stanford. In fact completely the opposite in how upstanding and connected Stanford was. We were thoroughly and completely unaware that the SEC were investigating improprieties since nothing was ever published. |
| | There was no public information that we could find that described the inquiry. |
| | I beleive our financial advisor did know and was aware but never properly advised us. They all should have know better if they have securities licenses it should be part of due diligence to protect their clients. There has been enough proof that Stanford had been looked into for sometime and the advisors should have known better. They were blinded by their greed for commissions and bonuses. |
| | just the other weay around, the information that I has was that SEC audited SIB, giving excellent feed back about it, investments were safe and more money could be invested, as I did through time. |
| | NOT AT ALL |
| | No. I had no indication that SGC was being investigated by the SEC. |
| | We were never advised of SEC scrutiny, and we were sold CDs even after SEC raids of SGC offices, possibly including the Tupelo MS office where our FA was located. |
| | I discussed the soundness of my investments with my SGC advisor periodically, and he never mentioned any inquiries but maintained the soundness of my SIB CD and its reported interest accumulation. |
| | No - not the first CD - as we asked questions later about SEC - we were assured the SEC investigations were just normal audits and that SEC found nothing wrong - everything was fine. |

EXHIBIT 156

The following are excerpts of the responses to the questionnaires sent to Stanford investors by the Stanford Victims Coalition in connection with the Stanford Victims Coalition's survey in February 2010. The identities of the respondents have been removed.

We were discouraged from redeeming our CD's all the time. I questioned our FA on numerous occasions as to the % we had invested in these and he always said unequivocally it was the safest place to have our money!!

As soon as I was aware of something going on with Stanford in Jan. of 2009 I ask to get my money out and was told by (b)(6), (b)(7)c that I could not get my money out.

I only bought my CD's in 2007 and if I had known that Stanford Group was ever under investigation by the SEC I would not have bought at all.

september '08

november '08

december '08

each time i was advised not redeem by my advisor

I said that I was thinking about it and then was talked out of it. I was awaiting maturity of the CD's in order to redeem.

wanted a monthly check but only got one before sib was shut down Yes. Attempted to redeem 2-12-09 but was told that all accounts were frozen.

In Sept. 2008, I became nervous about the International Bank, even though I had heard nothing bad about it. I called (b)(6), (b)(7)c and talked to him about cashing in my CD's. He told me that the bank was doing exactly what it was supposed to do. He also told me that Allen Stanford had held a meeting in Miami just about a week before and told them that he had put a lot of his personal money into the bank to reassure all the investors that things were good. I cashed in my CD's at maturity on 11/13/08

In September 2008 and in December 2008, we told our advisor that we were very concerned about the risk at the bank. We have an email that we sent to him. He emailed us back to say that he would talk to us in person. He then went and re-invested our cd in November 2008 without any notification.

During my annual review in Jan. 2009, I asked about redeeming my CD and was told that would be very risky!

Did your SGC Financial Advisor take any personal action to reassure you?
Answer

He did forward to me copies of annual reports and other positive news regarding SIB.

Every time we spoke on the phone he re-assured me that everything was good with the bank. He sent emails to us explaining that the bank was strong and that there was nothing to worry about.

NO!!!!

No. Never was mentioned. Acutally was told that there had never been a problem with SGC. Had I any inkling of wrongdoing, I certainly would not have invested my life savings in a risky venture.

To the contrary, we were always given assurances by our FAs that Stanford Financial Group, was a model of integrity for the financial industry and select investors.

Not until after the SEC charges were filed.

We were never told of any investigations

We never heard anything of SEC investigations. Of course this would have been a very large red flag to us and we would have transferred out of that bank immediately. ☐

☐

We can not understand why we not given this information which would have saved our entire life's savings.

If he had notified us of anything, we surely would have advised him to move the CD to something that was insured.

We heard rumors and contacted our advisor.

Before transferring to Stanford I went to the web and other publications trying to do due diligence on Stanford and found no adverse commentary. Not only did he fail to disclose information he praised the company and its leader.

My FA never indicated there were any investigations by the SEC until Feb 16th. (That was the 1st time.)

Never - we did not have a clue this was in process.

The FA kept assuring us every thing was OK and did say that there was an issue with disgruntled employees. Never anything else.

Never one word about this.

Never!!!!!!

Never.

NEVER !!!! ☐

That is why I am reluctant to ever trust anyone else with my accounts.☐

☐

I am not sure that he knew.

He did state that the SEC was doing standard audits of the company. i call my broker 40 days before stanford close to ask what was FINRA doing in their offices early jan 2009 and told me that it was routine investigation that was done every year.

Did your SGC FA ever disclose to you SGC's FINRA violations in 2

Answer

Never even heard of that.

Never mentioned it.

EXHIBIT 157

Memorandum of Interview with Stanford Victim

At 11:30 a.m. on Wednesday March 24, 2010, Office of the Inspector General (b)(6), (b)(7)c conducted a telephone interview with an investor in the Stanford Financial Group.

The investor stated that she and her now deceased husband first invested in Stanford Financial Group in July of 2004. The investor stated that in June 2004, prior to their initial investment, her husband contacted the SEC. She cannot recall which office her husband spoke with, but she said that he spoke with an office intended to educate investors. The investor stated that an SEC representative told her husband that Stanford was "very solid," "the most solid group in Texas," "prestigious," that it had "licensed brokers," and that it "had been functioning well for eighteen years."

The investor stated that and her husband increased their investments in Stanford through March of 2008, believing that the fund was a safe investment. She stated that her broker assured her that Stanford was in good shape through 2008. The investor stated that her broker told her that Allen Stanford was injecting his personally money to back the fund. The investor also stated that she was sent a Stanford newsletter in 2008 assuring investors that Stanford was performing well. The investor stated that her broker informed her that U.S. regulators "constantly" came to Stanford, and that everything was "perfect."

EXHIBIT 158

RECEIVED

STANFORD GROUP

OCT 20 10 36 AM '97

Clearing Agent BEAR STEARNS Securities Corp.

October 17, 1997

SEC-FWTC

*BD-File
-wa*

(b)(6), (b)(7)c

Securities and Exchange Commission
Fort Worth District Office
801 Cherry Street
19th Floor
Fort Worth, Texas 76102

Dear

(b)(6), (b)(7)c

Please be advised that we are in receipt of your September 25th letter addressed to

(b)(6), (b)(7)c

(b)(6), (b)(7)c

In regards to your findings of the deficiencies in the Maintenance of Books and Records
– Rule 17a-4, the deficiencies have been noted and your recommendations implemented.

Sincerely,

Lena Stinson

Lena M. Stinson
Managing Director
Administration

CC:

(b)(6), (b)(7)c

NASD Regulations

(b)(6), (b)(7)c

Securities Registrations Division
Texas State Securities Board

MEMBER NASD/SIPC

EXHIBIT 159



THE WHITE HOUSE
WASHINGTON

February 20, 2008

I send greetings to those gathered in St. Croix, Virgin Islands to celebrate the expansion of Stanford Financial Group.

To protect their future well-being and that of their families, it is important for individuals to give careful thought to strengthening their financial security. By providing investment and wealth management services, companies like yours are helping more Americans build a solid foundation for the future.

Laura and I send our best wishes on this special occasion.

A handwritten signature in black ink, appearing to read "Barack", written in a cursive style.

EXHIBIT 160

Bloomberg.com



Stanford Coaxed \$5 Billion as SEC Weighed Powers (Update1)

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By Alison Fitzgerald and Michael Forsythe



April 16 (Bloomberg) -- In the summer of 2005, Stanford Group Co. Executive Director Jay Comeaux sought to calm more than a dozen financial advisers gathered in his mahogany-walled, oriental-carpeted Houston office.

The U.S. Securities and Exchange Commission had sent their clients questionnaires on certificates of deposit issued by Stanford's offshore bank in Antigua. The probe was nothing to worry about, Comeaux said, according to Charles Rawl and Mark Tidwell, advisers who attended the meeting.

Comeaux called it "a routine inquiry," says Rawl, who sued the company last year for wrongful dismissal. "Then it all seemed to go away."

Almost four more years passed and Bernard Madoff's \$65 billion fraud came to light before the U.S. took action against Stanford. The offshore bank's assets swelled from \$3.8 billion to \$8.5 billion by the time the SEC filed suit in February accusing the company and its leader, R. Allen Stanford, of running a "massive Ponzi scheme." Stanford and his company deny the allegations.

As in the Madoff fraud, investigators failed to act on early warning signs, including public claims by two former employees that Stanford was running a Ponzi scheme, a review of the case shows. The SEC and the Financial Industry Regulatory Authority, the self-regulator for brokers then led by Mary Schapiro, the new SEC chairman, were also slowed by doubts concerning jurisdiction.

'Tough New Rules'

Congress plans to examine gaps in surveillance of the financial industry and the competence of regulators this year as lawmakers rewrite the rules governing Wall Street. President Barack Obama said this week that he wanted to sign into law "tough new rules" by the end of this year.

The alleged Stanford fraud centers on CDs from Antigua-based Stanford International Bank Ltd. Such deposits normally are overseen by bank regulators, not securities watchdogs. While the SEC had jurisdiction over activities of Stanford's brokerages in the U.S., the agency says it doesn't have authority over offshore banks.

"That alone presents a challenge," said SEC spokesman John Nester in Washington.

From 2003 to 2008, at least five former Stanford employees publicly accused the company of wrongdoing, including the two who alleged a Ponzi scheme. During that period, Schapiro, now 53, held various senior positions at Finra, based in Washington, and its predecessor, the National Association of Securities Dealers, ultimately becoming chief executive.

'Shocking Failure'

"With Finra, that's a shocking failure," said Solomon Wisenberg, a former federal prosecutor who is co-

chairman of the white collar crime group at Barnes & Thornburg LLP law firm in Washington. "The SEC also fell short."

Schapiro turned down interview requests for this story. She told a Senate committee in a hearing last month that she asked an outside group to review how the SEC processes the more than 700,000 tips and complaints it receives each year so it "can mine those that are the most productive."

"Finra's investigation pushed to the limits of its jurisdiction," said Herb Perone, the organization's spokesman, in an e-mail. "The CD product in question was not a security product, and the institution selling the CD was a bank headquartered offshore. A non-U.S., non-broker-dealer selling non-securities is about as far away from Finra's jurisdiction as you can get."

Liquidating Bank

Stanford International Bank will be liquidated, Nigel Hamilton-Smith of London-based Vantis Business Recovery Services said today in an e-mailed statement. Antiguan regulators seized the bank and appointed two receivers from the Vantis Plc unit after the SEC filed suit. Stanford International's assets "were significantly less than its liabilities," the statement said.

Allen Stanford, 59, says he's innocent.

"I would die and go to hell if it's a Ponzi scheme," he said in an interview with ABC News aired April 6. "I'm fighting for my survival and for my integrity." In a Ponzi scheme, named for the 1920s-era criminal Charles Ponzi, money from new investors is used to pay off earlier depositors.

Allen Stanford's business practices had attracted the attention of the U.S. government for years. In 1993 the Internal Revenue Service told Stanford and his now-estranged wife, Susan Stanford, to pay more than \$420,000 in back taxes on income earned offshore.

IRS Dispute

The Stanfords contested the IRS determination, setting off public countersuits and appeals that extended over a decade and a half. Last month the IRS said it was seeking \$226.6 million in unpaid taxes from Stanford.

Stanford, who became a citizen of Antigua in 1999, participated that year in rewriting the island's offshore banking laws, according to Jonathan Winer, a State Department official at the time. That led the U.S. Treasury to label Antigua a money laundering risk, Winer said. The designation was lifted in 2001.

Then as now, the SEC was poorly equipped to probe U.S. companies conducting business from offshore units, said Winer, who is now a senior vice president at APCO Worldwide, a public affairs company based in Washington.

Being located in Antigua should be a "supremo indicator" of fraud, Winer said. "There's no reason for somebody to be located there" except to take advantage of bank secrecy laws and lax regulation, he said.

Antiguan Compliance

On its Web site, the Antiguan government cites its bank secrecy laws and compliance with financial service standards, based on a finding by the Financial Action Task Force, an international organization to combat money laundering.

Leyla Basagoitia, a Stanford financial adviser in Houston, said the company "is engaged in a Ponzi scheme to defraud its clients" in a counterclaim filed in 2003 with an NASD arbitration panel after Stanford sought repayment of a signing bonus.

She said she was fired because she refused to push her clients to buy the CDs, which she believed to be "risky in nature," according to a summary of her arbitration case on the Finra Web site.

Basagoitia, who remarried and is now named Leyla Wydler, lost her case and was told to pay back more

than \$100,000, the summary said. She declined to discuss the case for this story.

By 2005, Stanford's offshore bank reported assets of \$3.8 billion.

Ponzi Allegation

In March 2006, a second former employee accused Stanford of running a Ponzi scheme. Lawrence De Maria, hired in late 2003 to be Stanford's director of corporate communications, researched the company's operations in the course of putting together an in-house magazine, according to a civil complaint he filed in state court in Florida.

He was concerned that Stanford Financial was using "fraudulent and misleading claims to attract new money from investors into the company," was "falsifying its financial disclosures" and was operating a Ponzi scheme, attracting clients with "artificially high yields on certificates of deposits," he alleged in the suit.

The civil suit was settled early last year for an undisclosed sum without Stanford admitting any wrongdoing, said Dana Gallup, De Maria's Hollywood, Florida-based lawyer.

In July 2007, the Stanford offshore bank reported on its Web site that assets had reached \$6 billion.

'Utter Contempt'

Another former Stanford employee, Charles Satterfield, a former fixed-income strategist, filed an arbitration complaint with Finra in October that year seeking to have a negative employee record altered. He also accused the company's U.S. arm of being "essentially a sales conduit" for the offshore bank and not an independent, viable brokerage.

The company "held the SEC and NASD in utter contempt," refusing to file required documents, hiding information and destroying files, Satterfield said in his complaint. Stanford permitted "activities that appeared to constitute violations of federal securities laws," he alleged. Finra agreed to alter the wording on Satterfield's securities record and declined to award him any monetary damages.

Finra levied a \$10,000 fine against Stanford in November 2007 for using "misleading, unfair and unbalanced information" in the marketing of its CDs, according to a summary of the case on Finra's Web site. Perone, the Finra spokesman, declined to say what prompted the penalty. The action didn't address the validity of the CD returns, the heart of the SEC's February lawsuit against the company.

Change Marketing

Stanford agreed to the fine and said it would change its marketing literature, without admitting or denying the findings, according to a letter of consent.

Bernerd Young, the Stanford compliance officer who signed the letter, had been district director of the NASD's Dallas office, which oversaw Stanford, before joining the company in 2006. Reached at his home in Fulshear, Texas, Young declined to comment.

"This is an abject failure of anything akin to self-regulation," said William Black, a University of Missouri law and economics professor in Kansas City and a former U.S. bank regulator. "These are people from the industry who cannot see their brethren as crooks."

In December 2007, financial advisers Rawl and Tidwell decided to leave the company because, they said, they thought there were illegal activities going on.

Signing Bonuses

Stanford filed an arbitration claim with Finra seeking to force Rawl and Tidwell to repay their signing bonuses. In January 2008 the two advisers sued Stanford Group Co. in Texas for wrongful dismissal, and, like Satterfield, alleged the company destroyed files, including those related to the SEC's investigation. In December, a Texas appeals court said Finra should arbitrate the case, which is still outstanding.

Rawl and Tidwell also said Stanford reported false data on historical returns and forced employees to

participate in illegal activities, including prohibiting financial advisers from filing what they alleged were required forms for clients holding the CDs in retirement accounts, according to the suit.

As for the SEC's 2005 letters to clients described by Rawl and Tidwell, agency spokesman Nester said he couldn't comment on them.

Comeaux, the Stanford executive director, doesn't recall the meeting that Rawl and Tidwell describe, according to his lawyer, Daniel Hedges of Houston.

"He remembers clients being surprised," Hedges said. "And he remembers that nothing seemed to come of it. It just seemed to go away and it went away for long enough that they thought it was just over with."

Evaluation by 'Stats'

The SEC and Finra receive thousands of complaints each year. SEC enforcement offices were evaluated on the number of cases, or "stats," they brought in, rather than on the seriousness or difficulty of action, said Walter Ricciardi, the agency's deputy chief of enforcement from 2005 through 2008, in a speech April 1 in New York.

"So if you brought an Enron, that's one," Ricciardi said. "If you brought a WorldCom, that's two." Delisting 135 defunct companies in a week for failing to file annual reports gave an enforcer 135 cases to count, he said.

"Maybe certain investigations would have gotten put in the right place and in the right posture" with a different evaluation system, he said. He declined to discuss the Stanford case specifically.

Multiple accusations of fraud by employees are a red flag, said Joelle Scott, director of business intelligence at Corporate Resolutions, a New York-based business investigations and consulting firm. "Allegations of fraud are always a big deal," she said.

'Bunch of Robots'

"Finra was just a bunch of robots," said Rawl, the former Stanford employee, his voice shaking, in an interview in his Houston office. "All they would do was set a date for the next hearing, but no one would look at our documents."

Stanford's employees all had access to the Finra's tip line, said spokesman Perone. "It's routine to notify the SEC of problems that we see, especially problems that are not within our jurisdiction," he said.

The SEC probe of the CDs hit roadblocks because regulators and political leaders in Antigua weren't cooperating, according to SEC officials, who declined to be named. This meant investigators had no detailed information on how much money was actually in Stanford International Bank, or where that money was invested, the officials said.

Justin Simon, Antigua's attorney general, said in an e-mail that "no such requests" for cooperation were received.

Demand Answers

The agency could simply have demanded that Stanford's U.S. executives tell them where the money was going, said Black, who was a regulator in the savings and loan crisis in the 1980s.

"You can't allow black boxes," Black said. "The SEC could say, 'We won't accuse you of fraud, but if you don't answer our questions, you can't do business in the United States.'"

SEC spokesman Kevin Callahan declined to comment on Black's assertion.

Investors, meanwhile, continued to pour money into Stanford CDs. Mark Shapley, a Mississippi real estate developer, said he bought his first CD, for \$1 million, in May 2007. Two relatives also invested, he said.

"The SEC is largely to blame," Shapley said in a telephone interview from his home in Richland,

Mississippi. "If any of this information that's being released now had been released then, we would still have our money."

All Questions Answered

Shapley read the company's marketing materials and his Atlanta-based Stanford investment adviser answered all his questions, he said.

"There was not a derogatory thing on the Internet about this guy," Shapley said. "All you see is how he's taken Antigua and helped all the people and helped the cricket, whatever the hell that is." Shapley poured \$400,000 more of his savings into Stanford CDs in August 2007, he said.

The SEC sought help from the Federal Bureau of Investigation in early 2008 in hopes of advancing the probe, a person familiar with the inquiry said. The FBI, along with the IRS and the U.S. Postal Inspection Service, began investigating Stanford in June, according to an affidavit submitted by FBI special agent Vanessa Walther.

Last July, the SEC subpoenaed Rawl and Tidwell, seeking documents and information related to the Stanford CDs. Stanford International Bank reported in late November that its assets had swelled to \$8.5 billion. On Dec. 11, Madoff was arrested in New York.

Lack of Transparency

The following day, Pershing LLC, Stanford's clearing company, said it would no longer process wire transfers to Stanford International Bank, citing a lack of "adequate" transparency in its financial statements, John Ward, managing director of Pershing's Global Securities Services, said in an affidavit accompanying the SEC's suit against Stanford.

SEC officials, stung by accusations they had missed the Madoff fraud, refocused on Stanford, a person familiar with the probe said. Obstacles remained.

An outside analyst hired to look at the annual returns on Stanford's CDs, which ranged from 11.5 to 16.5 percent from 1992-2006, said some high-yield bonds made similar returns, the person said.

That month, lawyers in the Fort Worth office found a way around the jurisdiction issue, the person said. The SEC learned that Stanford's advisers were telling clients to sell other securities and buy the CDs. Instead of focusing on the sale of the CDs, the SEC could now base a fraud case on the sale of regulated securities to buy the offshore instruments, the person said.

Downloaded Hard Drives

As the SEC entered Stanford's Houston headquarters on Jan. 12, Finra officials were there, too, people familiar with the probe said. Finra was told to stay out of the Houston office and concentrate on Stanford branches, where they downloaded computer hard drives and questioned employees, the people said.

In a series of meetings in the first week of February, according to the FBI affidavit, company executives learned that Stanford had taken a \$1.6 billion personal loan from the Antigua bank and that many of the assets were in real estate, not liquid securities. Then Thomas Sjoblom, the company's attorney, withdrew from the case and disavowed everything he had told the SEC.

The SEC also learned, according to its complaint, that Stanford executives were planning to move \$178 million out of Stanford International Bank accounts.

Approval to Sue

On Feb. 16, enforcement attorneys obtained the commission's approval to file the fraud suit, according to an agency official. They did so the next morning, asking a judge to freeze all the company's assets. U.S. Marshals took over the Houston office and told all the employees to go home. The federal judge appointed Dallas lawyer Ralph Janvey to account for investors' money.

Kevin Sadler, a lawyer with Baker Botts LLP in Austin, who represents the receivership, said in a hearing last month in Dallas that "once the money made its way to the Antiguan bank, I'd say it was dispersed,

like an aerosol spray, into tiny atoms that go everywhere.”

To contact the reporters on this story: Alison Fitzgerald in Washington at afitzgerald2@bloomberg.net; Michael Forsythe in Washington at mforsythe@bloomberg.net.

Last Updated: April 16, 2009 12:50 EDT



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EXHIBIT 161

Dow Jones Factiva

DOW JONES**SEC's Near-Record Enforcement Results Raise Questions**

DJ00000020081009e4a9000fu

By Judith Burns

Of DOW JONES NEWSWIRES

839 Words

09 October 2008

20:09 GMT

Dow Jones News Service

English

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WASHINGTON (Dow Jones)--The Securities and Exchange Commission's enforcement division brought a near record level of cases in the just-ended 2008 fiscal year, results that critics say are padded with relatively easy actions against companies that are late in filing quarterly or annual reports.

SEC Chairman Christopher Cox heralded the results Wednesday, calling fiscal 2008 the enforcement division's second-best on record. That would put the total between the 656 enforcement cases brought in fiscal 2007 and the record 679 actions in fiscal 2003, the agency's high-water mark. The SEC is expected to issue official figures within weeks.

Critics say the results are inflated by a record number of so-called 12(j) actions to deregister shares in companies that lack current financial reports. The SEC brought about 50 such cases in fiscal 2006, a level that appears to have doubled in fiscal 2008, which ended Sept. 30, accounting for roughly 15% of all cases.

Individuals familiar with the matter, who agreed to speak anonymously, said that in early 2008 the SEC's enforcement division was on track to bring an abysmally low number of cases for the year. One reason for the declining output was a rush to issue cases at the end of fiscal 2007, leaving little in the pipeline for fiscal 2008, according to these individuals.

Delays in getting cases before by the five-member commission also are a factor, these individuals say. Critics say new internal controls and paperwork requirements are throwing sand in the enforcement division's gears, reducing the amount of time that SEC cops have to spend on legwork.

Deregistration actions provided easy filler, allowing the SEC to paint a picture of an aggressive enforcement staff, according to critics. Some decry the practice, saying the cases need to be brought, but should not be counted toward overall output. Others worry that the SEC is using accounting tricks, sending the wrong message to corporate America: do as I say, not as I do.

SEC enforcement division director Linda Thomsen rejects the notion that the division is relying on deregistration cases to beef up performance results.

"We've always done them, they've always been part of the program," said Thomsen. She said such cases serve an important purpose by cracking down on companies that haven't provided current financial data "before they can make even more mischief."

Including relatively simple cases in overall results isn't new. The SEC posted a 14% increase in

cases in fiscal 2007, but the tally included dozens of actions against accountants and accounting firms for failing to register with the Public Company Accounting Oversight Board. The cases were brought just before the SEC closed the books on the fiscal year, helping to boost output even as it cut back on 12(j) actions, which generated 90 cases in fiscal 2005.

Thomsen said the SEC sanctioned dozens of accountants at once in 2007 "to make the point" about the importance of registering with the accounting oversight body created in 2002. She said that the total number of cases in 2007 to deregister shares and sanction accountants are in line with the 12(j) cases brought in 2006 and 2008, showing "it's not a marked uptick" in such cases.

The SEC has focused in recent years on companies that are delinquent in filing results, establishing an office in its Washington, D.C., headquarters, to handle such cases. Critics view 12 (j)s as routine matters that require little investigation, and say it is embarrassing - and misleading - to characterize them as enforcement actions.

"No case is easy," said Thomsen. While deregistration cases don't involve the complex issues that arise in a financial fraud, such as Enron Corp. (ENE), Thomsen said they "are often intensely litigated" and aren't a slam-dunk.

Measuring the SEC enforcement division based on the number of cases it brings in a year isn't universally accepted in any case. Lawyers say investigations of complex frauds can take years to unravel, making year-to-year comparisons virtually useless; some think the SEC would be better off showing results based on three-year averages, or using measurements that consider the quality as well as the quantity of cases.

Defenders of the current approach say the SEC shouldn't attempt to weigh one kind of case as more important or noteworthy than another. The thinking: put the numbers out there and let the public decide how effectively the cop is policing the beat.

Thomsen said the SEC issues an annual tally because Congress requires it to do so, even though counting "is an imperfect tool" to judge law enforcement.

"At some level, quantity matters," but the analysis shouldn't stop there, said Thomsen. "I would look at the quality of the cases and what we're doing for investors."

-By Judith Burns, Dow Jones Newswires, 202-862-6692; Judith.Burns@dowjones.com [10-09-08 1609ET]

For assistance, access Dow Jones Customer Support.

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EXHIBIT 162

RE: Stanford - Call to Federal Reserve

10/25/2004 10:10:37 AM

From: Preuitt, Julie A.
To: Wright, Hugh M. (b)(6), (b)(7)c @SEC.GOV]

I love this stuff. We all are confident that there is illegal activity but no easy way to prove. Before I retire the Commission will be trying to explain why it did nothing. Until it falls apart all we can do is flag it every few years.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: Wright, Hugh M. (b)(6), (b)(7)c @SEC.GOV>
To: Preuitt, Julie A. (b)(6), (b)(7)c @SEC.GOV>; (b)(6), (b)(7)c @SEC.GOV>; (b)(6), (b)(7)c @SEC.GOV>
(b)(6), (b)(7)c @SEC.GOV>; (b)(6), (b)(7)c @SEC.GOV>; (b)(6), (b)(7)c @SEC.GOV>

Sent: Mon Oct 25 09:38:55 2004
Subject: FW: Stanford - Call to Federal Reserve

Going through old emails I found this one which may be of interest re Stanford.

-----Original Message-----

From: Barasch, Spencer C.
Sent: Wednesday, June 04, 2003 11:07 AM
To: Degenhardt, Harold F.; Wright, Hugh M.
Cc: (b)(6), (b)(7)c
Subject: RE: Stanford - Call to Federal Reserve

by the way -- I agree with Hugh.

-----Original Message-----

From: Degenhardt, Harold F.
Sent: Wednesday, June 04, 2003 10:36 AM
To: Wright, Hugh M.
Cc: (b)(6), (b)(7)c Barasch, Spencer C.
Subject: Re: Stanford - Call to Federal Reserve

Thanks.

-----Original Message-----

From: Wright, Hugh M. (b)(6), (b)(7)c @SEC.GOV>
To: Degenhardt, Harold F. (b)(6), (b)(7)c @SEC.GOV>
CC: (b)(6), (b)(7)c @SEC.GOV>; (b)(6), (b)(7)c @SEC.GOV>; (b)(6), (b)(7)c @SEC.GOV>
(b)(6), (b)(7)c @SEC.GOV>; Barasch, Spencer C. (b)(6), (b)(7)c @SEC.GOV>

Sent: Wed Jun 04 11:20:24 2003
Subject: RE: Stanford - Call to Federal Reserve

The decision not to go after it has been made in Enforcement some time back, who then referred ti to Texas. As mentioned below, the Fed referred the matter to the FBI (b)(5), (b)(7)a. Nothing has changed since we referred it to Enforcement several months ago to suggest that it would be an easier case now than before. After our exam a couple of years ago, Stanford started filing Form Ds relying on Rule 506, although they did so under protest. This would seem to make it difficult to work a case for selling unregistered securities. If we can't go on that basis, then we would have to prove that they are operating a Ponzi scheme which would be very difficult, if not impossible, considering that, as far as I am aware, there have never been any complaints by investors, and all of the bank records and sales records are maintained offshore in Antigua. In my opinion, there is nothing further for us to do at this point.

-----Original Message-----

From: Degenhardt, Harold F.

Sent: Tuesday, June 03, 2003 4:14 PM

To: Wright, Hugh M.

Cc: (b)(6), (b)(7)c; Barasch, Spencer C.

Subject: Re: Stanford - Call to Federal Reserve

This all great, but what does it mean? Is this something that we ought to go after or not?

-----Original Message-----

From: Wright, Hugh M. (b)(6), (b)(7)c @SEC.GOV>

To: Degenhardt, Harold F. (b)(6), (b)(7)c @SEC.GOV>

CC: (b)(6), (b)(7)c

(b)(6), (b)(7)c @SEC.GOV>

Sent: Tue Jun 03 11:46:40 2003

Subject: FW: Stanford - Call to Federal Reserve

Hal:

(b)(5), (b)(7)a

-----Original Message-----

From: (b)(6), (b)(7)c

Sent: Tuesday, June 03, 2003 9:12 AM

To: Wright, Hugh M.

Cc: (b)(6), (b)(7)c

Subject: Stanford - Call to Federal Reserve


Hugh-

(b)(5), (b)(7)a

(b)(5), (b)(7)a. As you will recall, (b)(6), (b)(7)c talked to our previous Federal Reserve contact, (b)(6), (b)(7)c at the Federal Reserve who referred him to (b)(6), (b)(7)c

(b)(5), (b)(7)a

(b)(5), (b)(7)a



Let me know what else you wish to do. You may want to forward this on to Hal so he knows we are working on it and where we stand.

(b)(6), (b)(7)c

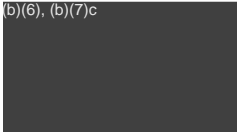


EXHIBIT 163

From: (b)(6), (b)(7)c
Sent: Wednesday, January 14, 2004 1:41 PM
To: [REDACTED]
Subject: RE:

good points. of course we should get out of the business of burning resources to chase ponzi schemes, but if we do it, we cannot abandon the in pari passu doctrine.

(b)(6), (b)(7)c

-----Original Message-----

From: (b)(6), (b)(7)c
Sent: Wednesday, January 14, 2004 2:24 PM
To: (b)(6), (b)(7)c #ENF-ALL TRIAL ATTORNEYS
Subject: RE:

We have a similar situation. In our case, certain highly visible investors received Ponzi payments. The Ponzi payment recipients are (b)(5), (b)(7)a or otherwise affiliated with (b)(6), (b)(7)a. The receiver has struck a deal with them -- many of whom are represented by one lawyer -- to return their "profits" in exchange for a release. It is in their best interest to return the payments, since they depend on contributions for their operations and are wary of bad press (not to mention the expense and uncertainty of litigation). Once they return the investor funds, they can trumpet that fact and distance themselves from the fraudsters. The receiver has dubbed this fund the (b)(5), (b)(7)a or something like that, to convey that the victims are being repaid.

To the extent Ponzi payment recipients are unwilling to repay their "profits," the receiver will go after the larger ones (i.e., the ones that are large enough to justify the expense of litigation).

It seems that your wealthy or institutional investors might be in the same situation as our (b)(5), (b)(7)a -- being used to legitimize the scam. And they might be just as wary of bad press and costly, uncertain (at best) litigation. So this type of approach might be something to think about.

-----Original Message-----

From: (b)(6), (b)(7)c
Sent: Wednesday, January 14, 2004 1:06 PM
To: (b)(6), (b)(7)c ; #ENF-ALL TRIAL ATTORNEYS

Subject: RE:

Please copy me on any responses.

(b)(6), (b)(7)c

Senior Trial Counsel

Securities and Exchange Commission

Suite 1000

3475 Lenox Rd. NE

Atlanta, GA 30326

Office (b)(6), (b)(7)c

Fax (b)(6), (b)(7)c

This electronic message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure. If the reader of this message is not the intended recipient or an employee or agent responsible for delivering the message to the recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by return electronic mail.

Thank you.

-----Original Message-----

From: (b)(6), (b)(7)c

Sent: Wednesday, January 14, 2004 2:05 PM

To: #ENF-ALL TRIAL ATTORNEYS

Subject:

We have an offering fraud/Ponzi scheme case in which the offering went on for several years, so that some of the older (in time, not age) investors were paid interest totalling more than the amount of the original investment. Technically, those people owe money to the receiver. In some cases, these are minor amounts and mom-and-pop investors, but in other cases

we are talking about wealthy or institutional investors who got tens or hundreds of thousands of dollars in "overpayment."

The receiver has asked for our thoughts on him suing some of these larger investors to recover the overpayments for the newer investors, who are out \$27 million. I'm curious if anyone has ever encountered this situation and what was decided.

Thanks in advance for your responses.

(b)(6), (b)(7)c

(b)(6), (b)(7)c

EXHIBIT 164

FW: (b)(5), (b)(7)a

FW: (b)(5), (b)(7)a

2/11/2001 8:53:01 PM

From: (b)(6), (b)(7)c
To: (b)(6), (b)(7)c @SEC.GOV]
Cc: (b)(6), (b)(7)c SEC.GOV]; (b)(6), (b)(7)c @SEC.GOV]; (b)(6), (b)(7)c @SEC.GOV]

Please provide copy of this to (b)(6), (b)(7)c and Spence before Tuesday's meeting. Thank you. They are getting in Monday night. I get in Tuesday at 12-ish.

I do not see bank fallout since the bank regulators have sprinted away from this problem, including getting repealed in this January the only arguable legal hook they had to take action. In addition, they told (b)(6), (b)(7)c and me that their interest was on bank stability and, frankly, but not for public attribution, (b)(5), (b)(7)a, (b)(6), (b)(7)c How there could be fallout, I just do not see, but I do see why Market Reg may be wanting to take its position on, at the very least, a grey issue.

-----Original Message-----

From: (b)(6), (b)(7)c
Sent: Wednesday, February 07, 2001 2:00 PM
To: (b)(6), (b)(7)c
Subject: RE: (b)(5), (b)(7)a

Thanks for the e-mail. We welcome honest intellectual debate of these issues. I am not worried about industry resistance; I am more worried about being accused of invading the bank regulator's jurisdiction, in front of our oversight committees: Senate Banking and House Financial Services (formerly Banking). (b)(5), (b)(7)a

(b)(5), (b)(7)a

Bob

-----Original Message-----

From: (b)(6), (b)(7)c
Sent: Tuesday, February 06, 2001 5:38 PM
To: (b)(6), (b)(7)c
Subject: (b)(5), (b)(7)a

Annette, I know that we traded calls last week in response to my call to you, and it appears that our schedules do not mesh, so that more "telephone tag" appears more likely than actually speaking. Moreover, since I will be on the road, for the most part, until the meeting next week, I thought that I ought to email you and Bob prior to the meeting.

I understand from others that my email regarding the need for a high-level (b)(5), (b)(7)a meeting may have been seen as a criticism of Market Reg and/or individuals within Market Reg. Such was not its intent. Rather, its intent was to drive home the (b)(5), (b)(7)a and insure that the high-level meeting, which I had previously recommended, actually take place this time so that a timely decision might be made to either pursue or not pursue. Due to the anticipated magnitude of an

industry-wide investigation and/or litigation, I wanted to be certain that the Divisions/Offices were all of one mind or, if they were not, that we had considered all views prior to making a decision.

Look, while I disagree with Market Reg's position, I recognize that reasonable people can disagree and I further recognize that Market Reg's position is one to which it gave a great deal of thought. Moreover, with the other divisions/offices supportive of the FWDO/CRO position, if I did not respect Market Reg's position, I would merely be pushing this through the Commission in the face of Market Reg's differing view--frankly, I would not care or waste much time discussing the matter.

I fully recognize that we are in for a battle with the industry should we pursue and that there is litigation risk, but I am willing to undertake the battle and assume the risk. I believe that the bad facts (for the industry), properly handled, will overcome the litigation risks and that

(b)(5), (b)(7)a

As

regards registration issues, I do not think that we will ultimately prevail, though I think, as Corp Fin does, that we can make good faith, credible arguments and, since I think that this is the industry's true fear, I would not want to abandon it without getting something in return. While possibly not a shared view, I would concede registration issues in the context of an industry-wide meaningful settlement.

I look forward to discussing this matter further next week with Market Reg and the other divisions/offices.

EXHIBIT 165

Headline News

Senior SEC Attorney to Join Andrews Kurth as Partner

March 9, 2005

DALLAS – Spencer Barasch, Associate Director of the Fort Worth District Office of the Securities and Exchange Commission, will join Andrews Kurth in April as a partner and a leader of the firm's corporate governance and securities enforcement team. He will be resident in the firm's Dallas office.

Barasch will bring to Andrews Kurth 17 years of experience with the SEC, serving as trial counsel, assistant regional director for enforcement and, since 1998, head of enforcement for the SEC Fort Worth District Office. While at the Commission, Barasch directed high profile SEC enforcement activity in all areas of the securities industry, including financial fraud cases, regulatory cases, insider trading cases and securities scams.

Barasch says, "I was attracted to Andrews Kurth because of the exceptional scope and quality of the firm's corporate and litigation practices, and the outstanding lawyers who work there. I am excited to become a part of this premier law firm, and look forward to using my regulatory background and experience to provide an expanded level of service to the firm's clients."

As Associate Director, Barasch supervised approximately 50 attorneys and accountants in the investigation of federal securities law violations and litigation of civil and administrative proceedings, and worked closely with senior officials in the Commission's other Divisions and Offices to present enforcement recommendations to the Commission. Barasch also served as a liaison with U.S. Attorney offices, self-regulatory organizations, other federal agencies, international securities agencies, and state regulators and prosecutors.

Howard Ayers, Andrews Kurth's managing partner, says, "Our main goal is to improve and expand the services we offer our clients. With Spence Barasch on our team, our firm can provide unique perspective, insight and experience in the areas of governance, compliance and enforcement. We are delighted and proud that Spence chose Andrews Kurth."

Barasch has received several Commission Awards, including the Irving Pollack Award for distinguished service and the Chairman's Award for Excellence. In 1984, he received a J.D. from the University of Tulsa College of Law and was a member of the Tulsa Law Review. In 1980, he graduated with an A.B. in religion and philosophy from Duke University.

Andrews Kurth LLP, founded in 1902, has more than 400 lawyers and eight offices in Austin, Dallas, Houston, London, Los Angeles, New York, The Woodlands and Washington, DC. The firm has an international client base and has experience in all major industries and areas of business law and litigation.

EXHIBIT 166

Header

SOURCE
PROD_DATE
FROM
TO
DATE
TIME
GMT_DATE
GMT_TIME
SUBJECT
FOLDER
HEADER

(b)(6), (b)(7)c
= 2009/09/23
(b)(6), (b)(7)c @advisercompliance.com>
: Bates, Jane </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
= 06/02/2005
: 10:15:20 -0400
= 06/02/2005
: 14:15:20 GMT
: RE: SEC
: \Personal Folders\Inbox\ACA
: Microsoft Mail Internet Headers Version 2.0
Received: from sgcassentor1.stanford.sfgc.com ([10.10.10.19]) by sfg-hou-ms3.stanford.sfgc.com with
Microsoft SMTPSVC(5.0.2195.6713);
Thu, 2 Jun 2005 09:15:48 -0500
Received: from sfg-hou-mgw2.stanford.sfgc.com ([10.10.5.14]) by sgcassentor1.stanford.sfgc.com with
Microsoft SMTPSVC(6.0.3790.211);
Thu, 2 Jun 2005 09:15:38 -0500
Received: from 10.10.5.7 by sfg-hou-mgw2.stanford.sfgc.com with ESMTP (
Tumbleweed MMS SMTP Relay (MMS v5.6.3)); Thu, 02 Jun 2005 09:15:26
-0500
X-Server-Uid: 11942592-3256-401A-962A-E2D37D56DF10
Received: from omta18.mta.everyone.net (sitemail2.everyone.net
[216.200.145.36]) by sfg-hou-mgw.stanfordeagle.com (8.12.10/8.12.10)
with ESMTP id j52ECsh2014608 for (b)(6), (b)(7)c @StanfordEagle.com>; Thu, 2 Jun
2005 09:12:54 -0500
Received: from pmta01.mta.everyone.net (bigiplb-dsnat [172.16.0.19]) by
omta18.mta.everyone.net (Postfix) with ESMTP id AACF940193 for
(b)(6), (b)(7)c @StanfordEagle.com>; Thu, 2 Jun 2005 07:15:24 -0700 (PDT)
X-Eon-Sig: AQH5NyxCnxR8Tb6AwIAAAAB,f9d35087c5cdd74f454b38251d354d89
Received: from D42Q1V51 (68.50.53.90 [68.50.53.90]) by
omta01.mta.everyone.net (EON-AUTHRELAY) with ESMTP id 79096670 for
(b)(6), (b)(7)c @StanfordEagle.com>; Thu, 2 Jun 2005 07:15:24 -0700
From: (b)(6), (b)(7)c @advisercompliance.com>
To: "Bates, Jane" (b)(6), (b)(7)c @StanfordEagle.com>
Subject: RE: SEC
Date: Thu, 2 Jun 2005 10:15:20 -0400
MIME-Version: 1.0
X-Mailer: Microsoft Office Outlook, Build 11.0.6353
Thread-Index: AcVm77/vhECiWjlvRS6yD5ksop9x8QAEQNZA
X-MimeOLE: Produced By Microsoft MimeOLE V6.00.2900.2180
In-Reply-To: <C3FA35ECAf329041AE3119BD614274F303275597@sfg-hou-ms3.stanford.sfgc.com>
Message-ID: <20050602141524.AACF940193@omta18.mta.everyone.net>
X-WSS-ID: 6E81CBF41WS497312-01-01
Content-Type: multipart/alternative;
boundary="====_NextPart_000_009B_01C5675B.FB929660"
Return-Path: (b)(6), (b)(7)c @advisercompliance.com
X-OriginalArrivalTime: 02 Jun 2005 14:15:38.0222 (UTC) FILETIME=[8CE380E0:01C5677D]

====_NextPart_000_009B_01C5675B.FB929660
Content-Type: text/plain;
charset=us-ascii
Content-Transfer-Encoding: 7bit

====_NextPart_000_009B_01C5675B.FB929660
Content-Type: text/html;
charset=us-ascii
Content-Transfer-Encoding: quoted-printable

====_NextPart_000_009B_01C5675B.FB929660--

MESSAGEID : 20050602141524.aacf940193@omta18.mta.everyone.net
MESSAGEINDEX : 0000000038
ENTRYID : 0000000034A0F4DD69A8B6499F7F57C2F8AAE561E47A2300
BODY : We typically deal with 40 Act attorneys, but I surveyed my Partners and here are a few potential

B/D attorneys that they recommended:

Spencer C. Barasch (former ADA-Enforcement in FWDO until a month ago (this one may be best since he should know the FWDO well))

Andrews Kurth LLP

1717 Main Street, Suite 3700

Dallas, Texas 75201

(b)(6), (b)(7)c

(fax)

(b)(6), (b)(7)c

[\[redacted\]@andrewskurth.com](mailto: [redacted]@andrewskurth.com) <mailto:

(b)(6), (b)(7)c

[\[redacted\]@andrewskurth.com](mailto: [redacted]@andrewskurth.com)>

(b)(6), (b)(7)c

Arnold & Porter

555 Twelfth Street, NW

Washington, DC 20004

(b)(6), (b)(7)c

(b)(6), (b)(7)c

[\[redacted\]@aporter.com](mailto: [redacted]@aporter.com)

(b)(6), (b)(7)c

[\[redacted\]@aporter.com](mailto: [redacted]@aporter.com)>

I can get some more names if you need them, but right off the bat my instinct would say to call the first guy listed here because of his specific experience in dealing with the FWDO enforcement staff.

Let me know if you would like to search for some additional names.

Best,

(b)(6), (b)(7)c

(b)(6), (b)(7)c

Phone: (b)(6), (b)(7)c
Fax: (b)(6), (b)(7)c

(b)(6), (b)(7)c @advisercompliance.com <(b)(6), (b)(7)c @advisercompliance.com>

This message is intended only for the designated recipient(s). It may contain confidential, privileged or proprietary information. If you are not a designated recipient, you may not review, copy or distribute this message. If you receive this message in error, please notify the sender by reply email and delete this message. Thank you.

From: Bates, Jane [mailto:(b)(6), (b)(7)c @StanfordEagle.com]
Sent: Wednesday, June 01, 2005 5:21 PM
To: (b)(6), (b)(7)c
Subject: SEC

(b)(6), (b)(7)c
Would you give me names of some very good attorneys you would recommend that we might want to hire if necessary for this SEC inquiry. SEC Enforcement is involved and I want to be prepared. This is informal now, but that could change. ----Thanks, Jane

EXHIBIT 167

Header

SOURCE : (b)(6), (b)(7)c Date Filtered
 PROD_DATE : = 2009/09/23
 FROM : = Suarez, Yolanda </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
 TO : = Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
 DATE : = 06/06/2005
 TIME : : 12:17:26 -0400
 GMT_DATE : = 06/06/2005
 GMT_TIME : : 16:17:26 GMT
 SUBJECT : : FW: SEC Suggestion Given To Me
 FOLDER : (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Inbox\2005 E-MAILS
 HEADER : : Microsoft Mail Internet Headers Version 2.0
 Received: from sgcassentor1.stanford.sfgc.com ([10.10.10.19]) by sfg-hou-ms3.stanford.sfgc.com with Microsoft SMTPSVC(5.0.2195.6713);
 Mon, 6 Jun 2005 11:18:39 -0500
 Received: from sfg-hou-mgw2.stanford.sfgc.com ([10.10.5.14]) by sgcassentor1.stanford.sfgc.com with Microsoft SMTPSVC(6.0.3790.211);
 Mon, 6 Jun 2005 11:18:38 -0500
 Received: from 10.10.5.7 by sfg-hou-mgw2.stanford.sfgc.com with ESMTP (Tumbleweed MMS SMTP Relay (MMS v5.6.3)); Mon, 06 Jun 2005 11:18:25 -0500
 X-Server-Uuid: 11942592-3256-401A-962A-E2D37D56DF10
 Received: from sfgexec.local (adsl-070-148-135-210.sip.mia.bellsouth.net [70.148.135.210]) by sfg-hou-mgw.stanfordeagle.com (8.12.10/8.12.10) with ESMTP id j56GFxh2025702 for (b)(6), (b)(7)c @StanfordEagle.com>; Mon, 6 Jun 2005 11:15:36 -0500
 Content-class: urn:content-classes:message
 MIME-Version: 1.0
 Subject: FW: SEC Suggestion Given To Me
 X-MimeOLE: Produced By Microsoft Exchange V6.5.7226.0
 Date: Mon, 6 Jun 2005 12:17:26 -0400
 Message-ID: <EF94B36935D9434C8A6F8CD2A7AD4E5407BBD7@sfgdc1.sfg-exec.local>
 X-MS-Has-Attach:
 X-MS-TNEF-Correlator:
 Thread-Topic: SEC Suggestion Given To Me
 Thread-Index: AcVqsvFzmUwq/UqSTgK7DYOGoir1vAAAD5tA
 From: "Suarez, Yolanda" (b)(6), (b)(7)c @stanfordeagle.com>
 To: "Alvarado, Mauricio" (b)(6), (b)(7)c @stanfordeagle.com>
 X-WSS-ID: 6EBAA8DB1WS688863-U1-01
 Content-Type: multipart/alternative;
 boundary="-----_NextPart_001_01C56AB3.A8A661F6"
 Return-Path: (b)(6), (b)(7)c @stanfordeagle.com
 X-OriginalArrivalTime: 06 Jun 2005 16:18:38.0638 (UTC) FILETIME=[659C9CE0:01C56AB3]

 -----_NextPart_001_01C56AB3.A8A661F6
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 Content-Transfer-Encoding: quoted-printable

 -----_NextPart_001_01C56AB3.A8A661F6
 Content-Type: text/html;
 charset=us-ascii
 Content-Transfer-Encoding: quoted-printable

 -----_NextPart_001_01C56AB3.A8A661F6-----

MESSAGEID : ef94b36935d9434c8a6f8cd2a7ad4e5407bbd7@sfgdc1.sfg-exec.local
 MESSAGEINDEX : = 0000003182
 ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C47064552B00
 BODY : : Mauricio,

Lets talk to him. YS

From: Bates, Jane [mailto:(b)(6), (b)(7)c@StanfordEagle.com]
Sent: Monday, June 06, 2005 12:15 PM
To: Suarez, Yolanda; Alvarado, Mauricio; Stinson, Lena
Cc: (b)(6), (b)(7)c
Subject: SEC Suggestion Given To Me

FYI---I talked to our I/A consultant who used to be a Branch Chief at OCIE in DC and asked him if he knew any individuals who knew the SEC Enforcement staff in Fort Worth. He gave me the name of the following individual who recently left the SEC and is at Andrews Kurth in Dallas. I do not know this individual, but thought I should pass along the info for future reference. There was this article below on the SEC website regarding him.----Jane

SPENCER BARASCH, HEAD OF ENFORCEMENT FOR THE SEC'S FORT WORTH OFFICE, TO LEAVE THE COMMISSION

**FOR IMMEDIATE RELEASE
2005-34**

Washington, D.C., March 9, 2005 - The SEC announced today that Spencer C. Barasch will leave the Commission in April to become a partner in the Dallas office of the law firm of Andrews Kurth LLP. For the past seven years, as the senior enforcement official in the Commission's Fort Worth Office, Barasch has led the Commission's enforcement program in a four state area of the Southwest. Before that, he held various other positions in the Commission, including Assistant Director in the Commission's Southeast Office in Miami, Fla.

As the enforcement head in the Fort Worth Office, Barasch, 47, directed a number of high profile SEC enforcement investigations and litigation in several areas of the securities industry. Among the more noteworthy enforcement actions he oversaw were:

- major financial fraud cases involving Royal Dutch Shell, Halliburton, TV Azteca, and the Fleming Companies;
- regulatory cases against AIM, Southwest Securities, First Command and HD Vest;
- significant insider trading cases involving the securities of Hispanic Broadcasting Corp., AmeriCredit and Carreker Corp; and
- more than 50 emergency enforcement actions involving securities scams targeting inexperienced investors, recovering close to one billion dollars for investors.

Harold F. Degenhardt, head of the Commission's Fort Worth Office, said, "Spencer Barasch has been central to Fort Worth's significant enforcement accomplishments. The ascendancy of its enforcement program is in no small part due to his efforts. We lose, however, more than just an outstanding professional, wholly committed to the Commission's mission, we lose a friend ...he will be missed."

Stephen Cutler, Director of the SEC's Enforcement Division, stated, "Spence's dedication to the work of the Commission has been second to no one. He is the consummate enforcement lawyer: smart, tough, fair and tireless. I will miss him and so will the Commission."

Barasch said, "I cannot imagine a more rewarding professional experience than having the privilege and honor to represent and protect the investing public as a staff member of the Commission. I am especially proud of the extraordinary accomplishments of my colleagues in the Commission's Fort Worth office, who, through their terrific talent, dedication and zeal, have established a reputation for excellence that is an inspiration to me and others throughout the Commission. I have been extremely fortunate to work with so many exceptional colleagues throughout the Commission, and will greatly miss them and the important work that the Commission performs. "

Barasch received a number of awards during his tenure with the Commission, including the Irving M. Pollack Award for his dedication to public service and the SEC, and his fairness and compassion in dealing with the public and the staff.

Before joining the Commission staff in 1987, Barasch was Associate General Counsel for the Oklahoma Department of Securities. Barasch received his J.D. from the University of Tulsa in 1984, and his A.B. from Duke University in 1980.

<http://www.sec.gov/news/press/2005-34.htm>

EXHIBIT 168

Header

SOURCE
PROD_DATE
FROM
TO
CC
DATE
TIME
GMT_DATE
GMT_TIME
SUBJECT
FOLDER
HEADER

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= 2009/09/23
: Stanford, Allen </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=
(b)(6), (b)(7)c
(b)(6), (b)(7)c </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=
(b)(6), (b)(7)c
: Bates, Jane </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=
(b)(6), (b)(7)c Alvarado, Mauricio
</O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=
(b)(6), (b)(7)c >, Suarez, Yolanda
</O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=
(b)(6), (b)(7)c
= 06/11/2005
: 14:07:14 -0400
= 06/11/2005
: 18:07:14 GMT
: RE: SEC Suggestion Given To Me
: \Personal Folders\2005
: Microsoft Mail Internet Headers Version 2.0
Received: from sgcassentor1.stanford.sfgc.com ([10.10.10.19]) by sfg-hou-ms3.stanford.sfgc.com with
Microsoft SMTPSVC(5.0.2195.6713);
Sat, 11 Jun 2005 13:07:02 -0500
Received: from sfg-hou-mgw2.stanford.sfgc.com ([10.10.5.14]) by sgcassentor1.stanford.sfgc.com with
Microsoft SMTPSVC(6.0.3790.211);
Sat, 11 Jun 2005 13:07:02 -0500
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Tumbleweed MMS SMTP Relay (MMS v5.6.3)); Sat, 11 Jun 2005 13:06:44
-0500
X-Server-Uid: 11942592-3256-401A-962A-E2D37D56DF10
Received: from SFGCEagstan05 (adsl-070-148-135-210.sip.mia.bellsouth.net
[70.148.135.210]) by sfg-hou-mgw.stanfordeagle.com (8.12.10/8.12.10)
with ESMTP id j5BI3Yh2010312; Sat, 11 Jun 2005 13:03:34 -0500
Message-ID: <200506111803.i5BI3Yh2010312@sfg-hou-mgw.stanfordeagle.com>
From: "Allen Stanford" (b)(6), (b)(7)c @stanfordeagle.com>
To: (b)(6), (b)(7)c @stanfordeagle.com>
cc: "Bates, Jane" (b)(6), (b)(7)c @stanfordeagle.com>,
"Alvarado, Mauricio" (b)(6), (b)(7)c @stanfordeagle.com>,
"Suarez, Yolanda" (b)(6), (b)(7)c @stanfordeagle.com>
Subject: RE: SEC Suggestion Given To Me
Date: Sat, 11 Jun 2005 14:07:14 -0400
MIME-Version: 1.0
X-Mailer: Microsoft Office Outlook, Build 11.0.6353
Thread-Index: AcVqsvFzmUwq/UgSTgk7DYOGoir1vAA7mwMwAMOkSYA=
X-MimeOLE: Produced By Microsoft MimeOLE V6.00.2900.2180
In-Reply-To: <9701E283C209B343B7C45E424C5181D3534A06@sfg-hou-ms3.stanford.sfgc.com>
X-WSS-ID: 6EB5F7BE1WS1014728-01-01
Content-Type: multipart/alternative;
boundary="====_NextPart_000_000C_01C56E8E.E1CBD310"
Return-Path: (b)(6), (b)(7)c @stanfordeagle.com
X-OriginalArrivalTime: 11 Jun 2005 18:07:02.0065 (UTC) FILETIME=[5E059210:01C56EB0]

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Content-Transfer-Encoding: 7bit

====_NextPart_000_000C_01C56E8E.E1CBD310
Content-Type: text/html;
charset=us-ascii
Content-Transfer-Encoding: quoted-printable

-----_NextPart_000_000C_01C56E8E.E1CBD310-----

MESSAGEID : 200506111803.j5bi3yh2010312@sfg-hou-mgw.stanfordeagle.com
MESSAGEINDEX = 0000005098
ENTRYID : 000000006AD599F4E210D243AB4E79DBEAF311A264B62900
BODY : This guy looks good and probably knows everyone at the Fort Worth office. Good job (b)(6), (b)(7)c RAS

To: Stanford, Allen
Cc: Bates, Jane
Subject: FW: SEC Suggestion Given To Me

Mr. Stanford:

In regards to our conversation earlier today, Jane Bates asked me to forward you the name of the below referenced individual:

Best Regards,

(b)(6), (b)(7)c
[Redacted]

From: Bates, Jane
Sent: Monday, June 06, 2005 11:15 AM
To: Suarez, Yolanda; Alvarado, Mauricio; Stinson, Lena
Cc: (b)(6), (b)(7)c
Subject: SEC Suggestion Given To Me

FYI---I talked to our I/A consultant who used to be a Branch Chief at OCIE in DC and asked him if he knew any individuals who knew the SEC Enforcement staff in Fort Worth. He gave me the name of the following individual who recently left the SEC and is at Andrews Kurth in Dallas. I do not know this individual, but thought I should pass along the info for future reference. There was this article below on the SEC website regarding him.-----Jane

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2005-34**

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accomplishments of my colleagues in the Commission's Fort Worth office, who, through their terrific talent, dedication and zeal, have established a reputation for excellence that is an inspiration to me and others throughout the Commission. I have been extremely fortunate to work with so many exceptional colleagues throughout the Commission, and will greatly miss them and the important work that the Commission performs. "

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<http://www.sec.gov/news/press/2005-34.htm>

EXHIBIT 169

Header

SOURCE : (b)(6), (b)(7)c Date Filtered
 PROD_DATE = 2009/09/23
 FROM : Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com> (b)(6), (b)(7)c
 TO : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c@andrewskurth.com>, (b)(6), (b)(7)c
 CC : (b)(6), (b)(7)c@andrewskurth.com>, Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com>

DATE = 06/17/2005
 TIME : 11:47:08 -0500
 GMT_DATE = 06/17/2005
 GMT_TIME : 16:47:08 GMT
 SUBJECT : Our Telephone Conversation
 FOLDER : (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Inbox\2005 E-MAILS
 HEADER : Microsoft Mail Internet Headers Version 2.0
 Received: from sgcassentor1.stanford.sfgc.com ([10.10.10.19]) by sfg-hou-ms3.stanford.sfgc.com with Microsoft SMTPSVC(5.0.2195.6713);
 Fri, 17 Jun 2005 11:47:27 -0500
 Received: from sfg-hou-mgw2.stanford.sfgc.com ([10.10.5.14]) by sgcassentor1.stanford.sfgc.com with Microsoft SMTPSVC(6.0.3790.211);
 Fri, 17 Jun 2005 11:47:27 -0500
 Received: from 10.10.5.7 by sfg-hou-mgw2.stanford.sfgc.com with ESMTP (Tumbleweed MMS SMTP Relay (MMS v5.6.3)); Fri, 17 Jun 2005 11:47:15 -0500
 X-Server-Uid: 11942592-3256-401A-962A-E2D37D56DF10
 Received: from HOUXWEB1.akllp.com (mail.akllp.com [66.212.109.110]) by sfg-hou-mgw.stanfordeagle.com (8.12.10/8.12.10) with SMTP id j5HGhWh2006551 for (b)(6), (b)(7)c@stanfordeagle.com>; Fri, 17 Jun 2005 11:43:32 -0500
 Received: from HOUXCHANGE02.akllp.com ([172.16.16.131]) by HOUXWEB1.akllp.com with Microsoft SMTPSVC(6.0.3790.1830); Fri, 17 Jun 2005 11:47:09 -0500
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 Received: from dalexch02.akllp.com ([172.16.80.13]) by dalexch01.akllp.com with Microsoft SMTPSVC(5.0.2195.5329); Fri, 17 Jun 2005 11:47:09 -0500
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 MIME-Version: 1.0
 X-MimeOLE: Produced By Microsoft Exchange V6.0.6603.0
 Subject: Our Telephone Conversation
 Date: Fri, 17 Jun 2005 11:47:08 -0500
 Message-ID: <09C54977998ED24683FBD6B6ACCA96060FFAFC@dalexch02.akllp.com>
 X-MS-Has-Attach:
 X-MS-TNEF-Correlator:
 Thread-Topic: Our Telephone Conversation
 Thread-Index: AcVzXDK8i6GFizXMTQq0PbGJwdHg0w==
 From: "Barasch, Spencer" <(b)(6), (b)(7)c@andrewskurth.com>
 To: (b)(6), (b)(7)c@stanfordeagle.com
 cc: (b)(6), (b)(7)c@andrewskurth.com>,
 (b)(6), (b)(7)c@andrewskurth.com>,
 "Barasch, Spencer" <(b)(6), (b)(7)c@andrewskurth.com>
 X-OriginalArrivalTime: 17 Jun 2005 16:47:09.0250 (UTC)
 FILETIME=[33C28A20:01C5735C]
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 Content-Type: text/plain;
 charset=iso-8859-1
 Content-Transfer-Encoding: quoted-printable
 Return-Path: (b)(6), (b)(7)c@andrewskurth.com

MESSAGEID : 09c54977998ed24683fbd6b6acca96060ffaFC@dalexch02.akllp.com
 MESSAGEINDEX = 0000002881
 ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C470642E2B00
 BODY : Mauricio --

As we discussed, here are links to three key documents which describe my background. One of

Header

the links is to an SEC Press Release when I left the Agency.

Please confirm that you were able to access these documents.

I look forward to hearing back from you.

Spence

<http://sec.gov/news/press/2005-34.htm>

http://www.andrewskurth.com/Lawyer.aspx?Ppl_ID=9815

http://www.andrewskurth.com/Page.aspx?Doc_ID=2972

Spencer C. Barasch
Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201

(b)(6), (b)(7)c

(b)(6), (b)(7)c
fax)

(b)(6), (b)(7)c

@andrewskurth.com

EXHIBIT 170

RE: More Guidance, Please

6/20/2005 3:01:48 PM

From: Barasch, Spencer (b)(6), (b)(7)c [mailto:(b)(6), (b)(7)c@andrewskurth.com]
To: Connor, Richard E. (b)(6), (b)(7)c [mailto:(b)(6), (b)(7)c@SEC.GOV]

thx

-----Original Message-----

From: Connor, Richard E. [mailto:(b)(6), (b)(7)c@SEC.GOV]
Sent: Monday, June 20, 2005 2:57 PM
To: Barasch, Spencer
Subject: RE: More Guidance, Please

I talked to (b)(6), (b)(7)c and she is fairly sure you had nothing to do with the Stanford Financial Group matter but she suggested that I confirm this with (b)(6), (b)(7)c. I have left him a message to contact me. As soon as I hear from him I will get back with you.

Rick

-----Original Message-----

From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Monday, June 20, 2005 3:18 PM
To: Connor, Richard E.
Subject: More Guidance, Please

Hey Rick --

Hope all is well in this time of incredible change at the SEC. I never believed that my departure would trigger so many others to abandon ship...

I have been approached about representing an investment complex called Stanford Financial Group, of Houston, Texas, in connection with (what appears to be) a preliminary inquiry by the Fort Worth office. The assigned attorneys are (I think) (b)(6), (b)(7)c

I am not aware of any conflicts and I do not remember any matters pending on Stanford while I was at the commission. Would you please confirm this with the Fort Worth staff?

Much thanks.

Spence

Spencer C. Barasch
Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201

(b)(6), (b)(7)c

(b)(6), (b)(7)c

(fax)

EXHIBIT 171

RE: Stanford Group Company

6/20/2005 3:39:00 PM

From: (b)(6), (b)(7)c
To: Prescott, Victoria F. (b)(6), (b)(7)c @SEC.GOV]

Thanks. Will check with (b)(6), (b)(7)c

From: Prescott, Victoria F.
Sent: Monday, June 20, 2005 3:36 PM
To: (b)(6), (b)(7)c
Cc: Preuitt, Julie A.
Subject: RE: Stanford Group Company

I had no discussions with Spence individually, but he was present (along with Hal, Julie, (b)(6), (b)(7)c and Cohen) at a regulatory summit meeting in Austin earlier this spring at which the general facts of the case were presented. I did not give Spence a copy of the memo. Although it was prepared for him, Julie and (b)(6), (b)(7)c had been discussing the case, and it is my understanding that Julie forwarded the memo directly to (b)(6), (b)(7)c. I do not know whether (b)(6), (b)(7)c discussed it with Spence or not, or whether Julie sent the memo to anyone but (b)(6), (b)(7)c.

Victoria

(b)(6), (b)(7)c

From: (b)(6), (b)(7)c
Sent: Monday, June 20, 2005 3:17 PM
To: Degenhardt, Harold F.; Cohen, Jeffrey A.; Wright, Hugh M.; Preuitt, Julie A.; Prescott, Victoria F.
Subject: Stanford Group Company

Spence is looking to become engaged on the above referenced matter. The matter was referred to Enforcement by Regulation via a memo dated March 14, 2005. The memo was from Victoria, to Spence. Does anyone know if Spence received the memo before his departure? Did he read it? Did anyone have any discussions with him about the matter? I'll let the Ethics Office know.

Thanks.

(b)(6), (b)(7)c

Branch Chief

Division of Enforcement

Securities & Exchange Commission

801 Cherry Street

Fort Worth, TX 76102

Phone: (b)(6), (b)(7)c

Fax: (b)(6), (b)(7)c

EXHIBIT 172

RE: Stanford Group Company

6/20/2005 4:14:59 PM

From: Cohen, Jeffrey A. (b)(6), (b)(7)c
To: Degenhardt, Harold F. (b)(6), (b)(7)c @SEC.GOV]; (b)(6), (b)(7)c @SEC.GOV]

I didn't discuss Stanford with Spence. Anyway, I agree with your assessment Hal; even if Spence doesn't recall reading it, as preoccupied as he was at the time, it may have simply slipped his memory. And optically, it would look very bad.

From: Degenhardt, Harold F.
Sent: Monday, June 20, 2005 3:40 PM
To: (b)(6), (b)(7)c Cohen, Jeffrey A.; Wright, Hugh M.; Preuit, Julie A.; Prescott, Victoria F.
Subject: RE: Stanford Group Company

This is really no different from the prior matter.

A memorandum was sent to Spence while here. Whether he says that he received it, or not, is irrelevant. He cannot represent them. Please pass this to Ethics folks, though I would be amazed, if they had not reached this conclusion independently.

From: (b)(6), (b)(7)c
Sent: Monday, June 20, 2005 3:17 PM
To: Degenhardt, Harold F.; Cohen, Jeffrey A.; Wright, Hugh M.; Preuit, Julie A.; Prescott, Victoria F.
Subject: Stanford Group Company

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(b)(6), (b)(7)c

Branch Chief

Division of Enforcement

Securities & Exchange Commission

801 Cherry Street

Fort Worth, TX 76102

Phone: (b)(6), (b)(7)c

Fax: (b)(6), (b)(7)c

EXHIBIT 173

Header

SOURCE : (b)(6), (b)(7)c Date Filtered
 PROD_DATE : = 2009/09/23
 FROM : Stanford, Allen </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN (b)(6), (b)(7)c
 TO : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c, Suarez,
 Yolanda </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
 DATE : = 07/02/2005
 TIME : 20:15:22 -0400
 GMT_DATE : = 07/03/2005
 GMT_TIME : 00:15:22 GMT
 SUBJECT : RE: Barasch, Spencer/ SEC Matter
 FOLDER : (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Inbox\2005 E-MAILS
 HEADER : Microsoft Mail Internet Headers Version 2.0
 Received: from sfg-hou-ms3.stanford.sfgc.com ([10.10.11.122]) by SFG-HOU-MAILV1.stanford.sfgc.com
 with Microsoft SMTPSVC(6.0.3790.1830);
 Sat, 2 Jul 2005 19:15:00 -0500
 Received: from sgcassentor1.stanford.sfgc.com ([10.10.10.19]) by sfg-hou-ms3.stanford.sfgc.com with
 Microsoft SMTPSVC(5.0.2195.6713);
 Sat, 2 Jul 2005 19:15:00 -0500
 Received: from sfg-hou-mgw2.stanford.sfgc.com ([10.10.5.14]) by sgcassentor1.stanford.sfgc.com with
 Microsoft SMTPSVC(6.0.3790.211);
 Sat, 2 Jul 2005 19:15:00 -0500
 Received: from 10.10.5.7 by sfg-hou-mgw2.stanford.sfgc.com with ESMTMP (
 Tumbleweed MMS SMTP Relay (MMS v5.6.3)); Sat, 02 Jul 2005 19:14:49
 -0500
 X-Server-Uid: 11942592-3256-401A-962A-E2D37D56DF10
 Received: from SFGCEagstan05 ([209.59.66.138]) by
 sfg-hou-mgw.stanford.sfgc.com (8.12.10/8.12.10) with ESMTMP id
 j6309Xh6032407; Sat, 2 Jul 2005 19:09:38 -0500
 Message-ID: <200507030009.i6309Xh6032407@sfg-hou-mgw.stanford.sfgc.com>
 From: "Allen Stanford" (b)(6), (b)(7)c @stanford.sfgc.com>
 To: "Alvarado, Mauricio" (b)(6), (b)(7)c @stanford.sfgc.com>,
 "Suarez, Yolanda" (b)(6), (b)(7)c @stanford.sfgc.com>
 Subject: RE: Barasch, Spencer/ SEC Matter
 Date: Sat, 2 Jul 2005 20:15:22 -0400
 MIME-Version: 1.0
 X-Mailer: Microsoft Office Outlook, Build 11.0.6353
 Thread-Index: AcV17cnmflkhZ117Tiq29FwUFRUh2wluOfgQ
 In-Reply-To: <9701E283C209B343B7C45E424C5181D35357E5@sfg-hou-ms3.stanford.sfgc.com>
 X-MimeOLE: Produced By Microsoft MimeOLE V6.00.2900.2180
 X-WSS-ID: 6ED9F2731ZS551657-01-01
 Content-Type: multipart/alternative;
 boundary="====_NextPart_000_000E_01C57F42.CD5B29C0"
 Return-Path: (b)(6), (b)(7)c @stanford.sfgc.com
 X-OriginalArrivalTime: 03 Jul 2005 00:15:00.0100 (UTC) FILETIME=[403B1C40:01C57F64]

 -----_NextPart_000_000E_01C57F42.CD5B29C0
 Content-Type: text/plain;
 charset=us-ascii
 Content-Transfer-Encoding: 7bit

 -----_NextPart_000_000E_01C57F42.CD5B29C0
 Content-Type: text/html;
 charset=us-ascii
 Content-Transfer-Encoding: quoted-printable

 -----_NextPart_000_000E_01C57F42.CD5B29C0--

 MESSAGEID : 200507030009.j6309xh6032407@sfg-hou-mgw.stanford.sfgc.com
 MESSAGEINDEX : = 0000002572
 ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C470C4062B00
 BODY : This is bs and I want to know why the SEC would /could conflict him out. RAS

From: Alvarado, Mauricio [mailto: (b)(6), (b)(7)c @StanfordEagle.com]
Sent: Monday, June 20, 2005 7:14 PM
To: Stanford, Allen; Suarez, Yolanda
Subject: Barasch, Spencer/ SEC Matter

RAS & Yolanda,

As you know, per your instructions, I was in the process of retaining the legal services of Spencer Barasch, the former head of enforcement of the Dallas SEC office, currently with Andrews and Kurth. However, he called me today to inform me that he was unable to assist us in the referenced matter as he was conflicted out. It appears that he did not receive the okay from the office of the General Counsel of the SEC, as the matter started before he left the SEC. He left the SEC six weeks ago. Thus, we are not able to retain his services. Thanks.

Mauricio

EXHIBIT 174

Header

(b)(6), (b)(7)c
Date Filtered
= 2009/09/23
SOURCE : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN= (b)(6), (b)(7)c
PROD_DATE : Davis, James </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN= (b)(6), (b)(7)c Suarez, Yolanda
FROM : </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN= (b)(6), (b)(7)c
TO :
DATE = 10/02/2006
TIME : 13:42:39 GMT
GMT_DATE = 10/02/2006
GMT_TIME : 13:42:39 GMT
SUBJECT : Fw:
FOLDER : (b)(6), (b)(7)c _DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
MESSAGEID : e80dccc224dce8846a58c0365f7d5775a07e39f@sfg-hou-mailv3.stanford.sfgc.com
MESSAGEINDEX = 0000000747
ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C470E4EA3C00
BODY : Fyj

----- Original Message -----

From: Alvarado, Mauricio
To: Stanford, Allen
Sent: Fri Sep 29 11:14:50 2006
Subject: RE:

I have already spoken to Spencer Barasch. I have scheduled a meeting for next Tuesday in Miami in the afternoon. For your information, Spencer is a partner at Andrews Kurth and was previously the Associate Director in the SEC's Fort Worth office where he headed up the agency's enforcement program in the Southwest.

Thanks,

Mauricio

-----Original Message-----

From: Stanford, Allen
Sent: Friday, September 29, 2006 10:16 AM
To: Alvarado, Mauricio; Davis, James
Subject:

The former sec dallas lawyer we spoke about in st croix. Get him on board asap.

EXHIBIT 175

Header

SOURCE = (b)(6), (b)(7)c Date Filtered
 PROD_DATE = 2009/09/23
 FROM : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c>
 TO : Suarez, Yolanda </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c>
 DATE = 10/02/2006
 TIME : 22:06:51 GMT
 GMT_DATE = 10/02/2006
 GMT_TIME : 22:06:51 GMT
 SUBJECT : Fw: Our Conversation
 FOLDER : (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
 MESSAGEID : e80dcc224dce8846a58c0365f7d5775a07e3b3@sfg-hou-mailv3.stanford.sfg.com
 MESSAGEINDEX = 0000000727
 ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C47064E83C00
 BODY : Fyi

----- Original Message -----

From: Alvarado, Mauricio
 To: Davis, James; Stanford, Allen
 Sent: Mon Oct 02 17:04:59 2006
 Subject: Fw: Our Conversation

Fyi. I will be meeting with Spencer Barasch, former SEChad of enforcement tomorrow at 3:00 PM at our offices in Miami (21st floor conference room)

Mauricio

----- Original Message -----

From: Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com>
 To: Alvarado, Mauricio
 Sent: Mon Oct 02 08:50:12 2006
 Subject: RE: Our Conversation

Same here -- see you tomorrow.

-----Original Message-----

From: Alvarado, Mauricio [mailto:(b)(6), (b)(7)c@StanfordEagle.com]
 Sent: Monday, October 02, 2006 8:42 AM
 To: Barasch, Spencer
 Subject: Re: Our Conversation

Dear Spencer,

I am looking forward to our meeting tomorrow. It was good to talk to you again.

Thanks

Mauricio Alvarado

----- Original Message -----

From: Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com>
 To: Alvarado, Mauricio
 Sent: Fri Sep 29 12:27:55 2006
 Subject: Our Conversation

Mauricio

Thanks for the call this morning -- I look forward to the opportunity to be of service to Stanford going forward.

I will await instructions about where and when to meet in Miami on

tuesday. Afternoon would be best for me, since I have a conference call in the morning that would be difficult to reschedule. Please feel free to contact me on my cell phone at anytime -- (b)(6), (b)(7)c

Here is the link to my profile:

http://andrewskurth.com/Lawyer.aspx?Ppl_ID=9815

<http://andrewskurth.com/Lawyer.aspx?Ppl_ID=9815>

Spence

Spencer C. Barasch
Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201

(b)(6), (b)(7)c

(fax)

Treasury Circular 230 Disclosure - To comply with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this written communication (including any attachment) is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed on the person. If this written communication contains any tax advice that is used or referred to in connection with the promoting, marketing or recommending of any transaction(s) or matter(s), this written communication should be construed as written to support the promoting, marketing or recommending of the transaction(s) or matter(s) addressed by this written communication, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. No limitation has been imposed by Andrews Kurth LLP on disclosure of the tax treatment or tax structure of the transaction(s) or matter(s).

Treasury Circular 230 Disclosure - To comply with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this written communication (including any attachment) is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed on the person. If this written communication contains any tax advice that is used or referred to in connection with the promoting, marketing or recommending of any transaction(s) or matter(s), this written communication should be construed as written to support the promoting, marketing or recommending of the transaction(s) or matter(s) addressed by this written communication, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. No limitation has been imposed by Andrews Kurth LLP on disclosure of the tax treatment or tax structure of the transaction(s) or matter(s).

EXHIBIT 176

ANDREWS
ATTORNEYS **KURTH** LLP

1717 Main Street, Suite 3700
Dallas, Texas 75201
214.659.4400 Phone
214.659.4401 Fax
andrewskurth.com

Spencer Barasch

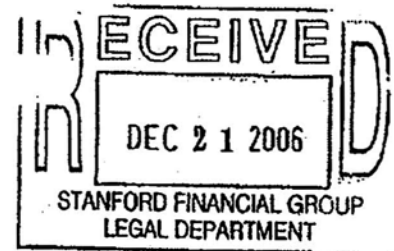
(b)(6), (b)(7)c Phone

Fax

(b)(6), (b)(7)c @andrewskurth.com

December 18, 2006

Mauricio Alvarado
Stanford Group Company
5050 Westheimer
Houston, Texas 77056



Re: *Securities Issues*

Dear Ms. Alvarado:

Enclosed please find a statement for services rendered and expenses incurred by our firm in the referenced matter for the months of October and November, 2006, bringing your account current through November 30, 2006. Payment in full before year-end, if possible, would be greatly appreciated.

Should you have any questions about the bill, please do not hesitate to call.

Sincerely,

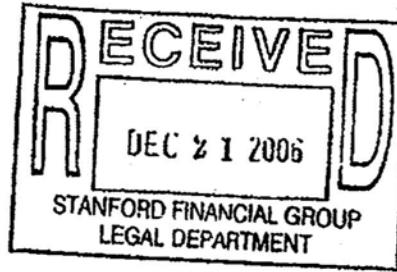
Spencer C. Barasch

(b)(6), (b)(7)c
SCB
Enclosure

DAL:645981.1

Austin Dallas Houston London Los Angeles New York The Woodlands Washington, DC

ANDREWS
ATTORNEYS **KURTH** LLP



Andrews Kurth LLP
P.O. Box 201785
Houston, Texas 77216-1785
713.220.4200 Phone
713.220.4285 Fax
andrewskurth.com
Taxpayer I.D. #74-1027138

December 13, 2006

Stanford Group Company
5050 Westheimer
Houston, TX 77056

As of November 30, 2006
Invoice No. 10342671
09979 0018468 / 0170154

RE: SECURITIES ISSUES

| Date | Services | Name | Hours | |
|--------------------------------------|--|-----------------|--------------|--------------------|
| 10/02/06 | Travel to Miami for meeting with client; review publicly available company information to prepare for meeting. (NO CHARGE) | SPENCER BARASCH | 0.00 | |
| 10/03/06 | Prepare for meeting with Mauricio Alverado and attend meeting in Stanford's Miami offices. | SPENCER BARASCH | 4.50 | |
| 10/04/06 | Return to Dallas from Miami; review documentation received from company about SEC and NASD inquiries. | SPENCER BARASCH | 6.50 | |
| 10/12/06 | Telephone conference with Mauricio Alverado regarding status of SEC and NASD matters; review draft letter to NASD. | SPENCER BARASCH | 0.70 | |
| 10/13/06 | Complete review of NASD letter and email comments to client. | SPENCER BARASCH | 0.30 | |
| 11/13/06 | Telephone conference with Mauricio Alverado regarding status of SEC and NASD inquiries. | SPENCER BARASCH | 0.30 | |
| Total Services | | | <u>12.30</u> | <u>\$ 5,842.50</u> |
| Disbursements | | | | Value |
| Total for Document Services | | | | 0.80 |
| Total for Hotel & Lodging expense | | | | 326.22 |
| Total for Travel Expense | | | | 355.40 |
| Total for Travel-related Exps, Meals | | | | 63.01 |
| Total Disbursements | | | | <u>\$ 745.43</u> |

Payment due upon receipt

For Questions or Comments Regarding this Bill, Please Contact the Accounting Department at (713) 220-4608.

RE: SECURITIES ISSUES

Total Current Services and Disbursements This Matter

\$ 6,587.93

Payment due upon receipt

For Questions or Comments Regarding This Bill, Please Contact the Accounting Department at (713) 220-4606.

RE: SECURITIES ISSUES

SUMMARY OF FEES

| Number | Name | Hours | Value |
|---------------|------------------|--------------|-------------------|
| 9979 | BARASCH, SPENCER | 12.30 | 5,842.50 |
| | | <u>12.30</u> | <u>\$5,842.50</u> |

Payment due upon receipt

For Questions or Comments Regarding this Bill, Please Contact the Accounting Department at (713) 220-4606.

ANDREWS
ATTORNEYS **KURTH** LLP

Andrews Kurth LLP
P.O. Box 201785
Houston, Texas 77216-1785
713.220.4200 Phone
713.220.4285 Fax
andrewskurth.com
Taxpayer I.D. #74-1027138

December 13, 2006

PLEASE RETURN THIS COPY WITH YOUR PAYMENT

Stanford Group Company
5050 Westheimer
Houston, TX 77056

As of November 30, 2006
Invoice No. 10342671
09979 0018468 / 0170154

RE: SECURITIES ISSUES

INVOICE SUMMARY

| | |
|---|---------------------------|
| Total Services | \$ 5,842.50 |
| Total Disbursements | <u>745.43</u> |
| Total Current Services and Disbursements Due This Bill | \$ 6,587.93 |
| Outstanding Balance on Amounts Previously Billed | <u>0.00</u> |
| Total For This Matter | <u><u>\$ 6,587.93</u></u> |

| <u>Invoice Date</u> | <u>Invoice Number</u> | <u>Total Balance Due</u> |
|---------------------|-----------------------|--------------------------|
| 12/13/06 | 10342671 | 6,587.93 |

Total balance outstanding for this matter
As Of December 13, 2006 \$ 6,587.93

PLEASE RETURN THIS COPY WITH YOUR PAYMENT

Payment due upon receipt

Please Reference Invoice Number & Client/Matter Number on Your Payment

Please send remittance to:
ANDREWS KURTH LLP
P.O. Box 201785
Houston, TX 77216-1785

Wire Transfer Information:
JPMorgan Chase, 712 Main Street, Houston, TX 77002
ABA: 021000021
Acct #: (b)(6), (b)(7)c
Fax Remittance Info: 713-238-7131
AccountsReivable@akllp.com

ACH Information:
JPMorgan Chase
ABA: 113000609
Acct #: (b)(6), (b)(7)c

For Questions or Comments Regarding this Invoice, Please Contact the Accounting Department at (713) 220-4606.

December 13, 2006

Stanford Group Company
5050 Westheimer
Houston, TX 77056

As of November 30, 2006
Invoice No. 10342671
09979 0018468 / 0170154

RE: SECURITIES ISSUES

| Date | Services | Name | Hours | |
|--------------------------------------|--|-----------------|--------------|--------------------|
| 10/02/06 | Travel to Miami for meeting with client; review publicly available company information to prepare for meeting. (NO CHARGE) | SPENCER BARASCH | 0.00 | |
| 10/03/06 | Prepare for meeting with Mauricio Alverado and attend meeting in Stanford's Miami offices. | SPENCER BARASCH | 4.50 | |
| 10/04/06 | Return to Dallas from Miami; review documentation received from company about SEC and NASD inquiries. | SPENCER BARASCH | 6.50 | |
| 10/12/06 | Telephone conference with Mauricio Alverado regarding status of SEC and NASD matters; review draft letter to NASD. | SPENCER BARASCH | 0.70 | |
| 10/13/06 | Complete review of NASD letter and email comments to client. | SPENCER BARASCH | 0.30 | |
| 11/13/06 | Telephone conference with Mauricio Alvarado regarding status of SEC and NASD inquiries. | SPENCER BARASCH | 0.30 | |
| Total Services | | | 12.30 | \$ 5,842.50 |
| Disbursements | | | | Value |
| Total for Document Services | | | | 0.80 |
| Total for Hotel & Lodging expense | | | | 326.22 |
| Total for Travel Expense | | | | 355.40 |
| Total for Travel-related Exps, Meals | | | | 63.01 |
| Total Disbursements | | | | \$ 745.43 |

RE: SECURITIES ISSUES

Total Current Services and Disbursements This Matter

\$ 6,587.93

Payment due upon receipt

For Questions or Comments Regarding this Bill, Please Contact the Accounting Department at (713) 220-4606.

RE: SECURITIES ISSUES

SUMMARY OF FEES

| Number | Name | Hours | Value |
|---------------|------------------|--------------|-------------------|
| 9979 | BARASCH, SPENCER | 12.30 | 5,842.50 |
| | | <u>12.30</u> | <u>\$5,842.50</u> |

Payment due upon receipt

For Questions or Comments Regarding this Bill, Please Contact the Accounting Department at (713) 220-4606.

EXHIBIT 177

Header

SOURCE = (b)(6), (b)(7)c
PROD_DATE = 2009/09/23
FROM : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN:(b)(6), (b)(7)c
TO : (b)(6), (b)(7)c @andrewskurth.com
BCC : Suarez, Yolanda </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN:(b)(6), (b)(7)c
DATE = 10/05/2006
TIME : 01:27:30 GMT
GMT_DATE = 10/05/2006
GMT_TIME : 01:27:30 GMT
SUBJECT : Re: Our Conversation
FOLDER (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
MESSAGEID : e80acc224dce8846a58c0365f7d5775a07e3d6@sfg-hou-mailv3.stanford.sfgc.com
MESSAGEINDEX = 0000000692
ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C47004E43C00
BODY :

Spence,

Likewise, I am very glad that we finally met. Reponding to your questions, we have not heard anything else from the SECToday. We are nonetheless, working on the draft response to the NASD.

Finally, I did not go to Antigua today. (b)(6), (b)(7)c

(b)(6), (b)(7)c . I will be however travelling to Antigua tomorrow.

As soon as I get back to Houston , I will give you a call to discuss further, and plan a strategy to follow.

I am glad that you are now part of our team. I look forward to our working together.

Thanks.

Mauricio

----- Original Message ----- (b)(6), (b)(7)c
From: Barasch, Spencer <(b)(6), (b)(7)c @andrewskurth.com>
To: Alvarado, Mauricio
Sent: Wed Oct 04 19:45:00 2006
Subject: RE: Our Conversation

Mauricio,

I enjoyed finally meeting you yesterday. Some follow-up thoughts/questions?

(1) Any more news from the SEC or from Antigua? Did you actually make the trip to Antigua this morning?

(2) How is the progress on the response to the NASD?

(3) How are you feeling? I hope a lot better than yesterday – I felt your pain.

Best regards,

Spence

-----Original Message----- (b)(6), (b)(7)c
From: Alvarado, Mauricio [mailto:(b)(6), (b)(7)c @StanfordEagle.com]
Sent: Monday, October 02, 2006 8:42 AM
To: Barasch, Spencer
Subject: Re: Our Conversation

Dear Spencer,

I am looking forward to our meeting tomorrow. It was good to talk to you again.

Thanks

Mauricio Alvarado

----- Original Message -----
From: Barasch, Spencer <(b)(6), (b)(7)c @andrewskurth.com>
To: Alvarado, Mauricio
Sent: Fri Sep 29 12:27:55 2006
Subject: Our Conversation

Mauricio

Thanks for the call this morning -- I look forward to the opportunity to be of service to Stanford going forward.

I will await instructions about where and when to meet in Miami on tuesday. Afternoon would be best for me, since I have a conference call in the morning that would be difficult to reschedule. Please feel free to contact me on my cell phone at anytime -- (b)(6), (b)(7)c

Here is the link to my profile:
http://andrewskurth.com/Lawyer.aspx?Ppl_ID=9815
<http://andrewskurth.com/Lawyer.aspx?Ppl_ID=9815>

Spence

Spencer C. Barasch
Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201
(b)(6), (b)(7)c
(fax)

Treasury Circular 230 Disclosure - To comply with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this written communication (including any attachment) is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed on the person. If this written communication contains any tax advice that is used or referred to in connection with the promoting, marketing or recommending of any transaction(s) or matter(s), this written communication should be construed as written to support the promoting, marketing or recommending of the transaction(s) or matter(s) addressed by this written communication, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. No limitation has been imposed by Andrews Kurth LLP on disclosure of the tax treatment or tax structure of the transaction(s) or matter(s).

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EXHIBIT 178

Header

SOURCE = (b)(6), (b)(7)c
 PROD_DATE = 2009/09/23
 FROM (b)(6), (b)(7)c </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
 TO : Young, Bernerd (b)(6), (b)(7)c
 </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=HOUSTON/CN=COMPLIANCE/CN=(b)(6), (b)(7)c
 </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
 DATE = 10/13/2006
 TIME : 16:35:26 -0500
 GMT_DATE = 10/13/2006
 GMT_TIME : 21:35:26 GMT
 SUBJECT : FW: NASD CD Inquiry
 FOLDER : \Personal Folders\FINRA
 HEADER : Microsoft Mail Internet Headers Version 2.0
 X-MimeOLE: Produced By Microsoft Exchange V6.5
 Content-class: urn:content-classes:message
 MIME-Version: 1.0
 Content-Type: application/ms-tnef;
 name="winmail.dat"
 Content-Transfer-Encoding: binary
 Subject: FW: NASD CD Inquiry
 Date: Fri, 13 Oct 2006 16:35:26 -0500
 Message-ID: <32F4AEF5565AFB48B75CC9A32FFEBB5E2834D2@SFG-HOU-MAILV3.stanford.sfgc.com>
 X-MS-Has-Attach:
 X-MS-TNEF-Correlator: <32F4AEF5565AFB48B75CC9A32FFEBB5E2834D2@SFG-HOU-MAILV3.stanford.sfgc.com>
 Thread-Topic: NASD CD Inquiry
 Thread-Index:
 AcbmSeF1KNHCz70TiSRaVtn05DzWNpwAACeSwAAAZmyACArMUwAAA/PqgACr2JZAAAP2LwAABfldQ
 From: (b)(6), (b)(7)c @StanfordEagle.com>
 To: "Young, Bernerd (b)(6), (b)(7)c @StanfordEagle.com",
 (b)(6), (b)(7)c @StanfordEagle.com>

MESSAGEID : 32f4aef5565afb48b75cc9a32ffebb5e2834d2@sfg-hou-mailv3.stanford.sfgc.com
 MESSAGEINDEX = 0000001490
 ENTRYID : 0000000029084EA7AB4B2C4EBF0543C53DCD50CA447B2900
 BODY : Bernie & (b)(6), (b)(7)c

We just got the comments below back from outside counsel. Can we discuss on Monday? I think he has a point on Number 3. We can discuss the others.

FYI – The other outside counsel, Spencer Barasch thought it was fine - said he liked the content and tone.

(b)(6), (b)(7)c

From: Alvarado, Mauricio
Sent: Friday, 13 October, 2006 3:50 PM
To: (b)(6), (b)(7)c
Subject: FW: NASD CD Inquiry

Please look at Tom's comments and let's incorporate them into the letter.

Thanks

From: Sjoblom, Thomas V. [mailto: (b)(6), (b)(7)c @proskauer.com]
Sent: Friday, October 13, 2006 3:43 PM
To: Alvarado, Mauricio
Subject: RE: NASD CD Inquiry

Mauricio, I do not have a lot to add, but would make the following observations and suggest a few sentences along the following lines:

1. The NASD seems to want a disclosure that the affiliation between SFG and SIB could create a "conflict of interest." Does Bernard Young agree that such disclosure is required, above and beyond merely pointing out the affiliation.?
2. You could add that no international investment bank discloses its specific portfolio holdings--if for no other reasons, the trading desk moves in and out of such positions almost daily. Remember, the managing director of global trading of a major investment bank told me that it was "none of their business" in which specific securities the portfolio was invested.
3. The prudence of each specific investment in the portfolio is determined by the investment committee and its decisions are reviewed by the FSRC -- both from a philosophical standpoint and from the standpoint of actual holdings.

In point #1, you did not mean to suggest or imply that SGC reviews or has access to reports by the FSRC, do you? If you so, the SEC might ask us to produce those reports, because the SEC does have jurisdiction of the US broker.

4. Nothing to add

5. Aren't the Index linked CDs closely akin to purchasing shares in an index fund or a derivative (option or futures contract) on a stock index fund? I was part of that regulatory approval process in the early 1980s, and we did not (if my memory serves me correctly) require disclosure in the disclosure documents for such options products each and every stock underlying that index. Are such funds now required to disclose not only the index in which it is invested, but also every stock in that index? They probably just point to the name of the index and let the reader research the index. Well known indices, like the NASDAQ 100 or S&P 500, define what is in the index. I think no more is required. Have someone look through the disclosure statement for index options and index futures.

6. Nothing to add

Hope these comments help.

Best Regards,

Tom

Thomas V. Sjoblom | PROSKAUER ROSE LLP
Member of the Firm
1001 Pennsylvania Avenue, NW | Suite 400 South | Washington, DC 20004-2533
V: (b)(6), (b)(7)c | F: (b)(6), (b)(7)c
(b)(6), (b)(7)c@proskauer.com | www.proskauer.com
<<http://www.proskauer.com/index.html>>

(b)(6), (b)(7)c
From: Alvarado, Mauricio [mailto:(b)(6), (b)(7)c@StanfordEagle.com]
Sent: Thursday, October 12, 2006 7:56 PM
Cc: Sjoblom, Thomas V.; (b)(6), (b)(7)c@andrewskurth.com
Subject: FW: NASD CD Inquiry

Spence/Tom,

Per our conversation, I am attaching for your review our proposed response to the latest NASD letter dated September 27, 2006. Please review it and send me

your comments, if any, by the end of the day tomorrow. If you have any questions, please do not hesitate to contact me.

Mauricio

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=====
=====

EXHIBIT 179

Header

(b)(6), (b)(7)c
SOURCE = [redacted] Date Filtered
PROD_DATE = 2009/09/23
FROM : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=[redacted]>
TO : Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com>
DATE = 10/13/2006
TIME : 21:26:48 GMT
GMT_DATE = 10/13/2006
GMT_TIME : 21:26:48 GMT
SUBJECT : RF: NASD CD Inquiry
FOLDER (b)(6), (b)(7)c [redacted]_DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
MESSAGEID : 1323cbab3e6f0247946bc0cf71f3f64d075b454e@sfg-hou-mailv3.stanford.sfgc.com
MESSAGEINDEX = 0000000591
ENTRYID : 0000000A75777FE6FB8C844A0966D879A83C47064D73C00
BODY : Thanks.

Mauricio

-----Original Message-----

(b)(6), (b)(7)c
From: Barasch, Spencer [mailto:[redacted]@andrewskurth.com]
Sent: Friday, October 13, 2006 4:21 PM
To: Alvarado, Mauricio
Subject: Re: NASD CD Inquiry

Mauricio,

As much as I would like to offer you some brilliant suggestions, and show off my wisdom, I have nothing of substance to add. I think the content of the response, and its tone, are excellent.

I suspect that the NASD will just go through the motions to satisfy the SEC.

Spence

-----Original Message-----

From: Alvarado, Mauricio
To: Sjoblom, Thomas V.; Barasch, Spencer
Sent: Thu Oct 12 19:02:45 2006
Subject: FW: NASD CD Inquiry

Spence/Tom,

Per our conversation, I am attaching for your review our proposed response to the latest NASD letter dated September 27, 2006. Please review it and send me your comments, if any, by the end of the day tomorrow. If you have any questions, please do not hesitate to contact me.

Mauricio

Treasury Circular 230 Disclosure - To comply with requirements imposed by the Internal Revenue

Service, we inform you that any tax advice contained in this written communication (including any attachment) is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed on the person. If this written communication contains any tax advice that is used or referred to in connection with the promoting, marketing or recommending of any transaction(s) or matter(s), this written communication should be construed as written to support the promoting, marketing or recommending of the transaction(s) or matter(s) addressed by this written communication, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. No limitation has been imposed by Andrews Kurth LLP on disclosure of the tax treatment or tax structure of the transaction(s) or matter(s).

EXHIBIT 180

Header

(b)(6), (b)(7)c
SOURCE [redacted] Date Filtered
PROD_DATE = 2009/09/23 (b)(6), (b)(7)c
FROM : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN [redacted]>
TO : Stanford, Allen </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c [redacted]>
DATE = 10/13/2006
TIME : 21:24:58 GMT
GMT_DATE = 10/13/2006
GMT_TIME : 21:24:58 GMT
SUBJECT : FW: NASD CD Inquiry
FOLDER (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
MESSAGEID : 1323cdab3e6f0247946bc0cf71f3f64d075b454b@sfg-hou-mailv3.stanford.sfgc.com
MESSAGEINDEX = 0000000594
ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C470C4D73C00
BODY : FYI. This is the feedback from the former SEC person in
Forth Worth in relation to our proposed draft letter to the
NASD.

Thanks

Mauricio

-----Original Message----- (b)(6), (b)(7)c
From: Barasch, Spencer [mailto:[redacted]@andrewskurth.com]
Sent: Friday, October 13, 2006 4:21 PM
To: Alvarado, Mauricio
Subject: Re: NASD CD Inquiry

Mauricio,

As much as I would like to offer you some brilliant suggestions, and show off my wisdom, I have nothing of substance to add. I think the content of the response, and its tone, are excellent.

I suspect that the NASD will just go through the motions to satisfy the SEC.

Spence

-----Original Message-----

From: Alvarado, Mauricio

To: Sjoblom, Thomas V.; Barasch, Spencer

Sent: Thu Oct 12 19:02:45 2006

Subject: FW: NASD CD Inquiry

Spence/Tom,

Per our conversation, I am attaching for your review our proposed response to the latest NASD letter dated September 27, 2006. Please review it and send me your comments, if any, by the end of the day tomorrow. If you have any questions, please do not hesitate to contact me.

Mauricio

Treasury Circular 230 Disclosure - To comply with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this written communication (including any attachment) is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed on the person. If this written communication contains any tax advice that is used or referred to in connection with the promoting, marketing or recommending of any transaction(s) or matter(s), this written communication should be construed as written to support the promoting, marketing or recommending of the transaction(s) or matter(s) addressed by this written communication, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. No limitation has been imposed by Andrews Kurth LLP on disclosure of the tax treatment or tax structure of the transaction(s) or matter(s).

EXHIBIT 181

Header

SOURCE (b)(6), (b)(7)c
PROD_DATE = 2009/09/23
FROM : Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com>
TO : Young, Bernerd <(b)(6), (b)(7)c@stanfordeagle.com>
DATE = 10/16/2006
TIME : 18:10:57 -0500
GMT_DATE = 10/16/2006
GMT_TIME : 23:10:57 GMT
SUBJECT : RE: A Message to All NASD Member Firms
FOLDER : \Personal Folders\SIB
HEADER : Microsoft Mail Internet Headers Version 2.0
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Mon, 16 Oct 2006 18:11:08 -0500
Received: from sgcassentor1.stanford.sfgc.com ([10.10.10.19]) by sfg-hou-ife1.stanford.sfgc.com with Microsoft SMTPSVC(6.0.3790.1830);
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Mon, 16 Oct 2006 18:11:08 -0500
Received: from ([216.82.241.227])
by sfg_hou_im.stanford.sfgc.com with SMTP id KP-BRCML.12574704;
Mon, 16 Oct 2006 18:11:01 -0500
X-VirusChecked: Checked
X-Env-Sender (b)(6), (b)(7)c@andrewskurth.com
X-Msg-Ref: server-7.tower-46.message-labs.com!1161040258!199969211!
X-StarScan-Version: 5.5.10.7; banners=-,-,-
X-Originating-IP: [198.207.245.110]
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by server-7.tower-46.message-labs.com with SMTP; 16 Oct 2006 23:10:59 -0000
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Subject: RE: A Message to All NASD Member Firms
Date: Mon, 16 Oct 2006 18:10:57 -0500
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X-MS-TNEF-Correlator:
Importance: normal
Priority: normal
Thread-Topic: A Message to All NASD Member Firms
Thread-Index: AcbtdiJ8ExcVzpwXru6XxHqLXzJyCAD1yihAAAq5+WA=
From: "Barasch, Spencer" (b)(6), (b)(7)c@andrewskurth.com
To: "Young, Bernerd" (b)(6), (b)(7)c@StanfordEagle.com
Return-Path: (b)(6), (b)(7)c@andrewskurth.com
X-OriginalArrivalTime: 16 Oct 2006 23:10:58.0029 (UTC) FILETIME=[56BDD9D0:01C6F178]
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Scam Dictionary (TRU10):<0> Adult Dictionary (TRU10):<0>
Embed HTML Dictionary (TRU10):<0> stock_spam:<0> Float
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(TRU10):<3> URL Real-Time Signatures:<0> Spam Dictionary 2 (TRU10):<0>
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Header

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Content-Transfer-Encoding: quoted-printable

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MESSAGEID : 2ebecd851470ab4ca0ba1109eeb9b5ce18065e@dalexch3.akllp.com
MESSAGEINDEX : 0000001373
ENTRYID : 0000000029084EA7AB4B2C4EBF0543C53DCD50CA648D3900
BODY : Thanks!!!

Get back to me on dates for Antigua -- if not too far out, week of November 13th would be great.

S.

From: Young, Bernerd [mailto: (b)(6), (b)(7)c @StanfordEagle.com]
Sent: Monday, October 16, 2006 1:03 PM
To: Barasch, Spencer
Subject: FW: A Message to All NASD Member Firms

From: Mary L. Schapiro [mailto: (b)(6), (b)(7)c @nasd.com]
Sent: Wednesday, October 11, 2006 3:39 PM
To: Young, Bernerd
Subject: A Message to All NASD Member Firms

<http://www.magnetmail1.net/lis.cfm?r=41700689&sid=1509532&m=230244&u=NASD2&s=http://www.nasd.com> <<http://www.magnetmail1.net/lis.cfm?r=41700689&sid=1509532&m=230244&u=NASD2&s=http://www.nasd.com>>
<http://www.magnetmail1.net/lis.cfm?r=41700689&sid=1509532&m=230244&u=NASD2&s=http://www.nasd.com>

As you may know, I became NASD's Chairman and CEO on September 1. I am both honored and excited to have been chosen to lead NASD at a time of such rapid and profound change in the securities industry. NASD has an important job to do. Our role as the pre-eminent securities regulator is vital to maintaining investor confidence, and we are firmly committed to our mission of

protecting investors and maintaining market integrity.

That said, I believe there are ways that we can do our job more effectively. As I have traveled the country over the last six months, meeting with CEOs of NASD member firms—both large and small—it has become clear to me that one of NASD's greatest challenges is to communicate more effectively with you. I am committed to much greater transparency from NASD, ensuring that we explain what we hope to accomplish with the regulatory actions we take—whether we are proposing rules, developing new tools to aid compliance, or conducting examination sweeps or investigations—and that we seek your input and active participation in our processes.

For example, one of the things that I heard from many of you on my recent "listening tour" was concern about NASD's Sanctions Guidelines and how fines are determined. I wanted to let you know that, based on this feedback, we have taken a second look at the guidelines and the effect that sanctions can have on smaller firms in particular. As you may have seen, on September 26, 2006, we issued *Notice to Members 06-55* <http://www.magnetmail1.net/lis.cfm?r=41700689&sid=1509533&m=230244&u=NASD2&s=http://www.nasd.com/RulesRegulation/NoticestoMembers/2006NoticestoMembers/NASDW_017524> announcing our decision to revise the Sanctions Guidelines. This was done in order to clarify that a firm's size and resources should be considered when sanctions are imposed for misconduct.

As I stated in the press release we issued on the same subject, NASD is committed to being a vigorous regulator, but we are equally committed to fairness in the way sanctions are levied—and, at a higher level, in the way that we communicate and interact with all of the firms we regulate.

To ensure focus on this commitment, I have established an Office of Member Relations, reporting jointly to me and Doug Shulman, NASD Vice Chairman. Under the direction of Chip Jones, this new office will be responsible for maintaining open communication with member firms through industry meetings, NASD Committees and outreach to individual firms—with the primary goals of ensuring that senior management and all departments of NASD are aware of industry issues and ensuring that the industry understands NASD's initiatives. Chip can be reached at chip.jones@nasd.com <<mailto:chip.jones@nasd.com>> or (240) 386-4797.

As I look ahead at the work we have to do, I hope I can count on your feedback. In particular, please reach out to us to let us know how we can help you comply with applicable rules, and whether there are additional tools or programs you would like to see NASD develop. One of my top priorities is to make myself and NASD senior staff available, and to reach out to you and members of your staff who interact frequently with us. While NASD has regulatory obligations to meet—and you have a business to run—I am confident that we can have a working relationship that allows both of us to succeed.

Sincerely,

<http://www.magnetmail.net/images/clients/NASD2/mary_full_sig1.jpg>

Mary L. Schapiro
Chairman and CEO, NASD

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<http://www.magnetmail1.net/spacer.cfm?tracking_id=684521708 NASD2>

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EXHIBIT 182

Header

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 TO : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
 DATE = 10/17/2006
 TIME : 14:53:52 -0400
 GMT_DATE = 10/17/2006
 GMT_TIME : 18:53:52 GMT
 SUBJECT : FW: trip to bank
 FOLDER : (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Inbox\2006 E-MAILS
 HEADER : microsoft mail Internet Headers Version 2.0

Received: from SFG-ANT-MAIL1.antigua.sfgc.com ([10.11.14.21]) by SFG-HOU-MAILV3.stanford.sfgc.com with Microsoft SMTPSVC(6.0.3790.1830);
 Tue, 17 Oct 2006 13:53:56 -0500
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 MIME-Version: 1.0
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 boundary="====_NextPart_001_01C6F21D.9725AF59"
 Subject: FW: trip to bank
 Date: Tue, 17 Oct 2006 14:53:52 -0400
 Message-ID: <A86D8671C6F16F4980C3034B9FCA000871F69B@SFG-ANT-MAIL1.antigua.sfgc.com>
 X-MS-Has-Attach:
 X-MS-TNEF-Correlator: <A86D8671C6F16F4980C3034B9FCA000871F69B@SFG-ANT-MAIL1.antigua.sfgc.com>
 Thread-Topic: trip to bank
 Thread-Index: AcbxK6ltPETK9sjcSgyW5iSL3UdntgA8dpsA
 From: "Rodriguez-Tolentino, Juan" <(b)(6), (b)(7)c@StanfordEagle.com>
 To: "Alvarado, Mauricio" <(b)(6), (b)(7)c@StanfordEagle.com>
 Return-Path: (b)(6), (b)(7)c@StanfordEagle.com
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 MESSAGEINDEX = 0000002054
 ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C470E41B3000
 BODY : Por favor me llamas cuando puedas con respecto a este Sr. Barasch...

Regards,

JRT

From: Young, Bernerd

Header

Sent: Monday, October 16, 2006 11:02 AM
To: Rodriguez-Tolentino, Juan
Subject: trip to bank

Juan,

I am extending a sincere thank you to you and your staff for the extremely informative trip to Antigua last week.

I was speaking to Mauricio at the Jean Gilstrap awards Friday night and he would like me to bring our outside counsel, Spencer Barasch to visit the Bank. Mauricio would like this done in the next few months if possible.

Please send me your availability through the end of the year, I will coordinate with Mr. Barasch and then coordinate with your staff.

Once again "Muchos gracias"

Bernie

(That is about the extent of my Spanish proficiency)

EXHIBIT 183

Header

SOURCE : (b)(6), (b)(7)c
 PROD_DATE = 2009/09/23
 FROM : (b)(6), (b)(7)c </O=STANFORDEAGLE/OU=SFG-ANTIGUA/CN=RECIPIENTS/CN- (b)(6), (b)(7)c
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 TIME : 09:15:15 -0400
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 GMT_TIME : 13:15:15 GMT
 SUBJECT : RE: trip to bank
 FOLDER : \Personal Folders\SIB
 HEADER : Microsoft Mail Internet Headers Version 2.0
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 Mon, 6 Nov 2006 07:15:16 -0600
 Received: from SFG-ANT-MAIL1.antigua.sfgc.com ([10.11.14.21]) by SFG-HOU-MAILV1.stanford.sfgc.com with Microsoft SMTPSVC(6.0.3790.1830);
 Mon, 6 Nov 2006 07:15:15 -0600
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 Content-Type: multipart/mixed;
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 Subject: RE: trip to bank
 Date: Mon, 6 Nov 2006 09:15:15 -0400
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 In-Reply-To: <303384FCA0524243B3AA656AE3CD547D36A5E7@SFG-HOU-MAILV3.stanford.sfgc.com>
 X-MS-Has-Attach:
 X-MS-TNEF-Correlator: <B2FF1EDAA9F9964FB4FDA30A1607FA3081A6A2@SFG-ANT-MAIL1.antigua.sfgc.com>
 Thread-Topic: trip to bank
 Thread-Index: AcbxK6IIPETK9sicSovW5iSL3UdntgDGLSygAAMUC7ABar5CIAHqT2kA
 From: (b)(6), (b)(7)c @StanfordEagle.com>
 To: "Young, Bernerd" (b)(6), (b)(7)c @StanfordEagle.com>
 Return-Path: (b)(6), (b)(7)c @StanfordEagle.com
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 BODY : Good Morning Bernie,

I apologies for the delay, I was out of office last week. I have forwarded on your request to Juan Rodriguez-Tolentino who is handling this request directly.

Regards,
 (b)(6), (b)(7)c

From: Young, Bernerd

Header

Sent: Friday, October 27, 2006 3:12 PM
To: (b)(6), (b)(7)c
Subject: RE: trip to bank

I don't want to be a pest (at least not too much ☺) but have you heard anything?

From: (b)(6), (b)(7)c
Sent: Friday, October 20, 2006 9:09 AM
To: Young, Bernerd
Subject: RE: trip to bank

Good Morning Bernie,

Yes I am the correct person, however I will have to speak to Juan about his availability, he is currently out of office so I will get back to you as soon as I can.

Thank you for your kind words regarding your trip.

Regards,

(b)(6), (b)(7)c

From: Young, Bernerd
Sent: Friday, October 20, 2006 8:41 AM
To: (b)(6), (b)(7)c
Subject: FW: trip to bank

(b)(6), (b)(7)c

Thanks again for the well run and informative trip last week.

As you can see below, I have been requested by Mauricio Alvarado to bring our securities outside counsel to view your fine facilities. On Tuesday, Mauricio again requested (in Mr. Stanford's presence no less) that this meeting be accomplished ASAP.

If you or Juan can provide me with a couple of available dates, I will run it by Mr. Barasch and let you know

If you are not the right person, I apologize, and please point me in the right direction

Thanks

Bernie

From: Young, Bernerd
Sent: Monday, October 16, 2006 9:02 AM
To: Rodriguez-Tolentino, Juan
Subject: trip to bank

Juan,

I am extending a sincere thank you to you and your staff for the extremely informative trip to Antigua last week.

I was speaking to Mauricio at the Jean Gilstrap awards Friday night and he would like me to bring our outside counsel, Spencer Barasch to visit the Bank. Mauricio would like this done in the next

Header

few months if possible.

Please send me your availability through the end of the year, I will coordinate with Mr. Barasch and then coordinate with your staff.

Once again "Muchos gracias"

Bernie

(That is about the extent of my Spanish proficiency)

EXHIBIT 184

Header

(b)(6), (b)(7)c
Date Filtered (b)(6), (b)(7)c
SOURCE = 2009/09/23
PROD_DATE : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=
FROM : Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com>
TO :
DATE = 11/21/2006
TIME : 21:12:09 GMT
GMT_DATE = 11/21/2006
GMT_TIME : 21:12:09 GMT
SUBJECT : RE: Mauricio
FOLDER (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
MESSAGEID : 1323cbab3e6f0247946bc0cf71f3f64d075b45a8@sfg-hou-mailv3.stanford.sfgc.com
MESSAGEINDEX : 0000000296
ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C47044B23C00
BODY : He did not get the name.

Mauricio

(b)(6), (b)(7)c
From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Tuesday, November 21, 2006 3:09 PM
To: Alvarado, Mauricio
Subject: RE: Mauricio

"New chief" could mean a number of people -- if he has the name, it would help. if not, no big deal.

(b)(6), (b)(7)c
From: Alvarado, Mauricio [mailto:(b)(6), (b)(7)c@StanfordEagle.com]
Sent: Tuesday, November 21, 2006 3:04 PM
To: Barasch, Spencer
Subject: RE: Mauricio

He told me that the call was from (b)(6), (b)(7)c and the new Chief.

(b)(6), (b)(7)c
From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Tuesday, November 21, 2006 2:57 PM
To: Alvarado, Mauricio
Subject: Mauricio

Would you ask Tom if he recalls who the other SEC person was that called him yesterday? may

be somebody I know well and can call for info.

Thanks.

Spence

Spencer C. Barasch
Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201

(b)(6), (b)(7)c

(fax)

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Treasury Circular 230 Disclosure - To comply with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this written communication (including any attachment) is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed on the person. If this written communication contains any tax advice that is used or referred to in connection with the promoting, marketing or recommending of any transaction(s) or matter(s), this written communication should be construed as written to support the promoting, marketing or recommending of the transaction(s) or matter(s) addressed by this written communication, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. No limitation has been imposed by Andrews Kurth LLP on disclosure of the tax treatment or tax structure of the transaction(s) or matter(s).

EXHIBIT 185

Header

SOURCE : (b)(6), (b)(7)c Date Filtered
 PROD_DATE = 2009/09/23
 FROM : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c
 TO : Sjoblom, Thomas V. (b)(6), (b)(7)c @proskauer.com>
 DATE = 11/21/2006
 TIME : 17:20:28 GMT
 GMT_DATE = 11/21/2006
 GMT_TIME : 17:20:28 GMT
 SUBJECT : RE: Spencer Barash
 FOLDER : (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
 ATTACHMENT : \\wdo-enf-lsfs1\enfdb\IMAGESET11\FW-02973 (b)(6), (b)(7)c ATTACH0058
 \1323cbab3e6f0247946bc0cf71f3f64d075b459e@sfg-hou-mailv3.stanford.sfgc.com.#1
 \1fwd0-enf-lsfs1\enfdb\IMAGESET11\FW-02973 (b)(6), (b)(7)c ATTACH0058
 \1323cbab3e6f0247946bc0cf71f3f64d075b459e@sfg-hou-mailv3.stanford.sfgc.com.#2
 MESSAGEID : 1323cbab3e6f0247946bc0cf71f3f64d075b459e@sfg-hou-mailv3.stanford.sfgc.com
 MESSAGEINDEX = 0000000306
 ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C47084B33C00
 BODY : Please see attached> Thanks

 (b)(6), (b)(7)c
From: Sjoblom, Thomas V. [mailto:(b)(6), (b)(7)c@proskauer.com]
Sent: Tuesday, November 21, 2006 11:07 AM
To: Alvarado, Mauricio
Subject: Spencer Barash

Mauricio, do you have Spencer's phone number and name of his law firm. I am sending the letter to the SEC requesting formal order. So that I get the formal order, I need to also tell them that I will accept service, but will not be back until late next week. So, don't send subpoenas until then.

Thomas V. Sjoblom | PROSKAUER ROSE LLP
 Member of the Firm
 1001 Pennsylvania Avenue, NW | Suite 400 South | Washington, DC 20004-2533
 V: (b)(6), (b)(7)c | F: (b)(6), (b)(7)c
 (b)(6), (b)(7)c @proskauer.com | www.proskauer.com
 <http://www.proskauer.com/index.html>

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=====

----- Inline attachment follows -----

From: </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN= [REDACTED]>
 Date: Tuesday, June 14, 2005 4:51:40 GMT
 Subject:

10.12.06 - new cell: [REDACTED]
 Spencer C. Barasch Partner [REDACTED] @andrewskurth.com <mailto:[REDACTED]>
 [REDACTED] @andrewskurth.com>
 1717 Main Street Suite 3700 Dallas, TX 75201 P: [REDACTED] F: [REDACTED]
 VCards\Spencer Barasch 9815.vcf download v-card <VCards\Spencer Barasch 9815.vcf>

Spence joined Andrews Kurth as a partner in its Dallas office after 17 years with the US Securities and Exchange Commission. He is the leader of the firm's corporate governance and securities enforcement team; his practice focuses on the representation of public companies, investment advisers, investment companies, broker-dealers, and accounting firms, along with officers, directors, and others associated with these businesses. For the past seven years, Spence was the Associate Director in the SEC's Fort Worth office, where he headed up the agency's enforcement program in the Southwest. Previously, he served with the SEC as trial counsel and assistant regional director for enforcement in the SEC's Fort Worth and Miami offices. While at the Commission, Spence directed high-profile SEC enforcement investigations and litigation in all areas of the securities industry, including financial fraud and issuer reporting matters, regulatory cases, insider trading cases, and securities scams. He has extensive experience working closely with government agencies and self-regulatory organizations, including the Justice Department, state securities agencies, the NASD, and the stock exchanges.

ARTICLES / PUBLICATIONS

"Being Prepared for an SEC Investigation" <Page.aspx?Doc_ID=3041> Headnotes, the official publication of the Dallas Bar Association (August 01, 2005) "Corporate Governance Seen Through the Eyes of the Enforcers: An Unlikely Place to Find Meaningful Guidance" <Page.aspx?Doc_ID=3146> Bloomberg Law Reports Corporate Governance (January 01, 2006) "SEC in Transition: Key Enforcement Issues Affecting Public Companies" <Page.aspx?Doc_ID=3038> Texas Lawyer (July 18, 2005)

BRIEFINGS, SEMINARS & SPEECHES

Adjunct Professor "Securities Regulation," Texas Wesleyan University School of Law, Fort Worth, Texas Speaker "Decoding the Stock Option Backdating Scandal," The Woodlands Bar Association, The Woodlands, TX (August 2006) "Coping with the SEC's Division of Enforcement" Panelist - "Staying Out of Trouble," The SEC Institute, Dallas (May 2006) "International Trade Risk - Foreign Corrupt Practices Act," Texas General Counsel Forum, Houston, TX (April 2006) "Corporate Governance Issues in the Oil and Gas Setting," OCU Energy Law Association, Oklahoma City, OK (April 2006) "SEC Trends in 2006 - View from a Recent Insider," The Controller Group, Knowledge Series, Dallas, TX (April 2006) "Hot SEC Issues Facing Corporate America," University of Dallas Spring Lecture Series, Dallas, TX (April 2006) "Fraud Prevention Tactics - Audit Committee Roundtable," Grant Thornton, Dallas, TX (April 2006) "Street Smarts for Small-Cap Companies - Stock Promoters: Behind the Scenes," American Stock Exchange IR Alliance, Las Vegas, NV (April 2006) "Chief Financial Officer Roundtable Series," AeA Austin Chapter, Austin, TX (February 2006) "What to Do When the Government Comes Knocking," Association of Corporate Counsel - America/Houston Chapter, Houston, TX (January 2006) "Hedge Funds and SEC Regulations," Bloomberg Roundtable on Issues Affecting Hedge Funds, New York, NY (December 2005) "Corporate Governance Roundtable," sponsored by Texas Lawyer, Dallas, TX (December 2005) "Hot SEC and Accounting Issues," Association of Government Accountants and Institute of Internal Auditors Joint Meeting, Dallas, TX (November 2005) "SEC Enforcement Developments," Houston Bar Association Securities Litigation Meeting, Houston, TX (November 2005) "Developments in SEC Enforcement," Texas Bar Association Third Annual Advanced Business Law Course, Houston, TX (November 2005) "Culture of Compliance as Seen From the Government's Perspective," Regional Conference of Society of Corporate Secretaries and Government Professionals, San Antonio, TX (October 2005) "New Securities Enforcement Environment," Texas Chapter of American Association of Attorneys and CPAs, Houston, TX (October 2005) "Developing Compliance Plans for Energy Companies," Fourth Annual Gas & Power Institute, Houston, TX (October 2005) "Key Enforcement Issues Affecting Public Companies," Merrill Corporation SEC Hot Topics Seminar, Austin, TX (October 2005) "Securities Enforcement Issues," RR Donnelley/Glasser Legal/Works SEC Hot Topics, Cleveland, OH (September 2005) "Hot SEC Topics," DFW SEC Reporting Group, Dallas, TX (September 2005) "The New Securities Enforcement Environment," IX Hemispheric Congress for the Prevention of

Money Laundering, Panama City, Republic of Panama (August 2005) "New Challenges at the SEC," South Texas College of Law Corporate Compliance Center Conference on Tackling the Internal Investigation, Houston, TX (2005) "Securities Enforcement Primer," Dallas Morning News, Dallas, TX (2004) "Coping with the SEC's Division of Enforcement," SEC Institute Conference on Coping with Sarbanes Oxley, Chicago, IL (2004) "New Challenges in the SEC's Division of Enforcement," The University of Texas School of Law 26th Annual Conference on Securities Regulation and Business Law Problems, Dallas, TX (2004) "A Look Inside the SEC's Enforcement Division," The Institute of Internal Auditors, Fort Worth, TX (2003) "SEC's Division of Enforcement: So Many Crooks, So Little Time," SEC Institute 19th Annual National Reporting Conference, San Diego, CA (2003) "SEC Enforcement Post-Sarbanes-Oxley," 96th Annual Meeting of the National Association of State Boards of Accountancy, Maui, HI (2003) "Panel Discussion on Enforcement and Litigation Developments," Southern Methodist University Corporate Counsel Symposium, Dallas, TX (2003) "New SEC Enforcement Developments," Practising Law Institute Conference, Basics of Accounting & Finance: What Every Practising Lawyer Needs to Know, Houston, TX (2003) "Staying Out of Trouble with the SEC," SEC Institute Conference on Coping with the Sarbanes-Oxley Act of 2002, San Francisco, CA (2003) "Pitfalls in Representing Clients in State and Federal Securities Investigations," University of Texas School of Law Conference on Securities Regulation and Business Law Problems, Dallas, TX (2003) "Coordination of Investigations," Annual Meeting of the General Counsels of the National Association of State Boards of Accountancy, San Antonio, TX (2003)

PROFESSIONAL / CIVIC AFFILIATIONS

State Bar of Texas District of Columbia Bar

HEADLINE NEWS

Andrews Kurth Announces Arrival of New Partner as Leader of its Corporate Compliance, Investigations and Defense Practice <Page.aspx?Doc_ID=2972> (June 10, 2005) Senior SEC Attorney to Join Andrews Kurth as Partner <Page.aspx?Doc_ID=2854> (March 09, 2005)

<Embedded Picture (Metafile)>

<Embedded Picture (Metafile)>

Header

SOURCE = (b)(6), (b)(7)c Date Filtered
 PROD_DATE = 2009/09/23
 FROM : Sjoblom, Thomas V. (b)(6), (b)(7)c @proskauer.com >
 TO : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=(b)(6), (b)(7)c >
 DATE = 11/21/2006
 TIME : 14:45:04 -0500
 GMT_DATE = 11/21/2006
 GMT_TIME : 19:45:04 GMT
 SUBJECT : RE: Spencer Barash
 FOLDER (b)(6), (b)(7)c DateFiltered_EmailOnOrBefore_December312007.pst\Inbox\2006 E-MAILS
 HEADER : Microsoft Mail Internet Headers Version 2.0
 Received: from sfg-hou-ife2.stanford.sfgc.com ([10.10.249.117]) by SFG-HOU-MAILV3.stanford.sfgc.com with Microsoft SMTPSVC(6.0.3790.1830);
 Tue, 21 Nov 2006 13:45:44 -0600
 Received: from sgcassentor1.stanford.sfgc.com ([10.10.10.19]) by sfg-hou-ife2.stanford.sfgc.com with Microsoft SMTPSVC(6.0.3790.1830);
 Tue, 21 Nov 2006 13:45:41 -0600
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 Tue, 21 Nov 2006 13:45:41 -0600
 Received: from ([65.217.153.80])
 by sfg_hou_im.stanford.sfgc.com with ESMTP id KP-BRCML.14757167;
 Tue, 21 Nov 2006 13:45:10 -0600
 Received: from 10.1.100.22 by mail.proskauer.com with ESMTP (SMTP Relay (Email Firewall v6.2.2)); Tue, 21 Nov 2006 14:44:41 -0500
 X-Server-Uid: 7FC9885A-8F10-42B6-8C5E-B39E93AE7D9E
 Received: from nybrhd2.na.proskauer.com ([10.1.100.180]) by nybrhd.na.proskauer.com with Microsoft SMTPSVC(6.0.3790.1830); Tue, 21 Nov 2006 14:45:05 -0500
 Received: from DCMail.na.proskauer.com ([10.7.100.43]) by nybrhd2.na.proskauer.com with Microsoft SMTPSVC(5.0.2195.6713); Tue, 21 Nov 2006 14:45:05 -0500
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 MIME-Version: 1.0
 Subject: RE: Spencer Barash
 X-MimeOLE: Produced By Microsoft Exchange V6.5
 Date: Tue, 21 Nov 2006 14:45:04 -0500
 Message-ID: <7AC6E68794B9AB44A4D0950E45D2EA8121BD61@DCMAIL.na.proskauer.com>
 X-MS-Has-Attach:
 X-MS-TNEF-Correlator:
 Thread-Topic: Spencer Barash
 Thread-Index: AccNj4HrStyEQsURSHuPyZCNz5MylQAAarWwAAUDMPA=
 From: "Sjoblom, Thomas V." (b)(6), (b)(7)c @proskauer.com
 To: "Alvarado, Mauricio" (b)(6), (b)(7)c @StanfordEagle.com
 Return-path: (b)(6), (b)(7)c @proskauer.com
 X-OriginalArrivalTime: 21 Nov 2006 19:45:05.0244 (UTC)
 FILETIME=[8AC771C0:01C70DA5]
 X-WSS-ID: 697D88A32SC7158957-01-01
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 boundary="====_NextPart_001_01C70DA5.8A553C10"
 X-esp: ESP<-2>=RBL:<-5> SHA:<0> UHA:<0> SLS:<0> BAYES:<0> SenderID:<0> Spam Dictionary (TRU10):<0> embedded_image_spam:<0> scam_spam:<0> Obscenities Dictionary (TRU10):<0> Scam Dictionary (TRU10):<0> lotto_spam:<0> Adult Dictionary (TRU10):<0> Embed HTML Dictionary (TRU10):<0> stock_spam:<0> watch_spam:<0> Float Dictionary (TRU10):<0> html_image_spam:<0> money_spam:<0> HTML Dictionary (TRU10):<3> Read Receipts:<0> URL Real-Time Signatures:<0> Spam Dictionary 2 (TRU10):<0> SIG:<d1Fd-XA1A11LGX6849KxUb6LSplooiwDON05SF2Cg8NTMLSILcFWFUCIFOSr bBhMLgaq14cYf-8_7Prez9IKRrSIYFMte9tI3eZNuy3SjQ2QE_QDCRKnR-X aAFPIGY5DRYUWkPhu6rowO7KTuwig7Vx_D_9znXrHg8HPT8G2ttz3olrDjCj O_luvBvOETowoAcipGWipIHWAAO5OTO_qmXkQDxj9AYUmAroA>
 -----_NextPart_001_01C70DA5.8A553C10
 Content-Type: text/plain;
 charset=us-ascii

Header

Content-Transfer-Encoding: quoted-printable

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Content-Type: text/html;

charset=us-ascii

Content-Transfer-Encoding: quoted-printable

----- =_NextPart_001_01C70DA5.8A553C10--

MESSAGEID
MESSAGEINDEX
ENTRYID
BODY

: 7ac6e68794b9ab44a4d0950e45d2ea8121bd61@dcmail.na.proskauer.com

= 0000001122

: 00000000A75777FE6FB8C844A0966D879A83C470C4A62F00

: Mauricio, thank you for the information. I am sending the letter to the SEC now. Then, I am headed out the door for Thanksgiving. I will be in Los Angeles the first few days of next week and back to DC on Wednesday. As soon as I get the formal order, I will fax it to you. I hope that you and your family have a great Thanksgiving.

Tom

Thomas V. Sjoblom | PROSKAUER ROSE LLP

Member of the Firm

1001 Pennsylvania Avenue, NW | Suite 400 South | Washington, DC 20004-2533

V: (b)(6), (b)(7)c | F: (b)(6), (b)(7)c

(b)(6), (b)(7)c @proskauer.com | www.proskauer.com

<http://www.proskauer.com/index.html>

From: Alvarado, Mauricio [mailto:(b)(6), (b)(7)c@StanfordEagle.com]
Sent: Tuesday, November 21, 2006 12:20 PM
To: Sjoblom, Thomas V.
Subject: RE: Spencer Barash

Please see attached> Thanks

From: Sjoblom, Thomas V. [mailto:(b)(6), (b)(7)c@proskauer.com]
Sent: Tuesday, November 21, 2006 11:07 AM
To: Alvarado, Mauricio
Subject: Spencer Barash

Mauricio, do you have Spencer's phone number and name of his law firm. I am sending the letter to the SEC requesting formal order. So that I get the formal order, I need to also tell them that I will accept service, but will not be back until late next week. So, don't send subpoenas until then.

Thomas V. Sjoblom | PROSKAUER ROSE LLP
Member of the Firm
1001 Pennsylvania Avenue, NW | Suite 400 South | Washington, DC 20004-2533
V: (b)(6), (b)(7)c | F: (b)(6), (b)(7)c
(b)(6), (b)(7)c @proskauer.com | www.proskauer.com
<<http://www.proskauer.com/index.html>>

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EXHIBIT 186

Header

(b)(6), (b)(7)c
SOURCE = [redacted] Date Filtered
PROD_DATE = 2009/09/23 (b)(6), (b)(7)c
FROM : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=[redacted]>
TO : Sjoblom, Thomas V. <(b)(6), (b)(7)c@proskauer.com>
DATE = 11/21/2006
TIME : 21:21:10 GMT
GMT_DATE = 11/21/2006
GMT_TIME : 21:21:10 GMT
SUBJECT : RE: Spencer Barash
FOLDER (b)(6), (b)(7)c [redacted]_DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006
MESSAGEID : 1323cbab3e6f0247946bc0cf71f3f64d075b45a9@sfg-hou-mailv3.stanford.sfgc.com
MESSAGEINDEX : 0000000295
ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C47024B23C00
BODY : What are the names of the SEC folks who called you yesterday? Thanks.

Mauricio

(b)(6), (b)(7)c
From: Sjoblom, Thomas V. [mailto:[redacted]@proskauer.com]
Sent: Tuesday, November 21, 2006 1:45 PM
To: Alvarado, Mauricio
Subject: RE: Spencer Barash

Mauricio, thank you for the information. I am sending the letter to the SEC now. Then, I am headed out the door for Thanksgiving. I will be in Los Angeles the first few days of next week and back to DC on Wednesday. As soon as I get the formal order, I will fax it to you. I hope that you and your family have a great Thanksgiving.

Tom

Thomas V. Sjoblom | PROSKAUER ROSE LLP
Member of the Firm
1001 Pennsylvania Avenue, NW | Suite 400 South | Washington, DC 20004-2533
V: (b)(6), (b)(7)c | F: (b)(6), (b)(7)c
(b)(6), (b)(7)c@proskauer.com | www.proskauer.com
<<http://www.proskauer.com/index.html>>

From: Alvarado, Mauricio [mailto: (b)(6), (b)(7)c @StanfordEagle.com]
Sent: Tuesday, November 21, 2006 12:20 PM
To: Sjoblom, Thomas V.
Subject: RE: Spencer Barash

Please see attached> Thanks

From: Sjoblom, Thomas V. [mailto: (b)(6), (b)(7)c @proskauer.com]
Sent: Tuesday, November 21, 2006 11:07 AM
To: Alvarado, Mauricio
Subject: Spencer Barash

Mauricio, do you have Spencer's phone number and name of his law firm. I am sending the letter to the SEC requesting formal order. So that I get the formal order, I need to also tell them that I will accept service, but will not be back until late next week. So, don't send subpoenas until then.

Thomas V. Sjoblom | PROSKAUER ROSE LLP
Member of the Firm
1001 Pennsylvania Avenue, NW | Suite 400 South | Washington, DC 20004-2533
V: (b)(6), (b)(7)c | F: (b)(6), (b)(7)c
(b)(6), (b)(7)c @proskauer.com | www.proskauer.com
<<http://www.proskauer.com/index.html>>

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Header

forwarding or saving them, and notify the sender
immediately.

=====

EXHIBIT 187

(b)(6), (b)(7)c

From: Connor, Richard E.
Sent: Friday, October 30, 2009 12:45 PM
To: (b)(6), (b)(7)c
Subject: FW: Stanford

From: Connor, Richard E.
Sent: Tuesday, November 28, 2006 12:26 PM
To: 'Barasch, Spencer'
Subject: RE: Stanford

Please call me at your convenience to discuss.

Thanks

Rick

(b)(6), (b)(7)c

From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Monday, November 27, 2006 5:35 PM
To: Cohen, Jeffrey A.
Cc: Connor, Richard E.
Subject: Stanford

Jeff --

FYI, I just talked to Rick Connor in the GCs office and shared with him our conversation about Stanford -- I am sure he will be following up with you soon.

Glad to learn that you are well.

Spence

Spencer C. Barasch
Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201

(b)(6), (b)(7)c

(fax)

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promoting, marketing or recommending of the transaction(s) or matter(s) addressed by this written communication, and the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. No limitation has been imposed by Andrews Kurth LLP on disclosure of the tax treatment or tax structure of the transaction(s) or matter(s).

EXHIBIT 188

FW: Stanford

11/27/2006 5:27:00 PM

From: Preuitt, Julie A.
To: (b)(6), (b)(7)c @SEC.GOV]
Attachments: Stanford Memo to HMW2.doc

The email below suggests strongly that Spence had not looked at the memo. I really don't think that he did.

I don't know that discussions at a meeting about a situation he was already familiar with would preclude him or not.

Julie

SEC

Assistant District Administrator, BD Examinations

(b)(6), (b)(7)c

From: Preuitt, Julie A.
Sent: Tuesday, April 05, 2005 11:29 AM
To: (b)(6), (b)(7)c
Cc: Prescott, Victoria F.
Subject: FW: stanford

Victoria put this together. I think it does a great job of summarizing our concerns. It has been looked at by Hugh, but not by anybody in enforcement.

I don't think we can get the Bank (be clear when you read), but I do think that we can get the BD which will ultimately get the Bank. A LOT of money involved.

<<...>>

EXHIBIT 189

11/27/2006 5:22:00 PM

spence**From:** Preuitt, Julie A.**To:** (b)(6), (b)(7)c [REDACTED]@SEC.GOV]

March 22nd 2005 – the last summit meeting that Spence attended. It was in Austin and Victoria made a presentation regarding Stanford. I cannot find my notes, but I would swear in court that he was in attendance at that meeting and that Victoria discussed Stanford. He was familiar enough with the issue that he was negative on the case and the idea that we would ever be able to do anything about Stanford during the meeting. Victoria will be back tomorrow and she may have notes regarding the specifics of what she discussed regarding Stanford. Spence was very aware of the firm and its activities, but some of that may have been from our earlier attempt to get enforcement to take action against the firm in either 1997 or 1998. I will look to see if Spence was emailed the Stanford report and referral memo. I'm not certain he ever saw that because it was given to

(b)(6), (b)(7)c [REDACTED] to discuss with us.

Julie

SEC

Assistant District Administrator, BD Examinations

(b)(6), (b)(7)c [REDACTED]

EXHIBIT 190

(b)(6), (b)(7)c

From: Connor, Richard E.
Sent: Friday, October 30, 2009 12:45 PM
To: (b)(6), (b)(7)c
Subject: FW: Stanford/Barasch

From: Connor, Richard E.
Sent: Wednesday, December 13, 2006 12:12 PM
To: Prescott, Victoria F.
Subject: RE: Stanford/Barasch

Thanks. That confirms what Julie Preuitt told me and I passed that along to Spence.

Rick

From: Prescott, Victoria F.
Sent: Wednesday, December 13, 2006 12:10 PM
To: Connor, Richard E.
Cc: Preuitt, Julie A.
Subject: Stanford/Barasch

Rick,

I have been out of the office, and this morning received your voice mail inquiry about the location of the meeting in which Stanford was discussed as a possible enforcement matter. My recollection is that this was at one of the meetings among regulators in our district that occurs quarterly, and that this particular meeting was in Austin, Texas.

If you have any further questions, let me know.

Victoria Prescott
Senior Special Counsel
Fort Worth District Office
Securities & Exchange Commission
1900 Cherry St. Ste. 1900
Fort Worth, TX 76102

(b)(6), (b)(7)c

EXHIBIT 191

FW: Stanford/Barasch

12/13/2006 12:40:00 PM

From: Preuitt, Julie A. (b)(6), (b)(7)c
To: Prescott, Victoria F. (b)(6), (b)(7)c @SEC.GOV]

I gave him the same information yesterday. Spence had told them that he didn't recall the meeting and wanted to know where it was held.

Julie

SEC

Assistant District Administrator, BD Examinations

(b)(6), (b)(7)c

From: Prescott, Victoria F.
Sent: Wednesday, December 13, 2006 11:10 AM
To: Connor, Richard E.
Cc: Preuitt, Julie A.
Subject: Stanford/Barasch

Rick,

I have been out of the office, and this morning received your voice mail inquiry about the location of the meeting in which Stanford was discussed as a possible enforcement matter. My recollection is that this was at one of the meetings among regulators in our district that occurs quarterly, and that this particular meeting was in Austin, Texas.

If you have any further questions, let me know.

Victoria Prescott

Senior Special Counsel

Fort Worth District Office

Securities & Exchange Commission

1900 Cherry St. Ste. 1900

Fort Worth, TX 76102

(b)(6), (b)(7)c

EXHIBIT 192

Header

(b)(6), (b)(7)c

SOURCE : [redacted] Date Filtered

PROD_DATE = 2009/09/23

FROM : Alvarado, Mauricio </O=STANFORDEAGLE/OU=SFG/CN=RECIPIENTS/CN=[redacted]>

TO : Barasch, Spencer <(b)(6), (b)(7)c@andrewskurth.com>

DATE = 12/06/2006

TIME : 21:35:21 GMT

GMT_DATE = 12/06/2006

GMT_TIME : 21:35:21 GMT

SUBJECT : RE: Conference call -- Dialing Instructions

FOLDER : (b)(6), (b)(7)c; DateFiltered_EmailOnOrBefore_December312007.pst\Sent Items\SENT 2006

MESSAGEID : 1323cbab3e6f0247946bc0cf71f3f64d075b45c7@sfg-hou-mailv3.stanford.sfgc.com

MESSAGEINDEX = 0000000166

ENTRYID : 00000000A75777FE6FB8C844A0966D879A83C47004A23C00

BODY : Please call me when you come back. Thanks

-----Original Message-----

(b)(6), (b)(7)c

From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]

Sent: Wednesday, December 06, 2006 3:32 PM

To: (b)(6), (b)(7)c@proskauer.com; Alvarado, Mauricio

Cc: (b)(6), (b)(7)c@proskauer.com

Subject: Re: Conference call -- Dialing Instructions

What day ?

I am in dubai through friday.

-----Original Message-----

From: Sjoblom, Thomas V.

To: Alvarado, Mauricio; Barasch, Spencer

CC: (b)(6), (b)(7)c

Sent: Wed Dec 06 14:18:17 2006

Subject: Conference call -- Dialing Instructions

Call 866-606-4717

Access Code (b)(6), (b)(7)c

Thomas V. Sjoblom | PROSKAUER ROSE LLP
 Member of the Firm
 1001 Pennsylvania Avenue, NW | Suite 400 South | Washington, DC 20004-2533
 V: (b)(6), (b)(7)c | F: (b)(6), (b)(7)c
 (b)(6), (b)(7)c@proskauer.com | www.proskauer.com <http://www.proskauer.com/index.html>

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EXHIBIT 193

Spencer C. Barasch



Partner

| | |
|--|---|
| 1717 Main Street Suite 3700 Dallas, TX 75201 P: 214.659.4685 F: 214.659.4852 sbarasch@akllp.com | 600 Travis Suite 4200 Houston, TX 77002 P: 713.220.3994 F: 713.220.4285 |
|--|---|

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Emerging Companies

PRACTICES

Corporate
Corporate Compliance,
Investigations and
Defense
Governance
Litigation
Professional Liability
Securities Litigation
Subprime and
Distressed Assets

EDUCATION

JD, 1984, University of
Tulsa College of Law,
Tulsa Law Review
AB, 1980, Duke
University

Spence is the leader of Andrews Kurth's corporate governance and securities enforcement team. He has extensive experience defending regulatory and government investigations and civil and criminal litigation initiated by the Securities and Exchange Commission, the Department of Justice, FINRA, stock exchanges and state attorney general and regulatory bodies. Spence's clients include domestic and foreign public companies, financial institutions, private equity funds, accounting firms, oil and gas ventures, law firms and individual attorneys, and small entrepreneurs.

He also regularly advises boards of directors, audit and special litigation committees and in-house counsel in connection with government investigations and shareholder litigation, and he has conducted numerous internal investigations on their behalf related to revenue recognition and disclosure issues, whistle-blower complaints, auditor concerns and issues under the Foreign Corrupt Practices Act. His experience under the FCPA includes global investigations, response to SEC and DOJ inquiries, due diligence in connection with corporate transactions, and day-to-day counseling for clients in the energy, oil and gas and high-tech industries.

Prior to joining Andrews Kurth as a partner, Spence spent 17 years with the SEC during which time he served in a variety of capacities, including director for the SEC's enforcement program in the Southwest during the enactment of Sarbanes-Oxley, and earlier as enforcement director in the SEC's Miami, Florida, Southeast regional office. While at the SEC, Spence directed high profile investigations and litigation in all areas of the securities industry, often working closely with the DOJ and state and self regulatory organizations.

REPRESENTATIVE EXPERIENCE

- Conducted two internal investigations for a Fortune 500 global retailer, and represented the company in two SEC investigations, both of which were terminated with no enforcement action
- Conducted an internal investigation for a Fortune 500 financial services company, and represented an investment firm subsidiary of that company in an SEC investigation which was terminated with no enforcement action
- Conducted internal investigations for several oil field services companies involving FCPA, financial reporting and corporate governance issues
- Represented several technology and energy companies in SEC and/or DOJ investigations

Spencer C. Barasch

- Conducted stock option back-dating investigations and responded to SEC and NASDAQ stock option inquiries on behalf of multiple companies
- Represented corporate executives and in-house counsel in SEC and FINRA investigations related to alleged financial improprieties and insider trading issues
- Represented a number of brokerage firms, investment advisors and venture capital firms in SEC and FINRA investigations and examinations
- Represented a private equity firm and an executive of a major Wall Street investment bank in investigations by the New York Attorney General's Office and related SEC investigations
- Represented several private oil and gas issuers and their executives in SEC and/or Texas State Securities Board examinations and investigations
- Represented law firms and individual attorneys in SEC inquiries and in connection with complex Sarbanes-Oxley and up-the-ladder reporting issues

ADMISSIONS

Texas 1994

District of Columbia

1984

PUBLICATIONS

- "Controversial Uses of the "Clawback" Remedy in the Current Financial Crisis" *Texas Bar Journal* (December 2009)
- "Protecting Internal Investigations from Disclosure Requires Planning" *Executive Legal Advisor* (January 2009)
- "Preserving Privilege When Undertaking Internal Investigations" *Texas Lawyer* (November 24, 2008)
- "10b5-1 Plan Abuse" *LJN - The Corporate Counselor* (September 2007)
- "Stock Option Scandal" *Texas Lawyer* (December 25, 2006)
- "Decoding the Stock Option Backdating Scandal" *Corporate Counsel State Bar Section Newsletter* (June 1, 2006)
- "Corporate Governance Seen Through the Eyes of the Enforcers: An Unlikely Place to Find Meaningful Guidance" *Bloomberg Law Reports Corporate Governance* (January 1, 2006)
- "Being Prepared for an SEC Investigation" *Headnotes, official publication of the Dallas Bar Association* (August 1, 2005)
- "SEC in Transition: Key Enforcement Issues Affecting Public Companies" *Texas Lawyer* (July 18, 2005)

BRIEFINGS, SEMINARS & SPEECHES

Adjunct Professor

- "Securities Regulation," Texas Wesleyan University School of Law, Fort Worth, Texas

Spencer C. Barasch

Speaker

- "Current Issues Under the FCPA," University of North Texas College of Business Administration's Professional Development Institute (November 20, 2009)
- "Internal Investigations: What are the Best Practices and Common Mistakes?," Webinar Co-Panelist, ALI-ABA (November 9, 2009)
- "The Impact of the Global Recession on Securities Litigation and Enforcement," World Law Group, Washington, DC (May 1, 2009)
- "Identity Theft & Other Privacy Issues," ACA's Spring 2009 Compliance Conference, Las Vegas, Nevada (April 23, 2009)
- "An Overview of the Financial Crisis and Its Effect on Corporate America," The University of Tulsa College of Law, Tulsa, Oklahoma (March 23, 2009)
- "Boards Under Stress," (with David Washburn) Dallas Bar Association, Dallas, Texas (March 6, 2009)
- "SEC Developments Post-Madoff: Guidance for Boards of Directors," (with Ron Brown) The Boardroom Group, Dallas, Texas (February 24, 2009)
- "Financial Crisis in a Globalized World: Strengthened Role for Regulators?" RBTT Merchant Bank Investors' Forum, Miami, Florida (December 11, 2008)
- "The Significance of the Internal Investigation in the Sarbanes-Oxley World," State Bar of Texas Annual Meeting, Houston, Texas (June 26, 2008)
- "Securities and Corporate Law Update - Ethics," Practising Law Institute program sponsored by Bowne, Dallas, TX (January 2008)
- "SEC's Recent Interest in 10b5-1 Sales by Insiders," webinar (November 2007) *[Click on the title of the webinar to view the presentation in its entirety.]*
- "Crisis Management for Corporate Counsel," Association of Corporate Counsel, Dallas, TX (September 2007)
- "SOX: 5 Years Later," presented by Andrews Kurth and Tatum, LLC, Austin, Dallas and Houston, TX (September 2007)
- "Help Wanted: General Counsel," Corporate Counsel Forum, San Antonio, TX (June 2007)
- "Internal Investigations," The University of Texas, 29th Annual Corporate Counsel Institute, Houston, TX (April 2007)
- "Straight Talk on Backdating" webinar (November 2006) *[Click on the title to hear the presentation in its entirety.]*
- "International Trade Risk – Foreign Corrupt Practices Act," Texas General Counsel Forum, Houston, TX (April 2006)
- "Corporate Governance Issues in the Oil and Gas Setting," OCU Energy Law Association, Oklahoma City, OK (April 2006)
- "Street Smarts for Small-Cap Companies – Stock Promoters: Behind the Scenes," American Stock Exchange IR Alliance, Las Vegas, NV (April 2006)
- "What to Do When the Government Comes Knocking," Association of Corporate Counsel – America/Houston Chapter, Houston, TX (January 2006)
- "Hedge Funds and SEC Regulations," Bloomberg Roundtable on Issues Affecting Hedge Funds, New York, NY (December 2005)
- "Developing Compliance Plans for Energy Companies," Fourth Annual Gas & Power Institute, Houston, TX (October 2005)
- "The New Securities Enforcement Environment," IX Hemispheric Congress for the Prevention of Money Laundering, Panama City, Republic of Panama (August 2005)

PRESS RELEASES

- Senior SEC Attorney to Join Andrews Kurth as Partner (March 9, 2005)
- Andrews Kurth Announces Arrival of New Partner as Leader of its Corporate Compliance, Investigations and Defense Practice (June 10, 2005)

EXHIBIT 194

(b)(6), (b)(7)c

From: Connor, Richard E.
Sent: Friday, October 30, 2009 12:44 PM
To: (b)(6), (b)(7)c
Subject: FW: Important Conflict Question

From: Connor, Richard E.
Sent: Thursday, February 19, 2009 10:29 AM
To: 'Barasch, Spencer'
Subject: RE: Important Conflict Question

Please call to discuss.

Rick

(b)(6), (b)(7)c

From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Tuesday, February 17, 2009 7:36 PM
To: Connor, Richard E.
Subject: Important Conflict Question
Importance: High

Rick,

I hope this email finds you well and that you are surviving all the turmoil on Wall Street.

I have a conflict related question or you, where time is of the essence. It involves the Stanford matter filed by the Fort Worth office today that has been all over the news.

Would you please call me the first chance you get: if I am not in my office you can try my cell anytime,

(b)(6), (b)(7)c

Thanks.

Spence

Spencer C. Barasch
Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201

(b)(6), (b)(7)c

(fax)

10/30/2009

EXHIBIT 195

(b)(6), (b)(7)c

From: Prescott, Victoria F.
Sent: Thursday, February 19, 2009 8:41 AM
To: Connor, Richard E.
Cc: Preuitt, Julie A.
Subject: FW: Spence Barasch

Rick—

I tried to return your call last evening, but missed you. Since then, I found an old email that I think pertains to the question being raised. I will forward it to you. If you have questions, please feel free to contact me.

Victoria

(b)(6), (b)(7)c

From: [REDACTED]
Sent: Wednesday, February 18, 2009 5:10 PM
To: Prescott, Victoria F.
Subject: Spence Barasch

Victoria,

When you have time would you please call Rick Conner in OGC: Ext. (b)(6), (b)(7)c Thanks

(b)(6), (b)(7)c

**Assistant Regional Director
Securities & Exchange Commission
Fort Worth Regional Office**

(b)(6), (b)(7)c



EXHIBIT 196

From: Connor, Richard E.
Sent: Thursday, February 19, 2009 10:29 AM
To: Prescott, Victoria F.
Subject: RE: Stanford/Barasch

Thanks for your help. This is all we need for now.

Rick

From: Prescott, Victoria F.
Sent: Thursday, February 19, 2009 8:42 AM
To: Connor, Richard E.
Cc: Preuitt, Julie A.
Subject: FW: Stanford/Barasch

From: Prescott, Victoria F.
Sent: Wednesday, December 13, 2006 11:10 AM
To: Connor, Richard E.
Cc: Preuitt, Julie A.
Subject: Stanford/Barasch

Rick,

I have been out of the office, and this morning received your voice mail inquiry about the location of the meeting in which Stanford was discussed as a possible enforcement matter. My recollection is that this was at one of the meetings among regulators in our district that occurs quarterly, and that this particular meeting was in Austin, Texas.

If you have any further questions, let me know.

Victoria Prescott
Senior Special Counsel
Fort Worth District Office
Securities & Exchange Commission
1900 Cherry St. Ste. 1900
Fort Worth, TX 76102

EXHIBIT 197

(b)(6), (b)(7)c

From: Connor, Richard E.
Sent: Friday, October 30, 2009 12:43 PM
To: (b)(6), (b)(7)c
Subject: FW: Stanford
Importance: High
Attachments: NYT.pdf, WSJ.pdf

From: Connor, Richard E.
Sent: Tuesday, February 24, 2009 9:21 AM
To: (b)(6), (b)(7)c
Subject: FW: Stanford
Importance: High

(b)(6), (b)(7)c
From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Monday, February 23, 2009 4:29 PM
To: Connor, Richard E.
Cc: (b)(6), (b)(7)c
Subject: Stanford
Importance: High

Rick --

Please review the information noted below, and then I would like to talk with you as soon as reasonably possible. With all due respect to the persons with whom you are dealing in the FWDO, I don't think they have their facts and information correct. I left the Commission on April 15, 2005, more than one year before the SEC's Associate Director in charge of "this matter" has publicly acknowledged that "this matter" arose. (although irrelevant here, I reiterate that to the extent that there was a "prior matter," I had no involvement in it, either).

Rick, the Commission seems to be taking a different position on the date of "this matter" with me than it appears to be taking publicly. Maybe I am missing something, but it seems pretty self-evident to me that there is no conflict in this matter. I have copied my firm's General Counsel, who is in agreement with me.

A prompt response would be greatly appreciated because my firm's clients' interests are at stake.

Thanks.

Spence

The New York Times quotes Steve Korotash as stating that the Stanford investigation started in October 2006:

"The current S.E.C. charges stem from an inquiry opened in October 2006 after a routine exam of Stanford Group, according to Stephen J. Korotash, an associate regional director of enforcement with the agency's Fort

10/30/2009

Worth office."

http://www.nytimes.com/2009/02/18/business/18stanford.html?_r=1

The Wall Street Journal also says that the SEC inquiry started in 2006. Copies of both articles are attached.

EXHIBIT 198

HOME PAGE TODAY'S PAPER VIDEO MOST POPULAR TIMES TOPICS

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The New York Times

Business

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Aaron M. Sprecher for The New York Times

The authorities confer in the lobby of the Stanford Financial Group in Houston. Brett Zagone, above, is a Stanford investor.

By CLIFFORD KRAUSS, PHILLIP L. ZWEIG and JULIE CRESWELL
Published February 17, 2009

HOUSTON — In Texas, Robert Allen Stanford was just another wealthy financier.

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Back Story With The Times's Clifford Krauss

But in the breezy money haven of Antigua, he was lord of an influential financial fief, decorated with a knighthood, courted by government officials and basking in the spotlight of sports and charity events on which he generously showered his fortune.

On Tuesday, his reign was thrown into turmoil as a

7:40



Joe Skipper/Reuters

Robert Allen Stanford, the chief of the Stanford Financial Group.

caravan of cars and trucks carrying federal authorities pulled up to the headquarters of his company, the Stanford Group, to shut down what the regulators described as a "massive ongoing fraud" stretching from the Caribbean to Texas, and around the world.

Unknown is the status of investments in as much as \$8 billion in high-yielding certificates of deposit held in the firm's bank in Antigua, which the Securities and Exchange Commission, in a civil suit, said Mr. Stanford and two colleagues fraudulently peddled to scores of investors.

Also unknown Tuesday were the whereabouts of Mr. Stanford — or Sir Allen, as he became known after the Antiguan prime minister knighted him — whose financial activities on the tiny island had raised eyebrows among

American authorities as far back as a decade ago.

Like Bernard L. Madoff, who is accused of operating a \$50 billion Ponzi scheme, Mr. Stanford offered investment opportunities that sounded almost too good to be true: promises of lucrative returns on relatively safe certificates of deposit that were often more than twice the going rate offered by mainstream banks.

In fact, a substantial portion of the bank's portfolio was in very illiquid real estate and private equity investments. The portfolio was monitored by only two individuals — Mr. Stanford and James M. Davis, a director and chief financial officer of Stanford Group and the Antigua-based bank affiliate. The Antiguan auditor does not audit the bank's portfolio or verify its assets.

While regulators are not accusing Mr. Stanford of operating a Ponzi scheme, they claim Stanford Group lulled investors into believing the C.D. purchases were safe by advertising investments in "liquid" securities that could be bought and sold easily.

Stanford Group said it could pay higher rates on the C.D.'s because of the consistently high returns it made on investor assets. And it claimed to be safe, thanks to monitoring by a team of more than 20 analysts and yearly audits of the investments by regulators in Antigua.

Get De

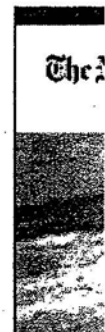


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None of that was true, according to the S.E.C.'s complaint.

In its filing, the S.E.C. said the bank's consistent returns — it reported identical returns of 15.71 percent in 1995 and 1996 — were "improbable, if not impossible."

And while the size of the alleged fraud spun by Mr. Stanford and his colleagues pales in comparison to Mr. Madoff's scheme, the revelation that Stanford Group's returns may, in fact, have been ephemeral is likely to further erode confidence among investors who place money with investment advisers.

"I am extremely concerned. On a scale from one to 10 — infinity," said Brett Zagone, a Houston technology saleswoman who walked up to Stanford Group's Houston offices Tuesday to find out what had happened to the money she had invested there.

At the St. John's branch of Stanford's Bank of Antigua, a long line of customers waited to withdraw money as the news spread, Reuters reported.

Regulators, too, are likely to face tough questions as more is learned about Mr. Stanford's activities. Already under fire for missing several red flags over the years in the Madoff case, regulators could face similar questions as Mr. Stanford's offshore banking activities caught the attention of law enforcement agencies dating as far back as 1998. In its complaint, filed in Federal District Court in Dallas, the S.E.C. accused Mr. Stanford, Mr. Davis and Laura Pendergest-Holt, the chief investment officer of both organizations, with misrepresenting the safety and liquidity of the C.D.'s. The Antiguan bank and its registered broker-dealer in Houston, which sold the C.D.'s, were also named. The bank claims \$8.5 billion in assets and 30,000 clients in 131 countries, and the brokerage unit operates about 30 domestic offices.

Most witnesses, including Mr. Stanford, Mr. Davis and the Antigua-based bank's president, failed to appear to testify and did not provide any documents shedding light on the assets. Stanford Group declined to comment.

Over the years, Mr. Stanford cultivated the profile of a successful American businessman, partly by burnishing his connections with athletes. For example, the pro golfer Vijay Singh signed a deal to make the firm's logo, the Golden Eagle, the dominant brand on his apparel and golf bag. A spokesman for Mr. Singh's agent declined to comment.

On the tiny island of Antigua, Mr. Stanford's presence was both large and controversial.



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He was viewed by many as cozying up with key politicians to win their favor. His activities there drew the eye of American law enforcement agencies in the late 1990s, when regulators were closely scrutinizing the growth of the offshore banking sector, after a couple of money-laundering scandals had hit the industry.

Around that time, Mr. Stanford had also become an adviser to Lester Bird, then Antigua's prime minister, who formed a banking advisory board to clean up the country's image. Mr. Stanford's bank was the largest bank regulated by the board. The project was paid for by the Antiguan government from money lent or granted by Mr. Stanford.

"They wanted to convince us that Antigua was clean and to highlight reform efforts," recalled Jonathan Winer, who was at the time a deputy assistant secretary of state.

In 2001, Antigua was removed from the financial watch list.

Mr. Stanford and his firm have emerged as recent contributors to various American lawmakers, focusing particularly on legislators considering bills that could change offshore banking rules. In 2008, he made \$3,300 in political contributions to Representative Charles B. Rangel, a New York Democrat who has presided over legislation easing tax policies for the Virgin Islands as head of the House Ways and Means Committee.

The current S.E.C. charges stem from an inquiry opened in October 2006 after a routine exam of Stanford Group, according to Stephen J. Korotash, an associate regional director of enforcement with the agency's Fort Worth office.

He said the S.E.C. "stood down" on its investigation at the time at the request of another federal agency, which he declined to name, but resumed the inquiry in December 2008.

Clifford Krauss reported from Houston, and Julie Creswell and Phillip L. Zweig from New York.

A version of this article appeared in print on February 18, 2009, on page A1 of the New York edition.

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EXHIBIT 199

Thursday, February 19, 2009 As of 12:00 PM GMT

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FEBRUARY 19, 2009

Madoff Case Led SEC to Intensify Stanford Probe

Article

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By GLENN R. SIMPSON, DIONNE SEARCEY and KARA SCANNELL

For years, allegations have dogged R. Allen Stanford, the Texas businessman accused this week of an \$8 billion fraud.

But a lack of coordination among federal agencies -- and the difficulty of obtaining information from his bank in Antigua, where financial oversight is relatively light -- kept regulators from gaining a full picture of the situation, current and former officials said.

Points of Contrast

A look at the alleged frauds of R. Allen Stanford and Bernard Madoff.



Reuters



Associated Press

| | R. Allen Stanford | Bernard Madoff |
|----------------------------|---|---|
| SIZE OF ALLEGED FRAUD | \$8 billion, according to SEC | \$50 billion, according to what Madoff told his sons |
| PRINCIPAL INVESTORS | Latin Americans seeking to stash cash abroad; some U.S. customers | Jewish individuals and foundations in U.S.; Europeans via 'feeder funds' |
| HOW HE COLLECTED MONEY | Promised investors high and steady returns on liquid investments | Claimed investors received high and steady returns |
| WHAT HE DID WITH THE MONEY | Unknown, but SEC believes a substantial portion was invested in illiquid assets such as real estate and private equity. | Unknown, but suspected to be Ponzi scheme in which money from new investors goes to pay off older investors |
| RUN-INS WITH REGULATORS | Scrutiny from multiple U.S. agencies going back to late 1980s | SEC scrutiny goes back to at least 1992 |
| WARNINGS | Former employee warned of Ponzi scheme in 2006 lawsuit | Whistle-blower warned of Ponzi scheme starting in 1999 |

Sources: SEC, WSJ research

They say the matter broke open in December after Bernard Madoff allegedly told his sons that he had been operating a \$50 billion fraud. That sent the Securities and Exchange Commission investigation into high gear.

Two years earlier, in October 2006, the SEC's Fort Worth, Texas, office had opened a formal investigation into Stanford's sale of certificates of deposit, which eventually led to civil charges on Tuesday against Mr. Stanford and associates by the SEC. The 2006 probe followed a lawsuit, filed earlier that year in Florida state court, in which a former Stanford executive accused the company of operating a Ponzi

scheme. That suit was settled.

Mr. Stanford hasn't responded to the civil fraud charges brought by the SEC on Tuesday. No criminal charges have been filed.

In the various cases against him over the years, Mr. Stanford has always denied wrongdoing and said he cooperated with law-enforcement authorities.

Editors' Picks

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Video

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In response to questions about the length of the probe, an SEC spokesman noted that the agency had to address jurisdictional issues and worked to avoid impairing criminal authorities' room to maneuver.

According to the SEC's civil charges of fraud, filed in U.S. District Court in Dallas, Antigua-based Stanford International Bank attracted investors by offering above-market returns on CDs that weren't insured by the Federal Deposit Insurance Corp. The SEC said the bank put the money largely into real estate and private equity, and misrepresented its portfolio to lure more customers.

George Fleming, a Houston lawyer who with colleagues filed a suit against Stanford companies, said his office was overwhelmed with inquiries from local depositors. That suit, filed in federal court in Houston late Tuesday night, is seeking class-action status.

SEC officials said they didn't know where Mr. Stanford is. Neither he nor representatives of Stanford companies could be reached for comment. On Tuesday, a Stanford spokesman referred questions to the SEC.

One early probe into Stanford International Bank and its affiliates came in 1997 as part of a Drug Enforcement Administration probe into the laundering of narcotics proceeds by a Mexican drug cartel, DEA records show. The Stanford bank cooperated with the DEA and handed over millions of dollars, court records show. The bank wasn't charged.

Shortly thereafter, the State Department began sounding the alarm about potential money laundering in Antigua by the Russian mafia and other criminal syndicates.

In April 1999, the Treasury Department issued a special advisory warning U.S. banks to give scrutiny to Antigua transactions. The Treasury said in a statement at the time it had concerns that the financial companies being regulated by an Antiguan regulator were in fact controlling the regulator. That statement was a reference to Stanford International Bank, among others, former U.S. officials said.

Related Documents

Two of the key sources for the SEC in its probe of alleged fraud at Stanford International Bank were former employees **Mark Tidwell** and **Charles Rawl**, court records show. The two men have declined to be interviewed and their attorney has not returned numerous calls. But these two declarations filed in U.S. District Court in Dallas articulate much of what they saw at Stanford and many of their concerns about the bank's activities.

Mark Tidwell | Charles Rawl

The regulatory situation was "very strange," said former State Department official Jonathan Winer in an interview Wednesday. "It was an obvious conflict of interest and we objected to it."

Antiguan officials at that time dismissed those allegations and said that they were implementing world-class money-laundering regulations.

In 2005, two Venezuelans alleged in U.S. District Court in Florida that Stanford International Bank "knowingly aided and abetted ... a classic Ponzi scheme" targeting current and former residents of Venezuela. The case was settled out of court by the bank.

In 2006, former Stanford employee Lawrence J. DeMaria filed suit against Stanford in Florida state court. He alleged that the firm "was operating a 'Ponzi' or pyramid scheme, taking new

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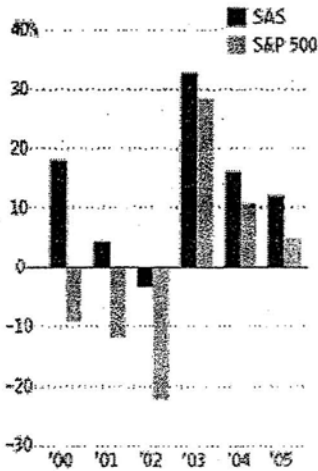
money to its offshore bank, laundering the money and using the money to finance its growing brokerage business, which did not have any profits of its own."

The suit was settled, said Mr. DeMaria's lawyer, who declined to comment further.

Scattered complaints about Mr. Stanford's financial practices began reaching U.S. regulators in 2001, according to records of the Financial Industry Regulatory Authority, Wall Street's self-policing body, and Finra's predecessor body. Finra didn't take action until April 2007, when it issued the first of four fines totaling \$70,000.

Too Good?

Reported returns of the Stanford Allocation Strategy vs. the S&P 500



Source: SEC complaint

In November 2007, Finra homed in on the CDs, fining a Stanford group company \$10,000 for what the regulator called "misleading, unfair and unbalanced information" in its marketing. Stanford settled without admitting or denying wrongdoing. A Finra spokesman declined to comment.

Problems began to intensify for Stanford International Bank at the end of 2007 when two top executives, Mark Tidwell and Charles Rawl, quit the bank due to concerns that Stanford was falsifying returns and lying to investors, according to sworn court statements in federal court in Dallas. In early 2008, they filed suit in Texas state court against Stanford, alleging fraud.

Then, on Dec. 11, the Madoff scandal broke. On Dec. 12, Pershing LLC, a U.S. firm that had acted as clearing agent for Stanford and processed money transfers to Antigua, stopped doing that business. According to the SEC complaint, Pershing acted after months of seeking and failing to get answers to questions about the Stanford bank's CDs.

A Pershing spokeswoman, Barbara Gallow, said on Tuesday: "As part of our day-to-day interactions with our customers, we do due diligence and we have a robust compliance engine."

By Dec. 15, the Stanford bank liquidated \$250 million in assets from one of its portfolios, according to the SEC. In a court filing, the SEC said it feared the "dissipation" of the bank's funds.

By January, the SEC was interviewing key Stanford employees, according to investigators. On Feb. 14, three days before the charges were filed, the lawyer for Mr. Stanford, Thomas Sjoblom of Proskauer Rose LLP, resigned from representing him and his companies. He sent a note to the SEC in which he said, "I disaffirm all prior oral and written representations made by me and my associates to the SEC staff regarding Stanford Financial Group and its affiliates."

Mr. Sjoblom didn't respond to a request for comment.

Write to Glenn R. Simpson at glenn.simpson@wsj.com, Dionne Searcey at dionne.searcey@wsj.com and Kara Scannell at kara.scannell@wsj.com



EXHIBIT 200

(b)(6), (b)(7)c

From: Connor, Richard E.
Sent: Friday, October 30, 2009 10:10 AM
To: (b)(6), (b)(7)c
Subject: FW: Stanford

From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Tuesday, March 10, 2009 11:15 AM
To: Connor, Richard E.
Subject: RE: Stanford

Thanks.

From: Connor, Richard E. [mailto:(b)(6), (b)(7)c@SEC.GOV]
Sent: Tuesday, March 10, 2009 8:30 AM
To: Barasch, Spencer
Subject: RE: Stanford

Your participation in the other Stanford matters does not violate the post-employment laws. Your prohibition applies only to appearing before or communicating with the federal government in connection with the same matter that you participated in while at the SEC.

Rick

From: Barasch, Spencer [mailto:(b)(6), (b)(7)c@andrewskurth.com]
Sent: Monday, March 09, 2009 6:55 PM
To: Barasch, Spencer; Connor, Richard E.
Cc: (b)(6), (b)(7)c
Subject: RE: Stanford

Rick,

Based on our last conversation on this issue, it is my understanding that the Commission's position is that I have a conflict and should not participate in "the SEC matter" in which I allegedly participated back in 2005. To the extent that my firm participates in "that SEC matter," I will be walled off, and we will send the 8(d) letter. I am writing to let you know that I am intending to participate, on behalf of one or more former Stanford employees (who, by the way, joined Stanford after 2005), in different matters, specifically private litigation and/or regulatory inquiries by a State securities regulator. Please advise asap if you believe that this presents any issues.

Best regards,

Spence

From: Barasch, Spencer
Sent: Wednesday, February 25, 2009 3:07 PM
To: Connor, Richard E.

10/30/2009

(b)(6), (b)(7)c

Cc: [redacted]
Subject: RE: Stanford

thanks. it works.

(b)(6), (b)(7)c

From: Connor, Richard E. [mailto:[redacted]@SEC.GOV]
Sent: Wednesday, February 25, 2009 2:54 PM
To: Barasch, Spencer
Cc: [redacted]
Subject: RE: Stanford

Here is the sample 8(d) letter. If it doesn't work please let me know and we will try again.

Rick

(b)(6), (b)(7)c

From: Barasch, Spencer [mailto:[redacted]@andrewskurth.com]
Sent: Wednesday, February 25, 2009 9:58 AM
To: Barasch, Spencer; Connor, Richard E.
Cc: [redacted]
Subject: RE: Stanford

Rick - please let me know when would be a good time to talk. thanks. - spence

From: Barasch, Spencer
Sent: Monday, February 23, 2009 3:29 PM
To: [redacted]@sec.gov'
Cc: [redacted]
Subject: Stanford
Importance: High

Rick --

Please review the information noted below, and then I would like to talk with you as soon as reasonably possible. With all due respect to the persons with whom you are dealing in the FWDO, I don't think they have their facts and information correct. I left the Commission on April 15, 2005, more than one year before the SEC's Associate Director in charge of "this matter" has publicly acknowledged that "this matter" arose. (although irrelevant here, I reiterate that to the extent that there was a "prior matter," I had no involvement in it, either).

Rick, the Commission seems to be taking a different position on the date of "this matter" with me than it appears to be taking publicly. Maybe I am missing something, but it seems pretty self-evident to me that there is no conflict in this matter. I have copied my firm's General Counsel, who is in agreement with me.

A prompt response would be greatly appreciated because my firm's clients' interests are at stake.

Thanks.

Spence

The New York Times quotes Steve Korotash as stating that the Stanford investigation started in October 2006:

"The current S.E.C. charges stem from an inquiry opened in October 2006 after a routine exam of Stanford Group, according to Stephen J. Korotash, an associate regional director of enforcement with the agency's Fort Worth office."

http://www.nytimes.com/2009/02/18/business/18stanford.html?_r=1

The Wall Street Journal also says that the SEC inquiry started in 2006. Copies of both articles are attached.