

# STANFORD INVESTORS COMMITTEE

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*SEC vs. Stanford International Bank, Ltd., et al (No. 09-298)*

United States District Court, Northern District of Texas

## STATEMENT IN RESPONSE TO U.S. DISTRICT COURT'S DECISION ON APPLICABILITY OF SECURITIES LITIGATION UNIFORM STANDARDS ACT IN CLASS-ACTION LAWSUITS

On August 31, 2010, United States District Court Judge David Godbey issued an opinion potentially precluding the victims of the alleged Stanford Financial Group Ponzi scheme fraud from pursuing class-action lawsuits against third-party aiders and abettors under state law. While the opinion issued by the District Court is limited to the Louisiana lawsuit, "Roland v. Green" ("the Roland case"), the potential impact on other class-action lawsuits already pending on behalf of Stanford investors is significant.

In the District Court's order, Judge Godbey held that the Securities Litigation Uniform Standards Act of 1998 ("SLUSA") applies to the Stanford case, forcing the investor victims to either collectively sue third-party aiders and abettors under federal law or face dismissal.

But because federal law does not presently allow investors to sue for damages resulting from a third party's aiding and abetting in securities frauds like the Stanford Ponzi scheme, more favorable state law causes of action, such as those available under Texas Securities Act, have been applied in other cases to allow investors to recover losses.

Judge Godbey's decision appears to eliminate that alternative.

"It's difficult to imagine Congress intended for SLUSA to be used to outright deny defrauded investors their ability to sue aiders and abettors and co-conspirators of a Ponzi scheme" said attorney Edward C. Snyder, a member of the Stanford Investors Committee and one of the lawyers prosecuting some of the Stanford class actions. "The Investors Committee is concerned that the net result of the Court's decision in the Roland case may create a procedural and administrative nightmare for the Court, particularly if hundreds of individual lawsuits are filed as a consequence."

"There are more than 20,000 Stanford victims, all of whom will demand their day in court. The class-action mechanism was created to streamline cases of this magnitude. We are disappointed in the decision, and hope to be able to address this issue further with the Court" said Snyder.